

Petroleum Trading Lao Public Company

Interim Consolidated Financial Information
(Unaudited)
For the Three-month period ended 30 March 2019

PETROLEUM TRADING LAO PUBLIC COMPANY AND ITS SUBSIDIARIES

INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2019

CONTENTS

	Page (s)
General Information	1 - 2
Interim consolidated statement of financial position	3 – 4
Interim consolidated statement of income	5
Interim consolidated statement of changes in equity	6
Interim consolidated statement of cash flows	7 – 8
Condensed notes to the interim consolidated financial information	9 -17

Petroleum Trading Lao Public Company and its subsidiaries
Interim consolidated statement of financial position
As at 31 March 2019

	Notes	Unaudited 31 March 2019 LAK	Audited 31 December 2018 LAK
Assets			
Current assets			
Cash and cash equivalents	4	5,536,994,377	12,515,355,962
Trade receivables, net	5	125,367,071,866	113,542,704,386
Inventories, net	6	24,745,373,831	16,522,614,854
Short-term loan to related parties	19.5	20,003,151,171	19,094,118,588
Other current assets	7	54,667,276,591	56,999,775,130
Total current assets		**230,319,867,836**	**218,674,568,920**
Non-current assets			
Property, plant and equipment, net	8	341,470,400,302	345,402,928,369
Intangible assets, net	9	7,089,414,372	7,336,408,537
Investment properties, net	10	87,291,147,287	87,547,072,916
Long-term loans to related parties	19.5	14,221,460,441	17,312,564,683
Other non-current assets	11	44,791,121,195	45,996,195,879
Total non-current assets		**494,863,543,597**	**503,595,170,384**
Total assets		**725,183,411,433**	**722,269,739,304**

Chanthone Sitthixay
Chief Executive Officer

Date: 17 May 2019

Chanthadom Meksavanh
Acting Chief Finance Officer

Date: 17 May 2019

Petroleum Trading Lao Public Company and its subsidiaries
Interim consolidated statement of financial position
As at 31 March 2019

	Notes	31 March 2019 LAK	31 December 2018 LAK
Liabilities and equity			
Liabilities			
Current liabilities			
Trade accounts payable	12	66,728,864,925	66,682,803,047
Tax payables	13	8,783,884,309	4,287,040,765
Short-term borrowings	14	246,929,073,905	272,970,740,000
Other current liabilities	15	38,734,965,157	32,357,726,680
Total current liabilities		**361,176,788,296**	**376,298,310,492**
Non-current liabilities			
Long-term borrowings	14	64,420,746,095	33,480,000,000
Total non-current liabilities		**64,420,746,095**	**33,480,000,000**
Total liabilities		**425,597,534,391**	**409,778,310,492**
Equity			
Share capital	16	470,000,000,000	470,000,000,000
Share premium	16	27,638,932,340	27,638,932,340
Common control reserve		(898,908,935)	(898,908,935)
Translation		679,323,525	544,522,558
Accumulated loss			
Appropriated-legal reserve		3,708,530,711	3,708,530,711
Other reserve		1,977,267,979	1,977,267,979
Unappropriated		(205,573,980,697)	(192,505,936,248)
Equity attributble to owners of the parent		**297,531,164,923**	**310,464,408,405**
Non-controlling interest		2,054,712,119	2,027,020,407
Total equity		**299,585,877,042**	**312,491,428,812**
Total liabilities and equity		**725,183,411,433**	**722,269,739,304**

Chanthone Sitthixay
Chief Executive Officer

Date: 17 May 2019

Chanthadom Meksavanh
Acting Chief Finance Officer

Date: 17 May 2019

The accompanying notes on page 9 to 17 are an integral part of these interim consolidated financial statements.

Petroleum Trading Lao Public Company and its subsidiaries
Interim consolidated statement of income
For the three-month period ended 31 March 2019

	Notes	Unaudited 31 March 2019 LAK	Unaudited 31 March 2018 LAK
Sales		292,024,891,599	297,718,250,011
Cost of sales		(272,286,406,080)	(285,578,979,203)
Gross profit		**19,738,485,519**	**12,139,270,808**
Other income		1,750,957,447	2,328,167,451
Other gain(loss), net		(6,014,921,244)	(7,968,462,426)
Selling expenses		(5,215,262,720)	(6,092,456,582)
Administrative expenses		(14,929,436,059)	(14,229,781,363)
Operating loss		**(4,670,177,057)**	**(13,823,262,112)**
Finance expense		(6,507,215,280)	(6,714,250,593)
Net loss before income tax expenses		**(11,177,392,337)**	**(20,537,512,705)**
Income tax expenses	17	(1,862,960,399)	-
Net loss for the period		**(13,040,352,736)**	**(20,537,512,705)**
Loss attributable to			
Owners of the parent		(13,068,044,449)	(20,542,232,215)
Non- Controlling interest		27,691,712	4,719,510
		(13,040,352,736)	**(20,537,512,705)**
Earnings (loss) per share			
Basic earnings (loss) per share	18	(56)	(87)

Chanthone Sitthixay
Chief Executive Officer

Date: 17 May 2019

Chanthadom Meksavanh
Acting Chief Finance Officer

Date: 17 May 2019

The accompanying notes on page 9 to 17 are an integral part of these interim consolidated financial statements.

Petroleum Trading Lao Public Company and its subsidiaries
Interim consolidated statement of changes in equity
For the three-month period ended 31 March 2019

	Share capital (Note 16) LAK	Share premium LAK	Common control reserve LAK	Translation LAK	Accumulated loss: Appropriated legal reserve LAK	Accumulated loss: Other reserve LAK	Accumulated loss: Unappropriated LAK	Non-controlling Interest LAK	Total LAK
Opening balance at 1 January 2019 - Audited	**470,000,000,000**	**27,638,932,340**	**(898,908,935)**	**544,522,558**	**3,708,530,711**	**1,977,267,979**	**(192,505,936,248)**	**2,027,020,407**	**312,491,428,812**
Translation of foreign operation	-	-	-	134,800,967	-	-	-	-	134,800,967
Net loss for the period	-	-	-	-	-	-	(13,068,044,449)	27,691,712	(13,040,352,736)
Closing balance at 31 March 2019 - Unaudited	**470,000,000,000**	**27,638,932,340**	**(898,908,935)**	**679,323,525**	**3,708,530,711**	**1,977,267,979**	**(205,573,980,697)**	**2,054,712,119**	**299,585,877,042**
Opening balance at 1 January 2018 - Audited	**470,000,000,000**	**27,638,932,340**	**(898,908,935)**	**-**	**3,708,530,711**	**1,977,267,979**	**(9,016,262,732)**	**90,022**	**493,409,649,385**
Translation of foreign operation	-	-	-	(345,095,792)	-	-	-	-	(345,095,792)
Net loss for the period	-	-	-	-	-	-	(137,800,618,741)	-	(137,800,618,741)
Closing balance at 31 March 2018 - Unaudited	**470,000,000,000**	**27,638,932,340**	**(898,908,935)**	**(345,095,792)**	**3,708,530,711**	**1,977,267,979**	**(146,816,881,473)**	**90,022**	**355,263,934,852**

Chanthone Sitthixay
Chief Executive Officer

Date: 17 May 2019

Chanthadom Meksavanh
Acting Chief Finance Officer

Date: 17 May 2019

The accompanying notes on page 9 to 17 are an integral part of these interim consolidated financial statements.

Petroleum Trading Lao Public Company and its subsidiaries
Interim consolidated statement of cash flows
For the three-month period ended 31 March 2019

	Notes	Unaudited 31 March 2019 LAK	Unaudited 31 March 2018 LAK
Cash flow from operating activities:			
Net profit (loss) before income tax for the period		(11,177,392,337)	(20,537,512,705)
Adjustments to reconcile net profit to net cash			
Depreciation and amortization		5,068,387,299	30,214,026,342
Provision for doubtful debts		304,541,931	-
Interest received from loan to related parties		(655,252,303)	(864,864,999)
Interest expenses		6,507,215,280	6,714,250,593
Income tax expenses		(1,862,960,399)	-
Unrealized from exchanged (gain) loss		5,666,437,469	(225,093,397)
Operating profit (loss) before working capital changes		3,850,976,940	15,300,805,834
Changes in operating assets and liabilities			
Trade receivables		(12,128,909,411)	(5,394,990,886)
Inventories		(8,222,758,977)	(1,813,151,923)
Trade accounts payable		(111,211,607)	19,985,248,160
Accured tax payables		6,009,684,677	1,569,615,910
Other receivables		4,192,825,526	1,183,409,487
Other payables		5,293,007,018	5,013,947,226
Cash generated (paid) from operation		(1,116,385,834)	35,844,883,808
Interest paid		(5,422,983,822)	(9,535,709,883)
Other tax and statutory tax paid		(1,512,841,133)	-
Net cash generate from (used in) operating activities		(8,052,210,789)	26,309,173,925
Cash flows from investing activities:			
Acquisitions of fixed assets		(475,665,953)	(27,178,006,319)
Loans to related parties		(1,318,646,537)	(188,800,000)
Loans paid from related parties		3,635,758,196	-
Net cash (used in) /from investing activities		1,841,445,706	(27,366,806,319)

Chanthone Sitthixay
Chief Executive Officer

Date: 17 May 2019

Chanthadom Meksavanh
Acting Chief Finance Officer

Date: 17 May 2019

The accompanying notes on page 9 to 17 are an integral part of these interim consolidated financial statements.

Petroleum Trading Lao Public Company and its subsidiaries
Interim consolidated statement of cash flows
For the three-month period ended 31 March 2019

	Unaudited 31 March 2019 LAK	Unaudited 31 March 2018 LAK
Cash flows from financing activities:		
Proceeds from borrowings	-	864,683,318
Repayment of borrowings	(760,000,000)	(3,150,000,000)
Net cash from (used in) financing activities	(760,000,000)	(2,285,316,682)
Net decrease in cash and cash equivalents	(6,970,765,083)	(3,342,949,076)
Cash and cash equivalents at the beginning of the period	12,515,355,962	8,281,373,673
Exchange gains/(losses) on cash and cash equivalents	(7,596,502)	-
Cash and cash equivalents at the end of the period	5,536,994,377	4,938,424,597
Significant non cash items;		
Accounts payable for fixed assets	157,273,485	-

Chanthone Sitthixay
Chief Executive Officer

Date: 17 May 2019

Chanthadom Meksavanh
Acting Chief Finance Officer

Date: 17 May 2019

The accompanying notes on page 9 to 17 are an integral part of these consolidated financial statements.

1. General information

Petroleum Trading Lao Public Company (the Company) and its subsidiaries which are Petrotrade Puma Energy Import and Export Co., Ltd, Petrotrade Puma Energy Distribution Co., Ltd incorporated and resident in Lao PDR and Petroleum Trading Lao Company Limited incorporated in Thailand (together, "the Group") are respectively listed and limited companies. 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 invested 99.99% of interest in Petroleum Trading Lao Company Limited which is incorporated in Thailand in June 2016 and invested 99% of interest in Petrotrade Puma Energy Import and Export Co., Ltd and Petrotrade Puma Energy Distribution Co., Ltd which are incorporated in Lao PDR respectively.
The principle activities of the Group are import and export and to distribute fuel and petroleum products.

The Group also has 5 depot branches which are located in Vientiane capital, Bolikhamxay, Savannakhet, Sayyabouly and Champasack provinces, Lao PDR.

This interim consolidated financial information was authorised for issue by the Board of Directors on 17 May 2019.

2. Basis of preparation and accounting policies

The condensed interim consolidated financial information was prepared in accordance with the Group's accounting policies as described in more details in the annual financial statements for the year ended 31 December 2018. The primary financial information (i.e. consolidated statements of financial position, consolidated statements of income, consolidated statements of changes in shareholder's equity and consolidate 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 companies' own accounting policies and the IFRSs, in many areas such as property, borrowing, plant and equipment, leases, employee benefit, current and deferred income tax, financial instruments, consolidated 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 consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

3. Estimates

The preparation of condensed interim consolidated financial information 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 consolidated financial information, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

4. Cash and cash equivalents

	Unaudited 31 March 2019 LAK	Audited 31 December 2018 LAK
Cash on hand	1,146,034,888	1,829,033,121
Cash at bank	4,390,959,489	10,686,322,841
	5,536,994,377	**12,515,355,962**

5. Trade receivables, net

	Unaudited 31 March 2019 LAK	Audited 31 December2018 LAK
Trade receivables - related parties (Note 19.3)	45,379,653,493	51,735,886,671
Trade receivables - third parties	87,892,737,974	69,407,595,385
	133,272,391,467	**121,143,482,056**
Less: Allowance doubtful accounts	(7,905,319,601)	(7,600,777,670)
Trade receivables, net	**125,367,071,866**	**113,542,704,386**

6. Inventories, net

	Unaudited 31 March 2019 LAK	Audited 31 December 2018 LAK
Fuel	22,439,759,778	13,932,743,776
Lubricant	1,290,625,472	1,354,198,249
Office supply	882,011,222	1,069,379,540
Plus Card	155,432,382	188,748,312
	24,767,828,854	**16,545,069,877**
Less: Allowance for impairment based on net realisable value	(22,455,023)	(22,455,023)
Inventories, net	**24,745,373,831**	**16,522,614,854**

7. Other current assets

	Unaudited 31 March 2019 LAK	Audited 31 December 2018 LAK
Other receivables*	23,898,739,887	23,250,826,501
Advance to suppliers	13,673,995,921	12,770,662,857
Deposit to suppliers	1,410,051,353	6,017,455,586
Advance to employees	35,750,000	65,519,880
Advance profit tax payment	2,103,867,181	1,749,769,915
Advance to investment	62,954,175	62,954,175
VAT receivables	591,411,066	517,456,420
Other receivables	56,072,963	49,948,053
Interest receivables	12,260,756,627	11,605,504,325
Prepayment warehouse rental	573,677,418	909,677,418
	54,667,276,591	**56,999,775,130**

*This mainly consist of receivables from management amount of LAK 22,497,682,340 (2018: LAK 22,497,682,340) (Note 19.3).

8. Property, plant and equipment, net

	LAK
Opening net book value as at 1 January 2019 - Audited	345,402,928,369
Additions	632,939,438
Less: Depreciation charge	(4,565,467,505)
Closing net book value as at 31 March 2019 – Unaudited	**341,470,400,302**

9. Intangible assets, net

	LAK
Opening net book value as at 1 January 2019 - Audited	7,336,408,537
Less: Amortization charge	(246,994,165)
Closing net book value as at 31 March 2019 – Unaudited	**7,089,414,372**

10. Investment properties, net

	LAK
Opening net book value as at 1 January 2019 – Audited	87,547,072,916
Less: Depreciation charge	(255,925,629)
Closing net book value as at 31 March 2019 – Unaudited	**87,291,147,287**

11. Other non-current assets

	Unaudited 31 March 2019 LAK	Audited 31 December 2018 LAK
Prepaid land rental*	38,223,883,195	38,978,957,879
Advance to gas stations and others	6,567,238,000	7,017,238,000
	44,791,121,195	**45,996,195,879**

*This mainly represents outstanding prepayment of land rental from related parties amount to LAK 34,419,839,505 (2018: LAK 34,419,839,505) (Note 19.3).

12. Trade accounts payable

	Unaudited 31 March 2019 LAK	Audited 31 December2018 LAK
Trade payables – third parties	61,881,051,550	60,817,496,643
Trade payables – related parties (Note 19.3)	4,847,813,375	5,865,306,404
	66,728,864,925	**66,682,803,047**

13. Tax payables

	Unaudited 31 March 2019 LAK	Audited 31 December 2018 LAK
Value Added Tax payables	5,969,244,135	3,331,720,026
Personnel income tax payables	95,166,915	121,533,083
Income tax payables	2,719,328,418	828,167,783
Other taxes and statutory payables	144,841	5,619,873
	8,783,884,309	**4,287,040,765**

14. Borrowings

	Unaudited 31 March 2019 LAK	Audited 31 December 2018 LAK
Current		
Current portion of long-term borrowings from banks	47,770,000,000	15,050,000,000
Borrowing from related parties (Note 19.4)	199,159,073,905	257,920,740,000
Total short - term borrowings	**246,929,073,905**	**272,970,740,000**
Non-current		
Borrowings from banks	-	33,480,000,000
Borrowing from related parties (Note 19.4)	64,420,746,095	-
Total long - term borrowings	**64,420,746,095**	**33,480,000,000**
Total borrowings	**311,349,820,000**	**306,450,740,000**

After the reporting period, the Group has roll over obligations under the borrowing agreements with the Phongsavanh bank, the repayment term extended from 2019 to 2020 with borrowing amount of LAK 257,920,740,000.

15. Other current liabilities

	Unaudited 31 March 2019 LAK	Audited 31 December 2018 LAK
Advance from customers	2,627,039,078	3,215,252,507
Other accrued and payables	9,900,789,186	6,447,383,823
Other payables – related parties	26,207,136,893	22,695,090,350
	38,734,965,157	**32,357,726,680**

16. Share capital

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 total share as of 31 March 2019 is 235,000,000 shares with the par value of LAK 2,000 per share.

There were no additional share issued or decreased during the three-month period ended 31 March 2019.

17. Income taxes

According to the tax privileges given to LSX listed companies, The Company is entitled to a further reduction profit tax from 24% to 19% during the initial four years period. This rate is to be applied from 2015 to 2018. This is in accordance with the Enactment of the President of Lao PDR regarding Corporate Income Tax and Fee for Securities and Exchange, No. 1/ President, dated 28 December 2010 and the Tax Law issued on 15 December 2015.

As a result, the statutory applicable Profit Tax rate for the Group during the year is 19% of taxable profit.

Profit Tax applied to subsidiaries is based on local regulation in their registration.

In Lao PDR, income tax returns are regularly reviewed in detail by the relevant authorities. In addition, tax issues raised in the reviews may require substantive judgements and interpretation by the parties concerned.

The reviews could therefore potentially resulting additional tax payments or refunds being necessary which may be significant. This would result in the payment or refund being recognised as income tax adjustment in the year in which the reviews are completed.

18. Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the net profit (loss) attributable to shareholder by the weight average number of ordinary share in issue during the period.

	31 March 2019	31 March 2018
Net profit (loss) attributable to ordinary share (LAK)	(13,068,044,449)	(20,542,232,215)
Weighted average number of ordinary share in issue (shares)	235,000,000	235,000,000
Basic earnings (loss) per share (LAK)	(56)	(87)

19. Related party transactions

Individuals and entities that directly or indirectly control or are controlled by or are under common control with the Group, including investment entities and individuals or entities having significant influence over the Group, key management personnel, including directors and officers of the Group and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

19. Related party transactions (continued)

The following significant transactions were carried out with related parties:

19.1 Sales of goods and services

	Unaudited 31 March 2019 LAK	Unaudited 31 March 2018 LAK
Sales of goods to:		
Other related parties	76,420,342,863	29,848,890,909
Sales of services to:		
Other related parties	88,780,719	1,233,093,484

19.2 Purchases of goods and services

	Unaudited 31 March 2019 LAK	Unaudited 31 March 2018 LAK
Purchase of services from:		
Other related parties	5,169,774,447	4,698,873,462

19.3 Outstanding balances arising from sales/purchases of goods/services

	Unaudited 31 March 2019 LAK	Audited 31 December 2018 LAK
Receivables from:		
Key management (Note 7)	22,497,682,340	22,497,682,340
Other related parties*	92,060,249,625	97,180,086,971
	114,557,931,965	**119,677,769,311**
Payables to:		
Key management (Note 12)	3,245,724,530	3,245,724,530
Other related parties (Note 12)	1,602,088,845	2,619,581,874
	4,847,813,375	**5,865,306,404**

*This mainly consists of outstanding prepayment of land rental from related parties amount to LAK 34,419,839,505 (2018: LAK 34,419,839,505) (Note 11), trade receivables from related partied amount LAK 45,379,653,493 (2018: LAK 51,735,886,671) (Note 5) and others.

19. Related party transactions (continued)

19.4 Borrowing from related parties

	2019 LAK
Opening balance at 1 January – Audited	257,920,740,000
Unrealisation	5,659,080,000
As at 31 March – Unaudited	**263,579,820,000**

19.5 Loan to related parties

	2019 LAK
Opening balance at 1 January – Audited	36,406,683,271
Loans paid during the period	1,318,646,537
Loans repayment during the period	(3,635,758,196)
Unrealisation	135,040,000
As at 31 March – Unaudited	**34,224,611,612**

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

19.6 Key management compensation

The compensations paid to key management are as follows:

	Unaudited 31 March 2019 Million LAK	Unaudited 31 March 2018 Million LAK
Salaries and others	513	89

20. Commitments and contingencies

Operating lease commitments – where the Group is the lessee

The Group 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:

	Unaudited 31 March 2019 LAK	Audited 31 December 2018 LAK
Less than 1 year	12,667,129,000	13,208,329,000
From 1-5 years	6,250,917,420	8,296,615,420
More than 5 years	24,854,979,708	24,603,638,708
	43,773,026,128	**46,108,583,128**

20. Commitments and contingencies

Operating lease commitment where the Group is the lessor

The Group 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:

	Unaudited 31 March 2019 LAK	Audited 31 December 2018 LAK
Less than 1 year	1,886,736,000	1,886,736,000
From 1-5 years	9,433,680,000	9,433,680,000
More than 5 years	1,186,584,000	1,186,584,000
	12,507,000,000	**12,507,000,000**

21. Events occurring after the reporting date

After the reporting period, the Company has roll over obligations under the borrowing agreements with the Phongsavanh bank please see in Note 14.