Phousy Construction and Development Public

A Summary of Business Performance of The First Semi-Annual Report 30 June 2018



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Business Performance Report

First Six Months, 2018

I. ABOUT PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

Phousy Construction and Development Public Company (referred to as "the **Company**" or "**PCD")** is one of the service providers in Design and Engineering, Procurement and Construction (Design and EPC) management. These include: design engineering, prototype engineering, procurement of materials for engineering works, and constructions. The Company aims to provide construction services focusing in infrastructure projects, namely: road construction, erosion protection and other related infrastructure work.

The Company, **"Phousy Luang Prabang Road & Bridge Construction and Maintenance Sole Company Limited",** was established by **Mr. Siphone Outhoumphone (Mr. Siphone)** in 1997 with registered capital of LAK 10,000 million, at that time, the Company targeted to be the construction service provider especially in infrastructure project in order to support and facilitate the transportation in northern part of Lao PDR. The Company has experienced the exponential growth which has made it to become the leader in construction engineering services firm of the northern part of Lao PDR. In 2009, **Mr. Sithong Phommachith (Mr. Sithong)**, a young businessman with a vision, became the Company's successor from Mr. Siphone which had achieved exceptional infrastructure projects, such as 2 levels asphalt paving in the northern areas, urban by-pass of Luang Prabang province, earthmoving project for building the road along Lao PDR-Viet Nam-Cambodia borders, conducted the road maintenance work damaged by natural disasters and others.The Company has the potential and therefore has become a leader in infrastructure development due to the fact the Company possesses number of personnel with high level of competency, state-of-the art in construction engineering and technology, maintain consistent quality and standards, on time for project hand over, as well as the ability to build trust to the customers who are the project owner. At present, the Company name has been changed to **Phousy Construction and Development Public Company** to enable the expansion of service scope in comprehensive construction engineering services and act as a project developer in the future.

Year		Summary Company Outstanding Events
1997	:	Phousy Luang Prabang Road & Bridge Construction and Maintenance Sole Company Limited were established by Mr. Siphone Outhoumphone (Mr. Siphone) with the registered capital LAK 10,000 million to operate the construction business by attend the bidding from the government or the Ministry of Public Works and Transportation (MPWT) or PWT division, Luang Prabang Province. Mr. Siphone saw the difficulty of the transportation, or ground logistic due to inconvenient and dangerous road and with his vision to expand construction business by focusing on infrastructure construction in northern part of the country.
2004 - 2005	:	From the country's economic growth and expansion spreading through small and large city, the in-land logistic has become more important. Mr. Siphone had expanded construction business to Xayaburi and Bokeo District but still focus on infrastructure construction such as Road and Bridge. At that time, Mr. Sithong was responsible for Administrative and Site Management.

2009	:	Mr. Sithong is a young business man with vision, he was successor to run the construction business by transferred from Mr. Siphone to Mr. Sithong and still use the same name as "Phousy Luang Prabang Road & Bridge Construction and Maintenance Sole Company Limited".
2011	:	Mr. Sithong saw the rapid growth of Luang Prabang Province in crowded area so he advised the Board of Directors to present a project to PWT division of Luang Prabang province to build the by-pass road No.13 North from Kokngiew Village to Phonexay Village and concrete bridge crossing Nam Khan river by total project cost of LAK 209,907 million, which Company used its own working capital to be an advance investment on the construction.
2016	:	According to Annual General Meeting of shareholders on 18th October 2016, the Company has approved to amend the par value to LAK 2,000 per share, increased the registered capital from LAK 10,000 million to LAK 700,000 million and transformed itself from Phousy Luang Prabang Road & Bridge Construction and Maintenance Sole Company Limited to **"Phousy Construction and Development Public Company"**. According to Extraordinary General Meeting on 18th November 2016, the Company has approved to increase registered capital in amount of LAK 300,000 million by issuing initial public offering in amount of 150 million shares with par value LAK 2,000 per share in order to initial public offering (IPO) to be listed in Lao Securities Exchange (LSX) which increased the Company's registered capital to LAK 1,000,000 million after IPO.
2017		On May 9, 2017, the Lao Securities Commission Office has issued a letter no. 220/LSCO to Phousy Construction and Development Public Company to reduce par value from 2000 Kip per share to 1000 Kip per share which resulted in the reduction of the registered capital amount from 700,000 million Kip to 582, 000 Kip. The altered registered capital amount was reflected in the business registration issued by Ministry of Industry and Commerce on June 27, 2017. On October 2, 2017, the company has completed its new registration capital with an additional amount of 82,000 million Kip right after its closing of the IPO resulting in the new registered capital of 582,000 million Kip. On October 10, 2017, the company had its first day trading and officially listed in the Lao Stock Exchange which has common shares of 82 million shares of par value 1000 Kip per share. The opening trade price per share was 1300 kip per share and closing trade price was at 1350 Kip per share

II. CORE BUSINESS OPERATIONS

Vision

Phousy Construction and Development strives to pioneer the construction, technology and development in Lao PDR and expanded our business to ASEAN countries.

Mission

Our mission is to provide the best services with international standards in all areas such as high quality, timely delivery, attention to details, honesty and fairness to our partners and customers.

Values

P: Performance that is unrivalled

C: Comprehensive customer relations as the top priority

D: Delivery of on-time high quality work

III. ORGANIZATIONAL STRUCTURES

Board of Directors of PCD



ທ່ານ ສີທອງ ພົມມະຈິດ

ປະທານສະພາບໍລິຫານ

Mr. Sithong PHOMMACHITH

Chairman

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ທ່ານ ຂັນທະວົງ ດາລາວົງ

ຮອງປະທານສະພາບໍລິຫານ / ສະມາຊິກອິດສະຫຼະ

Mr. Khanthavong DALAVONG

Vice Chairman / Independent Member



ທ່ານ ສີທາ ພົມມະຈິດ

ສະມາຊິກສະພາບໍລິຫານ / ຜູ້ອຳນວຍການໃຫຍ່

Mr. Sitha PHOMMACHITH

Member / Chief Executive Officer



ທ່ານ ພູໂຂງ ອ້ວນລະມະນີ ສະມາຊິກ

ສະມາຊິກສະພາບໍລິຫານ

Mr. Phoukhong OUANLAMANY

Member



ທ່ານ ນັນທະລັດ ທິລະກຸນ

ສະມາຊິກອິດສະຫຼະ

Mr. Nanthalath THILAKUN

Member / Independent Member

Managing Directors of PCD



ທ່ານ ສີທາ ພົມມະຈິດ
ຜູ້ອຳນວຍການໃຫຍ່
Mr. Sitha PHOMMACHITH
Chief Executive Officer



ທ່ານ ອຳໄພວັນ ຈັນທະພາລີ
ຜູ້ຊ່ວຍຜູ້ອຳນວຍການໃຫຍ່ຝ່າຍປະຕິບັດການ
Mr. Amphaivanh CHANHTHAPHALY
Chief Operations Officer



ທ່ານ ອານໂນໄລ ສີທາຣາດ
ຜູ້ຊ່ວຍຜູ້ອຳນວຍການໃຫຍ່ຝ່າຍການເງິນ
Mr. Anolay SIHARATH
Chief Financial Officer



ທ່ານ ດວງ ປະທຸມລັກ
ພະແນກ ຈັດຕັ້ງ ບໍລິຫານ
Mr. Duang PATHOUMLACK
Head of HR and Administration Department



ທ່ານ ພຸດທະເສນ ພົມມີໄຊ
ພະແນກ ພັດທະນາທຸລະກິດ ແລະ ການຕະຫຼາດ
Mr. Phoutthasen PHOMMIXAY
Head of Business Development and Marketing Department



ທ່ານ ວິລະຄົມ ພິລາກຸນ
ພະແນກ ອອກແບບ ແລະ ສຳຫລວດ
Mr. Vilakhom PHILAKOUN
Head of Design and Survey Department



ທ່ານ ເກດສະໜາ ຈັນທະວົງ
ພະແນກ ກໍ່ສ້າງ ເຕັກນິກ
Mr. Kethsana CHANHTHAVONG
Head of Construction and Monitoring Deparment



ທ່ານ ນາງ ໄຮທອງ ພົມມະຈິດ
ພະແນກ ການບັນຊີ ການເງິນ
Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting Deparment



ທ່ານ ບຸນທິດ ທອງສັກດີ
ພະແນກ ພະແນກສາງ
Mr. Bounthod THONGSACKDY
Head of Inventory Department



ທ່ານ ຄອນສະຫວັນ ທຳວົງສິດ
ພະແນກ ຈັດຊື້ຈັດຈ້າງ
Mr. Khonesavanh THAMVONGSITH
Head of Procurement Department

IV. SUMMARY OF BUSINESS PERFORMANCE REPORT FOR THE FIRST SIX MONTHS YEAR 2018

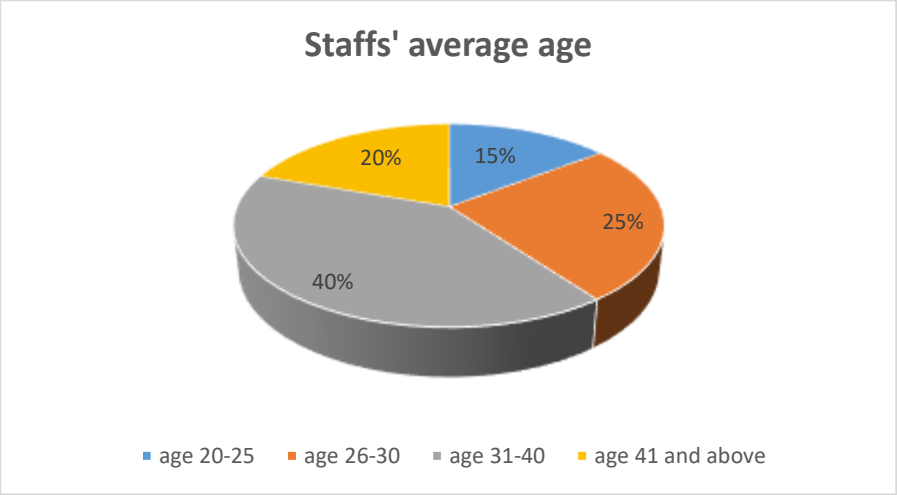
Human Resource Management

In regard to the human resources management aspect, in the First Six Months Report of Year 2018 PCD has been focusing on capacity development, and organizational re-structuring when the company transformed from Sole Company Limited to Public Company in order to adjust in accordance to the Lao Stock Exchange 's policies and regulations.

On social and wellbeing aspects, PCD has been placing emphasis on the living quality of staffs by organizing survey and requirements on social insurance and wellbeing aspect so that staffs can rest assure that they and their families are being taken care off including annual health check, working hours and holidays in accordance to the Lao Labour Law.

Progress made by the first and second quarters of year 2018

- Total number of staff as off 30/06/2018: 176 staffs
- Vacancy announcement for five more positions in order to enhance our team capacity and efficiency of doing business.
- Staff turn-over: 2
- Staff released off duty: 0
- Staff Promotion: 7 staffs



- **Remuneration and Social Welfare**

- Salary increase : 0.74%
- Assistance provided to the lost staff's family member: 8,000,000 Kip

➢ **Organize activities Q1-2 for unity of staffs (Month 1-6)**

- Sport activities (football, baton) 9 times
- Organize company events (New year parties, Women's day, Lao new year and Labour Day and so on)

➢ **Capacity building for staff**

- Encourage staff to attend various training and field studies in order to enhance their knowledge and experience sharing both domestic and international learning events so that the company can advance, modernized and ready to serve.

Marketing

As a service provider of comprehensive engineering by emphasizing on infrastructure developments services which the majority of the project owners are the government sector. Therefore, our marketing strategy focus on the government sector by transferring the projects on a quality and on-time basis which is an important factor for the project owner that will trust on a quality provided by the Company which create an opportunity to get more jobs in the future. In addition, the Company has built good relationship with the government sector by provide and exchange the construction information along with the studies, exploration of addition areas for road project developments which creates a better chance of winning the bidding.

Currently, PCD is one of the top four finalists whose submitted bidding document for the Southern Highway Road project with an approximated project value of 4 billion US Dollars. Apart from bidding for this highway road project, PCD is working on our real estate portfolio by aiming to building a 4-5 stars hotel in both Vientiane Capital and Luang Prabang Province. PCD is already being alert on bidding for ADB and WB infrastructure development projects.

- **Characteristics of Target Customers**

Our target customers are divided into the government and private sectors especially on the infrastructure development projects in the northern part of the country covering the whole country. In the future, the Company's Marketing plans have been focusing on private sectors and sector of construction development for small, medium and mega size projects consecutively.

- **Project Bidding**

The distribution channel of the Company is getting contracts from the government by submitting the bidding documents to quote the prices and negotiate the works with the project owner. The Company then receives the project bidding documents to evaluate the quotation. From time to time, the Company propose the project directly to the project owner to get an approval of the project. However, the project owner shall inspect the possibility of that road construction or project; the feasibility study is needed to mitigate the competition risk in the bidding.

- **Competitive Strategy**

The Company has a policy to increase the work in construction from the government and private sectors. To achieve our target to be a leader in construction and country's development, the Company has planned to expand the business in the ASEAN Community. In order to have a competitive advantage and achieve the target, the Company has developed competitive strategies as followed:

A. Comprehensive construction service company

The Company is a comprehensive construction provider which are prompt to submit the project proposal or enter the bidding competition of both government and private project that have put readiness to the Company to be a leading industrial developer of the country, the Company plans to invest in infrastructure development projects and property development projects with personnel with experienced in construction engineering, use of modern technology, and aim for bigger and more complex projects. The abundance of construction materials and experienced workers have contributed a success to the Company.

B. Quality and standard of the work

Maintaining the quality and standard of work is the reason that the Company has been successful. From the beginning history of the Company, the Company managed to complete the work on time, with reliability and quality of work based on the contract, serves the customers with sincerity, detailed, and honestly.

C. Submitting the work on time

The infrastructure development work, especially on the road construction is a time-consuming project. Therefore, the Company must hand over the works on time as planned. The Company is well known for the submitting the work on time which is an important factor for the Company's success that requires long-term responsibility.

The Company has a systematic management by planning in each phase with continuous personnel empowerment to ensure effective implementation of work to finish on time.

D. Pays attention on the detail of the project

The Company pays the attention on the details in all projects with high experienced managers and engineers, expert in the road, bridge and other construction projects in order to monitoring all project activities which have contributed to the improvement continuously and therefore the decrease the construction costs in various ways. Moreover, the Company aims to achieve that target by developing management concept, use of modern technology to improve the performance as well as to decrease the construction costs.

E. Being honest and fair to our colleagues

As being honest, sincere, and fair for all related stakeholders including the project owner, designer, and supervisor. Due to the fact that the designer knows the project in details. From the principles of

being honest and sincere, these have led us to become a well-known company, with a good relationship among the supervisors, designers, and colleagues.

F. Being reliable and trusted by our customers

From the Company's previous success, the Company is reliable and trusted by the customers and the project owner. Since then, the Company has been regularly contacted by the government sector to attend the bidding competition.

Organizational Strategy

From the ambition to provide the best services to gain credibility and trust amongst customers, we are ready to move forward to the future:

- Increase customer base to private sector for small, medium and mega size infrastructure development projects.
- Initiate real estate development portfolio to accommodate the growth of the cities in the country.
- Maintain trust and credibility of the existing customers who worked with us for 20 years by ensuring quality, standards, timely delivery and honesty with details oriented.

TAX

Phousy Development and Construction Public Company was fully registered under the Laws of Lao PDR, especially Law of Taxation which is strictly implemented based on the following table on the payment of tax:

The State Tax in the First Six Months Year 2018

Item	Details	Units	Total value (kip)
1	Value Added Tax		0
2	Payroll Tax		8,262,000
3	Profit Tax		0
	Total		**8,262,000**

Note: The Business Performance Figures are based on the financial statement report.

Managing Director

Phousy Construction and Development Public

Mr. Sitha PHOMMACHITH

Summary of Business Operation of the First Six Months Year 2018

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AUDITOR'S REPORT ON THE REVIEW OFTHE INTERIM SEPARATE FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of Phousy Construction and Development Public Company

We have reviewed the interim separate financial information of Phousy Construction and Development Public Company (the Company). These comprises the statement of financial position as at 30 June 2018, and the related statements of income, changes in equityh, and cash flows for the six-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Company's accounting of principles as described in Note 2 in the annual financial statements. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the significant accounting principles described in Note 2 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the significant accounting principles described in Note 2 to this interim financial information.

For PricewaterhouseCoopers (Lao) Sole Company Limited

By Apisit Thiengtrongpinyo
Partner

Vientiane, Lao PDR
Date: 22 November 2019

Phousy Construction and Development Public Company
Statement of Financial Position
As at 30 June 2018

Assets	Notes	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Current assets			
Cash and cash equivalents	4	650	540
Trade and other receivables, net	5	246,490	463,336
Inventories		321	22
Other current assets	6	2,387	1,371
Loan to other and related party - current	8	1,615	-
Total current assets		**251,463**	**465,269**
Non- current assets			
Property plant and equipment, net	7	479,946	479,757
Intangible asset, net		10	-
Long-term borrowing to related party and other	8	861	1,818
Total Non-current assets		**480,817**	**481,575**
Total assets		**732,280**	**946,844**
Liability and equity			
Liabilities			
Current liabilities			
Trade and other payables	9	42,674	43,009
Current portion of long-term borrowings - financial institutions	10	38,422	36,000
Current portion of long-term borrowings - related parties	10	4,700	3,800
Profit tax payable	11	8,510	8,674
Other current liabilities	12	39,019	36,107
Total current liabilities		**133,325**	**127,590**
Non- current liabilities			
Long-term borrowings from financial institutions	10	-	5,000
Long-term borrowings – related parties	10	10,100	9,500
Total Non-current liabilities		**10,100**	**14,500**
Total liabilities		**143,425**	**142,090**
Equity			
Authorised share capital	13	582,000	582,000
Share premium		12,540	12,540
Retained earnings			
Appropriated legal reserve	14	11,572	11,572
Unappropriate		(17,257)	198,642
Total equity		**588,855**	**804,754**
Total liabilities and equity		**732,280**	**946,844**

Mr. Sitha PHOMMACHITH
Managing Director
Date: 22 November 2019

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 22 November 2019

The accompanying notes on pages 6 to 16 are an integral part of this interim financial information.

Phousy Construction and Development Public Company
Statement of Income
For the six-month period ended 30 June 2018 (Unaudited)

	Notes	Unaudited 30 June 2018 Million LAK
Revenue from construction		-
Cost of sale		-
Gross loss		-
Other income		2,139
Impairment loss		(205,717)
Administrative expenses		(5,996)
Foreign exchange gain/(loss), net		(219)
Interest expenses		(3,633)
Loss before income tax expenses		**(213,426)**
Profit tax expenses	16	-
Loss for the period		**(213,426)**
Earnings per share		
Basic earnings (loss) per share	17	**(366.71)**

Mr. Sitha PHOMMACHITH
Managing Director
Date: 22 November 2019

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 22 November 2019

The accompanying notes on pages 6 to 16 are an integral part of this interim financial information.

Phousy Construction and Development Public Company
Statement of Changes in Equity
For the six-month period ended 30 June 2018 (Unaudited)

	Notes	Share capital Million LAK	Share premium Million LAK	Legal reserve Million LAK	Unappropriate retained earnings/(deficit) Million LAK	Total Million LAK
Opening balance 1 January 2018	13	582,000	12,540	11,572	198,642	804,754
Dividend paid	15	-	-	-	(2,473)	(2,473)
Loss for the year		-	-	-	(213,426)	(213,426)
Ending balance 30 June 2018		**582,000**	**12,540**	**11,572**	**(17,257)**	**588,855**

Mr. Sitha PHOMMACHITH
Managing Director
Date: 22 November 2019

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 22 November 2019

The accompanying notes on pages 6 to 16 are an integral part of this interim financial information.

Phousy Construction and Development Public Company
Statement of Cash Flows
For the six-month period ended 30 June 2018 (Unaudited)

	Notes	Unaudited 30 June 2018 Million LAK
Cash flow from operating activities:		
Loss before income tax for the period		(213,426)
Adjustments to reconcile net profit to net cash		
Unrealised (gain)/loss on exchange rate		(218)
Depreciation	7	1,751
Interest expense		3,633
Allowance for doubtful account expenses	5	203,554
Impairment loss	7	2,162
Operating loss before working capital changes		**(2,544)**
Changes in working capital:		
- Trade and other receivables		6,645
- Inventories		(299)
- Other current assets		(2,631)
- Other non-current assets		957
- Trade and other accounts payable		(116)
- Other current liabilities		846
Cash generated from operations		
Income tax paid		-
Net cash generate from operating activities		**2,858**
Cash flows from investing activities :		
Purchase of fixed assets	7	(33)
Purchase of intangible asset		(10)
Net cash used in investing activities		**(43)**
Cash flows from financing activities :		
Proceeds from borrowing	10	5,300
Repayments of borrowings	10	(3,800)
Dividend paid	15	(611)
Interest paid		(3,594)
Net cash from financing activities		**(2,705)**
Net increase/(decrease) in cash and cash equivalents		110
Cash and cash equivalent at the beginning of the year	4	540
Effect of exchange rate changes on cash and cash equivalent		-
Cash and cash equivalent at the end of the period	4	**650**
Significant non cash items		
Addition PPE from offset AR-Phouxay Group	7	4,069
Accrued dividend for initial shareholders	12	1,863
Repayment Loan with offset AR-ບໍລິສັດ	10	2,578

Mr. Sitha PHOMMACHITH
Managing Director
Date: 22 November 2019

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 22 November 2019

The accompanying notes on pages 6 to 16 are an integral part of this interim financial information.

1. General information

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

The principal businesses of the Company are construct, repair and maintenance road, bridge 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.

This interim financial information was authorised for issue by the Board of Directors on 22 November 2019.

This condensed interim financial information has been reviewed, not audited.

2. Basis of preparation

The condensed interim financial information has been prepared in accordance with the Company's accounting policies as described in more details in the annual financial statements for the year ended 31 December 2017. The primary financial information (i.e. statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows) is presented in a format consistent with the annual financial statements complying with the reporting and disclosure regulation No.007/SECO, dated 3 April 2014 issued by Lao Securities and Exchange Commission Office.

The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017.

According to the Accounting Law and Regulation on accounting and auditing in securities sector under the Securities Commission Office in Lao P.D.R., all listed companies are required to prepare their financial statements in accordance with International Financial Reporting Standards (IFRSs) as generally accepted accounting principles. At present, the Securities Commission Office is still flexible and allows listed companies to apply their own significant accounting policies, but they also encourage listed companies to fully adopt the IFRSs as they will be enforced in the future. In Lao PDR, there are significant differences between a company's own accounting policies and the IFRSs, in many areas such as property, plant and equipment, leases, current and deferred income tax, pre-operation costs and borrowings cost. Hence, users of the financial statements should be aware and understand these differences and how these will affect their interpretation and decision making.

2. Basis of preparation (continued)

Going concern assumption

For the six-month period ended 30 June 2018, Company incurred net loss from the operation of LAK 213,426 million. In addition, the Company is in negotiation new payment term with the government then they suspense their business in 2018. Although the Company won new opportunity in 2019, however, it will not recover all expenses then operating result will make loss.

The related party and major shareholder issue letter of support to the Company by accepts responsibility of providing and undertakes to provide sufficient financial assistance and postpone payment schedule to Company as and when it is needed to enable the Company to continue its operations and fulfil all of its financial obligations now and in the future until the Company will have sufficient financial position. Therefore, these financial statements are prepared on going concern basis.

3. Estimates

The preparation of interim financial information requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing this interim financial information, significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

4. Cash and cash equivalents

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Cash on hand	341	15
Deposits held at call with financial institutions	309	525
Total	**650**	**540**

5. Trade and other receivables

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Trade account receivables	318,408	325,889
Less: Allowance for doubtful debt	(203,554)	-
Trade accounts receivable, net	114,854	325,889
Amount due from related party (Note 18) b)	56,481	50,516
Loan to Phousy Group (Note 18) b)	74,757	86,531
Other receivable	398	400
Total	**246,490**	**463,336**

The outstanding trade receivable balance as at 30 June 2018 and 31 December 2017 is aged as follows:

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Not yet due	-	47,670
Overdue:		
0-3 months	-	2,252
3-6 months	47,670	-
6-12 months	2,252	-
Over 1 year	64,931	97,967
Over 2 years	133,010	112,016
Over 3 years	70,545	65,984
Trade and other receivables, net	318,408	325,889
Less Allowance for doubtful debts*	(203,554)	-
Total	**114,854**	**325,889**

*The Company has only a customer, GoL, which will consider provision for doubtful account in some certain criteria. Although there was no default payment from GoL in the past however management considered to set up allowance for doubtful account 100% for outstanding balance over 3 years for conservative in 2018.

6. Other current assets

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Accrued interest income*	2,096	-
Advance to supplier	137	1,029
Office rental	80	265
Advance to staff	70	77
Advance payment	4	-
Total	**2,387**	**1,371**

* Accrued interest income from Loan of Phousy Group amount LAK 86,531 million with interest rate of 5 % per year since 28 December 2017.

7. Property, plant and equipment, net

	Million LAK
Opening net book value as at 1 January 2018 – Audited	479,757
Additions	4,102
Depreciation charge	(1,751)
Provision for impairment	(2,162)
Closing net book value as at 30 June 2018 – Unaudited	**479,946**

Land LAK 48,968 million are secured for borrowings (Note 10).

Additions during the six-month period ended 30 June 2018 mainly consisted of heavy vehicle. Total additions of LAK 4,109 million consisted of cash transactions (already paid) of LAK 33 million and non-cash transactions of LAK 4,069 million.

Depreciation expense of amount LAK 1,751 million has been charged to administrative expenses.

Impairment loss on motor vehicles was recognise when the selling price after deduct selling expense is lower than net book value.

8. Loan to other and related party

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Related party (Note 18) b)	861	203
Third party*	1,615	1,615
Total	**2,476**	**1,818**

*This is loan to Luang Prabang Government with, no interest and collateral. For subsequently after this period, this loan is collecting on August 2018.

9. Trade and other payables

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Trade payable*	15,698	24,655
Other payable - related party (Note 18)b)	26,976	18,354
Total	**42,674**	**43,009**

* Trade payable is mainly advisory fee and professional fee LAK 542 million and LAK 808 million respectively.

10. Borrowings, net

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Financial institution	38,422	41,000
Related parties (Note 18)b)	14,800	13,300
Total	**53,222**	**54,300**

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Current	43,122	39,800
Non-current	10,100	14,500
Total	**53,222**	**54,300**

The movement in borrowings can be analysed as follows:

	Unaudited 30 June 2018 Million LAK
Opening balance as at 1 January 2018 - audited	54,300
Additions	5,300
Repayments	(6,378)
Closing balance as at 30 June 2018 - unaudited	**53,222**

Borrowing from financial institution:

The Company signed a borrowing agreement amount LAK 36,000 million with ST Bank Company Limited for working capital for road construction with interest rate of 17% per annum since 29 May 2015. This borrowing is guarantee by land of the Company (Note 7) and land of related parties. The Company is required to repay principal within 3 years after the first drawdown on annually, basis emceeing from 20 June 2015 to 20 June 2018 and interest is payable on monthly.

As at reporting date, the Company is in negotiation process for new term and condition of payment with lender and the lender do not take any action to the Company according to this default. During 2018 the Company has additional loan amount LAK 5,300 million from related parties (Note 18) respectively for working capital for road construction with interest rate of 9.75%-10.13% per annum respectively.

10. Borrowings, net (continued)

The aging analysis of these borrowings is as follows:

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Less than one year	43,122	39,800
More than one year but not over 5 years	10,100	14,500
Over 5 years	-	-
Total	**53,222**	**54,300**

11. 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 June 2018, profit tax payable presented profit tax payable from construction revenue but Government of Lao do not make payment.

12. Other current liabilities

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
VAT payable	30,493	31,173
Interest payable	3,246	2,130
Dividends Payable	1,863	-
Advance received from sub-contractor	1,200	1,186
Advance received from Government	893	893
Accrued salary	249	142
Interest payable from related	96	56
Others	979	527
Total	**39,019**	**36,107**

13. Share capital and premium on share capital

Shares of the Company (under the ticker "PCD") have been officially listed in Lao Securities Exchange since 10 October 2017, the Company has share 582,000,000 shares with a par value of LAK 1,000 per share. As at issued shares were fully paid.

There were no additional share issued or decrease during the six-month period ended 30 June 2018.

14. Legal reserve

The legal reserve is set up in accordance with required by 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.

15. Dividend

At the Annual General Meeting of Shareholders held on 8 May 2018, the shareholders approved a resolution to declare a dividend payment from unappropriated retained earnings after legal reserve and other reserve allocation and from the net profit from 1 January 2017 to 31 December 2017 of LAK 7.45 per share for general shareholder and initiative 9 shareholders for foundation make payment on the rate of dividend equivalent to 50% of the rate of dividend per share which is determined for making payment to general shareholder and totalling LAK 2,473 million. The dividend was paid on 25 May 2018 to the shareholders.

16. Profit tax expense

According to the profit tax payment practice between tax authority and profit tax expense presented profit tax from construction revenue during the period but GoL do not make payment.

Under the tax privileges given to the listed companies at the LSX, the Company is subject to a further reduction to the rate of 5% during an initial period of 4 years. The Company plan to utilise this benefit start from 2020.

17. Basic earnings per share

As at 30 June 2018, basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	Unaudited 30 June 2018 Million LAK
Weighted average number of ordinary shares (million shares)	582
Net loss for the period attributable to shareholders (million LAK)	(213,426)
Basic earnings (loss) per share (LAK)	**(366.71)**

18. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies 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.

As at 30 June 2018, the Company is controlled by the Phommachith family, who own 86% of the Company's shares (2017: 86%). The remaining 14% of the share are widely held. The Company's ultimate controlling party is Mr. Sithong Phommachith. He is management of Phousy Group Sole Company Limited (Phousy Group).

Significant related party transactions during the period can be summarised as follows:

a) Purchase of goods or services and others

For the six-month period ended	Unaudited 30 June 2018 Million LAK
Fuel expenses	112
Rental	90
Interest expense	645
Total	**847**

b) Outstanding balances with related parties

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Amounts due from related party (Note 5)	131,238	137,046
Amounts due from related party (Note 8)	861	203
Amounts due to related party (Note 9)	26,976	18,354
Long-term borrowings (Note 10) (1)	14,800	13,300
Total	**173,875**	**168,903**

18. Related party transactions (Continued)

b) Outstanding balance with related parties (Continued)

(1) Movement of borrowings can be analysis as below:

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Opening balance	13,300	12,500
Additions	5,300	6,600
Repayments	(3,800)	(5,800)
Ending balance	**14,800**	**13,300**

Borrowings from related parties with interest average 9.75% per annum to 10.13% per annum and using for operating in the Company. The repayment term is 1 to 4 years, on annual basis, start from 2016 to 2021.

Borrowings are denominated in Lao Kip (LAK) and aging analysis of these borrowings is as follows:

	Unaudited 30 June 2018 Million LAK	Audited 31 December 2017 Million LAK
Less than one year	4,700	3,800
More than one year but not over 5 years	10,100	9,500
Over 5 years	-	-
Total	**14,800**	**13,300**

c) Managements remuneration

There was no benefit paid to managing director during the period.

19. Commitments and significant agreements

	Unaudited 30 June 2018	Audited 31 December 2017
	Million LAK	Million LAK
Subcontractor for road construction (1)	9,779	10,380
Office rental commitment (2)	1,530	1,620
Explore and Design fee	-	51
Total	**11,309**	**12,051**

(1) Company signed the contract with subcontractor for road project.

(2) The Company leases land and offices under non-cancellable operating lease agreements. The lease term is 10 years, and the majority of lease agreements are renewable at the end of the lease period at an agreed date.

20. Events after the reporting period

On 27 May 2019, the Company signed the construction contract totally LAK 10,570 million for repair and maintenance at Luangprabang province with Department of Public work of Luangprabang. This project is expected to complete in 2019.