

CHEVRON LUBRICANTS LANKA PLC
INTERIM FINANCIAL STATEMENTS
31ST MARCH 2014

CHEVRON LUBRICANTS LANKA PLC

INTERIM FINANCIAL STATEMENTS - 31ST MARCH 2014

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The first quarter results have recorded a marginal decrease in earnings and a topline reduction of 6%. The marginal reduction in earnings is due to a variety of macro and micro challenges. Lubricants consumption has remained sluggish in the local market while there has been an increase in export volumes. Expenditure associated with inventory buildup to meet the market demand during the plant relocation and higher advertising expenditure compared to 1st quarter last year have led to increased sales and distribution expenses. The decreased cash reserves due to stock buildup has also resulted in reduction in interest income. However the general price increase effected at the end of January to recover the expected cost increases of raw materials would help the company in improving gross margins.

(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 31st March	
		2014	2013
- Revenue		2,988,825	3,167,689
- Cost of sales		(1,747,983)	(1,967,938)
Gross profit		1,240,842	1,199,751
- Distribution costs		(125,966)	(88,659)
- Administrative expenses		(115,109)	(123,508)
- Other income		1,391	826
Operating profit		1,001,158	988,411
- Finance income		44,904	65,081
- Finance costs		(35)	-
Profit before income tax		1,046,027	1,053,492
- Income tax expense		(282,387)	(283,635)
Profit for the period		763,640	769,857
Earnings per share attributable to the equity holders of the company during the year			
(expressed in LKR per share)			
Basic earnings per share		6.36	6.42

Note: The above figures are provisional and subject to audit

Chevron Lubricants Lanka PLC

Interim Comprehensive Income Statement - *Continued*

(Amounts in Rs.000's)

	Note	Three months ended 31st March	
		2014	2013
Profit for the period		763,640	769,857
Other comprehensive income:			
Actuarial (loss)/gain on retirement benefit obligations		-	-
Tax on other comprehensive income		-	-
Other Comprehensive (loss)/ income for the year		-	-
Total comprehensive income for the period		763,640	769,857

Chevron Lubricants Lanka PLC

Interim Statement of Financial Position

(Amounts in Rs.000's)

	Note	31 March 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment		1,489,362	1,296,651
Other receivables		75,238	81,152
Deferred income tax asset		10,535	8,723
		1,575,135	1,386,526
Current assets			
Inventories		3,307,976	1,928,704
Trade and other receivables		1,536,951	1,252,068
Cash and cash equivalents (excluding bank overdrafts)		1,220,901	2,485,174
		6,065,828	5,665,946
Total assets		7,640,963	7,052,472
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Stated capital		600,000	600,000
Retained earnings		5,003,660	4,240,020
Total equity		5,603,660	4,840,020
Liabilities			
Non-current liabilities			
Retirement benefit obligations		128,155	122,060
		128,155	122,060
Current liabilities			
Trade and other payables		1,333,229	1,599,802
Current income tax liabilities		575,919	490,590
		1,909,148	2,090,392
Total liabilities		2,037,303	2,212,452
Total equity and liabilities		7,640,963	7,052,472
Net Assets per Share (Rs.)		46.70	40.33

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 24th April 2014.

(Sgd) Kishu Gomes
CEO / Managing Director
24th April 2014

(Sgd) Anura Perera
Director / Chief Financial Officer

Chevron Lubricants Lanka PLC

Interim Statement of Cash Flows

(Amounts in Rs.000's)

	Note	Period ended 31st March	
		2014	2013
Cash flows from operating activities			
Cash generated from operations	(i)	(350,277)	917,740
Interest paid		(35)	-
Retirement benefits paid		-	-
Income taxes paid		(198,870)	(181,676)
Net cash generated from operating activities		(549,182)	736,064
Cash flows from investing activities			
Purchase of Property, Plant & Equipment		(203,774)	(119,528)
Proceeds from disposal of Property, Plant & Equipment		-	-
Interest received		28,683	54,599
Net cash used in investing activities		(175,091)	(64,929)
Cash flows from financing activities			
Dividends paid		(540,000)	(360,000)
Net cash used in financing activities		(540,000)	(360,000)
Net (decrease)/ increase in cash, cash equivalents		(1,264,273)	311,135
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of period		2,485,174	2,517,244
(Decrease) / increase in cash and cash equivalents		(1,264,273)	311,135
Cash and cash equivalents at end of period		1,220,901	2,828,379

Note (i)

	Period ended 31st March	
	2014	2013
Cash generated from operations		
Profit before taxation	1,046,027	1,053,492
Adjustments for :		
Depreciation	11,063	10,440
Amortisation of marketing support fee paid	7,505	6,886
Interest income	(28,683)	(54,599)
Interest expense	35	0
Changes in working capital		
- trade and other receivables	(286,474)	(328,570)
- inventories	(1,379,272)	593,395
- payables	273,427	(368,280)
Defined benefit obligations	6,095	4,976
Cash generated from operations	(350,277)	917,740

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>
Balance as at 1st January 2013	600,000	3,525,818	4,125,818
Profit for the period	Nil	769,857	769,857
Other comprehensive income for the period	Nil	-	-
Transactions with owners - Dividends	Nil	(360,000)	(360,000)
Balance as at 31st March 2013	600,000	3,935,675	4,535,675
Balance as at 1st January 2014	600,000	4,240,020	4,840,020
Profit for the period	Nil	763,640	763,640
Other comprehensive income for the period	Nil	-	-
Transactions with owners - Dividends	Nil	-	-
Balance as at 31st March 2014	600,000	5,003,660	5,603,660

Chevron Lubricants Lanka PLC

Notes to the Financial Statement for the period ended 31/03/2014

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 24th April 2014.

2 Basis of preparation

These condensed interim financial statements of Chevron Lubricants Lanka PLC are for the three months ended 31st March 2014. They have been prepared in accordance with LKAS 34. 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 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.

4 Net assets per share has been computed based on number of shares in issue as at 31/12/2013.

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

5.1 An interim Dividend of Rs. 4 per share was declared on 8th April 2014 to be payable on 2nd May 2014

6 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 2013.

7 Share price movement

The market prices during the quarter	2014	2013	Year ended 31.12.2013
Highest price Rs.	294.90	231.00	375.00
Lowest price Rs.	263.00	202.00	202.00
Last traded price Rs.	264.30	217.00	267.80

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

Notes to the Financial Statement for the year ended 31/03/2014 *Continued*

9 Names and the Number of Shares held by the largest 20 shareholders as at 31st March 2014 :

	Name of Shareholders	Shares	%
1	Chevron Ceylon Limited	61,200,000	51.00
2	HSBC INTL NOM LTD-SSBT WASATCH FRONTIER EMERGING SMALL Countries Fund	5,098,891	4.25
3	HSBC International Nominees Ltd-BPSS Lux Aberdeen Global- Asian smaller companies fund	4,583,245	3.82
4	HSBC International Nominees Ltd-BPSS Lux Aberdeen Global- Emerging markets smaller companies fund	3,288,829	2.74
5	Caceis Bank Luxembourg S/A BARCA GLOBAL MASTER FUND LPOGIER	2,716,306	2.26
6	HSBC International Nominees Ltd-BPSS London- Aberdeen Asia Smaller Comp Investment Trust	2,690,800	2.24
7	Employees Provident Fund	2,554,566	2.13
8	Citigroup Global Markets Limited Agency Trading Prop Securities A/C	2,366,042	1.97
9	BNYM SA/NV-BLACKROCK FRONTIERS INVESTMENT TRUST PLC	2,260,528	1.88
10	HSBC INTL NOM LTD-BP2S LUXEMBOURG-ABERDEEN GLOBAL FRONTIER MARKETS EQUITY FUND	1,830,800	1.53
11	Renuka Hotels Limited	1,400,000	1.17
12	Cargo Boat Development Company Limited	1,400,000	1.17
13	HSBC INTL NOM LTD-JPMCB-INVESTERINGSFORENINGEN BANKINVEST,AFD NEW EMERGING MARKETS AKTIER	1,340,344	1.12
14	HSBC INTL NOM LTD-SSBT ABERDEEN INSTITUTIONAL COMMINGLED FUNDS LLC	1,340,000	1.12
15	Mellon Bank N.A.- Florida Retirement system	1,300,000	1.08
17	Crescent Launderers & Dry Cleaners (Pvt) Ltd	1,000,000	0.83
16	RBC Investor services Bank- J O HAMBRO CAPITAL MANAGEMENT UMBRELLA FUND PLC- J O HAMBRO CAPITAL MANAGE	877,045	0.73
18	RBC Investor services Bank- Danske Invest- Global Emerging Markets small cap	772,976	0.64
19	Danske Bank A/S	650,000	0.54
20	CB NY S/A WASATCH FRONTIER EMERGING SMALL COUNTRIES CIT FUND	625,125	0.52
		99,295,497	82.74

10 Public Holding : **49%**

11 None of the Directors hold shares in the company except A.M.Anura Perera who holds 200 shares.

12 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
Commercial Bank

Web Address : www.chevron.lk

Email : contactus@chevron.com

Telephone : 94 11 4524524

Facsimile : 94 11 4524566