



Mirror Business

MAY 26, 2014

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**CREDIT DILEMMA:
MONETARY AND FINANCIAL
SYSTEM STABILITY
IN SRI LANKA PAGE 5**



**CAN MODI MAKE
INDIA THE NEW
CHINA?
PAGE 2**

**FORGET APPS, OLD-SCHOOL
MOBILES RING IN
A COMEBACK PAGE 6**

Rs. 215 million, up 14 percent to 1.

The group recorded an other income of Rs. 331 million against Rs. 16 million in the previous year.

In August, last year, Chemanex issued shares from its 70 percent-owned subsidiary Chemcel (Pvt.) Ltd to Archer Daniels Midland Europe BV for a consideration of US \$ 12.25 million, making the latter the controlling shareholder with a 66 percent stake.

The net finance expenses during the period rose to Rs. 15 million from Rs. 1.5 million, while the administrative expenses fell 29 percent YoY to Rs. 110 million.

Other operating expenses rose 285 percent YoY to Rs. 16 million mainly due to a loss on share transfer.

The diluted earnings per share for the year stood at Rs. 17.91 from a loss per share of Rs. 1.24 reported in the previous year.

A segmental analysis showed the chemicals segment of the group making increased revenue of Rs. 62.6 million against Rs. 561.5 million. The segment reported pre-tax profit of Rs. 43 million against pre-tax loss of Rs. 35 million.



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Ceylon Tobacco files appeal application to Supreme Court

Ceylon Tobacco Company PLC (CTC), the unit of British American Tobacco, which holds a monopoly on tobacco products in Sri Lanka, said it is making an appeal to the Supreme Court over the judgment delivered by the Court of Appeal that mandated the company to include pictorial health warnings on its cigarette packets.

In the judgment as read out in open court, it was held that the regulations relating to pictorial warnings on cigarette packets by the government should be

amended, reducing the size of the graphic health warning from the proposed 80 percent to 50-60 percent.

As reported by Daily Mirror a couple of weeks back, the court also directed CTC to use only 40 percent of the surface area for trademarks.

According to CTC, the ruling by the Court of Appeal to amend the government regulations on labelling and packaging was made on the basis of the court recognizing the significance of trademarks to consumers as well as manufacturers.

"However, the judgment does not provide clear or adequate directions on the remaining requirements under the said regulation," CTC said in a stock market disclosure.

"Therefore, in these circumstances, today (May 23) CTC filed Special Leave to Appeal Application No. 85/2014 in the Supreme Court," the company said.

However, the judgment does not provide clear or adequate directions on the remaining requirements under the said regulation

Changing city landscape



AN ICE CREAM VENDOR AND A PINEAPPLE VENDOR ARE SEEN TAKING A BREAK NEXT TO AN OLD CANON ON THE SEA FRONT OF GALLE FACE. IN THE BACKGROUND ARE THE GANTRY CRANES OF THE NEWLY OPENED COLOMBO INTERNATIONAL CONTAINER TERMINAL, A JOINT VENTURE COMPANY BETWEEN CHINA MERCHANTS HOLDINGS (INTERNATIONAL) CO., LTD AND THE SRI LANKA PORTS AUTHORITY (SLPA), UNDER A 35-YEAR BUILD, OPERATE AND TRANSFER AGREEMENT WITH THE SLPA.

PICT BY KUSHAN PATHIRAJA

LIOC 4Q NET CONTRACTS 10% BUT FY13/14 NET UP 65%

Lanka IOC PLC (LIOC), the local unit of the Fortune 500 company Indian Oil Corporation Limited, saw its net profit for the 4Q14 contracting by as much as 10 percent to Rs. 722.8 million from a year earlier, the interim results showed.

The earnings per share thus reduced to 136 cents from 151 cents.

This is despite its revenues rising by a similar percentage to Rs. 21.2 billion during the period.

However, the company made an operating profit of Rs. 815.3 million, up by a marginal 3 percent from a year ago.

Meanwhile, the company increased its net profits for the year ended March 31, 2014 (FY 2013/14) by as much as 66 percent to Rs. 4.8 billion from a revenue

by the increase in the domestic sales by many of its product categories but the company's performance in the export front was disappointing.

The domestic sales were up 21 percent year-on-year (YoY) to Rs. 68.9 billion, while the export revenues were down by 29 percent YoY to Rs. 12.8 billion.

Despite much optimism to double its lube export income for FY 2013/14, the company in fact saw its lube sales coming down by as much as 57 percent YoY to Rs. 37.3 million.

As the second largest petroleum products distributor in Sri Lanka, the firm generated the largest portion of its revenue from Lanka auto diesel, which



LIOC Managing Director Subodh Dakwale said the firm's lube blending plant in Trincomalee is now in full operation

would introduce Euro 03 diesel from 2014 onwards.

Meanwhile, its 90 octane petrol sales declined by around Rs. 5.0 billion to Rs. 16.5 billion but the demand appears to have shifted towards 92 octane petrol.

bunkering operations (down 7.0 percent) and Rs. 7.1 billion from bitumen (down 2.2 percent).

LIOC, the country's second largest lube distributor, increased its lube revenue by 33.0 percent to Rs. 2.2 billion.

This is perhaps due to franchising the distribution of its lube brand SERVO through SERVO shops, which has now grown in excess of 80 across the island.

Meanwhile, LIOC Managing Director Subodh Dakwale said the firm's lube blending plant in Trincomalee is now in full operation and therefore they had to import only a small quantity.

As of March 31, 2014 Indian Oil

Etisalat Lanka introduces nationwide HD Voice technology to enhance call clarity

Etisalat Lanka, the leading mobile telecom innovator in Sri Lanka, announced the launch of nationwide High Definition Voice Technology (HD Voice) for the first time in Sri Lanka, enabling the next stage of mobile phone connectivity in the country.

The Sri Lankan mobile data market is expected to continue to grow over the next few years, yet the primary mode of communication to date is voice. As consumer interest in HD Audio and Video technology increases, the same technology

digital signal processing technology to capture and transmit higher-quality sound. As HD Voice works with a wider frequency, excess noise is stripped out enabling the voice to be clearer, capturing its natural variations that are not detected in traditional audio standards. Overall, the use of HD Voice technology enables to filter the background noise and allows the caller to hear a clearer and crisp voice.

"Superior audio quality does not have to be an expensive solution, as a matter of fact, it is offered free