

CHEVRON LUBRICANTS LANKA PLC
INTERIM FINANCIAL STATEMENTS
31st DECEMBER 2022

CHEVRON LUBRICANTS LANKA PLC

INTERIM FINANCIAL STATEMENTS - 31ST DECEMBER 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 31st December			Period ended 31st December		
		2022	2021	Change %	2022	2021	Change %
Revenue		4,668,653	4,554,926	2	24,574,730	16,866,311	46
Cost of sales		(2,959,763)	(2,941,422)	1	(14,281,639)	(10,687,861)	34
Gross profit		1,708,890	1,613,504	6	10,293,091	6,178,450	67
Distribution costs		(331,459)	(304,319)	9	(1,309,675)	(944,738)	39
Administrative expenses		(405,021)	(223,819)	81	(1,483,607)	(878,150)	69
Other operating income		501	279	80	2,104	7,701	(73)
Operating profit		972,911	1,085,645	(10)	7,501,913	4,363,263	72
Finance income		161,246	39,955	304	575,980	86,109	569
Finance costs	5	(108,769)	(10,156)	971	(3,072,147)	(116,659)	2,533
Profit before income tax		1,025,388	1,115,444	(8)	5,005,746	4,332,713	16
Income tax expense	6	(594,340)	(209,215)	184	(1,335,039)	(406,604)	228
Profit for the period		431,048	906,229	(52)	3,670,707	3,926,109	(7)
Earnings per share attributable to the equity holders of the company during the year							
Basic earnings per share (expressed in LKR)		1.80	3.78		15.29	16.36	

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 31st December			Period ended 31st December		
		2022	2021	Change %	2022	2021	Change %
Profit for the period		431,048	906,229	(52)	3,670,707	3,926,109	(7)
Other comprehensive income:							
Actuarial (loss)/gain on retirement benefit obligations		(55,547)	11,883	-	(55,547)	11,883	
Tax on other comprehensive income		16,664	(2,164)	-	16,664	(2,164)	
Other Comprehensive income for the period, net of tax		(38,883)	9,719	-	(38,883)	9,719	-
Total comprehensive income for the period		392,165	915,947	(52)	3,631,824	3,935,828	(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	31st December 2022	31st December 2021
ASSETS		
Non-current assets		
Property, Plant & Equipment	1,588,866	1,661,480
Right of Use Asset - Leases	341,532	302,189
Trade and other receivables	70,328	63,972
	2,000,726	2,027,641
Current assets		
Inventories	5,178,418	3,759,673
Trade and other receivables	1,955,975	1,180,763
Cash and cash equivalents	3,876,290	4,025,116
	11,010,683	8,965,552
Total assets	13,011,409	10,993,193
EQUITY AND LIABILITIES		
Stated capital	600,000	600,000
Retained earnings	5,563,783	4,398,615
Total equity	6,163,783	4,998,615
Liabilities		
Non-current liabilities		
Retirement benefit obligations	282,787	205,136
Deferred tax liabilities	234,198	156,813
Lease Liabilities	358,186	310,244
	875,171	672,193
Current liabilities		
Trade and other payables	5,011,466	4,739,476
Current income tax liabilities	926,112	552,364
Lease Liabilities	34,877	30,545
	5,972,455	5,322,385
Total liabilities	6,847,626	5,994,578
Total equity and liabilities	13,011,409	10,993,193
Net Assets per Share (Rs.)	25.68	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 27th February 2023

(Sgd)Bertram Paul
Managing Director / Chief Executive
Officer

(Sgd)Erande De Silva
Director / Chief Financial Officer

27 February 2023

Chevron Lubricants Lanka PLC

Interim Statement of Cash Flows

(Amounts in Rs.000's)

	Note	Period ended 31st December	
		2022	2021
Cash flows from operating activities			
Cash generated from operations	(i)	2,811,672	5,967,747
Interest paid		(45,738)	(38,973)
Retirement benefits paid		(20,262)	(5,558)
Income tax paid		(1,655,978)	(645,291)
Net cash generated from operating activities		1,089,694	5,277,925
Cash flows from investing activities			
Purchase of Property, Plant & Equipment		(106,827)	(89,218)
Proceeds from disposal of Property, Plant & Equipment		-	9,532
Interest received		582,819	81,191
Net cash used in investing activities		475,992	1,505
Cash flows from financing activities			
Payment of Lease liabilities		(34,512)	(32,870)
Dividends paid		(1,680,000)	(3,120,000)
Net cash used in financing activities		(1,714,512)	(3,152,870)
Net increase / (decrease) in cash and cash equivalents		(148,826)	2,126,560
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		(148,826)	2,126,560
Cash and cash equivalents at end of period		3,876,290	4,025,116

Note (i)

	Period ended 31st December	
	2022	2021
Cash generated from operations		
Profit before taxation	5,005,746	4,332,714
Adjustments for :		
Depreciation on property, plant and equipment	179,440	182,613
Depreciation on right-of-use assets	47,444	47,602
Property, plant and equipment Writtenoff	-	37
Amortisation of marketing support fee paid	25,449	24,892
(Profit)/Loss on disposal of property, plant and equipment	0	(6,302)
Interest income	(575,980)	(86,109)
Interest expense	45,738	38,973
(Reversal of provision)/Provision for impairment on trade receivables	-	-
Defined benefit obligations	42,366	30,572
Changes in working capital	-	-
- trade and other receivables	(813,855)	(80,497)
- inventories	(1,418,745)	(1,068,977)
- payables	274,071	2,552,229
Cash generated from operations	2,811,672	5,967,747

Chevron Lubricants Lanka PLC

Interim Statement of Changes in Equity

(Amounts in Rs.000's)

	Stated Capital	Retained Earnings	Total Equity
Balance at 1st January 2021	600,000	3,580,188	4,180,188
Profit for the period	Nil	3,926,109	3,926,109
Other comprehensive income for the period	Nil	9,719	9,719
Transactions with owners - Dividends	Nil	(3,120,000)	(3,120,000)
Unclaimed Dividends transferred to Retained Earnings		2,599	2,599
Audited balance as at 31st December 2021	600,000	4,398,615	4,998,615
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	3,670,707	3,670,707
Other comprehensive loss for the period	Nil	(38,883)	(38,883)
Transactions with owners - Dividends		(1,680,000)	(1,680,000)
Unclaimed Dividends transferred to Retained Earnings		2,081	2,081
Unaudited balance as at 31st December 2022	600,000	5,563,783	6,163,783

Chevron Lubricants Lanka PLC

Notes to the Financial Statement for the period ended 31/12/2022

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 27 February 2023.

2 Basis of preparation

These condensed interim financial statements of Chevron Lubricants Lanka PLC for the period ended 31st December 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 31/12/2022.

5 Finance Cost	Three months ended 31st December		Period ended 31st December	
	2022	2021	2022	2021
Interest charge on lease liabilities	(16,602,242)	(10,019,629)	(45,737,360)	(38,968,022)
Interest expense on bank overdraft			(831)	(5,249)
Interest on long-outstanding intercompany trade bills	(33,562,833)	-	(33,562,833)	-
Foreign exchange transaction and translation losses (refer (a) below)	(58,604,161)	(136,554)	(2,992,846,525)	(77,685,860)
	<u>(108,769,236)</u>	<u>(10,156,183)</u>	<u>(3,072,147,549)</u>	<u>(116,659,131)</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 & 371.61 (LKR/USD) as at 31st December 2022. As a result the company recorded a net foreign exchange transaction (realized) and translation (unrealized) loss amounting to Rs. 58,604,161 for the interim period between 1st October 2022 and 31st December 2022 and Rs.2,992,846,525 for the period 1st January 2022 to 31st December 2022.

6 Income Taxes & Deferred Tax

(a) Surcharge Tax

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.

(b) Income Tax

The Inland Revenue (Amendment) Act No.45 of 2022 was certified on 19th December 2022 and published through Gazette on 23rd December 2022. The IR (Amendment) Act No. 45 of 2022, First Schedule paragraph 04 (1) specified subject to subparagraphs (2), (2A), and (3), the taxable income of a company for a year of assessment (a) prior to January 1, 2020 shall be taxed at the rate of

28%, (b) with effect from January 1, 2020, but prior to April 1, 2022, shall be taxed at the rate of 24%, (c) shall be taxed at the rate of 24% for first six months of the year of assessment commencing on April 1, 2022, and for second six months of the same year of assessment at the rate of 30%, and (d) with effect from April 1, 2023 shall be taxed at the rate of 30%. Further, in Section 38 Paragraph (1) it is stated that persons other than Individuals may use pro-rata basis for the calculation of Business Income, 50% for the first six months and 50% for the second six months to arrive the taxable income for such two periods.

Based on the IR (Amendment) Act No. 45 of 2022 the Company has used the pro-rata basis to arrive at the 50% taxable income for the first six months and 50% taxable income for the second six months for gains and profits generated during the calendar year of accounting (01st January to 31st December 2022). Tax Rates of 18% for gains and profits from Manufacturing, 14% for gains and profits from Export of Goods, 24% for all other sources of Business Income and Investment Income have been applied for the pro-rated 50% taxable income for the first six months, whilst 30% Tax rate has been applied for the 50% pro-rated taxable income for the second six months period in computing and accounting the tax liability.

However, Chevron Lubricants Lanka PLC being a Company which maintains its financial statements for a calendar year (January to December), is seeking clarification from the Department of Inland Revenue whether the revised tax rate enacted through the IR (Amendment) Act No.45 of 2022 and which is applicable to the Company, could be applied with effect from 01st October 2022 (for the three months period of its Calendar Year of Accounting 01st October 2022 to 31st December 2022).

(c) Deferred Tax

Consequent to the enactment of the Inland Revenue (Amendment) Act, No.45 of 2022, The Company has used a Tax Rate of 30% in computing and accounting the Deferred Tax Expense and Deferred Tax Liability in these condensed interim financial statements for the period ended 31st December 2022.

7 No events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, the financial statements.

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 31.12.2022
Highest price Rs.	116.25	117.00	137.00
Lowest price Rs.	83.00	104.50	60.00
Last traded price Rs.	96.50	113.00	96.50

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

Notes to the Financial Statement for the year ended 31/12/2022 *Continued*

11 Names and the Number of Shares held by the largest 20 shareholders as at 31st December 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	MR. W.G.D.C. RANAWEERA	2,473,700	1.03
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	NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	1,954,055	0.81
11	BNYM RE- PIONEER MULTI-ASSET INCOME FUND	1,752,813	0.73
12	MRS. A. SELLIAH	1,600,000	0.67
13	HATTON NATIONAL BANK PLC/ELAYATHAMBY THAVAGNANASUNDARAM	1,461,371	0.61
14	BANK OF CEYLON NO. 1 ACCOUNT	1,272,121	0.53
15	BANK OF CEYLON-NO2 A/C (BOC PTF)	1,216,941	0.51
16	MR. M.M.C. COORAY	1,210,000	0.50
17	MR. L.E. BADER	1,185,772	0.49
18	MR. A.P. SOMASIRI	1,110,000	0.46
19	MRS. A. KAILASAPILLAI	1,100,000	0.46
20	EMPLOYEE'S PROVIDENT FUND	1,015,916	0.42
		173,633,813	72.33

12 Public Holding : 49%. The Number of shareholders representing the public holding was 9403

Compliant with CSE Rule 7.13.1 under option 1 - Float Adjusted Market Capitalization (Rs.) **11,348,400,000**

13 None of the Directors hold shares in the company

14 Mr. Bertram Paul 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

Najam Shamsuddin - Chairperson
Bertram Paul - 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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