LAO WORLD

Lao Word Public Company and Its subsidiary

Summarized the business operation of Lao World Public Company and its subsidiary for the 3rd quarter of 2017

Lao people's Democratic Republic
Peace Independence Democracy Unity Prosperity

LAO WORLD
Lao world Public Company
Lao ITECC Building, KamphengMuong Road,
Saysettha District, Vientiane Capital
Tel: 021 415477, Fax 021 415409

No..2359..../LWPC
Date.....13 NOV 2017.....

Summarized the business operation of Lao World Public Company and its subsidiary for the 3rd quarter of 2017

Lao World Public Company and its subsidiary pleased to present the summary the business operation of the Company and its subsidiaries for the 3rd quarter of 2017 as follow;

I. Brief of Company's background;

Lao World Public Company and its subsidiary pleased to present the information in brief for the history of the company and its subsidiary as follow;

- Lao World Public Company (Previously, Lao World Company Limited (Chan Complex)) was originally established as a limited company on 31 March 2004 and was converted to Lao World Public Company on 12 October 2011. The Company has 1 branch in Pakse District, Champasak Province. The establishment of the company is in the form of Build-Operate and Transfer (BOT) concession agreement with Government of Lao PDR during the period of 90 years commenced from 24 December 2003 to 23 December 2093. The company has registered address at Lao ITECC Building, Khampheng Mouang Road, Ban Phounthan Neua, Xaysettha District, Vientiane Capital, Lao PDR.

- Lao World Savan Co., Ltd was established on 3 August 2009 in the form of Build-Operate and Transfer (BOT) concession agreement with Government of Lao PDR during the period of 90 years commenced from 22 July 2009 to 21 July 2099. The Company has registered address at Savan ITECC building, No.9 Road, Ban Phonesavang Tai, Kaisone Phomvihan District, Savannakhet Province, Lao PDR.

- On 28 September 2013, Lao World Public Company had acquired 100% of interest in Lao World – Savan Co., Ltd as its subsidiary of the Company.

II. Reporting on business expansion and operation results for the 3rd quarter of 2017;

1. The result of business development of the Company;

Report the progress of the development projects (existing and new) as following;

- The progression of construction of Thongkhankham Market to be a modern trade mall was completed for the main building and alongside buildings at 99.99% of the total plan which has the total value of Kip 149.2 billion at 30 September 2017.

- At 30 September 2017, the reserved number for booking spaces is 99% of the first floors of main building.

2. The operating results in each business

2.1. The principal business operation;

Lao world Public Company and its subsidiaries operated in their principal business service and trading which including of:

- Sale of right to use and renting the space and room at ITECC Mall (only in Vientiane Capital).
- Exhibition and products selling
- Conference and seminar organizing both domestic and international including arrange banquet for wedding
- Entertainments such as Movie Theater, Soccer field, Water Park and Zoo.
- Chester's grill, Coffee World and Beard Papa.

2.2 The operating results:

Above businesses have been operated according to the plan throughout the year until 30 September 2017, which would be concluded in some significant points as follows;

2.2.1 Exhibition and products selling

The exhibition and products selling was operated as the plan, in terms of numbers of business operation of this business, it's summarized as follow;

Exhibition and products selling:

	Vientiane Capital	Pakse	Savannaket
Revenue (kip)			
Q3. 2017:	11,761,854,233	1,078,767,491	1,519,527,709
Q3. 2016:	17,216,279,562	1,223,561,900	4,781,671,291
Comparing	-31.68%	-11.83%	-68.22%

2.2.2 Banquet and Seminar:

In 2017, the number of seminar, banquet and wedding parties were decreased since there are now more and more of the same type of this businesses increasing in the market and the customers have more choices. Therefore, the numbers and revenue was decreased. It's summarized as following:

Banquet and Seminar:

	Vientiane Capital	Pakse	Savannaket
Revenue (kip)			
Q3. 2017:	5,536,329,093	N/A	243,051,005
Q3. 2016:	6,763,567,763	N/A	2,234,135,422
Comparing	-18.14%	-	-89.12%

2.2.3 Supermarket:

For supermarket have been operated in 3 places which was summarized below;

	Vientiane Capital	Pakse	Savannaket
Revenue (kip)			
Q3. 2017:	295,802,728	N/A	2,630,135,005
Q3. 2016:	N/A	804,864,086	3,711,916,308
Comparing	-	-	-29.14%

2.2.4 Rent space at ITECC MALL, Water Park and Hard Rock Cafe:

	ITECC Mall	Water Park	Hard Rock Cafe
Revenue (kip)			
Q3. 2017:	17,997,363,327	3,440,509,131	N/A
Q3. 2016:	18,627,359,772	5,013,521,563	3,340,032,744
Comparing	-3.38%	-31.38%	-

2.2.5 Bear Papa, Coffee World and Chester's Grill:

	Bear Papa	Coffee World	Chester's Grill
Revenue (kip)			
Q3. 2017:	341,818,182	222,629,091	1,765,952,667
Q3. 2016:	227,822,918	196,907,586	868,425,961
Comparing	50.04%	13.06%	103.35%

2.2.6 Entertainment and etc.

For entertainment, the Company has operated service in some place such as in Vientiane Capital (only Movie Theater) and it was summarized as below;

- **Entertainment services**

	Vientiane Capital	Pakse	Savannaket
Revenue (kip)			
Q3. 2017:	995,289,556	N/A	N/A
Q3. 2016:	795,785,166	N/A	11,082,792
Comparing	25.07%	-	-

- **Others**

	Vientiane Capital	Pakse	Savannaket
Revenue (kip)			
Q3. 2017:	446,737,032	N/A	168,758,090
Q3. 2016:	7,402,571,622	736,862	321,374,664
Comparing	-93.97%	-	-47.49%

III. The consolidated the operation results of Lao World Public Company and its subsidiaries;

For the result of business operation of Lao World Public Company and its subsidiaries until 30 September 2017 are summarized and compared to the last year as follow;

1. Total revenue

Financial summarized for the 30 September 2017:

+ **Selling and Services**

- Total revenue of the 3rd quarter of 2017 is Kip 15,867,122,425 represented 70.69% of 2016.
- Total asset of the 3rd quarter of 2017: Kip 755,408,013,009 represented 101.35% of 2016.
- Profit after tax of the 3rd quarter of 2017: Kip -2,012,329,933 It decreases -108.80% from the 3rd quarter of 2016.

2. Consolidated statement of financial position for the 3rd quarter of 2017 (As at 30 September 2017) of Lao World Public Company and its subsidiary

➢ **Consolidated statement of financial position - Assets**

	Notes	(Un-audited) 30 September 2017 Kip	(Audited) 31 December 2016 Kip
ASSETS			
Current assets			
Cash and cash equivalents		1,576,469,396	3,790,473,943
Trade and other receivables, net		17,854,463,228	13,462,699,724
Inventories, net		6,352,842,439	4,804,212,079
Other current assets		2,000,397,093	2,790,813,684
Total current assets		**27,784,172,156**	**24,848,199,430**
Non-current assets			
Property, plant and equipment, net	5	637,271,796,046	626,728,290,567
Intangible assets, net	6	534,788,990	639,788,643
Trade and other receivables, net (Long-term)		89,817,255,817	93,161,032,927
Other non-current assets		-	-
Total non-current assets		**727,623,840,853**	**720,529,112,137**
Total assets		**755,408,013,009**	**745,377,311,567**

➢ Consolidated statement of financial position – Liabilities and Equity

	Notes	(Un-audited) 30 September 2017 Kip	(Audited) 31 December 2016 Kip
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		131,522,525,045	126,506,646,277
Borrowings	7	39,705,008,030	48,629,161,525
Unearned income – Current		5,238,455,580	3,333,831,782
Other current liabilities		33,450,294,603	140,500,288,115
Total current liabilities		**209,916,283,258**	**318,969,927,699**
Non-Current liabilities			
Unearned income – Non-current		372,165,059,957	252,304,557,345
Total non-current liabilities		**372,165,059,957**	**252,304,557,345**
Total liabilities		**582,081,343,215**	**571,274,485,044**
Shareholders' equity			
Share capital			
Authorised share capital			
Ordinary shares		79,121,818,000	79,121,818,000
Issued and paid-up share capital		79,121,818,000	79,121,818,000
Share premium		33,581,993,681	33,581,993,681
Surplus - Business combination		(12,996,191,989)	(12,996,191,989)
Translation for Viet ITECC		-	214,907,843
Retained earnings			
Appropriated - legal reserve		12,733,617,908	12,733,617,908
Un-appropriated		60,885,432,195	61,644,681,080
Total shareholders' equity		**173,326,669,797**	**174,102,826,523**
Total liabilities and shareholders' equity		**755,408,013,009**	**745,377,311,567**

➢ Consolidated statement of income for the 3rd quarter of 2017.

	Notes	(Un-audited) 30 September 2017 Kip	(Audited) 30 September 2016 Kip
Continuing operation;			
Sales and service revenues		15,867,122,425	22,445,581,291
Cost of sales and services		(10,558,393,082)	(13,033,170,564)
Gross profit		**5,308,729,343**	**9,412,410,727**
Administrative expenses		(8,006,368,121)	(7,301,156,032)
Other income		23,654,669	403,554,756
Gain (loss) on exchange rate, net		826,448,033	(153,894,356)
Operating profit		**(1,847,536,075)**	**2,360,915,095**
Interest income		-	-
Interest expenses		(164,793,857)	(202,178,210)
Profit before income tax		**(2,012,329,933)**	**2,158,736,885**
Income tax expenses		-	(309,150,881)
Profit for the period		**(2,012,329,933)**	**1,849,586,005**
Basic earnings per share	10		
Profit for the period		(51)	47

IV. Financial plan for the nine-month period of 2017 comparison with Estimation Plan 2017:

Description	Un-audited Nine-month period of 2017	Financial plan 2017	Present
ASSETS			
Current assets	27,784,172,156	22,800,000,000	121.86%
Non-current assets	727,623,840,853	730,000,000,000	99.67%
Total assets	755,408,013,009	752,800,000,000	100.35%
Current liabilities	204,677,827,678	190,311,641,073	107.55%
Non-Current liabilities	377,403,515,537	372,304,557,345	101.37%
Total liabilities	582,081,343,215	562,616,198,418	103.46%
Shareholders' equity			
Issued and paid-up share capital	79,121,818,000	79,121,818,000	100.00%
Share premium	33,581,993,681	33,581,993,681	100.00%
Appropriated - legal reserve	12,733,617,908	12,641,715,414	100.73%
Un-appropriated & Reserve from business combination , Translating	49,710,103,072	47,838,274,487	103.91%
Profit for the year	(1,820,862,867)	17,000,000,000	-10.71%
Total shareholders' equity	173,326,669,794	190,183,801,582	91.14%
Total liabilities and shareholders' equity	755,408,013,009	752,800,000,000	100.35%
Revenues			
Sales and service revenues	49,909,141,932	100,000,000,000	49.91%
Total Revenues	49,909,141,932	100,000,000,000	49.91%
Cost of sales and services	(31,035,098,669)	(51,500,000,000)	60.26%
Administrative expenses	(20,498,203,879)	(30,000,000,000)	68.33%
Total Cost of sales & Administrative expenses	(51,533,302,548)	(81,500,000,000)	63.23%
Profit before income tax	(1,456,855,614)	18,500,000,000	-7.87%
Income tax expenses	(364,007,253)	(1,500,000,000)	24.27%
Profit for the year	(1,820,862,867)	17,000,000,000	-10.71%

V. The assessment of the business operation of Lao World Public Company and its subsidiaries for the 3rd quarter of 2017.

From the overall assessment of the business operation of Lao World Public Company and its subsidiaries, they have development in some weakness areas and improvement in the 3rd quarter of 2017 which has the detail as follows;

The financial result displayed the total loss of 2.01 billion Kip in this 3 months duration of 3rd quarter 2017 (Month 7-8-9, 2017) which equals to -108.80%, comparing to the financial status of 3rd quarter 2016. The substantial loss was the result of the total loss of 1.39 billion Kip of the 3rd quarter 2017 of its subsidiary, Lao World Savan Co., Ltd. This is because of its previous investment in the higher than local market price in the fixed asset of 90.70 billion Kip that is not capable of maximizing the revenue generation. Although the total revenue in this three months' time can reach 1.72 billion Kip, the total expenses are higher, around 3.11 billion Kip. The expense included the redundancy payment of 619 million Kip following redundancy policy. This non-planned expense contributed to the loss of 3rd quarter of 2017. In summary, two main factors that cause the loss were an inability to fully utilize the fix asset to generate revenue and the occurrence of non-planned expense.

The BOD members have expressed concerned and given ideas in increasing revenue and lowering expenses that can be summarized as follows:

1) Marketing team should expand its customer base by reaching non-customers for exhibition, banquet, and increasing leasing space occupancy by 50% in the 4th quarter of 2017.
2) Reducing expenses by lowering employee numbers considering unnecessary position.
3) Increasing talented and skilful human resources for marketing team.

The above are the summary of business operation for the 3rd quarter of 2017 and the forecast plan for the year 2017 including the identified obstacles which has to closely monitor and report to BOD to acknowledge and approve.

Chief Executive Officer

ບໍລິສັດ ລາວເວີ້ນ ປະຫາຊົນ LAO WORLD PUBLIC COMPANY

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LAO WORLD PUBLIC COMPANYAND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
(UN-AUDITED)

FOR THE 03rd QUARTER OF 2017

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Lao World Public Company and its subsidiaries
Condensed interim consolidated statement of financial position
As at 30 September 2017

	Notes	(Un-audited) 30 September 2017 Kip	(Audited) 31 December 2016 Kip
ASSETS			
Current assets			
Cash and cash equivalents		1,576,469,396	3,790,473,943
Trade and other receivables, net		17,854,463,228	13,462,699,724
Inventories, net		6,352,842,439	4,804,212,079
Other current assets		2,000,397,093	2,790,813,684
Total current assets		**27,784,172,156**	**24,848,199,430**
Non-current assets			
Property, plant and equipment, net	5	637,271,796,046	626,728,290,567
Intangible assets, net	6	534,788,990	639,788,643
Trade and other receivables, net (Long-term)		89,817,255,817	93,161,032,927
Other non-current assets			-
Total non-current assets		**727,623,840,853**	**720,529,112,137**
Total assets		**755,408,013,009**	**745,377,311,567**

(Assoc. Prof.Dethphouvang Moularat)
Chief Executive Officer
Date : 13 November 2017

(Mr.Somvang Luangphomlithided)
Accounting Manager
Date : 13 November 2017

The accompanying notes on page 7 to 16 are an integral part of these condensed interim consolidated financial information.

Lao World Public Company and its subsidiaries
Condensed interim consolidated statement of financial position
As at 30 September 2017

	Notes	(Un-audited) 30 September 2017 Kip	(Audited) 31 December 2016 Kip
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		131,522,525,045	126,506,646,277
Borrowings	7	39,705,008,030	48,629,161,525
Unearned income – Current		5,238,455,580	3,333,831,782
Other current liabilities		33,450,294,603	140,500,288,115
Total current liabilities		**209,916,283,258**	**318,969,927,699**
Non-Current liabilities			
Unearned income – Non current		372,165,059,957	252,304,557,345
Total Non-current liabilities		372,165,059,957	252,304,557,345
Total liabilities		**582,081,343,215**	**571,274,485,044**
Shareholders' equity			
Issued and paid-up share capital		79,121,818,000	79,121,818,000
Share premium		33,581,993,681	33,581,993,681
Reserve from business combination under common control		(12,996,191,989)	(12,996,191,989)
Translating financial statements		0	214,907,843
Retained earnings:			
Appropriated - legal reserve		12,733,617,908	12,733,617,908
Un-appropriated		60,885,432,195	61,644,681,080
Total shareholders' equity		**173,326,669,797**	**174,102,826,523**
Total liabilities and shareholders' equity		**755,408,013,009**	**745,377,311,567**

(Assoc. Prof.Dethphouvang Moularat)
Chief Executive Officer
Date : 13 November 2017

(Mr.SomvangLuangphomlithided)
Accounting Manager
Date : 13 November 2017

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Lao World Public Company and its subsidiaries
Condensed interim consolidated statement of income
For the three-month period ended 30 September 2017

	Note	(Un-audited) For the three-month Period ended 30 September 2017 Kip	(Un-audited) For the three-month Period ended 30 September 2016 Kip
Sales and service revenues		15,867,122,425	22,445,581,291
Cost of sales and services		(10,558,393,082)	(13,033,170,564)
Gross profit		**5,308,729,343**	**9,412,410,727**
Administrative expenses		(8,006,368,121)	(7,301,156,032)
Other income		23,654,669	403,554,756
Loss on exchange rate, net		826,448,033	(153,894,356)
Operating profit		**(1,847,536,075)**	**2,360,915,095**
Interest income		-	-
Interest expenses		(164,793,857)	(202,178,210)
Profit before income tax		**(2,012,329,933)**	**2,158,736,885**
Income tax expenses		-	(309,150,881)
Profit for the period		**(2,012,329,933)**	**1,849,586,005**
Basic earnings per share	10		
Profit (loss) for the period		(51)	47

(Assoc. Prof.Dethphouvang Moularat)
Chief Executive Officer
Date : 13 November 2017

(Mr.Somvang Luangphomlithided)
Accounting Manager
Date : 13 November 2017

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Lao World Public Company and its subsidiaries
Condensed interim consolidated statement of changes in equity
For the three-month period ended 30 September 2017

				Retained earnings			
	Issued and paid up share capital Kip	Share premium Kip	Legal reserve Kip	Un-appropriated Kip	Translating financial statements Kip	Reserves from business combination under common control Kip	Total Kip
Opening balance 1 July 2017	79,121,818,000	33,581,993,681	12,733,617,908	61,638,148,143	214,907,843	(12,996,191,989)	174,294,293,586
New shares issued	-	-	-	-	-	-	-
Profit for the quarter	-	-	-	(2,012,329,932)	-	-	(2,012,329,932)
Dividend paid	-	-	-	395,610,000	-	-	395,610,000
Translating financial statements	-	-	-	-	-	-	-
Transfer of investment	-	-	-	1,665,223,986	(214,907,843)	-	1,440,316,143
Closing balance 31 September 2017	**79,121,818,000**	**33,581,993,681**	**12,733,617,908**	**60,885,432,197**	**0**	**(12,996,191,989)**	**173,326,669,797**
Opening balance 1 July 2016	79,121,818,000	33,581,993,681	11,424,000,850	62,766,318,851	254,931,589	(12,996,191,989)	174,152,870,892
Dividend paid	-	-	-	(791,220,000)	-	-	(791,220,000)
Transfer for Viet ITECC	-	-	-	-	(172,264,228)	-	(172,264,228)
Transfer to/from retained earning							
Profit for the period	-	-	-	1,849,856,005	-	-	1,849,856,005
Closing balance 31 September 2016	**79,121,818,000**	**33,581,993,681**	**11.424.000.850**	**63,824,954,856**	**82,667,361**	**(12,996,191,989)**	**175,039,242,759**

(Assoc. Prof. Dethphouvang Moularat)
Chief Executive Officer
Date : 13 November 2017

(Mr.SomvangLuangphomlithided)
Accounting manager
Date : 13 November 2017

The accompanying notes on page 7 to 16 are an integral part of these condensed interim consolidated financial information.

Lao World Public Company and its subsidiaries
Condensed interim consolidated statement of cash flows
For the three-month period ended 30 September 2017

	Note	(Un-audited) For the three-month Period ended 30 September 2017 Kip	(Un-audited) For the three-month Period ended 30 September 2016 Kip
Cash flows from operating activities			
Cash generated from operating	9	8,161,058,062	42,208,888,862
Interest paid		(164,793,858)	(202,178,210)
Income Tax paid		(64,707,253)	(1,151,423,306)
Net cash generated from operating activities		7,931,556,951	40,855,287,346
Cash flows from investing activities			
Purchases of property, plant and equipment		(3,263,985,250)	(21,616,294,997)
Proceed from disposal of property, Plant and Equipment		(192,425,000)	
Purchases of intangible assets		-	171,280,000
Net cash received/(used) in investing activities		**(3,456,410,250)**	**(21,445,014,997)**
Cash flow from financing activities			
Proceeds from long-term borrowings from banks		-	-
Proceeds from long-term borrowings from related party		-	8,330,989,006
Dividends paid to shareholders		-	-
Repayments on short-term borrowings from bank		(4,583,430,500)	-
Repayments on long-term borrowings from related party		-	(30,002,443,717)
Net cash received/(used) in financing activities		**(4,583,430,500)**	**(21,671,454,711)**

(Assoc. Prof.Dethphouvang Moularat)
Chief Executive Officer
Date : 13 November 2017

(Mr.SomvangLuangphomlithided)
Accounting manager
Date : 13 November 2017

The accompanying notes on page 7 to 16 are an integral part of these condensed interim consolidated financial information

	Note	(Un-audited) For the three-month Period ended 30 September 2017 Kip	(Un-audited) For the three-month Period ended 30 September 2016 Kip
Net increase/(decrease) in cash and cash equivalents		(108,283,799)	(2,261,182,362)
Cash and cash equivalents at the beginning of the period		1,656,957,775	5,750,454,886
Exchange losses on cash and cash equivalents		27,795,424	930,192,027
Cash and cash equivalents at the end of the period		**1,576,469,400**	**4,419,464,551**

(Assoc. Prof.Dethphouvang Moularat)
Chief Executive Officer
Date : 13 November 2017

(Mr.Somvang Luangphomlithided)
Accounting manager
Date : 13 November 2017

The accompanying notes on page 7 to 16 are an integral part of these condensed interim consolidated financial information

1 General information

Lao World Public Company ("the Company") and its subsidiaries which are Lao World Savan Co., Ltd and VN-ITECC Co.,Ltd (together, "the Group") are respectively listed and limited companies incorporated and resident in Lao PDR and Vietnam and operates under the name of Lao International Trade Exhibition and Convention Centre ("Lao-ITECC"), Savan International Trade Exhibition and Convention Centre ("Savan-ITECC") and Viet Nam – International Trade Exhibition and Convention Centre ("VN-ITECC")

The principal business operations of the Group are:
- Supermarket
- Food and beverage
- Banquet
- Exhibition
- Entertainment

The address of the Company registered office is KhampangMuang Road, Xaysettha District Vientiane, Lao PDR.

On 28 June 2013, the Company had acquired 100% of interest in Lao World – Savan Co., Ltd from certain individual shareholders as described. In addition, during the third quarter of 2015, the Company further invested in VN-ITECC at 100% of their shares. As at 31 December 2016, VN-ITECC was still under the construction process of its exhibition center located in Vietnam. Until 31 March 2017 VN-ITECC was transfer out of investment of Laoworld public company.

These consolidated financial statements were authorised for issue by the Board of Directors on 14 November 2017.

2 Basis of preparation and significant accounting policies

The basis of preparation and significant accounting policies used in the preparation of the condensed interim consolidated financial information are consistent with those used in the annual consolidated financial statements of the Group for the six month 2017 ended 30 June 2017.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of foreign currency exchange rates and interest rates. Management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

3 Financial risk management (Cont'd)

3.1.1 Foreign exchange risk

The Group mainly purchase from suppliers in foreign countries and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Thai Baht and the US Dollar ("USD"). The foreign exchange risk also arises from borrowings in USD currency. As at 30 September 2017, management did not use any financial instrument since it considers that the anticipated cost of using financial instruments would exceed the foreseeable benefits.

3.1.2 Interest rate risk

The Group's financial income and expense are dependent on changes in market interest rates from related parties and the banks. As at 30 September 2017, management considered interest rate risk as insignificant as interest rates are fixed for borrowings from banks and no interest charged on borrowings from related parties. Therefore, management did not use any financial instruments to manage such risk.

3.1.3 Credit risk

The Group has no significant concentrations of credit risks as sales are normally made in cash or short credit terms with various number and types of retail customers and thus credit risk is diversified. Cash and bank transactions are only made with high credit quality financial institutions.

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to support ongoing business and future investment for expansion. Management maintains its broad cash forecasts to aid in cash and liquidity management and ensure it has sufficient cash to meet short term operation needs and long-term investment plans.

4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern from the ongoing project on hand in order to provide reasonable returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure to facilitate its operation and investment plan, the Group may borrow new funds from shareholders and lenders, issue new shares and adjust the amount of dividends paid to shareholders in the future.

5 Property, plant and equipment, net

	30 September 2017 Kip
Opening net book amount at 1 January - Audited	626,728,290,567
Additions	28,448,513,127
Disposal of subsidiary	(3,591,225,516)
Depreciation charges	(12,247,008,819)
Disposal	(1,963,018,441)
Impairment charges	(103,754,872)
Closing net book amount at 30 September – Unaudited	**637,271,796,046**

The additions during the period ended 30 September 2017 mainly represent of the construction work related to the new projects of the Group being "Thongkhankham Market".

6 Intangible assets, net

	30 September 2017 Kip
Opening net book amount at 1 January - Audited	639,788,643
Additions	-
Amortisation charges	(104,999,652)
Closing net book amount at 30 September – Un-audited	**534,788,991**

Intangible assets comprise with computer software. These costs are amortised over five years.

7 Borrowings

	Un-audited 30 September 2016 Kip	Audited 31 December 2016 Kip
Borrowings from bank	9,033,541,000	18,229,288,000
Borrowings from related party	30,671,467,030	30,399,873,525
Total	**39,705,008,030**	**48,629,161,525**

7 Borrowings (Cont'd)

Borrowings from bank

Movements in borrowing from bank are as follows:

	30 September 2017 Kip
Nine-month period ended 30 September	
At 1 January – Audited	18,229,288,000
Additions	-
Repayments	(9,151,862,500)
(Gain)/Loss on exchange rate	(43,884,500)
Closing net book amount at 30 September – Un-audited	**9,033,541,000**

As at 30 September 2017, borrowings from a local bank of USD 1,109,988 (equivalent to Kip 9.03 billion) are unsecured, due at call and have an interest rate at 5.5% per annum.

Borrowings from related party

Borrowings from related party represent unsecured borrowing as at 30 September 2017, the balance of borrowings from related party as included in the interim consolidated financial information are Kip 30,671,467,030. These borrowings carry no interest and are due at call.

8 Income tax expenses

The income tax expenses included in the interim consolidated financial information for the period represent the profit tax for the period concerned as determined in accordance with the Lao Tax Law. According to the Concession Agreement, the Group is exempted for the corporate income tax for the first 10 years after operation commencing as referred to the date in concession agreement with Government of Lao PDR for both Lao World Public Company (from 24 December 2003 to 2013) and Lao World Savan Co., Ltd (from 22 July 2009 to 2019) and further subject to a reduced income tax rate at 50% of the normal income tax rate for another 10 years.

8 Income tax expenses (Cont'd)

After the expiring of exemption period for the first 10 years from commencing operation was finished in December 2013, the Company is required to pay income tax on its net taxable income at the rate of 7% in accordance with Lao Tax Laws and is to be adjusted with reduced income tax rate in Concession Agreement at 50% of normal income tax rate, subject to further reduction to the rate of 5% during an initial period of four (4) years from the date of Company's registration in Lao Securities Exchange (commencing from the year 2014 to 2017) in accordance with the Enactment of the President of Lao PDR regarding Income Tax and Fee for Securities and Exchange, No. 1/ President, date 28 December 2010.

For the 3rd quarter 2017 period ended 30 September 2017, the Company recorded accrued income tax at the current rate of 7% on net profit after the adjustments of non-deductable expenses and others according to Lao Tax Law on an accrual basis.

The taxation system in Lao PDR is relatively new and is being developed to international standards. Consequently, some areas may be subject to interpretation. Often, different interpretations exist among the numerous taxation authorities and jurisdictions as well as parties concerned. In addition, taxes in Lao PDR are subject to further review and investigation by the authorities concerned by laws and this may impose fines, penalties and interest charges to the entities.

While management believe they have tried their best to ensure their tax compliance including related tax presentation and disclosures in the interim consolidated financial information,

The above factors may create additional tax risks and liabilities depending on the future outcome of tax review and investigations by the authorities concerned.

9 Cash flow from operating activities

	Un-audited For the three-month period ended 30 September 2017 Kip	**Un-audited For the three-month period ended 30 September 2016 Kip**
Profit before income tax	(2,012,329,933)	2,158,736,885
Adjustments for:		
Depreciation	5,802,022,065	4,092,747,790
Amortisation	34,980,483	(159,394,608)
Gain on disposal of property, plant And equipment	124,011,768	
Realise un-earn income	(1,114,897,635)	9,659,042,980
Foreign exchange gain	2,584,086,191	(867,454,747)
Interest expense	164,793,858	202,178,210
Changes in working capital:		
Inventories	182,742,381	(1,503,146,614)
Trade and other receivables	(4,145,473,768)	3,942,097,702
Other current assets and other non-current assets	(40,260,381)	2,219,169,963
Trade and other payables	2,246,855,465	(7,761,319,640)
Other current liabilities	4,329,527,569	30,226,230,941
Cash generated from operations	**8,161,058,062**	**42,208,888,862**

10 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	Un-audited For the three-month period ended 30 September 2017 Kip	Un-audited For the three-month period ended 30 September 2016 Kip
Profit attributable to ordinary shareholders (Kip)	(2,012,329,933)	1,849,856,005
Weighted average number of ordinary shares in issue (Shares)	39,560,909	39,560,909
Basic earnings per share (Kip)	(51)	47

11 Related party transactions

As at 30 September 2017, the Group is mainly controlled by the TK Support Sole Co., Ltd. who own 90% the Company's shares. The remaining 10% of the shares are widely held. The Group's ultimate controlling party is TK Support Sole Co., Ltd.

The following significant transactions were carried out with related parties:

11.1 Purchases of goods

	Un-audited For the three-month period ended 30 September 2017 Kip	Un-audited For the three-month period ended 31 September 2016 Kip
Purchases of goods and others from:		
Related party - Thai World	-	3,146,815,934
	-	**3,146,815,934**

For the above transactions are mainly related to purchases of goods for the supermarket and materials for construction of new projects .

11 Related party transactions (Cont'd)

11.2 Outstanding balances arising from purchases and sales of goods and other transactions

	Un-audited 30 September 2017 Kip	Audited 31 December 2016 Kip
Payables to:		
Related party - Thai World	-	94,581,708,006
	-	**94,581,708,006**

11.3 Borrowings from related party

	Un-audited 30 September 2017 Kip
Borrowing from major shareholder	
At 1 January – Audited	30,671,467,030
Addition	-
Reclassify to borrowing from party (Note 7)	(30,671,467,030)
(Gain)/Loss on exchange rates	-
Less : Repayments	-
At 30 September – Un-audited	**-**

12 Commitments

As at 30 September 2017, the Group had significant outstanding operating commitments under the Concession Agreements related to land rental payable to the GoL commencing from December 2013 and July 2019 for Lao World Public Company and Lao World Savan Co., Ltd, respectively.

The future aggregate minimum payments under non-cancellable conditions of this concession agreement are as follows:

	Un-audited 30 September 2017 Kip	Audited 31 December 2016 Kip
No later than 1 year	280,643,900	280,871,540
Later than 1 year and no later than 5 years	1,187,682,499	1,187,682,499
Later than 5 years	15,520,498,569	15,801,370,109
Total	**16,989,052,608**	**17,269,924,147**

13 Supplementary information

The Group presents the Company's statements of financial position as at 30 September 2017 and 31 December 2016, statements of income for the for the three-month period ended 30 September 2017 and 2016 (in a condensed format) as a supplementary information which is in accordance with the reporting and disclosure regulation.

Condensed statement of financial position of the Company as at 30 September 2017 and 31 December 2016;

	Un-audited 30 September 2017 Kip	Audited 31 December 2016 Kip
ASSETS		
Cash and cash equivalents	1,007,054,974	1,948,378,457
Trade and other receivables, net	31,061,952,993	25,163,963,043
Amount due from related party (SVK)	47,046,281,375	46,847,777,281
Inventories, net	5,646,922,570	3,991,664,642
Investment in subsidiary	30,287,328,874	40,949,511,796
Other current assets	1,283,830,617	1,737,676,010
Property, plant and equipment, net	542,557,032,322	525,688,463,941
Intangible assets, net	534,788,990	637,686,934
Other non-current assets	88,795,977,094	92,061,475,866
Total Assets	**748,221,160,809**	**739,026,597,970**

13 Supplementary information (Cont'd)

Condensed statement of financial position of the Company as at 30 September 2017 and 31 December 2016;

LIABILITIES AND SHAREHOLDERS' EQUITY	**Un-reviewed 30 September 2017 Kip**	**Audited 31 December 2016 Kip**
Current liabilities		
Trade and other payables	90,605,481,155	90,647,063,883
Borrowings	39,705,008,030	48,132,086,005
Provision for obligation under concession agreement		
Unearned income	377,403,515,537	255,638,389,127
Other current liabilities	32,723,647,028	140,382,007,191
Total liabilities	**540,437,651,750**	**534,799,546,206**
Share capital		
Issued and paid-up share capital	79,121,818,000	79,121,818,000
Share premium	33,581,993,681	33,581,993,681
Surplus – Business combination		
Retained earnings		
Appropriated - legal reserve	12,733,617,908	12,733,617,908
Un-appropriated	82,346,079,470	78,789,622,175
Total shareholders' equity	**207,783,509,059**	**204,227,051,764**
Total liabilities and shareholders' equity	**748,221,160,809**	**739,026,597,970**

13 Supplementary information (Cont'd)

Condensed statement of income of the Company for the 3rd quarter period ended 30 September 2017 and 30 September 2016;

	Un-audited For the three-month period ended 30 September 2017 Kip	Un-audited For the three-month period ended 30 September 2016 Kip
Sales and service revenues	14,143,123,035	20,267,434,443
Cost of sales and services	(7,782,610,666)	(11,426,560,994)
Gross profit	**6,360,512,369**	**8,840,873,449**
Administrative expenses	(7,878,418,367)	(5,127,420,769)
Other income	6,854,545	68,976,274
Gain (loss) on exchange rate, net	1,039,344,653	(207,042,157)
Operating profit	**(471,706,799)**	**6,190,026,913**
Interest income	11,760,288	890,540,217,
Interest expenses	(164,793,857)	(215,249,393)
Profit before income tax	**(624,740,369)**	**4,250,677,620**
Income tax expenses	0	(302,891,059)
Profit for the period	**(624,740,369)**	**3,947,786,561**