

CHEVRON LUBRICANTS LANKA PLC

**Chevron Lubricants Lanka Plc.,
INTERIM FINANCIAL STATEMENTS
30 JUNE 2012**

CHEVRON LUBRICANTS LANKA PLC

INTERIM FINANCIAL STATEMENTS - 30 JUNE 2012

CONTENTS

Managing Director's review

Interim Comprehensive Income Statement

Interim Statement of Financial Position

Interim Statement of Changes in Equity

Interim Statement of Cash Flows

Selective Notes to the Interim Financial Statements

Corporate Information

Managing Director's Statement

Your company has recorded an impressive PAT growth of 26% for 2Q, 2012 over the corresponding period of last year, to end the first half with a solid 43% PAT growth. The recent adverse macro economic developments did affect our results to a certain extent during 2Q but the full impact of it will be felt going forward if the conditions remain the same.

The current volatile economic environment and the consequent poor market sentiments can have an adverse impact on the industry growth compounded by industry specific challenges such as high fuel cost, increased duty on vehicle importation and the European market volatility posing challenges to the exporters in the industrial lubricant market segment.

Bangladesh market too is faced with severe economic issues affecting our growth plans while the Maldives market has fared well in terms of volume and margin. Recent severe draught experienced in the north western and eastern regions of the country may have an impact on our volume in the short term.

(sgd) Kishu Gomes

Managing Director/ CEO

19th July 2012

Chevron Lubricants Lanka PLC

Interim Comprehensive Income Statement - by function of expenses

(Amounts in Rs.000's)

	Note	Three months ended 30 June		Six months ended 30 June	
		2012	2011	2012	2011
- Revenue		2,560,256	2,524,416	5,896,376	4,981,502
- Cost of sales		(1,673,657)	(1,736,579)	(3,916,572)	(3,434,385)
Gross profit		886,599	787,837	1,979,804	1,547,117
- Distribution costs		(90,006)	(96,223)	(173,481)	(204,418)
- Administrative expenses		(126,871)	(112,504)	(229,790)	(195,258)
- Other income		2,251	5,145	4,148	12,733
Operating profit		671,973	584,255	1,580,680	1,160,174
- Finance income		57,318	2,020	87,713	7,048
- Finance costs		(694)	(5,256)	(17,031)	(10,713)
Profit before income tax		728,597	581,019	1,651,362	1,156,509
- Income tax expense		(195,425)	(158,387)	(457,087)	(320,774)
Profit for the year		533,172	422,632	1,194,275	835,735
Total comprehensive income for the period		533,172	422,632	1,194,275	835,735

Earnings per share attributable to the equity holders of the company during the year

(expressed in LKR per share)

Basic earnings per share	4.44	3.52	9.95	6.96
--------------------------	------	------	------	------

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 June 2012	31 December 2011
Assets		
Non-current assets		
Property, plant and equipment	206,504	193,113
Deferred income tax asset	5,771	5,205
Other receivables	78,602	74,377
	290,877	272,695
Current assets		
Inventories	2,630,063	1,870,032
Trade and other receivables	1,128,955	1,199,131
Cash and cash equivalents (excluding bank overdrafts)	1,866,350	1,012,060
	5,625,368	4,081,223
Total assets	5,916,245	4,353,918
Equity and liabilities		
Equity attributable to owners of the parent		
Stated capital	600,000	600,000
Retained earnings	3,392,420	2,558,145
Total equity	3,992,420	3,158,145
Liabilities		
Non-current liabilities		
Retirement benefit obligations	110,069	101,769
	110,069	101,769
Current liabilities		
Trade and other payables	1,343,433	721,439
Current income tax liabilities	470,323	372,565
	1,813,756	1,094,004
Total liabilities	1,923,825	1,195,773
Total equity and liabilities	5,916,245	4,353,918
Net Assets per Share (Rs.)	33.27	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 19th July 2012.

(Sgd) Kishu Gomes
CEO / Managing Director
19th July 2012

(Sgd)Anura Perera
Director / General Manager-Finance

Chevron Lubricants Lanka PLC

Interim Statement of Cash Flows

(Amounts in Rs.000's)

	Note	Six months ended 30 June	
		2012	2011
Cash flows from operating activities			
Cash generated from operations	(i)	2,018,710	545,535
Interest paid		(274)	(1,403)
Income taxes paid		(359,896)	(358,657)
Net cash generated from operating activities		1,658,540	185,475
Cash flows from investing activities			
– acquisition of subsidiary, net of cash acquired			
– purchases of property, plant and equipment		(34,956)	(728)
– proceeds on disposal of property, plant and equipment		1,524	10,123
Net cash used in investing activities		(33,432)	9,395
Cash flows from financing activities			
– dividends paid		(780,000)	(360,000)
Net cash used in financing activities		(780,000)	(360,000)
Net (decrease)/ increase in cash, cash equivalents		845,108	(165,130)
Cash, cash equivalents and bank overdrafts at start of period		1,012,060	656,150
Exchange gains/(losses)		9,183	8,324
Cash, cash equivalents and bank overdrafts at end of period		1,866,350	499,344
Bank overdrafts			
Cash and cash equivalents		1,866,350	499,344

Note (i)

	Six months ended 30 June	
	2012	2011
Cash generated from operations		
Profit before taxation	1,651,362	1,156,509
Adjustments for :		
Depreciation	21,566	25,117
(Profit)/Loss on disposal of property, plant and equipment	(1,524)	(9,934)
Interest expense	274	1,403
Changes in working capital		
- trade and other receivables	65,952	(41,022)
- inventories	(760,031)	(588,493)
- payables	1,041,993	21,867
Defined benefit obligations	8,300	8,915
Defined benefit obligations paid	Nil	(20,503)
Exchange Gains/Losses from operating activities	(9,183)	(8,324)
Cash generated from operations	2,018,710	545,535

Chevron Lubricants Lanka PLC

Interim Statement of Changes in Equity

(Amounts in Rs.000's)

	Note	Share capital	Retained earnings	Total equity
Balance at 1 January 2011		600,000	1,606,255	2,206,255
Profit for the period		Nil	835,735	835,735
Total comprehensive income		Nil	835,735	835,735
Transactions with owners				
- Dividends		Nil	(360,000)	(360,000)
Balance at 30 June 2011		600,000	2,081,990	2,681,990
Balance at 1 January 2012		600,000	2,558,145	3,158,145
Profit for the period		Nil	1,194,275	1,194,275
Total comprehensive income		Nil	1,194,275	1,194,275
Transactions with owners				
- Dividends			(360,000)	(360,000)
Balance at 30 June 2012		600,000	3,392,420	3,992,420

Chevron Lubricants Lanka PLC

Notes to the Financial Statement for the 6 months ended 30/06/2012

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 19 July 2012.

2 Basis of preparation

These condensed interim financial statements of Chevron Lubricants Lanka PLC are for the three months ended 30 June 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 June 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 June 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.	185.00	172.00	183.50
Lowest price Rs.	160.00	154.50	152.00
Last traded price Rs.	168.00	157.10	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 June 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 Cor	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	3,310,800	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 Danske Invest- Global emerging markets small cap	874,000	0.73
13 Mellon Bank N.A.- Florida Retirement system	770,000	0.64
14 Danske Bank A/S	650,000	0.54
15 AVIVA NDB Insurance PLC A/C No 07	619,800	0.52
16 DFCC Bank- Account No 1	609,400	0.51
17 Northern Trust CO S/A National Westminster Bank PLC as trustee of Jupiter	500,000	0.42
18 Mr. Udabage	476,500	0.40
19 Sri Lanka Insurance Corporation LTD- General Fund	469,000	0.39
20 Bartleet Finance Plc	400,000	0.33
	98,769,941	82.31

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*
Rob Otteson
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

Web Address : www.chevron.lk

Email : contactus@chevron.com

Telephone : 94 11 4524524

Facsimile : 94 11 4524566