Contents

Corporate Information	1
Notice of Annual General Meeting	2
Chairman's Statement	3
Report of the Directors	4 - 5
Statement of Directors' Responsibilities	6
Auditors' Report	7 - 8
Income Statement	9
Balance Sheet	10
Statement of Changes in Equity	11
Cash Flow Statement	12
Accounting Policies	13 - 16
Notes to the Financial Statements	17 - 26
Share Information	27 - 28
Form of Proxy	

Corporate Information

Incorporated as a Limited Liability Co.(PVS. 1307).
on 23rd July 1953.Converted into a Public Company
PVS 1307, PBS in 1957 Listed under "Motors" in the Colombo Stock Exchange (1975)
Autodrome Building, 304, Union Place,Colombo 2. Sri Lanka
Tel: 2326181/2, 2304035, 074-713529/30
Fax : 2466679, 2325594
E-mail: info@autodrome.lk
Website: www.autodrome.lk

Directors:
Joseph A. Aloysius BSc (Chairman / Managing Director)
Mrs. Bernadette J. Aloysius BA (Deputy Chairperson/Marketing Director)
Jeremy D. Aloysius, MBA (USA) (Deputy Managing Director)
Rajeev A.J. Aloysius, FCMA, FSCMA, MBA (Finance Director)
Dr. Dennis J. Aloysius MBBS, FCGP
David P. Dominic BSc (Eng), C Eng, MIMechE, MIMarE (UK)
Prof. John A. Aloysius BSc, PhD (USA)
Mrs. Julie A. Paul BA (USA)
Mrs. Mangalam St. George
M. Lakshman Samarasinghe
Sarath C. Weerasooria FCA

Auditors:
PricewaterhouseCoopers

Lawyers:
D.L & F. de Saram

Bankers:
Bank of Ceylon, Metropolitan Branch.
Commercial Bank of Ceylon Ltd., City Office.
Hatton National Bank, Main Branch.
People's Bank, Union Place.
StandardChartered Bank, York Street.

Secretaries:
Accounting Systems Secretarial Services Ltd

Senior Executives:
S. Enaksha S.M. Fernando (Marketing Manager)
K. Chaminda P. Perera, B.B.Mgt, ACA, ASCMA (Financial Controller)
Mrs. Freeda Perera (Sales Manager)
W. Nirosh Fernando (Manager – Technical Service and Administration)
U.K.W. Kannangara (Manager – Tyre Service Centre)
W.W. Kumudu P. Fernando (Manager – Stores)

Nature of Business:
Sole Distributors in Sri Lanka for:
BRIDGESTONE Tyres and Tubes (Japan, Indonesia, Thailand)
YOKOHAMA Automotive Batteries, Malaysia
FUTEK Alloy Wheels, Taiwan
NINGBO KANGTAI Tubeless Tyre Valves, China

Providers of logistical and marketing services to:
HINDUSTAN PETROLEUM CORPORATION

THE AUTODROME LTD.
Reg. No. PVS 1307 PBS

NOTICE IS HEREBY GIVEN that the Fifty First Annual General Meeting of The Autodrome Ltd. will be held at the Registered Office of the company at 304, Union Place, Colombo 2 on Friday 31st October 2003 at 3.00 p.m. and the business to be brought before the meeting will be:

A G E N D A

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2003 with the Report of the Auditors thereon.
2. To re-elect Mrs.Bernadette J.Aloysius who retires by rotation.
3. To re-elect Mr.Jeremy D. Aloysius who retires by rotation.
4. To re-elect Mr. Sarath C. Weerasooria who retires by rotation.
5. To authorise the Directors to determine contributions to Charities.
6. To re-appoint Messrs. PricewaterhouseCoopers as Auditors and authorise the Directors to determine their remuneration.

By Order of the Board

ACCOUNTING SYSTEMS SECRETARIAL SERVICES LIMITED
Secretaries
Colombo, 30 September 2003.

Note:
A Member is entitled to appoint a Proxy to attend and vote in his/her stead and a Proxy need not be a Member of the Company. A form of Proxy is enclosed herewith for this Purpose. The instrument appointing a Proxy must be completed and deposited at the Registered Office of the Company, 304, Union Place, Colombo 2 not less than forty-eight hours before the time fixed for the holding of the meeting.

Chairman's Statement

I take great pleasure in presenting the Accounts and Review of our business during our Golden Jubilee Year.

We have seen a growth in Sales Turnover from Rs. 272.0 Million to Rs. 297.8 Million during the year under review, boosted by many successful promotional campaigns, contracts and business partnerships. This has been achieved while maintaining Gross Profit margins of 13.2%, with carefully managed cash flow.

We have moved into our new premises at the time of writing, which has added an attractive frontage to the motoring street of Sri Lanka. As a result of our investment, which was completed without a special purpose loan from our bank, Net Assets have improved from Rs. 102 Million to Rs. 118 Million in the year under review, resulting in a growth in Net Assets per Share increase from Rs.855 to Rs.989.

Business Environment

The economy has vastly improved since the time of our last annual report, with commendable improvements in consumer spending, stability of the US dollar, low interest rates, a business-friendly tax regime, growth in GDP and an improved investment climate among others. We have successfully established our niche market, with a strong brand image, which resulting in profitable growth with healthy cash generation. I am pleased to report that our share price has improved from Rs.215 to Rs.250 during 2002/3, aided by a long bull run on the Colombo bourse, almost unique in a world wracked by Terror, the War on Terror and economic upheaval. During the current year, we have obtained favourable rates of interest and charges from new bankers, Hatton National Bank.

Dividend

An interim dividend of 12.5% was paid on 6 May 2002. This is to be treated as final.

Future Prospects

We have entered into a new three year plan of growth from 2003-2005 with Bridgestone Corporation, which should increase our profitable sales by as much as 40% over this period.

Thanks

I would like to place on record my thanks to our valued Dealers, to our Principals for Advertising, Sales Promotion & Technical Training support, and to our new Bankers, who have granted us a complete banking solution with reasonable terms.

Last, but not least, I would like to thank the members of our Staff for their loyalty, my colleagues the Executive Directors and all Board members, who have given their fullest co-operation and valuable advice.

Joseph A Aloysius
Chairman

Colombo, 30th September 2003

The Directors present their Report and financial statements for the year ended 31st March 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company are as follows: Import & Distribution of:
a) BRIDGESTONE Tyres from Japan, Indonesia and Thailand
b) YOKOHAMA Batteries from Malaysia
c) FUTEK Alloy Wheels from Taiwan
d) BRIDGEPORT Tyre Accessories from Italy

Providing logistical and marketing services to HINDUSTAN PETROLEUM CORPORATION

TURNOVER

The turnover for the year under review, net of turnover- based taxes, was Rs. 297,881,010 (2002-Rs.272,006,286)

PROPERTY, PLANT AND EQUIPMENT

The movement of Property, Plant and Equipment for the year are shown in note 10 on page 20 of the Accounts.

VALUE OF PROPERTIES

The market value of land owned by the company is included in the accounts at Rs.104,567,000, based on a valuation made by qualified Valuer.

SHARE CAPITAL & RESERVES

The total Reserves as at 31st March 2003 amounted to Rs.106,295,275 (2002-Rs.90,168,368) comprising Capital Reserve of Rs.151,846 (2002-Rs.151,846), Revaluation Reserves of Rs.97,068,784 (2002-Rs.85,968,258) and Revenue Reserve of Rs. 9,074,645 (2002-Rs.4,048,263)

APPROVED DONATIONS

Donations to charitable organisations amounted to Rs. 35,000 (2002-Rs.Nil)

TAXATION

It is the policy of the Company to provide for deferred taxation on all known timing differences on the liability method. Corporate tax rate was 35%.

SHARE INFORMATION

Information relating to earnings, dividends, net assets, and share trading is given on pages 27 & 28.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

STATUTORY PAYMENTS

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.

GOING CONCERN

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

DIRECTORATE

The Directors listed on Page 1 have been directors of the Company throughout the year under review. Mrs. Bernadette J. Aloysius, Mr. Jeremy D. Aloysius and Mr. Sarath C. Weerasooria retire in rotation in terms of the Company's Articles of Association. Mrs. Mangalam St. George who is over 70 years of age also retires, and no resolution has been received in respect of Sec.181 of the Companies Act.

DIRECTORS' INTERESTS IN CONTRACTS

The Directors' interest in contracts and proposed contracts with the Company, both direct and indirect are set out in Note 25 on page 26 of the financial statements. The Directors have disclosed the nature of their interest in contracts and proposed contracts with the Company, at meetings of the Board.

DIRECTORS SHAREHOLDINGS

The Directors' shareholding in the company were as follows

	2003		2002	
	No	**Per Value**	No	Per Value
Mr. Joseph A. Aloysius	**11,192**	**1,119,200**	11,192	1,119,200
Mrs. B.J. Aloysius	**6,693**	**669,300**	6,693	669,300
Mr.J. A. Aloysius & Mrs.B.J.Aloysius	**30,000**	**3,000,000**	30,000	3,000,000
Mr.Jeremy D. Aloysius	**6,385**	**638,500**	6,385	638,500
Mr.Rajeev A.J. Aloysius	**6,385**	**638,500**	6,385	638,500
Prof.John A. Aloysius	**6,385**	**638,500**	6,385	638,500
Mrs. Julie A.Paul	**6,385**	**638,500**	6,385	638,500
Dr. Dennis J. Aloysius & Mrs. S.C. R. Aloysius	**1,209**	**120,900**	1,209	120,900
Mrs. Mangalam St. George	**638**	**63,800**	638	63,800
Sarath C.Weerasooria	**136**	**13,600**	136	13,600
Eng. David P. Dominic	**100**	**10000**	100	10000
Mr.M. Lakshman Samarasinghe	**1**	**100**	1	100
Total	**75,509**	**7,550,900**	**75,509**	**7,550,900**

MAJOR SHAREHOLDINGS

Details of major shareholdings are given on page 28

DIVIDEND

An Interim Dividend of 12.5%, amounting to Rs.1,500,000 was paid on 6th May 2002. This is to be treated as Final.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 31st October 2003 in the Board Room of the Autodrome Building, 304, Union Place, Colombo 02, the Registered Office of the Company on Friday 31st October 2003. The notice of Annual General meeting can be found on page 2.

Auditors

Messrs. PricewaterhouseCoopers have expressed their willingness to accept re-appointment as Auditors. A resolution to re-appoint them will be proposed at the Annual General Meeting.

By Order of the Board
ACCOUNTING SYSTEMS AND SECRETARIAL SERVICES LTD.

Statement of Directors' Responsibilities

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 7.

The Companies Act No. 17 of 1982 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 end of the financial year and of the profit or loss 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. 17 of 1982. 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 Accounts. 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.

By order of the Board
ACCOUNTING SYSTEMS AND
SECRETARIAL SERVICES LTD.
Secretaries

Auditors' Report

1. We have audited the balance sheet of The Autodrome Limited as at 31 March 2003, and the related statements of income, changes in equity and cash flows for the year then ended, together with the accounting policies and notes as set out on pages 9 to 26.

Respective Responsibilities of Directors and Auditors

2. The directors are responsible for preparing and presenting these financial statements in accordance with the Sri Lanka Accounting Standards. Our responsibility is to express an opinion on these financial statements, based on our audit.

Basis of Opinion

3. We conducted our audit in accordance with Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards. 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

4. In our opinion, so far as appears from our examination, the Company maintained proper books of account for the year ended 31 March 2003, and to the best of our information and according to the explanations given to us, the said balance sheet and related statement of income, changes in equity and cash flows and the accounting policies and notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with Sri Lanka Accounting Standards, provide the information required by the Companies Act, No. 17 of 1982 and give a true and fair view of the Company's state of affairs as at 31 March 2003 and of the results of its operations and its changes in equity and cash flows for the year then ended.

DIRECTORS' INTERESTS IN CONTRACTS WITH THE COMPANY

5. According to the information made available to us, the directors of the Company were not directly or indirectly interested in contracts with the Company during the year ended 31 March 2003, except as stated in Note 25 to these financial statements.

(Sgd.)

PRICEWATERHOUSECOOPERS
CHARTERED ACCOUNTANTS
03rd October 2003.
Colombo

Income Statement

(all amounts in Sri Lanka Rupees)	Notes	Year ended 31 March	
		2003	2002
Sales	1	297,881,010	272,006,286
Cost of sales		(258,531,513)	(235,656,698)
Gross profit		39,349,497	36,349,588
Other operating income	2	282,014	453,546
Distribution costs		(3,884,637)	(6,830,309)
Administrative expenses		(22,175,461)	(16,835,462)
Operating profit	3	13,571,413	13,137,363
Non operating income	5	180,599	180,740
Finance costs	6	(2,942,910)	(6,939,062)
Profit before tax		10,809,102	6,379,041
Tax	7	(4,282,721)	(4,336,436)
Net profit		**6,526,381**	**2,042,605**
Earnings per share- basic	8	54.38	17.03

The accounting policies on pages 13 to 16 and notes on pages 17 to 26 form an integral part of these financial statements Report of the auditors - pages 7 and 8

Balance Sheet

(all amounts in Sri Lanka Rupees)	Notes	31 March 2003	31 March 2002
ASSETS			
Non-current assets			
Property, plant and equipment	10	150,300,984	101,027,651
Capital work in progress	11	Nil	6,906,676
Investments	12	10,162	10,162
		150,311,146	107,944,489
Current assets			
Inventories	13	35,279,685	24,449,933
Receivables and prepayments	14	20,867,535	24,407,384
Cash and cash equivalents	15	622,752	334,875
		56,769,972	49,192,192
Total assets		**207,081,118**	**157,136,681**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	22	12,000,000	12,000,000
Share premium	22	440,000	440,000
Capital reserves		151,846	151,846
Revaluation reserve	23	97,068,784	85,968,258
Retained profit		9,074,645	4,048,264
		118,735,275	102,608,368
Non-current liabilities			
Deferred tax liabilities	18	1,914,687	861,927
Defined benefit obligations	19	1,683,626	1,205,913
		3,598,313	2,067,840
Current liabilities			
Trade and other payables	16	13,562,636	4,296,406
Current tax liabilities		635,240	878,953
Borrowings	17	70,549,654	47,285,114
		84,747,530	52,460,473
Total liabilities		88,345,843	54,528,313
Total equity and liabilities		**207,081,118**	**157,136,681**

These financial statements were approved by the Board on 02nd October 2003.
1. Jeremy D. Aloysius(Deputy Managing Director) 2. Mr. Rajeev A.J. Aloysius(Finance Director)

The accounting policies on pages 13 to 16 and notes on pages 17 to 26 form an integral part of these financial statements Report of the auditors - pages 7 and 8

Statement of Changes in Equity

(all amounts in Sri Lanka Rupees)

	Notes	Share capital	Capital reserves	Share premium	Revaluation reserve	Retained profit	Total
Balance at 1 April 2001		12,000,000	151,846	440,000	85,968,258	2,005,659	100,565,763
Net profit		Nil	Nil	Nil	Nil	2,042,605	2,042,605
Balance at 31 March 2002		**12,000,000**	**151,846**	**440,000**	**85,968,258**	**4,048,264**	**102,608,368**
Balance at 1 April 2002		12,000,000	151,846	440,000	85,968,258	4,048,264	102,608,368
Revaluation surplus	23	Nil	Nil	Nil	11,100,526	Nil	11,100,526
Net profit		Nil	Nil	Nil	Nil	6,526,381	6,526,381
Dividends	9	Nil	Nil	Nil	Nil	(1,500,000)	(1,500,000)
Balance at 31 March 2003		**12,000,000**	**151,846**	**440,000**	**97,068,784**	**9,074,645**	**118,735,275**

The accounting policies on pages 13 to 16 and notes on pages 17 to 26 form an integral part of these financial statements Report of the auditors - pages 7 and 8

Cash Flow Statement

(all amounts in Sri Lanka Rupees)	Notes	Year ended 31 March 2003	2002
Operating activities			
Cash generated from operations	24	35,372,270	7,506,660
Interest expense	6	(1,939,437)	(3,271,856)
Interest received		14,979	20,027
Income tax paid		(3,473,675)	(5,597,547)
Terminal benefits paid	19	Nil	(50,725)
Net cash from / (used in) operating activities		**29,974,137**	**(1,393,441)**
Investing activities			
Purchase of property, plant and equipment	10	(43,148,830)	(608,234)
Capital work in progress	11	6,906,676	(6,545,118)
Proceeds from disposal of property, plant and equipment		180,000	325,000
Dividends received	5	599	740
Net cash used in investing activities		**(36,061,555)**	**(6,827,612)**
Financing activities			
Finance lease payment		(259,238)	(623,360)
Dividend paid		(1,491,821)	Nil
Net cash used in financing activities		**(1,751,059)**	**(623,360)**
Decrease in cash and cash equivalents		**(7,838,477)**	**(8,844,413)**
Movement in cash and cash equivalents			
At start of year		(11,605,791)	(2,761,378)
Decrease		(7,838,477)	(8,844,413)
At end of year	15	**(19,444,268)**	**(11,605,791)**

The accounting policies on pages 13 to 16 and notes on pages 17 to 26 form an integral part of these financial statements Report of the auditors - pages 7 and 8

Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below :

1 Basis of preparation

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment.

2 Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

3 Investments

Fixed assets investments including marketable securities are shown at cost and provision is only made where, in the opinion of the Directors, there is a permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

4 Property, plant and equipment

All property, plant and equipment is initially recorded at cost. Land and buildings are subsequently shown at market value, based on valuations by external independent valuers, less subsequent depreciation. All other property, plant and equipment is stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the income statement) and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amount, to their residual values over their estimated useful life. A full year's depreciation is charged in the year of purchase and no charge is made in the year of disposal.

4 Property, plant and equipment (Contd)

The principal annual rates used for this purpose are :

	%
Building	2
Other assets	25

Land is not depreciated as it is deemed to have an indefinite life.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in operating profit. On disposal of revalued assets, the revaluation amounts pertaining to the asset in revaluation reserve are transferred to retained earnings.

5 Accounting for leases - where Company is the lessee

Leases of property, plant and equipment where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

6 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is generally determined by the weighted average method. The cost includes all expenses incidental to purchasing. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

7 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

9 Share capital

Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

10 Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred.

11 Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, provisions for pensions and other post retirement benefits and tax losses carried forward.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

12 Defined benefit obligations

Terminal benefits are provided for all employees of the Company at the rate of one half of the basic or consolidated wage or salary, cost of living and all other allowances applicable for the last month of the financial year for each year of completed service. This provision is not externally funded, nor has it been actuarially valued.

13 Defined contribution plans

All employees of the Company are members of either the Executives' Provident Fund or the Employees' Provident Fund and also of the Employees' Trust Fund, to which their employer contributes 12% and 3% respectively of such employees' basic or consolidated wage or salary, cost of living and all other allowances, excluding non-recurring cost of living gratuity (NRCLG) which is not liable to such payment according to the collective agreement extended to the Company.

14 Revenue recognition

Sales are recognised upon delivery of products and customer acceptance, if any, or on the performance of services. Sales are shown net of sales taxes, rebates and trade discounts.

Other revenues earned by the Company are recognised on the following bases.

Rental income - on an accrual basis.
Interest income - on an accrual basis
Dividend income - when the Company's right to receive payment is established.

15 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

1 Sales

	2003	2002
Sale of tyres, tubes and other automotive accessories	**297,881,010**	**272,006,286**

2 Other operating income

Other operating income consists of sundry income Rs 69,108 (2002- Rs 44,741), profit on sale of property, plant and equipment Rs 107,974 (2002 - Rs 301,560) and tyre fitting centre income Rs 104,932 (2002 - Rs 101,245).

3 Operating profit

The following items have been charged / (credited) in arriving at operating profit:

	2003	2002
Directors' emoluments	2,107,716	1,624,200
Auditors' remuneration	60,000	60,000
Depreciation on property, plant and equipment (Note 10)		
- owned assets	4,597,237	1,636,600
- leased assets under finance leases	301,783	514,284
Profit on disposal of property, plant and equipment	(102,999)	(301,560)
Repairs and maintenance expenditure	809,566	1,168,266
Advertising	2,070,190	4,085,771
Staff costs (Note 4)	7,821,515	4,641,496
(Reversal) / provision for slow moving stocks	(158,574)	501,502

4 Staff costs

	2003	2002
Wages and salaries	6,438,417	3,642,038
Defined contribution plan	905,385	761,245
Defined benefit obligations (Note 19)	477,713	238,213
	7,821,515	**4,641,496**
Average monthly number of persons employed by the Company during the year:		
Full time	45	46

5 Non operating income

Non operating income wholly consists of rent received Rs 180,000 (2002- Rs 180,000) and dividend received Rs 599 (2002 - Rs 740).

6 Finance costs

	2003	**2002**
Interest expense		
- bank overdrafts	1,762,123	2,882,923
- other borrowings	177,313	202,160
- finance leases	58,960	186,773
- interest income	(14,979)	(20,027)
Exchange losses	959,493	3,687,233
	2,942,910	**6,939,062**

7 Tax

	2003	2002
Current tax	3,229,961	4,163,846
Deferred tax (Note 19)	1,052,760	172,590
	4,282,721	**4,336,436**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2003	2002
Profit before tax	10,809,102	6,379,041
Tax calculated at a tax rate of 35% (2002 - 42%)	3,783,186	2,679,197
Income not subject to tax	(97,143)	(310)
Expenses not deductible for tax purposes	661,586	1,657,549
Effect of different tax rates	(64,908)	Nil
Tax charge	**4,282,721**	**4,336,436**

Further information about deferred tax is presented in Note 18.

8 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2003	2002
Net profit attributable to shareholders	6,526,381	2,042,605
Weighted average number of ordinary shares in issue	120,000	120,000
Basic earnings per share	54	17

9 Dividend per share

An interim dividend of 12.5% amounting to Rs 1,500,000 was paid on 6 May 2002, for the year ended 31 March 2002 from retained profits as at 31 March 2002. This is to be treated as final.

10 Property, plant and equipment

	Freehold land and buildings	Plant and machinery and equipment	Motor vehicles	Furniture and fittings	Computer	Total
Year ended 31 March 2002						
Cost or valuation	98,287,794	4,666,129	5,836,600	960,256	1,778,648	111,529,427
Accumulated depreciation	(560,354)	(4,070,691)	(3,676,960)	(838,589)	(1,355,182)	(10,501,776)
Net book amount	**97,727,440**	**595,438**	**2,159,640**	**121,667**	**423,466**	**101,027,651**
Year ended 31 March 2003						
Opening net book amount	97,727,440	595,438	2,159,640	121,667	423,466	101,027,651
Revaluation reserve (Note 23)	11,100,526	Nil	Nil	Nil	Nil	11,100,526
Transferred from capital work in progress	33,294,333	6,371,306	Nil	1,449,616	Nil	41,115,255
Additions / transfers	43,600	Nil	103,500	1,449,616	436,857	2,033,573
Disposals	(33,526)	(9,975)	(33,500)	Nil	Nil	(77,001)
Depreciation charge	(623,237)	(1,834,384)	(1,255,775)	(824,527)	(361,097)	(4,899,020)
Closing net book amount	**141,509,136**	**5,122,385**	**973,865**	**2,196,372**	**499,226**	**150,300,984**
At 31 March 2003						
Cost or valuation	142,692,727	11,027,460	5,906,600	3,859,489	2,215,505	165,701,781
Accumulated depreciation	(1,183,591)	(5,905,075)	(4,932,735)	(1,663,117)	(1,716,279)	(15,400,797)
Net book amount	**141,509,136**	**5,122,385**	**973,865**	**2,196,372**	**499,226**	**150,300,984**

(a) Leased assets included above, where the Company is the lessee under a finance lease comprise plant and machinery, motor vehicles and office equipment as follows:

	2003	2002
Cost - capitalised finance leases	2,057,135	2,057,135
Accumulated depreciation	(2,057,135)	(1,755,352)
Net book amount	**Nil**	**301,783**

(b) The land and buildings at 304/1, Union Place, Colombo 2 were revalued on 30 September 1990 and 13 June 1996 by an independent valuer.

(c) A part of the land at 304, Union place, Colombo 2, lot 1 (a) had not been revalued earlier due to it being under a requisition order. The property was derequisitioned during the previous year and this portion of the land was revalued on 31 March 2001 by an independent valuer.
Valuations were made on the basis of the market value for existing use. The book values of the properties were adjusted on the valuations and the resultant surplus was credited to revaluation reserves in shareholders' equity.

(d) The land marked Lots 1A, 1B and 1C bearing assessment No. 304, Union Place, Colombo 2 were revalued on 31 March 2003 by an independent valuer.

10 Property, plant and equipment (Contd)

If the building were stated on the historical cost basis, the amounts would be as follows ;

	2003	2002
Cost	3,204,911	3,204,911
Accumulated depreciation	(523,477)	(459,379)
Net book amount	**2,681,434**	**2,745,532**

(e) Property, plant and equipment include fully depreciated assets, the cost of which at 31 March 2003 amounted to Rs 5,879,126 (2002 - Rs 4,881,317).

(f) Bank facilities are secured on the Company's property at No 304/1, Union Place, Colombo 2.

11 Capital work in progress

	2003	2002
At beginning of year	6,906,676	361,558
Cost incurred during the year	34,208,579	6,545,118
Transferred to property, plant and equipment	(41,115,255)	Nil
At end of year	**Nil**	**6,906,676**

12 Investments

	Value	
	2003	2002
Listed shares at cost		
Ceylon Hotels Corporation	3,832	3,832
Unlisted shares at cost		
Gardiners Limited	1,330	1,330
Global Films Limited	5,000	5,000
	6,330	6,330
Aggregate value of listed and unlisted investments	**10,162**	**10,162**
Market value of the listed shares at 31 March	**22,650**	**30,000**

13 Inventories

	2003	2002
Tyres, tubes and batteries	27,083,587	25,184,250
Goods in transit	8,771,841	Nil
Provision for slow moving stocks	(575,743)	(734,317)
	35,279,685	**24,449,933**

14 Receivables and prepayments

	2003	2002
Trade receivables	20,123,035	23,955,377
Prepayments	413,545	64,805
Other receivables	330,955	387,202
	20,867,535	**24,407,384**

15 Cash and cash equivalents

	2003	2002
Cash at bank and in hand	**622,752**	**334,875**

For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following:

16 Trade and other payables

	2003	2002
Accrued expenses	1,578,067	1,507,539
Social security and other taxes	3,140,867	2,132,158
Other payables	8,814,766	635,952
Dividend payable	28,936	20,757
	13,562,636	**4,296,406**

Other payables include Rs 6,153,467 payable to building contractor, Tudawe Brothers (2002 - Rs Nil)

17 Borrowings

	2003	2002
Current		
Bank overdrafts (Note 15)	20,067,019	11,940,666
Bank borrowings	48,987,635	33,939,170
Lease liabilities	Nil	200,278
Loans from directors and their families (Note 25)	1,245,000	1,155,000
Loan from related company (Note 25)	250,000	50,000
	70,549,654	**47,285,114**

17 Borrowings (contd)

The interest rate exposure of the borrowings of the Company are as follows:

	2003	2002
Total borrowings:		
- at fixed rates	70,549,654	47,285,114

Weighted average effective interest rates:

	2003	2002
- bank overdrafts	16.37%	17.75%
- loans from directors and their families	14.4%	14.4%
- lease liabilities	-	16.56%

(a)Bank overdrafts are secured :

on mortgage over property bearing Assessment No. 304/1, Union Place, Colombo 2 - Rs 28,000,000.
against postdated cheques of dealers upto Rs 14,000,000.

(b)Bank borrowings which wholly consist of bank facilities are secured as follows:

bills acceptances are secured on mortgage over property bearing Assessment No. 304/1, Union Place, Colombo 2 - Rs 60,000,000

term L/Cs on personal guarantees given by the Managing Director, Marketing Director and Deputy Managing Director - Rs 35,000,000 .

(c)Loans from directors and their families are unsecured and have no fixed repayment terms.

(d)Loan from related company is unsecured and has no fixed repayment terms.

Finance lease liabilities - minimum lease payments:

	2003	2002
Not later than 1 year	Nil	255,122
Future finance charges on finance leases	Nil	(54,844)
Present value of finance lease liabilities	**Nil**	**200,278**
Representing lease liabilities		
- current	Nil	200,278
	Nil	**200,278**
The present value of finance lease liabilities may be analysed as follows:		
Not later than 1 year	Nil	200,278
	Nil	**200,278**

18 Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2002 - 42%)

The movement on the deferred income tax account is as follows :

	2003	2002
At beginning of year	861,927	689,337
Income statement charge (Note 7)	1,052,760	172,590
At end of year	**1,914,687**	**861,927**

19 Defined benefit obligations

The amounts recognised in the balance sheet are as follows:

	2003	2002
At beginning of year	1,205,913	1,018,425
Charge for the year (Note 4)	477,713	238,213
Contribution paid	Nil	(50,725)
At end of year	**1,683,626**	**1,205,913**

20 Contingent liabilities

There were no material contingent liabilities existing at the balance sheet date.

21 Commitments

Financial commitments

There were no material financial commitments outstanding at the balance sheet date.

Capital commitments

There were no material capital commitments outstanding at the balance sheet date.

22 Ordinary shares and share premium

	Number of shares	Ordinary shares	Share premium	Total
At 1 March 2002	120,000	12,000,000	440,000	12,440,000
At 31 March 2003	**120,000**	**12,000,000**	**440,000**	**12,440,000**

The total authorised number of ordinary shares is 140,000 ordinary shares (2002 - 140,000 ordinary shares) with a par value of Rs 100 per share (2002 - Rs 100 per share).

All issued shares were fully paid.

23 Revaluation reserve

	2003	2002
At beginning of year	85,968,258	85,968,258
Additions during the year (Note 10)	11,100,526	Nil
At end of year	**97,068,784**	**85,968,258**

The revaluation reserve is non distributable.

24 Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	2003	2002
Profit before tax	10,809,102	6,379,041
Adjustments for:		
Depreciation (Note 10)	4,899,020	2,150,884
Dividend received (Note 5)	(599)	(740)
Profit on disposal of property, plant and equipment (Note 3)	(102,998)	(301,560)
Interest income (Note 6)	(14,979)	(20,027)
Interest expense (Note 6)	1,998,396	3,271,856
Reversal of provision for slow moving stocks	(158,574)	Nil
Changes in working capital		
- trade and other receivables	3,539,848	2,568,832
- inventories	(10,671,177)	17,418,064
- payables	24,596,518	(24,197,903)
Defined benefit obligation (Note 19)	477,713	238,213
Cash generated from operations	**35,372,270**	**7,506,660**

25 Directors' interests in contracts with the Company

Name of director	Name of Company	Nature of transactions
Joseph A Aloysius	Mercury Limited	Agent for Company's Insurance
	Shrimpex Limited	Loan of Rs 200,000 given to the Company @ 14.4% interest p.a.
Mrs Bernadette J Aloysius	Mercury Limited	Agent for Company's Insurance
	Shrimpex Limited	Loan of Rs 200,000 given to the Company @ 14.4% interest p.a.
Sarath C Weerasooria	Finco Limited	Waterproofing work for the Autodrome Building (Rs.202,067.50)

The following transactions were carried out with related parties

(I) Loans from directors

Loans from directors of the Company (and their families):

	2003	2002
At beginning of year	1,155,000	460,000
Received during the year	200,000	905,000
Repaid during the year	(110,000)	(210,000)
At end of year (Note 17)	**1,245,000**	**1,155,000**

(ii) Loan from related company

Loan from Shrimpex Limited:

	2003	2002
At beginning of year	50,000	250,000
Repaid during the year	Nil	(200,000)
Received during the year	200,000	Nil
At end of the year	**250,000**	**50,000**

26 Related party transactions

There were no related parties or related party transactions other than those disclosed in Note 25 to these financial statements.

27 Post balance sheet events

No events have occurred since the balance sheet date which would require adjustments to, or disclosure in, these financial statements.

Reg.No.PVS 1307 PBS

1. GENERAL

Authorised Share Capital	Rs. 14,000,000
Class of Shares	Ordinary Shares of Rs.100/- each
Issued Capital	Rs. 12,000,000
Voting rights	One vote per ordinary share

2. STOCK EXCHANGE LISTING

The issued Ordinary Shares of The Autodrome Ltd. are listed under "Motors" on the Colombo Stock Exchange

3. DISTRIBUTION OF SHAREHOLDINGS

The Shares of The Autodrome Ltd. were held as follows :

	31st March 2003				31st March 2002			
Size of shareholdings	Shareholders		Holdings		Shareholders		Holdings	
	No.	%	No.	%	No.	%	No.	%
1 - 1000	59	81	7,543	6.29	58	79	6,396	5.33
1001 - 5000	3	4	6,920	5.77	4	5	8,067	6.72
5001 - 10000	8	11	52,550	43.79	8	11	52,550	43.79
10001 - 50000	3	4	52,987	44.15	3	4	52,987	44.16
50001 and over	-	-	-	-	-	-	-	-
	73	**100**	**120,000**	**100.00**	**73**	**100**	**120,000**	**100.00**

4. ANALYSIS OF SHAREHOLDERS

	31st March 2003				31st March 2002			
	Shareholders		Holdings		Shareholders		Holdings	
	No.	%	No.	%	No.	%	No.	%
Institutions	7	10	20,414	17.01	7	10	20,314	16.93
Individuals	66	90	99,586	82.99	66	90	99,686	83.07
Total	**73**	**100**	**120,000**	**100.00**	**73**	**100**	**120,000**	**100.00**
Non Residents	7	10	13,261	11.05	7	10	13,261	11.05
Residents	66	90	106,739	88.95	66	90	106,739	88.95
Total	**73**	**100**	**120,000**	**100.00**	**73**	**100**	**120,000**	**100.00**

5. SHARE VALUATION

Market Value	as at 31st March 2003	Rs.250	as at 31st March 2002	Rs.215
Highest	Yr.2002/2003	Rs.250	Yr.2001/2002	Rs.215
Lowest	Yr.2002/2003	Rs.250	Yr.2001/2002	Rs.215
Earning Per Share		Rs.54.32		Rs.17.03
Dividend per Share		Rs.12.50		Nil
Net assets value per share		Rs.989.46		Rs.855.07

6. TWENTY LARGEST SHAREHOLDERS

The holdings of the top 20shareholders as at 31st March 2003 are given below

	No of Shares	%
Joseph Anthony Aloysius & Bernadette Jeyaleela Aloysius	30,000	25.00
Sanjeev Edward Chittampalam Gardiner	11,795	9.83
Joseph Anthony Aloysius	11,192	9.33
Mercury Ltd.	8,400	7.00
Mrs. Bernadette Jeyaleela Aloysius	6,693	5.58
John Arjuna Aloysius	6,385	5.32
Miss Julie Anita Aloysius	6,385	5.32
Jeremy Dilipkumar Aloysius	6,385	5.32
Rajeev Abraham Joseph Aloysius	6,385	5.32
Jennifer Joanne Bernadette Aloysius	6,385	5.32
Galle Face Hotel Co. Ltd.	5,532	4.61
Seventy Ltd.	4,101	3.42
Cyril Gardiner Limited	1,610	1.34
Dr. Dennis Jesuthasan Aloysius & Sybil Christobel Rita Aloysius	1,209	1.01
Shabir Abbas Gulamhussein	947	0.79
Mrs. Mangalam St. George	638	0.53
Dr. Rohan Aloysius	597	0.50
Gardiners Ltd	545	0.45
Estate of the late James A.C.R. Peiris	490	0.41
Hiranjan Cyril William Aloysius	462	0.39
	116,136	**96.78**

8. PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2003 was 21.42% (2002-21.5)

ACCOUNTING SYSTEMS SECRETARIAL SERVICES LIMITED
SECRETARIES