

CHEVRON LUBRICANTS LANKA PLC
INTERIM FINANCIAL STATEMENTS
30TH SEPTEMBER 2015

CHEVRON LUBRICANTS LANKA PLC

INTERIM FINANCIAL STATEMENTS - 30TH SEPTEMBER 2015

CONTENTS

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

Chevron Lubricants Lanka PLC

Interim Comprehensive Income Statement - by function of expenses

(Amounts in Rs.000's)

| | Note | Three months ended 30th September | | | Nine months ended 30th September | | |
|---|------|-----------------------------------|------------------|-----------|----------------------------------|------------------|----------|
| | | 2015 | 2014 | Change % | 2015 | 2014 | Change % |
| Revenue | | 2,997,614 | 3,082,532 | (3) | 8,605,987 | 8,777,145 | (2) |
| Cost of sales | | (1,621,325) | (1,821,522) | (11) | (4,756,175) | (5,120,336) | (7) |
| Gross profit | | 1,376,289 | 1,261,010 | 9 | 3,849,812 | 3,656,809 | 5 |
| Distribution costs | | (143,251) | (120,118) | 19 | (365,008) | (370,582) | (2) |
| Administrative expenses | | (145,524) | (153,007) | (5) | (382,922) | (400,124) | (4) |
| Other operating income | | 2,638 | 2,777 | (5) | 9,555 | 8,281 | 15 |
| Operating profit | | 1,090,152 | 990,662 | 10 | 3,111,437 | 2,894,384 | 7 |
| Finance income | | 48,147 | 25,366 | 90 | 119,386 | 90,356 | 32 |
| Finance costs | | (33) | 2 | (1,570) | (34) | (437) | (92) |
| Profit before income tax | | 1,138,266 | 1,016,030 | 12 | 3,230,789 | 2,984,303 | 8 |
| Income tax expense | | (303,502) | (266,124) | 14 | (856,175) | (795,455) | 8 |
| Profit for the period | | 834,764 | 749,906 | 11 | 2,374,614 | 2,188,848 | 8 |
| Total comprehensive income for the period | | 834,764 | 749,906 | 11 | 2,374,614 | 2,188,848 | 8 |
| Earnings per share attributable to the equity holders of the company during the year | | | | | | | |
| Basic earnings per share (expressed in LKR) | | 6.96 | 6.25 | | 19.79 | 18.24 | |

Notes -The above figures are not audited.

Figures in brackets indicate deductions.

Chevron Lubricants Lanka PLC

Interim Comprehensive Income Statement - *Continued*

(Amounts in Rs.000's)

| | Note | Three months ended 30th September | | | Nine months ended 30th September | | |
|--|------|-----------------------------------|----------------|-----------|----------------------------------|------------------|----------|
| | | 2015 | 2014 | Change % | 2015 | 2014 | Change % |
| Profit for the period | | 834,764 | 749,906 | 11 | 2,374,614 | 2,188,848 | 8 |
| Other comprehensive income: | | | | | | | |
| Actuarial (loss)/gain on retirement benefit obligations | | - | - | - | - | - | - |
| Tax on other comprehensive income | | - | - | - | - | - | - |
| Other Comprehensive (loss)/ income for the period | | - | - | - | - | - | - |
| Total comprehensive income for the period | | 834,764 | 749,906 | 11 | 2,374,614 | 2,188,848 | 8 |

Chevron Lubricants Lanka PLC
Interim Statement of Financial Position

(Amounts in Rs.000's)

| Note | 30th September 2015 | 31st December 2014 |
|-------------------------------------|------------------------|-----------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, Plant & Equipment | 2,175,481 | 2,243,616 |
| Trade and other receivables | 80,682 | 66,274 |
| | 2,256,163 | 2,309,890 |
| Current assets | | |
| Inventories | 1,410,064 | 1,746,241 |
| Trade and other receivables | 1,237,714 | 1,130,140 |
| Cash and cash equivalents | 2,820,747 | 1,290,528 |
| | 5,468,525 | 4,166,909 |
| Total assets | 7,724,688 | 6,476,799 |
| EQUITY AND LIABILITIES | | |
| Stated capital | 600,000 | 600,000 |
| Retained earnings | 5,653,824 | 4,599,210 |
| Total equity | 6,253,824 | 5,199,210 |
| Liabilities | | |
| Non-current liabilities | | |
| Retirement benefit obligations | 129,372 | 119,902 |
| Deferred tax liabilities | 154,366 | 101,595 |
| | 283,738 | 221,497 |
| Current liabilities | | |
| Trade and other payables | 606,703 | 652,962 |
| Current income tax liabilities | 580,423 | 403,130 |
| | 1,187,126 | 1,056,092 |
| Total liabilities | 1,470,864 | 1,277,589 |
| Total equity and liabilities | 7,724,688 | 6,476,799 |
| Net Assets per Share (Rs.) | 52.12 | 43.33 |

Note: The above figures are not audited.

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 2nd November 2015.

(Sgd) Kishu Gomes
 Managing Director / CEO
 2nd November 2015

(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 | |
|---|------|-----------------------------|--------------------|
| | | 2015 | 2014 |
| Cash flows from operating activities | | | |
| Cash generated from operations | (i) | 3,407,997 | 2,725,110 |
| Interest paid | | (33) | 437 |
| Retirement benefits paid | | (4,929) | (7,473) |
| Income tax paid | | (626,113) | (694,081) |
| Net cash generated from operating activities | | 2,776,922 | 2,023,993 |
| Cash flows from investing activities | | | |
| Purchase of Property, Plant & Equipment | | (38,495) | (736,246) |
| Proceeds from disposal of Property, Plant & Equipment | | 232 | 1,888 |
| Interest received | | 111,559 | 61,205 |
| Net cash used in investing activities | | 73,296 | (673,153) |
| Cash flows from financing activities | | | |
| Dividends paid | | (1,320,000) | (1,620,000) |
| Net cash used in financing activities | | (1,320,000) | (1,620,000) |
| Net increase / (decrease) in cash and cash equivalents | | 1,530,218 | (269,160) |
| Movement in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of period | | 1,290,529 | 2,485,174 |
| Increase in cash and cash equivalents | | 1,530,218 | (269,160) |
| Cash and cash equivalents at end of period | | 2,820,747 | 2,216,014 |

Note (i)

| | Period ended 30th September | |
|---|-----------------------------|------------------|
| | 2015 | 2014 |
| Cash generated from operations | | |
| Profit before taxation | 3,230,789 | 2,984,303 |
| Adjustments for : | | |
| Depreciation | 106,463 | 31,603 |
| Property, plant and equipment Writtenoff | 167 | 34.08 |
| Amortisation of marketing support fee paid | 18,011 | 22,260 |
| (Profit)/Loss on disposal of property, plant and equipment | (232) | (1,888) |
| Interest income | (111,559) | (61,205) |
| Interest expense | 33 | (437) |
| (Reversal of provision)/Provision for impairment on trade receivables | (2,757) | - |
| Changes in working capital | | |
| - trade and other receivables | (137,236) | (55,552) |
| - inventories | 336,177 | (180,994) |
| - payables | (46,259) | (31,301) |
| Defined benefit obligations | 14,400 | 18,286 |
| Cash generated from operations | 3,407,997 | 2,725,110 |

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 2014 | 600,000 | 4,240,020 | 4,840,020 |
| Profit for the period | Nil | 2,188,848 | 2,188,848 |
| Other comprehensive income for the period | Nil | Nil | Nil |
| Transactions with owners | | | |
| - Dividends | Nil | (1,080,000) | (1,080,000) |
| Balance as at 30th September 2014 | 600,000 | 5,348,868 | 5,948,868 |
| | | | |
| Balance as at 1st January 2015 | 600,000 | 4,599,210 | 5,199,210 |
| Profit for the period | Nil | 2,374,614 | 2,374,614 |
| Other comprehensive income for the period | Nil | Nil | Nil |
| Transactions with owners | | | |
| - Dividends | | (1,320,000) | (1,320,000) |
| Balance as at 30th September 2015 | 600,000 | 5,653,824 | 6,253,824 |

Chevron Lubricants Lanka PLC

Notes to the Financial Statement for the period ended 30/09/2015

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 2nd November 2015.

2 Basis of preparation

These condensed interim financial statements of Chevron Lubricants Lanka PLC are for the nine months ended 30th September 2015. 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 recognized as financial instruments. The initial and subsequent measurement basis of the said financial instruments should be the fair value and the amortized 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 30/09/2015.

5 Apart from the following disclosure, no circumstances have arisen since the Balance Sheet date, which would require adjustments to or disclosure in the Financial Statements.

The Finance Bill incorporating the Super Gain Tax as proposed in the Government Budget presented by the Minister of Finance on 29th January 2015 was passed by the Parliament on 20th October 2015 and certified by the Speaker on 30th October 2015.

As per the provisions of the Finance Bill, the Company would be liable to pay Rs.847,363, 811/- as Super Gain Tax in three equal instalments, which fall due on or before 31st October, 30th November and 31st December 2015.

No adjustment has been made to the interim financial statements as the Finance Bill had not been enacted as at the Balance Sheet date.

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 2014.

7 Share price movement

| The market prices during the quarter | 2015 | 2014 | Year ended 31.12.2014 |
|--------------------------------------|--------|--------|--------------------------|
| Highest price Rs. | 419.90 | 348.00 | 400.00 |
| Lowest price Rs. | 370.00 | 290.00 | 263.00 |
| Last traded price Rs. | 370.00 | 335.80 | 399.60 |

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

Notes to the Financial Statement for the year ended 30/09/2015 *Continued*

9 Names and the Number of Shares held by the largest 20 shareholders as at 30th September 2015 :

| | Name of Shareholders | Number of Shares | % |
|----|---|-------------------------|--------------|
| 1 | Chevron Ceylon Limited | 61,200,000 | 51.00 |
| 2 | HSBC INTL NOM LTD-SSBT WASATCH FRONTIER EMERGING SMALL COUNTRIES FUND | 6,300,185 | 5.25 |
| 3 | Citigroup Global Markets Limited Agency Trading Prop Securities A/C | 2,961,409 | 2.47 |
| 4 | BNYM SA/NV- Blackrock Frontiers Investment Trust PLC | 2,286,888 | 1.91 |
| 5 | HSBC International Nominees Ltd-SSBT-Aberdeen Institutional Commingled Funds, LLC | 1,880,000 | 1.57 |
| 6 | RBC Investor Services Bank- COELI SICAV I- FRONTIER MARKETS FUND | 1,864,851 | 1.55 |
| 7 | HSBC INTL NOM LTD-BP2S LUXEMBOURG-ABERDEEN GLOBAL FRONTIER MARKETS EQUITY FUND | 1,830,800 | 1.53 |
| 8 | HSBC International Nominees Ltd-BPSS Lux Aberdeen Global Asian Small companies fund | 1,675,287 | 1.40 |
| 9 | Caceis Bank Luxembourg S/A BARCA GLOBAL MASTER FUND LPOGIER | 1,607,208 | 1.34 |
| 10 | Renuka Hotels Limited | 1,400,000 | 1.17 |
| 11 | Cargo Boat Development Company Limited | 1,400,000 | 1.17 |
| 12 | HSBC INTL NOMINEES LTD-BP2S LONDON- ABERDEEN ASIA SMALLER COMPANIES INVESTMENT TRUST | 1,384,697 | 1.15 |
| 13 | Nothern Trust CO S/A- Nothern Trust Fiduciary Services (Ireland) Ltd AS TRUSTEE TO BARING ASEAN FRO | 1,272,128 | 1.06 |
| 14 | Nothern Trust Global Services London S/A VERDIPAPIRONDET ODIN EMERGING MARKETS | 1,256,947 | 1.05 |
| 15 | BNYM SA/NV-NEON LIBERTY EMERGING MARKETS FUND LP | 1,109,098 | 0.92 |
| 16 | Mellon Bank N.A.- Florida Retirement System | 1,095,406 | 0.91 |
| 17 | Employees Provident Fund | 1,007,958 | 0.84 |
| 18 | Crescent Launderers & Dry Cleaners (Pvt) Ltd | 1,000,000 | 0.83 |
| 19 | CB NY S/A WASATCH FRONTIER EMERGING SMALL COUNTRIES CIT FUND | 950,060 | 0.79 |
| 20 | HSBC International Nominees Ltd-SSBT-PARAMETRIC EMERGING MARKETS FUND | 920,603 | 0.77 |
| | | 94,403,525 | 78.68 |

10 Public Holding : 49%. The Number of shareholders representing the public holding was 3360.

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