

**CHEVRON LUBRICANTS LANKA PLC**  
**INTERIM FINANCIAL STATEMENTS**  
**30TH SEPTEMBER 2013**

# CHEVRON LUBRICANTS LANKA PLC

## INTERIM FINANCIAL STATEMENTS - 30TH SEPTEMBER 2013

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## **Managing Director's Review**

Net earnings for YTD September 2013 has recorded an increase of 13 % compared to 2012 largely helped by the increased interest income and reduction in cost of goods sold due to stable raw material prices in the world market and Chevron global procurement synergies.

As indicated in my previous review, contraction in Lubricants consumption continued for the third quarter as well , mainly due to reduced demand from thermal power plants with the significant increase in Hydro power production, adverse weather conditions affecting the agricultural & fisheries sector and continued overall market volume contraction with extended oil drain intervals in the automotive segment as a result of consumers moving from lower tier to higher tier technology. Rate of growth in the North & East regions has slowed and this decline is seen across all consumer segments in almost all geographies, which resulted in reduction in revenue compared to last year. However, consumer shift from lower tier to higher tier technology has provided the opportunity to raise the unit gross margin in certain product/brand segments. Bangladesh market started to recover from some of the macro issues with increased volumes in the last quarter.

In the recent report issued by the 'shadow regulator for the lubricant industry', Public Utilities Commission an approximate 4% volume decline was reported for 2012 over the previous year and we forecast a further decline in the industry this year.

(Sgd) Kishu Gomes  
Managing Director/ CEO

## Chevron Lubricants Lanka PLC

### Interim Comprehensive Income Statement - by function of expenses

(Amounts in Rs.000's)

	Note	Three months ended 30th Sep		%	Nine months ended 30th Sep		%
		2013	2012		2013	2012	
- Revenue		2,783,127	2,995,885	(7)	8,378,548	8,892,261	(6)
- Cost of sales		(1,759,983)	(2,066,055)	(15)	(5,239,299)	(5,982,627)	(12)
<b>Gross profit</b>		<b>1,023,144</b>	<b>929,829</b>	10	<b>3,139,249</b>	<b>2,909,633</b>	8
- Distribution costs		(130,965)	(129,225)	1	(324,328)	(302,706)	7
- Administrative expenses		(129,978)	(127,625)	2	(375,849)	(357,415)	5
- Other operating income		688	2,529	(73)	1,364	6,677	(80)
<b>Operating profit</b>		<b>762,890</b>	<b>675,508</b>	13	<b>2,440,436</b>	<b>2,256,189</b>	8
- Finance income		67,733	46,647	45	212,732	134,360	58
- Finance costs		(98)	(231)	(57)	(116)	(17,262)	(99)
<b>Profit before income tax</b>		<b>830,525</b>	<b>721,925</b>	15	<b>2,653,052</b>	<b>2,373,287</b>	12
- Income tax expense		(221,119)	(199,938)	11	(711,276)	(657,025)	8
<b>Profit for the period</b>		<b>609,406</b>	<b>521,987</b>	17	<b>1,941,777</b>	<b>1,716,262</b>	13
<b>Total comprehensive income for the period</b>		<b>609,406</b>	<b>521,987</b>	17	<b>1,941,777</b>	<b>1,716,262</b>	13
<b>Earnings per share attributable to the equity holders of the company during the year</b>							
(expressed in LKR per share)							
Basic earnings per share		5.08	4.35	17	16.18	14.30	13

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	30th Sep 2013	31st Dec 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		815,960	215,813
Trade and other receivables		80,767	94,109
Deferred income tax assets		5,204	1,341
		<b>901,931</b>	<b>311,263</b>
<b>Current assets</b>			
Inventories		1,991,119	2,132,118
Trade and other receivables		1,315,482	986,882
Cash and cash equivalents		2,560,422	2,517,244
		<b>5,867,023</b>	<b>5,636,244</b>
<b>Total assets</b>		<b>6,768,954</b>	<b>5,947,507</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital &amp; reserves</b>			
Stated capital		600,000	600,000
Retained earnings		4,747,594	3,525,818
		<b>5,347,594</b>	<b>4,125,818</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations		101,675	87,328
		<b>101,675</b>	<b>87,328</b>
<b>Current liabilities</b>			
Trade and other payables		799,617	1,257,496
Current income tax liabilities		520,068	476,865
		<b>1,319,684</b>	<b>1,734,361</b>
<b>Total liabilities</b>		<b>1,421,359</b>	<b>1,821,689</b>
<b>Total equity and liabilities</b>		<b>6,768,954</b>	<b>5,947,507</b>
Net Assets per Share (Rs.)		44.56	34.38

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 22nd October 2013.

(Sgd)Kishu Gomes  
CEO / Managing Director

(Sgd) Anura Perera  
Director / Chief Financial Officer

## Chevron Lubricants Lanka PLC

### Interim Statement of Cash Flows

(Amounts in Rs.000's)

	Note	Period ended 30th September	
		2013	2012
<b>Cash flows from operating activities</b>			
Cash generated from operations	(i)	2,251,103	2,600,283
Interest paid		(116)	(276)
Retirement benefits paid		(513)	-
Income tax paid		(671,936)	(541,560)
<b>Net cash generated from operating activities</b>		<b>1,578,539</b>	<b>2,058,447</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant & Equipment		(635,176)	(40,179)
Proceeds from disposal of Property, Plant & Equipment		-	1,524
Interest received		179,815	96,431
<b>Net cash used in investing activities</b>		<b>(455,361)</b>	<b>57,776</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(1,080,000)	(1,140,000)
<b>Net cash used in financing activities</b>		<b>(1,080,000)</b>	<b>(1,140,000)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>43,178</b>	<b>976,223</b>
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		2,517,244	1,012,060
Increase in cash and cash equivalents		43,178	976,223
<b>Cash and cash equivalents at end of period</b>		<b>2,560,422</b>	<b>1,988,283</b>

Note (i)

	Period ended 30th September	
	2013	2012
<b>Cash generated from operations</b>		
Profit before taxation	2,653,052	2,373,287
Adjustments for :		
Depreciation	35,022	32,677
Property, plant and equipment Writtenoff	7	1,090.64
Amortisation of marketing support fee paid	21,605	17,547
(Profit)/Loss on disposal of property, plant and equipment	-	(1,524)
Interest income	(179,815)	(96,431)
Interest expense	116	276
Changes in working capital		
- trade and other receivables	(336,862)	(69,319)
- inventories	140,998	(372,867)
- payables	(97,880)	703,096
Defined benefit obligations	14,860	12,450
<b>Cash generated from operations</b>	<b>2,251,103</b>	<b>2,600,283</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 2012</b>	<b>600,000</b>	<b>2,558,145</b>	<b>3,158,145</b>
Profit for the period	Nil	1,716,262	1,716,262
Other comprehensive income for the period	Nil	Nil	Nil
Transactions with owners			
- Dividends	Nil	(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>
<b>Balance as at 1st January 2013</b>	<b>600,000</b>	<b>3,525,818</b>	<b>4,125,818</b>
Profit for the period	Nil	1,941,777	1,941,777
Other comprehensive income for the period	Nil	Nil	Nil
Transactions with owners			
- Dividends		(720,000)	(720,000)
<b>Balance as at 30th September 2013</b>	<b>600,000</b>	<b>4,747,594</b>	<b>5,347,594</b>

# Chevron Lubricants Lanka PLC

## Notes to the Financial Statement for the year ended 30/09/2013

### 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 condensed interim financial statements have been approved for issue by the Board of Directors on 22nd October 2013.

### 2 Basis of preparation

These condensed interim financial statements of Chevron Lubricants Lanka PLC for the nine months ended 30th September 2013 have been prepared in accordance LKAS 34. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with SLFRSs

### 3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

### 4 The additions to PPE during the 9 months ended 30th September 2013, primarily relates to capital work in progress relating to the construction of the new blending plant at the Company's leasehold land.

### 5 Net assets per share has been computed based on number of shares in issue as at 31/12/2012.

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

### 7 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 2012.

### 8 Share price movement

The market prices during the quarter	2013	2012	Year ended 31.12.2012
Highest price Rs.	318.90	197.00	205.20
Lowest price Rs.	251.00	168.00	160.00
Last traded price Rs.	270.00	192.00	202.00

### 9 Stated Capital is represented by 120,000,000 Ordinary Shares.



10 Names and the Number of Shares held by the largest 20 shareholders as at 30th September 2013 :

	Name of Shareholders	Number of Shares	%
1	Chevron Ceylon Limited	61,200,000	51.0
2	HSBC International Nominees Ltd-BP2 S London- Aberdeen Asia Smaller Comp	10,129,700	8.4
3	HSBC International Nominees Ltd-BPSS Lux Aberdeen Global- Emerging markets smaller companies fund	5,463,700	4.6
4	HSBC INTL NOM LTD-SSBT WASATCH FRONTIER EMERGING SMALL	4,348,287	3.6
5	Caceis Bank Luxembourg S/A BARCA GLOBAL MASTER FUND LPOGIER	2,716,306	2.3
6	HSBC International Nominees Ltd-BP2 S London- Aberdeen Asia Smaller Comp Investment Trust	2,690,800	2.2
7	Employees Provident Fund	2,554,566	2.1
8	HSBC INTL NOM LTD-BP2S LUXEMBOURG-ABERDEEN GLOBAL FRONTIER MARKET	1,830,800	1.5
9	Renuka Hotels Limited	1,400,000	1.2
10	Cargo Boat Development Company Limited	1,400,000	1.2
11	Mellon Bank N.A.- Florida Retirement system	1,396,000	1.2
12	HSBC INTL NOM LTD-JPMCB-INVESTERINGSFORENINGEN BANKINVEST,AFD NEW	1,175,344	1.0
13	Crescent Launderers & Dry Cleaners (Pvt) Ltd	1,000,000	0.8
14	RBC Investor services Bank- J O HAMBRO CAPITAL MANAGEMENT UMBRELLA FUND	877,045	0.7
15	RBC Investor services Bank- Danske Invest- Global Emerging Markets small cap	817,000	0.7
16	Danske Bank A/S	650,000	0.5
17	HSBC INTL NOM LTD-SSBT ABERDEEN INSTITUTIONAL COMMINGLED FUNDS LLC	650,000	0.5
18	RBC Investor services Bank- BI-SICAV-NEW EMERGING MARKETS EQUITIES	588,725	0.5
19	DFCC Bank- Account No 1	588,000	0.5
20	AIA Insurance Lanka PLC A/C NO.07	537,810	0.5
	<b>Total</b>	<b>102,014,083</b>	<b>85.0</b>

11 Public Holding : 49%

12 None of the Directors hold shares in the company .

13 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*  
Harsha Amarasekera  
Devasiri Rodrigo  
Richard Brown  
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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