

Petroleum Trading Lao Public Company

Interim consolidation financial statements **(Unaudited)**
As at and for the nine months period ended 30 September 2016

Petroleum Trading Lao Public Company

CONTENTS

	Pages
General information	1 - 2
Report of management	3
Interim separate balance sheet	4
Interim separate income statement	5
Interim separate statement of changes in equity	6
Interim separate statement of cash flows	7
Notes to the interim separate financial statements	8 - 32

Petroleum Trading Lao Public Company

GENERAL INFORMATION

THE COMPANY

Petroleum Trading Lao Public Company ("the Company"), formerly known as Petroleum Trading Lao Company Limited, is a company incorporated in Lao PDR in accordance with the Enterprise Registration No. 0458 issued by the Enterprise Registration Office, Domestic Trade Department of the Ministry of Industry and Commerce on 3 October 2008 and the subsequent amendments, with the latest is the Registration No. 508 dated 5 December 2014 issued by the Enterprise Registration Office, Department of Enterprise Registration and Management of the Ministry of Industry and Commerce.

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 province, Savanakhet province, Sayyabouly province and Champasack province, Lao PDR.

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

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

GENERAL INFORMATION (continued)

AUDIT COMMITTEE

Members of the audit committee during the period 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.

Petroleum Trading Lao Public Company

REPORT OF MANAGEMENT

The management of Petroleum Trading Lao Public Company ("the Company") presents its report and the Company's interim separate financial statements for the nine-month period ended 30 September 2016.

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

The Company's management is responsible for the preparation of the interim separate financial statements which have been prepared in accordance with the accounting policies as described in Note 3 to the interim separate financial statements. These accounting policies are not intended to present the interim separate financial position, the interim separate results of operations and the interim separate cash flows of the Company in accordance with international generally accepted accounting principles. In preparing those interim separate 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 interim separate financial statements; and
- prepare the interim separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

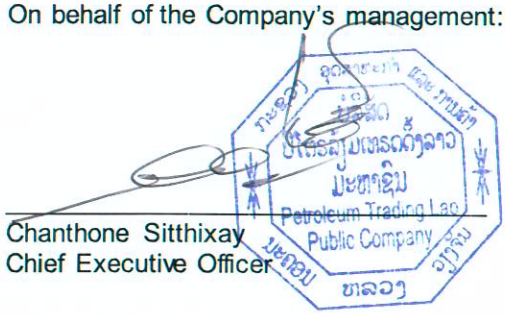
The Company's management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim separate financial position of the Company and for ensuring that the interim separate financial statements comply with the selected accounting 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 separate financial statements.

APPROVAL OF THE INTERIM SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying interim separate financial statements for the nine-month period ended 30 September 2016 which are prepared in accordance with the accounting policies as described in Note 3 to the interim separate financial statements.

On behalf of the Company's management:



Chanthone Sitthixay
Chief Executive Officer

Vientiane Capital, Lao PDR

14 November 2016

Petroleum Trading Lao Public Company

INTERIM SEPARATE BALANCE SHEET
as at 30 September 2016

Currency: LAK

	Notes	Unaudited 30 September 2016	Audited 31 December 2015
Assets			
Current assets			
Cash	4	78,680,834,841	74,657,189,719
Short-term investments	26	-	11,727,093,359
Trade receivables	5	115,110,444,607	98,642,692,232
Advance to suppliers		263,768,863	4,953,370,656
Other receivables	26	37,983,020,089	40,194,690,016
Inventories	6	58,459,570,103	11,737,495,355
Other current assets	7	45,816,546,407	20,724,340,660
		336,314,184,910	**262,636,871,997**
Non-current assets			
Tangible fixed assets	8	118,751,448,560	113,459,945,114
Intangible fixed assets	9	134,432,861,364	132,661,107,070
Investment properties	10	170,404,207,533	152,575,976,414
Construction in progress	11	21,962,362,248	16,261,139,486
Long-term investments	12	32,123,065,571	16,749,572,212
Investment in subsidiary	13	694,221,039	-
Other non-current assets	14	23,333,532,537	20,355,129,514
		501,701,698,852	**452,062,869,810**
Total assets		**838,015,883,762**	**714,699,741,807**
Liabilities and equity			
Current liabilities			
Short term loans and borrowings	15	204,259,200,000	119,244,814,122
Trade payables	16	76,678,193,776	16,901,236,157
Advance from customers		1,843,786,526	555,256,210
Tax payables	17	2,870,435,663	7,814,428,781
Accruals		1,149,974,548	2,920,001
Other payables	18	1,079,073,606	210,063,091
		287,880,664,119	**144,728,718,362**
Non-current liabilities			
Long-term loans	19	42,000,000,000	56,000,000,000
		42,000,000,000	**56,000,000,000**
Total liabilities			
Equity	***20***		
Registered charter capital		470,000,000,000	470,000,000,000
Share premium reserve		27,638,932,340	27,638,932,340
Other statutory reserves		8,483,418,221	3,954,535,958
Undistributed earnings		2,012,869,082	12,377,555,147
Total equity		**508,135,219,643**	**513,971,023,445**
Total liabilities and equity		**838,015,883,762**	**714,699,741,807**

Chanthadom Meksavanh
Acting Chief Finance Officer

Chanthone Sitthixay
Chief Executive Officer

14 November 2016

Petroleum Trading Lao Public Company

INTERIM SEPARATE INCOME STATEMENT
for the nine-month period ended 30 September 2016

Currency: LAK

	Notes	*For the three-month period ended 30 September 2016*	*For the nine-month period ended 30 September 2016*	*For the year ended 31 December 2015*
Revenue	21	252,194,957,871	639,089,193,227	833,060,610,905
Cost of sales	22	(232,210,731,298)	(575,339,139,993)	(735,200,764,960)
Gross profit		**19,984,226,573**	**63,750,053,234**	**97,859,845,945**
Other income		-	-	1,408,113,689
Administrative expenses		(8,643,656,963)	(33,323,394,237)	(42,174,055,315)
Selling expenses		(4,681,708,778)	(16,813,919,656)	(19,826,409,780)
Other expenses		(229,869,523)	(667,444,873)	(24,095,979)
Operating profit		**6,428,991,309**	**12,945,294,468**	**37,243,398,560**
Finance income	23	2,221,579,140	6,554,222,738	7,156,791,836
Finance expenses	24	(6,701,364,927)	(17,158,146,880)	(16,044,027,041)
Profit before income tax		**1,949,205,522**	**2,341,370,326**	**28,356,163,355**
Corporate income tax expenses	25	(300,245,947)	(444,860,362)	(5,711,752,041)
Profit after tax		**1,648,959,575**	**1,896,509,964**	**22,644,411,314**

Chanthadom Meksavanh
Acting Chief Finance Officer

Chanthone Sitthixay
Chief Executive Officer

14 November 2016

Petroleum Trading Lao Public Company

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY
for the nine-month period ended 30 September 2016

Currency: LAK

	Registered, contributed charter capital	*Share premium reserve*	*Other statutory reserves*	*Undistributed earnings*	*Total*
For the year ended 31 December 2015 - Audited					
Beginning balance	470,000,000,000	27,638,932,340	-	19,772,679,791	517,411,612,131
Profit for the period	-	-	-	22,644,411,314	22,644,411,314
Reserve appropriation	-	-	3,954,535,958	(3,954,535,958)	-
Dividends declared	-	-	-	(26,085,000,000)	(26,085,000,000)
Ending balance	470,000,000,000	27,638,932,340	3,954,535,958	12,377,555,147.00	513,971,023,445
For the nine-month ended 31 September 2016 - Unaudited					
Beginning balance	470,000,000,000	27,638,932,340	3,954,535,958	12,377,555,147	513,971,023,445
Profit for the period	-	-	-	1,896,509,966	1,896,509,966
Reserve appropriation (*)	-	-	4,528,882,263	(4,528,882,263)	-
Dividends declared (*)	-	-	-	(7,732,313,768)	(7,285,000,000)
Ending balance	470,000,000,000	27,638,932,340	8,483,418,221	2,012,869,082	508,135,219,643

(*) Dividends declaration and provision of other statutory reserves were made in accordance with Resolution of Annual General Shareholder meeting dated 26 April 2016.

Chanthadom Meksavanh
Acting Chief Finance Officer

Chanthone Sitthixay
Chief Executive Officer

14 November 2016

Petroleum Trading Lao Public Company

INTERIM SEPARATE STATEMENT OF CASH FLOWS
for the nine-month period ended 30 September 2016

Currency: LAK

	Notes	*For the three-month period ended 30 September 2016*	*For the nine-month period ended 30 September 2016*	*For the year ended 31 december 2015*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**1,949,205,523**	**2,341,370,328**	**28,356,163,355**
Adjustments for:				
Depreciation of fixed assets and investment properties and amortisation of intangible fixed assets	8, 9, 10	4,862,857,118	13,743,704,928	14,989,124,453
Provision		(1,008,431,965)	(639,468,268)	1,705,689,492
Profits from investing activities	23	-	(1,304,656,057)	(4,479,495,740)
Interest expenses	24	4,691,609,777	13,269,888,691	13,370,684,565
Operating profit before changes in working capital		**10,495,240,453**	**27,410,839,622**	**53,942,166,125**
Increase in trade and other receivables		46,112,502,383	(32,714,562,077)	(40,411,704,339)
Increase in inventories		64,594,526,025	(46,722,074,748)	464,647,738
Increase in prepaid expenses		(93,035,996)	(2,978,403,023)	(13,924,812,829)
interest received		-	-	6,312,603,552
Interest paid		(4,691,609,777)	(13,269,888,691)	(14,482,535,147)
Corporate income tax paid	25	(1,075,091,380)	(1,875,091,380)	(7,644,097,833)
Increase in trade and other payables		(71,486,443,590)	52,835,299,919	(2,305,150,971)
Net cash flows used in operating activities		**43,856,088,118**	**(17,313,880,378)**	**(18,048,883,704)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of fixed assets		(12,997,968,641)	(37,603,925,571)	(54,390,780,402)
Loans to other companies		-	(3,646,400,000)	(19,156,346,972)
Collection of loans to the related parties		-	-	-
Payments for investment in subsidiary		-	(694,221,039)	23,783,093,784
Net cash flows used in investing activities		**(12,997,968,641)**	**(41,944,546,610)**	**(49,764,033,590)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		-	200,152,382,786	375,776,491,212
Repayment of borrowings		32,649,708,506	(129,137,996,908)	(339,503,503,965)
Payment of finance lease liabilities		-	-	(5,840,775,389)
Dividends paid		(447,313,768)	(7,732,313,768)	(26,085,000,000)
Net cash flows from/(used in) financing activities		**32,202,394,738**	**63,282,072,110**	**4,347,211,858**
Net decrease in cash		**63,060,514,215**	**4,023,645,122**	**(63,465,705,436)**
Cash at the beginning of the period		**15,620,320,626**	**74,657,189,719**	**138,122,895,155**
Cash at the end of the period	**4**	**78,680,834,841**	**78,680,834,841**	**74,657,189,719**

Chanthadom Meksavanh
Acting Chief Finance Officer

Chanthone Sitthixay
Chief Executive Officer

26 August 2016

1. CORPORATE INFORMATION

Petroleum Trading Lao Public Company ("the Company"), formerly known as Petroleum Trading Lao Company Limited, is a company incorporated in Lao PDR in accordance with the Enterprise Registration No. 0458 issued by the Enterprise Registration Office, Domestic Trade Department of the Ministry of Industry and Commerce on 3 October 2008 and the subsequent amendments, with the latest is the Registration No. 0508 dated 5 December 2014.

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 province, Savanakhet province, Sayyabouly province and Champasack province, Lao PDR.

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

Corporate structure

The Company has a subsidiary, i.e. Petroleum Trading Lao Company Limited which is incorporated in Thailand, with its head office located at 20th floor, Fortune Town building, A zone, Ratchadapisek road, Din Daeng district, Bangkok, Thailand. The principal activity of this subsidiary is to provide warehouse services. The Company owns 99.99% equity interest in this subsidiary as at 30 September 2016.

2. BASIS OF PREPARATION

Purpose of preparation of the interim separate financial statements

The Company has subsidiaries as disclosed in Note 1. The Company has prepared these interim separate financial statements to meet the reporting requirements on public announcement of financial information on the stock exchange. In addition, the Company has also prepared the interim consolidated financial statements of the Company and its subsidiary as at 30 September 2016 and for the nine-month period then ended on 14 November 2016.

Users of the interim separate financial statements should read them together with the interim consolidated financial statements of the Company and its subsidiary as at 30 June 2016 and for the six-month period then ended in order to obtain full information on the interim consolidated financial position, interim consolidated results of operations and interim consolidated cash flows of the Company and its subsidiary as a whole.

Basis of preparation

The interim separate financial statements of the Company have been prepared using the historical cost convention. The financial statements are expressed in Lao Kip ("LAK").

The Company's Interim separate financial statements have been prepared in accordance with the accounting policies as set out in Note 3. These accounting policies are not intended to present the financial position, results of operation and cash flows of the Company in accordance with international generally accepted accounting principles.

The accompanying Interim separate financial statements, including their utilisation, are not designed for those who are not informed about the Company's accounting policies as described in Note 3.

Fiscal year

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash comprises cash on hand and cash at banks.

Receivables

Receivables are presented in the interim separate 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 separate 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 separate 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 interim separate income statement. When an item of tangible fixed asset is sold or retired, their cost and accumulated depreciation are removed from the interim separate balance sheet and any gain or loss resulting from their disposal is included in the interim separate income statement.

3. 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 separate income statement as incurred. When intangible fixed assets are sold or retired, their costs and accumulated amortisation are removed from the interim separate balance sheet and any gain or loss resulting from their disposal is included in the interim separate 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

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

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 amortisation 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 amortisation

Investment properties are derecognised 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 recognised 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.

Investments in subsidiary

Investments in subsidiary over which the Company has control are carried at cost.

Distributions from accumulated net profits of the subsidiary arising subsequent to the date of acquisition are recognised in the interim separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

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.

3. 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 liter 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 recognized 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriation of net profits

Net profit after tax is available for appropriation to shareholders after making appropriation to below reserve funds (as proposed by the Board of Directors and subject to approval by shareholders at the annual general meeting):

Statutory reserve fund

Statutory reserve is set in order to secure against risks, whereby the Company shall annually appropriate 10% of its net profit into the reserve fund, after deducting accumulated losses. When the reserve fund reaches half of the registered capital, the Company may suspend appropriating profit to such fund, except as otherwise provided by the bylaws of the Company.

Other reserve funds

The other reserve funds is required by the Company's Articles of Association that the Company shall annually appropriate 10% of its net profit into the other reserve fund, after deducting accumulated losses in order to protect the Company against loss.

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 separate 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.

4. CASH

	Unaudited	Currency: LAK Audited
	30 September 2016	*31 December 2015*
Cash on hand	81,492,675	51,530,000
Cash in transit	-	48,320,611
Cash at banks (*)	78,599,342,166	74,557,339,108
	78,680,834,841	**74,657,189,719**

(*) Balance of LAK 3,116,759,130 at Lao Development Bank are pledged as collaterals for the Company's borrowings. See Note 15 and 19 for details.

5. TRADE RECEIVABLES

	Unaudited	Currency: LAK Audited
	30 September 2016	*31 December 2015*
Trade receivables from related parties	8,375,078,584	33,267,728,833
Trade receivables	108,810,598,439	68,089,664,083
Provision for doubtful debts	(2,075,232,416)	(2,714,700,684)
	115,110,444,607	**98,642,692,232**

6. INVENTORIES

	Unaudited	Currency: LAK Audited
	30 September 2016	*31 December 2015*
Fuel	57,327,989,909	9,975,652,919
Lubricant	1,131,580,194	1,341,996,758
Tools and supplies	-	419,845,678
Provision for inventories	-	-
	58,459,570,103	**11,737,495,355**

7. OTHER CURRENT ASSETS

	Unaudited 30 September 2016	*Currency: LAK Audited 31 December 2015*
Deposits to suppliers	11,990,486,052	11,056,165,621
Prepaid operating expenses	27,961,208,327	957,550,194
Advance to employees	1,933,492,411	1,548,708,470
Advance for pre-operating costs to related party	-	2,795,342,852
Advances for pre-establishment costs of overseas businesses (*)	1,452,767,111	994,075,683
Overpaid excise tax receivables	966,600,000	966,600,000
Advances to gas station operators (for using Plus Smart Card)	968,676,506	990,000,000
Prepaid annual bank fee	543,316,000	1,138,183,440
Other	-	277,714,400
	45,816,546,407	**20,724,340,660**

(*) These are advances for pre-establishment costs of the legal entities expected to be set up in Myanmar and Vietnam. The Company plans to convert these advances into capital contribution upon the incorporation of these overseas subsidiaries.

8. TANGIBLE FIXED ASSETS

Currency: LAK

	Buildings and structures	*Machineries and equipment*	*Means of transportation*	*Office equipment (**)*	*Total*
Cost:					
Balance as at 1 January 2016	99,041,806,835	38,937,157,923	9,842,579,977	15,889,601,747	163,711,146,482
- New purchase	363,167,569	2,266,013,797	407,960,165	3,380,333,692	6,417,475,223
- Transfer from construction in progress	7,661,809,447	2,826,250,087	-	-	10,488,059,534
Balance as at 30 September 2016	107,066,783,851	44,029,421,807	10,250,540,142	19,269,935,439	180,616,681,239
Accumulated depreciation:					
Balance as at 1 January 2016	19,666,151,802	18,222,070,559	5,858,340,328	6,504,638,679	50,251,201,368
- Depreciation for the period	4,995,084,082	3,661,890,426	1,092,970,762	1,864,086,041	11,614,031,311
Balance as at 30 September 2016	24,661,235,884	21,883,960,985	6,951,311,090	8,368,724,720	61,865,232,679
Net book value:					
Balance as at 1 January 2016	79,375,655,033	20,715,087,364	3,984,239,649	9,384,963,068	113,459,945,114
Balance as at 30 September 2016 (*)	82,405,547,967	22,145,460,822	3,299,229,052	10,901,210,719	118,751,448,560

(*) Certain tangible fixed assets are pledged as collaterals for the Company's borrowings. See Note 15 and 19 for details.

(**) See also disclosure in Note 9 on the acquisition of office equipment from Well Tech Lao Co., Ltd. in 2015.

9. INTANGIBLE FIXED ASSETS

Currency: LAK

	Land use rights with infinite term (*)	*Computer software (**)*	*Total*
Cost:			
Balance as at 1 January 2016	123,892,263,841	8,995,006,300	132,887,270,141
Addition	2,345,908,000	119,047,000	2,464,955,000
Balance as at 30 September 2016	126,238,171,841	9,114,053,300	135,352,225,141
Accumulated amortisation:			
Balance as at 1 January 2016	-	226,163,071	226,163,071
Amortisation for the period	-	693,200,706	693,200,706
Balance as at 30 September 2016	-	919,363,777	919,363,777
Net carrying amount:			
Balance as at 1 January 2016	123,892,263,841	8,768,843,229	132,661,107,070
Balance as at 30 September 2016	126,238,171,841	8,194,689,523	134,432,861,364

(*) Certain land use rights in Vientiane, Savanakhet, Luangprabang and Champasak province are pledged as collaterals for the Company's borrowings (see Note 15 and 19).

(**) In 2012, the Company has purchased an operating system for smart card operations (which are used by customers as a credit card for purchase of fuel at the Company's gas stations). The Company has since then allowed Well Tech Lao Co., Ltd. ("Well Tech"), a related party, to operate this system and the Company has accounted for the cost of such operating system as receivables from Well Tech. During the period from 2012 to 2015, the Company has also purchased other tangible fixed assets (i.e. office equipment) for the operations of Well Tech, and has accounted for such purchases as receivables from Well Tech. The Company has also entered into contracts with the customers for the provision of the smart cards, even though the subsequent revenue from those smart card operations are recorded by Well Tech.

On 22 December 2015, the Company has reached an agreement with Well Tech to take back these smart card operations from Well Tech by offsetting the net assets acquired from Well Tech with the outstanding receivables due from this company. Included in the net assets acquired from Well Tech was tangible fixed assets (i.e. office equipment) and intangible fixed assets (i.e. software) whose value were agreed by the Company and Well Tech at LAK 852,373,129 and LAK 8,646,670,000 respectively, which were higher than the net book value of these assets as presented in Well Tech's financial statements on the date of the transaction.

10. INVESTMENT PROPERTIES

Currency: LAK

	Land used rights with infinite term	*Buildings*	*Total*
Cost:			
Balance as at 1 January 2016	123,983,600,703	31,492,915,293	155,476,515,996
Addition	3,000,599,772	16,264,104,257	19,264,704,029
Balance as at 30 September 2016	126,984,200,475	47,757,019,550	174,741,220,025
Accumulated depreciation:			
Balance as at 1 January 2016	-	2,900,539,582	2,900,539,582
Depreciation for the period	-	1,436,472,910	1,436,472,910
Balance as at 30 September 2016	-	4,337,012,492	4,337,012,492
Net carrying amount:			
Balance as at 1 January 2016	123,983,600,703	28,592,375,711	152,575,976,414
Balance as at 30 September 2016	126,984,200,475	43,420,007,058	170,404,207,533

These investment properties represent the lands, buildings and gas stations in Vientiane Capital, Lao PDR which are leased to the Company's related parties including Phonthan Plus Gas Station (PLUS 1), Nongheo Plus Gas Station (PLUS 2), Phakhao Plus Gas Station (PLUS 3), Phadaeng Plus Gas Station (PLUS 4), VSV Plus Gas Station (PLUS 5), Donekoy Plus Gas Station (PLUS 8); Khoua Louang Gas Station (PLUS); and other land lots in Savanakhet province where the Company plans to construct gas stations for lease. During the period, the Company terminated the lease agreement with Salakham Plus Gas Station (PLUS 9), a related party. However, PLUS 9 still continues to operate this station to the date of these interim separate financial statements.

Certain land use rights in Savanakhet province are pledged as collaterals for the Company's borrowings (see Note 15 and 19).

11. CONSTRUCTION IN PROGRESS

		Currency: LAK
	Unaudited	*Audited*
	30 September 2016	*31 December 2015*
Vientiane Mai 450 Depot	4,612,751,373	-
New ERP system	2,132,799,419	1,904,024,305
Meuang Ngeun Gas Station	1,141,472,500	-
Fuel Tanks for gas stations	772,190,400	-
Roofs Knockdown Gas Station	2,565,053,311	-
Souksomboun 1 Gas Station	1,782,051,235	-
Nakhae Gas Station	2,031,293,263	-
Black Canyon and Daily Mart Project	1,823,807,016	599,526,208
VSV Plus Gas Station (PLUS 5)	-	3,317,451,711
Sampana Gas Station	-	2,644,792,612
Khualuong Gas Station	-	3,493,013,333
Plus gas station Kasy	2,105,394,340	-
Others	2,995,549,391	4,302,331,317
	21,962,362,248	**16,261,139,486**

12. LONG-TERM INVESTMENTS

		Currency: LAK
	Unaudited	*Audited*
	30 September 2016	*31 December 2015*
Unsecured loan receivables from related parties	32,123,065,571	16,749,572,212
	32,123,065,571	**16,749,572,212**

Details of unsecured loan receivables from related parties are as follows:

Borrower	*Contract date*	*Ending balance (LAK)*	*Original amount*	*Term/Maturity date (*)*	*Interest rate (% p.a.)*
Sithi Logistics Lao Co., Ltd. (*)	15 March 2015	11,727,093,359	LAK 11,727,093,359	31 October 2016	6.5% - 11%
	1 February 2016	3,646,400,000	THB 16,000,000	31 January 2017	6.5%
Lao Daily Mart Import – Export Co., Ltd. (*)	1 February 2012	16,749,572,212	LAK 16,749,572,212	31 October 2016	6.5% - 11%
		32,123,065,571			

(*) As of the date of these interim separate financial statements, the Company still classifies these loan receivables under non-current assets since the Company is in the process of renewing the payment term and maturity date for these loans.

13. INVESTMENT IN SUBSIDIARY

Currency: LAK

	30 September 2016		*31 December 2015*	
Name	*Ownership (%)*	*Voting right (%)*	*Ownership (%)*	*Voting right (%)*
Petroleum Trading Lao Company Limited	99.99	99.99	-	-

See Note 1 for more details of the Company's subsidiary.

14. OTHER NON-CURRENT ASSETS

Currency: LAK

	Unaudited	*Audited*
	30 September 2016	*31 December 2015*
Prepaid land rental	23,333,532,537	20,355,129,514
	23,333,532,537	**20,355,129,514**

15. SHORT-TERM LOANS AND BORROWINGS

Currency: LAK

	Unaudited	*Audited*
	30 September 2016	*31 December 2015*
Short-term loans from banks	194,809,200,000	103,284,814,122
Current portion of long-term loans (Note 19)	9,450,000,000	15,960,000,000
	204,259,200,000	**119,244,814,122**

15. SHORT-TERM LOANS AND BORROWINGS (continued)

Details of short-term loans from banks are as follows:

		Ending balance				
Lender	*Contract*	*LAK equivalent*	*Original currency*	*Maturity date*	*Interest rate (p.a.)*	*Collateral*
ANZ Bank Lao Limited	No. 019/2015	28,939,451,494	USD 3,582,766	1 year, the last instalment is due on 27 August 2016	8%	Land lots in Vientiane, Savanakhet and Luangprabang provinces with total area of 31,029 m^2
Lao Development Bank	No. 062/04/2015, Date 6 April 2015	29,980,000,000	LAK 29,980,000,000	1 year, the last instalment is due on 6 October 2016	10.5%	Land lots, houses, building and petro tanks in Savannakhet, Champasak and Vientiane provinces along with two bank account balances.
Phongsavanh Bank	No. 0385.15, Date 13/10/2015	64,720,000,000	USD 8,000,000	1 year, the last instalment is due on 20 October 2016	8%	Land lot in Vientiane Capital owned by Company with total area of 22,244 m^2 and Land lot in Pakse District, Champasak Province owned by Mr. Chanthone Sitthixay with total area of 2,249 m^2.
	No. 0385.15, Date 13/10/2015	34,617,200,000	THB 148,000,000	7 April 2017	8%	
	No. 0199.16, Date 13/09/2016	65,492,000,000	THB 280,000,000	31/12/2016	8%	
		194,809,200,000				

16. TRADE PAYABLES

Currency: LAK

	Unaudited 30 September 2016	Audited 31 December 2015
Trade payables	74,692,482,642	14,152,671,311
Trade payable to the related parties	1,985,711,134	2,748,564,846
	76,678,193,776	**16,901,236,157**

17. TAX PAYABLES

Currency: LAK

	Unaudited 30 September 2016	Audited 31 December 2015
Corporate income tax (Note 25)	-	1,075,091,380
Value added tax	722,801,179	724,053,738
Personal income tax	136,231,582	66,682,726
Other taxes and statutory payables (*)	2,011,402,902	5,948,600,937
	2,870,435,663	**7,814,428,781**

(*) Other taxes represent road tax, excise tax, import tax and statutory fuel-price stabilizing reserve fund fee at the reporting date.

18. OTHER PAYABLES

Currency: LAK

	Unaudited 30 September 2016	Audited 31 December 2015
Interest payable	-	-
Payable to employees	1,040,657,106	-
Social security payable	38,015,500	55,962,097
Other payables	401,000	154,100,994
	1,079,073,606	**210,063,091**

19. LONG-TERM LOANS AND BORROWINGS

Currency: LAK

	Unaudited 30 September 2016	Audited 31 December 2015
Loans from banks	42,000,000,000	71,960,000,000
	42,000,000,000	**71,960,000,000**
In which:		
Current portion of long-term loan (Note 15)	*9,450,000,000*	*15,960,000,000*
Non-current portion	*42,000,000,000*	*56,000,000,000*

19. LONG-TERM LOAN AND BORROWING (continued)

Details of the long-term loan from bank as at 30 June 2016 are as follows:

Lender	*Contract*	*Ending balance LAK*	*Maturity date*	*Interest rate (p.a.)*	*Collaterals*
Lao Development Bank	No. 063/04/2015, Date 6 April 2015	42,000,000,000	The first payment for the principle is 6 April 2016 and the last payment is 6 April 2020	10.5%	Land lots, houses, building and petro tanks in Savannakhet, Champasak and Vientiance provinces along with two bank account balances.
	In which: current portion	*9,450,000,000*			
		42,000,000,000			

20. OWNER'S EQUITY

20.1 Shares

	Quantity
Authorized shares	**235,000,000**
Issued and paid-up shares	
Ordinary shares	235,000,000
Preference shares	-
Shares in circulation	
Ordinary shares	235,000,000
Preference shares	-

Shares of the Company (under the ticker "PTL") have been officially listed on 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.

20.2 Dividends

Currency: LAK

	For the nine-month period ended 30 September 2016	*For the year ended 31 december 2015*
Dividends declared and paid during the period	**7,732,313,768**	**15,510,000,000**
Dividends on ordinary shares for 2015: LAK 31 per share (2014: LAK 66 per share)	7,732,313,768	15,510,000,000

21. REVENUE

Currency: LAK

	For the three-month period ended 30 September 2016	*For the nine-month period ended 30 September 2016*	*For the year ended 31 December 2015*
Sales of fuel	250,721,424,376	635,937,457,187	828,580,134,338
Revenue from leasing activities	697,338,254	2,112,500,039	3,284,791,950
Sales of lubricant	649,880,361	649,880,361	1,573,202,894
Revenue from Plus card fees	132,105,902	400,292,498	-
Less: Sales deduction	(5,791,022)	(10,936,858)	(377,518,277)
	252,194,957,871	**639,089,193,227**	**833,060,610,905**

22. COST OF SALES

Currency: LAK

	For the three-month period ended 30 September 2016	*For the nine-month period ended 30 September 2016*	*For the year ended 31 December 2015*
Cost of fuel sold	230,168,819,822	573,297,228,517	732,292,581,414
Cost of leasing activities	1,436,472,910	1,436,472,910	1,605,032,360
Cost of lubricant sold	605,438,566	605,438,566	1,303,151,186
	232,210,731,298	**575,339,139,993**	**735,200,764,960**

23. FINANCE INCOME

Currency: LAK

	For the three-month period ended 30 September 2016	*For the nine-month period ended 30 September 2016*	*For the year ended 31 december 2015*
Interest income on loans to the related parties	1,304,656,057	1,304,656,057	4,479,495,740
Early payment discount from suppliers	264,443,312	940,842,611	743,509,790
Foreign exchange difference gain	346,208,687	4,002,452,986	1,926,431,327
Late payment interest from Plus card customers	306,271,084	306,271,084	-
Others	-	-	7,354,979
	2,221,579,140	**6,554,222,738**	**7,156,791,836**

24. FINANCE EXPENSES

Currency: LAK

	For the three-month period ended 30 September 2016	*For the nine-month period ended 30 September 2016*	*For the year ended 31 december 2015*
Interest expenses	4,691,609,777	13,269,888,691	13,370,684,565
Foreign exchange difference losses	2,009,755,150	3,888,258,189	2,673,342,476
	6,701,364,927	**17,158,146,880**	**16,044,027,041**

25. CORPORATE INCOME TAX

CIT determination method applied by the Company before 2014

In the years before 2014, the Company determined the CIT obligations using the deemed tax method, i.e. based on volume of fuel sold, multiplied with the deemed profit tax amount per little of fuel sold. The Company's CIT returns, as prepared under the deemed tax method, have also been inspected by the local tax authorities up to the year ended 31 December 2013.

CIT determination method applied by the Company since 2014

Since 2014, the current tax payable is based on taxable profit for the year. The taxable profit of the Company for the period differs from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the reporting date.

Under the Revised Tax Law No. 05/NA dated 20 December 2011, which is effective on or after 1 January 2013, the Company is subject to corporate income tax ("CIT") at the rate of 24% of its estimated taxable profit recorded under the Lao Accounting System. Furthermore, as a company listed in the Stock exchange, the Company are also entitled to a 5% deduction from the normal CIT rate for 4 years commencing from the listing date according to Tax Law issued by National Assembly of Lao PDR. As a result, the statutory applicable CIT rate for the Company during this period is 19% of taxable profit.

The reconciliation between the profit before tax and taxable profit is presented below:

Currency: LAK

	For the nine-month period ended 30 September 2016
Profit before tax	**2,341,370,328**
Adjustment to increase accounting profit	
Provision for doubtful debts	-
Provision for decline in value of inventories	-
Taxable profit	**2,341,370,328**
Estimated current CIT expenses	**444,860,362**
CIT payable at beginning of the period	1,075,091,380
CIT paid during the period	(1,875,091,380)
CIT payable at the end of the period (Note 17)	**(355,139,638)**

As the tax returns filed by the Company are subject to examination by the tax authorities and since the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

26. TRANSACTION WITH RELATED PARTIES

Significant transactions with the related parties during the period were as follows:

Currency: LAK

Related parties	*Relationship*	*Transactions*	*For the nine-month period ended 30 September 2016*
Mr. Chanthone Sitthixay	Chief Executive Officer and founding shareholder	Payment on behalf	5,976,877,700
Petroleum Trading Lao Company Limited	Subsidiary	Contribution of capital	694,221,039
		Advance for rental	13,169,324,506
Lao Daily Mart Import – Export Co. Ltd	Under common control	Loan to related party	16,749,572,212
		Payment on behalf	2,753,367,071
		Loan interest income	3,854,784,931
		Rental income	214,152,540
Sithi Logistics Lao Co., Ltd.	Under common control	Loan to related party	15,373,493,359
		Sales of fuel	2,074,769,000
		Transportation charges	13,975,504,155
		Loan interest income	1,766,081,698
		Rental income	185,307,504
		Collection from sales of fuel	2,555,174
CS Holding Company Limited	Under common control	Payment on behalf	101,496,516
		Collection of payment on behalf	555,030,044
Phonethan Plus Gas Station (PLUS 1)	Under common control	Sales of fuel	17,636,190,000
		Rental income	243,000,000
Nongheo Plus Gas Station (PLUS 2)	Under common control	Sales of fuel	8,672,640,000
		Rental income	153,000,000
Phakhao Plus Gas Station (PLUS 3)	Under common control	Sales of fuel	22,924,420,000
		Rental income	504,000,000

26. TRANSACTION WITH RELATED PARTIES (continued)

Significant transactions with the related parties during the period were as follows: (continued)

Currency: LAK

Related parties	*Relationship*	*Transactions*	*For the nine-month period ended 30 September 2016*
Phadaeng Gas Station (PLUS 4)	Under common control	Sales of fuel Rental income	5,776,760,000 287,000,000
VSV Plus Gas Station (PLUS 5)	Under common control	Sales of fuel Rental income	2,807,840,000 120,000,000
Khoua Louang Gas Station (PLUS)	Under common control	Sales of fuel Rental income	12,990,980,000 240,000,000
Nongphaya Plus Gas Station (PLUS 7)	Under common control	Rental income	60,000,000
Donekoy Plus Gas Station (PLUS 8)	Under common control	Sales of fuel Rental income	18,063,189,999 337,500,000
Vangvieng Plus Gas Station	Under common control	Sales of fuel	5,878,610,000
Phonhong Plus Gas Station	Under common control	Sales of fuel	3,552,000,000
Phongsavanh Bank	Affiliate	Borrowing	99,337,200,000
Sithi Logistics (Thailand) Co., Ltd	Under common control	Transportation charges	15,622,638,442

Terms and conditions

Transactions with related parties are made on the basis of contract negotiations. Except for unsecured interest-bearing loan receivables, other outstanding balances at the reporting date are unsecured, interest-free and will be settled in cash. Payments of operating expenses on behalf of the Company are interest-free, reimbursed at actual cost incurred.

26. TRANSACTION WITH RELATED PARTIES (continued)

Other transactions with related parties

Remuneration to management during the period is as below:

Currency: LAK

	30 September 2016	*31 December 2015*
Salaries and bonus	2,897,358,852	1,175,729,425
	2,897,358,852	**1,175,729,425**

27. COMMITMENTS

Operating lease commitment where the Company is the lessee

The Company leases offices and lands under operating lease arrangements. The minimum lease commitment as at 30 September 2016 under the operating lease agreements is as follows:

Currency: LAK

	30 September 2016	*31 December 2015*
Less than 1 year	35,686,061,574	1,133,580,000
From 1 - 5 years	6,859,817,000	4,025,031,000
More than 5 years	19,207,569,000	22,434,459,000
	61,753,447,574	**27,593,070,000**

Operating lease commitment where the Company is the lessor

The Company lets out gas stations and office under operating lease arrangements. The minimum future rental receivables as at 30 September 2016 under these operating lease agreements are as below:

Currency: LAK

	30 September 2016	*31 December 2015*
Less than 1 year	2,019,181,520	2,405,930,000
From 1- 5 years	13,518,471,036	14,971,460,000
More than 5 years	10,654,450,000	13,256,520,000
	26,192,102,556	**30,633,910,000**

Capital expenditure commitments

As at 30 September 2016, the Company has contractual commitment for the construction of gas stations which amount to approximately LAK 12.3 billion.

Regulated selling price

The selling price of the petrol was determined by the Company's management but not higher than the ceiling price regulated and announced by the Ministry of Finance of Lao PDR.

28. EVENTS AFTER THE REPORTING DATE

There is no matter or circumstance that has arisen since the interim balance sheet date that requires adjustment or disclosure in the interim separate financial statements of the Company.

29. APPROVAL FOR ISSUE

The interim separate financial statements as at 30 September 2016 and for the nine-month period then ended were authorised for issue by the Company's management on 14 November 2016.

ChanthadomMeksavanh
Acting Chief Finance Officer

ChanthoneSitthixay
Chief Executive Officer

14 November 2016