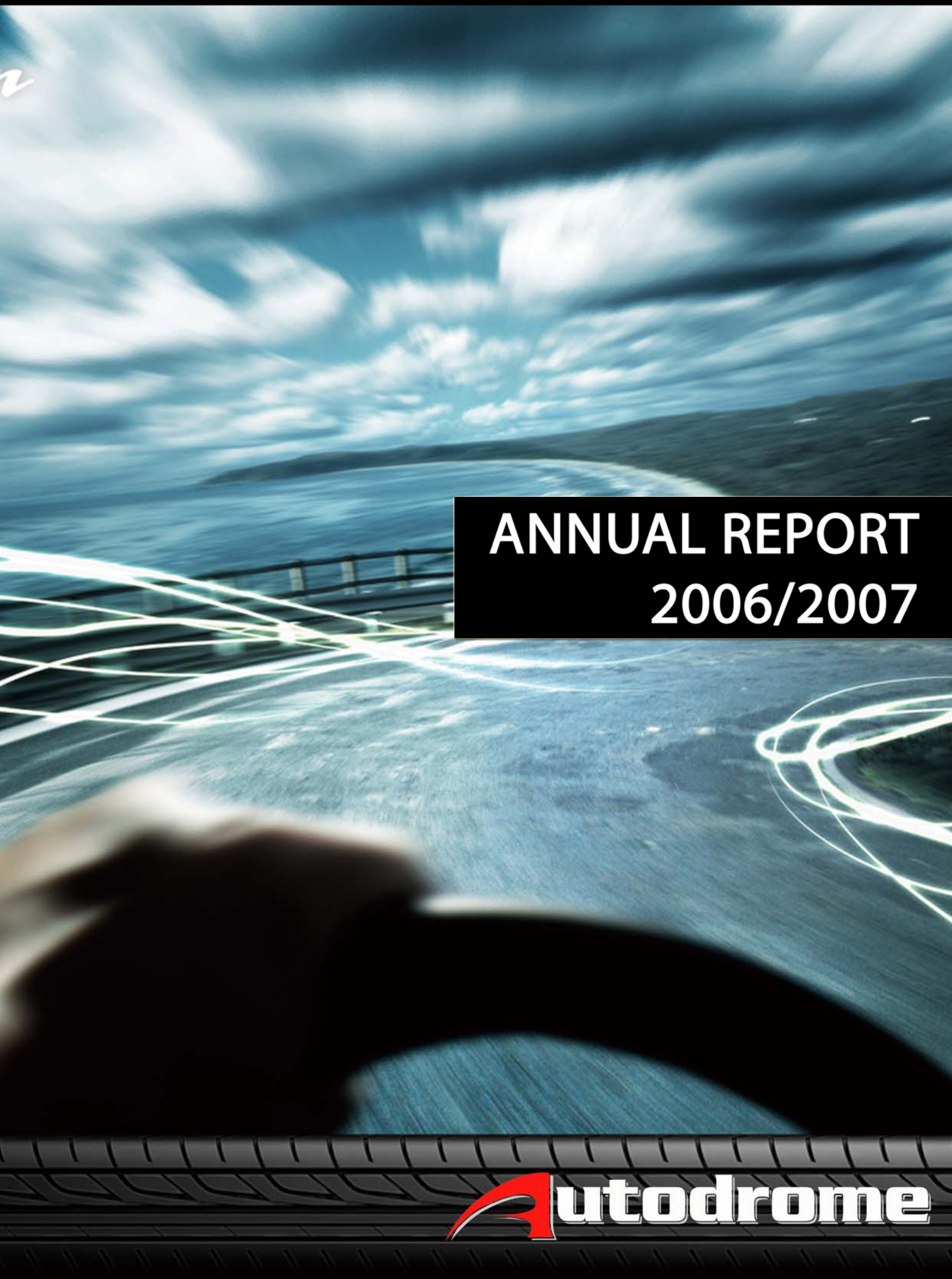

ANNUAL REPORT 2006/2007

Autodrome

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CORPORATE INFORMATION

Name of the Company	The Autodrome Limited.
Registered Office **Telephone** **Web**	304 Union Place, Colombo 2. Sri Lanka 2326181, 5369347~50 www.autodrome.lk
Legal Form	A Limited Liability Company Incorporated in Ceylon on 23.07.1953 Original Reg. No. PvS 1307. Converted into a Public Company in 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.	PvS 1307 PbS
Board of Directors	**Joseph A. Aloysius** B.Sc. *Chairman* **Ms. Bernadette J. Aloysius** B.A. *Dpty. Chairperson & Marketing Director* **Jeremy D. Aloysius** MBA (USA) *Joint Managing Director* **Rajeev A.J. Aloysius** FCMA, FSCMA, MBA *Joint Managing Director* **Mrs. Julie A. Paul** BA (USA) *Executive Director* **Dr. Dennis J. Aloysius** MBBS, FCGP **Prof. John A. Aloysius** B.Sc, PhD (USA) **Ms. J. Joanne B. Aloysius** B.Sc. (Lond.) **David P. Dominic** BSc (Eng), C.Eng, MIMechE & MIMarE (UK) **M. Lakshman Samarasinghe** **Sarath C. Weerasooria** FCA
Company Secretaries	Accounting Systems Secretarial Services Ltd. Level 4, 2, Castle Lane, Colombo 04
Lawyers	M/s. D.L. & F. de Saram
Auditors	M/s. SJMS Associates
Bankers	Bank of Ceylon, Metropolitan Branch Commercial Bank of Ceylon Ltd., City Office Hatton National Bank, Main Branch HSBC, Main Office People's Bank, Union Place
Senior Executives	**S. Enaksha S.M. Fernando** *General Manager* **Prasansa Nugegoda** *Marketing Manager* **Upul Gunaratne** BComm, ACA *Accountant* **Ms. Freeda Perera** *Sales Consultant* **Ms. Asha Peiris Nishantha** *Sales Manager* **T.D. Thilakasiri** *Manager, Technical and Administration* **M. Shanmugapragash** *Manager, Tyre Service Centre*
Nature of Business	Sole Distributors in Sri Lanka for**:** **BRIDGESTONE** Tyres, Tubes and Flaps (Japan, Indonesia & Thailand) **YOKOHAMA** Automotive Batteries (Malaysia) **FUTEK** Alloy Wheels (Taiwan & China) **CHINA SOONG** Wheels and Tyre Accessories (China) Providers of logistical and marketing services to: **HINDUSTAN PETROLEUM CORPORATION** (India) **Subsidiary** **Tourama (Pvt) Ltd.** Travel and Destination Management Co.

NOTICE OF ANNUAL GENERAL MEETING

THE AUTODROME LIMITED
Reg. No. PvS.1307.PbS

NOTICE IS HEREBY GIVEN that the Fifty-Fifth Annual General Meeting of **The Autodrome Ltd.** will be held at the Registered Office of the company at 304, Union Place, Colombo 2 on 14 September 2007 at 3pm, and the business to be brought before the meeting will be:

AGENDA

Ordinary Business

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31 March 2007 with the Report of the Auditors thereon.

2. To ratify the co-opting of Director Mr. Colvin Lakshman Sirimanne to the Board, replacing Mr. Mohandas Lakshman Samarasinghe.

3. To elect Mr. Raviraj Ratnasabapathy to the Board.

4. To elect Mr. Suresh Dominic to the Board.

5. To re-appoint as a Director Mr. Joseph Anthony Aloysius, who is over 70 years of age, for 1 year, and who retires by rotation. Special Notice dated 17 July 2007 has been received from a Shareholder of his intention to propose an Ordinary Resolution in compliance with s.211 of the Companies Act no. 7 of 2007.

6. To authorise the Directors to determine contributions to Charities.

7. To re-appoint M/s SJMS Associates as Auditors and authorise the Directors to determine their remuneration.

By Order of the Board

ACCOUNTING SYSTEMS SECRETARIAL SERVICES LIMITED

Secretaries

Colombo, 02 August 2007.

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

We have come to the end of another successful year, in spite of a challenging business climate.

The Company's subsidiary, Tourama, obtained a DGCA A-licence and became a fully IATA Accredited Agent during the year under review. The expenses to obtain these certifications affected the bottom line marginally, but resulted in a phenomenal growth in its turnover. This bodes well for the future.

There has been a small drop in Sales Turnover of **3.57%** during the year, albeit resulting in a gross profit margin drop of only **0.02%** (22.27% to 22.25%). The operating profit after tax went down marginally to Rs. **28.4m** for the year.

The development of a Truck Tyre Centre in Ekala, improvements in the head office and investments in land and buildings have resulted in a growth of Nett Assets per share from **Rs. 3,012** to **Rs.3,234.** These results were achieved without a special purpose term loan from banks.

Business Environment

The country was subjected to several bombings and assassinations in central Colombo, a resurgence and escalation of the War in the North and East, exchange rate hikes, doubled interest rates and high rates of inflation. There are signs that the government is taking steps to introduce fiscal discipline by creating a level playing field through more equitable duty and tax collection, which will benefit the economy in the long term.

Dividend and Share

An interim dividend of 15% for the year 2006/2007 was paid on 27 April 2006. The Board recommends that this be treated as final. Our share was not traded in the significant quantities to register as Traded on the CSE. Therefore, our Board recommends that a resolution be passed at this Annual General Meeting, that the number of shares in issue be increased to 1,200,000 from 120,000, without a change in the Stated Capital, as per the requirements of the Companies Act no. 7 of 2007 (which was effective 3 May 2007), and the prevalent CSE rules.

Corporate Governance

The Board has taken note of the Corporate Governance rules introduced by the SEC in January 2007, which will become mandatory next year. We will make the necessary adjustments in our Board structure and reporting, to comply with, and where possible, exceed these new requirements.

Thanks

I would like to place on record my thanks to our all our valued stakeholders: customers, our suppliers for their excellent support, and to both our bankers, our Partner in Progress and The World's Local Bank, who continue to do what they can to assist us in our business. 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 of their time and wisdom to assist us to thrive under difficult conditions.

Last but not least, thank you for your attendance. I look forward to welcoming you at the 56th Annual General Meeting, of the newly styled The Autodrome PLC.

Joseph A. Aloysius

Chairman

Colombo, 02 August 2007

CORPORATE GOVERNANCE

A brief overview of our application of some of the guiding principles formulated by the Institute of Chartered Accountants of Sri Lanka, is given below:

Board of Directors

The Board consists of six Executive and five Non-Executive Directors. The Chairman of the Board and Managing Director positions are held by different executives. 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 the Audit Committee (see below).

Audit Committee

The audit committee is headed by the Chairman of the company, and other members include one of the Joint Managing Directors and two Non-Executive Directors of the Company, and meets to discuss Internal Audit reports, the annual Management Letter of the Auditors and the quarterly accounts of the company.

Compensation Committee

The Compensation committee consists of 4 Executive Directors of the company, and meets to discuss increments and promotions prior to the Annual Performance Review in September each year. Input is obtained from all staff regarding the performance of their colleagues, in as objective a basis as possible.

Code of Ethics and Best Practices

A formal Code of Ethics and Best Practices has not been adopted at the given time. The principles underlying such a code have been practiced during the past few years, resulting in the performance shown in the 10 Year summary in this Annual Report.

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. Each quarter, Autodrome's accounts have consistently set the benchmark being the first to be released on the CSE, also being simultaneously updated on the company's website at financial.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. Since all of the businesses are highly competitive, segmental and area information is not published.

DIRECTORS' REPORT

THE AUTODROME LIMITED AND ITS SUBSIDIARY

The Directors present their Report and audited financial statements of the Group and Company for the year ended 31 March 2007, set out on pages 11 to 32.

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 (formerly NINGBO KANGTAI) Wheels and Tyre Accessories from China

   Providing logistical and marketing services to:
   HINDUSTAN PETROLEUM CORPORATION of India.

   The principal activities of the subsidiary are set out in Note 14 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 2006 to 31 March 2007, set out on pages 11 to 32.

Turnover

3. The turnover of the Company for the year under review, net of turnover based taxes, was Rs. 400,319,929 (2006- Rs. 415,114,379), while the turnover of the Group net of turnover based taxes was Rs. 417,528,084 (2006- Rs. 423,239,036)

Property, plant & equipment

4. The movement of Property, Plant and Equipment for the year are shown in note 12 on page 24 of the financial statements.

Value of properties

5. The market value of land owned by the company is estimated at Rs. 312,371,380, based on acquisition cost or valuation made by qualified Valuer.

Share Capital and Reserves

6. The total Reserves as at 31 March 2007 amounted to Rs. 377,017,044 (2006-Rs.350,070,601), comprising of Capital Reserve of Rs. 591,846 (2006-Rs.591,846), Revaluation Reserve of Rs. 290,715,905 (2006-Rs. 290,978,550) and Revenue Reserve of Rs. 85,709,293 (2006-Rs. 58,500,205)

Approved Donations

7. Donations to charitable organisations amounted to Rs. 125,522 (2006-Rs. 44,711)

Taxation

8. It is the policy of the Company to provide for deferred taxation on all known timing differences on the liability method. The corporate tax rate was 32.5% (2006-32.5%)

Share Information

9. Information relating to earnings, dividends, net assets, and share trading is given on page 8.

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 Directors have been Directors of the Company throughout the year under review, and the dates of their original appointment are in brackets:

Mr. Joseph A. Aloysius (25.09.1963)
Dr. Dennis J. Aloysius (07.09.1970)
Mrs. Bernadette J. Aloysius (08.09.1989)
Prof. John A. Aloysius (27.04.1990)
Mr. Jeremy D. Aloysius (08.09.1989)
Mr. David P. Dominic (14.08.1990)
Mr. Rajeev A.J. Aloysius (20.03.1992)
Mr. M. Lakshman Samarasinghe (25.11.1973) (*resigned* w.e.f. 17 July 2007)
Mrs. Julie A. Paul (27.04.1990)
Mr. Sarath C. Weerasooria (27.01.1994)

Mr. David P. Dominic and Dr. Dennis J. Aloysius retire by rotation at the 55th Annual General Meeting and will not stand for re-election. Mr. Joseph A. Aloysius also retires by rotation. A shareholder has proposed that the retiring age of 70 years not be applied to him, re-electing him for a further year, according to s. 211 of the Companies Act no. 7 of 2007.

The names of the 3 new Directors nominated by the Board may be found in the AGM notice on Page 2. More details of the elected directorate will be forwarded to the CSE after the AGM and will be reflected in the next Annual Report.

Directors' Shareholdings

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

	2007		**2006**	
	No	Par Value	No	Par Value
Mr. Joseph A. Aloysius	**11,192**	**1,119,200**	11,192	1,119,200
Mrs. Bernadette 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
Mrs. Julie A. Paul	**6,385**	**638,500**	6,385	638,500
Ms. J. Joanne B. Aloysius	**6,385**	**638,500**	6,385	638,500
Prof. John A. Aloysius	**6,385**	**638,500**	6,385	638,500
Dr. Dennis J. Aloysius & Mrs. S.R.C. Aloysius	**1,209**	**120,900**	1,209	120,900
Mr. Sarath C. Weerasooria	**136**	**13,600**	136	13,600
Mr. David P. Dominic	**100**	**10,000**	100	10,000
Mr. M. Lakshman Samarasinghe	**1**	**100**	1	100
	81,256	**8,125,600**	81,256	8,125,600

The concept of par value was removed by the Companies Act no. 7 of 2007 effective 3 May 2007. This will be reflected in the next Annual Report.

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 27 on pages 30~31 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:

	2007		2006	
	No of Shares	**%**	No of Shares	%
Joseph Anthony Aloysius & Mrs. Bernadette Jeyaleela Aloysius	**30,000**	**25.00**	30,000	25.00
Sanjeev Edward Chittampalam Gardiner	**11,795**	**9.83**	11,795	9.83
Joseph Anthony Aloysius	**11,192**	**9.33**	11,192	9.33
Mercury Limited	**8,400**	**7.00**	8,400	7.00
Mrs. Bernadette Jeyaleela Aloysius	**6,693**	**5.58**	6,693	5.58
Prof. John Arjuna Aloysius	**6,385**	**5.32**	6,385	5.32
Mrs. Julie Anita Paul	**6,385**	**5.32**	6,385	5.32
Jeremy Dilipkumar Aloysius	**6,385**	**5.32**	6,385	5.32
Rajeev Abraham Joseph Aloysius	**6,385**	**5.32**	6,385	5.32
Miss Jennifer Joanne Bernadette Aloysius	**6,385**	**5.32**	6,385	5.32
Seylan Bank Limited / Galle Face Hotel Company Limited	**5,332**	**4.44**	5,532	4.61
Seventy Limited	**4,101**	**3.42**	4,201	3.50
Cyril Gardiner Limited	**1,610**	**1.34**	1,610	1.34
Dr. Dennis Jesuthasan Aloysius & Mrs. Sybil Christobel Rita Aloysius	**1,209**	**1.01**	1,209	1.01
Mrs. Mangalam St. George	**638**	**0.53**	638	0.53
Dr. Rohan Aloysius	**597**	**0.50**	597	0.50
Anthonypillai Saverimuttu	**560**	**0.47**	560	0.47
Gardiners Limited	**545**	**0.45**	545	0.45
Shabbir Abbas Gulamhussein	**483**	**0.40**	483	0.40
Hiranjan Cyril William Aloysius	**462**	**0.39**	462	0.39
	115,542	**96.29**	**115,842**	**96.54**

Public Holding

16. The percentage of Shares held by the Public as at 31 March 2007 was 21.87% (2006 – 21.87%)

Dividend

17. An Interim Dividend of 15% amounting to Rs.1,800,000 was declared on 07 April 2006 and was paid on 27 April 2006, from Retained Profits. This will be treated as final.

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.

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 Friday, September 14, 2007. The notice of Annual General Meeting is on page 2.

Auditors

20. Messrs. SJMS Associates have expressed their willingness to be reappointed as the Auditors of the Company for the year 2007/08. A resolution will be passed at the Annual General Meeting for this purpose.

Disclosure as per CSE Rule No. 3.3

21.

	2007 Rs. Cts	2006 Rs. Cts
Market Price per Share as at 31 March	1,750.00	1,750.00
Highest/Lowest Share Price this Year	Not Traded	1,875.00/1,200.00
Earnings per Share (Company)	237.05	241.47
Dividend per Share	15.00	15.00
Net Asset Value per Share (Company)	3,233.82	3,011.76

BY ORDER OF THE BOARD
ACCOUNTING SYSTEMS SECRETARIAL SERVICES LTD.
Secretaries
Colombo, 17 July 2007

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 10.

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 the 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.

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 data are paid, or where relevant, provided for.

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

Colombo, 17 July 2007

AUDITORS' REPORT

SJMS ASSOCIATES

To the members of The Autodrome Limited

1. We have audited the Balance Sheet of The Autodrome Limited as at 31st March 2007, the Consolidated Balance Sheet of the Company and its Subsidiary as at that date, 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 11 to 32.

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 the 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 31st March 2007, and to the best of our information and according to the explanations given to us, the said Balance Sheet and related Statements 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 the 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 31st March 2007, and its profit and cash flows for the year then ended.

5. In our opinion, the Consolidated Balance Sheet and Statement of Income, Changes in Equity and Cash Flows and the Accounting Policies and Notes thereto have been properly prepared and presented in accordance with the Company Act No. 17 of 1982 and the Sri Lanka Accounting Standard, and give a true and fair view of the state of affairs as at 31st March 2007 and the profit and cash flows for the year then ended of the Company and its subsidiary dealt with thereby, so for as concerns the members of the Company.

Directors' interests in contracts with the Company

6. 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 31st March 2007, except as stated in note 27 to these financial statements.

(Signed)
SJMS ASSOCIATES
CHARTERED ACCOUNTANTS
COLOMBO
14th May 2007

INCOME STATEMENT

For the year ended 31 March	Notes	Group 2007	Group 2006	Company 2007	Company 2006
(all amounts in Sri Lanka Rupees)					
Revenue	5	417,528,084	423,239,036	400,319,929	415,114,379
Cost of sales		(327,627,700)	(330,162,826)	(311,184,550)	(322,783,391)
Gross profit		89,900,384	93,076,210	89,135,379	92,330,988
Other operating income	6	3,780,239	4,509,706	3,773,503	4,494,370
Administrative expenses		(36,161,172)	(37,130,969)	(35,919,471)	(36,954,267)
Distribution costs		(9,895,170)	(10,997,827)	(9,755,907)	(10,914,936)
Operating profit	7	47,624,281	49,457,120	47,233,504	48,956,155
Finance costs	8	(4,760,331)	(5,949,109)	(4,760,331)	(5,949,109)
Profit before taxation		42,863,950	43,508,011	42,473,173	43,007,046
Tax expense	9	(14,117,507)	(14,131,102)	(14,026,768)	(14,030,909)
Net profit for the year		28,746,443	29,376,909	28,446,405	28,976,137
Earnings per share	10	239.55	244.81	237.05	241.47
Dividend per share		15.00	15.00	15.00	15.00

The Accounting Policies on pages 15 to 20 and notes on pages 21 to 32 form an integral part of these financial statements. The Report of the Auditors is on page 10.

BALANCE SHEET

for the year ended 31 March	Notes	Group 2007	Group 2006	Company 2007	Company 2006
(all amounts in Sri Lanka Rupees)					
ASSETS					
Non current assets					
Property, plant and equipment	**12**	393,116,649	372,930,570	393,116,649	372,930,570
Capital work-in-progress	**13**	1,702,879	1,108,404	1,702,879	1,108,404
Investments	**14**	6,330	6,330	506,270	256,280
		394,825,858	374,045,304	395,325,798	374,295,254
Current assets					
Inventories	**15**	74,913,187	53,118,767	74,913,187	53,118,767
Receivables and prepayments	**16**	40,084,324	23,157,845	39,197,548	23,048,952
Cash in hand and at bank	**17**	7,347,167	8,832,478	6,021,140	8,176,366
		122,344,678	85,109,090	120,131,875	84,344,085
Total assets		**517,170,536**	**459,154,394**	**515,457,673**	**458,639,339**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	**24**	12,000,000	12,000,000	12,000,000	12,000,000
Share premium		440,000	440,000	440,000	440,000
Other capital reserve		151,846	151,846	151,846	151,846
Revaluation reserve	**25**	290,715,905	290,978,550	290,715,905	290,978,550
Retained earnings		85,709,293	58,500,205	84,750,040	57,840,990
Total equity shareholders' funds		389,017,044	362,070,601	388,057,791	361,411,386
Minority interests		60	50	-	-
Non current liabilities		3,885,373	3,506,483	3,885,373	3,506,483
Deferred taxation	**20**	2,697,051	2,206,100	2,697,051	2,206,100
Defined benefit obligations	**22**				
		6,582,424	5,712,583	6,582,424	5,712,583
Current liabilities					
Trade and other payables	**18**	92,485,038	74,419,822	91,815,412	74,626,290
Income tax payable	**23**	2,789,765	9,416,338	2,705,841	9,354,080
Borrowings	**19**	26,296,205	7,535,000	26,296,205	7,535,000
		121,571,008	91,371,160	120,817,458	91,515,370
Total equity and liabilities		**517,170,536**	**459,154,394**	**515,457,673**	**458,639,339**

These financial statements were approved by the Board on July 17, 2007.
Rajeev Aloysius, Joint Managing Director
Jeremy Aloysius, Joint Managing Director

The accounting policies on pages 15 to 20 and notes on pages 21 to 32 form an integral part of these financial statements. The Report of the Auditors is on page 10.

CASH FLOW

For the year ended 31 March	Notes	Group		Company	
		2007	2006	2007	2006
(all amounts in Sri Lanka Rupees)					
Cash generated from operations	21	29,729,594	47,657,125	29,240,606	47,285,301
Interest received	6	43,403	-	43,403	-
Interest paid	8	(2,300,623)	(3,305,194)	(2,300,623)	(3,305,194)
Income tax paid	23	(20,230,062)	(5,751,884)	(20,160,989)	(5,713,949)
Net cash inflow from operating activities		**7,242,312**	**38,600,047**	**6,822,397**	**38,266,158**
Cash flows from investing activities					
Purchase of current investments		-	-	(249,990)	-
Proceeds on issue of share capital		10	-	-	-
Purchase of property, plant and equipment	12	(25,131,663)	(3,514,867)	(25,131,663)	(3,514,867)
Capital work in progress	13	(594,475)	(1,108,404)	(594,475)	(1,108,404)
Proceeds from disposal of property, plant and equipment		19,130	157,626	19,130	157,626
Disposal of current investments	6	-	39,633	-	39,637
Dividend received		512	139	512	139
Net cash outflow from investing activities		**(25,706,486)**	**(4,425,873)**	**(25,956,486)**	**(4,425,869)**
Cash flows from financing activities					
Repayment of loans from directors		(4,925,000)	(591,612)	(4,925,000)	(591,612)
Loan proceeds received from directors		450,000	3,096,612	450,000	3,096,612
Dividend paid		(1,782,342)	(1,601,139)	(1,782,342)	(1,601,139)
Net cash (outflow) / inflow from financing activities		**(6,257,342)**	**903,861**	**(6,257,342)**	**903,861**
Net increase / (decrease) in cash and cash equivalents		(24,721,516)	35,078,035	(25,391,431)	34,744,150
Cash and cash equivalents, at beginning of period		8,832,478	(26,245,557)	8,176,366	(26,567,784)
Cash and cash equivalents, at end of period	17	**(15,889,038)**	**8,832,478**	**(17,215,065)**	**8,176,366**

The accounting policies on pages 15 to 20 and notes on pages 21 to 32 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lanka Rupees)

Company	Notes	Share capital	Share premium	Other capital reserves	Revaluation reserve	Retained profit	Total
Balance at April 1, 2005		12,000,000	440,000	151,846	97,033,826	30,402,208	140,027,880
Net profit for the year		-	-	-	-	28,976,137	28,976,137
Depreciation transfer	25	-	-	-	(262,645)	262,645	-
Dividends	11	-	-	-	-	(1,800,000)	(1,800,000)
Revaluation surplus		-	-	-	194,207,369	-	194,207,369
As restated		12,000,000	440,000	151,846	290,978,550	57,840,990	361,411,386
Balance at April 1, 2006		12,000,000	440,000	151,846	290,978,550	57,840,990	361,411,386
Net profit for the year	25					28,446,405	28,446,405
Depreciation transfer	11				(262,645)	262,645	-
Dividends		-	-	-	-	(1,800,000)	(1,800,000)
Balance at March 31, 2007		12,000,000	440,000	151,846	290,715,905	84,750,040	388,057,791
Group							
Balance at April 1, 2005		12,000,000	440,000	151,846	97,033,826	30,660,651	140,286,323
Net profit for the year	25	-	-	-	-	29,376,909	29,376,909
Depreciation transfer	11	-	-	-	(262,645)	262,645	-
Dividends		-	-	-	-	(1,800,000)	(1,800,000)
Revaluation surplus		-	-	-	194,207,369	-	194,207,369
As restated		12,000,000	440,000	151,846	290,978,550	58,500,205	362,070,601
Balance at April 1, 2006		12,000,000	440,000	151,846	290,978,550	58,500,205	362,070,601
Net profit for the year	25	-		-	-	28,746,443	28,746,443
Depreciation transfer	11	-	-	-	(262,645)	262,645	-
Dividends		-	-	-	-	(1,800,000)	(1,800,000)
Balance at March 31, 2007		12,000,000	440,000	151,846	290,715,905	85,709,293	389,017,044

The accounting policies on pages 15 to 20 and notes on pages 21 to 32 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

1.1 Domicile and legal form

The Autodrome Limited is a public quoted company incorporated on July 23, 1953 and domiciled in Sri Lanka. Its registered office is at # 304, Union Place, Colombo 02.

The Consolidated Financial Statements of the Company for the year ended March 31, 2007 comprise The Autodrome Limited (parent company) and Tourama (Private) Limited (its subsidiary), together referred to as the "Group".

1.2 Principal Activities

Company

The Autodrome Limited acts as the Sole Distributor of Bridgestone tyres, tubes & flaps, Yokohama automotive batteries, Futek alloy wheels, China Soong wheel accessories and truck rims, in Sri Lanka.

Subsidiary

The principal activity of the Company's subsidiary, namely, Tourama (Private) Limited are as an IATA Accredited Travel Agent and Destination Management Company.

1.3 Comparative information

The accounting polices which have been consistently applied by the company are, unless otherwise stated, consistent with those used in the previous year. Where necessary, comparative figures have been re-arranged to conform to the current year's presentation.

1.4 All the values presented in the financial statements are in Sri Lankan Rupees unless otherwise indicated.

2 Adoption of new and revised Standards

In the current year, the Company has adopted all new and revised Standards and interpretations issued by the Institute of Chartered Accountants of Sri Lanka that are relevant to its operations and effective for annual reporting periods beginning January 1, 2006.

The adoption of these new and revised standards has resulted in changes to the Company's accounting policies in the following areas that have affected the amounts reported for the current year.

SLAS 3 (Revised 2005) Presentation of Financial Statements
SLAS 10 (Revised 2005) Accounting Policies, Changes in Accounting Estimates and Errors
SLAS 14 (Revised 2005) Income Taxes
SLAS 30 (Revised 2005) Related Party Disclosures
SLAS 34 (Revised 2005) Earnings per Share

2 Adoption of new and revised Standards (Contd.)

Significant changes to the company's financial statements, disclosure requirements and processes on the adoption of the new and revised SLAS are discussed below:

SLAS 3 - Presentation of Financial Statements

The profit attributable to equity holders of the parent and the profit attributable to minority are now presented on the face of the income statement as a component of profit for the period and not as an allocation of income or expense. Minority interest is presented under consolidated equity as a separate item distinct from the share of equity attributable to equity holders of the parent. The presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity has been modified accordingly.

SLAS 10 - Accounting Policies, Changes in Accounting Estimates and Errors

SLAS 10 requires changes in accounting policies to be applied in conformity with the transitional provisions of the standard or, failing that, any change be applied retrospectively, unless it is impracticable to do so. In such instances, the group discloses the reasons for not applying changes retrospectively.

SLAS 14 -Income Taxes

Under old SLAS, the Company recognised deferred tax only on timing differences that arose from the inclusion of gains and losses in tax assessments in periods different from those in which they were recognised in the financial statements.

Under new SLAS, deferred tax is recognised in respect of all taxable temporary differences arising between the tax base and the accounting base of balance sheet items. This means that deferred tax is recognised on certain temporary differences that would not have given rise to deferred tax under old SLAS.

However, the adoption of revised SLAS does not have a material effect on the prior period presented and accordingly no adjustment has been made to the comparative figures.

SLAS 30 - Related Party Disclosures

The revised SLAS 30 has now expanded the definition of related parties, whilst also enhancing the disclosure requirements to cover compensation of key management personnel, transactions and outstanding balances with all related parties.

The key management personnel of the group were identified as the Board of Directors which include both executive and non executive directors.

A process was implemented to identify all transactions with the key management personnel and their close family members with the group.

Transactions with all group companies, which are direct or indirect subsidiaries of the group, have also been identified and disclosed in the financial statements as related parties of the company.

2 Adoption of new and revised Standards (Contd.)

SLAS 34 - Earnings per Share

The group has presented earnings per share based on the consolidated profits for the year. Earnings per share have not been presented on the company's profit for the year in accordance with the requirements of SLAS 34.

New Sri Lanka Accounting Standard issued, but not effective as of 31 March 2007.

SLAS 16 - Employee Benefits

Management anticipate that the adoption of this Standard in the future periods will have no material financial impact on the financial statements of the Company.

3. Summary of significant accounting policies

3.1 Basis of preparation

The balance sheet, income statements, changes in equity and cash flows, together with the accounting policies and notes ("financial statements") of the company as at 31st March 2007 and for the year then ended are prepared in accordance with and comply with Sri Lanka Accounting Standards.

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka. No adjustment is made for inflationary factors affecting these financial statements.

3.2 Basis of consolidation

A subsidiary is an entity controlled by the Group, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The consolidated financial information includes the accounts of The Autodrome Limited and its subsidiary undertaking.

Consolidated financial statements are prepared from the date on which effective control is transferred to the Group and are no longer consolidated form the date of cessation of such control through disposal or otherwise. All Inter company balances and transactions, and any unrealised gains arising from inter company transactions, are eliminated in preparing the consolidated Financial Statements. No disclosure of minority interest is made as the subsidiary is wholly owned.

All the Companies in the Group have a common financial year, which ended 31 March.

3.3 Foreign currency translation

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 are effected. 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 at the time of the transaction. The resulting gains and losses are recognised in the Income Statement.

3.4 Property, plant and equipment (Contd.)

All property, plant and equipment are initially recorded at cost. Land and buildings are subsequently shown at market value, based on valuations by externally independent valuers, less subsequent depreciation for building. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve. 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 revalued carrying amount of the asset (the depreciation charged to the income statement) and depreciation based on the asset's original cost are transferred from revaluation reserved to retained earnings.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided to write off the cost of all tangible fixed assets over their estimated useful lives. It is calculated on a straight-line basis using the following rates:

Freehold land	Nil
Building	2% per annum
Plant and machinery	25% per annum
Computers	25% per annum
Furniture and fittings	25% per annum
Motor vehicles	25% per annum

Whenever events or changes in circumstances indicate that the carrying amount of tangible and intangible assets may not be recoverable, or evidence available of obsolescence or physical damage of an asset, the carrying value is compared with the estimated discounted future cash flows expected to result from the use of the assets and their possible disposal (value in use) and with the fair value when available. If the higher of the fair value and the value in use is less than the carrying amount of these assets, an impairment loss is recognized.

An impairment loss is recognized as an expense immediately unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

3.5 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost includes all expenses incidental to purchasing. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.6 Trade and other receivables

Trade receivables are carried at anticipated realizable value. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is recognized in the income statement within "distribution costs".

3.7 Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks net of outstanding bank overdrafts. Investment with short maturities (i.e. three months or less) from the date of acquisition are also treated as cash equivalents.

3.8 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.9 Provisions for Liabilities

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligations, in accordance with the Sri Lanka Accounting Standard No. 36 on Provisions, Contingent Liabilities and Contingent Assets.

3.10 Taxation

(a) Current taxes

The provision for Income Tax is based on the elements of income and expenditure as reported in the financial statement and computed in accordance with the provision of the Inland Revenue Act 10 of 2006 and amendments thereto.

(b) Deferred taxes

Deferred taxation is provided in full using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is provided on temporary differences arising on investments in Group undertakings, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that it will not reverse in the foreseeable future. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. As required under SLAS 14, deferred tax assets and liabilities are not discounted.

Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

3.11 Retirement benefit costs

a) Defined benefit plan - Gratuity

Gratuity is a defined benefit plan. The company is liable to pay gratuity in terms of relevant statute. In order to meet this liability, a provision is carried forward in the balance sheet, equivalent to an amount calculated based on a half month salary as of the last month of the financial year for all employees for each completed year of service, commencing from the first year of service. The resulting difference between the brought forward provision at the beginning of a year and the carried forward provision at the end of the year is dealt within the income statement. However, as per Payment of Gratuity Act No. 12 of 1983, this liability arises only upon completion of five (05) years of service.

The gratuity liability is not externally funded nor actuarially valued. This liability is grouped under non-current liabilities in the balance sheet.

b) Defined contribution plans – Employees Provident Fund

The Company and employees contribute to the Employee Provident Fund and approved private Provident Fund at 12% and 8% respectively.

c) Defined contribution plans – Employees' Trust Fund

The Company contributes to the Employees' Trust Fund at 3%.

3.13 Revenue recognition

Revenue comprises the fair value of sale of goods in the ordinary course of the Company's activities. Revenue is recognised as follows:

(a) Sale of goods

Sale of goods is recognised when the entity has delivered products to the customer.

(b) Interest income

Interest income is recognized on an accrual basis.

(c) Dividend income

Dividend income is recognised when the company's right to receive payment is established.

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 maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

4 Accounting judgments and use of estimates

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of financial statements and the resultant provisions and changes in fair value for the year. In particular, considerable judgment by management is required in the estimation of the amount and the timing of the future cash flows when determining the provision for receivables, slow moving and obsolete inventory and the depreciation on property, plant and equipment. Such estimates are necessarily based on assumptions on several factors involving varying degrees of judgment and uncertainty, and actual results may differ from management's estimates resulting in future change in such provisions.

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

5 Revenue

	Group		Company	
	2007	**2006**	**2007**	**2006**
Gross sale of tyres, tubes and other automotive accessories	404,897,978	419,904,479	404,897,978	419,904,479
Sale of air tickets	16,992,915	8,079,219	-	-
Tour package sales & commissions	215,240	45,438	-	-
Less: Turnover tax	(4,578,049)	(4,790,100)	(4,578,049)	(4,790,100)
	417,528,084	**423,239,036**	**400,319,929**	**415,114,379**

6 Other operating income

	Group		Company	
	2007	**2006**	**2007**	**2006**
Profit on disposal of property, plant and equipment	2,539	25,826	2,539	25,826
Bad debts written back	247,448	543,944	247,448	543,944
Rent income	3,200,833	3,666,717	3,200,833	3,666,717
Income from tyre fitting center	256,154	115,330	256,154	115,330
Profit on disposal of shares	-	24,926	-	24,926
Dividends	512	579	512	579
Interest income	43,403	-	43,403	-
Others	29,350	132,384	22,614	117,048
	3,780,239	**4,509,706**	**3,773,503**	**4,494,370**

7 Profit from operations is stated after charging / (crediting) the following:

	Group		Company	
	2007	**2006**	**2007**	**2006**
Directors' emoluments	3,960,000	3,765,000	3,960,000	3,765,000
Staff costs (Note 7.1)	8,394,851	7,621,396	8,394,851	7,621,396
Depreciation	4,928,993	7,766,494	4,928,993	7,766,494
Profit on disposal of fixed assets	(2,539)	(26,126)	(2,539)	(26,126)
Profit on sale of shares	-	(24,926)	-	(24,926)
Auditors' remuneration	109,500	100,000	100,000	100,000
Donations	125,522	44,711	125,522	44,711
Foreign exchange loss	2,459,708	2,643,915	2,459,708	2,643,915
Reversal of provision for doubtful debts	(247,448)	(543,944)	(247,448)	(543,944)

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

7.1 Staff costs

	Group		Company	
	2007	**2006**	**2007**	**2006**
Wages and salaries	7,139,351	6,200,985	7,139,351	6,200,985
Defined contribution plan	715,499	921,263	715,499	921,263
Defined benefit obligations (Note 22)	540,001	499,148	540,001	499,148
	8,394,851	**7,621,396**	**8,394,851**	**7,621,396**
The average number of employees employed by the Company during the year	53	50	53	50

8 Finance costs

	Group		Company	
	2007	**2006**	**2007**	**2006**
Loan interest	724,488	627,532	724,488	627,532
Overdraft interest	1,576,135	2,677,662	1,576,135	2,677,662
Net foreign exchange losses	2,459,708	2,643,915	2,459,708	2,643,915
	4,760,331	**5,949,109**	**4,760,331**	**5,949,109**

9 Tax expense

	Group		Company	
	2007	**2006**	**2007**	**2006**
Current tax	13,738,617	14,265,155	13,647,878	14,164,962
Deferred tax (Note 20)	378,890	(134,053)	378,890	(134,053)
	14,117,507	**14,131,102**	**14,026,768**	**14,030,909**

Social Responsibility Levy has been charged at the rate of 1% (2006 - 0.25%) on the income tax liability which is included in the current tax.

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

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

9 Tax expense (Contd.)

	Group		Company	
	2007	**2006**	**2007**	**2006**
Profit on ordinary activities before tax	**42,863,950**	**43,508,011**	**42,473,173**	**43,007,046**
Tax calculated at a rate of 32.5% (2006-32.5%)	13,930,784	14,140,104	13,803,781	13,977,290
Net Effect of:				
Expenses not deductible for tax purposes and Income not subject to tax	186,723	(9,002)	222,987	53,619
Tax charge during the year	**14,117,507**	**14,131,102**	**14,026,768**	**14,030,909**

10 Earnings per share

Basic earning 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.

Basic earnings per share for the years ended March 31, 2007 and 2006, are calculated as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
Net profit attributable to shareholders	28,746,443	29,376,909	28,446,405	28,976,137
Weighted-average number of ordinary shares in issue	120,000	120,000	120,000	120,000
Basic earnings per share	239.55	244.81	237.05	241.47

11 Dividends

	Group		Company	
	2007	**2006**	**2007**	**2006**
Dividends	1,800,000	1,800,000	1,800,000	1,800,000

An interim dividend of 15% amounting to Rs. 1,800,000 (2006 - Rs 1,800,000) was paid on 27 April 2006, for the year ended 31 March 2007.

12 Property, plant and equipment

	Freehold land and buildings	Plant and machinery & equipment	Motor vehicles	Furniture and fittings	Computer	Total
Cost/valuation						
Balance at March 31, 2006	373,905,689	17,029,997	6,556,281	5,676,534	3,276,408	406,444,909
Correction of error (Note 26)	(4,408,921)	-	-	-	-	(4,408,921)
As restated	369,496,768	17,029,997	6,556,281	5,676,534	3,276,408	402,035,988
Accumulated depreciation						
Balance at March 31, 2006	5,478,993	14,009,902	6,134,251	4,413,739	2,741,643	32,778,528
Correction of error (Note 26)	(3,673,110)	-	-	-	-	(3,673,110)
As restated	1,805,883	14,009,902	6,134,251	4,413,739	2,741,643	29,105,418
Net book value as at March 31 2006	**367,690,885**	**3,020,095**	**422,030**	**1,262,795**	**534,765**	**372,930,570**
Opening net book value	367,690,885	3,020,095	422,030	1,262,795	534,765	372,930,570
Additions/transfers	22,517,678	1,545,072	-	685,263	383,650	25,131,663
Disposals	-	-	(16,591)	-	-	(16,591)
Depreciation charged	(1,592,861)	(1,877,865)	(209,204)	(887,343)	(361,720)	(4,928,993)
Net book value as at March 31 2007	**388,615,702**	**2,687,302**	**196,235**	**1,060,715**	**556,695**	**393,116,649**
At 31 March 2007						
Cost/valuation	392,014,446	18,575,069	6,489,917	6,361,797	3,660,058	427,101,287
Accumulated depreciation	(3,398,744)	(15,887,767)	(6,293,682)	(5,301,082)	(3,103,363)	(33,984,638)
Net book value	**388,615,702**	**2,687,302**	**196,235**	**1,060,715**	**556,695**	**393,116,649**

(a) The land and buildings at 304/1, Union Place, Colombo 2 were revalued on 30 September 1990, 13 June 1996 and on 10 January 2006 respectively by an independent valuer.

(b) 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 in 2001, and this portion of the land was revalued on 31 March 2001 and on 10 January 2006 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.

(c) The land marked Lots 1A, 1B and 1C bearing assessment No. 304, Union Place, Colombo 2 was revalued on 31 March 2004 and on 10 January 2006 by an independent valuer.

(d) Cost of the asset sold during the year was Rs. 66,364.

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

12 Property, plant and equipment (Contd.)

(e) If buildings were stated on historical cost basis, the amounts would be as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
Historical Cost	53,181,118	53,181,118	53,181,118	53,181,118
Accumulated depreciation	(5,968,464)	(4,904,842)	(5,968,464)	(4,904,842)
	47,212,654	**48,276,277**	**47,212,654**	**48,276,277**

(f) Property, plant and equipment include fully depreciated assets, the cost of which at 31 March 2007 amounted to Rs. 21,742,434 (2006 - Rs. 16,463,932).

(g) Bank facilities are secured on the Company's property at No 304, Union Place, Colombo 2 and at 58/10A, Raja Mawatha, Ekala.

13 Capital work-in-progress

	Group		Company	
	2007	**2006**	**2007**	**2006**
Balance as at beginning of the year	1,108,404	-	1,108,404	-
Cost incurred during the year	594,475	1,108,404	594,475	1,108,404
Balance as at end of the year	**1,702,879**	**1,108,404**	**1,702,879**	**1,108,404**

The Capital work-in-progress represents construction expenditures of the extended Truck Tyre Centre at Ekala.

14 Investments

	Group		Company	
	2007	**2006**	**2007**	**2006**
Unlisted shares at cost				
Gardiners Limited	1,330	1,330	1,330	1,330
Global Films Limited	5,000	5,000	5,000	5,000
Tourama (Private) limited	-	-	499,940	249,950
	6,330	**6,330**	**506,270**	**256,280**

Tourama (Private) Limited is a wholly owned subsidiary of the Company which was incorporated on January 21, 2004 and investment in Tourama (Private) Limited is stated at cost. Cost is the aggregate of the nominal value of the relevant number of the Company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary Company.

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

15 Inventories

	Group		Company	
	2007	**2006**	**2007**	**2006**
Finished goods	53,050,802	54,135,593	53,050,802	54,135,593
Goods in transit	22,879,211	-	22,879,211	-
Provision for non moving items	(1,016,826)	(1,016,826)	(1,016,826)	(1,016,826)
	74,913,187	**53,118,767**	**74,913,187**	**53,118,767**

16 Receivables and prepayments

	Group		Company	
	2007	**2006**	**2007**	**2006**
Trade receivables	35,988,022	19,262,878	35,235,276	19,153,985
Provision for bad debts	(188,829)	(436,277)	(188,829)	(436,277)
	35,799,193	18,826,601	35,046,447	18,717,708
Due from related parties	1,664,822	2,434,623	1,664,822	2,434,623
Other receivables	1,841,156	1,340,376	1,707,126	1,340,376
Deposits & prepayments	779,153	556,245	779,153	556,245
	40,084,324	**23,157,845**	**39,197,548**	**23,048,952**

The directors consider that the carrying amount of the trade and other receivables approximates their fair value.

17 Cash and cash equivalents

	Group		Company	
	2007	**2006**	**2007**	**2006**
Cash in hand and at bank	7,347,167	8,832,478	6,021,140	8,176,366

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

Cash at bank and in hand	7,347,167	8,832,478	6,021,140	8,176,366
Bank overdraft balances (Note 19)	(23,236,205)	-	(23,236,205)	-
	(15,889,038)	**8,832,478**	**(17,215,065)**	**8,176,366**

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

18 Trade and other payables

	Group		Company	
	2007	**2006**	**2007**	**2006**
Trade payables	83,246,008	69,388,023	83,246,008	69,388,023
Accruals	887,151	231,935	920,466	278,500
Due to related parties	-	-	609,472	256,207
Social security and other taxes	1,737,845	1,392,047	1,735,187	1,392,047
Other payables	6,355,979	3,167,420	5,046,224	3,071,116
Dividend payable	258,055	240,397	258,055	240,397
	92,485,038	**74,419,822**	**91,815,412**	**74,626,290**

There is no material difference between the above amounts for trade and other payables and their fair value, due to the short term duration of the majority of trade and other payables.

19 Loans and other borrowings

	Group		Company	
	2007	**2006**	**2007**	**2006**
Bank overdrafts	23,236,205	-	23,236,205	-
Loans from directors	3,060,000	7,285,000	3,060,000	7,285,000
Loans from related company	-	250,000	-	250,000
	26,296,205	**7,535,000**	**26,296,205**	**7,535,000**

The principal features of the Group's borrowings are as follows.

(I) Bank overdraft is repayable on demand. Overdrafts of Rs. 23,236,205 (2006: Nil) have been secured by a charge over property at #304 Union Place, Colombo 02. The overdraft facilities total Rs. 85,000,000 from Hatton National Bank and HSBC.

(II) Bank borrowings which wholly consist of bank facilities are secured as follows:
(a) Primary mortgage over property at # 58/10 A, Raja Mawatha, Ekala, Ja-Ela for Rs 5,000,000/-.

(b) Primary mortgage over stocks and Book debts for Rs. 100,000,000/-.

(c) Secondary mortgage over stocks for 5,000,000/-.

(III) Loans from directors and their families are unsecured and have no fixed repayment terms. The weighted average interest rate for loans from directors was 11.4% (2006: 10.8%) per annum.

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

20 Deferred tax

	Group		Company	
	2007	**2006**	**2007**	**2006**
At 1 April 2006	3,506,483	3,640,536	3,506,483	3,640,536
Charged / (released) to Income Statement (Note 9)	378,890	(134,053)	378,890	(134,053)
At 31 March 2007	**3,885,373**	**3,506,483**	**3,885,373**	**3,506,483**

Deferred tax has not been provided in respect of revalued properties, as there is no intention to dispose of them at the balance sheet date.

21 Reconciliation of operating profit to net cash flow from operating activities

	Group		Company	
	2007	**2006**	**2007**	**2006**
Operating profit	42,863,950	43,508,011	42,473,173	43,007,046
Depreciation charge	4,928,993	7,766,494	4,928,993	7,766,494
Profit on disposal of tangible fixed assets	(2,539)	(26,826)	(2,539)	(25,826)
Dividend received	(512)	(579)	(512)	(579)
Interest income	(43,403)	-	(43,403)	-
Interest expense	2,300,623	3,305,194	2,300,623	3,305,194
Profit on sale of shares	-	(24,926)	-	(24,926)
Changes in working capital				
(Increase) / Decrease in stocks	(21,794,420)	11,653,704	(21,794,420)	11,653,704
(Increase) / Decrease in debtors	(16,926,480)	3,786,281	(16,148,597)	3,748,622
Increase / (Decrease) in creditors	17,912,431	(22,370,277)	17,036,337	(22,203,477)
Defined benefit obligation	490,951	59,049	490,951	59,049
Net cash inflow from operating activities	**29,729,594**	**47,657,125**	**29,240,606**	**47,285,301**

22 Defined benefit obligations

	Group		Company	
	2007	**2006**	**2007**	**2006**
At beginning of year	2,206,100	2,147,051	2,206,100	2,147,051
Provision for the year	540,001	499,148	540,001	499,148
Payment during the year	2,746,101	2,646,199	2,746,101	2,646,199
At end of year	(49,050)	(440,099)	(49,050)	(440,099)
	2,697,051	**2,206,100**	**2,697,051**	**2,206,100**

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

23 Income tax payable

	Group		Company	
	2007	**2006**	**2007**	**2006**
Balance at the beginning of the year	9,416,338	903,067	9,354,080	903,067
Withholding tax	(487,230)	(13,530)	(487,230)	(13,530)
	8,929,108	889,537	8,866,850	889,537
Tax paid	(16,654,056)	(2,331,823)	(16,584,983)	(2,331,823)
Current year taxation	13,603,489	14,265,155	13,512,750	14,164,962
Tax credit on economic service charge	(3,088,776)	(3,406,531)	(3,088,776)	(3,368,596)
Balance at the end of the year	**2,789,765**	**9,416,338**	**2,705,841**	**9,354,080**

24 Share capital

	2007		2006	
	No of Shares	**Rs.**	**No of Shares**	**Rs.**
Authorised:				
140,000 ordinary shares of Rs.100/= each	140,000	14,000,000	140,000	14,000,000
Issued and fully paid				
120,000 ordinary shares of Rs.100/= each	120,000	12,000,000	120,000	12,000,000

Note: The concepts of Authorised Capital and par value were made redundant by the Companies Act no. 7 of 2007 effective 3 May 2007. This will be reflected in the next Annual Report.

25 Revaluation reserve

	Group		Company	
	2007	**2006**	**2007**	**2006**
At beginning of year	290,978,550	97,033,826	290,978,550	97,033,826
Depreciation transfer	(262,645)	(262,645)	(262,645)	(262,645)
Revaluation during the year	-	194,207,369	-	194,207,369
At the end of year	**290,715,905**	**290,978,550**	**290,715,905**	**290,978,550**

The revaluation reserve is non distributable.

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

26 Correction of fundamental error

On 10 January 2006, the Company revalued its buildings located at Union Place . The depreciation charged on those revalued buildings for the year ended 31 March 2006 had been understated by Rs.735,811. Accordingly, the financial statements for the year ended 31 March 2006 have been restated in the current financial year to correct this error. The effect of the restatement on the financial statements is summarised below. There is no effect in 2007.

	Effect on 31 March 2006
(Increase) in depreciation expense	(735,811)
Effect on tax	Nil
(Decrease) in profit	**(735,811)**
(Decrease) in buildings	(4,408,921)
Decrease in accumulated buildings depreciation	3,673,110
(Decrease) in equity	**(735,811)**

27 Directors interest in contracts with the Company

(a) The following directors of the Company are also directors of the Companies mentioned below with which the Company had transactions:

Name of the directors	Name of the Company	Nature of the transactions
Mr. Joseph A Aloysius	Mercury Limited	Agent for Company's insurance
Mrs. Bernadette Aloysius	-do-	-do-

(b) All directors of The Autodrome Limited except Prof. John A. Aloysius, and Messrs. Dennis J. Aloysius, David P. Dominic, Lakshman Samarasinghe and Sarath C. Weerasooria, are also directors of the Tourama (Private) Limited, a wholly owned subsidiary of the Company, from which the Company purchased air tickets amounting to Rs.609,472/=.

(c) Mr. Joseph A. Aloysius and Mrs. Bernadette J. Aloysius are directors of Mercury Limited on behalf of whom the Company had loaned Rs. 1,664,822/=.

(d) The following transactions were carried out with related parties;

(i) Loans from directors and their families

	Group		Company	
	2007	**2006**	**2007**	**2006**
At the beginning of year	7,285,000	4,780,000	7,285,000	4,780,000
Received during the year	450,000	3,096,612	450,000	3,096,612
Repaid during the year	(4,675,000)	(591,612)	(4,675,000)	(591,612)
At the end of year (Note 19)	**3,060,000**	**7,285,000**	**3,060,000**	**7,285,000**

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

27 Directors interest in contracts with the Company (Contd.)

(ii) Loans from related Company - Shrimpex Limited

	Group		Company	
	2007	**2006**	**2007**	**2006**
At the beginning of year	250,000	250,000	250,000	250,000
Received during the year	Nil	Nil	Nil	Nil
Repaid during the year	(250,000)	Nil	(250,000)	Nil
At the end of year (Note 19)	Nil	250,000	Nil	250,000

(iii) Outstanding balance at the end of the year

	Group		Company	
	2007	**2006**	**2007**	**2006**
Payable to:				
Tourama (Private) Limited (Note 18)	Nil	Nil	609,472	256,207
Receivable from:				
Mercury Limited	1,664,822	2,434,623	1,664,822	2,434,623

28 Related party transactions

Transactions of the Company with its related parties have been disclosed in Note 27 except compensation of key management personnel which is disclosed below.

Compensation of key management personnel:
Key management personnel of the Company is represented by the Board of director and their remuneration is given below.

	Group		Company	
	2007	**2006**	**2007**	**2006**
Short term benefits	5,793,500	4,338,970	5,793,500	4,338,970
Other long term benefits	260,833	180,454	260,833	180,454
	6,054,333	**4,519,424**	**6,054,333**	**4,519,424**

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

29 Commitments

a) Capital commitments
There were no material capital commitments outstanding as at the balance sheet date.

b) Financial commitments
There were no material financial commitments outstanding as at the balance sheet date.

30 Contingent liabilities

There were no material contingencies at the balance sheet date.

31 Post balance sheet event

No material events have taken place after the balance sheet date which require an adjustment or a disclosure in the financial statements.

TEN YEAR SUMMARY

Year ended 31 March (In Rs. '000)	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
OPERATING RESULTS										
Turnover	**417,528**	423,239	324,453	316,544	297,881	272,006	269,385	215,488	209,329	219,622
Profit before finance charges	**47,624**	49,457	17,439	22,006	13,571	13,137	22,731	8,921	8,624	5,886
Finance cost	**4,760**	5,949	2,814	5,307	2,943	6,939	12,531	4,148	7,079	6,493
Non operating income	**3,201**	3,667	3,968	1,314	181	181	181	180	180	187
Profit before taxation	**42,864**	43,508	18,593	18,014	10,809	6,379	10,380	4,954	1,725	(420)
Taxation	**14,117**	14,131	5,912	5,843	4,283	4,336	5,066	2,702	1,520	1,415
Profit after taxation	**28,746**	29,377	12,681	12,170	6,526	2,043	5,315	2,252	205	(1,835)
BALANCE SHEET										
Share Capital	**12,000**	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	8,800
Share Premium	**440**	440	440	440	440	440	440	440	440	440
Capital Reserves	**290,868**	291,130	97,186	97,221	97,221	86,120	86,120	63,620	63,935	67,135
Revenue Reserves	**85,709**	58,500	30,661	19,747	9,075	4,048	2,006	(2,109)	(3,475)	(3,680)
	389,017	362,070	140,287	129,408	118,736	102,608	100,566	73,951	72,900	72,695
CAPITAL EMPLOYED										
Property , Plant, Equipment and Investments	**394,825**	374,045	183,127	168,463	150,311	107,944	102,965	77,395	76,468	76,699
Current Assets	**122,345**	85,109	92,341	66,174	56,770	49,192	68,922	56,088	65,914	81,414
Current Liabilities	**(121,571)**	(91,372)	(129,394)	(100,400)	(84,748)	(52,460)	(69,414)	(57,432)	(67,282)	(83,780)
Non - Current Liabilities	**(6,582)**	(5,712)	(5,788)	(4,830)	(3,598)	(2,068)	(1,908)	(2,100)	(2,200)	(1,639)
	389,017	362,070	140,286	129,407	118,735	102,608	100,565	73,951	72,900	72,694
RATIOS & OTHER INFORMATION										
Liquidity										
Current Ratio	**1.01**	0.93	0.71	0.66	0.67	0.94	0.99	0.98	0.98	0.97
Quick Ratio	**0.39**	0.35	0.21	0.22	0.25	0.47	0.39	0.47	0.43	0.43
Capital Adequacy										
Total Liabilities / Sales (%)	**30.70**	22.94	41.66	33.24	29.66	20.05	26.88	27.93	33.19	38.89
Interest Cover (No. of times)	**10.01**	8.31	11.76	7.80	8.88	3.61	16.05	3.50	1.29	1.02
Profitability										
Return on Equity	**7.39**	8.11	9.04	9.40	5.50	1.99	5.28	0.19	0.02	(0.21)
Return on Total Assets (%)	**5.56**	6.40	4.60	5.05	3.15	1.30	3.09	1.68	0.14	(1.16)
Operating Margin / Sales (%)	**21.53**	21.99	15.89	17.64	13.21	13.36	15.17	11.50	10.30	7.74
Earning Per Share (Rs.)	**239.55**	244.81	105.67	101.42	54.39	17.02	44.29	18.76	1.71	(15.29)
Revenue Growth (%)	**(1.35)**	30.44	2.50	6.27	9.51	0.97	25.01	2.94	(4.69)	33.89
Profit Before Tax Growth (%)	**(1.48)**	134.00	3.22	66.65	69.45	(38.55)	109.56	187.17	(510.86)	(64.85)
Profit After Tax Growth (%)	**(2.15)**	131.66	4.19	86.48	219.51	(61.57)	136.04	997.95	(111.18)	53.62
Efficiency (turnover ratios)										
Inventory Turnover Period (times)	**5.12**	6.21	5.00	6.55	8.66	7.11	6.29	5.72	4.57	8.96
Average Collection Period (days)	**23.88**	15.99	27.07	24.25	27.74	34.48	37.07	46.65	55.90	29.88

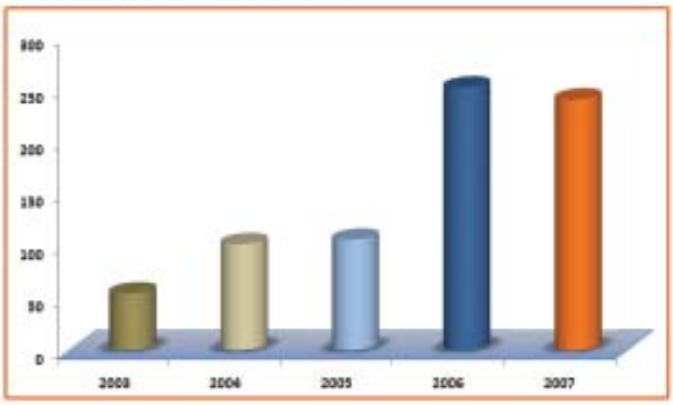
Ten year summary *contd.*

Year ended 31 March (In Rs. '000)	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
MARKET - BASED RATIOS										
Firm Ratios										
Dividend Payout Ratio	**0.06**	0.06	0.14	0.12	0.23	-	0.23	0.53	-	-
Dividend Cover (Times)	**15.97**	16.32	7.04	8.11	4.35	-	4.43	1.88	-	-
Net Assets Per Share	**3241.81**	3017.25	1169.05	1078.40	989.46	855.07	838.05	616.26	607.50	605.79
Combined Ratios										
Dividend Yield	**0.86**	0.86	1.25	3.13	5.00	-	5.13	5.41	-	-
Price Earning Ratio (Times)	**7.30**	7.15	11.36	3.94	4.60	12.63	4.40	9.86	-	-
Market to Book Ratio (%) (stock price per share / book value per share)	**185.25**	172.41	102.65	37.18	25.27	25.14	23.27	30.02	30.45	-

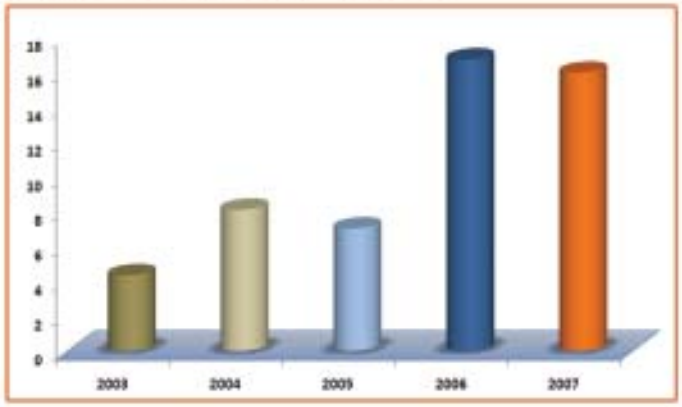
All figures are for the Group.

GRAPHICAL REVIEW

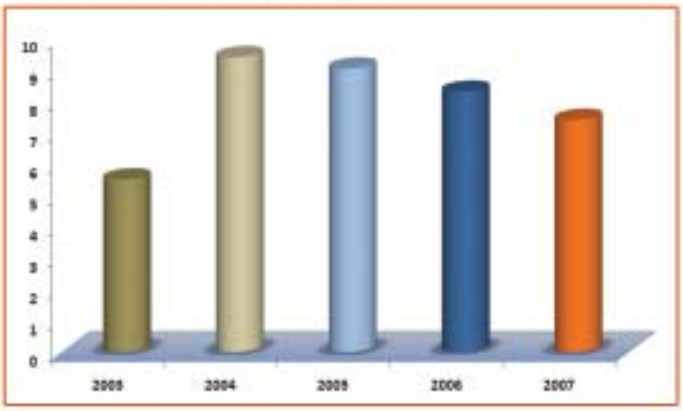
Earning per share (Rs.)



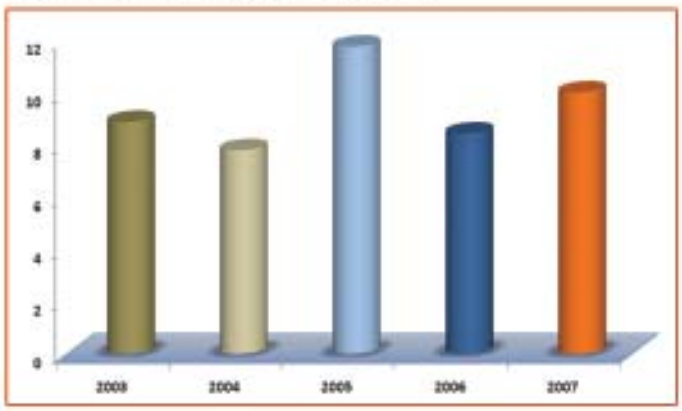
Dividend Cover (No. of times)



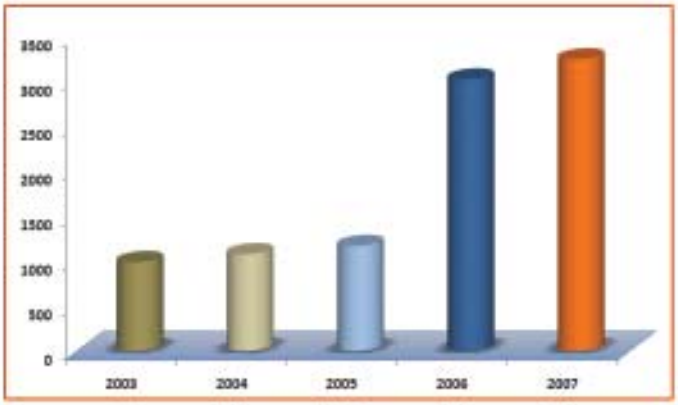
Return on Investment (%)



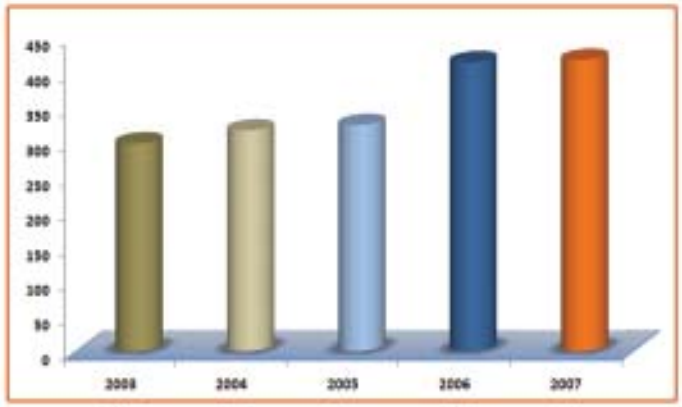
Interest Cover (No. of times)



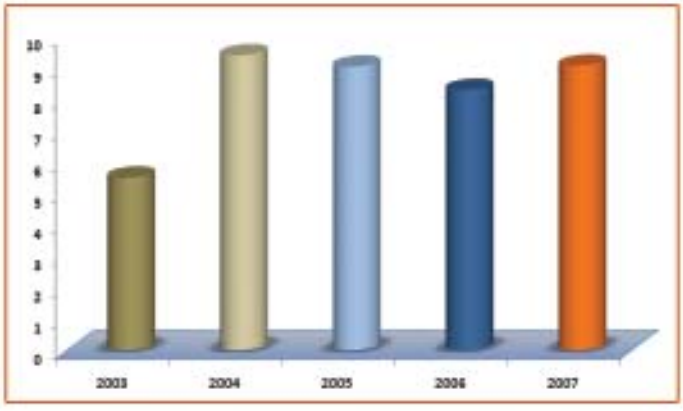
Net Assets per Share (Rs.)



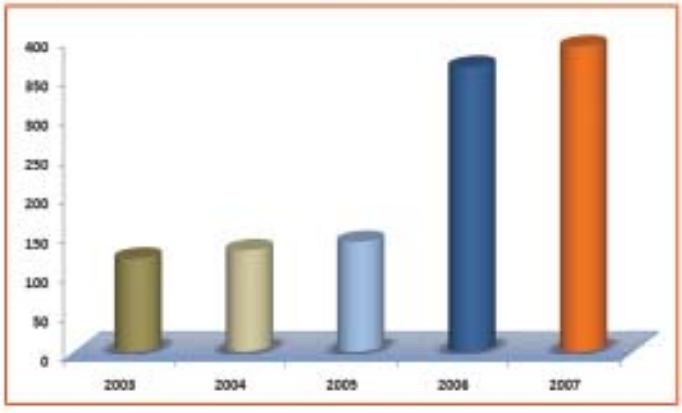
Turnover (Rs. Mn.)



Fixed Assets (Rs. Mn.)



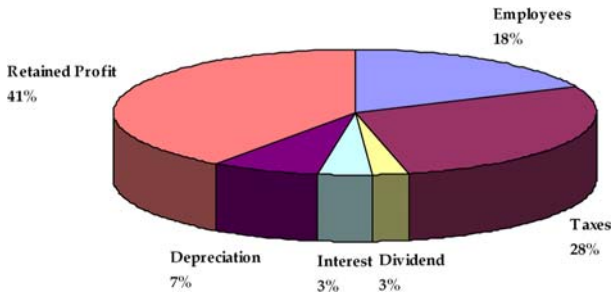
Shareholder's Funds (Rs. Mn.)



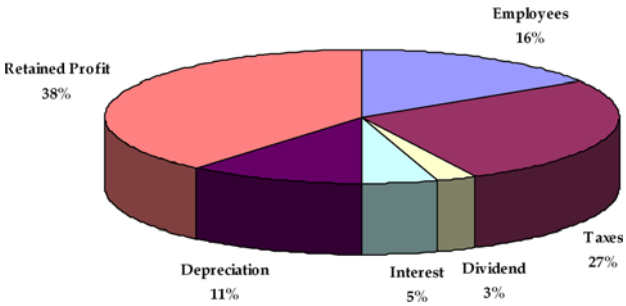
STATEMENT OF VALUE ADDED

	2007 Rs.	2006 Rs.
CREATION OF VALUE ADDED		
Gross Sales	**422,106,133**	428,029,136
Other Income	**3,780,239**	4,509,706
	425,886,372	432,538,842
Less: Cost of Materials & Services purchased from External Sources	**(358,859,906)**	(361,782,647)
Total Value Added	**67,026,466**	70,756,195
DISTRIBUTED AS FOLLOWS		
To Employees as Remuneration	**12,354,851**	11,386,396
To Government as Taxes	**18,695,556**	18,921,202
To providers of Capital as		
Dividend	**1,800,000**	1,800,000
Interest	**2,300,623**	3,305,194
Retained in the business as		
Depreciation	**4,928,993**	7,766,494
Retained Profit	**26,946,443**	27,576,909
	67,026,466	70,756,195
Distribution of Value Added	**67,026,466**	70,756,195

2007



2006



SHARE INFORMATION

1. GENERAL

Stated Capital - Rs. 12,440,000
No. of Ordinary Shares - 120,000
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 Main Board of the Colombo Stock Exchange.

3. DISTRIBUTION OF SHAREHOLDING

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

Size of shareholdings	31 March 2007				31 March 2006			
	Shareholders		Holdings		Shareholders		Holdings	
	No	%	No	%	No	%	No	%
1 - 1000	145	91.19%	7,743	6.45%	122	89.70%	7,743	6.45%
1001 - 5000	3	1.89%	6,920	5.77%	2	1.47%	6,920	5.77%
5001 - 10000	8	5.03%	52,350	43.62%	9	6.62%	52,350	43.62%
10001 - 50000	3	1.89%	52,987	44.16%	3	2.21%	52,987	44.16%
50001 and over	-	-	-	-	-	-	-	-
	159	100.00%	120,000	100.00%	136	100.00%	120,000	100.00%

4. ANALYSIS OF SHAREHOLDERS

	31 March 2007				31 March 2006			
	Shareholders		Holdings		Shareholders		Holdings	
	No	%	No	%	No	%	No	%
Institutions	10	6.29%	20,417	17.01%	10	7.35%	20,417	17.01%
Individuals	149	93.71%	99,583	82.99%	126	92.65%	99,583	82.99%
Total	159	100.00%	120,000	100.00%	136	100.00%	120,000	100.00%
Non Residents	1	0.63%	5	0.00%	6	4.41%	6,688	5.57%
Residents	158	99.37%	119,995	100.00%	130	95.59%	113,312	94.43%
Total	159	100.00%	120,000	100.00%	136	100.00%	120,000	100.00%

5. SHARE VALUATION

(Company)

Market Value	as at 31 March 2007	**Rs.1,750.00**	as at 31 March 2006	Rs.1,750.00
Highest		**Not Traded**	Yr.2005/2006	Rs. 1,875.00
Lowest	Yr.2005/2006		Yr.2005/2006	Rs. 1,200.00
Earnings Per Share		**237.05**		Rs.241.47
Dividend per share		**Rs.15.00**		Rs.15.00
Net asset value per share		**Rs.3,233.82**		Rs.3,011.76

FORM OF PROXY

THE AUTODROME LTD. Reg. No. PvS.1307.PbS
Registered Office, Autodrome Building, 304 Union Place, Colombo 2.
For use at the Fifty - Fifth Annual General Meeting of The Autodrome Ltd.

I/We……..of……

……being member/s of **The Autodrome Ltd,** 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 Fifth Annual General Meeting of the Company to be held on Friday 14 September 2007 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 Report & Accounts for the Year ended 31 March 2007		
2. Resolution that Interim Dividend of 15% declared on 07.04.2006 be Final		
3. To ratify the co-opting of Mr. C. L. Sirimanne to the Board		
4. To elect Mr. Raviraj Ratnasabapathy to the Board		
5. To elect Mr. Suresh Dominic to the Board		
6. To resolve that the age of Directors rule not be applied to Mr. Joseph Aloysius		
7. Authorisation of Directors to determine Contributions to Charities		
8. Re-appoint Auditors and Authorise Directors to fix their Remuneration		

As witness my/our hand this…….day of ..... 2007.

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 appointor 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).

The Autodrome Ltd
304 Union Place
Colombo 02
Sri Lanka
www.autodrome.lk

Ceylon Printers Ltd.