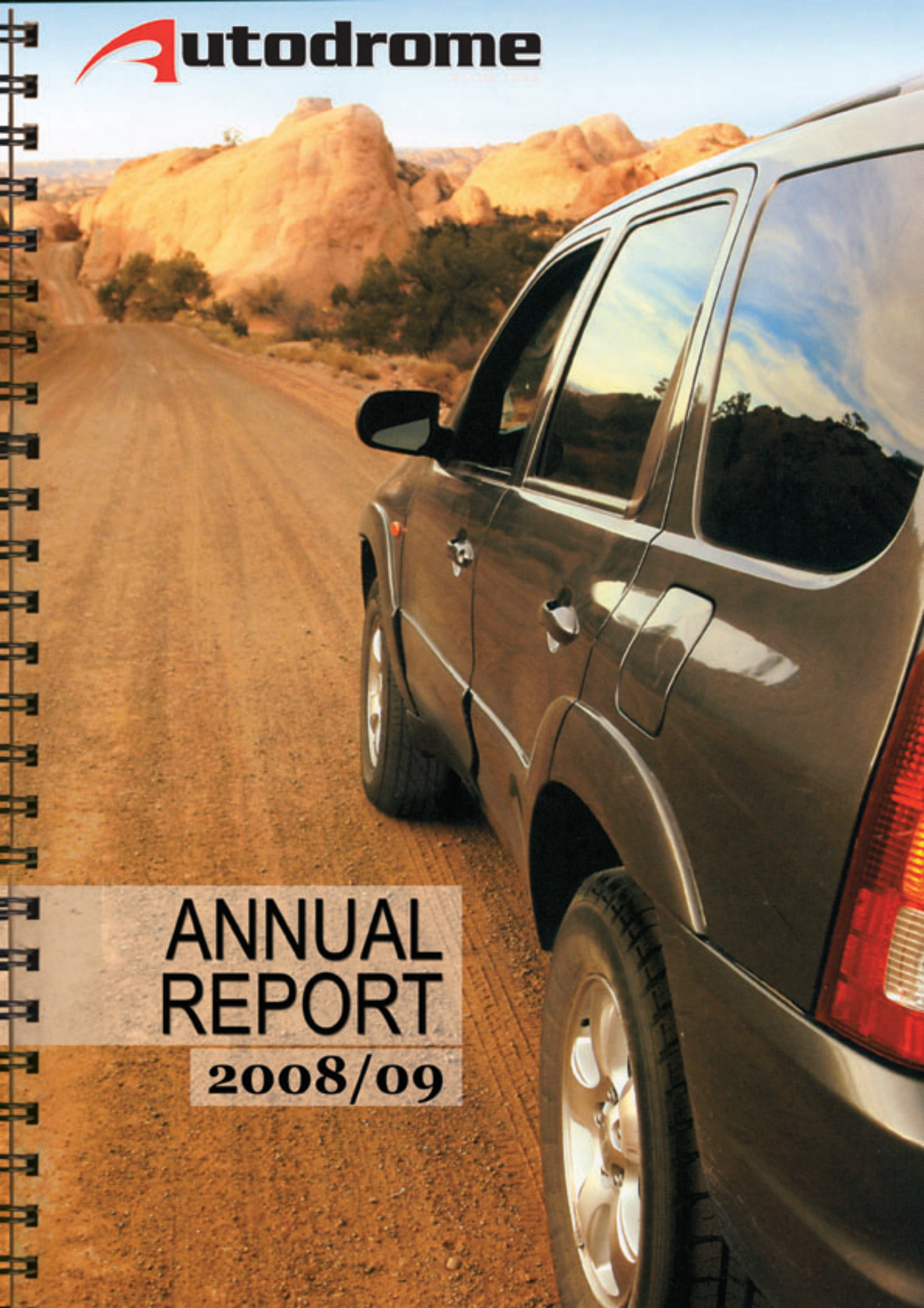
Autodrome



ANNUAL REPORT

2008/09

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If you have any questions on the use of the digital copy of this report, please call 2326181 or 2314804. The contact person at the time of publishing this annual report is Mr. Upul Gunaratne, Accountant.

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

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

Corporate Information

The Autodrome PLC

304 Union Place, Colombo 2. Sri Lanka
T 2326181/2, 5869347~50
F 2325594, 2466679, 2314805
W www.autodrome.lk

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

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

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

- **Board of Directors**

  Joseph A. Aloysius
  B.Sc. Chairman

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

  Jeremy D. Aloysius
  MBA (USA) Joint Managing Director

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

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

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

  M. Raviraj Ratnasabapathy,
  MBA

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

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

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

  Sarath C. Weerasooria
  FCA

- **Company Secretaries**
  Accounting Systems Secretarial Services (Pvt) Ltd.
  Level 4, 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 PLC.,
  City Office,
  Hatton National Bank PLC,
  Greenpath Branch,
  HSBC, Main Office
  People's Bank, Union Place

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

- **Nature of Business**
  Sole Distributors in Sri Lanka for:
  BRIDGESTONE Tyres, Tubes and Flaps (Japan, Indonesia & Thailand)
  YOKOHAMA Automotive Batteries (Malaysia)
  FUTEK Alloy Wheels (China)
  CHINA SOONG Wheels and Tyre Accessories (China)
  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 PLC
Reg. No. PQ-84

NOTICE IS HEREBY GIVEN that the Fifty-Seventh Annual General Meeting of **The Autodrome PLC** will be held at the Registered Office of the Company at 304, Union Place, Colombo 2 on Wednesday, 30 September 2009 at 3pm, and the business to be brought before the meeting will be:

Agenda

Ordinary Business

1. To receive and consider the Annual Report of the Directors and the Audited Financial Statements for the year ended 31 March 2009 together with the Report of the Auditors thereon.

2. To re-elect as a director, Ms. Bernadette J. Aloysius to the Board, who retires by rotation in terms of the Articles of Association.

3. To re-elect as a director, Ms. Julie A. Aloysius to the Board, who retires by rotation in terms of the Articles of Association.

4. To re-elect as a director, Prof. John A. Aloysius to the Board, who retires by rotation in terms of the Articles of Association.

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

   RESOLVED THAT Mr. Joseph Anthony Aloysius who has reached the age of 79 be and is hereby re-elected as a director of the company and is hereby declared that the age limit of 70 years referred to section 210 in the Companies Act No 7 of 2007 shall not apply to said director in accordance with section 211 of the Companies Act No 7 of 2007.

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

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

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

8. To authorise the directors to determine contributions to charity

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

By Order of the Board

(sgd)

ACCOUNTING SYSTEMS
SECRETARIAL SERVICES (PVT) LIMITED
Secretaries

Colombo, 06 August 2009

Chairman's Statement

"I am pleased to report that despite the difficult business climate, we have been able to achieve a 4.4% increase in Turnover and Profitability"

Welcome to the 57th Annual General Meeting of the Company. I am pleased to report that despite the very difficult business climate, we have been able to achieve a 4.4% increase in Turnover, and even a 4.42% increase in Profitability over the previous year.

Business Environment

Subsequent to the balance sheet date, on 18th May 2009, the 3-decade long conflict against terrorists finally saw its end, with victory for the Sri Lankan armed forces. The rise in Interest Rates and the sharp depreciation of the currency in the year under review affected the Company, though steps were taken to mitigate these losses as far as possible. Administrative and Operational expenses rose dramatically due to high inflation during the year under review. This has finally begun to ease, resulting in a gradual recovery of our margins. We have done our best to maintain our brand image, while maintaining our profitability at a steady level.

Dividend and Share

An interim dividend of Rs. 4 per share for the year 2008/2009 was paid on 11th July 2008. The Board recommends that this be treated as Final.

Future Prospects

Our Building and Investment projects have mostly now been completed. Business should recover with the scheduled opening of the A9 to the public, and the receipt of an infrastructure linked IMF loan. We believe that it will take time to see the results of this, and it may well be the medium term before these bear fruit. The global recession which began late in 2008, on a scale not seen since the Great Depression of 1929, has devastated most businesses in Sri Lanka, and even more so our Suppliers.

Sri Lanka is now more or less on an equal footing with most of our neighbours as far as peace is concerned. The country has many more problems of banking and finance frauds, infrastructure, an Internally-Displaced-Persons crisis, corruption, waste, inequity, health and rule of law. While it would be difficult to predict an improvement in the results in the coming year, with some positive factors we will endeavour to do so. Once we recover our foothold, we will continue to invest in the future of Sri Lanka in our small way.

Presentation of Financial Statements

We applaud the decision to allow digital dissemination of the Annual Report by the CSE from the Year 2009/10. In addition to being environmentally friendly, this will enable us to provide more useful information on CD-ROM, rather than in a printed form. For example, on our website this year, you will find a new feature, which is an Excel file which can be downloaded and used to perform financial analyses with minimal input. This is in addition to a digital copy of this annual report.

Thanks

I would like to thank all our stakeholders: Customers, Shareholders, Members of our Staff, Suppliers, Customers, Bankers, the Government and the general public. Thanks also to my colleagues on the Board, for their advice and guidance. We will work to improve The Autodrome PLC to realise and contribute to the potential of our newly united motherland Sri Lanka.

Joseph A Aloysius
Chairman

Colombo, 06 August 2009

Directors' Profiles

Mr. Joseph A. Aloysius

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

Mrs. Bernadette J. Aloysius

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

Mr. Jeremy D. Aloysius

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

Mr. Rajeev A. J. Aloysius

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

Ms. Julie A. Aloysius

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

Ms. J. Joanne B. Aloysius

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

Prof. Jo hn A. Aloysius

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

Mr. Sarath C. Weerasooria

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

Mr. M. Raviraj Rathnasabapathy

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

Mr. C. Lakshman Sirimanne

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

Mr. M. Suresh Dominic

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

Statutory Committees

REMUNERATION COMMITTEE

Members	
1) Sarath C. Weerasooria	**By invitation**
2) Ravi Ratnasabapathy (Chairman)	1) Bernadette Aloysius *or alternate*
3) M. Suresh Dominic	2) Jeremy Aloysius

Terms of Reference

1. Membership

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

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

2. Authority

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

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

(b) Agree terms for cessation of employment;

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

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

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

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

3. Proceedings

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

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

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

3.4 The committee meets at least once a year.

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

AUDIT COMMITTEE

Terms of Reference

Members	By invitation
1. Sarath C. Weerasooria (Chairman)	1. Rajeev Aloysius, Joint Managing Director
2. M. Ravi Ratnasabapathy	2. Joanne Aloysius, Executive Director
3. C. Lakshman Sirimanne	

1. Membership

1.1 The Committee shallbe composed of at least three members.

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

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

Statutory Committees

Audit Committee...

2. Proceedings

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

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

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

2.4 Any Committee member may call additional meetings as necessary.

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

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

3. Minutes

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

4. Authority

The Committee has authority to:

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

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

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

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

5. Principal Duties

5.1 External Audit

To:

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

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

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

5.1.4 Review and approve the Group Audit Engagement Letter.

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

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

5.2 Internal Audit

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

5.3 Financial Reporting

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

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

5.4 Internal control and risk management

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

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

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

Enterprise Governance

A brief overview of our application of some of the Guiding Principles formulated by the Institute of Chartered Accountants of Sri Lanka, and the new listing rules of the Colombo Stock Exchange is given below.

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

Board of Directors

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

Audit Committee

The audit committee is headed by a professionally qualified non-Executive Director, who is designated the Chairman. In addition, two Independent Non-Executive Directors of the Company serve on this committee. The audit committee met 4 times during the year under review, on 15 May 2008, 11 July 2008, 09 October 2008 and 13 January 2009; and conducted the business as entrusted to them under their Terms of Reference. The Terms of Reference of the Audit Committee may be found on page 7 and 8.

Remuneration Committee

The Remuneration committee consists of a Chairman who should be an independent non-Executive Director, and two other non-executive directors. The Remuneration Committee met twice during the year under review on 9 October 2008 and 18 March 2009, and conducted the business as entrusted to them under their Terms of Reference. The Terms of Reference of the Remuneration committee may be found on page 7.

Remuneration Policy

As Executive Directors are also major shareholders, in the interest of the company, rates below market and industry rates are used for Executive Directors' remuneration. The Remuneration Committee meets twice a year to review the key management personnel remuneration policy.

Code of Ethics and Best Practice

A formal Code of Ethics and Best Practices has not been formulated and adopted at the given time. The principles and Best Practices underlying such a code have been in practice for some time, resulting in the performance shown in the 10 Year summary of 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 financial has been one of the first to be released on the CSE, also being simultaneously updated on the company's website at http://financial.autodrome.lk. This year, we will have an Excel sheet on the website for ease of analysis.

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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.

Report of the Directors

THE AUTODROME PLC AND ITS SUBSIDIARY

The Board of Directors of the Company are pleased to present their Annual Report and audited financial statements of the Group and Company for the year ended 31 March 2009, set out on pages 16 to 37.

Principal Activities

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

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

   The Provision of Services related to the above Real Estate: Rental and Lease (as Landlord) Design, Hosting and maintenance of websites.

   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 2008 to 31 March 2009, set out on pages 16 to 37.

Turnover

3. The turnover of the Company for the year under review, net of turnover based taxes, was Rs. 481,817,223 (2008- Rs. 461,468,790), while the turnover of the Group net of turnover based taxes was Rs. 482,521,534 (2008- Rs. 462,038,803).

Property, plant & equipment

4. The movement of Property, Plant and Equipment for the year are shown in note 09 on page 28 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 a qualified Valuer.

Share Capital and Reserves

6. The total Reserves as at 31 March 2009 amounted to Rs. 443,264,895 (2008-Rs. 409,831,606), comprising of Revaluation Reserve of Rs. 290,190,615 (2008-Rs. 290,453,216) and Revenue Reserve of Rs. 153,074,280 (2008-Rs. 119,378,346).

Approved Donations

7. Donations to approved charitable organisations amounted to Rs. 142,362 (2008-Rs. 237,000)

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 35% (2008-35%)

Report of the Directors *contd.*

Share Information

9. Information relating to earnings, dividends, net assets, and share trading is given on page 13.

Events occurring after the balance sheet date

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

Going Concern

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

Directorate

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

Mr. Joseph A. Aloysius	(25.09.1963)	Chairman of the Board
Mrs. Bernadette J. Aloysius	(08.09.1989)	Executive
Prof. John A. Aloysius	(27.04.1990)	Non-Executive
Mr. Jeremy D. Aloysius	(08.09.1989)	Joint Managing Director / CEO
Mr. Rajeev A.J. Aloysius	(20.03.1992)	Joint Managing Director / CEO
Ms. Joanne J.B. Aloysius	(07.07.2004)	Executive
Mrs. Julie A. Aloysius	(27.04.1990)	Executive
Mr. Sarath C. Weerasooria	(27.01.1994)	Non-Executive: >9 years service
Mr. M. Raviraj Ratnasabapathy	(14.09.2007)	Independent Non-Executive
Mr. M. Suresh Dominic	(14.09.2007)	Independent Non-Executive
Mr. C. Lakshman Sirimanne	(14.09.2007)	Independent Non-Executive

The definitions of Independent and Non-Executive used, are according to definitions given in the April 2009 amended Listing Rules of the CSE. Mr. Sarath C. Weerasooria, being a senior Chairman of a major privately-held conglomerate and a finance professional, is deemed to be nevertheless independent. He does not fulfill only the criterion of under 9 years continuous service. In accordance with the s. 210 of the prevalent Companies Act, Mr. Joseph A. Aloysius and Mr. Sarath C. Weerasooria retire at the 57th AGM. Two Shareholders have proposed that the retiring age of 70 years not be applied to Mr. Joseph A. Aloysius and Mr. Sarath C. Weerasooria respectively, re-electing them for a further year, according to s. 211 of the Companies Act no. 7 of 2007. The name of the retiring directors seeking re-election may be found in the AGM notice on Page 4. The Independent Directors have submitted a declaration of their independence to the Company. In terms of the Act, the Company maintained an Interest Register, and entries have been made therein.

Directors' Shareholdings

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

	2009 No. of Shares	**2008** No. of Shares
Mr. Joseph A. Aloysius	**111,920**	111,920
Mrs. Bernadette J. Aloysius	**66,930**	66,930
Mr. J.A.Aloysius & Mrs. B.J.Aloysius	**300,000**	300,000
Mr. Jeremy D. Aloysius	**63,850**	63,850
Mr. Rajeev A.J. Aloysius	**63,850**	63,850
Mrs. Julie A. Aloysius	**63,850**	63,850
Ms. J. Joanne B. Aloysius	**63,850**	63,850
Prof. John A. Aloysius	**63,850**	63,850
Mr. M. Suresh Dominic	**-**	-
Mr. Sarath C. Weerasooria	**1,360**	1,360
Mr. M. Raviraj Ratnasabapathy	**-**	-
Mr. C. Lakshman Sirimanne	-	-
	799,460	**799,460**

As at 31st March 2009, there were 279 registered share holders.

Report of the Directors *contd.*

Directors' Interests in Contracts

14. The Directors' interest in contracts and proposed contracts with the Company, both direct and indirect are set out in Note 29 on page 36 of this report. The Directors have disclosed the nature of their interest in contracts and proposed contracts with the Group, at meetings of the Board of the Company.

Major Shareholdings

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

	2009		2008	
	No of Shares	**%**	No of Shares	%
Joseph Anthony Aloysius & Mrs. Bernadette Jeyaleela Aloysius	**300,000**	**25.00**	300,000	25.00
Sanjeev Edward Chittampalam Gardiner	**117,950**	**9.83**	117,950	9.83
Joseph Anthony Aloysius	**111,920**	**9.33**	111,920	9.33
Mercury Limited	**84,000**	**7.00**	84,000	7.00
Ms. Bernadette Jeyaleela Aloysius	**66,930**	**5.58**	66,930	5.58
Prof. John Arjuna Aloysius	**63,850**	**5.32**	63,850	5.32
Ms. Julie Anita Aloysius	**63,850**	**5.32**	63,850	5.32
Jeremy Dilipkumar Aloysius	**63,850**	**5.32**	63,850	5.32
Rajeev Abraham Joseph Aloysius	**63,850**	**5.32**	63,850	5.32
Miss Jennifer Joanne Bernadette Aloysius	**63,850**	**5.32**	63,850	5.32
Seylan Bank PLC/Galle Face Hotel Company (Pvt) Ltd	**53,320**	**4.44**	53,320	4.44
Seventy Limited	**41,010**	**3.42**	41,010	3.42
Cyril Gardiner Limited	**16,100**	**1.34**	16,100	1.34
Dr.Dennis Jesuthasan Aloysius & Ms. Sybil Christobel Rita Aloysius	**11,190**	**0.93**	12,090	1.01
Dr.Rohan Aloysius	**5,970**	**0.50**	5,970	0.50
Mrs. Mangalam St. George	**5,370**	**0.45**	6,380	0.53
Shabbir Abbas Gulamhussein	**4,830**	**0.40**	4,830	0.40
Hiranjan Cyril William Aloysius	**4,620**	**0.39**	4,620	0.39
Anthonypillai Saverimuttu	**4,620**	**0.39**	5,600	0.47
Gardiners Limited	**-**	**-**	5,450	0.45
George L.A. Ondaatjie	**3,000**	**0.25**	-	-
	1,150,080	**95.85**	1,155,420	96.29

Public Holding

16. The percentage of Shares held by the Public as at 31 March 2009 was 22.96% (2008 – 23.13%)

Dividend

17. An Interim Dividend of Rs. 4 per share amounting to Rs. 4,800,000 was declared on 20 June 2008 and was paid on 11 July 2008, from Retained Profits. A Solvency Certificate under the provisions of the Companies Act was obtained from the auditors, SJMS Associates for this purpose.

Report of the Directors *contd.*

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 Wednesday, 30 September 2009. 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 2009/10. A resolution will be passed at the Annual General Meeting for this purpose. As far as the Directors are aware, the Auditors do not have any relationship (other than that of auditors) with the Company other than those disclosed above. The Auditors do not have any interest in the Company or its Group Companies. They confirm that they are independent in accordance with the Code of Ethics of The Institute of Chartered Accountants of Sri Lanka.

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

Remuneration of Directors

21. The total remuneration of Directors paid during the year is disclosed in Note no. 5 to the financial statements.

Statutory Payments

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

Disclosure as per CSE Rule No. 3.3

23.

	2009 Rs. Cts	2008 Rs. Cts
Market Price per Share as at 31 March (Rs.)	259.00	300.00
No. of shares in issue	1,200,000	1,200,000
Highest/Lowest Share Price this Year (Rs.)	259.00/200.00	478.75/200.00
Earnings per Share (Company) (Rs.)	31.86	30.51
Dividend per Share (Rs.)	4.00	2.00
Net Asset Value per Share (Company)	379.75	351.89

See Ten Year Summary for more information.

BY ORDER OF THE BOARD

(sgd) (sgd)

Joseph A. Aloysius — Chairman
Rajeev Aloysius — Joint Managing Director

(sgd)
ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LTD.
Secretaries.
Colombo, 06 August 2009

Statement of Directors' Responsibilities in relation to the Financial Statements

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

The Companies Act No. 7 of 2007 requires the Directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit 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 7 of 2007. They are also responsible for taking reasonable measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with view to the prevention and detection of fraud and other irregularities.

The Directors continue to adopt the going concern basis in preparing 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 (PVT) LTD.
Secretaries

Colombo, 06 August 2009

Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of The Autodrome PLC (the consolidated financial statements of the Company and its subsidiary), which comprise the balance sheet as at 31 March 2009 and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

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

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

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2009 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2009 and of its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31 March 2009 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

The financial statements as at 31 March 2009 comply with the requirements of section 151 (2) of the Companies Act No. 07 of 2007.

(Signed)
SJMS ASSOCIATES
CHARTERED ACCOUNTANTS
COLOMBO
30 July 2009

Income Statement

For the year ended 31 March	Notes	Group 2009	Group 2008	Company 2009	Company 2008
(all amounts in Sri Lanka Rupees)					
Revenue	3	482,521,534	462,038,803	481,817,223	461,468,790
Cost of sales		(363,421,979)	(358,133,097)	(363,421,979)	(358,116,897)
Gross Profit		**119,099,555**	**103,905,706**	**118,395,244**	**103,351,893**
Investment and other income	4	5,168,494	6,611,629	4,806,500	6,478,682
Administrative expenses		(46,579,430)	(36,250,637)	(45,937,253)	(36,080,252)
Distribution and selling expenses		(7,439,884)	(11,104,027)	(8,182,528)	(10,984,499)
Operating Profit	5	**70,248,735**	**63,162,670**	**69,081,963**	**62,765,823**
Finance costs	6	(7,556,015)	(4,478,812)	(7,556,015)	(4,478,812)
Profit before taxation		62,692,720	58,683,858	61,525,948	58,287,011
Income tax expense	7	(23,728,941)	(21,821,897)	(23,292,658)	(21,673,196)
Net profit for the year		**38,963,779**	**36,861,961**	**38,233,290**	**36,613,815**
Earnings per Share					
Basic earning per share	8.1	32.47	30.72	31.86	30.51

Balance Sheet

For the year ended 31 March	Notes	Group 2009	Group 2008	Company 2009	Company 2008
(all amounts in Sri Lanka Rupees)					
Assets					
Non current assets					
Property, plant and equipment	9	372,759,776	372,442,524	372,759,776	372,442,524
Capital work-in-progress	10	29,634,860	7,501,887	29,634,860	7,501,887
Investment properties	11	31,000,221	18,702,380	31,000,221	18,702,380
Investments in equity securities	12	6,330	6,330	506,270	506,270
Total Non Current Assets		**433,401,187**	**398,653,121**	**433,901,127**	**399,153,061**
Current assets					
Inventories	13	126,643,940	66,508,308	126,643,940	66,508,308
Receivables and prepayments	14	44,132,755	39,781,561	43,770,759	39,103,600
Amounts due from related parties	15	286,281	499,775	286,281	499,775
Current investments	16	4,718,728	24,477,612	2,170,269	23,500,000
Cash in hand and at bank	17	2,611,574	9,024,038	1,162,755	7,106,537
		178,393,279	**140,291,295**	**174,034,004**	**136,718,220**
Total assets		**611,794,466**	**538,944,416**	**607,935,133**	**535,871,282**
Equity and liabilities					
Capital and reserves					
Stated capital	18	12,440,000	12,440,000	12,440,000	12,440,000
Reserves	19	290,190,615	290,453,260	290,190,615	290,453,260
Retained earnings	20	154,956,090	120,585,745	153,074,280	119,378,346
Equity attrib. to equity holders of parent		457,586,705	423,479,005	455,704,895	422,271,606
Minority interest		60	60	-	-
Total equity		**457,586,765**	**423,479,065**	**455,704,895**	**422,271,606**
Non current liabilities					
Retirement benefit obligation	21	3,304,507	2,808,575	3,304,507	2,808,575
Deferred tax liabilities	22	5,523,414	4,502,646	5,523,414	4,502,646
		8,827,921	**7,311,221**	**8,827,921**	**7,311,221**
Current Liabilities					
Borrowings	23	630,000	1,680,000	630,000	1,680,000
Trade and other payables	24	87,884,326	98,210,931	85,806,397	96,370,232
Amount due to related parties	25	-	-	425,878	36,282
Current tax liabilities	26	3,501,538	8,263,201	3,176,125	8,201,943
Bank overdraft	27	53,363,916	-	53,363,916	-
		145,379,780	**108,154,132**	**143,402,316**	**106,288,457**
Total equity and liabilities		**611,794,466**	**538,944,416**	**607,935,133**	**535,871,282**

These financial statements were approved by the Board of Directors on Thursday, July 30, 2009.
Rajeev Aloysius, Joint Managing Director
Jeremy Aloysius, Joint Managing Director

The Accounting Policies on pages 20 to 25 and notes on pages 26 to 37 form an integral part of these financial statements. The Report of the Auditors is on page 15.

Cash Flow Statement

For the year ended 31 March	Notes	Group 2009	Group 2008	Company 2009	Company 2008
(all amounts in Sri Lanka Rupees)					
Cash Flow from Operating Activities	27				
Net profit before taxation		62,692,720	58,683,858	61,525,948	58,287,011
Adjustments for:					
Depreciation charge		3,676,474	4,181,606	3,676,474	4,181,606
Dividend received		-	(572)	-	(572)
Interest income		(1,475,055)	(609,821)	(1,140,073)	(493,524)
Interest expense		3,285,868	4,478,812	3,285,868	4,478,812
Opening balance adjustment		(56,079)	-	-	-
Gratuity		567,633	700,236	567,633	700,236
Operating profit before working capital changes		**68,691,561**	**67,434,119**	**67,915,850**	**67,153,569**
Increase / (Decrease) in inventories		(60,135,632)	8,404,879	(60,135,632)	8,404,879
Increase / (Decrease) in receivables/ prepayments		(4,351,194)	(197,012)	(4,667,159)	(405,828)
Due from related parties		213,494	-	213,494	-
Decrease in amounts due to related parties		-	-	389,596	-
(Increase) / Decrease in trade and other payables		(10,638,380)	5,721,974	(10,875,610)	4,628,816
Cash generated from /(used in) operations		**(6,220,151)**	**81,363,960**	**(7,159,461)**	**79,781,436**
Interest received		1,475,055	609,821	1,140,073	493,524
Interest paid		(3,285,868)	(4,478,812)	(3,285,868)	(4,478,812)
Income tax paid		(27,158,060)	(15,731,188)	(26,985,933)	(15,601,453)
Gratuity paid		(71,700)	(588,713)	(71,700)	(588,712)
Net cash inflow from/(used in) operating activities		**(35,260,724)**	**61,175,069**	**(36,362,889)**	**59,605,983**
Cash flows from investing activities					
Capital work-in-progress during the year		(28,004,825)	-	(28,004,825)	-
Purchase of property, plant and equipment		(10,419,715)	(8,008,869)	(10,419,715)	(8,008,869)
Dividend received		-	572	-	572
Net cash outflow from investing activities		**(38,424,540)**	**(8,008,297)**	**(38,424,540)**	**(8,008,297)**
Cash flows from financing activities					
Repayment of loans from directors		(1,050,000)	(1,880,000)	(1,050,000)	(1,880,000)
Loan proceeds received from directors		-	500,000	-	500,000
Dividend paid		(4,800,000)	(2,396,084)	(4,800,000)	(2,396,084)
Net cash (outflow) / inflow from financing activities		**(5,850,000)**	**(3,776,084)**	**(5,850,000)**	**(3,776,084)**
Net increase / (decrease) in cash/cash equivalents		(79,535,264)	49,390,688	(80,637,429)	47,821,602
Cash/cash equivalents at the beginning of the year (Note 28.1)		33,501,650	(15,889,038)	30,606,537	(17,215,065)
Cash and cash equivalents at the end of the year (Note 28.2)		**(46,033,614)**	**33,501,650**	**(50,030,892)**	**30,606,537**

Statement of Changes in Equity

(all amounts in Sri Lanka Rupees)

Company	Notes	Stated Capital	Other Capital Reserves	Revaluation Reserve	Retained Earnings	Minority Interest	Total
Balance at 1 April 2007		12,440,000	151,846	290,715,905	84,750,040	-	388,057,790
Net profit for the year		-	-	-	36,613,815	-	36,613,815
Depreciation transfer		-	-	(262,645)	262,645	-	-
Reserve Transfer		-	(151,846)	-	151,846	-	-
Dividend		-	-	-	(2,400,000)	-	(2,400,000)
Balance at 1 April 2008		12,440,000	-	290,453,260	119,378,346	-	422,271,605
Net profit for the year		-	-	-	38,233,290	-	38,233,290
Depreciation transfer		-	-	(262,645)	262,645	-	-
Dividend		-	-	-	(4,800,000)	-	(4,800,000)
Balance at 31 March 2009		12,440,000	-	290,190,615	153,074,280	-	455,704,895
Group							
Balance at 1 April 2007		12,440,000	151,846	290,715,905	85,709,293	60	389,017,104
Net profit for the year		-	-	-	36,861,961	-	36,861,961
Depreciation transfer		-	-	(262,645)	262,645	-	-
Reserve Transfer		-	(151,846)	-	151,846	-	-
Dividend		-	-	-	(2,400,000)	-	(2,400,000)
Balance at 1 April 2008		12,440,000	-	290,453,260	120,585,745	60	423,479,065
Net profit for the year		-	-	-	38,963,779	-	38,963,779
Depreciation transfer		-	-	(262,645)	262,645	-	-
Dividend		-	-	-	(4,800,000)	-	(4,800,000)
Opening balance adjustment		-	-	-	(56,079)	-	-
Balance at 31 March 2009		12,440,000	-	290,190,615	154,956,090	60	457,586,765

The Accounting Policies on pages 20 to 25 and the Notes on pages 26 to 37 form an integral part of these financial statements. The Report of the Auditors is on page 15.

Notes to the Financial Statements

1 - General

Corporate Information

The Autodrome Plc is a Public Limited Liability Company incorporated and domiciled in Sri Lanka, and its ordinary shares are listed in the Colombo Stock Exchange. The registered office of the Company and principal place of business is located at No.304, Union Place, Colombo 02.

Principal Activities and Nature of Operations

During the year, the principal activity of the Company was acting as the Sole Distributor for Bridgestone tyres, tubes and flaps, Yokohama automotive batteries, Futek alloy wheels, China Soong wheel accessories and truck rims, Ningbo, China in Sri Lanka.

Date of Authorisation for Issue

The Financial Statements of the Company for the year ended 31 March 2009 were authorised for issue by the Board of Directors on 22 July 2009.

02 - Summary of Significant Accounting Policies

2.1 General Policies

2.1.1 Statement of Compliance

The company Balance Sheet, Income Statement, Changes in Equity and Cash Flows, together with Accounting Policies and Notes, (financial statements) of the company as at 31 March 2009 and for the year then ended, have been prepared in accordance with Sri Lanka Accounting Standards.

Basis of Preparation

These financial statements have been prepared on historical cost basis except for the revaluation of certain properties and financial investments at fair values.

2.1.2 Basis of consolidation

The financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2.1.3 Adoption of New and Revised Sri Lanka Accounting Standards

In the current year, the company adopted SLAS 16 - Employee Benefits (Revised 2006), which became effective for financial periods beginning on or after 1 July 2007.

Standards in issue but not yet effective:

At the date of authorisation of these financial statements, the following Standards were in issue but not yet effective:
SLAS 44 Financial Instruments: Disclosures - Effective 1 January 2011
SLAS 45 Financial Instruments: Recognition and Measurement - Effective 1 January 2011

The directors anticipate that both these standards will be adopted in the company's financial statements for the period commencing 1st January 2011 and the adoption will require using fair values in measuring financial investments and providing additional disclosures in respect of these investments as well as borrowings. As a result, the company financial statements in future periods would show significantly different financial information in respect of financial assets and liabilities.

Notes to the Financial Statements *contd.*

02 - Summary of Significant Accounting Policies

2.1.4 Significant Accounts Judgements, Estimates and Assumptions

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Actual result may differ from these estimates.

2.1.5 Comparative Information

The accounting policies have been consistently applied by the company. Previous years figures and phrases have been re arranged, where necessary, to conform to the current years presentation.

2.1.6 Foreign currency transactions

The financial statements of the Company are presented in Sri Lanka rupees, which is also the Company's functional currency.

All transactions in currencies other than the functional currency are recorded in Sri Lanka Rupees, using the exchange rates prevailing at the time the transactions were effected. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are re-translated to Sri Lanka rupee equivalents at the exchange rate prevailing on the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are not re-translated. Exchange differences arising on settlement of monetary items and re-translation of monetary items, are recognised in profit or loss in the year in which they arise.

2.1.7 Income taxes

Income tax expense represents the sum of taxes currently payable and deferred.

a. Current Taxes

Current income tax is based on the elements of income and expenditure as reported in the financial statements but is computed in accordance with provisions of Inland Revenue Act No. 10 of 2006 and its subsequent amendments.

b. Deferred Taxes

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Income tax relating to items recognised directly in equity is recognised in equity.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current liabilities and when they relate to income taxes levied by the same taxation authority and intends to settle them on a net basis.

Notes to the Financial Statements *contd.*

02 - Summary of Significant Accounting Policies

2.2. Valuation of Assets and their Bases of Measurement

2.2.1 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited in equity to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that the loss exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Upon disposal or retirement of a revalued property, any corresponding revaluation surplus remaining is transferred to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Plant, machinery, fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to profit or loss so as to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in such estimates accounted for prospectively.

The estimated useful lives of depreciable assets are as follows:

Assets	rate
Building on Freehold Land	2%
Plant and Machinery	25%
Computers	25%
Furniture and Fittings	25%
Motor Vehicles	25%

2.2.2 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Notes to the Financial Statements *contd.*

02 - Summary of Significant Accounting Policies

2.2. Valuation of Assets and their Bases of Measurement

2.2.3 Impairment of Tangible Assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the possible impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Goodwill and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, where reversal of the impairment loss is treated as a revaluation increase.

2.2.4 Financial Investments

Quoted Equities

Investments in Shares that are quoted and are intended to be held for short term are stated at their market values.

Investments in Shares that are quoted and are intended to be held for long term are stated at the lower of cost and market value determined on a portfolio basis. The cost of an Investment is the cost of acquisition inclusive of brokerages, duties and bank charges.

Unquoted Equities

Unquoted Shares are held on a long-term basis and are stated at cost less provisions for any non - temporary diminution in value.

Government securities

Investments in Treasury Bills, Treasury Bonds and Repurchase Agreements are stated at cost and any interest accrued up to the balance sheet date.

Notes to the Financial Statements *contd.*

02 - Summary of Significant Accounting Policies

2.2.5 Trade and Other Receivables

These are stated at the amounts they are estimated to realise, net of provisions for bad and doubtful receivables. A provision is made when a debt exceeds 180 days and collection of the full amount is no longer probable. Bad debts are written off when identified.

2.2.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the price at which inventories can be sold in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. Costs incurred in bringing inventories to its present condition and location is determined as follows:-

Finished goods purchased	- At actual cost on weighted average basis
Goods in transit	- At actual cost

2.2.7 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash in hand and demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.3 Liabilities and Provisions

2.3.1 Employee retirement benefits

Defined Benefit Plan - Gratuity

The company is liable to pay gratuity in terms of the payment of Gratuity Act No. 12 of 1983, according to which an obligation to pay gratuity arises only on completion of 5 years of continued service. Gratuity liability is not externally funded nor actuarially valued. This liability is grouped under non current liabilities in the balance sheet date based on gratuity formula method in accordance with Sri Lanka Accounting Standard (SLAS) No.16 (revised) 2006.

I. Discount rate	12.5%
II. Salary Increment rate	16%

2.3.2 Defined Contribution Plan - Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The company contributes the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

2.3.3 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Financial Statements *contd.*

02 - Summary of Significant Accounting Policies

2.4. Income Statement

2.4.1 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales related taxes. The following criteria are used in recognising revenue:

a. Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

i) The Company has transferred significant risks and rewards of ownership of the goods to the buyer.

a) The Company retaining, neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

b) The amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity; and

c) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

b. Other Income

Other income is recognised on an accrual basis.

c. Dividend and Interest Income

Dividend income from investments is recognised when the shareholders right to receive payment has been established.

Interest income is recognised on an accrual basis.

2.4.2 Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses, arising from activities incidental to the main revenue generating activities or those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

Any losses arising from guaranteed rentals are accounted for in the year of incurring the same. A provision is recognised if the best estimate indicates a loss.

2.4.3 Expenditure Recognition

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 running the business and in maintaining property, plant and equipment in a state of efficiency has been charged to the income statement.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company performance.

2.4.4 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that normally take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Income earned from temporarily investing specific borrowings pending their expenditure on a qualifying asset is deducted from the borrowing costs eligible to be added to the carrying amount.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Notes to the Financial Statements *contd.*

03 - Revenue

	Group		Company	
	2009	2008	2009	2008
(all amounts in Sri Lanka Rupees)				
Gross sale of tyres, tubes and other automotive accessories	487,320,655	466,788,166	487,320,655	466,788,166
Sale of air tickets	317,801	409,259	-	-
Tour package sales & commissions	386,510	160,754	-	-
	488,024,966	467,358,179	487,320,655	466,788,166
Less: Turnover tax	(5,503,432)	(5,319,376)	(5,503,432)	(5,319,376)
	482,521,534	**462,038,803**	**481,817,223**	**461,468,790**

Tourama (Pvt) Ltd, wholly owned subsidiary, acted as agent for airtickets, tour packages and destination management agent for services valued at Rs. 34,691,900 (2008: Rs. 25,373,859) during the year under review. The above turnover is nett of VAT collected on behalf of the Inland Revenue.

04 - Investment and other income

	Group		Company	
	2009	2008	2009	2008
Interest income on: Bank deposits	1,475,055	609,821	1,140,073	493,524
Gratuity reversal	244,403	-	244,403	-
Dividends from equity securities	-	572	-	572
Income from tyre fitting centre	1,064,461	682,025	1,064,461	682,025
Rent income	2,199,331	3,364,842	2,199,331	3,364,842
Others	185,244	76,926	158,232	60,276
Net foreign exchange gain/(loss)	-	1,142,173	-	1,142,173
Reversal of stock provision	-	735,270	-	735,270
	5,168,494	**6,611,629**	**4,806,500**	**6,478,682**

05 - Profit from operations has been arrived at after charging the following:

	Group		Company	
	2009	2008	2009	2008
Director's emoluments	7,980,000	4,560,000	7,980,000	4,560,000
Depreciation	3,676,474	4,181,606	3,676,474	4,181,606
Auditor's remuneration	194,275	140,000	179,275	130,000
Donations	172,857	249,370	172,857	249,370
Foreign exchange loss	3,919,075	1,142,173	3,919,075	1,142,173
Wages and salaries	7,895,300	7,708,660	7,895,300	7,708,660
Defined contribution plan	2,539,303	844,120	2,501,441	1,737,007
Gratuity	460,964	700,237	460,964	700,237

Notes to the Financial Statements *contd.*

06 - Finance costs

	Group & Company	
	2009	2008
Interest on bank overdrafts and loans		
Loan interest	223,175	558,098
Overdraft interest	3,062,693	3,920,714
Interest charge on Gratuity opening balance	351,072	-
Net foreign exchange gain/(loss)	3,919,075	-
	7,556,015	**4,478,812**

07 - Income taxes

	Group		Company	
	2009	2008	2009	2008
Net profit before tax	62,692,720	58,683,858	61,525,948	58,287,011
Add : Total disallowable items	4,769,258	5,400,048	4,769,258	5,400,048
	67,461,978	64,083,906	66,295,206	63,687,059
Less : Total allowable items	(8,033,601)	(7,404,113)	(8,033,601)	(7,404,113)
Tax Profit	59,428,377	56,679,793	58,261,605	56,282,946
Interest income	1,266,748	548,360	1,266,748	548,360
	60,695,125	57,228,153	59,528,353	56,831,306
Less : Qualifying Payments	(142,362)	(237,000)	(142,362)	(237,000)
Taxable income for the year	60,552,763	56,991,153	59,385,991	56,594,306
Income tax liability for year	21,221,379	19,956,708	20,785,097	20,006,087
Social Responsibility Levy	311,776	198,080	311,776	
Deemed dividend	1,175,018	-	1,175,018	-
Adjustments recognised in the current year, in relation to the tax of prior years	-	1,049,836	-	-
Taxation for the year	**22,708,173**	**21,204,624**	**22,271,890**	**20,006,086**
Income tax	22,708,173	21,204,624	22,271,890	20,006,087
Reversal of (over)/under provision of prior year tax expenses	-	-	-	1,049,836
Deferred tax	1,020,768	617,273	1,020,768	617,273
	23,728,941	**21,821,897**	**23,292,658**	**21,673,196**

Notes to the Financial Statements *contd.*

08 - Earnings per share

8.1 Basic 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.

Basic earnings per share for the years ended March 31, 2009 is calculated as follows:

	Group		Company	
	2009	2008	2009	2008
Net profit attributable to shareholders	38,963,779	36,861,961	38,233,290	36,613,815
Weighted-average number of ordinary shares in issue	1,200,000	1,200,000	1,200,000	1,200,000
Earnings per share (Rs.)	32.47	30.72	31.86	30.51

09 - Property, plant and equipment

9.1 Property, plant and equipment

Property, plant and equipment include fully depreciated assets, the cost of which at 31 March 2009 amounted to Rs.29,917,764 (2007/2008: Rs.29,347,435).

9.2 Freehold land and building carried at fair value

The land and building 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.

9.3 Freehold land and building carried at fair value

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.

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.

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

	Group & Company	
	2009	2008
Freehold Land	**99,745,474**	118,447,854
Buildings	**60,737,358**	62,078,916

9.4 **Assets pledged as security**

Freehold land and buildings with a carrying amount of Rs.432.75 million approx (2008: Rs.347.1 million approx) have been pledged to secure borrowings of the company (see note 22). Freehold land and buildings have been pledged as security for bank facilities under a mortgage. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Notes to the Financial Statements *contd.*

09 - Property, plant and equipment *contd.*

9.5 Property, plant and equipment

9. Property, plant and equipment

	Freehold land and buildings Rs.	Plant, machinery and equipment Rs.	Motor vehicles Rs.	Furniture and fittings Rs.	Computer Rs.	Total Rs.
Cost or valuation						
Balance at the beginning of the year	374,525,545	19,090,382	6,489,917	6,488,567	4,014,358	410,608,769
Additions during the year	897,325	2,844,111	-	41,840	210,450	3,993,726
Disposals during the year	-	-	(73,001)	-	-	(73,001)
Capitalised expenditure revaluation	-	-	-	-	-	-
Transferred to investment property	-	-	-	-	-	-
Balance at the end of the year	375,422,870	21,934,493	6,416,916	6,530,407	4,224,808	414,529,494
Accumulated depreciation and impairment						
Balance at the beginning of the year	4,991,605	17,311,456	6,455,443	5,978,470	3,429,271	38,166,245
Disposals	-	-	(73,001)	-	-	(73,001)
Depreciation charge for the year	1,628,468	1,459,574	34,473	247,236	306,723	3,676,474
Balance at the end of the year	6,620,073	18,771,030	6,416,915	6,225,706	3,735,994	41,769,718
Carrying amount						
Balance at the beginning of the year	369,533,940	1,778,926	34,474	510,097	585,087	372,442,524
Balance at the end of the year	368,802,797	3,163,463	1	304,701	488,814	372,759,776

Notes to the Financial Statements *contd.*

10 - Capital Work-in-Progress

	Group & Company	
	2009	2008
Balance at the beginning of the year	7,501,887	1,702,879
Additions	-	7,012,487
Capitalised expenditure revaluation	28,004,825	-
Transferred to investment property	(5,871,852)	(1,213,479)
Balance at the end of the year	**29,634,860**	**7,501,887**

11 - Investment property

	Group & Company	
	2009	2008
At fair value		
Balance at the beginning of the year	18,702,380	-
Property classified as investment property	5,871,852	-
Additions during the year	6,425,989	18,702,380
Balance at the end of the year	**31,000,221**	**18,702,380**

All of the company's investment property is held under freehold interests.

12 - Investments in equity securities

		Group		Company	
		2009	2008	2009	2008
Unlisted securities:	**Shareholding**				
Gardiners Limited	0.01%	1,330	1,330	1,330	1,330
Global Films Limited	0.01%	5,000	5,000	5,000	5,000
Tourama (Private) limited	99.99%	-	-	499,940	499,940
		6,330	**6,330**	**506,270**	**506,270**

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.

Notes to the Financial Statements *contd.*

13 - Inventories

	Group & Company	
	2009	2008
Finished goods	125,083,519	42,474,252
Goods in transit	2,113,627	24,315,612
	127,197,146	66,789,864
Provision for non moving items	(553,206)	(281,556)
	126,643,940	**66,508,308**

14 - Receivables and prepayments

	Group		Company	
	2009	2008	2009	2008
Trade receivables	23,245,965	33,927,136	22,976,386	33,277,865
Less: Provision for doubtful debts	(188,829)	(188,829)	(188,829)	(188,829)
	23,057,136	33,738,307	22,787,557	33,089,036
Other receivables	20,029,032	4,964,196	19,936,615	4,943,023
Deposits & prepayments	1,046,587	1,079,058	1,046,587	1,071,541
	44,132,755	**39,781,561**	**43,770,759**	**39,103,600**

15 - Due from related parties

	Group		Company	
	2009	2008	2009	2008
Mercury Ltd	286,281	499,775	286,281	499,775

16 - Current investments

	Group		Company	
	2009	2008	2009	2008
Investments in Treasury Bills	4,718,728	24,477,612	2,170,269	23,500,000

Notes to the Financial Statements *contd.*

17 - Cash and cash equivalents

	Group		Company	
	2009	2008	2009	2008
Cash in hand and at bank	2,611,574	9,024,038	1,162,755	7,106,537

18 - Stated capital

	Group & Company	
	2009	2008
1,200,000 Shares of ordinary shares	12,440,000	12,440,000

19 - Reserves

	Group & Company	
	2009	2008
Properties revaluation (Note 19.1)	290,190,615	290,453,260

19.1 - Properties revaluation

	Group & Company	
	2009	2008
Balance at the beginning of the year	290,453,260	290,715,905
Depreciation transfer	(262,645)	(262,645)
balance at the end of the year	**290,190,615**	**290,453,260**

The properties revaluation reserve arises on the revaluation of land and buildings. Where revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained profits.

Notes to the Financial Statements *contd.*

19.2 - Properties revaluation

Distributions from the properties revaluation reserve can be made where they are in accordance with the requirements of the Company's constitution, the Corporations Act and relevant case law. Amounts may also be effectively distributed out of the properties revaluation reserve as part of a share buy-back. Generally, there is no restriction on the payment of 'bonus shares' out of the properties revaluation reserve. However, the payment of cash distributions out of the reserve is restricted by the terms of the Company's constitution. These restrictions do not apply to any amounts transferred to retained profits. The directors do not currently intend to make any distribution from the properties revaluation reserve.

20 - Retained earnings and dividends

	Group		Company	
	2009	2008	2009	2008
Balance at beginning of the year	120,585,745	85,709,293	119,378,346	84,750,040
Payment of dividends	(4,800,000)	(2,400,000)	(4,800,000)	(2,400,000)
Transfer from properties revaluation reserve	262,645	262,645	262,645	262,645
Transfer from other capital reserve	-	151,846	-	151,846
Net profit for the year	38,963,779	36,861,961	38,233,290	36,613,815
Opening balance adjustment	(56,079)	-	-	-
Balance at the end of the year	**154,956,090**	**120,585,745**	**153,074,281**	**119,378,346**

An interim dividend of Rs.4 per share amounting to Rs. 4,800,000 (2007/8 - Rs.2 per share, Rs. 2,400,000) was paid on 11 July 2008, for the year ended 31 March 2009.

21 - Retirement benefit obligation

	Group & Company	
	2009	2008
As at the beginning of the year	2,808,575	2,697,051
Provision for the year	460,964	700,236
Interest Cost on opening balance	351,072	-
Payments made during the year	(71,700)	(588,712)
(Gain)/loss arising from over or under provision in the previous year	(244,403)	-
Balance at the end of the year	**3,304,507**	**2,808,575**

Notes to the Financial Statements *contd.*

22 - Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group & Company	
	2009	2008
Deferred tax liabilities (net)		
The gross movement on the deferred income tax account is as follows:		
Balance at the beginning of the year	4,502,646	3,885,373
Income statement charge (Note 7)	1,020,768	617,273
Balance at the end of the year	**5,523,414**	**4,502,646**

Deferred tax liabilities (net)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Group & Company	
	2009	2008
Property, plant & equipment	6,679,992	5,485,647
Provisions	(1,156,578)	(983,001)
	5,523,414	**4,502,646**

23 - Borrowings

	Group & Company	
	2009	2008
Loans from directors	630,000	1,680,000
Secured	-	-
Unsecured	630,000	1,680,000
	630,000	**1,680,000**

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

(a) Bank overdraft is repayable on demand. Overdraft balance as at the balance sheet date was Rs. 53,363,916.

(b) - Bank borrowings which wholly consist of bank facilities are secured as follows:
- Primary mortgage over properties located at # 304 & 304/1 Union Place, Colombo 02. for Rs.272,750,000
- Primary mortgage over property at # 58/10 A, Raja Mawatha, Ekala, Ja-Ela for Rs 5,000,000
- Primary mortgage over stocks and Book debts for Rs. 100,000,000.
- Secondary mortgage over stocks for Rs. 5,000,000.
- Secondary mortgage over stocks and Book Debts for Rs. 50,000,000

(c) Loans from directors' families are unsecured and have no fixed repayment terms. The weighted average interest rate for these loans was 18% (2008: 11.4%) per annum.

Notes to the Financial Statements *contd.*

24 - Trade and other payables

	Group		Company	
	2009	2008	2009	2008
Trade payables	82,221,495	92,254,692	80,265,283	90,742,252
Accruals	1,698,833	1,731,427	1,647,125	1,744,605
Social security and other taxes	1,783,290	1,601,294	1,781,890	1,599,119
Other payables	1,916,595	2,361,547	1,847,986	2,022,285
Dividend payable	264,113	261,971	264,113	261,971
	87,884,326	**98,210,931**	**85,806,397**	**96,370,232**

25 - Due to related party

	Group		Company	
	2009	2008	2009	2008
Tourama (Pvt) Ltd	-	-	425,878	36,282

26 - Current tax liability

	Group		Company	
	2009	2008	2009	2008
Balance at the beginning of the year	8,263,201	2,831,396	8,201,943	2,747,472
Provision for current year tax	22,396,397	21,204,624	21,960,115	21,055,923
Economic service charge	-	(4,364,936)	-	(4,364,936)
Withholding tax	(556,210)	(956,615)	(556,210)	(956,615)
Tax paid	(26,601,850)	(10,306,212)	(26,429,723)	(10,134,845)
Over provision for the previous year	-	(145,056)	-	(145,056)
Balance at the end of the year	**3,501,538**	**8,263,201**	**3,176,125**	**8,201,943**

27 - Bank overdraft

	Group & Company	
	2009	2008
Hatton National Bank PLC	53,363,916	-

Notes to the Financial Statements *contd.*

28 - Notes to the cash flow statements

28.1 Cash and cash equivalents at the beginning of the year

	Group		Company	
	2009	2008	2009	2008
Current investments	24,477,612	6,021,140	23,500,000	6,021,140
Cash in hand and at bank	9,024,038	1,326,027	7,106,537	-
Bank overdraft	-	(23,236,205)	-	(23,236,205)
	33,501,650	**(15,889,038)**	**30,606,537**	**(17,215,065)**

28.2 Cash and Cash Equivalents at the end of the year

	Group		Company	
	2009	2008	2009	2008
Current investments	4,718,728	24,477,612	2,170,269	23,500,000
Cash in hand and at bank	2,611,574	9,024,038	1,162,755	7,106,537
Bank overdraft	(53,363,916)	-	(53,363,916)	-
	(46,033,614)	**33,501,650**	**(50,030,892)**	**30,606,537**

29 - Related-party transactions

Details of transactions between the company and related parties are disclosed below.

			Group & Company
Related party	Nature of Relationship	Nature of Transaction	Transaction Value
Tourama (Pvt) Ltd	Subsidiary	Sale of Air Tickets	778,295
Mercury Limited	Common Management	Settlement made	213,494

30 - Key Management Personnel

30.1 Compensation to Key Management Personnel

	Group & Company	
	2009	2008
Salaries and other short-term employee benefits	9,246,000	6,530,080
Other long term benefits	-	205,000
	9,246,000	**6,735,080**

The Compensation to Key Management Personnel includes remuneration paid to senior managers of the Company, and is not only that paid to the executive directors. This figure therefore differs from that in Note 5.

Notes to the Financial Statements *contd.*

30.2 Loans from related parties

	Group & Company	
	2009	2008
Loans from directors and key management of the company (and their families):		
Balance at the beginning of year	1,680,000	3,060,000
Loans advanced during the year	-	500,000
Loan repayments received	(1,050,000)	(1,880,000)
Balance at the end of the year	**630,000**	**1,680,000**

The loans advanced from directors and their families have the following terms and conditions:

Name	Amount of loan	Term	Interest rate
Mr. P.M. Aloysius	420,000	Not specific	18%
Mrs. Mangalam St. George	110,000	Not specific	18%

31 - Events after the balance sheet date

No significant circumstances have arisen since the balance sheet date which would require adjustments to or disclosure in the financial statements.

32 - Capital Commitments and contigencies

There were no significant capital commitments and / or contingencies as at the balance sheet date.

TEN YEAR SUMMARY

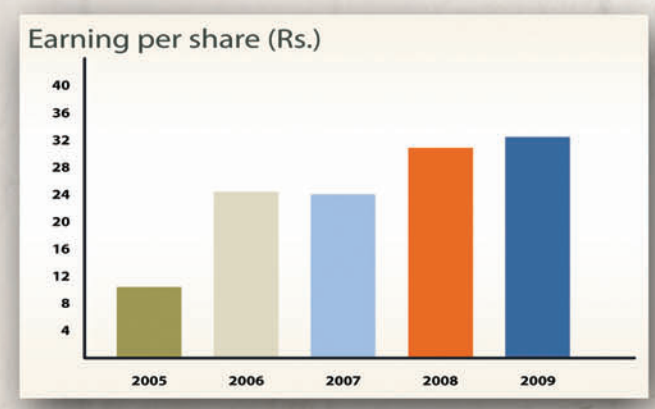
Year ended 31 March (In Rs. '000)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
OPERATING RESULTS										
Turnover	**482,521**	462,039	417,528	423,239	324,453	316,544	297,881	272,006	269,385	215,488
Profit before finance charges	**70,248**	63,163	47,624	49,457	17,439	22,006	13,571	13,137	22,731	8,921
Finance cost	**7,556**	4,479	4,760	5,949	2,814	5,307	2,943	6,939	12,531	4,148
Non operating income	**5,168**	6,588	3,201	3,667	3,968	1,314	181	181	181	180
Profit before taxation	**62,692**	58,684	42,864	43,508	18,593	18,014	10,809	6,379	10,380	4,954
Taxation	**23,728**	21,829	14,117	14,131	5,912	5,843	4,283	4,336	5,066	2,702
Profit after taxation	**38,964**	36,862	28,746	29,377	12,681	12,170	6,526	2,043	5,315	2,252
BALANCE SHEET										
Stated Capital	**12,440**	12,440	12,440	12,440	12,440	12,440	12,440	12,440	12,440	12,440
Capital Reserves	**290,190**	290,453	290,868	291,130	97,186	97,221	97,221	86,120	86,120	63,620
Revenue Reserves	**154,956**	120,586	85,709	58,500	30,661	19,747	9,075	4,048	2,006	(2,109)
	457,586	423,479	389,017	362,070	140,287	129,408	118,736	102,608	100,566	73,951
CAPITAL EMPLOYED										
Property , Plant, Equipment and Investments	**433,401**	398,653	394,825	374,045	183,127	168,463	150,311	107,944	102,965	77,395
Current Assets	**178,393**	140,291	122,345	85,109	92,341	66,174	56,770	49,192	68,922	56,088
Current Liabilities	**(145,380)**	(108,154)	(121,571)	(91,372)	(129,394)	(100,400)	(84,748)	(52,460)	(69,414)	(57,432)
Non - Current Liabilities	**(8,828)**	(7,311)	(6,582)	(5,712)	(5,788)	(4,830)	(3,598)	(2,068)	(1,908)	(2,100)
	457,586	423,479	389,017	362,070	140,286	129,407	118,735	102,608	100,565	73,951
RATIOS & OTHER INFORMATION										
Liquidity										
Current Ratio	**1.23**	1.23	1.01	0.93	0.71	0.66	0.67	0.94	0.99	0.98
Quick Ratio	**0.36**	0.68	0.39	0.35	0.21	0.22	0.25	0.47	0.39	0.47
Capital Adequacy										
Total Liabilities / Sales (%)	**31.96**	25.00	30.70	22.94	41.66	33.24	29.66	20.05	26.88	27.93
Interest Cover (No. of times)	**9.30**	14.10	10.01	8.31	11.76	7.80	8.88	3.61	16.05	3.50
Profitability										
Return on Equity (%)	**8.52**	8.70	7.39	8.11	9.04	9.40	5.50	1.99	5.28	0.19
Return on Total Assets (%)	**6.37**	6.83	5.56	6.40	4.60	5.05	3.15	1.30	3.09	1.68
Operating Margin / Sales (%)	**24.68**	22.48	21.53	21.99	15.89	17.64	13.21	13.36	15.17	11.50
Earning Per Share (Rs.)	**32.47**	30.71	239.55	244.81	105.67	101.42	54.39	17.02	44.29	18.76
Revenue Growth (%)	**4.43**	15.16	(1.35)	30.44	2.50	6.27	9.51	0.97	25.01	2.94
Profit Before Tax Growth (%)	**6.83**	36.90	(1.48)	134.00	3.22	66.65	69.45	(38.55)	109.56	187.17
Profit After Tax Growth (%)	**5.70**	28.23	(2.15)	131.66	4.19	86.48	219.51	(61.57)	136.04	997.95
Efficiency (turnover ratios)										
Inventory Turnover Period (times)	**3.76**	5.06	5.12	6.21	5.00	6.55	8.66	7.11	6.29	5.72
Average Collection Period (days)	**17.44**	26.94	23.88	15.99	27.07	24.25	27.74	34.48	37.07	46.65

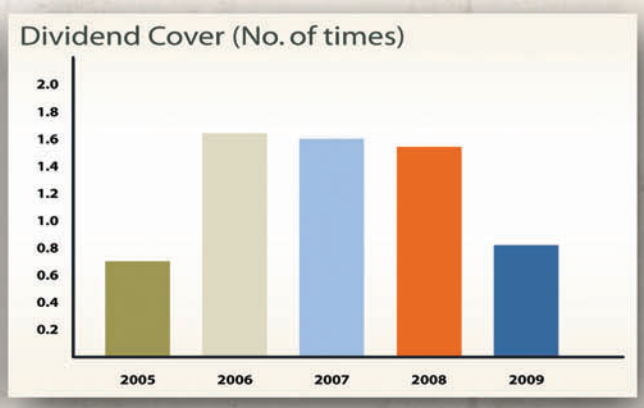
Ten year summary contd.

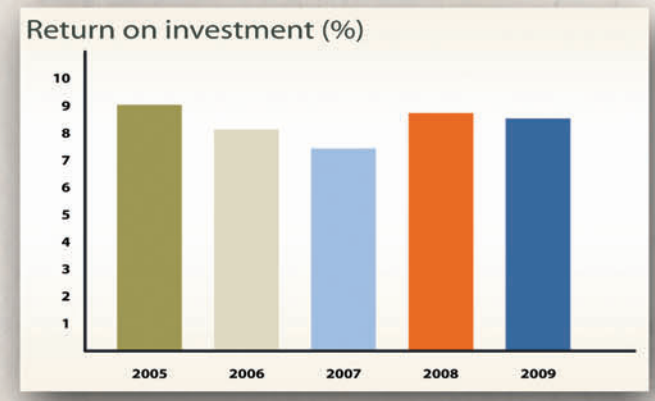
Year ended 31 March (In Rs. '000)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
MARKET - BASED RATIOS										
Firm Ratios										
Dividend Payout Ratio	**0.12**	0.06	0.06	0.06	0.14	0.12	0.23	-	0.23	0.53
Dividend Cover (Times)	**7.83**	15.95	1.60	1.63	0.70	0.81	0.44	-	0.44	0.19
Net Assets Per Share	**381.32**	351.90	324.18	301.72	116.90	107.84	98.95	85.51	83.80	61.63
Combined Ratios										
Dividend Yield	**0.15**	0.06	0.86	0.86	1.25	3.13	5.00	-	5.13	5.41
Price Earning Ratio (Times)	**7.97**	9.76	7.30	7.15	11.36	3.94	4.60	12.63	4.40	9.86

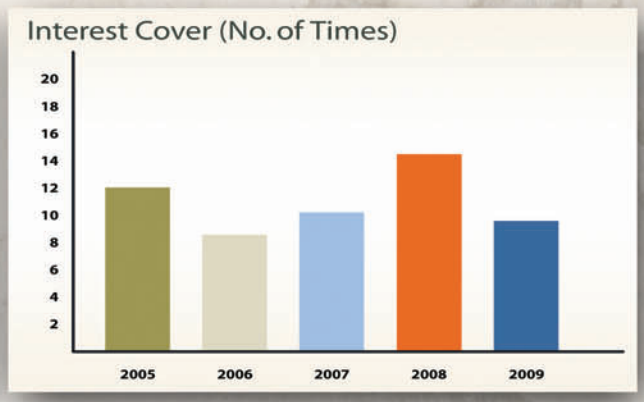
All figures are for the Group except for Market Based ratios.

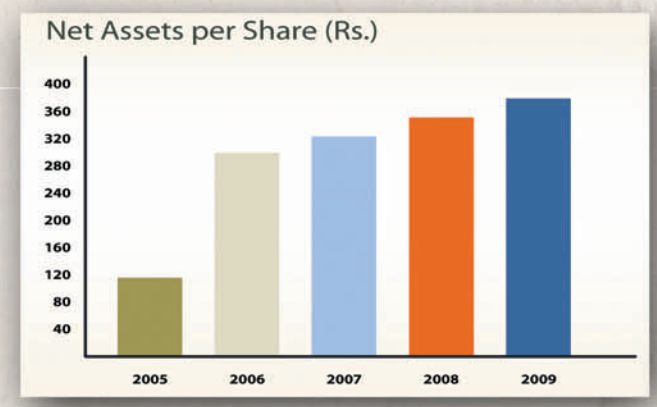
Graphical Review

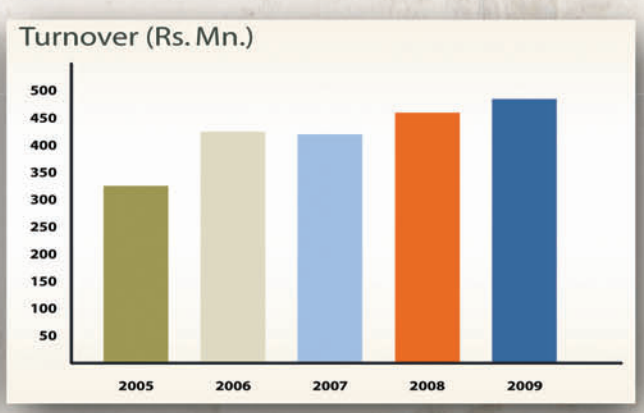


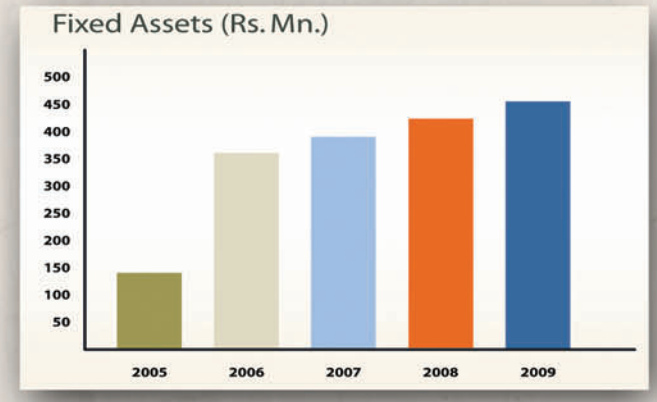


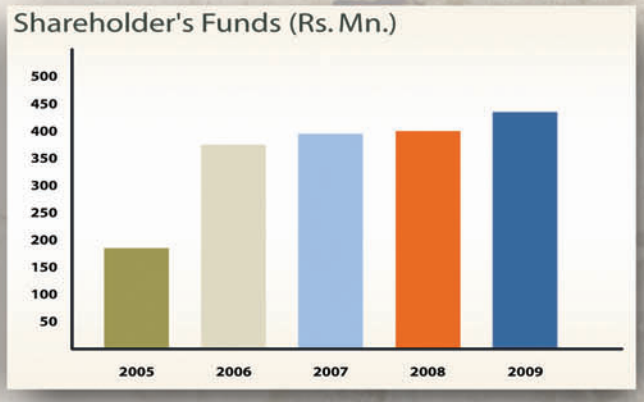






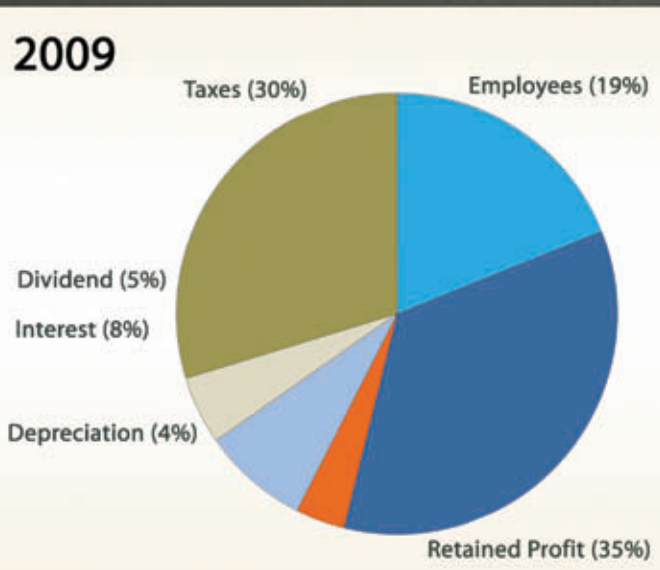


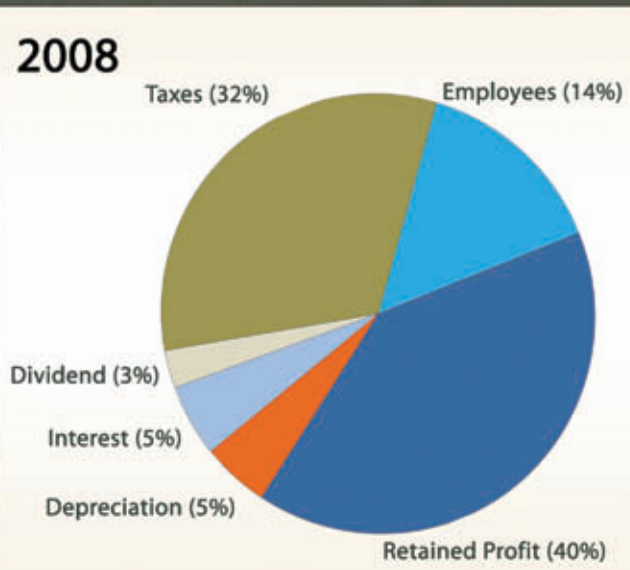




Statement of Value Added

CREATION OF VALUE ADDED	2009 Rs.	2008 Rs.
Gross Sales	488,024,966	467,358,179
Other Income	5,168,494	4,734,186
	493,193,460	472,092,365
Less: Cost of Materials & Services purchased from External Sources	(395,350,216)	(387,408,199)
Total Value Added	97,843,244	84,684,166
DISTRIBUTED AS FOLLOWS		
To Employees as Remuneration	18,414,603	12,268,660
To Government as Taxes	29,232,373	27,141,273
To providers of Capital as		
Dividend	4,800,000	2,400,000
Interest	7,556,015	4,478,812
Retained in the business as		
Depreciation	3,676,474	4,181,606
Retained Profit	34,163,779	34,213,815
	97,843,244	84,684,166
Distribution of Value Added	97,843,244	84,684,166





SHARE INFORMATION

1. GENERAL

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

2. STOCK EXCHANGE LISTING

The issued Ordinary Shares of The Autodrome PLC are listed under the "Motors" Sector on the Main Board of the Colombo Stock Exchange. The Company Symbol is AUTO.N0000.

3. DISTRIBUTION OF SHAREHOLDING

The Shares of The Autodrome PLC were held as follows :

Size of shareholdings	31 March 2009				31 March 2008			
	Shareholders		Holdings		Shareholders		Holdings	
	No	%	No	%	No	%	No	%
1 - 1000	245	87.81	24,657	2.05	224	86.82	23,547	1.96
1001 - 5000	18	6.45	42,333	3.53	18	6.98	42,733	3.56
5001 - 10000	2	0.72	11,340	0.95	2	0.78	12,050	1.00
10001 - 50000	3	1.08	68,300	5.69	3	1.16	68,300	5.69
50001 and over	11	3.94	1,053,370	87.78	11	4.26	1,053,370	87.78
	279	100.00	1,200,000	100.00	258	100.00	1,200,000	100.00

4. ANALYSIS OF SHAREHOLDERS

	31 March 2009				31 March 2008			
	Shareholders		Holdings		Shareholders		Holdings	
	No	%	No	%	No	%	No	%
Institutions	15	5.37	199,807	16.65	11	4.26	198,255	16.52
Individuals	264	94.63	1,000,193	83.35	247	95.74	1,001,745	83.48
Total	279	100.00	1,200,000	100.00	258	100.00	1,200,000	100.00
Non Residents	1	0.36	63,850	5.32	1	0.36	63,850	5.32
Residents	278	99.64	1,136,150	94.68	257	99.64	1,136,150	94.68
Total	279	100.00	1,200,000	100.00	258	100.00	1,200,000	100.00

5. SHARE VALUATION

(Company)

Market Value	as at 31 March 2009	**259.00**	as at 31 March 2008	300.00
No. of shares in Issue		**1,200,000**		1,200,000
Highest	Yr.2008/2009	**259.00**	Yr.2007/2008	478.75
Lowest	Yr.2008/2009	**200.00**	Yr.2007/2008	200.00
Earnings Per Share		**31.86**		30.51
Dividend per share		**4.00**		2 .00
Net asset value per share		**379.75**		351.89

FORM OF PROXY

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

I/We……..of……

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

1. ……..……..., whom failing

2. ……...……, whom failing

3. The Chairman of the Meeting.

as my/our proxy to represent me/us and to vote on my/our behalf at the Fifty-Seventh Annual General Meeting of the Company to be held on Wednesday, 30 September 2009 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)

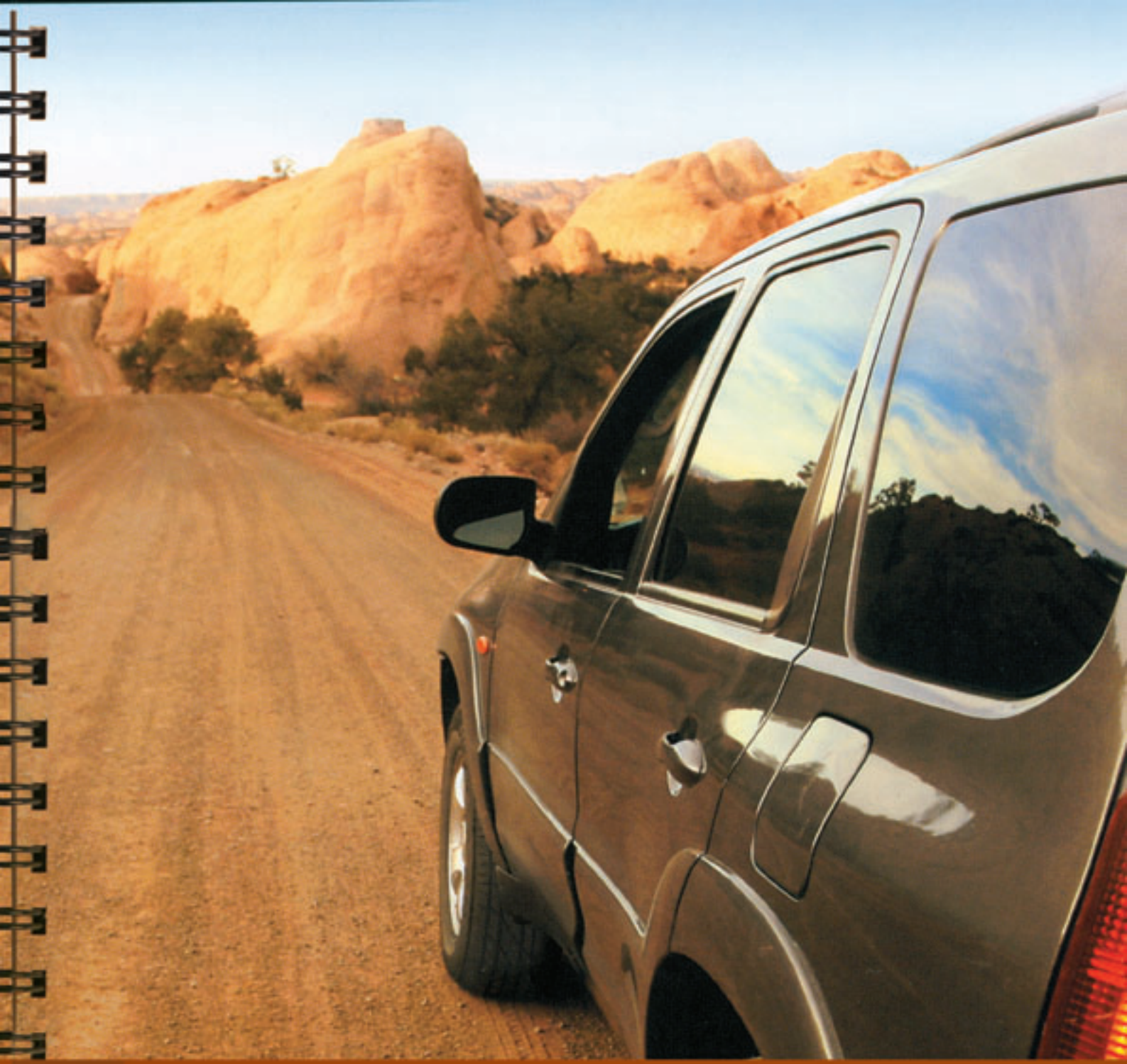
RESOLUTION	FOR	AGAINST
1. Adoption of Report & Accounts for the Year ended 31 March 2009		
2. To re-elect as a Director Ms. Bernadette J. Aloysius to the Board		
3. To re-elect as a Director Ms. Julie A. Aloysius to the Board		
4. To re-elect as a Director Prof. John A. Aloysius to the Board		
5. To re-elect Mr. J.A. Aloysius who retires under s. 210 of the Companies Act		
6. To re-elect Mr. S.C.Weerasooria who retires under s.210 of the Companies Act		
7. To authorise Directors to determine Contributions to Charities		
8. To re-appoint Auditors and authorise Directors to fix their Remuneration		

As witness under my/our hand this…….day of September 2009.

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



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