

Petroleum Trading Lao Public Company

Interim financial statements

(UNAUDITED)

As at for the three-months period ended 31 March 2018

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Petroleum Trading Lao Public Company

GENERAL INFORMATION

THE COMPANY

Petroleum Trading Lao Public Company (the Company) is a listed company in the Lao Securities Exchange and incorporated and resident in Lao PDR. The Company was incorporated and registered with the Ministry of Industry and Commerce on 3 October 2008.

The Company's head office is located at Kamphaeng Mueang Street, Phonthan village, Xaysettha district, Vientiane capital, Lao PDR. The Company also has 5 depot branches which are located in Vientiane capital, Bolikhamxay, Savannakhet, Sayyabouly and Champasack provinces, Lao PDR.

The Company acquired 99.99% of interest in Petroleum Trading Lao Company Limited which is incorporated in Thailand in June 2016.

The principle activities of the Company are to distribute fuel and petroleum products.

This interim financial statements was authorised for issue by the Board of Directors on 28 May 2018.

BOARD OF DIRECTORS

Members of the Board of Directors during the period and at the date of this report are:

Mr.	Vang Rattanavong	Chairman (*)
Mrs.	Savanhthong Phongsavanh	Vice Chairman
Mr.	Chanthone Sitthixay	Vice Chairman
Mrs.	Daly Pholsena	Director (*)
Mr.	Nouphan Mahaphone	Director (*)
Mrs.	Chanthadom Meksavanh	Director
Mr.	Bounthanh Chittavong	Director
Mr.	Phoxay Chanthavongsa	Director
Mr.	Viengkhone Sitthixay	Director

(*) Independent Directors.

MANAGEMENT

Members of the management of the Company during the period and at the date of this report are:

Mr.	Chanthone Sitthixay	Chief Executive Officer
Mrs.	Chanthadom Meksavanh	Acting Chief Financial Officer
Mr.	Phoxay Chanthavongsa	Internal Auditor
Mr.	Bounthanh Chittavong	Acting Chief Operating Officer
Mr.	Takounsin Xaphackdy	Director of Commercial
Mr.	Bounyuen Duangsone	Director of Administration
Mrs.	Sengduean Kiosouvath	Director of Accounting

AUDIT COMMITTEE

Members of the audit committee during the year and at the date of this report are:

Mr.	Vang Rattanavong	Chairman
Mrs.	Daly Pholsena	Vice Chairman
Mr.	Nouphan Mahaphone	Member

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr Chanthone Sitthixay, Vice Chairman and Chief Executive Officer.

AUDITOR

The auditor of the Company is **PricewaterhouseCoopers (Lao) Sole Company Limited**.

Petroleum Trading Lao Public Company

GENERAL INFORMATION

The management of Petroleum Trading Lao Public Company ("the Company") presents its report and the Company's interim financial statements for the three-month period ended 31 March 2018.

STATEMENT OF THE MANAGEMENT' RESPONSIBILITY IN RESPECT OF THE INTERIM FINANCIAL STATEMENTS

The Company's management is responsible for the preparation of the interim financial statements which have been prepared in accordance with the accounting policies as described in the interim financial statements. These accounting policies are not intended to present the financial position, the results of operations and the cash flows of the Company in accordance with international generally accepted accounting principles. In preparing those interim financial statements, the Company's management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the interim financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

The Company's management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and for ensuring that the interim financial statements comply with the selected accounting policies. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company's management has confirmed that the Company has complied with the above requirements in preparing the accompanying interim financial statements.

APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying interim financial statements for the three-month period ended 31 March 2018, which are prepared in accordance with the accounting policies as described in the interim financial statements.

On behalf of the Company's management:

Chanthone Sitthixay
Chief Executive Officer

Vientiane Capital, Lao PDR
28 May 2018

PETROLEUM TRADING LAO PUBLIC COMPANY

INTERIM BALANCE SHEET
AS AT 31 March 2018

Currency: LAK

	Notes	*31 March 2018 Unaudited*	*31 December 2017 Audited*
Assets			
Current assets			
Cash and cash equivalents	5	3,270,677,902	6,141,225,204
Trade receivables, net	6	109,799,180,690	104,381,039,410
Inventories, net	7	11,909,566,783	10,096,414,860
Short-term loan to related parties		40,998,143,271	16,337,608,447
Other current assets	13	59,415,812,149	57,513,852,989
Total current assets		**225,393,380,795**	**194,470,140,910**
Non-current assets			
Property, plant and equipment, net	9	335,144,881,946	267,953,215,076
Intangible assets, net	10	4,898,042,136	7,790,533,967
Investment properties, net	11	113,609,020,456	180,903,625,951
Long-term loans to related parties		-	24,471,734,824
Investment in subsidiary, net	12	11,970,113,505	11,970,113,505
Other non-current assets	14	41,568,827,261	43,830,266,136
Total non-current assets		**507,190,885,304**	**536,919,489,459**
Total assets		**732,584,266,099**	**731,389,630,369**

Chanthone Sitthixay
Chief Executive Officer
Date: 28 May 2018

Chanthadom Meksavanh
Acting Chief Finance Officer
Date: 28 May 2018

The notes to the interim financial statements on pages 9 to 23 form an integral part of these interim of financial Statement.

PETROLEUM TRADING LAO PUBLIC COMPANY

INTERIM BALANCE SHEET (CONTONUE)
AS AT 31 March 2018

Currency: LAK

	Notes	*31 March 2018 Unaudited*	*31 December 2017 Audited*
Liabilities and shareholder's equity			
Liabilities			
Current liabilities			
Trade payables	14	50,578,999,057	30,519,608,379
Tax payables	15	4,597,730,236	3,050,165,847
Short-term borrowings	16	279,207,655,020	274,031,960,000
Other current liabilities	17	9,602,764,588	7,419,791,132)
Total current liabilities		**343,987,148,901**	**315,021,525,358)**
Non-current liabilities			
Long-term borrowings	16	24,737,880,000	32,600,000,000
Total non-current liabilities		**24,737,880,000**	**32,600,000,000**
Total liabilities		**368,725,028,901**	**347,621,525,358**
Shareholders' equity			
Share capital	19	470,000,000,000	470,000,000,000
Share premium		27,638,932,340	27,638,932,340
Retained earnings			
Appropriated-legal reserve		5,685,798,691	5,685,798,690
Un-appropriated		(139,465,493,833)	(119,556,626,019)
Total shareholders' equity		**363,859,237,198**	**383,768,105,012**
Total liabilities and shareholders' equity		**732,584,266,099**	**731,389,630,369**

Chanthone Sitthixay
Chief Executive Officer
Date: 28 May 2018

Chanthadom Meksavanh
Acting Chief Finance Officer
Date: 28 May 2018

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PETROLEUM TRADING LAO PUBLIC COMPANY

INTERIM INCOME STATEMENTS
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2018

Currency: LAK

	Notes	*For the three-month Period 31 March 2018*	*For the three-month Period 31 March 2017*
		Unaudited	*Audited*
Sales	21	297,718,250,011	237,793,884,152
Cost of sales		(285,578,979,203)	(224,192,103,443)
Gross profit		**12,139,270,808**	**13,601,780,708**
Other incomes	22	3,179,659,355)	56,736,271,200
Selling expenses		(6,092,456,582)	(5,769,081,940)
Administrative expenses		(13,601,136,470)	(19,501,449,358)
Other expenses		-	(20,949,370,931)
Operating profit (loss)		**(4,374,662,889)**	**(24,118,149,679)**
Finance incomes		-	2,708,669,151
Finance expenses	23	(15,534,204,924)	(14,487,356,402)
Profit (loss) before income tax		**(19,908,867,813)**	**(12,339,462,418)**
Income tax expenses	25	-	(2,344,497,861)
Profit/loss for the period		**(19,908,867,813)**	**9,994,964,567**
Earnings per share			
Basic earnings per share		(84)	42

Chanthone Sitthixay
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Date: 28 May 2018

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Date: 28 May 2018

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PETROLEUM TRADING LAO PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY (CONTONUE)
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2018

Currency: LAK

		Register contributed charter capital	*Share premium reserve*	*Appropriated Legal reserves*	*Other reserve fund*	*Unappropriated retained earnings*	*Total*
Opening balance 1 January 2017 - Audited	19	**470,000,000,000**	**27,638,932,340**	**3,708,530,711**	**1,977,267,979**	**(119,556,626,019)**	**383,768,105,011**
Loss for the period		-	-	-	-	(19,908,867,813)	(19,908,867,813)
Closing balance as at 31 March 2018 – Unaudited		**470,000,000,000**	**27,638,932,340**	**3,708,530,711**	**1,977,267,979**	**(139,465,493,832)**	**363,859,237,198**

Chanthone Sitthixay
Chief Executive Officer
Date: 28 May 2018

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Acting Chief Finance Officer
Date: 28 May 2018

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PETROLEUM TRADING LAO PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY (CONTONUE)
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2018

Currency: LAK

		Register contributed charter capital	*Share premium reserve*	*Appropriated Legal reserves*	*Other reserve fund*	*Unappropriated retained earnings*	*Total*
Opening balance 1 January 2017 - Audited	19	**470,000,000,000**	**27,638,932,340**	**1,977,267,979**	**1,977,267,979**	**9,016,262,732**	**510,609,731,030**
Loss for the period		-	-	-	-	(119,556,626,019)	(119,556,626,019)
Appropriation		-	-	1,731,262,732	-	(1,731,262,732)	-
Dividend paid		-	-	-	-	(7,285,000,000)	(7,285,000,000)
Closing balance as at 31 March 2018 – Unaudited		**470,000,000,000**	**27,638,932,340**	**3,708,530,711**	**1,977,267,979**	**(119,556,626,019)**	**383,768,105,011**

Chanthone Sitthixay
Chief Executive Officer
Date: 28 May 2018

Chanthadom Meksavanh
Acting Chief Finance Officer
Date: 28 May 2018

The notes to the interim financial statements on pages 9 to 23 form an integral part of these interim of financial Statement.

PETROLEUM TRADING LAO PUBLIC COMPANY

INTERIM STATEMENTS OF CASH FLOW
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2018

	Notes	*For the three-Month Period 31 March 2018 Unaudited*	*Currency: LAK For the three-Month Period 31 March 2017 Audited*
Cash flow from operating activities:			
Profit before tax		**19,908,867,813**	**12,339,462,428**
Adjustments for:			
Depreciation and amortisation	10,11, 12	4,156,000,857	6,244,103,203
Provision for doubtful debts		5,355,565,589	-
Profits from investing activities		-	-
Interest expenses	23	6,714,250,593	6,260,486,243
Operating profit (loss) before working capital changes		**36,134,684,852**	**24,844,051,874**
(Increase)/decrease in trade and other receivables		(7,320,100,440)	(39,798,273,663)
(Increase)/decrease inventories		1,813,151,923	43,200,871,236
(Increase)/decrease in prepaid expenses		24,176,446,341	37,669,346,163
Interest received		864,864,999	1,304,633,725
Interest Paid		(6,714,250,593)	(6,260,486,243)
Corporate income tax paid	25	-	-
Decrease/(increase) in trade and other payables		(6,723,259,409)	(113,379,774,790)
Net cash generated from operating activities		**(42,231,537,673)**	**(52,419,631,698)**
Cash flows from investing activities :			
Acquisitions of fixed assets		(30,099,487,655)	(11,650,242,727)
Loans to other companies		-	-
Collection of loans to the related parties		-	-
Net cash (used in) /from investing activities		**(30,099,487,655)**	**(11,650,242,727)**

PETROLEUM TRADING LAO PUBLIC COMPANY

INTERIM STATEMENTS OF CASH FLOW (CONTINUE)
FOR THE THREE - MONTH PERIOD ENDED 31 MARCH 2018

	Notes	*For the three - Month Period 31 March 2018 Unaudited*	*Currency: LAK For the three - Month Period 31 March 2017 Audited*
Cash flows from financing activities :			
Proceeds from borrowings		864,683,318	-
Repayment of borrowings		(3,150,000,000)	(4,200,000,000)
Dividends paid		-	-
Net cash flows (used in) financing activities		**(2,285,316,682)**	**(4,200,000,000)**
Net increase/(decrease) in cash and cash equivalents		**(74,616,342,010)**	**(68,269,874,425)**
Cash and cash equivalent at the beginning of the period		**77,887,019,912**	**77,446,458,912**
Cash and cash equivalent at the end of the period	5	**3,270,677,902**	**9,176,584,487**

Chanthone Sitthixay
Chief Executive Officer
Date: 28 May 2018

Chanthadom Meksavanh
Acting Chief Finance Officer
Date: 28 May 2018

The notes to the interim financial statements on pages 9 to 23 form an integral part of these interim of financial Statement

1. General information

Petroleum Trading Lao Public Company (the Company) is a listed company in the Lao Securities Exchange and incorporated and resident in Lao PDR. The Company was incorporated and registered with the Ministry of Industry and Commerce on 3 October 2008.

The Company's head office is located at KamphaengMueang Street, Phonthan village, Xaysettha district, Vientiane capital, Lao PDR. The Company also has 5 depot branches which are located in Vientiane capital, Bolikhamxay, Savannakhet, Sayyabouly and Champasack provinces, Lao PDR.

The Company acquired 99.99% of interest in Petroleum Trading Lao Company Limited which is incorporated in Thailand in June 2016.

The principle activities of the Company are to distribute fuel and petroleum products.

This interim financial statement was authorised for issue by the Board of Directors on 28 May 2017.

This interim financial statement has been reviewed, not audited.

2. Basis of preparation and accounting policies

The condensed interim financial statement was prepared in accordance with the Company's accounting policies as described in more details in the annual financial statements for the three-month period 31 March 2018. The interim financial statement (i.e. statements of financial position, statements of income, statements of changes in shareholder's equity and statements of cash flows) are in accordance with the reporting and disclosure regulation issued by Lao Securities and Exchange Commission Office.

According to the Accounting Law and Regulation on accounting and auditing in securities sector under Securities Commission Office in Lao P.D.R., all listed companies are required to prepare its financial statements in accordance with International Financial Reporting Standards (IFRSs) as generally accepted accounting principles. At present, Securities Commission Office is still flexible and allows listed companies to apply their own significant accounting policies, but they also encourage listed companies to fully adopt the IFRSs as it will be enforced in the future. In Lao PDR, there are significant differences between the Company's' own accounting policies and the IFRSs, in many areas such as property, plant and equipment, leases, employee benefit, borrowing, current and deferred income tax, financial instruments, and financial statements, business combinations, and pre-operation costs. Hence, users of the financial statements should therefore be aware and understand these differences and how these will affect their interpretation and decision making.

The interim financial statement should be read in conjunction with the annual financial statements for the three-month period 31 March 2018.

Fiscal year

The Company's fiscal year starts on 1 January and ends on 31 December.

3. Estimates

The preparation of condensed interim financial statement requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates.

In preparing this interim financial statement, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the three-month period 31 March 2018.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash comprises cash on hand and cash at banks.

Receivables

Receivables are presented in the interim financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. Amounts for doubtful of collection and bad debts are included in the operating expense account in the interim income statement.

The following policy on the provision rates is applied in creating provision for doubtful debts:

Age of receivables	*Rate of provision (%)*
From 6 months to 1 year	30
From 1 to 2 years	50
Above 2 years	100

Prepaid expenses

Prepaid expenses are recognized when paid. Prepayments are amortized over the period for which the amounts are paid or the period in which economic benefits is generated in relation to these expenses.

Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realizable value.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventory which are valued based on cost of purchase on first-in, first-out basis.

Provision for decline in value of inventories

An inventory provision is created for the estimated loss arising due to the impairment of value (through diminution, damage, obsolescence, etc,) of inventories owned by the Company, based on appropriate evidence of impairment available at the reporting date.

Increases and decreases to the provision balance are recorded into the cost of goods sold in the interim income statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset consists of purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the income statement. When an item of tangible fixed asset is sold or retired, their cost and accumulated depreciation are removed from the interim balance sheet and any gain or loss resulting from their disposal is included in the interim income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of an intangible fixed asset comprises of its purchase price and any directly attributable costs of preparing the intangible fixed asset for its intended use. Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the interim income statement as incurred. When intangible fixed assets are sold or retired, their costs and accumulated amortisation are removed from the interim balance sheet and any gain or loss resulting from their disposal is included in the interim income statement.

Land use rights

Land use rights are recorded as intangible assets at acquisition cost and upon the transfer of legal title on land use rights certificate. Land use rights with infinite term are not amortised.

Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

A lease is classified as a finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised in the reporting date at the inception of the lease at the fair value of the leased assets or, if lower, at the net present value of the minimum lease payments. The principal amount included in future lease payments under finance leases are recorded as a liability. The interest amounts included in lease payments are charged to the income statement over the lease term to achieve a constant rate on interest on the remaining balance of the finance lease liability.

Capitalised financial leased assets are depreciated using straight-line basis over the shorter of the estimated useful lives of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Depreciation and amortisation

Depreciation of tangible fixed assets and intangible assets are calculated on a straight-line basis over their estimated useful life of each asset as follows:

Building and renovation	10 - 20 years
Plant and machinery	5 years
Transportation vehicles	5 - 10 years
Furniture, fittings and office equipment	5 years
Software	5 years
Land use rights with infinite term	No amortization

No depreciation is recorded for assets under construction until the construction and installation is completed at which time the related costs are transferred to fixed assets.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are stated at cost including transaction costs less accumulated depreciation and/or amortization.

Subsequent expenditure relating to an investment property that has already been recognized is added to the net book value of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the Company.

Depreciation and amortization of investment properties are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings	10 years
Infinite land use rights	No amortization

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the assets is recognized in the interim income statement in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The transfer from investment property to owner-occupied property or inventories does not change the cost or the carrying value of the property for subsequent accounting at the date of change in use.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recorded as expense during the year in which they are incurred, except to the extent that they are capitalized as explained in the following paragraph.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset.

Payables and accruals

Trade and other payables are recognized for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

Statutory fuel-price stabilizing reserve fund

The Company is under an obligation to pay a fixed amount per litter of fuel imported to the fuel-price stabilizing reserve to the Government.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Value added tax

Value added tax is the tax liability determined on revenue for the year computed using the applicable tax rate for the year after netting deductible value added tax input.

Corporate income tax

Corporate income tax is the expected tax payable which is computed on the following basis:

- Before 2014: using the deemed tax method, i.e. based on volume of fuel sold, multiplied with the deemed profit tax amount per litter of fuel sold, and any adjustments to tax payable in respect of previous years; and
- Since 2014: estimated taxable income for the year, using tax rate enacted at the reporting date and applicable to the reporting period, and any adjustments to tax payable in respect of previous years.

Personal income tax

Personal income tax is the tax payable on salaries paid to employees for the period determined using applicable tax rate for the period.

Charter capital

Charter capital is recognized at the registered amount in the Company's Business License. Charter capital includes contributed and the un-contributed capital which is also recognised as other receivables from owners at the reporting date.

Charter capital contribution in form of land use rights and buildings is made at an amount agreed between the Company and its shareholders in the capital contribution minutes.

Retained earnings are capitalized into contributed charter capital under approval of shareholders.

Share premium reserve

The share premium is recognized upon issuance of additional shares, at a surplus between the offering price of additional share issuance and the par value, after deduction of share issuance cost (such as underwriting fees and other relevant valuation, consulting costs).

In accordance with guidance under the Letter No. 056/LSCO issued by Lao Securities Commission Office on 28 April 2015, the Company was allowed to distribute 75% of share premium from the Company's initial public offering, after deduction of relevant share issuance costs, to the founding shareholders of the Company.

Appropriation of net profits

Net profit after tax is available for appropriation to shareholders after approval by the shareholders in the annual general meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Lao's regulatory requirements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transaction

The financial statements are presented in Lao kip ("LAK"). Transactions in currencies other than LAK are initially recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the reporting date. All differences are taken to interim income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transactions.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sale of fuel and lubricant

Revenue from fuel and lubricant is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Interest

Revenue is recognised on an accrual basis using the effective interest method, unless collectability is in doubt.

Rental income

Rental income arising from operating leases is accounted for on a straight line basis over the terms of the lease.

5. Cash and cash equivalents

Currency: LAK

	31 March 2018 ***Unaudited***	**31 December 2017** ***Audited***
Cash on hand	166,486,950b	161,258,860
Cash at bank *	3,104,190,952	5,979,966,344
	3,270,677,902	**6,141,225,204**

6. Trade receivables, net

Currency: LAK

	31 March 2018 ***Unaudited***	**31 December 2017** ***Audited***
Trade receivables from related parties (Note 23,iii)	43,458,479,049	43,502,729,774
Trade receivables-third parties	71,696,267,230	66,233,875,225
Less: Allowance doubtful account	(5,355,565,589)	(5,355,565,589)
	109,799,180,690	**104,381,039,410**

7. Inventories, net

Currency: LAK

	31 March 2018 *Unaudited*	31 December 2017 *Audited*
Fuel	9,548,250,576	7,442,665,919
Lubricant	1,356,204,526	1,351,643,042
Office supply	1,184,356,958	1,481,351,176
Less: Allowance for impairment based on net realisable value	(179,245,277)	(179,245,277)
	11,909,566,783	**10,096,414,860**

8. Other current assets

Currency: LAK

	31 March 2018 *Unaudited*	31 December 2017 *Audited*
Other receivables - related parties (Note 22,iii)	37,903,101,486	36,631,272,840
Advance to suppliers	12,370,058,621	12,483,871,506
Deposits to suppliers	7,911,978,168	7,163,417,449
Advance to employees	83,819,382	88,436,702
Advance profit tax payment	1,146,854,492	1,146,854,492
	59,415,812,149	**57,513,852,989**

9. Property, plant and equipment, net

Currency: LAK

	31 March 2018 *Unaudited*
Opening net book values at 1 January 2017 - Audited	279,291,812,622
Additions	30,105,776,950
Disposals	(6,289,295)
Transfer-out	(24,046,751,806)
Depreciation charge	(21,250,245,765)
Closing net book value as at 31 March - Unaudited	**264,094,302,706**

During three-month period ended 31 March 2018, the land use rights have been reclassified from intangible asset to property plant and equipment, since landownership were formally transferred to the Company.

10. Intangible assets, net

	Currency: LAK 31 March 2018 Unaudited
Opening net book value as at 1 January 2017 – Audited	5,371,462,051
Additions	3,295,075,823
Amortisation charge	(1,105,752,371)
Closing net book value as at 31 March 2018 - Unaudited	**7,560,785,504**

11. Investment properties, net

	Currency: LAK 31 March 2018 Unaudited
Opening net book value as at 1 January 2017 – Audited	190,128,282,291
Depreciation charge	(10,240,752,884)
Closing net book value as at 31 March 2018 - Unaudited	**179,887,529,406**

12. Investment in subsidiary

	Currency: LAK 31 March 2018 *Unaudited*	31 December 2017 *Audited*
Prepaid land rental	34,991,589,215	37,263,028,136
Advance for gas stations	6,577,238,046	6,567,238,000
	41,568,827,261	**43,830,266,136**

13. Other current asset

	Currency: LAK 31 March 2018 *Unaudited*	31 December 2017 *Audited*
Other receivables	37,903,101,486	36,631,272,840
Advance to suppliers	12,370,058,621	12,483,871,506
Deposits to suppliers	7,911,978,168	7,163,417,449
Advance to employees	83,819,382	88,436,702
Advance profit tax payment	1,146,854,492	1,146,854,492
	59,415,812,149	**57,513,852,989**

14. Trade payables

Currency: LAK

	31 March 2018 *Unaudited*	31 December 2017 *Audited*
Trade payables	40,187,069,978	23,424,359,361
Trade payables – related parties (Note 26, iii)	10,391,929,079	7,095,249,018
	50,578,999,057	**30,519,608,379**

15. Tax payables

Currency: LAK

	31 March 2018 *Unaudited*	31 December 2017 *Audited*
Value Added Tax payables	4,241,419,913	2,815,382,720
Personnel income tax payables	-	-
Other taxes and statutory payables (*)	356,310,323	234,783,127
	4,597,730,236	**3,050,165,847**

(*) Other taxes and statutory payables mainly consist of road tax, excise tax, import tax, statutory fuel-price stabilizing reserve fund.

16. Borrowings

Currency: LAK

	31 March 2018 *Unaudited*	31 December 2017 *Audited*
Current		
Borrowings from financial institutions	254,585,535,020	274,031,960,000
Non-current		
Borrowings from financial institutions	49,360,000,000	32,600,000,000
	303,945,535,020	**306,631,960,000**

17. Other current liabilities

Currency: LAK

	31 March 2018 *Unaudited*	31 December 2017 *Audited*
Advance from customers	6,181,995,404	2,317,457,896
Other accrued and payables	3,420,769,184	5,102,333,236
	9,602,764,588	**7,419,791,132**

18. Share capital

	Number of Shares Shares	Ordinary Shares LAK	Share Premium LAK	Total LAK
At 1 January 2016	**235,000,000**	**470,000,000,000**	**27,638,932,340**	**497,403,932,340**
Issue of shares	-	-	-	-
At 31 December 2016	**235,000,000**	**470,000,000,000**	**27,638,932,340**	**497,403,932,340**
Issue of shares				
Less Treasury shares	-	-	-	-
At 31 March 2018	**235,000,000**	**470,000,000,000**	**27,638,932,340**	**497,403,932,340**

Shares of the Company (under the ticker "PTL") have been officially listed in Lao Securities Exchange since 10 December 2014, in accordance with Listing License No. 005 dated 26 November 2014. The par value of the share is LAK 2,000.

19. Legal Reserve

Legal reserve is set-up in accordance with the Enterprise Law of the Lao PDR which requires the appropriation of profit as a legal reserve of at least 10% of the annual profit until such reserve reaches 50% of authorised share capital.

21. Sales

Currency: LAK

	31 March 2018 *Unaudited*	31 December 2017 *Audited*
Sales fuel	297,430,442,785	898,746,590,982
Sales lubricant	287,807,227	1,179,931,811
	297,718,250,011	**899,926,522,793**

22. Other Income

Currency: LAK

	31 March 2018 *Unaudited*	31 December 2017 *Audited*
Rental incomes	1,233,093,485	3,656,558,031
Interest incomes	864,864,999	3,428,662,266
Gain on disposals	-	-
Profit on disposal of PPE	-	19,034,400
Gain on foreign exchange	851,491,905	5,962,638,963
Other incomes	230,208,966	2,177,823,207
	3,179,659,355	**15,244,716,866**

23. Finance Expenses

Currency: LAK

	31 March 2018 *Unaudited*	31 December 2017 *Audited*
Interest expenses	6,714,250,593	24,772,575,773
Loss on foreign exchange rate	8,819,954,331	26,335,529,417
	15,534,204,924	**51,108,105,190**

24. Signification expenses by nature

Currency: LAK

	31 March 2018 *Unaudited*	31 December 2017 *Audited*
Cost of fuel sold	285,190,618,326	854,508,812,715
Cost of leasing activities	364,135,904	1,505,036,849
Cost of lubricant sold	388,360,877	939,356,945
Labor costs	3,750,384,161	16,764,758,676
Depreciation and amortization expenses	5,601,326,774	21,675,882,166
Bank charges	596,036,151	5,721,067,413
Professional fees	854,433,848	4,063,138,920
Operating costs for representative offices	2,090,994,689	9,399,671,394
Provision for doubtful debt	-	718,066,073
Rental expenses	104,635,793	595,693,460
Repair and maintenance expenses	239,189,150	2,068,380,857
Advertising expenses	1,379,483,120	2,722,380,018
Transportation expenses	4,712,973,462	18,307,506,027
Ware house rental expenses	-	5,913,401,010
	305,272,572,255	**944,903,152,523**

25. Income taxes

The tax privileges given to LSX listed companies mean the Company is entitle to a further reduction to the rate of 5% during the initial 4 years from the date of Company's registration in Lao Securities Exchange (commencing from the year 2014 to 2017) in accordance with the Enactment of the President of Lao PDR regarding Income Tax and Fee for Securities and Exchange, No. 1/ President, date 28 December 2010 and the Tax Law issued on 15 December 2015.

26. Related party transactions

Enterprise and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Related parties also include (a) associates and individuals owning, directly or indirectly, a voting interest in the Company that gives them significant influence over the enterprise, (b) key management personnel, including directors and officers of the Company and their close family members, and (c) companies associated with those under (a) and (b).In considering each possible related party relationship, attentions is directed to the substance of the relationship, and not merely the legal form.

The following material transactions were between related parties.

i) Sales of goods and services

		Currency: LAK
	31 March 2018 Unaudited	**31 December 2017 Audited**
Sales of goods to:		
Other related parties	29,848,890,909	218,355,369,650
Sales of service to:		
Other related parties	1,233,093,484	6,354,847,876.77

ii) Purchases of goods and services

		Currency: LAK
	31 March 2018 Unaudited	**31 December 2017 Audited**
Purchase of services from:		
Subsidiaries	-	5,913,401,010
Other related parties	4,698,873,462	18,018,813,504
	4,698,873,462	**23,932,214,515**

iii) Outstanding balances arising from sales/purchases of goods/services

		Currency: LAK
	31 March 2018 Unaudited	**31 December 2017 Audited**
Receivables from:		
Key management	22,497,682,340	22,497,682,340
Other related parties	94,868,302,983	70,065,957,430
	117,365,985,323	**92,563,639,770**

iii) Outstanding balances arising from sales/purchases of goods/services (Continue)

		Currency: LAK
	31 March 2018 Unaudited	**31 December 2017 Audited**
Payables to:		
Subsidiaries	-	-
Key management	-	-
Other related parties	10,391,929,079	7,095,249,018
	10,391,929,079	**7,095,249,018**

iv) Borrowing from related parties

		Currency: LAK
	31 March 2018 Unaudited	**31 December 2017 Audited**
Affiliate:		
Phongsavanh Bank		
i) Short-term borrowings	127,545,600,000	122,793,600,000
ii) Long-term borrowings	120,869,935,020	125,158,360,000
	248,415,535,02o	**247,951,960,000**

v) Loan to related parties

		Currency: LAK
	31 March 2018 Unaudited	**31 December 2017 Audited**
Loan to:		
Key management	38,099,943,271	28,476,665,570
Other related parties	2,709,400,000	9,623,277,700.00
	40,809,343,271	**38,099,943,271**

Loan to key management and other related parties has no interest fee but with specified repayment date.

vi) Key management compensation

The compensations paid to key management are as follows:

		Currency: LAK
	31 March 2018 Unaudited	**31 December 2017 Audited**
Salaries and others	89,0000,000	358,000,000

27. Commitments and contingencies

Operating lease commitments – where the Company is the lease.

The Company lease land under non-cancellable operating lease agreements. The minimum lease commitment as at the balance sheet dates under the operating lease agreements is as follows:

Currency: LAK

	31 March 2018 *Unaudited*	31 December 2017 *Audited*
Less than 1 year	52,546,719,811	9,698,040,000
From 1-5 years	4,463,704,000	5,170,324,420
More than 5 years	21,408,388,000	21,598,107,708
	78,418,811,811	**36,466,471,128**

Operating lease commitment where the Company is the lessor

The Company leases out gas stations and office under operating lease arrangements. The minimum future rental receivables as at the balance sheet dates under these operating lease agreements are as below:

Currency: LAK

	31 March 2018 *Unaudited*	31 December 2017 *Audited*
Less than 1 year	1,261,310,671	1,968,000,000
From 1-5 years	9,277,689,329	9,840,000,000
More than 5 years	-	699,000,000
	10,539,000,000	**12,507,000,000**

28. Supplementary information

The figures shown in related condensed the interim financial statement below are only additional information particularly for comparative balance of 31 March 2018 and 31 March 2018 of the Company's financial information. This is in accordance with the reporting and disclosure regulation issued by Lao Securities and Exchange Commission Office.

Statement of income for the three-month period 31 March 2018 and 2016;

Currency: LAK

	For the three-month Period 31 March 2018 Unaudited	*For the three-month Period 31 March 2017 Audited*
Sales	297,718,250,011	237,793,884,152
Cost of sales	(285,578,979,203)	(224,192,103,443)
Gross profit	**(12,139,270,808)**	**13,601,780,709**
Other incomes	3,179,659,355	56,736,271,200
Selling expenses	(6,092,456,582)	(5,769,081,940)
Administrative expenses	(13,601,136,470)	(19,501,449,358)
Other expenses	-	(20,949,370,931)
Profit (loss) before income tax	**(4,374,662,889)**	**(24,118,149,680)**
Finance incomes	-	2,708,669,151
Finance expenses	(15,534,204,924)	(14,487,356,402)
Profit(loss) before income tax	**(19,908,867,813)**	**12,339,462,429**
Income tax expenses	-	(2,344,497,861)
Profit for the period	**(19,908,867,813)**	**9,994,964,567**