

**CHEVRON LUBRICANTS LANKA PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**30TH SEPTEMBER 2012**

# **CHEVRON LUBRICANTS LANKA PLC**

## **INTERIM FINANCIAL STATEMENTS - 30TH SEPTEMBER 2012**

### **CONTENTS**

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Managing Director's Review

Interim Comprehensive Income Statement

Interim Statement of Financial Position

Interim Statement of Cash Flows

Interim Statement of Changes in Equity

Selective Notes to the Interim Financial Statements

Corporate Information

## **Managing Director's statement**

The net earnings of Rs. 522 million for the three months ended 30<sup>th</sup> September were lower than the previous year. The top line was affected due to the lower market consumption while the gross margins were affected by the depreciation of the rupee against US dollar. Poor market sentiments, prolonged drought in the agricultural areas, sharp duty increase on vehicles and price increase to recover cost escalations were a few factors that contributed to lower consumption. However, your Company has shown impressive YTD financial performance at the end of 3Q and is well placed to end the year with a positive growth over 2012 with the stabilization of raw material prices and the exchange rate .

(Sgd) Kishu Gomes  
Managing Director/CEO  
30th October 2012

# Chevron Lubricants Lanka PLC

## Interim Comprehensive Income Statement - by function of expenses

(Amounts in Rs.000's)

	Note	Three months ended 30 Sept		Nine months ended 30 Sept	
		2012	2011	2012	2011
- Revenue		2,995,884	3,084,346	8,892,260	8,065,848
- Cost of sales		(2,066,055)	(2,066,357)	(5,982,627)	(5,500,742)
<b>Gross profit</b>		<b>929,829</b>	<b>1,017,989</b>	<b>2,909,633</b>	<b>2,565,106</b>
- Distribution costs		(129,225)	(100,798)	(302,706)	(305,216)
- Administrative expenses		(127,625)	(97,600)	(357,415)	(292,858)
- Other income		2,528	104	6,676	12,837
<b>Operating profit</b>		<b>675,508</b>	<b>819,695</b>	<b>2,256,188</b>	<b>1,979,869</b>
- Finance income		46,647	15,547	134,360	22,595
- Finance costs		(230)	(291)	(17,261)	(11,004)
<b>Profit before income tax</b>		<b>721,925</b>	<b>834,951</b>	<b>2,373,287</b>	<b>1,991,460</b>
- Income tax expense		(199,938)	(231,509)	(657,025)	(552,283)
<b>Profit for the period</b>		<b>521,987</b>	<b>603,442</b>	<b>1,716,262</b>	<b>1,439,177</b>
<b>Total comprehensive income for the period</b>		<b>521,987</b>	<b>603,442</b>	<b>1,716,262</b>	<b>1,439,177</b>
<b>Earnings per share attributable to the equity holders of the company during the period</b>					
(expressed in LKR per share)					
Basic earnings per share		4.35	5.03	14.30	11.99

Note: The above figures are provisional and subject to audit

# Chevron Lubricants Lanka PLC

## Interim Statement of Financial Position

(Amounts in Rs.000's)

	Note	30 September 2012	31 December 2011
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		199,524	193,113
Deferred income tax asset		6,623	5,205
Other receivables		76,758	74,377
		<b>282,905</b>	<b>272,695</b>
<b>Current assets</b>			
Inventories		2,242,899	1,870,032
Trade and other receivables		1,248,522	1,199,131
Cash and cash equivalents (excluding bank overdrafts)		1,988,284	1,012,060
		<b>5,479,705</b>	<b>4,081,223</b>
<b>Total assets</b>		<b>5,762,610</b>	<b>4,353,918</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Stated capital		600,000	600,000
Retained earnings		3,554,407	2,558,145
<b>Total equity</b>		<b>4,154,407</b>	<b>3,158,145</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations		114,219	101,769
		<b>114,219</b>	<b>101,769</b>
<b>Current liabilities</b>			
Trade and other payables		1,004,536	721,439
Current income tax liabilities		489,448	372,565
		<b>1,493,984</b>	<b>1,094,004</b>
<b>Total liabilities</b>		<b>1,608,203</b>	<b>1,195,773</b>
<b>Total equity and liabilities</b>		<b>5,762,610</b>	<b>4,353,918</b>
Net Assets per Share (Rs.)		34.62	26.32

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

(Sgd) Erande De Silva  
Manager Finance & Planning

The Board of Directors is responsible for the preparation and presentation of these financial statements. The financial statements were authorised for issue by the Board of Directors on 30th October 2012.

(Sgd) Kishu Gomes  
CEO / Managing Director  
30th October 2012

(Sgd) Anura Perera  
Director / General Manager-Finance

# Chevron Lubricants Lanka PLC

## Interim Statement of Cash Flows

(Amounts in Rs.000's)

	Note	Nine months ended 30 Sep	
		2012	2011
<b>Cash flows from operating activities</b>			
Cash generated from operations	(i)	2,675,770	1,680,970
Interest paid		(276)	(1,443)
Income taxes paid		(541,560)	(554,806)
<b>Net cash generated from operating activities</b>		<b>2,133,934</b>	<b>1,124,721</b>
<b>Cash flows from investing activities</b>			
– acquisition of subsidiary, net of cash acquired		-	-
– purchases of property, plant and equipment		(40,178)	(4,859)
– proceeds on disposal of property, plant and equipment		1,524	10,199
<b>Net cash used in investing activities</b>		<b>(38,654)</b>	<b>5,340</b>
<b>Cash flows from financing activities</b>			
– dividends paid		(1,140,000)	(660,000)
<b>Net cash used in financing activities</b>		<b>(1,140,000)</b>	<b>(660,000)</b>
<b>Net (decrease)/ increase in cash, cash equivalents</b>		<b>955,280</b>	<b>470,061</b>
Cash, cash equivalents and bank overdrafts at start of period		1,012,060	656,150
Exchange gains/(losses)		20,944	(3,762)
<b>Cash, cash equivalents and bank overdrafts at end of period</b>		<b>1,988,284</b>	<b>1,122,449</b>
Bank overdrafts		-	-
<b>Cash and cash equivalents</b>		<b>1,988,284</b>	<b>1,122,449</b>

Note (i)

	Nine months ended 30 Sep	
	2012	2011
<b>Cash generated from operations</b>		
Profit before taxation	2,373,287	1,991,460
Adjustments for :		
Depreciation	32,677	36,459
(Profit)/Loss on disposal of property, plant and equipment	(433)	(9,927)
Interest expense	276	1,443
Changes in working capital		
- trade and other receivables	(51,772)	(169,447)
- inventories	(372,867)	(735,601)
- payables	703,096	569,951
Defined benefit obligations	12,450	13,373
Defined benefit obligations paid	Nil	(20,503)
Exchange (Gains)/Losses from operating activities	(20,944)	3,762
<b>Cash generated from operations</b>	<b>2,675,770</b>	<b>1,680,970</b>

# Chevron Lubricants Lanka PLC

## Interim Statement of Changes in Equity

(Amounts in Rs.000's)

	<u>Stated Capital</u>	<u>Retained Earnings</u>		<u>Total Equity</u>
<b>Balance as at 1st January 2011</b>	<b>600,000</b>	<b>1,637,529</b>	-	<b>2,237,529</b>
Profit for the period	<u>Nil</u>	<u>1,439,177</u>		<u>1,439,177</u>
<b>Total comprehensive income</b>	<b>Nil</b>	<b>1,439,177</b>		<b>1,439,177</b>
Transactions with owners				
- Dividends	Nil	(300,000)		(300,000)
<b>Balance as at 30th September 2011</b>	<b>600,000</b>	<b>2,776,706</b>		<b>3,376,706</b>
<b>Balance as at 1st January 2012</b>	<b>600,000</b>	<b>2,558,145</b>		<b>3,158,145</b>
Profit for the period	<u>Nil</u>	<u>1,716,262</u>		<u>1,716,262</u>
<b>Total comprehensive income</b>	<b>Nil</b>	<b>1,716,262</b>		<b>1,716,262</b>
Transactions with owners				
- Dividends		(720,000)		(720,000)
<b>Balance as at 30th September 2012</b>	<b>600,000</b>	<b>3,554,407</b>		<b>4,154,407</b>

# Chevron Lubricants Lanka PLC

## Notes to the Financial Statement for the Nine months ended 30/09/2012

### 1 General information

Chevron Lubricants Lanka PLC carries on the business of importing, blending, distributing and marketing of lubricant oils and greases. The Company is a public limited liability company incorporated and domiciled in Sri Lanka. The address of its registered office is Chevron House, 490, Galle Road, Colombo 03.

The Company has its primary listing on the Colombo Stock Exchange.

These financial statements have been approved for issue by the Board of Directors on 30th October 2012.

### 2 Basis of preparation

These condensed interim financial statements of Chevron Lubricants Lanka PLC are for the three months ended 30 September 2012. They have been prepared in accordance LKAS 34, Interim Financial Reporting, and are covered by SLFRS 1, First-time Adoption of SLFRS, because they are part of the period covered by the Company's first SLFRS financial statements for the year ended 31 December 2012. These interim financial statements have been prepared in accordance with those SLFRS standards and IFRIC interpretations issued and effective as at the time of preparing these statements. The condensed interim financial statements do not include all of the information required for full annual financial statements.

### 3

The Company's financial statements were prepared in accordance with Sri Lanka Accounting Standards (SLASs) until 31 December 2011. The presentation & classification of figures for the corresponding period of the previous year have been amended to be comparable with those for the current year. The effect of the transition to SLFRS on previously reported financial position, financial performance and cash flows of the Company is provided in Note 5 to the financial statements.

### 4 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as described below;

#### Financial instruments

As required by Sri Lanka Accounting Standards - LKAS 39 Financial Instruments; Recognition and measurement, trade receivables, trade payables and staff loans are recognised as financial instruments. The initial and subsequent measurement basis of the said financial instruments should be the fair value and the amortised cost respectively. Provision for doubtful debt is replaced with the impairment testing for trade receivables.

### 5 Explanation of transition to SLFRS

The Company adopted the accounting policies set out in Note 4 with effect from 1 January 2012 which are applicable on adoption of Sri Lanka Accounting Standards. These interim financial statements for the quarter ended 30 September 2012 including the comparative information is prepared in accordance with Sri Lanka Accounting Standards (SLFRS / LKAS) and LKAS 34 – Interim Financial Reporting. A reconciliation on the effect of the transition is not presented with these interim financial statements due to the insignificance of such effect to the interim results for the quarter ended 30 September 2012.

6 Net assets per share has been computed based on number of shares in issue as at 31/12/2011.

7 No Circumstances have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements.

8 There has not been a significant change in the nature of the contingent Liabilities which were disclosed in the Annual Report for the year ended 31st December 2011.



9 Share price movement

The market prices during the quarter	2012	2011	Year ended 31.12.2011
Highest price Rs.	197.00	165.50	183.50
Lowest price Rs.	168.00	152.00	152.00
Last traded price Rs.	192.00	160.00	170.00

10 Stated Capital is represented by 120,000,000 ordinary Shares.

11 Names and the Number of Shares held by the largest 20 shareholders as at 30th September 2012 :

Name of Shareholders	Shares	%
1 Chevron Ceylon Limited	61,200,000	51.00
2 HSBC International Nominees Ltd-BPSS Lux Aberdeen Global	10,629,700	8.86
3 HSBC International Nominees Ltd-BPSS Lux Aberdeen Global- EME	4,563,700	3.80
4 HSBC International Nominees Ltd-BP2 S London- Aberdeen Asia Smaller Comp	3,580,800	2.98
5 Caceis Bank Luxembourg S/A BARCA GLOBAL MASTER FUND LPOGIER	3,416,306	2.85
6 Employees Provident Fund	3,308,800	2.76
7 Cargo Boat Development Company Limited	2,000,000	1.67
8 Renuka Hotels Limited	1,400,000	1.17
9 National Savings Bank	1,155,135	0.96
10 Bank of Ceylon No 1 Account	1,144,800	0.95
11 Crescent Launderers & Dry Cleaners (Pvt) Ltd	1,000,000	0.83
12 HSBC INTL NOM LTD-BP2S LUXEMBOURG-ABERDEEN GLOBAL FRONT	953,597	0.79
13 Danske Invest- Global emerging markets small cap	874,000	0.73
14 Mellon Bank N.A.- Florida Retirement system	770,000	0.64
15 Danske Bank A/S	650,000	0.54
17 DFCC Bank- Account No 1	609,400	0.51
16 AVIVA NDB Insurance PLC A/C No 07	594,800	0.50
18 Northern Trust CO S/A National Westminster Bank PLC as trustee of Jupiter India	500,000	0.42
19 Mr. Udabage	476,500	0.40
20 Bartleet Finance Plc	400,000	0.33
	<b>99,227,538</b>	<b>82.69</b>

12 Public Holding : **49%**

13 None of the Directors hold shares in the company except A.M.Anura Perera who holds 400 shares.

14 Mr. Kishu Gomes is the Managing Director and the Chief Executive Officer of the Company.

**Chevron Lubricants Lanka PLC**  
**Corporate Information**

**Name of Company**

Chevron Lubricants Lanka PLC

**Legal Form**

Public Limited Liability Company  
(Incorporated in 1992 and listed on the  
Colombo Stock Exchange)

**Company Registration Number**

PQ 54

**Registered Office**

Chevron House  
No.490, Galle Road, Colombo 3.

**Directors**

Farrukh Saeed - *Chairman*  
Kishu Gomes - *Managing Director / CEO*  
Daham Wimalasena  
Deva Rodrigo  
Anura Perera

**Secretary**

Anura Perera  
Chevron House  
No.490, Galle Road, Colombo 3.

**Registrars to the Company**

S S P Corporate Services (Private)Limited  
546, Galle Road,  
Colombo 3

**Auditors to the Company**

PricewaterhouseCoopers  
Chartered Accountants  
P.O.Box 918,100, Braybrooke Place ,Colombo 2.

**Lawyers to the Company**

Julius & Creasy  
Attorneys-at-Law and Notaries Public  
No.41, Janadhipathi Mawatha ,Colombo 1.

**Principal Bankers**

Citibank NA  
Deutsche Bank  
Standard Chartered Bank  
Commercial Bank

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