

CHEVRON LUBRICANTS LANKA PLC
INTERIM FINANCIAL STATEMENTS
30th SEPTEMBER 2022

CHEVRON LUBRICANTS LANKA PLC

INTERIM FINANCIAL STATEMENTS - 30TH SEPTEMBER 2022

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Chevron Lubricants Lanka PLC

Interim Comprehensive Income Statement - by function of expenses

(Amounts in Rs.000's)

	Note	Three months ended 30th September			Period ended 30th September		
		2022	2021	Change %	2022	2021	Change %
Revenue		6,030,513	5,195,853	16	19,906,077	12,311,385	62
Cost of sales		(3,640,172)	(3,453,833)	5	(11,321,876)	(7,746,439)	46
Gross profit		2,390,341	1,742,020	37	8,584,201	4,564,946	88
Distribution costs		(331,863)	(243,346)	36	(978,216)	(640,419)	53
Administrative expenses		(402,993)	(229,329)	76	(1,078,586)	(654,331)	65
Other operating income		64	740	(91)	1,603	7,423	(78)
Operating profit		1,655,549	1,270,085	30	6,529,002	3,277,619	99
Finance income		193,782	14,271	1,258	414,734	46,154	799
Finance costs	5	(56,449)	(33,071)	71	(2,963,378)	(106,503)	2,682
Profit before income tax		1,792,882	1,251,285	43	3,980,358	3,217,270	24
Income tax expense		(336,010)	(231,483)	45	(740,699)	(197,389)	275
Profit for the period		1,456,872	1,019,802	43	3,239,659	3,019,881	7
Earnings per share attributable to the equity holders of the company during the year							
Basic earnings per share (expressed in LKR)		6.07	4.25		13.50	12.58	

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			Period ended 30th September		
		2022	2021	Change %	2022	2021	Change %
Profit for the period		1,456,872	1,019,802	43	3,239,659	3,019,881	7
Other comprehensive income:							
Actuarial (loss)/gain on retirement benefit obligations		-	-	-	-	-	
Tax on other comprehensive income		-	-	-	-	-	
Other Comprehensive income for the period, net of tax		-	-	-	-	-	-
Total comprehensive income for the period		1,456,872	1,019,802	43	3,239,659	3,019,881	7

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)

Note	30th September 2022	31st December 2021
ASSETS		
Non-current assets		
Property, Plant & Equipment	1,533,135	1,661,480
Right of Use Asset - Leases	300,123	302,189
Trade and other receivables	60,419	63,972
	1,893,677	2,027,641
Current assets		
Inventories	6,033,611	3,759,673
Trade and other receivables	3,030,287	1,180,763
Cash and cash equivalents	7,270,648	4,025,116
	16,334,546	8,965,552
Total assets	18,228,223	10,993,193
EQUITY AND LIABILITIES		
Stated capital	600,000	600,000
Retained earnings	6,371,618	4,398,615
Total equity	6,971,618	4,998,615
Liabilities		
Non-current liabilities		
Retirement benefit obligations	222,135	205,136
Deferred tax liabilities	149,803	156,813
Lease Liabilities	324,869	310,244
	696,807	672,193
Current liabilities		
Trade and other payables	9,881,466	4,739,476
Current income tax liabilities	643,068	552,364
Lease Liabilities	35,264	30,545
	10,559,798	5,322,385
Total liabilities	11,256,605	5,994,578
Total equity and liabilities	18,228,223	10,993,193
Net Assets per Share (Rs.)	29.05	20.83

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)Yasora Kodagoda
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 01st November 2022

(Sgd)Najam Shamsuddin
Managing Director / Chief Executive
Officer

(Sgd) Erande De Silva
Director / Chief Financial Officer

01st November 2022

Chevron Lubricants Lanka PLC

Interim Statement of Cash Flows

(Amounts in Rs.000's)

	Note	Period ended 30th September	
		2022	2021
Cash flows from operating activities			
Cash generated from operations	(i)	4,811,162	3,632,244
Interest paid		(29,136)	(28,954)
Retirement benefits paid		(14,025)	(5,558)
Income tax paid		(1,445,742)	(472,746)
Net cash generated from operating activities		3,322,259	3,124,986
Cash flows from investing activities			
Purchase of Property, Plant & Equipment		(6,716)	(55,895)
Proceeds from disposal of Property, Plant & Equipment		-	9,428
Interest received		421,573	46,263
Net cash used in investing activities		414,857	(204)
Cash flows from financing activities			
Payment of Lease liabilities		(11,584)	(12,679)
Dividends paid		(480,000)	(2,160,000)
Net cash used in financing activities		(491,584)	(2,172,679)
Net increase / (decrease) in cash and cash equivalents		3,245,532	952,103
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of period		4,025,116	1,898,556
Increase in cash and cash equivalents		3,245,532	952,103
Cash and cash equivalents at end of period		7,270,648	2,850,659

Note (i)

	Period ended 30th September	
	2022	2021
Cash generated from operations		
Profit before taxation	3,980,358	3,217,270
Adjustments for :		
Depreciation on property, plant and equipment	135,061	137,378
Depreciation on right-of-use assets	32,993	36,134
Property, plant and equipment Writtenoff	-	10
Amortisation of marketing support fee paid	19,507	18,530
(Profit)/Loss on disposal of property, plant and equipment		(6,562)
Interest income	(414,734)	(46,154)
Interest expense	29,136	28,954
(Reversal of provision)/Provision for impairment on trade receivables	-	-
Defined benefit obligations	31,382	23,941
Changes in working capital	-	-
- trade and other receivables	(1,872,316)	(665,268)
- inventories	(2,273,938)	(1,380,504)
- payables	5,143,713	2,268,515
Cash generated from operations	4,811,162	3,632,244

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 at 1st January 2021	600,000	3,580,188	4,180,188
Profit for the period	Nil	3,019,881	3,019,881
Other comprehensive income for the period	Nil	-	-
Transactions with owners - Dividends	Nil	(2,160,000)	(2,160,000)
Unclaimed Dividends transferred to Retained Earnings		2,599	2,599
Unaudited balance as at 30th September 2021	600,000	4,442,668	5,042,668
Balance as at 1st January 2022	600,000	4,398,615	4,998,615
Adjustment for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022		(788,737)	(788,737)
Adjusted Balance as at 1st January 2022	600,000	3,609,878	4,209,878
Profit for the period	Nil	3,239,659	3,239,659
Other comprehensive loss for the period	Nil	-	-
Transactions with owners - Dividends		(480,000)	(480,000)
Unclaimed Dividends transferred to Retained Earnings		2,081	2,081
Unaudited balance as at 30th September 2022	600,000	6,371,618	6,971,618

Chevron Lubricants Lanka PLC

Notes to the Financial Statement for the period ended 30/09/2022

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 Level 16, MAGA ONE, 200 Nawala Road, Narahenpita, Colombo 5.

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 01st November 2022.

2 Basis of preparation

These condensed interim financial statements of Chevron Lubricants Lanka PLC for the period ended 30th September 2022, do not include all the information required for full annual financial statements. They have been prepared in accordance with LKAS 34 and with those SLFRS and IFRIC interpretations issued and effective at the time of their preparation and applicable for interim financial statements.

Further, the tax liability arising from the Surcharge Tax Act No: 14 of 2022 has been accounted as recommended by the Addendum to Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under the note on Income Taxes

3 Accounting policies

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

4 Net assets per share has been computed based on number of shares in issue as at 30/09/2022.

5 Finance Cost

	Three months ended 30th September		Period ended 30th September	
	2022	2021	2022	2021
Interest charge on lease liabilities	(10,730,203)	(9,441,538)	(29,135,118)	(28,948,394)
Interest expense on bank overdraft	(831)		(831)	(5,249)
Foreign exchange transaction and translation losses (refer (a) below)	(45,718,435)	(23,629,428)	(2,934,242,364)	(77,549,308)
	<u>(56,449,469)</u>	<u>(33,070,966)</u>	<u>(2,963,378,313)</u>	<u>(106,502,951)</u>

(a) Due to the acute foreign currency liquidity shortage in the Country's banking system, the Company carried a considerable proportion of USD denominated Trade and other payables, which were being settled based on availability of USD through its Banks. Trade and other payables were re-valued at an exchange rate of 299 (LKR/USD) as at 31st March 2022 and 367 (LKR/USD) as at 30th June 2022 based on the foreign exchange rate reported by the Central Bank of Sri Lanka. However, consequent to the Central Bank of Sri Lanka allowing greater flexibility in exchange rates, the LKR further depreciated against USD. The foreign exchange rate reported by the Central Bank of Sri Lanka as at 30th September 2022 was 369.91 (LKR/USD). As a result the company recorded a net foreign exchange transaction (realized) and translation (unrealized) loss amounting to Rs. 45,718,435 for the interim period between 1st July and 30th September 2022 and Rs.2,934,242,364 for the interim period 1st January to 30th September 2022.

6 Income Taxes

(a) Consequent to the Government of Sri Lanka proposing a one time Surcharge Tax in its budget proposals for 2022, the Surcharge Tax Act, No.14 of 2022 was certified on 08 April 2022. The Surcharge Tax Act imposed a tax on any Individual, Partnership or Company, whose taxable income calculated in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017, exceeds rupees two thousand million, for the year of assessment commenced on 1 April 2020 at the rate of twenty five per centum on the taxable income of such Individual, Partnership or Company, for such year of assessment.

According to the Act the Surcharge Tax liability was to be paid in two equal instalments on or before the twentieth day of April 2022 and twentieth day of July 2022. The Surcharge Tax shall be deemed to be an expenditure in the financial statements relating to the Year of Assessment 2020/21. It is also mentioned that no deduction shall be granted in calculating the taxable income under the inland revenue act No.24 of 2017, for any year of assessment for the payment of the Surcharge Tax.

The Surcharge Tax liability of the Company in total was Rs. 788,736,629.50. Accordingly, the first installment of Rs. 394,368,314.75 was paid on 20th April 2022. The 2nd installment of Rs. 394,368,314.75 was paid on 20th July 2022. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is accounted as recommended by the Addendum to SoAT on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, on 10th August 2022. Accordingly, the total Surcharge Tax of Rs. 788,736,629.50 was recognized in the Statement of Changes in Equity as an adjustment to the 01st January 2022 opening retained earnings.

7 Other than those disclosed below, no events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, the financial statements.

(a) Income Tax

The following disclosure is made reference to LKAS 12 - Income Taxes (Paragraph 88) and LKAS 10 - Events After the Reporting Period (Paragraph 22 (h))

The Government of Sri Lanka issued a Gazette on 11th October 2022 presenting an "Inland Revenue (Amendment) Bill" to amend the Inland Revenue Act, No. 24 of 2017. The Bill proposes to revise the Standard Corporate Income Tax Rate from 24% to 30%, whilst current concessionary Corporate Income Tax Rate for gains and profits from Manufacturing (18%) and Exports (14%) have been proposed to be discontinued with effect from 01st October 2022. The proposed Tax rate revision (Standard Corporate Income Tax rate of 30%) would also have an impact on the measurement of the Company's Deferred Income Tax Liabilities with effect from 01.10.2022. The Bill is yet to be considered enacted or substantially enacted as at the date of these interim financial statements were authorized for release. The Company has applied 18% on gains and profits from Manufacturing, 14% on gains and profits from Exports and 24% for all other sources of Business Income and 24% for Investment Income during the Interim period ended 30th September 2022 and during the comparative period in financial year 2021. The Deferred Income Tax liabilities have been measured by the Company on an average effective tax rate of approximately 18% as at 30th September 2022.

8 There has not been a significant change in the nature of the contingent Liabilities which were disclosed in the Financial Statements for the year ended 31st December 2021.

9 Share price movement

The market prices during the quarter	2022	2021	Year ended 31.12.2021
Highest price Rs.	113.50	121.00	121.00
Lowest price Rs.	68.00	103.00	86.60
Last traded price Rs.	107.00	106.75	113.00

10 Stated Capital is represented by 240,000,000 ordinary Shares.

Notes to the Financial Statement for the year ended 30/09/2022 *Continued*

11 Names and the Number of Shares held by the largest 20 shareholders as at 30th September 2022 :

	Name of Shareholders	Number of Shares	%
1	CHEVRON CEYLON LIMITED	122,400,000	51.00
2	BNYM RE-BARCA GLOBAL MASTER FUND LP	12,931,372	5.39
3	RENUKA HOTELS PLC	5,201,918	2.17
4	SSBT-CHANGE GLOBAL FRONTIER MARKETS,LP	4,930,007	2.05
5	CARGO BOAT DEVELOPMENT COMPANY PLC	3,417,818	1.42
6	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	3,400,000	1.42
7	NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	2,340,816	0.98
8	COMMERCIAL BANK OF CEYLON PLC/METROCORP (PVT) LTD	2,000,009	0.83
9	CRESCENT LAUNDERERS AND DRY CLEANERS PVT LIMITED	2,000,000	0.83
10	HATTON NATIONAL BANK PLC/ELAYATHAMBY THAVAGNANASUNDARAM	1,869,789	0.78
11	BNYM RE- PIONEER MULTI-ASSET INCOME FUND	1,752,813	0.73
12	MR. W.G.D.C. RANAWEERA	1,682,027	0.70
13	MRS. A. SELLIAH	1,600,000	0.67
14	BANK OF CEYLON NO. 1 ACCOUNT	1,272,121	0.53
15	MR. M.M.C. COORAY	1,265,002	0.53
16	BANK OF CEYLON-NO2 A/C (BOC PTF)	1,216,941	0.51
17	MR. A.P. SOMASIRI	1,110,000	0.46
18	MRS. A. KAILASAPILLAI	1,100,000	0.46
19	EMPLOYEE'S PROVIDENT FUND	1,015,916	0.42
20	MR. S.N.P. PALIHENA	1,000,000	0.42
		173,506,549	72.30

12 Public Holding : 49%. The Number of shareholders representing the public holding was 9498

Compliant with CSE Rule 7.13.1 under option 1 - Float Adjusted Market Capitalization (Rs.)

12,583,200,000

13 None of the Directors hold shares in the company

14 Mr. Najam Shamsuddin 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 Lubricants Lanka PLC
Level 16, MAGA ONE,
200, Nawala Road,
Narahenpita ,Colombo 5

Directors

Rochna Kaul - Chairperson
Najam Shamsuddin - Managing Director / CEO
Erande De Silva
Haider Manasawala
Asite Talwatte
Harsha Cabral

Secretary

Erande De Silva
Chevron Lubricants Lanka PLC
Level 16, MAGA ONE,
200, Nawala Road,
Narahenpita ,Colombo 5

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.371, R.A. De Mel Mawatha, Colombo 03

Principal Bankers

Citibank NA
Deutsche Bank AG
Commercial Bank of Ceylon PLC

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