PHOUSY CONSTRUCTION AND DEVELOPMENT
PUBLIC COMPANY

FINANCIAL STATEMENTS

30 SEPTEMER 2023

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

Assets	Notes	Unaudited 30 September 2023 Million LAK	Audited 31 December 2022 Million LAK
Current assets			
Cash and cash equivalents	3	3,650	1,595
Trade and other receivables, net	4	454,833	174,145
Investment securities - held-to-maturity	5	5,657	-
Inventories		320	320
Other current assets	6	1,494	1,219
Total current assets		**465,954**	**177,279**
Non- current assets			
Property, plant and equipment, net	7	415,487	514,539
Long-term loan to related parties		861	861
Investment securities - held-to-maturity	5	5,438	11,095
Total non-current assets		**421,786**	**526,495**
Total assets		**887,740**	**703,774**
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	8	130,200	77,890
Current portion of long-term borrowings	9	29,422	38,422
Profit tax payable	10	13,301	13,306
Other current liabilities	11	59,127	56,673
Total current liabilities		**232,050**	**186,291**
Non- current liability			
Long-term borrowings	9	123,500	34,500
Total non-current liability		**123,500**	**34,500**
Total liabilities		**355,550**	**220,791**
Equity			
Authorised share capital	12	582,000	582,000
Share premium	13	12,540	12,540
Retained earnings/(deficits)			
Appropriated legal reserve		16,047	16,047
Unappropriated		(78,397)	(127,604)
Total equity		**532,190**	**482,983**
Total liabilities and equity		**887,740**	**703,774**
		-	-

Mr. Sitha PHOMMACHITH
Managing Director
Date: 08 November 2023

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date: 08 November 2023

The accompanying notes on pages 5 to 12 from an integral part of these financial statements.

STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Notes	Unaudited 30 September 2023 Million LAK	Unaudited 30 September 2022 Million LAK
Revenue from construction		-	-
Cost of construction		-	-
Gross profit		**-**	**-**
Gain from disposal of assets		-	-
Allowance for doubtful gain, net		-	-
Other income		9,041	6,185
Administrative expenses		(750)	(550)
Foreign exchange (loss)/gain		43	(4)
Interest expenses		(4,104)	(1,888)
Profit/(Loss) before profit tax expenses		**4,230**	**3,743**
Profit tax expenses		-	-
Profit/(Loss) for the period		**4,230**	**3,743**
Earning (Loss) per share			
Basic earning (loss) per share	14	7.27	6.43

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PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Notes	Share capital Million LAK	Share premium Million LAK	Retained earnings/(deficits) Legal reserve Million LAK	Retained earnings/(deficits) Unappropriated Million LAK	Total Million LAK
Opening balance at 1 July 2023 - Unaudited	12,13	**582,000**	**12,540**	**16,047**	**(82,627)**	**527,960**
Profit for the period		-	-	-	4,230	4,230
As at 30 September 2023 - Unaudited		**582,000**	**12,540**	**16,047**	**(78,397)**	**532,190**
Opening balance at 31 December 2022 - Audited	12,13	**582,000**	**12,540**	**16,047**	**(127,604)**	**482,983**
Profit for the period		-	-	-	49,207	49,207
As at 30 September 2023 - Unaudited		**582,000**	**12,540**	**16,047**	**(78,397)**	**532,190**

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PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2023

	Notes	Unaudited 30 Sepember 2023 Million LAK	Unaudited 30 Sepember 2022 Million LAK
Cash flows from operating activities:			
Profit/(Loss) before income tax for the period		4,230	3,743
Adjustments:			
- Unrealised loss/(gain) on exchange rate		-	-
- Depreciation charges		-	279
- Interest expenses		-	-
- Gain from disposal of assets		-	-
- Allowance for doubtful account gain, net		-	-
Operating (loss)/profit before working capital changes		**4,230**	**4,022**
Changes in operating assets			
- Trade and other receivables		(131,002)	(5,438)
- Other current assets		(5,932)	68
Changes in operating liabilities			
- Trade and other accounts payable		52,310	(246)
- Other current liabilities		(6,551)	1,694
Cash (used in)/generated from operating activities		**(91,175)**	**(3,922)**
Interest paid		-	-
Net cash used in operating activities		**-**	**-**
Cash flows from investing activities:			
Proceeds from disposals of assets		-	-
Net cash generated from investing activities		**-**	**-**
Cash flows from financing activities:			
Proceeds from borrowings		89,000	-
Repayments on borrowings		-	-
Net cash generated from/(used in) financing activities		**89,000**	**-**
Net decrease in cash and cash equivalents		**2,055**	**100**
Cash and cash equivalents at the beginning of the period	3	1,595	176
Effect of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the period	3	**3,650**	**276**

Mr. Sitha PHOMMACHITH
Managing Director
Date: 08 November 2023

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date: 08 November 2023

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1. General information

Phousy Construction and Development Public Company is a public company. The registered address of the Company is at Continental Plaza Hotel, Nongbuathong-Tai Village, Sikhottabong District, Vientiane Capital, Lao PDR.

The principal businesses of the Company are construction, repair and maintenance for roads, bridges and others. There is only one customer which is Government of Lao PDR (GoL).

The Company was listed on the Lao Securities Exchange (LSX) market on 10 October 2017

These financial statements were authorised for issue by managing director on 08 November 2023.

2. Accounting policies

The principal accounting policies applied in the preparation of the 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 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 of 1 January 2026 onwards.

The management is presently preparing action plan for implementation IFRS in accordance with the announcement. The accounting principles applied may materially differ from International Financial Reporting Standards (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.

2.2 Foreign currency transactions

Items included in the financial statements are recorded using 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 exchange rates prevailing at the balance sheet dates, except some contracts with suppliers the Company has fixed foreign exchange rate and does not need to translate every month ending until those transactions has been settle. Gains and losses resulting from the settlement of foreign currency transactions and from

the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities, if any.

2.4 Trade and other receivables

Trade accounts 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. Management considers provision for allowance for doubtful account when the outstanding balance is over 3 years.

No provision made on outstanding balances of loan to related parties, trade and receivables and other receivables from related parties.

2.5 Inventories

Inventories are stated at the lower of the purchase cost and net realisable value. The cost is determined using the weighted average method. The purchase cost 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 or rebates from suppliers. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.6 Investment securities

2.6.1 Held-to-maturity securities

Held-to-maturity investment are debt securities with fixed or determinable payments and maturities, which the Company has intention and ability to hold to maturity to earn interest. When they are sold before maturity date, these securities will be reclassified as trading securities or available-for-sale securities.

Held-to-maturity securities are initially recognised at cost and subsequently presented at cost. Premiums and discounts arising from securities purchases are amortised in the statement of income using the straight-line method over the year from the acquisition dates to the maturity dates.

Periodically, the held-to-maturity securities are subject to review for impairment. Provision for impairment of these securities is made when there has been a significant or prolonged decline in the value below their cost. Provision for impairment is recognised as "Net gain/(loss) from securities investment" in the statement of income.

2.7 Property, plant and equipment

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

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 item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of income 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 their residual values over their estimated useful lives, as follows:

Asset types	Years
Building	10
Vehicle	10
Office equipment	5
Furniture and fixture	5

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

2.8 Borrowings

Borrowings are recognised initially at cash proceed received.

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 balance sheet date.

All borrowing costs are recognised in statement of income in the period in which they are incurred.

2.9 Revenue recognition

Revenue comprises the invoice value net of rebates and discounts, if any. Revenue from the construction and services are recognised when the goods or services are transferred or delivered and accepted by the buyer.

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 is determined that such income will be accrued to the Company.
- Other income is recognised on an accrual basis.

2.10 Taxation

The Company records corporate income tax on an accrual basis. The Company does not recognise corporate income tax payable or receivable in future periods for temporary differences. Profit tax is calculated by revenue from construction within a year multiplied with

gross profit ratio and multiplied with profit tax rate. The profit tax will off-set when Government of Laos make payment to the Company.

In Lao PDR, income tax returns are reviewed in detail by the relevant authorities on a regular basis. Tax issues raised during the reviews may require judgments and interpretations by the relevant authority. Tax reviews may result in additional tax payments or refunds as necessary. Such additional payment or refund is recognised as income tax expenses in the year in which the reviews are completed.

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated, except for the provision for employee benefits as described.

2.12 Employee benefits

According to the Lao Labor Law, when staff retire and meet the certain criteria as mentioned in Lao Labor Law. Therefore, the Company has obligation to pay to the staff for retirement expenses.

Provisions for employee benefits are not accrued in each year. The liability recognised in the statement of financial position and related expenses are recognised in the income statement based on actual amount due at the time of employees retire.

3. Cash and cash equivalents

	Unaudited 30 Septmber 2023 Million LAK	Audited 31 December 2022 Million LAK
Cash on hand	15	9
Deposits held at call with financial institutions	3,635	1,586
Total	**3,650**	**1,595**

Cash on hand includes petty cash for day-to-day operation.

Deposits held at call with financial institutions represents cash deposited with reputable local banks in currencies, US dollars, Thai baht and Lao kip in current accounts with none interest.

4. Trade and other receivables, net

	Unaudited 30 September 2023 Million LAK	Audited 31 December 2022 Million LAK
Trade account receivable	296,928	302,717
Less: Allowance for doubtful receivable	(279,452)	(285,241)
Trade account receivable, net (a)	17,476	17,476
Amount due from Phousy Group	428,302	156,614
Short-term loan to Phousy Group	-	-
Other receivables	9,055	55
Total	**454,833**	**174,145**

5. Investment securities - held-to-maturity

	Unaudited 30 September 2023 Million LAK	Audited 31 December 2022 Million LAK
Opening balance 1 July	10,876	10,616
Addition*	5,657	479
Disposal	(5,438)	-
As at 31 September	**11,095**	**11,095**

*During the year, the Company had received the bonds which were issued by the Ministry of Finance to settle the receivable from construction projects, with interest rate range 5.00 % - 6.00% per annum and contract range of 3 years to 10 years.

6. Other current assets

	Unaudited 30 September 2023 Million LAK	Audited 31 December 2022 Million LAK
Interest receivable from a related party*	-	-
Other receivables	1,050	913
Advances to supplier	343	205
Advances to staff	38	38
Prepayment	63	63
Total	**1,494**	**1,219**

* During the quarter, the interest receivable from a related party was fully settled.

7. Property, plant and equipment, net

	Unaudited 30 September 2023 Million LAK	Audited 31 December 2022 Million LAK
As at 31 September 2023, 31 December 2022		
Cost	415,487	550,546
Additions	-	-
Less Accumulated depreciation	-	(34,708)
Provision for impairment	-	(1,299)
Net book amount	**415,487**	**514,539**

8. Trade and other payables

	Unaudited 30 September 2023 Million LAK	Audited 31 December 2022 Million LAK
Trade payable - third parties	10,613	11,068
Other payable - related parties (Note 19) b)	119,587	66,822
Total	**130,200**	**77,890**

9. Borrowings, net

	Unaudited 30 September 2023 Million LAK	Audited 31 December 2022 Million LAK
Current	29,422	38,422
Non-current	123,500	34,500
Total	**152,922**	**72,922**

10. Profit tax payable

According to the profit tax payment practice between tax authority and the Company, profit tax is calculated by assessed taxes at pre-determined profit rates multiplied by profit tax rate and revenue from construction. The profit tax will off-set when Government of Laos make payment to the Company.

As at 30 September 2023, profit tax payable presented profit tax payable from construction revenue but GoL does not yet make payment.

11. Other current liabilities

	Unaudited 30 September 2023 Million LAK	Audited 31 December 2022 Million LAK
VAT payable*	20,435	20,435
Interest payable to related parties	-	-
Interest payable to financial institutions	30,784	29,948
Dividend payable	1,863	1,863
Advance received from sub-contractor	930	930
Advance received from Government	893	893
Accrued salary	84	57
Others	4,138	2,547
	59,127	**56,673**

* VAT payable is calculated by multiplied by 10% (before year 2022) of revenue from construction and it will off-set when Government of Laos make payment to the Company.

During the year, the Government of Laos has decreased its standard Value Added Tax (VAT) rate from 10% to 7% effective since 1 January 2022 onward.

12. Share capital and premium on share capital

	Number of shares Million Shares	Ordinary shares Million LAK	Share Premium Million LAK	Total Million LAK
At 1 January 2022	582	582,000	12,540	594,540
Issued of shares	-	-	-	-
At 31 December 2022	**582**	**582,000**	**12,540**	**594,540**
At 1 July 2023	582	582,000	12,540	594,540
Issued of shares	-	-	-	-
At 31 September 2023	**582**	**582,000**	**12,540**	**594,540**

As at 30 September 2023, the Company has share 582,000,000 shares with a par value of LAK 1,000 per share and issued shares were fully paid.

The Company incurred premium on share LAK 12,540 million when listed in Lao Securities Exchange in 2017.

13. Legal reserve

	Unaudited 30 September 2023 Million LAK	Audited 31 December 2022 Million LAK
Opening balance	16,047	11,572
Addition	-	4,475
	16,047	**16,047**

The legal reserve is set up in accordance with the requirement of the Enterprise Law of the Lao PDR, which requires that at least 10% of the annual net profit be set aside as a legal reserve until such reserve reaches 50% of the authorised share capital.

14. Basic earnings (loss) per share

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

	Unaudited 30 September 2023 Million LAK	Unaudited 30 September 2022 Million LAK
Weighted average number of ordinary shares (million shares)	582	582
Net profit/(loss) for the year attributable to shareholders (million LAK)	4,230	3,743
Basic earnings (loss) per share (LAK)	**7.27**	**6.43**

15. Event after the reporting period

No event after the reporting period.