

CHEVRON LUBRICANTS LANKA PLC
INTERIM FINANCIAL STATEMENTS
30TH JUNE 2014

CHEVRON LUBRICANTS LANKA PLC

INTERIM FINANCIAL STATEMENTS - 30TH JUNE 2014

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 Review

The second quarter earnings recorded an increase of 20% compared to last year corresponding period and earnings for the six months ended June'14 recorded an increase of 8% mainly due to increased gross margins. Increase in distribution expenses is attributed to the timing of the advertising & promotional expenditure, and transportation and rental expenses due to the inventory build up to facilitate the manufacturing plant transition.

YTD Finance income has declined by 55% compared to last year due to the utilization of cash reserves for the plant relocation related activities.

(Sgd) Kishu Gomes
Managing Director/ CEO

Chevron Lubricants Lanka PLC

Interim Comprehensive Income Statement - by function of expenses

(Amounts in Rs.000's)

	Three months ended 30th June			Six months ended 30th June		
	2014	2013	Change %	2014	2013	Change %
Revenue	2,705,788	2,424,942	12	5,694,614	5,592,631	2
Cost of sales	(1,550,831)	(1,511,378)	3	(3,298,814)	(3,479,316)	(5)
Gross profit	1,154,957	913,564	26	2,395,800	2,113,315	13
Distribution costs	(124,498)	(104,705)	19	(250,464)	(193,363)	30
Administrative expenses	(132,008)	(122,364)	8	(247,118)	(245,871)	1
Other operating income	4,113	2,640	56	5,504	3,466	59
Operating profit	902,564	689,136	31	1,903,722	1,677,546	13
Finance income	20,086	79,918	(75)	64,990	144,999	(55)
Finance costs	(404)	(18)	2,144	(439)	(18)	2,339
Profit before income tax	922,246	769,036	20	1,968,273	1,822,527	8
Income tax expense	(246,944)	(206,522)	20	(529,331)	(490,157)	8
Profit for the period	675,302	562,513	20	1,438,942	1,332,370	8
Total comprehensive income for the period attributable to the equity holders of the company during the year	675,302	562,513	20	1,438,942	1,332,370	8
Basic earnings per share (expressed in LKR)	5.63	4.69		11.99	11.10	

Notes -The above figures are not audited.

Figures in brackets indicate deductions.

Chevron Lubricants Lanka PLC

Interim Statement of Financial Position

(Amounts in Rs.000's)

	30th June 2014	31st December 2013
ASSETS		
Non-current assets		
Property, plant and equipment	1,690,414	1,296,651
Trade and other receivables	67,944	81,152
Deferred income tax assets	11,334	8,723
	1,769,692	1,386,526
Current assets		
Inventories	3,033,414	1,928,704
Trade and other receivables	1,472,710	1,252,068
Cash and cash equivalents	678,050	2,485,174
	5,184,174	5,665,946
Total assets	6,953,866	7,052,472
EQUITY AND LIABILITIES		
Capital & reserves		
Stated capital	600,000	600,000
Retained earnings	5,198,962	4,240,020
	5,798,962	4,840,020
Non-current liabilities		
Retirement benefit obligations	131,554	122,060
	131,554	122,060
Current liabilities		
Trade and other payables	406,845	1,599,802
Current income tax liabilities	616,505	490,590
	1,023,350	2,090,392
Total liabilities	1,154,904	2,212,452
Total equity and liabilities	6,953,866	7,052,472
Net Assets per Share (Rs.)	48.32	40.33

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 24th July 2014.

(Sgd) Kishu Gomes
Managing Director / CEO
24th July 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 30th June	
		2014	2013
Cash flows from operating activities			
Cash generated from operations	(i)	1,067	1,422,812
Interest paid		(439)	(18)
Retirement benefits paid		(2,696)	-
Income tax paid		(406,027)	(371,676)
Net cash generated from operating activities		(408,095)	1,051,118
Cash flows from investing activities			
Purchase of Property, Plant & Equipment		(416,084)	(166,237)
Proceeds from disposal of Property, Plant & Equipment		-	-
Interest received		37,055	122,387
Net cash used in investing activities		(379,029)	(43,850)
Cash flows from financing activities			
Dividends paid		(1,020,000)	(720,000)
Net cash used in financing activities		(1,020,000)	(720,000)
Net increase / (decrease) in cash and cash equivalents		(1,807,124)	287,268
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of period		2,485,174	2,517,244
Increase in cash and cash equivalents		(1,807,124)	287,268
Cash and cash equivalents at end of period		678,050	2,804,512

Note (i)

	Period ended 30th June	
	2014	2013
Cash generated from operations		
Profit before taxation	1,968,273	1,822,527
Adjustments for :		
Depreciation	22,320	20,915
Property, plant and equipment Writtenoff	-	-
Amortisation of marketing support fee paid	14,969	13,995
(Profit)/Loss on disposal of property, plant and equipment	-	0
Interest income	(37,055)	(122,387)
Interest expense	439	18
Changes in working capital		
- trade and other receivables	(222,403)	(177,354)
- inventories	(1,104,710)	(80,097)
- payables	(652,957)	(64,144)
Defined benefit obligations	12,191	9,339
Cash generated from operations	1,067	1,422,812

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	1,332,370	1,332,370
Other comprehensive income for the period	Nil	Nil	Nil
Transactions with owners			
- Dividends	Nil	(360,000)	(360,000)
Balance as at 30th June 2013	600,000	4,498,188	5,098,188
Balance as at 1st January 2014	600,000	4,240,020	4,840,020
Profit for the period	Nil	1,438,942	1,438,942
Other comprehensive income for the period	Nil	Nil	Nil
Transactions with owners			
- Dividends		(480,000)	(480,000)
Balance as at 30th June 2014	600,000	5,198,962	5,798,962

Chevron Lubricants Lanka PLC

Notes to the Financial Statement for the period ended 30/06/2014

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 July 2014.

2 Basis of preparation

These condensed interim financial statements of Chevron Lubricants Lanka PLC are for the six months ended 30th June 2014. They have been prepared in accordance 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 30/06/2014.

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

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.	295.00	375.00	375.00
Lowest price Rs.	265.00	217.00	202.00
Last traded price Rs.	295.00	295.10	267.80

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

Notes to the Financial Statement for the year ended 30/06/2014 *Continued*

9 Names and the Number of Shares held by the largest 20 shareholders as at 30th June 2014 :

	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	5,098,891	4.25
3	HSBC International Nominees Ltd-BPSS Lux Aberdeen Global- Asian smaller companies fund	4,164,700	3.47
4	Caceis Bank Luxembourg S/A BARCA GLOBAL MASTER FUND LPOGIER	2,716,306	2.26
5	HSBC International Nominees Ltd-BP2S London- Aberdeen Asia Smaller Comp Investment Trust	2,690,800	2.24
6	Employees Provident Fund	2,554,566	2.13
7	Citigroup Global Markets Limited Agency Trading Prop Securities A/C	2,546,042	2.12
8	HSBC International Nominees Ltd-BPSS Lux Aberdeen Global- Emerging markets smaller companies fund	2,288,829	1.91
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
16	Crescent Launderers & Dry Cleaners (Pvt) Ltd	1,000,000	0.83
17	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- COELI SCAV I- Frontier Markets Funds	861,678	0.72
19	Bank of Ceylon- No 2 A/C	775,800	0.65
20	Danske Bank A/S	650,000	0.54
		98,296,329	81.92

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