PETROLEUM TRADING LAO PUBLIC COMPANY

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FINANCIAL STATEMENTS

31 DECEMBER 2022



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PETROLEUM TRADING LAO PUBLIC COMPANY

FINANCIAL STATEMENTS
31 DECEMBER 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of Petroleum Trading Lao Public Company

Our opinion

In our opinion, the financial statements of Petroleum Trading Lao Public Company (the Company) are prepared, in all material respects, in accordance with accounting policies described in Note 2 to the financial statements.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter - Basis of accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements have been prepared in accordance with the Company's accounting policies which the accounting basis used in the preparation of these financial statements may differ from International Financial Reporting Standards (IFRS). The readers should therefore be aware that the accompanying financial statements are not intended to present the financial position and its financial performance and cash flows in accordance with IFRS. Our opinion is not modified in respect to this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We determine one key audit matter: Revenue recognition for wholesale income. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for wholesale income Refer to Note 2.14 'Accounting policies – Revenue recognition' and Note 18 'Sales' to the consolidated financial statements. The Group's revenue comprises both wholesale and retail fuel and lubricant revenue with wholesale revenue representing the majority. Various lead times and conditions of the Groups wholesale business directly affects the correctness of revenue recognition due to timing differences. Time gaps in billing and delivery processes led to high risk for recognition completeness and cut-off, particularly for wholesale petroleum for which recording and actual delivery impacts revenue recognition timing. We focused on this area as billing cycle periods may not necessarily coincide with year-end closing, so revenue recognition requires Group management estimation.	We performed the following procedures: • Evaluated and tested the relevant controls over the revenue and receivables processes to ensure billing and other relevant supporting systems were reliable and change control procedures were in place around those systems. • Tested samples of individual and corporate customer invoices to the authorisation of review and approval prior to record in the general ledger. • Tested end-to-end reconciliations of the sales report and the general ledger, including testing adjustment transaction records against the underlying documents related to revenue. • Performed substantive testing on revenue cut-off testing by selected revenue samples prior to and after year end to test whether they are completely recorded in appropriate timing, based on terms and conditions set out in sales invoices and delivery documents. • Tested samples of revenue transactions for each type of income incurred during the year by agreeing the revenue transactions with invoices and other related supporting documents. From these procedures, we found that Group management estimation regarding revenue recognition was in line with the accounting policy and available evidence.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee to revise and re-release the report.

Responsibilities of the board of directors and audit committee for the financial statements

The directors are responsible for the preparation of the financial statements in accordance with accounting policies described in Note 2 to the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For PricewaterhouseCoopers (Lao) Sole Company Limited

By Sunya Rattanavibuli
Director

Vientiane Capital, Lao PDR
Date: 22 May 2023

PETROLEUM TRADING LAO PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

Assets	Notes	2022 LAK	2021 LAK
Current assets			
Cash and cash equivalents	4	5,494,674,970	941,053,632
Trade accounts receivable, net	5	22,455,453,337	18,988,933,700
Inventories, net	6	399,335,819	306,011,089
Short-term loan to related parties	23.5	139,898,947,042	107,662,386,845
Other current assets	7	542,108,548,402	202,111,694,030
Total current assets		**710,356,959,570**	**330,010,079,296**
Non-current assets			
Property, plant and equipment, net	8	372,037,173,827	173,632,730,617
Intangible assets, net	9	2,896,193,364	3,489,545,272
Investment properties, net	10	200,162,726,629	83,901,249,041
Investment in subsidiaries		198,000,000,000	198,000,000,000
Other non-current assets	11	46,561,690,945	46,192,090,655
Total non-current assets		**819,657,784,765**	**505,215,615,585**
Total assets		**1,530,014,744,335**	**835,225,694,881**

Khamsone Sitthixay
Vice Chief Executive Officer

Date: 22 May 2023

Chanthadom Meksavanh
Chief Finance Officer

Date: 22 May 2023

The accompanying notes on pages 12 to 30 are an integral part of these financial statements.

PETROLEUM TRADING LAO PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 LAK	2021 LAK
Liabilities and equity			
Liabilities			
Current liabilities			
Trade accounts payable	12	7,185,390,779	3,346,119,393
Tax payables	13	8,393,697,123	7,723,853,028
Short-term borrowings	14	191,355,503,214	121,816,492,000
Other current liabilities	15	279,178,512,954	215,147,964,697
Total current liabilities		**486,113,104,070**	**348,034,429,118**
Non-current liabilities			
Long-term borrowings	14	584,370,984,000	334,723,420,000
Total non-current liabilities		**584,370,984,000**	**334,723,420,000**
Total liabilities		**1,070,484,088,070**	**682,757,849,118**
Equity			
Share capital	16	470,000,000,000	470,000,000,000
Share premium	16	27,638,932,340	27,638,932,340
Revaluation surplus		313,029,203,069	-
Retaining earnings/(Deficits)			
Appropriated-legal reserve	17	3,708,530,711	3,708,530,711
Other reserve		1,977,267,979	1,977,267,979
Unappropriated		(356,823,277,834)	(350,856,885,267)
Total equity		**459,530,656,265**	**152,467,845,763**
Total liabilities and equity		**1,530,014,744,335**	**835,225,694,881**

Khamsone Sitthixay
Vice Chief Executive Officer

Date: 22 May 2023

Chanthadom Meksavanh
Chief Finance Officer

Date: 22 May 2023

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PETROLEUM TRADING LAO PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 LAK	2021 LAK
Sales	18	1,733,080,077	1,108,915,267
Cost of sales	20	(64,435,437)	(45,955,168)
Gross profit		**1,668,644,640**	**1,062,960,099**
Other income	19	66,795,925,396	12,316,103,132
Foreign exchange gain(loss), net		190,454,943	(3,208,161,972)
Selling expenses	20	(276,727,000)	(257,220,887)
Administrative expenses	20	(23,758,882,306)	(18,353,579,457)
Operating gain/(loss)		**44,619,415,673**	**(8,439,899,085)**
Finance expense		(50,585,808,240)	(34,718,294,861)
Net loss before income tax expenses		**(5,966,392,567)**	**(43,158,193,946)**
Income tax expenses	21	-	-
Net loss for the year		**(5,966,392,567)**	**(43,158,193,946)**
Loss per share			
Basic loss per share	22	(25)	(184)

Khamsone Sitthixay
Vice Chief Executive Officer

Date: 22 May 2023

Chanthadom Meksavanh
Chief Finance Officer

Date: 22 May 2023

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PETROLEUM TRADING LAO PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital LAK	Share premium LAK	Revaluation surplus LAK	Retaining earnings/ (Deficits) Appropriated legal reserve LAK	Other reserve LAK	Unappropriated LAK	Total LAK
Opening balance at 1 January 2021	16,17	**470,000,000,000**	**27,638,932,340**	-	**3,708,530,711**	**1,977,267,979**	**(307,698,691,321)**	**195,626,039,709**
Net loss for the year		-	-	-	-	-	(43,158,193,946)	(43,158,193,946)
Closing balance at 31 December 2021		**470,000,000,000**	**27,638,932,340**	-	**3,708,530,711**	**1,977,267,979**	**(350,856,885,267)**	**152,467,845,763**
Opening balance at 1 January 2022	16,17	**470,000,000,000**	**27,638,932,340**	-	**3,708,530,711**	**1,977,267,979**	**(350,856,885,267)**	**152,467,845,763**
Revaluation gains		-	-	313,029,203,069	-	-	-	313,029,203,069
Net loss for the year		-	-	-	-	-	(5,966,392,567)	(5,966,392,567)
Closing balance at 31 December 2022		**470,000,000,000**	**27,638,932,340**	**313,029,203,069**	**3,708,530,711**	**1,977,267,979**	**(356,823,277,834)**	**459,530,656,265**

Khamsone Sitthixay
Vice Chief Executive Officer

Date: 22 May 2023

Chanthadom Meksavanh
Chief Finance Officer

Date: 22 May 2023

The accompanying notes on pages 12 to 30 are an integral part of these financial statements

PETROLEUM TRADING LAO PUBLIC COMPANY

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 LAK	2021 LAK
Cash flow from operating activities:			
Net loss before income tax for the year		(5,966,392,567)	(43,158,193,946)
Adjustments to reconcile net loss to net cash			
Depreciation and amortisation	8,9,10	5,662,299,921	4,987,807,829
Gain on disposal assets		(500,327,103)	-
Reversal provision for doubtful debts		189,667,097	1,093,607,697
Interest income		(9,086,392,733)	(7,092,150,757)
Interest expense		50,585,808,241	34,718,294,861
Operating (loss)gain before working capital changes		**40,884,662,856**	**(9,450,634,316)**
Changes in working capital:			
Trade accounts receivable		(3,276,852,540)	(3,306,173,294)
Inventories		(93,324,730)	(10,832,747)
Trade accounts payable		2,469,944,735	(1,090,218,539)
Tax payables		4,160,114,454	4,865,891,187
Other asset		(363,555,686,102)	(53,485,666,416)
Other liabilities		310,352,907,041	120,446,614,752
Cash generated (used in)/from operation		**(9,058,234,286)**	**57,968,980,627**
Interest received		1,412,356,698	177,497,049
Interest paid		(87,049,499,263)	(39,493,868,739)
Income tax paid		-	-
Other tax and statutory tax paid		(3,490,270,359)	(9,740,467,457)
Net cash (used in)/generated from operating activities		**(98,185,647,210)**	**8,912,141,480**
Cash flows from investing activities:			
Acquisitions of assets		(6,295,526,247)	(10,763,055,207)
Disposal of assets		961,317,103	-
Loans received during the year		289,130,025	1,500,000,000
Net cash used in investing activities		**(5,045,079,119)**	**(9,263,055,207)**

Khamsone Sitthixay
Vice Chief Executive Officer

Date: 22 May 2023

Chanthadom Meksavanh
Chief Finance Officer

Date: 22 May 2023

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PETROLEUM TRADING LAO PUBLIC COMPANY

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 LAK	2021 LAK
Cash flows from financing activities:			
Proceeds from borrowings		686,779,240,463	-
Repayment of borrowing borrowings		(579,193,592,000)	-
Net cash generated from financing activities		**107,585,648,463**	**-**
Net (decrease)/increase in cash and cash equivalents		4,354,922,134	(350,913,727)
Cash and cash equivalents at the beginning of the year		941,053,632	1,316,436,972
Exchange gain/(loss) on cash and cash equivalents		198,699,204	(24,469,613)
Cash and cash equivalents at the end of the year		**5,494,674,970**	**941,053,632**
Significant non-cash items;			
Accounts payable for fixed assets		(871,129,494)	(364,964,439)

Khamsone Sitthixay
Vice Chief Executive Officer

Date: 22 May 2023

Chanthadom Meksavanh
Chief Finance Officer

Date: 22 May 2023

The accompanying notes on pages 12 to 30 are an integral part of these financial statements

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 Kamphaeng Mueang Street, Phonthan village, Xaysettha district, Vientiane capital, Lao PDR.

The Company invested 99% of interest in Petrotrade Import-Export Company Limited and Petrotrade Distribution Company Limited as the same.

The principal activities of the Company are holding company and to provide service of Plus Card.

These financial statements were authorised by the board of directors on 22 May 2023.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Company's principal accounting policies as described below and have been prepared generally under the historical cost convention.

According to the Accounting Law no. 47/NA issued on 26 December 2013, Public Interest Enterprises (PIEs) are required to apply International Financial Reporting Standards (IFRS). However, Ministry of Finance has issued announcement No. 1137/MoF issued on 27 April 2020 and from Lao Securities and Exchange Commission Office (LSCO) dated 25 May 2020, which provided options for listed companies to prepare action plan for adoption IFRS within four-year period. Therefore, listed companies must fully adopt IFRS as at January 2026 onwards.

The management is presently preparing action plan for implementation IFRS in accordance with the announcement. The accounting principles applied may differ from IFRS.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses in the reported periods. Although these estimates are based on management's knowledge of current events and actions, actual results may materially differ from those estimates.

The Company presents the separate financial statements for the year ended 31 December 2022 and 2021, this is in accordance with the reporting and disclosure regulation No.007/SECO, dated 3 April 2014 issued by Lao Securities and Exchange Commission Office.

2. Accounting policies (continued)

2.2 Investment in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control.

The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns though its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

In the financial statements, investments in subsidiaries is accounted for at cost less impairment.

2.3 Foreign currency translation

Items included in the financial statements are presented in Lao Kip (LAK).

Foreign currency transactions are translated into LAK using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency are translated into LAK at the prevailing at the reporting dates. All resulting foreign exchange gains and losses differences unrealised from the translation of monetary assets and liabilities denominated in foreign currency are recognised in the statements of financial position and will be reversed in the next fiscal year.

The realised gains and losses from the settlement of foreign currency transaction is recognised into the statement of income when payment.

The exchange rated used are from local reputation bank in Lao PDR.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks or other short-term highly liquid investments with original maturities of three months or less.

2. Accounting policies (continued)

2.5 Trade receivable

Trade receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss within administrative expenses.

The following policy on the allowance for receivables impairment from third parties are applied as follow:

From 6 months to 1 year	30%
From 1 to 2 years	50%
Above 2 years	100%

No provision made on outstanding balances of loan to related parties, trade receivables, other receivables from related parties and trade receivables from the company/service provider to the Government's Project.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances. The cost of finished goods comprises design costs, raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Land held and accounted for by the Company as investment property when the rest of the definition of investment property is met.

Investment property is measured initially at its cost, including related transaction costs

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

2. Accounting policies (continued)

2.7 Investment properties (continued)

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated (Note 2.8). Depreciation on other investment properties is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and renovation	7 -10 years

2.8 Property, plant and equipment

All property, plant and equipment, excepted land*, are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

*For the year ended 31 December 2022 onward, land is recognised at revaluation method based on periodic, but at least 2 years, valuations by external independent valuers. Increases/decreases in the carrying amounts arising on revaluation of land is recognised in 'revaluation surplus' in shareholders' equity. The Group transfers any amounts included in revaluation surplus in respect of disposed asset to retained earnings when the revalued assets are sold.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and renovation	5 - 30 years
Machinery and equipment	2 - 10 years
Vehicle	5 years
Office equipment	2-10 years

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/(losses) – net' in the statement of income.

2. Accounting policies (continued)

2.9 Intangible assets

Intangible assets consist of computer software. Acquired computer software licenses are capitalised in the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life, which does not exceed 2-10 years. Cost associated with remaining computer software programs are recognised as expense as incurred.

2.10 Borrowings

Borrowings are recognised initially at the drawdown value. Borrowing cost consist of interest and other cost that the Company incurs in connection with the borrowing of funds. Borrowing cost for general purpose are recorded as expenses during the year in which they are incurred.

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

Borrowing arrangement fee are recognise as pre-paid expenses and amortised into statements of income over the borrowing period.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

2.11 Lease

Leases - where the Company is the lessee

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Leases of property, plant or equipment where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the book value of the leased property.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2. Accounting policies (continued)

2.11 Lease (continued)

Leases - where the Company is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.12 Taxation

The Company records income tax on an accrual basis. The Company does not recognise corporate income tax payable or receivable in future periods in respect of temporary differences. Income tax expense is recognised based on the operating result for the year after adjusted non-deductible expenses and other transactions under the related Lao Tax Law and tax rate. Under Lao Tax Law, Lao Accounting Law and related privileges as a listed Company, tax expenses for the year are determined on the basis of the profit the Company calculated (Note 21).

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 result in additional tax payments or refunds being necessary which may be significant. This would result in the payment or refund being recognised as income tax expense in the year in which the reviews are completed.

2.13 Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity.

The share premium us recognise upon issuance od addition 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 LSCO on 28 April 2015, the Company was allowed to distribute 75% of share premium from the Company's initial offering after deduction of relevant share issuance costs, to the founding shareholders of the Company.

2. Accounting policies (continued)

2.14 Revenue recognition

Revenue comprises the invoice value of goods sold net of rebates and discounts. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred or delivered to the buyer.

Revenue from rental is recognised on a straight-line basis over the lease term.

Other income is recognised on the following basis:

- Interest income is recognised on a time-proportion basis, taking into account the principal outstanding and interest rate over the period to maturity, when it determined that such income will be accrued to maturity, when it is determined that such income will be accrued to the Company.
- Other income is recognised on an accrual basis.

3. Change in accounting policy

3.1 Property and equipment and investment properties

In December 2022, management decided and approved the change in the accounting policy over the land recorded under investment properties (Note 2.7) and property and equipment (Note 2.8). The Company engaged the external independent valuers to perform the revaluation of the land.

According to the result dated 7 December 2022, the land valued at a net book amount of LAK 507,738,906,198 (Note 8,10). Management considered that the gap between the result revaluation dated and statements of financial position as at 31 December 2022 was not significant different, and approved to record the land at the net book amount of LAK 507,738,906,198. This event incurred the surplus on revaluation amount of LAK 313,029,203,069. Upward revaluation is directly credited to a statement of changes in equity called revaluation surplus.

The Company received the approval form the Accounting Department, No. 0140 dated 22 February 2023, and the acknowledgement letter from the Lao Securities Commission Office (LSCO), No. 80, dated 27 March 2023 regarded to the change in accounting policy over the land from cost method to valuation method. The Group's Management considered and approved switching from cost method to revaluation method of the land for the year ended 31 December 2022 onward.

4. Cash and cash equivalents

	2022 LAK	2021 LAK
Cash on hand	16,261,500	11,135,500
Cash at banks	5,478,413,470	929,918,132
	5,494,674,970	**941,053,632**

5. Trade accounts receivable, net

	2022 LAK	2021 LAK
Trade accounts receivable - related parties (Note 23.3)	11,908,699,209	11,253,119,062
Trade accounts receivable - third parties	17,275,873,737	14,654,601,345
	29,184,572,946	**25,907,720,407**
Less: Allowance for doubtful accounts	(6,729,119,609)	(6,918,786,707)
Trade account receivables – Net	**22,455,453,337**	**18,988,933,700**

6. Inventories, net

	2022 LAK	2021 LAK
Office supply	264,720,835	195,203,563
Plus Card	134,614,984	110,807,526
	399,335,819	**306,011,089**
Less: Allowance for impairment based on net realisable value	-	-
Inventories – Net	**399,335,819**	**306,011,089**

7. Other current assets

	2022 LAK	2021 LAK
Other receivable - related parties (Note 23.3)	135,792,298,997	73,379,718,170
Advances to suppliers	2,637,279,152	6,694,219,500
Deposits to suppliers	3,324,973,515	2,127,369,421
Advances to employees	85,000,000	81,000,000
Advance profit tax payment	1,146,854,492	1,146,854,492
Interest receivable (Note 23.3)	33,804,272,520	15,990,219,106
Share subscription receivables (Note 23.3)	36,368,330,104	36,368,330,104
Deferred loss from un-realisation	328,949,539,622	66,323,983,237
	542,108,548,402	**202,111,694,030**

8. Property, plant and equipment, net

	Land LAK	Building and improvement LAK	Machinery and equipment LAK	Office equipment LAK	Vehicle LAK	Construction in progress LAK	Total LAK
As at 1 January 2022							
Cost	118,118,219,000	54,564,966,982	5,939,493,233	18,660,283,150	3,941,507,344	15,092,950,300	216,317,420,009
Less: Accumulated depreciation	-	(18,308,923,390)	(5,011,715,749)	(15,422,542,909)	(3,941,507,344)	-	(42,684,689,392)
Net book amount	**118,118,219,000**	**36,256,043,592**	**927,777,484**	**3,237,740,241**	**-**	**15,092,950,300**	**173,632,730,617**
For the year ended 31 December 2022							
Opening net book amount	118,118,219,000	36,256,043,592	927,777,484	3,237,740,241	-	15,092,950,300	173,632,730,617
Additions	-	18,712,160	-	1,073,183,604	-	5,866,479,616	6,958,375,380
Transfer in/(out)	-	13,005,224,484	-	-	-	(13,005,224,484)	-
Depreciation charge (Note 20)	-	(2,797,932,752)	(422,825,830)	(894,824,866)	-	-	(4,115,583,448)
Revaluation surplus	195,561,651,278	-	-	-	-	-	195,561,651,278
Closing net book amount	**313,679,870,278**	**46,482,047,484**	**504,951,654**	**3,416,098,979**	**-**	**7,954,205,432**	**372,037,173,827**
As at 31 December 2022							
Cost	313,679,870,278	67,588,903,626	5,939,493,233	19,733,466,754	3,941,507,344	7,954,205,432	418,837,446,667
Less: Accumulated depreciation	-	(21,106,856,142)	(5,434,541,579)	(16,317,367,775)	(3,941,507,344)	-	(46,800,272,840)
Net book amount	**313,679,870,278**	**46,482,047,484**	**504,951,654**	**3,416,098,979**	**-**	**7,954,205,432**	**372,037,173,827**

9. Intangible assets, net

	Computer Software LAK
As at 1 January 2022	
Cost	8,493,318,534
Less: Accumulated amortization	(5,003,773,262)
Net book amount	**3,489,545,272**
For the year ended 31 December 2022	
Opening net book amount	3,489,545,272
Additions	208,280,361
Amortisation charge (Note 20)	(801,632,269)
Closing net book amount	**2,896,193,364**
As at 31 December 2022	
Cost	8,701,598,895
Less: Accumulated amortization	(5,805,405,531)
Net book amount	**2,896,193,364**

10. Investment properties, net

	Land LAK	Building LAK	Total LAK
As at 1 January 2022			
Cost	77,052,474,129	10,637,379,752	87,689,853,881
Less: Accumulated depreciation	-	(3,788,604,840)	(3,788,604,840)
Net book amount	**77,052,474,129**	**6,848,774,912**	**83,901,249,041**
For the year ended 31 December 2022			
Opening net book amount	77,052,474,129	6,848,774,912	83,901,249,041
Disposal	(460,990,000)	-	(460,990,000)
Revaluation surplus	117,467,551,791	-	117,467,551,791
Depreciation charge (Note 20)	-	(745,084,203)	(745,084,203)
Closing net book amount	**194,059,035,920**	**6,103,690,709**	**200,162,726,629**
As at 31 December 2022			
Cost	194,059,035,920	10,637,379,752	204,696,415,672
Less: Accumulated depreciation	-	(4,533,689,043)	(4,533,689,043)
Net book amount	**194,059,035,920**	**6,103,690,709**	**200,162,726,629**

11. Other non-current assets

	2022 LAK	2021 LAK
Prepayment*	40,354,452,945	39,774,852,655
Advance for gas stations and others	6,207,238,000	6,417,238,000
	46,561,690,945	**46,192,090,655**

*This mainly represents advance prepayment to related parties amount to LAK 34,419,839,505 (2021: LAK 34,419,839,505) (Note 23.3) and other prepayment.

12. Trade accounts payable

	2022 LAK	2021 LAK
Trade payables - third parties	5,768,371,684	3,028,302,701
Trade payables - related parties (Note 23.3)	1,417,019,095	317,816,692
	7,185,390,779	**3,346,119,393**

13. Tax payables

	2022 LAK	2021 LAK
Value Added Tax payables	2,570,742,688	575,963,008
Personnel income tax payables	133,804,915	134,587,452
Other taxes and statutory payables*	5,689,149,520	7,013,302,568
	8,393,697,123	**7,723,853,028**

*This mainly represents the outstanding accrual of tax payables according to the tax assessment by the Tax Authorities dated 27 December 2019.

Tax Authorities have reviewed and issued the memo on obligation of tax expenses for the year 2014 to 2017 amount of LAK 20,835,576,105. In addition, Tax Authorities mentioned in the memo that the Company may have obligation for penalty payables for the year 2014 to 2017 amount to LAK 7,417,484,961 which is not yet finalised and need to seek a final opinion from the Ministry of Finance.

13. Tax payables (continued)

Management recorded tax expenses amount of LAK 20,835,576,105 to the financial statements of the year ended 31 December 2019, and the outstanding payables as at 31 December 2022 is LAK 5.6 Billion (2021: LAK 7 Billion).

Regarding to the obligation for penalty payables for the year 2014 to 2017 amount to LAK 7,417,484,961, the Company received the memo from the Tax Authorities per reference no.0210 dated 28 January 2020, a portion of obligation for the penalty payables for the year 2014 to 2017 amount of LAK 964,759,679 allowed for exemption. Thus, as of 31 December 2022, the Company has such obligation for penalty payables which is not yet finalised and need to seek a final opinion from the Ministry of Finance amount of LAK 6,452,725,282 (2021: LAK 6,452,725,282)

In the meantime, management is requesting for the exemption on the penalty from Tax Authorities. Because of uncertainty of the amount of penalty, management considered not to record penalty payables amount to LAK 6,452,725,282 (2021: LAK6,452,725,282) to the financial statements. As of the reporting date, it is in the process of reviewing by the Tax Authorities.

14. Borrowings

	2022 LAK	2021 LAK
Current		
Current portion of long-term borrowings from Banks	66,324,000,000	66,324,000,000
Borrowing from related parties (Note 23.4)	125,031,503,214	55,492,492,000
	191,355,503,214	**121,816,492,000**
Non-current		
Borrowings from banks	-	-
Borrowing from related parties (Note 23.4)	584,370,984,000	334,723,420,000
	584,370,984,000	**334,723,420,000**
	775,726,487,214	**456,539,912,000**

14. Borrowings (continued)

The interest rate exposure on the borrowings of the Company is as follows:

	2022 LAK	2021 LAK
Borrowings		
- at fixed rates	775,726,487,214	456,539,912,000
Total borrowings	**775,726,487,214**	**456,539,912,000**

Maturity of long-term borrowings from banks is as follows:

	2022 LAK	2021 LAK
Between 1 and 2 years	775,726,487,214	334,723,420,000
Between 2 years and 5 years	-	-
	775,726,487,214	**334,723,420,000**

15. Other current liabilities

	2022 LAK	2021 LAK
Advances from customers	7,413,536,972	3,931,836,109
Other accrued and payables	8,556,195,782	5,978,516,048
Other payables – related parties (Note 23.3)	212,765,808,189	199,363,673,534
Deferred gain from un-realisation	50,442,972,011	5,873,939,006
	279,178,512,954	**215,147,964,697**

16. Share capital and premium on share capital

	Number of Shares (Shares)	Ordinary Shares (LAK)	Share Premium (LAK)	Total (LAK)
At 1 January 2021	235,000,000	470,000,000,000	27,638,932,340	497,638,932,340
Issue of shares	-	-	-	-
At 31 December 2021	**235,000,000**	**470,000,000,000**	**27,638,932,340**	**497,638,932,340**
Issue of shares	-	-	-	-
At 31 December 2022	**235,000,000**	**470,000,000,000**	**27,638,932,340**	**497,638,932,340**

17. Legal reserve

Legal reserve is set-up in accordance with the Enterprise Law of Lao PDR which requires the appropriation of profit as a legal reserve of at least 10% of the annual net profit, after deducted accumulated losses (if any) until such reserve reaches 50% of authorised share capital.

During the year there is no movement, the balance as of 31 December 2022 is LAK 3,708,530,711 (2021: LAK 3,708,530,711).

18. Sales

	2022 LAK	2021 LAK
Sales of plus card	1,733,080,077	1,108,915,267

19. Other income

	2022 LAK	2021 LAK
Rental income (Note 23.1)	4,225,249,608	2,067,819,438
Interest income (Note 23.1)	9,086,392,733	6,914,653,707
Management fees (Note 23.1)	24,181,171,244	-
IT services (Note 23.1)	22,015,946,821	2,221,802,225
Gain on disposals of fixed assets	519,018,692	18,181,819
Other income	6,768,146,298	1,093,645,943
	66,795,925,396	**12,316,103,132**

20. Significant expenses by nature

	2022 LAK	2021 LAK
Finish goods - fuel sold and service	64,435,437	45,955,168
Labor costs	8,149,047,989	6,248,295,914
Depreciation and amortisation charges (Note 8,9,10)	5,662,299,920	4,987,807,829
Bank charges	1,885,578,865	1,802,788,592
Professional fees	813,576,498	593,777,953
Operating costs for representative offices	4,000,204,799	2,759,702,702
Rental expenses	1,482,299,696	1,308,925,026
Repair and maintenance expenses	1,661,641,660	503,721,350
Selling expenses	276,727,000	257,220,888

21. Income tax expenses

According to the Tax Law No. 259 effective on 1 January 2020, the Company calculated Profit Tax on its net taxable income at the rate of 20% (2021: 20%) after considering the non-deductible income and expenses was in accordance with the Lao Tax Law.

22. Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Net loss attributable to ordinary shareholders (LAK)	(5,966,392,567)	(43,158,193,946)
Weighted average number of ordinary shares In issue (shares)	235,000,000	235,000,000
Basic loss per share (LAK)	(25)	(184)

23. Related-party transactions

Individuals and entities that directly or indirectly control or are controlled by or are under common control with the Company, including investment entities and individuals or entities having significant influence over the Company, key management personnel, including directors and officers of the Company 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.

The following significant transactions were carried out with related parties:

23.1 Sales of goods and services

	2022 LAK	2021 LAK
Sales of services to:		
Subsidiaries (Note 19)		
Interest income	8,000,204,492	5,967,603,785
Management fee	24,181,171,244	-
IT service	14,138,760,000	1,457,661,106
Rental fees	1,790,672,000	-
Other related parties (Note 19)		
Interest income	1,086,188,241	947,049,922
Rental fees	2,434,577,608	2,067,819,438
IT service and others	7,877,186,821	764,141,119
	59,508,760,406	**11,204,275,370**

23. Related-party transactions (continued)

23.2 Purchases of goods and services

	2022 LAK	2021 LAK
Purchases of services from:		
Subsidiaries		
Interest expenses	4,446,625,617	-
Other related parties		
Other services	93,921,736	21,418,437,345
	4,540,547,353	**21,418,437,345**

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

	2022 LAK	2021 LAK
Receivables from:		
Trade account receivable		
Other related parties (Note 5)	11,908,699,209	11,253,119,062
	11,908,699,209	**11,253,119,062**
Other current assets		
Subsidiaries (Note 7)		
Share subscription	36,368,330,104	36,368,330,104
Other receivable	48,532,229,568	-
	84,900,559,672	**36,368,330,104**
Key management (Note 7)		
Other receivable from share premium	22,497,682,340	22,497,682,340
Other receivable from sale vehicle	17,146,313,862	16,149,973,862
	39,643,996,202	**38,647,656,202**
Other related parties (Note 7)		
Interest receivable	33,804,272,519	15,990,219,106
Advance to related parties	30,478,301,632	21,568,572,129
Other receivables from rental service	17,137,771,596	13,163,489,839
	81,420,345,747	**50,722,281,074**
	205,964,901,621	**125,738,267,380**
Other non-current assets		
Key management (Note 11)		
Prepayment of land rental	34,419,839,505	34,419,839,505
	34,419,839,505	**34,419,839,505**
Total receivable	**252,293,440,335**	**171,411,225,947**

23. Related-party transactions (continued)

23.3 Outstanding balances arising from sales/purchases of goods/services (continued)

	2022 LAK	2021 LAK
Payable to:		
Trade accounts payable		
Other related parties (Note 12)	1,417,019,095	317,816,692
	1,417,019,095	**317,816,692**
Other current liabilities		
Subsidiaries (Note 15)		
Share subscription	56,306,694,922	56,306,694,922
Others	151,055,603,884	89,429,649,903
	207,362,298,806	**145,736,344,825**
Other related parties (Note 15)		
Accrued interest and expenses	5,403,509,383	53,627,328,709
	5,403,509,383	**53,627,328,709**
Total payable	**214,182,827,284**	**199,681,490,226**

23.4 Borrowings from related parties

	2022 LAK	2021 LAK
At 1 January	390,215,912,000	352,929,504,000
Borrowings received during the year	686,779,240,462	-
Borrowings repayment during the year	(579,193,592,000)	-
Un-realisation loss on exchange	211,600,926,752	37,286,408,000
At 31 December	**709,402,487,214**	**390,215,912,000**

The loans from related parties were provided with specified repayment term and interest rate average at 10% (2021: 8%) per annum (Note 14).

23. Related-party transactions (continued)

23.5 Loans to related parties

	2022 LAK	2021 LAK
Opening balance at 1 January	107,662,386,845	99,551,633,098
Loans repayment during the year	(289,130,025)	(1,500,000,000)
Un-realisation gain on exchange	32,525,690,222	9,610,753,747
As at 31 December	**139,898,947,042**	**107,662,386,845**

23.6 Key management compensation

Compensation paid to key management are as follow:

	2022 Million LAK	2021 Million LAK
Salaries and others	2,717	2,385

24. Commitments

a) Capital expenditure commitment

As at 31 December 2022, the Company had significant capital commitment for construction the building amount of LAK 1,369 million (2021: 327 million).

b) Operating lease commitments - where a Company is the lessee

The Company leases land under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2022 LAK	2021 LAK
Not later than 1 year	7,872,850,000	-
Later than 1 year but not later than 5 years	1,690,046,400	6,887,040,000
Later than 5 years	4,194,936,600	2,910,660,000
	13,757,833,000	**9,797,700,000**

24. Commitments (continued)

c) Operating lease commitments - where a Company is the lessor

The Company let out gas stations and office under operating lease agreement. The minimum future rental receivable as at 31 December 2022 under these operating lease agreements are as below:

	2022 LAK	2021 LAK
Not later than 1 year	1,249,272,000	843,120,000
Later than 1 year but not later than 5 years	4,997,088,000	3,253,680,000
Later than 5 years	18,099,688,819	11,641,549,606
	24,346,048,819	**15,738,349,606**

25. Events after the reporting period

There have been no significant post balance sheet events that would significantly impact the figures in the Company's financial statements.