Autodrome
SINCE 1953

ANNUAL REPORT 2009/10

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If you wish to Email instead, please use the address finance@autodrome.lk

The web address for download of this report is: http://financial.autodrome.lk

Corporate Information

The Autodrome PLC

304 Union Place, Colombo 2. Sri Lanka
T 2326181/2, 5869347~50
F 2338611, 2325594, 2314805
W www.autodrome.lk

- **Legal Form**
  A Limited Liability Company incorporated in Ceylon on 23.07.1953 Public Co. 1957.

- **Stock Exchange Listing**
  The issued Ordinary shares of the Company are listed since 1975 under Motors on the Main Board of the Colombo Stock Exchange of Sri Lanka.

- **Company Registration No.**
  PQ-84

- **Board of Directors**

  Joseph A. Aloysius
  B.Sc. Chairman

  Ms. Bernadette J. Aloysius
  B.A. Deputy Chairperson & Marketing Director

  Jeremy D. Aloysius
  MBA (USA) Joint Managing Director

  Rajeev A.J. Aloysius
  FCMA (UK), FCMA(LK), MBA (Sri. J.) Joint Managing Director

  Ms. J. Joanne B. Aloysius
  B.Sc. (Lond.) Executive Director

  Ms. Julie A. Aloysius
  BA (USA) Executive Director

  M. Raviraj Ratnasabapathy,
  MBA

  Prof. John A. Aloysius
  B.Sc (Col.), PhD (USA)

  M. Suresh Dominic
  BSc (Hons) (USB, London)

  C. Lakshman Sirimanne
  Dip. Eng, IMS (UK)

  Sarath C. Weerasooria
  FCA

- **Company Secretaries**
  Accounting Systems Secretarial Services (Pvt) Ltd.
  Level 4, No 2, Castle Lane, Colombo 04.

- **Lawyers**
  M/s. D.L. & F. de Saram

- **Auditors**
  M/s. KPMG Ford Rhodes Thornton & Co.

- **Bankers**
  Bank of Ceylon, Metropolitan Br.
  Commercial Bank of Ceylon PLC., City
  Hatton National Bank PLC, Greenpath Br.
  HSBC, Main Office
  People's Bank, Union Place Br.

- **Senior Executives**
  S. Enaksha S.M. Fernando *General Manager*
  Upul C. Gunaratne *BComm, ACA Accountant*
  Ms. Freeda Perera *Sales Consultant*
  Ms. Asha Peiris Nishantha *Manager - Sales*
  T.D. Thilakasiri *Administration - Manager*
  Nelson Nonis *Manager - Warehouse*
  Ranjith Perera *Manager - Stores*
  M Shanmugapragash *Manager - Technical and Service Centre*
  Denny Joseph *Manager -IT and Webmaster*

- **Nature of Business**
  Sole Distributors in Sri Lanka for:
  BRIDGESTONE Tyres, Tubes and Flaps (Japan, Indonesia & Thailand)
  YOKOHAMA Automotive Batteries (Malaysia)
  FUTEK Alloy Wheels (China)
  CHINA SOONG Wheels and Tyre Accessories (China)
  REVLON LANKA Cosmetics and Beauty Care

  Subsidiary
  Tourama (Pvt) Ltd, Travel and Destination Management Co.

Notice of Annual General Meeting

THE AUTODROME PLC
Reg. No. PQ-84

NOTICE IS HEREBY GIVEN that the Fifty-Eighth Annual General Meeting of The Autodrome PLC will be held at the Registered Office of the Company at 304, Union Place, Colombo 2 on Thursday, 30 September 2010 at 3pm, and the business to be brought before the meeting will be:

Agenda

Ordinary Business

1. To receive and consider the Annual Report of the Directors and the Audited Financial Statements for the year ended 31 March 2010 together with the Report of the Auditors thereon.

2. To re-elect as a director, Mr. C. Lakshman Sirimanne to the Board, who retires by rotation in terms of the Articles of Association.

3. To re-elect as a director, Mr. M. Raviraj Ratnasabapathy to the Board, who retires by rotation in terms of the Articles of Association.

4. To re-elect as a director, Mr. M. Suresh Dominic to the Board, who retires by rotation in terms of the Articles of Association.

5. To pass the following ordinary resolution: To re-elect Mr. Joseph Anthony Aloysius as a Director of the company, a special notice has been received from a share holder pursuant to section 211 of the Companies Act No 7 of 2007 of the intention to propose the following resolution as an ordinary resolution.

   RESOLVED THAT Mr. Joseph Anthony Aloysius who has reached the age of 81 be and is hereby re-elected as a director of the company and is hereby declared that the age limit of 70 years referred to section 210 in the Companies Act No 7 of 2007 shall not apply to said director in accordance with section 211 of the Companies Act No 7 of 2007.

6. To pass the following ordinary resolution:To re-elect Mr. Sarath Chandra Weerasooria as a Director of the company, a special notice has been received from a share holder pursuant to section 211 omf the Companies Act No 7 of 2007 of the intention to propose the following resolution as an ordinary resolution

   RESOLVED THAT Mr. Sarath Chandra Weerasooria who has reached the age of 71 be and is hereby re-elected as a director of the company and is hereby declared that the age limit of 70 years referred to section 210 in the Companies Act No 7 of 2007 shall not apply to said director in accordance with section 211 of the Companies Act No 7 of 2007.

7. To re-appoint M/s KPMG Ford Rhodes Thornton & Company as Auditors and authorise the Directors to determine their remuneration.

8. To authorise the directors to determine contributions to charity

9. Any other business, for which due notice shall have been given.

By Order of the Board

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED PV 4100

DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LIMITED
Secretaries

Colombo, 07 September 2010

Chairman's Statement

"In a newly peaceful Sri Lanka, we have taken steps to make strategic investments in infrastructure, as well as brand development with the support of our suppliers"

Welcome to the 58th Annual General Meeting of the Company.

Business Environment

As mentioned in my last statement, it was indeed a difficult environment in which to grow our business, both in terms of profitability as well as sales. Even though interest rates were high at the beginning of the year, we began to prepare for the opportunities that we hope for. In a newly peaceful Sri Lanka, we have taken steps to make strategic investments in infrastructure, as well as brand development with the support of our suppliers. We now have a modern passenger car alignment centre, a truck tyre fitting and alignment centre with state of the art equipment, and adequate parking space in the centre of the city, ready to do business in an enabling environment. We have begun venturing out to new areas to market our products. Administrative and Operational expenses have been contained, but Finance costs and taxation have eroded profitability. After completing our capital expenditure, in the second half of the year, we were successful in bringing down to zero our interest-bearing borrowings (2009: Rs. 53.3m). In this environment, many of our main competitors have given up or scaled down their franchises, leaving us more room to grow.

Dividend and Share

An interim dividend of Rs. 3 per share for the year 2009/2010 was declared on 30 September 2009, and paid on 20 October 2009. The Board recommends that this be treated as Final.

Future Prospects

In January 2010, we had an opportunity for lateral diversification, when the Revlon Lanka office most unexpectedly appointed your Company as their distributor in Sri Lanka. This business has given a new source of revenue for the company, and has since resulted in a growth of turnover and profitability to some extent.

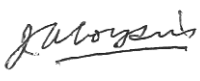
Sri Lanka's infrastructure is developing at a fast pace. There are ongoing developments of roads/flyovers, highways, bridges, entertainment venues and even a new harbour and a second international airport, among others. We can this time, predict an improvement in results in the coming year, all other things remaining equal, through such positive factors. The complicated tax system and general challenges doing business in Sri Lanka, remain concerns. The management is confident in the future of Sri Lanka, and will do our utmost to take your company forward to a bright future.

Digital Reporting

You have received this Report on CD, and if you have not, it is available on the web for quick and easy download. The new rules have enabled us to provide you with an Excel solution so that you may perform your own calculations with greater ease.

Thanks

I would like to thank all our stakeholders: Customers, Shareholders, Members of our Staff, Suppliers, Customers, Bankers, the Government and the general public. Thanks also to my colleagues on the Board, for their advice and guidance. We will work to develop our company to realise the aspirations of all of you.



Joseph A Aloysius
Chairman of the Board

Colombo, 07 September 2010

Directors' Profiles

Mr. Joseph A. Aloysius

Mr. Joseph Aloysius has been serving on the Board of the Company since 1963, having joined the company as a Manager in 1956. He is currently the Chairman of the Board. He holds a Bachelor of Science degree (Chemistry) from the University of Ceylon. He was a long-serving Chairman of both the Ceylon Motor Trader's and the Ceylon Tyre Traders' Associations of the Ceylon Chamber of Commerce. He also holds Directorates in Tourama (Pvt) Limited, Mercury Limited, Seventy Ltd and Shrimpex Ltd. He has previously served on the Boards of The Galle Face Co. Ltd, Associated Hotels Ltd, DFCC, Cargills (Ceylon) Ltd, Millers Ltd and the Ceylon Hotels Corporation among others.

Mrs. Bernadette J. Aloysius

Mrs. Bernadette Aloysius was appointed to the Board in 1989 and is presently the Deputy Chairman/Marketing Director. She holds a B.A. degree from the University of Peradeniya. She also holds Directorates in Tourama (Pvt) Limited, Mercury Limited and Seventy Limited.

Mr. Jeremy D. Aloysius

Mr. Jeremy Aloysius was appointed to the Board in 1989, was made an executive director in April 1992, and presently serves as the Joint Managing Director of the Company. He holds a Masters in Business Administration from the American University in Asia (USA). He has undergone technical training at the Bridgestone Firestone Training and Communication Centre, in Nong Khae, Thailand. He is also a Director of Tourama (Pvt) Ltd.

Mr. Rajeev A. J. Aloysius

Mr Rajeev Aloysius was appointed to the board in 1992 , was made an executive director in June 1997 and serves as the Joint Managing Director of the Company, heading the Finance and IT Division. He holds an MBA from the Postgraduate Institute of Management, University of Jayewardenepura and is a Fellow of the Chartered Institute of Management Accountants (UK) and a Fellow of Certified Management Accountants (Sri Lanka). He concurrently serves as the Managing Director of Tourama (Pvt) Ltd, and as its chief Travel Consultant. He is Immediate Past President of the Sri Lanka Italy Business Council of the Ceylon Chamber of Commerce.

Ms. Julie A. Aloysius

Ms. Julie A. Aloysius joined the board in 1990 and is presently an Executive Director of The Autodrome PLC and Tourama (Pvt) Ltd. She earned her Bachelors degree in Mass Communications from Aquinas College, Grand Rapids, Michigan, USA.

Ms. J. Joanne B. Aloysius

Ms. Joanne Aloysius joined the board in 2004 and serves the Company as an Executive Director. She heads Revlon operations for the Company. She earned her B.Sc. in Law with Management from the University of London. She is also a Director of Tourama (Pvt) Ltd.

Prof. John A. Aloysius

Prof. John Aloysius has served as a Non-Executive director of the board since 1990. He is currently an Associate Professor of the Walton School of Business at the University of Arkansas, USA. He holds a Doctorate from Temple University, Philadelphia, USA and a Bachelor of Science Degree in Mathematics and Statistics, with First Class honours from the University of Colombo. He conducts lectures in the US and internationally in his field of expertise.

Mr. Sarath C. Weerasooria

Mr. Sarath Weerasooria was appointed to the board in 1994 as a Non-Executive Director. He is a senior Fellow member of the Institute Of Chartered Accountants of Sri Lanka. He is Chairman of the Board of the Finco / Alpha Group of companies. He is a member of the main Committee of the The Ceylon Chamber of Commerce, representing an affiliated association. He currently chairs the Audit Committee of the Company, and is a member of the Remuneration Committee.

Mr. M. Raviraj Rathnasabapathy

Mr. Raviraj Rathnasabapathy joined the board in 2007. He is a Fellow of the Chartered Institute of Management Accountants (UK) and holds a Masters in Business Administration from the PIM, University of Sri Jayewardenepura. He is currently the Head of Corporate Finance of Suntel Ltd. He chairs the Remuneration Committee, and also plays a key role in the Audit Committee.

Mr. C. Lakshman Sirimanne

Mr Lakshman Sirimanne was appointed to the board in 2007 as a non executive director. He is a Director of the Galle Face Hotel Co. (Pvt.) Ltd. He is a member of the Audit Committee.

Mr. M. Suresh Dominic

Mr. Suresh Dominic was appointed to the board in 2007, as a non-executive director. He holds a B.Sc. degree in Mathematics & Computing from the South Bank University, London, UK. Presently, he is a Consultant to Interblocks (Pvt) Ltd, a multinational company developing banking finance software. He is a member of the Remuneration Committee.

Statutory Committees

REMUNERATION COMMITTEE

Members

1) Sarath C. Weerasooria
2) Ravi Ratnasabapathy (Chairman)
3) M. Suresh Dominic

By invitation

1) Bernadette Aloysius *or alternate*
2) Jeremy Aloysius

Terms of Reference

1. Membership

1.1 The Committee shall be composed of at least three members.

1.2 The Board shall appoint the Committee Chairman. In the absence of the Committee chairman and/ or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Authority

2.1 For the Chairman, all executive directors and Special Grade Executives and Higher Grade Executives:

(a) Agree the framework and/or broad policy for remuneration, terms of employment and any changes, including service contract, remuneration, basis of bonus and participation in incentive plans; and the targets for any performance related pay schemes.

(b) Agree terms for cessation of employment;

(c) Authorise execution by the Company of all relevant documents.

2.2 Recommend to the Board the form and content of the report to shareholders on directors remuneration in the Annual Report, including the work of the Committee.

2.3 The Committee is authorised through the Executive Director to seek any information it requires from an employee of the company in order to perform its duties.

2.4 Delegate any of its powers to one or more of its members or the Secretary.

3. Proceedings

3.1 A quorum for the Committee is two Committee members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities and duties vested in or exercisable by the Committee.

3.2 The Chairman and the Group Chief Executives may attend the meetings at the invitation of the Committee to contribute to its deliberations but shall not be present when their own position is under discussion.

3.3 Formal decisions are made by a simple majority vote, with the Chairman of the meeting holding a casting vote.

3.4 The committee meets at least once a year.

3.5 All non-executive directors may receive papers and minutes on request.

AUDIT COMMITTEE

Terms of Reference

Members

1. Sarath C. Weerasooria, FCA (Chairman)
2. M. Ravi Ratnasabapathy
3. C. Lakshman Sirimanne

By invitation

1. Rajeev Aloysius, Joint Managing Director
2. Joanne Aloysius, Executive Director

1. Membership

1.1 The Committee shallbe composed of at least three members.

1.2 The Committee shall consist of at least two independent non-executive directors, and the Chairman shall have significant, recent and relevant financial experience.

1.3 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

Statutory Committees

Audit Committee...

2. Proceedings

2.1 A quorum for the Committee is two Committee members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities and duties vested in or exercisable by the Committee.

2.2 The Joint Managing Director and Executive Director, although not members of the Committee will attend meetings with the agreement of the Chairman of the Committee.

2.3 Autodrome's other directors may attend with the agreement of the Chairman of the Committee.

2.4 Any Committee member may call additional meetings as necessary.

2.5 The terms of reference and the effectiveness of the Committee shall be reviewed annually and any necessary recommendations made to the Board.

2.6 The Committee shall meet at least four times a year, linked to the announcement of the Autodrome's Group financial results.

3. Minutes

The minutes of meetings of the Committee are circulated to all members of the Committee and to nominated recipients as soon as practicable after the meeting. The minutes are also circulated to all members of the Board.

4. Authority

The Committee has authority to:

(a) oversee any investigation of activities which are within its terms of reference;

(b) require provision of any necessary information to fulfil the above;

(c) call any member of staff, through the Executive Director, to be questioned at a meeting of the Committee as and when required;

(d) meet with the external auditors without management present.

5. Principal Duties

5.1 External Audit

5.1.1 Recommend to the Board the appointment and reappointment of external auditors to Autodrome plc, ensuring that key partners are rotated at appropriate intervals; and consider their resignation and removal and recommend appropriate action.

5.1.2 Review the performance of the external auditors including the scope of their audit and recommend to the Board appropriate remuneration.

5.1.3 Review, at least annually, the cost effectiveness of the audit and the qualification, expertise, independence and objectivity of the external auditors, including the nature and extent of non-audit and consultancy services to ensure that independence or objectivity is not impaired.

5.1.4 Review and approve the Group Audit Engagement Letter.

5.1.5 Discuss with the external auditors the scope of their audits before they commence and review the results and consider their Management Letter, and report the results of those reviews to the Board.

5.1.6 Review and discuss any reports from the external auditors on critical accounting policies, including management's response.

5.2 Internal Audit

There is no internal audit function at present. However, if the Audit Committee deems it necessary, at any time; it may appoint a firm of accountants to conduct an internal audit and to determine the scope of such audit, at the Company's expense.

5.3 Financial Reporting

5.3.1 Review the annual, half year and quarterly financial results and the Annual Report and other published information to satisfy itself that they meet all statutory requirements, SEC requirements, Sri Lanka Accounting Standards and the regulations of the Colombo Stock Exchange.

5.3.2 Review annually the accounting policies and make recommendations to the Board.

5.4 Internal control and risk management

5.4.1 Monitor and review the standards of internal control, including the processes and procedures for ensuring that material business risks, fraud and related matters, are properly identified and managed, the effectiveness of internal control, financial reporting, accounting policies and procedures.

5.4.2 Review processes for dealing with complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters ('whistleblowing' procedures), ensuring arrangements are in place for the proportionate and independent investigation and appropriate follow up action.

6. Other
The Committee shall:
6.1 Review any other matter referred to it by either the Board or the Chairman;
6.2 Delegate any of its powers to one or more of its members, or the Secretary if it deems this appropriate.

Corporate Governance

A brief overview of our application of some of the Guiding Principles formulated by the Institute of Chartered Accountants of Sri Lanka, as well as the new listing rules (dated 28 January 2010) of the Colombo Stock Exchange is given below.

We the Board confirm that as at the date of the Annual Report, that the Company is in compliance with the Corporate Governance Rules of the Colombo Stock Exchange.

Board of Directors

The composition of the Board of Directors throughout the year under review from 01 April to 31 March, has been 6 Executive Directors and 5 non-Executive Directors. The profiles of these directors , and their qualifications are on page 6. A disclosure of the status of the board, whether non-executive, executive or independent non-executive, is given on page 12, in note 13 of the Management Review. There have been no changes to the composition of the board during the year.

The Chairman of the Board and Managing Director positions are held by different persons. The Joint Managing Directors function as joint Chief Executive Officers of the Company. The Non-Executive Directors are not involved in the day to day running of the company, but participate in the review and monitoring of operations, while also participating in Governance Committees *(see below)*. Three directors are both Independent and Non-Executive, as per the definitions given by the Colombo Stock Exchange.

In accordance with Listing Rule 3.1.16 a), it was resolved at a board meeting held on 07 September 2010, that Mr. Sarath C. Weerasoria, FCA, having served for more than 9 years on the board, considering his credentials, and his position as Chairman of a privately-held conglomerate of companies, is considered nevertheless independent.

All Non-Executive Directors have submitted a declaration of their independence to the Company.

Audit Committee

The audit committee consists of three independent, non-executive directors. The committee is chaired by a member of a professional accounting body, and at least one other member has equivalent professional qualifications. The audit committee consists only of non-executive directors, and two executive directors are invited for clarifications at meetings. The functions of the Audit Committee are in accordance with Rule 7.10.6 (b) of the Listing Rules. The invited executive directors include the Joint Managing Director / CEO.The audit committee met 4 times during the year under review, on 07 May 2009, 22 July 2009, 25 September 2009 and 12 January 2010, and conducted the business as entrusted to them under their Terms of Reference. The Terms of Reference of the Audit Committee may be found on page 7 and 8.

Remuneration Committee

The Remuneration committee consists of a Chairman who is an an independent non-Executive Director, and two other independent non-executive directors. committee may be found on page 7.

The Remuneration Committee met twice during the year under review on 29 December 2009 and 15 March 2010, and conducted the business as entrusted to them under their Terms of Reference. The Terms of Reference of the Remuneration Commitee may be found on page 7.

Remuneration Policy

As Executive Directors are also major shareholders, in the interest of the company, rates below market and industry rates are used for Executive Directors' remuneration. The Remuneration Committee meets once a year to review the key management personnel remuneration policy. The aggregate remuneration of key management personnel is disclosed under note 24, on page 36.

Code of Ethics and Best Practice

A formal Code of Ethics and Best Practices has not been formulated and adopted at the given time. The principles and Best Practices underlying such a code have been in practice for some time. The company operates to meet the aspirations of its stakeholders.

Corporate Governance *contd.*

Independence of Auditors

The auditors of the Company are KPMG Ford Rhodes Thornton & Co, a member firm of the KPMG network of independent member firms affiliated with the KPMG International cooperative. As far as the Directors are aware, the Auditors do not have any relationship or interests (other than that of auditors) with the Company. They confirm that they are independent in accordance with the Code of Ethics of The Institute of Chartered Accountants of Sri Lanka.

Shareholder Relations

The Company assigns a high priority to the communication of results and prospects for the future to its shareholders, as a responsible member of the Colombo Stock Exchange. The Quarterly and Annual reports are simultaneously updated on the company's website at http://financial.autodrome.lk. This year too, we will have an Excel sheet on the website for ease of analysis.

If you have any questions on the use of the digital copy of this report, please call 2326181 or 2314804. The contact person at the time of publishing this annual report is Mr. Upul C. Gunaratne, Accountant. If you wish to Email instead, please use the address finance@autodrome.lk

The policy of maximum disclosure is followed in so far as such information would not be detrimental to company interests in relation to its competitors.

Management Review

(all amounts in Sri Lanka Rupees '000)

THE AUTODROME PLC AND ITS SUBSIDIARY

The Board of Directors of the Company are pleased to present their Annual Report and audited financial Statements of the Group and Company for the year ended 31 March 2010, set out on pages 17 to 37.

Principal Activities

1. The principal activities of the Company are as follows:

   Import & Distribution of:
   a) BRIDGESTONE Tyres, Tubes and Flaps from Japan, Indonesia & Thailand
   b) YOKOHAMA Batteries from Malaysia
   c) FUTEK Alloy Wheels from Taiwan & China
   d) CHINA SOONG Wheels and Tyre Accessories from China

   The Company is the local distributor of Beauty care and cosmetics for Revlon Lanka (Pvt) Ltd, a Joint venture of the Modi Group of India and Revlon USA.

   Other activities include the provision of services related to the above; Real Estate: Rental and Lease (as Landlord); Design, Hosting and maintenance of websites.

   The principal activities of the subsidiary are set out in Note 1 of the financial statements.

Responsibility of Directors for financial statements

2. The Board of Directors is responsible for preparing and presenting the financial statements for the period 1 April 2009 to 31 March 2010, set out on pages 17 to 37.

Turnover

3. The turnover of the Company for the year under review, net of turnover based taxes, was Rs.510,404 (2009- Rs. 481,817), while the turnover of the Group net of turnover based taxes was Rs. 511,571 (2009- Rs. 482,522).

Property, plant & equipment

4. The movement of Property, plant and equipment for the year are shown in note 09 on page 31 of the financial statements.

Value of properties

5. The market value of land owned by the company is estimated at Rs. 293,669, based on Acquisition cost or valuation made by a qualified Valuer. Directors estimate the market value of assets, to be significantly similar to their carrying values.

Share Capital and Reserves

6. The total Reserves as at 31 March 2010 amounted to Rs. 471,393 (2009-Rs. 445,148), comprising of Revaluation Reserve of Rs. 289,928 (2009-Rs. 290,191), and Revenue Reserve of Rs. 181,466 (2009-Rs. 154,957).

Approved Donations

7. Donations to approved charitable organizations amounted to Rs. 348 (2009-Rs. 142)

Taxation

8. It is the policy of the Company to provide for deferred taxation on all known temporary differences on the Liability method. The corporate tax rate was 35% (2009-35%)

Management Review *contd.*

Share Information

9. Information relating to earnings, dividends, net assets, and share trading is given on page 42.

Events occurring after the balance sheet date

10. No circumstances have arisen since the Balance Sheet date which would require adjustment or disclosures in the financial statements.

Going Concern

11. As described in the Statement of Directors' Responsibilities, the Directors have adopted the going concern basis in preparing the financial statements.

Directorate

12. The following have been Directors of the Company throughout the year, and the dates of their original appointment are in brackets. Their status / independence is also disclosed below:

Mr. Joseph A. Aloysius	(25.09.1963)	Chairman of the Board
Mrs. Bernadette J. Aloysius	(08.09.1989)	Marketing Director / Executive
Prof. John A. Aloysius	(27.04.1990)	Non-Executive
Mr. Jeremy D. Aloysius	(08.09.1989)	Joint Managing Director / CEO
Mr. Rajeev A.J. Aloysius	(20.03.1992)	Joint Managing Director / CEO
Ms. Joanne J.B. Aloysius	(07.07.2004)	Executive
Mrs. Julie A. Aloysius	(27.04.1990)	Executive
Mr. Sarath C. Weerasooria	(27.01.1994)	Independent Non-Executive*
Mr. M. Raviraj Ratnasabapathy	(14.09.2007)	Independent Non-Executive
Mr. M. Suresh Dominic	(14.09.2007)	Independent Non-Executive
Mr. C. Lakshman Sirimanne	(14.09.2007)	Independent Non-Executive

The definitions of Independent and Non-Executive used, are according to definitions given in the April 2009 amended Listing Rules of the CSE. * Mr. Sarath C. Weerasooria, being a senior Chairman of a major privately-held conglomerate and a finance professional, is deemed to be nevertheless independent. He does not fulfill only the criterion of under 9 years continuous service. In accordance with the s. 210 of the prevalent Companies Act, Mr. Joseph A. Aloysius and Mr. Sarath C. Weerasooria retire at the 58th AGM. Two Shareholders have proposed that the retiring age of 70 years not be applied to Mr. Joseph A. Aloysius and Mr. Sarath C. Weerasooria respectively, re-electing them for a further year, according to s. 211 of the Companies Act no. 7 of 2007. The name of the retiring directors seeking re-election may be found in the AGM notice on Page 4. The Independent Directors have submitted a declaration of their independence to the Company. In terms of the Act, the Company maintained an Interest Register, and entries have been made therein.

Directors' Shareholdings

13. Directors' shareholdings in the company as at 31 March were as follows:

	2010 No. of Shares	**2009** No. of Shares
Mr.Joseph A.Aloysius	**111,920**	111,920
Mrs. Bernadette J. Aloysius	**66,390**	66,390
Mr. J.A.Aloysius & Mrs. B.J.Aloysius	**300,000**	300,000
Mr. Jeremy D. Aloysius	**63,850**	63,850
Mr. Rajeev A.J. Aloysius	**63,850**	63,850
Mrs. Julie A. Aloysius	**63,850**	63,850
Ms. J. Joanne B. Aloysius	**63,850**	63,850
Prof. John A. Aloysius	**63,850**	63,850
Mr. M. Suresh Dominic	**500**	-
Mr. Sarath C. Weerasooria	**1,360**	1,360
Mr. M. Raviraj Ratnasabapathy	**-**	-
Mr. C. Lakshman Sirimanne	**-**	-
	799,960	799,460

As at 31st March 2010, there were 274 registered share holders.

Management Review *contd.*

Directors' Interests in Contracts

14. The Directors' interest in contracts and proposed contracts with the Company, both direct and indirect are set out in Note 24 on page 36 of this report. The Directors have disclosed the nature of their interest in contracts and proposed contracts with the Group, at meetings of the Board of the Company.

Major Shareholdings

15. Details of major shareholdings as at 31 March are given below:

	2010		2009	
	No of Shares	**%**	No of Shares	%
Joseph Anthony Aloysius & Mrs. Bernadette Jeyaleela Aloysius	**300,000**	**25.00**	300,000	25.00
Sanjjv Edward Chittamaplam Gardiner	**117,950**	**9.83**	117,950	9.83
Joseph Anthony Aloysius	**111,920**	**9.33**	111,920	9.33
Mercury Limited	**84,000**	**7.00**	84,000	7.00
Ms. Bernadette Jeyaleela Aloysius	**66,930**	**5.58**	66,930	5.58
Prof. John Arjuna Aloysius	**63,850**	**5.32**	63,850	5.32
Ms. Julie Anita Aloysius	**63,850**	**5.32**	63,850	5.32
Jeremy Dilipkumar Aloysius	**63,850**	**5.32**	63,850	5.32
Rajeev Abraham Joseph Aloysius	**63,850**	**5.32**	63,850	5.32
Miss Jennifer Joanne Bernadette Aloysius	**63,850**	**5.32**	63,850	5.32
Seylan Bank PLC/Galle Face Hotel Company (Pvt) Ltd	**53,320**	**4.44**	53,320	4.44
Seventy Limited	**41,010**	**3.42**	41,010	3.42
Cyril Gardiner Limited	**16,100**	**1.34**	16,100	1.34
Dr.Dennis Jesuthasan Aloysius & Ms. Sybil Christobel Rita Aloysius	**10,190**	**0.85**	11,190	0.93
Dr.Rohan Aloysius	**5,970**	**0.50**	5,970	0.50
Anthonypillai Saverimuttu	**5,000**	**0.42**	4,620	0.39
Shabbir Abbas Gulamhussein	**4,830**	**0.40**	4,830	0.40
Hiranjan Cyril William Aloysius	**4,620**	**0.39**	4,620	0.39
Mrs.Mangalam St.George	**3,570**	**0.30**	5,370	0.45
George L.A. Ondaatjie	**3,000**	**0.25**	3,000	0.25
	1,147,710	**95.64**	1,150,080	95.85

Public Holding

16. The percentage of Shares held by the Public as at 31 March 2010 was 22.91% (2009 - 22.96%)

Dividend

17. An Interim Dividend of Rs. 3 per share amounting to Rs. 3,600,000 was declared on 30 September 2009 andwas paid on 20 October 2009, from Retained Profits. A Solvency Certificate under the provisions of the Companies Act was obtained from the auditors, SJMS Associates for this purpose.

Statutory payments

18. The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the employees and the government have been made up to date.

Management Review *contd.*

Annual General Meeting

19. The Annual General Meeting of the Company will be held at the Registered Office, Autodrome Building, 304, Union Place, Colombo 2 on Wednesday, 30 September 2010. The notice of Annual General Meeting is on page 2.

Auditors

20. Messrs. KPMG Ford Rhodes Thornton & Company have expressed their willingness to be reappointed as the Auditors of the Company for the year 2010/11. A resolution will be passed at the Annual General Meeting for this purpose. As far as the Directors are aware, the Auditors do not have any relationship (other than that of auditors) with the Company other than those disclosed above. The Auditors do not have any interest in the Company or its Group Companies. They confirm that they are independent in accordance with the Code of Ethics of The Institute of Chartered Accountants of Sri Lanka.

The Fees paid for the auditors are disclosed in Note 5 to the financial statements.

Remuneration of Directors

21. The total remuneration of Directors paid during the year is disclosed in Note no.24 to the financial statements.

Statutory Payments

22. To the best of their knowledge and belief, the Directors are satisfied that all statutory payments in relation to Government and to the Employees have been settled to date or are provided for in the books of the Company.

23. **Disclosure as per CSE Rule No. 3.3**

	2010 Rs. Cts	2009 Rs. Cts
Market Price per Share as at 31 March (Rs.)	369.25	259.00
No. of shares in issue	1,200,000	1,200,000
Highest/Lowest Share Price this Year (Rs.)	380.00/350.00	259.00/200.00
Earnings per Share (Company) (Rs.)	24.58	31.86
Dividend per Share (Rs.)	3.00	4.00
Net Asset Value per Share (Company)	401.33	379.75

See Ten Year Summary for more information.

BY ORDER OF THE BOARD

Joseph A. Aloysius
Chairman

Rajeev Aloysius
Joint Managing Director / CFO

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED PV 4100

DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LTD.
Secretaries.
Colombo, 07 September 2010

Statement of Directors' Responsibilities in relation to the Financial Statements

The responsibilities of the Directors in relation to the Financial Statements of the Company differ from the responsibilities of the Auditors, which are set out in their report appearing on page 15.

The Companies Act No. 7 of 2007 requires the Directors to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the financial year. In preparing the financial statements appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgements and estimates have been made and applicable accounting standards have been followed.

The Directors are responsible for ensuring that the company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company for ensuring that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No 7 of 2007. They are also responsible for taking reasonable measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with view to the prevention and detection of fraud and other irregularities.

The Directors continue to adopt the going concern basis in preparing Financial Statements. The Directors, after making enquiries and following a review of the Company's cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

The Directors are confident that they have discharged their responsibilities as set out in this statement. The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Group as at the balance sheet date are paid, or where relevant, provided for.

By Order of the Board

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED PV 4100

DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LTD.
Secretaries

Colombo, 07 September 2010

Independent Auditors' Report

KPMG Ford, Rhodes, Thornton & Co.,
(Chartered Accountants)
32 A, Sir Mohamed Macan Markar Mawatha
P.O. Box 186
COLOMBO 00300
Sri Lanka.

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TO THE SHAREHOLDERS OF THE AUTODROME PLC

Report on the Financial Statements

We have audited the accompanying financial statements of The Autodrome PLC (the "Company"), the consolidated financial statements of the Company and its subsidiary (the "Group") as at March 31 2010, which comprise the balance sheet as at that date, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 17 to 37 of this annual report. The financial statements of the Company as at and for the year ended March 31, 2009, were audited by another auditor whose report dated July 10, 2009, expressed an unmodified opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2010 and the financial statements give a true and fair view of the Company's state of affairs as at March 31, 2010 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at March 31, 2010 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiary dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 153(2) to 153(7) of the Companies Act No. 07 of 2007.

(signed)
KPMG FORD RHODES THORNTON & CO.
CHARTERED ACCOUNTANTS
COLOMBO
07 September 2010

KPMG Ford, Rhodes, Thornton & Co., a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

A.N. Fernando FCA
Ms. M.P. Perera FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
S. Sirikananathan FCA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyrathne ACA
M.R. Mihular FCA
C.P. Jayatilake FCA
Ms. Ranjani Joseph ACA
S.T.D.L. Perera FCA

Income Statement

(all amounts in Sri Lanka Rupees '000)

For the year ended 31 March	Notes	Group 2010	Group 2009	Company 2010	Company 2009
Sales	4	511,571	482,522	510,404	481,817
Cost of sales		(403,208)	(363,422)	(403,208)	(363,422)
Gross profit		**108,363**	**119,100**	**107,195**	**118,395**
Investment and other income	5	2,985	5,168	2,769	4,807
Administrative expenses		(50,706)	(46,579)	(49,986)	(45,937)
Distribution and selling expenses		(4,992)	(7,440)	(5,013)	(8,183)
Results from operating activities	6	**55,650**	**70,249**	**54,965**	**69,082**
Finance income		1,049	-	1,049	-
Finance expense		(4,245)	(7,556)	(4,245)	(7,556)
Net finance expense	7	**(3,196)**	**(7,556)**	**(3,196)**	**(7,556)**
Profit before income tax		52,454	62,693	51,769	61,526
Income tax expense	8	(22,609)	(23,729)	(22,278)	(23,293)
Profit for the year		**29,845**	**38,964**	**29,492**	**38,233**
Attributable to:					
Equity shareholders of the Company		29,845	38,964	28,492	38,233
Minority Interest		-	-	-	-
		29,845	38,964	28,492	38,233
Earnings per share - Basic (Rs.)	31	24.87	32.47	24.58	31.86

Notes on pages 21 to 37 form an integral part of these financial statements.

Balance Sheet

(all amounts in Sri Lanka Rupees '000)

For the year ended 31 March	Notes	Group 2010	Group 2009	Company 2010	Company 2009
Assets					
Non current assets					
Property, plant and equipment	9	419,331	372,760	419,331	372,760
Capital work-in-progress	9a	1,146	29,635	1,146	29,635
Investment property	10	30,754	31,000	30,754	31,000
Investment in subsidiary	11	-	-	500	500
Investments in non quoted companies	12	5	6	5	6
Other investments	13	7,000	4,719	5,000	2,170
Total non-current assets		**458,236**	**438,120**	**456,736**	**436,071**
Current assets					
Inventories	14	62,535	126,645	62,535	126,645
Receivables and prepayments	15	65,894	44,132	65,368	43,770
Amounts due from related parties	16	286	286	311	286
Cash in hand and at bank	17	9,419	2,611	7,646	1,163
Total current assets		**138,134**	**173,674**	**135,860**	**171,864**
Total assets		**596,370**	**611,794**	**592,596**	**607,935**
Equity and liabilities Capital and equity					
Stated capital	18	12,440	12,440	12,440	12,440
Revaluation reserve	19	289,927	290,191	289,928	290,191
Retained earnings		181,466	154,956	179,229	153,074
Total equity attributable to equity holders		**483,833**	**457,587**	**481,597**	**455,705**
Minority interest		-	-	-	-
Total equity		**483,833**	**457,587**	**481,597**	**455,705**
Non current liabilities					
Retirement benefit obligation	20	4,922	3,305	4,922	3,305
Deferred tax liabilities	8b	7,437	5,523	7,437	5,523
Total non current liabilities		**12,359**	**8,828**	**12,359**	**8,828**
Current Liabilities					
Bank overdraft	17	-	53,364	-	53,364
Borrowings	21	630	630	630	630
Trade and other payables	22	96,605	87,883	95,094	85,806
Amount due to related parties	23	-	-	-	426
Current tax payable		2,943	3,502	2,916	3,176
Total current liabilities		**100,178**	**145,379**	**98,640**	**143,402**
Total liabilities		**112,537**	**154,207**	**110,999**	**152,230**
Total equity and liabilities		**596,370**	**611,794**	**592,596**	**607,935**

The above balance sheet is to be read in conjunction with the notes to the financial statements on page 21 to 37. These financial statements are in compliance with the requirements of the Companies Act No 7 of 2007 and were approved by the Board of Directors on Tuesday, September 07, 2010

Rajeev Aloysius
Joint Managing Director & CFO

Jeremy Aloysius
Joint Managing Director

Cash Flow Statement

(all amounts in Sri Lanka Rupees '000)

For the year ended 31 March	Notes	Group 2010	Group 2009	Company 2010	Company 2009
Cash flows from operating activities					
Profit before income tax expense		52,454	62,693	51,769	61,526
Adjustments for:					
Depreciation	9	4,378	3,676	4,378	3,676
Dividend received	4	(2)	-	(173)	-
Interest income	4	(614)	(1,475)	(495)	(1,140)
Interest expense		4,246	3,286	4,246	3,286
Opening balance adjustment		-	(56)	-	-
Provision for retirement benefit obligation	20	1,748	568	1,748	568
Operating profit before working capital changes		62,210	68,692	61,473	67,916
Changes in;					
Inventories		64,108	(60,136)	64,108	(60,136)
Receivables and prepayments		(21,759)	(4,352)	(21,596)	(4,668)
Amounts due from related parties		-	213	(25)	213
Amounts due to related parties		-	-	(426)	390
Trade and other payables		8,668	(10,637)	9,235	(10,874)
Cash generated from /(used in) operations		113,227	(6,220)	112,769	(7,159)
Interest paid		(4,246)	(3,286)	(4,246)	(3,286)
Income tax paid	7	(21,199)	(27,158)	(20,569)	(26,986)
Gratuity paid	20	(131)	(72)	(131)	(72)
Net cash inflow from/(used in) operating activities		87,651	(36,736)	87,823	(37,503)
Cash flows from investing activities					
Construction cost on property plant and equipment		(16,753)	(28,005)	(16,753)	(28,005)
Purchase of property, plant and equipment		(5,462)	(10,420)	(5,462)	(10,420)
Proceeds from disposal of shares		1	-	1	-
Dividend received	4	2	-	173	-
Interest received	4	614	1,475	495	1,140
Net acquisition of other investments		(2,281)	19,759	(2,830)	21,330
Net cash outflow from investing activities		(23,879)	(17,191)	(24,376)	(15,955)
Cash flows from financing activities					
Repayment of loans from directors		-	(1,050)	-	(1,050)
Dividend paid		(3,600)	(4,800)	(3,600)	(4,800)
Net cash outflow from financing activities		(3,600)	(5,850)	(3,600)	(5,850)
Net increase / (decrease) in cash and cash equivalents		60,172	(59,777)	59,847	(59,308)
Cash and cash equivalents, at the beginning of the year		(50,753)	9,024	(52,201)	7,107
Cash and cash equivalents at the end of the year	16	9,419	(50,753)	7,646	(52,201)

The notes on pages 21 to 37 form an integral part of these financial statements.

Statement of Changes in Equity

(all amounts in Sri Lanka Rupees '000)

Company	Notes	Stated Capital	Revaluation Reserve	Retained Earnings	Minority Interest	Total
Balance at 1 April 2008		12,440	290,454	119,378	-	422,272
Profit for the year		-	-	38,233	-	38,233
Depreciation transfer		-	(263)	263	-	-
Dividend - 2007/08		-	-	(4,800)	-	(4,800)
Balance at 1 April 2009		**12,440**	**290,191**	**153,074**	**-**	**455,705**
Profit for the year		-	-	29,492	-	29,492
Depreciation transfer		-	(263)	263	-	-
Dividend -2008/09		-	-	(3,600)	-	(3,600)
Balance at 31 March 2010		**12,440**	**289,928**	**179,229**	**-**	**481,597**
Group						
Balance at 1 April 2008		12,440	290,454	120,586	-	423,480
Profit for the year		-	-	38,966	-	38,964
Depreciation transfer		-	(263)	263	-	-
Reserve Transfer		-	-	(4,800)	-	(4,952)
Dividend - 2007/08		-	-	(56)	-	(56)
Balance at 31 March 2009		**12,440**	**290,191**	**154,957**	**-**	**457,588**
Profit for the year		-	-	29,845	-	29,845
Depreciation transfer		-	(263)	263	-	-
Dividend - 2008/09		-	-	(3,600)	-	(3,600)
Balance at 31 March 2010		**12,440**	**289,928**	**181,465**	**-**	**483,833**

The notes on page 21 to 37 form an integral part of these financial statements.

Notes to the Financial Statements

01- Reporting entity

The Autodrome PLC is a Company domiciled in Sri Lanka. The address of the Company's registered office is No. 304, Union place, Colombo 02. The Consolidated Financial Statements of the Company as at and for the year ended 31st March 2010 comprise the Company and its subsidiary (together referred to as the "Group"). The Company is in the business of import and distribution of tires and related products and distribution of Revlon cosmetic products. The subsidiary is in the business of selling air tickets, tour packages and travel insurance.

02 - Basis of preparation

a) Statement of compliances

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) and the requirements of the Companies Act, No 07 of 2007.

The Financial Statements were authorised for issue by the Board of Directors on 07 September 2010.

b) Basis of measurement

The Financial Statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These Consolidated and separate Financial Statements are presented in Sri Lankan rupees, which is the Company's functional currency. All financial information presented in rupees has been rounded to the nearest thousand.

d) Use of estimates and judgments

The preparation of Financial Statements in conformity with SLASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

Retirement benefit obligation	Note 20
Deferred tax	Note 8b

Notes to the Financial Statements *contd.*

3. Consistency of accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated Financial Statements, and have been applied consistently by Group entities.

a) Basis of consolidation

(i) Subsidiaries
Subsidiaries are entities controlled by the Group. The Financial Statements of the subsidiary is included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiary are in line with those adopted by the parent.

(ii) Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

All foreign exchange transactions are converted to Sri Lanka Rupees, which is the reporting currency, at the rates of exchange prevailing at the time the transactions were affected.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupee equivalents using year-end spot foreign exchange rates. Non- monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resulting gains and losses are accounted for in the profit or loss.

c) Property plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that computer equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Notes to the Financial Statements *contd.*

(ii) Subsequent costs
The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation
Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation commences when the asset is available to use and ceases when it is derecognized.

The estimated useful lives for the current and comparative periods are as follows:

-Buildings	-	50 years
-Plant and machinery	-	4 years
-Computers	-	4 years
-Furniture and fittings	-	4 years
-Motor vehicles	-	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The difference between the depreciation based on the revalued carrying amount of the asset and depreciation based on asset's original carrying amount is transferred from the revaluation reserve to the retained earnings in the Statement of Changes in Equity

(iv) De-recognition
An item of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the profit or loss in the year the asset is de-recognised.

When replacement costs are recognised in the carrying amount of an item of plant and equipment, the remaining carrying amount of the replaced part is derecognised.

(v) Impairment of assets
The carrying values of Property, plant & equipment are reviewed for impairment indicators annually or when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognized in the profit or loss unless it reverses a previous revaluation surplus for the same asset. The recoverable amount of an asset is the higher of its fair value less cost to sell or its value in use.

An impairment loss in respect of assets other than goodwill recognized in prior periods, are assessed at each Balance Sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Notes to the Financial Statements *contd.*

d) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost with any change therein recognised in profit or loss.

Buildings classified as investment properties are depreciated over a period of 50 years.

f) Investments

(i) Investments in equity shares
Investments made in equity shares are stated at cost. Provision for diminution in value is made in the opinion of the Directors, when there has been a decline other than temporary in the value of the investment.

(ii) Investments in government securities
Investments in repurchase agreements are stated at cost and interest is accrued up to year end.

g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell.

h) Trade and other receivables

Trade and other receivables are stated at the amounts estimated to be realised after providing for bad and doubtful debts.

Notes to the Financial Statements *contd.*

i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as components of cash and cash equivalents for the purpose of presenting the Cash flow statement.

j) Employee benefits

(i) Defined contribution plans- Employee's provident fund and Employee's trust fund
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

(ii) Defined benefit plan - Gratuity
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Provision has been made for retirement gratuities from the first year of service for all employees in conformity with the SLAS 16. However, under the Payment of Gratuity Act, No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded, nor actuarially valued. The Gratuity Liability is valued using Gratuity Formula method as allowed by the Sri Lanka Accounting Standard 16 "Employee Benefits".

k) Stated capital

(i) Ordinary Shares
Company's Stated Capital comprises of ordinary shares, which are classified as equity.

l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

m) Revenue

(i) Goods sold
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Notes to the Financial Statements *contd.*

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For sales of tyres and cosmetic products, usually transfer occurs when the customer accepts the liability for the goods.

(ii) Investment and other income
Interest
Interest income is recognised as the interest accrued based on the agreed rates, unless collectability is in doubt.

Dividends
Dividend income is recognised when the shareholders' right to receive the payment is established.

Others
Other income is recognised on an accrual basis. Net Gains and losses of a revenue nature on the disposal of plant and equipment and other non current assets including investments have been accounted for in the Income Statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

n) Expenditure recognition

(i) Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

(ii) For the purpose of presentation of the Income Statement, the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

o) Lease payments

Lease payments made under operating leases are charged to Income Statement of each period, during the lease term.

p) Finance income and expense

Finance income comprises foreign exchange gain and interest income that are recognized in profit or loss.

Finance expenses comprise interest expense on borrowings, foreign exchange loss that are recognized in profit or loss.

q) Taxation

(i) Current taxes
The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No 10 of 2006 and subsequent amendments thereon.

Notes to the Financial Statements *contd.*

(ii) Deferred taxation
Deferred taxation is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets, including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each Balance Sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

(iii) Economic Service Charge (ESC)
ESC is payable on the liable turnover at specified rates. As per the provision of the Economic Service Charge Act No. 13 of 2006 and subsequent amendments thereto, ESC is deductible from the income tax liability. Any unclaimed payment can be carried forward and set off against the income tax payable as per the relevant provision in the Act.

r) Cash flow statement

The cash flow statement has been prepared using the "indirect method".

s) Events after balance sheet date

All material post Balance Sheet events have been considered and where appropriate adjustments or disclosures have been made in note 27 to the Financial Statements.

t) Commitments and Contingencies

Commitments and contingencies as at the Balance Sheet date is disclosed in note 25 and note 26 to the Financial Statements.

u) New Accounting Standards Issued but not Effective as at Balance Sheet Date

The Institute of Chartered Accountants of Sri Lanka (ICASL) has issued two new standards given below, which become effective for annual periods beginning on or after 1 January 2011. Accordingly, these Standards have not been applied in preparing these Financial Statements as they are not effective for the year ended 31 December 2009.

o Sri Lanka Accounting Standard 44 - Financial Instruments: Presentation (SLAS 44)
o Sri Lanka Accounting Standard 45 - Financial Instruments: Recognition and Measurement (SLAS 45)

Notes to the Financial Statements *contd.*

These Standards require application of fair value measurement techniques for financial instruments.

Sri Lanka Accounting Standard 44 - Financial Instruments: Presentation provides for the following,

o Guidance regarding the classification of financial instruments as equity or debt, and for the accounting for compound instruments with characteristics of both equity and debt instruments based on the substance of the contractual arrangement.

o Criteria are specified for the netting of financial assets and financial liabilities. Netting requires a legal right of set off as well as the intention to offset the assets and liabilities or settle simultaneously.

Sri Lanka Accounting Standard 45 - Financial Instruments: Recognition and Measurement provides the principles for recognizing and measuring financial assets and financial liabilities.

The requirements of the new Standards are summarised below;

a) Recognition

All financial assets and financial liabilities should be recognised in the Balance Sheet. Previously certain instruments, in particular derivatives, were held by enterprises without being reflected in the Balance Sheet.

b) Measurement

Financial Assets

For the purpose of measuring a financial asset SLAS 45 requires the financial asset to be classified into the following four categories; Fair value through profit and loss (trading), Originated loans and receivables (at amortized cost using effective interest method), Available-for-sale (at Fair value) and Held to maturity (at amortised cost). The categorisation determines whether and where the re-measurement is recognised in the Financial Statements.

Derivative Financial Instruments and Hedging

Derivatives are always categorised as trading and therefore measured at fair value with changes recorded in the Statement of Income, unless the enterprise can establish that an effective hedging relationship exists. SLAS 45 also applies to a derivative that is embedded in an insurance contract, if the derivative is not itself a contract within the scope of IFRS 4, which Standard has not yet been adopted by the ICASL. There are three types of hedging relationships under SLAS 45. These are the fair value hedge, the cash flow hedge and the hedge of a net investment in a foreign operation.

Financial Liabilities

All Financial liabilities are measured at amortised cost except certain financial liabilities, which are at fair value. The Company is currently in the process of evaluating the potential effect of these Standards.

However, the impact of the above requirements has not been quantified as at Balance Sheet date.

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

04 - Sales

	Group		Company	
	2010	2009	2010	2009
Gross sale of tyres, tubes, other consumables	500,368	487,321	500,368	487,320
Sale of Cosmetics and Beauty Care	16,030	-	16,030	-
Sale of airtickets	867	318	-	-
Tour package sales & commissions	300	387	-	-
	517,565	488,025	516,398	487,320
Less: Turnover tax	(5,994)	(5,503)	(5,994)	(5,503)
	511,571	**482,522**	**510,404**	**481,817**

05 - Investment and other income

	Group		Company	
	2010	2009	2010	2009
Interest income from repo investments	614	1,475	495	1,140
Reversal of provision for gratuity	-	244	-	244
Dividend income	2	-	173	-
Income from tire fitting centre	846	1,064	846	1,064
Rent income	947	2,199	947	2,199
Others	576	185	308	159
	2,985	**5,168**	**2,769**	**4,806**

06 - Results from operating activities

Results from operating activities are stated after deducting all operating expenses including the following,

	Group		Company	
	2010	2009	2010	2009
Auditor's remuneration	250	194	230	179
Donations	358	173	358	173
Wages and salaries	8,787	7,870	8,511	7,895
EPF and ETF (5a)	2,912	2,539	2,872	2,501
Provision defined benefit plan (20)	1,035	461	1,035	461
6a. Contributions made to the Provident and Trust Funds				
Provident fund			2,298	2,001
Trust fund			574	500
			2,872	2,501

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

07 - Net Finance expense

	Group & Company	
	2010	2009
Finance income		
Net foreign exchange gain	1,049	-
Total finance income	**1,049**	**-**
Finance expense		
Loan interest	(318)	(223)
Overdraft interest	(3,927)	(3,063)
Interest charge on gratuity opening balance	-	(351)
Net foreign exchange loss	-	(3,919)
Total finance expense	**(4,245)**	**(7,556)**
Net finance expense	**(3,196)**	**(7,556)**

08 - Income taxes

	Group		Company	
	2010	2009	2010	2009
Current tax expense	19,530	21,534	19,200	21,098
Deemed dividend tax	1,164	1,175	1,164	1,175
Deferred tax expense	1,914	1,020	1,914	1,020
Total income tax expense	22,609	23,729	22,278	23,293
8a. Current tax expense				
Reconciliation of effective tax rate				
Profit for the year	29,845	38,964	29,492	38,233
Total income tax expense	22,609	23,729	22,278	23,293
Profit excluding income tax	52,454	62,693	51,769	61,526
Income tax using the Companies domestic tax rate (35%)	18,359	21,943	18,119	21,535
Income tax from other income sources	277	443	192	443
Net nondeductible/(deductible) expenses	607	(1,165)	605	(1,193)
Qualifying payments	288	312	284	313
Social responsibility levy (1.5%)	1,164	1,175	1,164	1,175
Change in temporary differences	1,914	1,020	1,914	1,020
	22,609	23,729	22,278	23,293

8b. Deferred tax liabilities	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Property, plant and equipment	-	-	9,160	6,680	9,160	6,680
Retirement benefit obligation	(1,723)	(1,157)	-	-	(1,723)	(1,157)
Net tax assets / liabilities	(1,723)	(1,157)	9,160	6,680	7,437	5,523

	Balance **01-Apr-08**	Recognised in profit or loss	Balance **31-Mar-09**	Recognised in profit or loss	Balance **31-Mar-10**
Property, plant and equipment	5,486	1,194	6,680	2,480	9,160
Retirement benefit obligation	(983)	(174)	(1,157)	(566)	(1,723)
	4,503	1,020	5,523	1,914	7,437

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

09 - Property, plant and equipment

Group & Company	Freehold land	Building	Plant and machinery	Computers	Motor vehicles	Furniture and fittings	Total
Cost							
Balance as at 1 April 2009	293,669	81,754	21,934	4,225	6,417	6,530	414,529
Additions during the year	-	47,616	333	409	140	2,206	50,704
Disposals	-	-	-	-	(195)	-	(195)
Balance as at 31 March 2010	293,669	129,370	22,267	4,634	6,362	8,736	465,038
Accumulated depreciation							
Balance as at 1 April 2009	-	6,620	18,771	3,736	6,417	6,226	41,770
Depreciation charge for the year	-	1,930	1,277	297	22	606	4,132
Accumulated depreciation on disposals	-	-	-	-	(195)	-	(195)
Balance as at 31 March 2010	-	8,550	20,048	4,033	6,244	6,832	45,707
Carrying amount							
Balance as at 31 March 2010	293,669	120,820	2,219	601	118	1,904	419,331
Balance as at 31 March 2009	293,669	75,134	3,163	489	-	305	372,760

The Company has accounted for certain leases, as operating leases, which have continued for 2 years up to now, by way of renewals. Details of these leases are given below.

	Cash value	Hire charges
Motor vehicles	11,375	3,051

This treatment does not have a material effect on the Financial Statements.

9a. Capital work in progress

Balance as at 1 April 2009	-	29,635	-	-	-	-	29,635
Additions	-	16,753	-	-	-	-	16,753
Transfers	-	(45,242)	-	-	-	-	(45,242)
Balance as at 31 March 2010	-	1,146	-	-	-	-	1,146

Capital work in progress represents the amounts incurred on the construction of the building located at Wewa road, Battaramulla.

9b. Valuation: Freehold land and building details, stated at the market value, are as follows.

	Method of valuation	Date of valuation	Valuer	Revalued amount
The land and building at 304/1, Union Place, Colombo 2	Market Value Basis	10/01/2006	K. A. Perera AIV	349,294
58/10 A, Raja Mawatha, Ekala, Ja-Ela	Not Revalued	Purchased March 2004		

Had the company's land and building been measured on a historical cost basis, their carrying amount would have been as follows:

(Rs. millions)	Cost	Accumulated Depreciation	Net book value
Land	6	-	6
Building	125	8	117

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

9c Freehold land and buildings with a carrying amount of Rs.414.5 Mn (2009: Rs. 368.8 Mn) has been pledged to secure borrowings of the company. Freehold land and buildings have been pledged as security for bank facilities under a mortgage. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Primary mortgage over properties located at # 304 & 304/1 Union Place, Colombo 02. for Rs.272.75 Mn.
Primary mortgage over property at # 58/10 A, Raja Mawatha, Ekala, Jaela for Rs 5 Mn.
Primary mortgage over stocks and Book debts for Rs. 100 Mn.
Secondary mortgage over stocks for Rs. 5 Mn.
Secondary mortgage over stocks and Book Debts for Rs. 50 Mn.

10 - Investment property

Group and Company	Land	Building	Total
Cost			
Balance as at 1 April 2009	18,702	12,298	31,000
Additions during the year	-	-	-
Disposals	-	-	-
Balance as at 31 March 2010	18,702	12,298	31,000
Accumulated depreciation			
Balance as at 1 April 2009	-	-	-
Depreciation charge for the year	-	246	246
Accumulated depreciation on disposals	-	-	-
Balance as at 31 March 2010	-	246	246
Carrying amount			
Balance as at 31 March 2010	18,702	12,052	30,754
Balance as at 31 March 2009	18,702	12,298	31,000

10a. The investment property of the Company consists of the following properties that are held for capital appreciation.

Property	Address	Extent	Cost	Number of buildings
Land & Building	Wewa Road, Battaramulla	13.9 perches	17,406	One
Land	Meda Welikada Rd, Rajagiriya	14 perches	13,594	Bare land
			31,000	

10b. The Board of Directors have assessed the fair value of the above properties and determined that the fair value does not significantly differ from the carrying amount. An independent professional valuation was not made at the year end.

11 - Investment in subsidiary

Company	% share holding		No. of shares		Value	
	2010	2009	2010	2009	2010	2009
Tourama (Private) limited	99.99%	99.99%	49,994	49,994	500	500

Tourama (Private) Limited is a wholly owned subsidiary of The Autodrome PLC, which was incorporated on January 21, 2004 and investment in Tourama (Private) Limited is stated at cost in the separate Financial Statements.

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

12 - Investments in non quoted companies

Group and Company	% share holding	No. of shares		Value	
	2010	2010	2009	2010	2009
Unlisted equity investments					
Gardiners Limited	-	-	19	-	1
Global Films Limited	0.01%	500	500	5	5
				5	6

13 - Other investments

	Group		Company	
	2010	2009	2010	2009
Government securities	7,000	4,719	5,000	2,170

14 - Inventories

	Group & Company	
	2010	2009
Finished goods	51,883	125,084
Goods in transit	11,205	2,114
	63,088	127,198
Provision for non moving items	(553)	(553)
	62,535	**126,645**

15 - Receivables and prepayments

	Group		Company	
	2010	2009	2010	2009
Trade receivables	50,024	23,246	49,558	22,976
Less: Provision for doubtful debts	(599)	(189)	(599)	(189)
	49,425	23,057	48,959	22,787
Other receivables	14,837	20,029	14,776	19,937
Deposits & prepayments	1,632	1,046	1,633	1,046
	65,894	44,132	65,368	43,770

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

16 - Amounts due from related parties

	Group		Company	
	2010	2009	2010	2009
Tourama (Pvt) Ltd	-	-	25	-
Mercury (Pvt) Ltd	286	286	286	286
	286	286	311	286

Subsequent to the balance sheet date (13 July 2010), the balance from Mercury Ltd. was received in full.

17 - Cash in hand and cash at bank

	Group		Company	
	2010	2009	2010	2009
Cash in hand	528	315	482	249
Cash at bank	8,891	2,296	7,164	914
	9,419	2,611	7,646	1,163
Bank overdraft	-	(53,364)	-	(53,364)
	9,419	(50,753)	7,646	(52,201)

18 - Stated capital

	Group & Company	
	2010	2009
1,200,000 Shares of ordinary shares	12,440	12,440

19 - Revaluation reserve

	Group & Company	
	2010	2009
Balance as at 1 April 2009	290,191	290,454
Depreciation transfer	(263)	(263)
Balance as at 31 March 2010	289,928	290,191

The revaluation reserve represents the revaluation gain on land and buildings.

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

20 - Retirement benefit obligation

	Group & Company	
	2010	2009
Balance as at 1 April	3,305	2,809
Provision made during the year	1,748	568
Payments made during the year	(131)	(72)
Balance as at 31 March	4,922	3,305

The Retirement Benefit Plan entitles a retired employee to receive payment equal to ½ of final salary multiplied by the number of completed years of service. However under the Payment of Gratuity Act No. 12 of 1983, the liability of the employee arises only on the completion of five years of continued service.
The Retirement Benefit Plan valuation is carried out based on gratuity formula method in accordance with SLAS 16 "Employee Benefits".

Principal Assumptions as at the Balance Sheet Date
(Expressed as weighted averages)

Discount rate at 31st March	10%
Future salary increase	10%

21 - Borrowings

	Group & Company	
	2010	2009
Unsecured borrowings		
Loans from directors	630	630

Loans from directors and their related parties are unsecured and have no fixed repayment terms. The weighted average interest rate for loans from directors was 18% (2009: 18%) per annum.

22 - Trade and other payables

	Group		Company	
	2010	2009	2010	2009
Trade payables	86,581	82,221	86,580	80,265
Social security and other taxes	2,573	1,783	2,571	1,782
Other payables	7,165	3,615	5,657	3,495
Dividend payable	286	264	286	264
	96,605	87,883	95,094	85,806

23 - Amount due to related parties

	Group		Company	
	2010	2009	2010	2009
Tourama (Pvt) Ltd	-	-	-	426

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

24 - Related party transactions

Transactions with key management personnel

The Autodrome PLC, considers its Board of Directors as the key management personnel of the Company and the group.

Mr. Joseph A. Aloysius, Mrs. Bernadette J. Aloysius, Jeremy D. Aloysius, Rajeev A.J. Aloysius, Ms. J. Joanne B. Aloysius and Ms. Julie A. Aloysius are Directors of this Company are also Directors of Tourama (Pvt) Ltd.

Loans from Related Parties

The Company has obtained unsecured loans from the related parties on which the interest payable by the Company is at 18%. Furthermore, the loan repayment period for the said loans are not specified. At 31 March 2010 the balance outstanding Rs. 630,000 (2009: Rs. 630,000) is included under borrowings (see note 21).

Name of Related Party	Amount outstanding as at 31 March 2010
Mrs. Lorna Aloysius Est of Late Mr. P.M. Aloysius	420
Mrs. Mangalam St. George	110
Seventy Limited	100
	630

Key management personnel compensation

In addition to their salaries, the Group also provides non-cash benefits to directors and contributes to a post-employment defined benefit plan on their behalf. The compensation paid to the key management personnel of the Company is follows.

	Group & Company
Short term employee benefits	10,595
Post employment benefits	1,467
	12,062

Key management personnel and director transactions

Directors of the Company control 67 percent of the voting shares of the Company.

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

Name of the company	Transaction	Transaction value		Balance outstanding	
		2010	2009	2010	2009
Tourama (Pvt) Ltd	Purchase of air tickets, Tour packages and travel insurance by Directors	1,210	470	-	-

From time to time directors of the Group, or their related entities, may purchase goods or render services from the Group. These purchases are on the same terms and conditions as those entered into by others.

The Company has given out part of the 3rd floor adjacent to the Board Room of the building at No. 304, Union Place, Colombo 02 to Tourama (Pvt) Ltd, the fully owned subsidiary of the Company. The Autodrome PLC does not charge a rent for the said premises.

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

24 - Related party transactions *contd.*

Other related party transactions

Director	Transaction	Transaction value		Balance outstanding	
		2010	2009	2010	2009
Tourama (Pvt) Ltd	(Subsidiary) Sale of air tickets	38	778	-	426

25 - Capital commitments

There were no material capital commitments outstanding as at the Balance Sheet date.

26 - Contingent liabilities

There were no contingent liabilities outstanding as at the Balance Sheet date except for the following L/C.

Order number	Amount (Rs. '000)
ATDE/BSJ/481	14,368

27 - Events after balance sheet date

There were no material events occurring after the Balance Sheet date which require adjustments or disclosures in the Financial Statements.

28 - Litigation and claims

There were no litigations and claims filed against the Company as at the Balance Sheet date.

29 - Comparative information

No changes made to the comparative classification and presentation.

30 - Number of employees

Total number of employees of the Company and the Group as at 31 March 2010 is 51 (2009 - 47)

31 - Earnings per share - Basic

Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
	2010	2009	2010	2009
Profit for the year (Rs. '000)	29,845	38,966	29,492	38,235
Weighted average no. of ordinary shares ('000)	1,200	1,200	1,200	1,200
Earning per share (Rs.)	24.87	32.47	24.58	31.86

32 - Dividends

The Directors recommend that the interim dividend declared of Rs. 3 per share (2008 - Rs.4) in relation to 2008/09 on 30 September 2009 and paid on 20 October 2009 be treated as final. An interim dividend for the year 2010-11 of Rs. 4 per share (2009-Rs. 3) was declared subsequent to the balance sheet date, on 07 September 2010.

TEN YEAR SUMMARY

Year ended 31 March (In Rs. '000)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
OPERATING RESULTS										
Turnover	**511,571**	482,521	462,039	417,528	423,239	324,453	316,544	297,881	272,006	269,385
Profit before finance charges	**55,649**	70,248	63,163	47,624	49,457	17,439	22,006	13,571	13,137	22,731
Finance cost	**3,196**	7,556	4,479	4,760	5,949	2,814	5,307	2,943	6,939	12,531
Non operating income	**2,985**	5,168	6,588	3,201	3,667	3,968	1,314	181	181	181
Profit before taxation	**52,454**	62,692	58,684	42,864	43,508	18,593	18,014	10,809	6,379	10,380
Taxation	**22,069**	23,728	21,829	14,117	14,131	5,912	5,843	4,283	4,336	5,066
Profit after taxation	**29,845**	38,964	36,862	28,746	29,377	12,681	12,170	6,526	2,043	5,315
BALANCE SHEET										
Stated Capital	**12,440**	12,440	12,440	12,440	12,440	12,440	12,440	12,440	12,440	12,440
Capital Reserves	**289,927**	290,190	290,453	290,868	291,130	97,186	97,221	97,221	86,120	86,120
Revenue Reserves	**181,466**	154,956	120,586	85,709	58,500	30,661	19,747	9,075	4,048	2,006
	483,833	457,586	423,479	389,017	362,070	140,287	129,408	118,736	102,608	100,566
CAPITAL EMPLOYED										
Property , Plant, Equipment and Investments	**458,236**	433,401	398,653	394,825	374,045	183,127	168,463	150,311	107,944	102,965
Current Assets	**138,134**	178,393	140,291	122,345	85,109	92,341	66,174	56,770	49,192	68,922
Current Liabilities	**(100,178)**	(145,380)	(108,154)	(121,571)	(91,372)	(129,394)	(100,400)	(84,748)	(52,460)	(69,414)
Non - Current Liabilities	**(12,359)**	(8,828)	(7,311)	(6,582)	(5,712)	(5,788)	(4,830)	(3,598)	(2,068)	(1,908)
	483,833	457,586	423,479	389,017	362,070	140,286	129,407	118,735	102,608	100,565
RATIOS & OTHER INFORMATION										
Liquidity										
Current Ratio	**1.38**	1.23	1.23	1.01	0.93	0.71	0.66	0.67	0.94	0.99
Quick Ratio	**0.75**	0.36	0.68	0.39	0.35	0.21	0.22	0.25	0.47	0.39
Capital Adequacy										
Total Liabilities / Sales (%)	**22.00**	31.96	25.00	30.70	22.94	41.66	33.24	29.66	20.05	26.88
Interest Cover (No. of times)	**17.41**	9.30	14.10	10.01	8.31	11.76	7.80	8.88	3.61	16.05
Profitability										
Return on Equity (%)	**6.17**	8.52	8.70	7.39	8.11	9.04	9.40	5.50	1.99	5.28
Return on Total Assets (%)	**5.00**	6.37	6.83	5.56	6.40	4.60	5.05	3.15	1.30	3.09
Operating Margin / Sales (%)	**21.18**	24.68	22.48	21.53	21.99	15.89	17.64	13.21	13.36	15.17
Earning Per Share (Rs.)	**24.87**	32.47	30.71	239.55	244.81	105.67	101.42	54.39	17.02	44.29
Revenue Growth (%)	**6.02**	4.43	15.16	(1.35)	30.44	2.50	6.27	9.51	0.97	25.01
Profit Before Tax Growth (%)	**(16.33)**	6.83	36.90	(1.48)	134.00	3.22	66.65	69.45	(38.55)	109.56
Profit After Tax Growth (%)	**(23.41)**	5.70	28.23	(2.15)	131.66	4.19	86.48	219.51	(61.57)	136.04
Efficiency (turnover ratios)										
Inventory Turnover (times)	**4.26**	3.76	5.06	5.12	6.21	5.00	6.55	8.66	7.11	6.29
Average Collection (days)	**35.26**	17.44	26.94	23.88	15.99	27.07	24.25	27.74	34.48	37.07

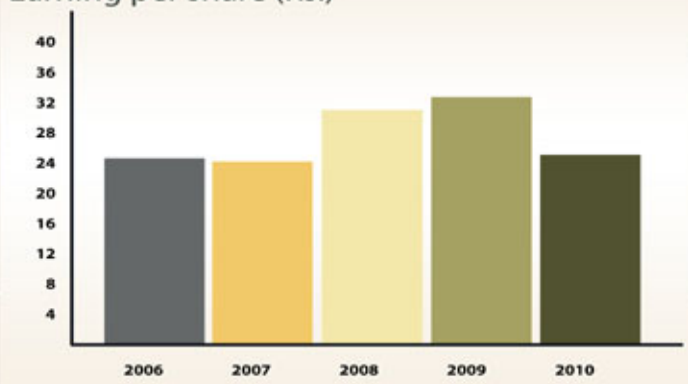
Ten year summary contd.

Year ended 31 March (In Rs. '000)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
MARKET - BASED RATIOS										
Firm Ratios										
Dividend Payout Ratio	**0.12**	0.12	0.06	0.06	0.06	0.14	0.12	0.23	-	0.23
Dividend Cover (Times)	**8.29**	7.83	15.95	1.60	1.63	0.70	0.81	0.44	-	0.44
Net Assets Per Share	**403.19**	381.32	351.90	324.18	301.72	116.90	107.84	98.95	85.51	83.80
Combined Ratios										
Dividend Yield	**0.11**	0.15	0.06	0.86	0.86	1.25	3.13	5.00	-	5.13
Price Earning Ratio (Times)	**14.85**	7.97	9.76	7.30	7.15	11.36	3.94	4.60	12.63	4.40

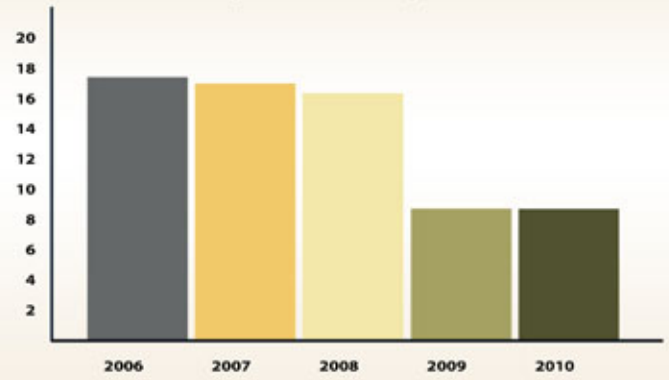
All figures are for the Group except for Market Based ratios.

GRAPHICAL REVIEW

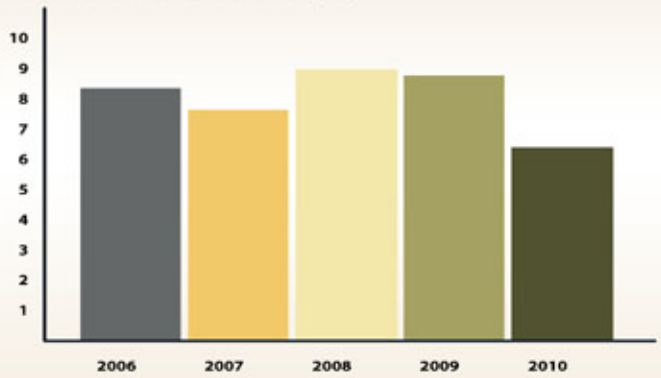
Earning per share (Rs.)



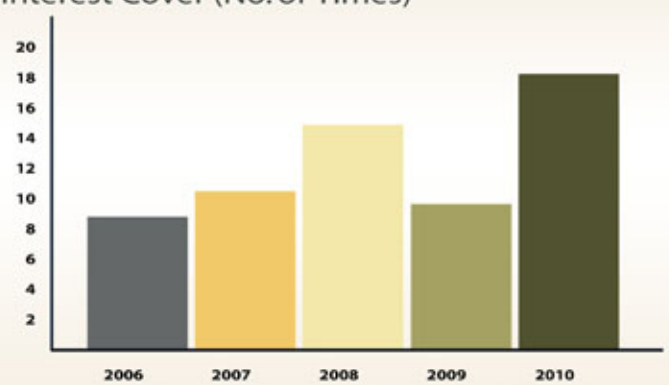
Dividend Cover (No. of times)



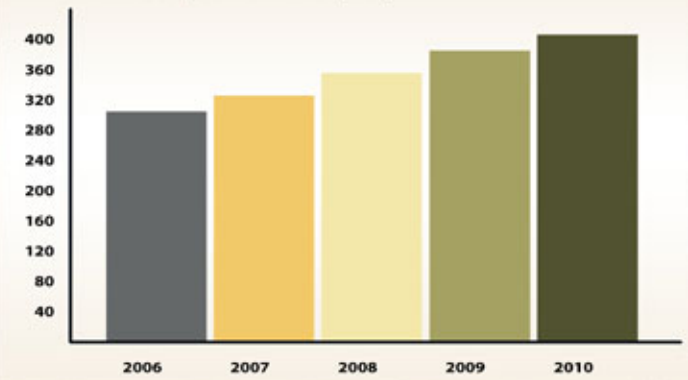
Return on investment (%)



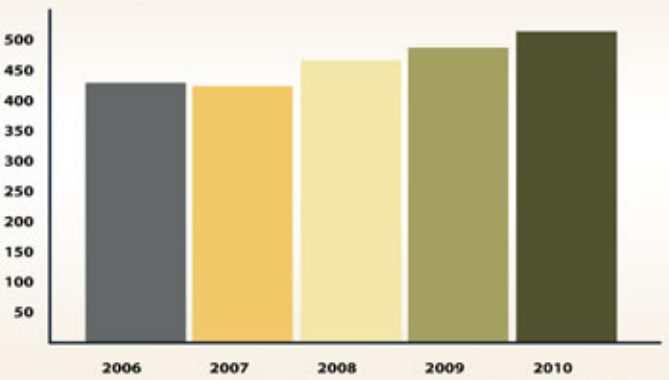
Interest Cover (No. of Times)



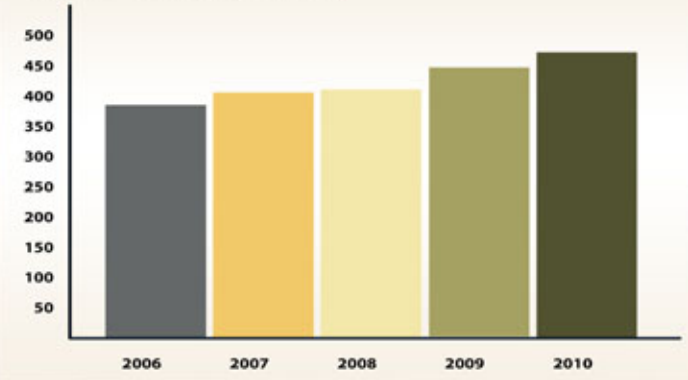
Net Assets per Share (Rs.)



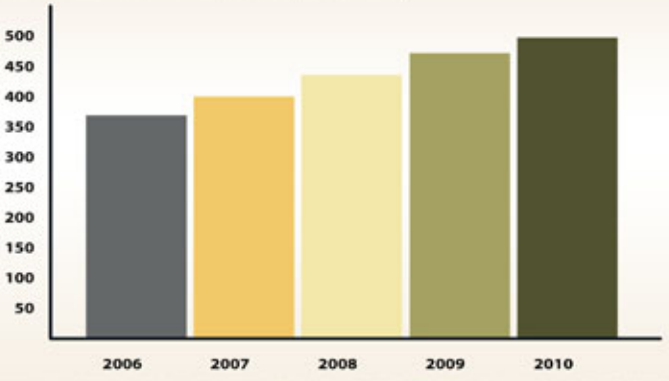
Turnover (Rs. Mn.)



Fixed Assets (Rs. Mn.)

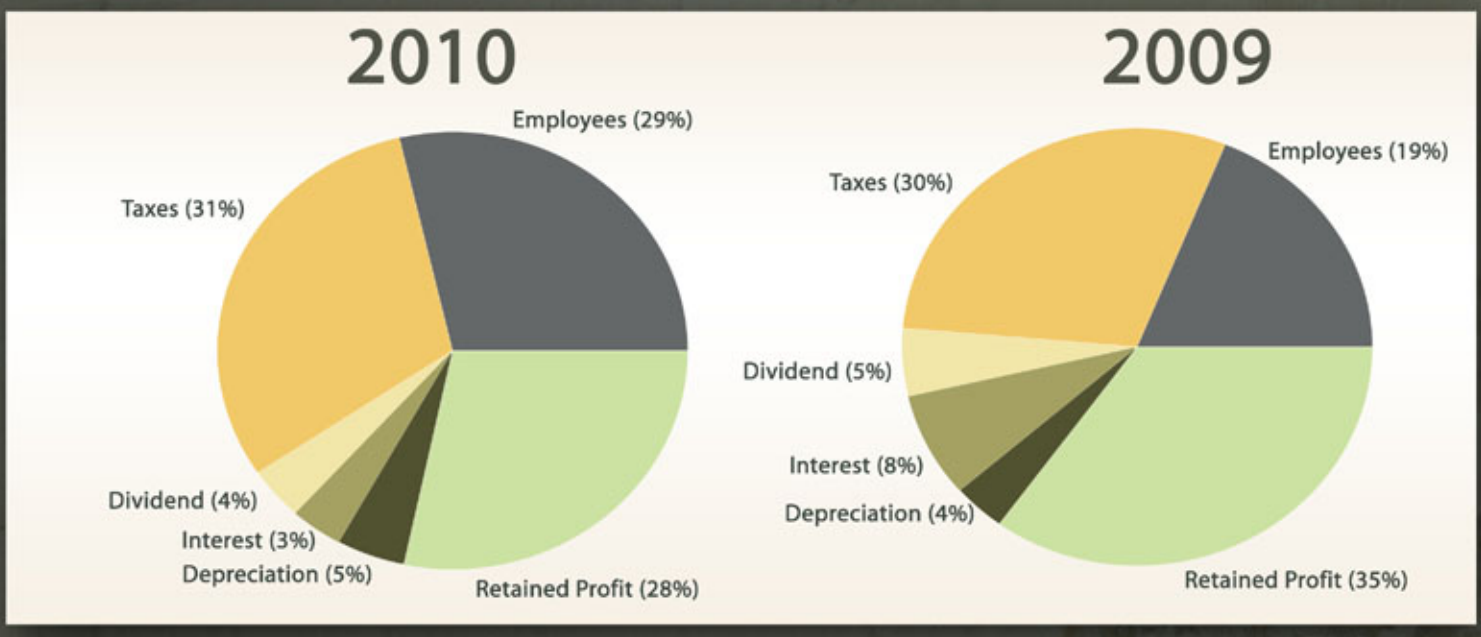


Shareholder's Funds (Rs. Mn.)



STATEMENT OF VALUE ADDED

CREATION OF VALUE ADDED	2010 Rs.	2009 Rs.
Gross Sales	517,565	488,025
Other Income	2,985	5,168
	520,550	493,193
Less: Cost of Materials & Services purchased from External Sources	(428,206)	(395,350)
Total Value Added	92,344	97,843
DISTRIBUTED AS FOLLOWS		
To Employees as Remuneration	26,322	18,415
To Government as Taxes	28,603	29,232
To providers of Capital as		
Dividend	3,600	4,800
Interest	3,196	7,556
Retained in the business as		
Depreciation	4,378	3,676
Retained Profit	26,245	34,164
	92,344	97,843
Distribution of Value Added	92,344	97,843



SHARE INFORMATION

1. GENERAL

Stated Capital - Rs. 12,440,000
No. of Ordinary Shares - 1,200,000
Voting rights - One vote per ordinary share

2. STOCK EXCHANGE LISTING

The issued Ordinary Shares of The Autodrome PLC are listed under the "Motors" Sector on the Main Board of the Colombo Stock Exchange. There are no sub-classes or special voting rights on any share or class of shares. The Company Symbol is AUTO.N0000.

3. DISTRIBUTION OF SHAREHOLDING

The Shares of The Autodrome PLC were held as follows :

Size of shareholdings	31 March 2010				31 March 2009			
	Shareholders		Holdings		Shareholders		Holdings	
	No	%	No	%	No	%	No	%
1 - 1000	239	87.23	25,067	2.09	245	87.81	24,847	2.07
1001 - 5000	20	7.30	48,243	4.02	18	6.45	42,333	3.53
5001 - 10000	1	0.36	5,970	0.50	2	0.72	11,150	0.93
10001 - 50000	3	1.09	67,300	5.61	3	1.08	68,300	5.69
50001 and over	11	4.01	1,053,420	87.79	11	3.94	1,053,370	87.78
	274	100.00	1,200,000	100.00	279	100.00	1,200,000	100.00

4. ANALYSIS OF SHAREHOLDERS

	31 March 2010				31 March 2009			
	Shareholders		Holdings		Shareholders		Holdings	
	No	%	No	%	No	%	No	%
Institutions	11	4.01	159,030	13.25	15	5.38	199,807	16.65
Individuals	263	95.99	1,040,970	86.75	264	94.62	1,000,193	83.35
Total	274	100.00	1,200,000	100.00	279	100.00	1,200,000	100.00
Non Residents	1	0.36	63,850	5.32	1	0.36	63,850	5.32
Residents	273	99.64	1,136,150	94.68	278	99.64	1,136,150	94.68
Total	274	100	1,200,000	100.00	279	100	1,200,000	100.00

5. SHARE VALUATION

(Company)

Market Value	as at 31 March 2010	**Rs.369.25**	as at 31 March 2009	Rs.259
No. of shares in Issue		**,200,000**		1,200,000
Highest	Yr.2009/2010	**Rs. 380**	Yr.2008/2009	Rs. 259
Lowest	Yr.2009/2010	**Rs. 300**	Yr.2008/2009	Rs. 200
Earnings Per Share		**Rs. 31.86**		Rs. 30.51
Dividend per share		**Rs.3**		Rs.4
Net asset value per share		**Rs. 379.75**		Rs. 351.89

FORM OF PROXY

THE AUTODROME PLC. Reg. No. PQ-84
Registered Office, Autodrome Building, 304 Union Place, Colombo 2. Tel: 2326181.
For use at the Fifty - Eighth Annual General Meeting

I/We……..of……

……being member/s of **The Autodrome PLC,** appoint:

1. ……..……..., whom failing

2. ……..……, whom failing

3. The Chairman of the Meeting.

as my/our proxy to represent me/us and to vote on my/our behalf at the Fifty-Eighth Annual General Meeting of the Company to be held on Thursday, 30 September 2010 at 3pm and at any adjournment thereof, and at every poll which may be taken in consequence thereof to vote in the manner indicated below:

(Please indicate with an X in spaces below how you wish your votes to be cast. In the absence of any such indication the Proxy will vote or abstain from voting as he/she thinks fit. Please also delete any resolution on which you wish your Proxy to abstain from voting)

RESOLUTION	FOR	AGAINST
1. Adoption of Annual Report & Audited Accounts for the Year ended 31 March 2010		
2. To re-elect as a Director Mr. C. Lakshman Sirimanne to the Board		
3. To re-elect as a Director Mr. M. Raviraj Ratnasabapathy to the Board		
4. To re-elect as a Director Mr. M. Suresh Dominic to the Board		
5. To re-elect Mr. J.A. Aloysius who retires under s. 210 of the Companies Act		
6. To re-elect Mr. S.C.Weerasooria who retires under s.210 of the Companies Act		
7. To re-appoint Auditors and authorise Directors to fix their Remuneration		
8. To authorise Directors to determine Contributions to Charities		

As witness under my/our hand this…….day of September 2010.

Signature of Member(s)

INSTRUCTIONS FOR COMPLETION OF PROXY FORM

1. To be valid this Form must be filled, signed, dated and deposited at the Registered Office of the Company at 304 Union Place, Colombo 2, not later than 48 hours before the time appointed for holding the meeting.
2. The Form of Proxy must be signed by the appointer or by his/her Attorney duly authorised in writing.
3. In the case of a Corporation, the Form of Proxy must be either under its Common Seal or under the hands of Officers or Attorneys.
4. In the case of joint holders, only one need sign. The votes of the senior holder who tenders a vote will alone be counted.
5. If you wish to appoint any other person other than the Chairman as your proxy, please insert the relevant details at (1) and (2).

For any clarification, please contact Accounting Systems Secretarial Services (Pvt) Ltd., Company Secretaries, Level 4, No 2, Castle Lane, Colombo 4. Tel: 2505152

The Autodrome PLC
304 Union Place
Colombo 02
Tel: 2326181
www.autodrome.lk