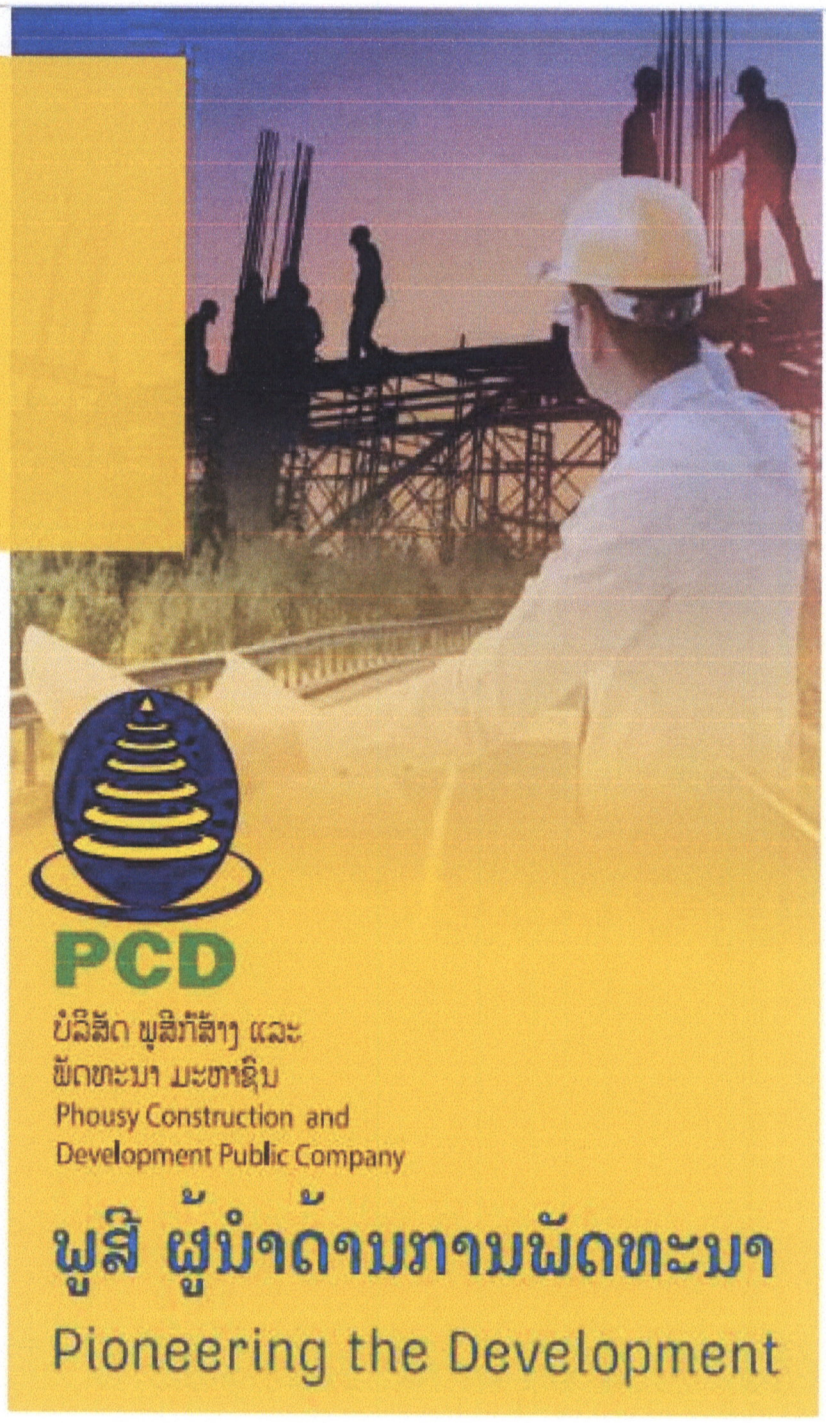


Business performance Report for Q 3 Year 2019

Table of Contents

I. ABOUT PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY 4

II. CORE BUSINESS OPERATIONS 6

III. ORGANIZATIONAL STRUCTURES 7

IV. SUMMARY OF BUSINESS PERFORMANCE REPORT FOR THE Q3 YEAR 2019 7



Business Performance Report
For the Q3 Year 2019

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, and 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



ທ່ານ ຂັນທະວົງ ດາລາວົງ

ຮອງປະທານສະພາບໍລິຫານ / ສະມາຊິກອິດສະຫຼະ

Mr. Khanthavong DALAVONG



ທ່ານ ສີທາ ພົມມະຈິດ

ສະມາຊິກສະພາບໍລິຫານ / ຜູ້ອຳນວຍການໃຫຍ່

Mr. Sitha PHOMMACHITH

Member / Chief Executive Officer



ທ່ານ ພູໂຂງ ອ້ອນລະມະນີ ສະມາຊິກ

ສະມາຊິກສະພາບໍລິຫານ

Mr. Phoukhong



ທ່ານ ນັນທະລັດ ທິລະກຸນ

ສະມາຊິກອິດສະຫຼະ

Mr. Nanthalath THILAKUN

ຄະນະຜູ້ອຳນວຍການໃຫຍ່

Managing Directors of PCD



ທ່ານ ສີທາ ພົມມະຈິດ

ຜູ້ອຳນວຍການໃຫຍ່

Mr.Sitha PHOMMACHITH

Chief Executive Officer



ທ່ານ ອຳໄพวัน จันทะผาลี

ผู้ช่วยผู้อำนวยการใหญ่ฝ่ายปะติบัดการ

Mr. Amphaivanh CHANHTHAPHALY **Chief Operations Officer**



ท่าน อาโนไล สีหาธาด

ผู้ช่วยผู้อำนวยการใหญ่ฝ่ายการเงิน

Mr. Anolay SIHARATH

Chief Financial Officer



ท่าน ดวง ปะทุมลัก

พะแนก จัดตั้ง บໍลิหาน

Mr. Duang PATHOUMLACK **Head of HR and Administration Department**



ท่าน พุดทะเสน พิมมิไซ

พะแนก พัดทะนาทุละกิด

และ การตะพาด

Mr. Phoutthasen PHOMMIXAY **Head of Business Development and Marketing Department**



ท่าน วิละคิม พิลาทุน

พะแนก ออกแบบ และ สำหลอด

Mr. Vilakhom PHILAKOUN **Head of Design and Survey Department**



ท่าน เกดสะหนา จันทะวง

พะแนก ก่อสัง เตินบำ

Mr. Kethsana CHANHTHAVONG **Head of Construction and Monitoring Deparment**



ท่าน นาง ไธหอง พิมมะจิด

พะแนก การบับชี การเงิน

Mrs. Haithong PHOMMACHITH **Head of Finance and Accounting Deparment**



ท่าน บุนทิด ทองสักดี

พะแนก พะแนกสาง

Mr. Bounthod THONGSACKDY **Head of Inventory**



ท่าน คอนสะหวัน ทำวงสิด

พะแนก จัดซื้อจัดจ้าง

Mr. Khonesavanh THAMVONGSITH **Head of Procurement Deparment**

IV SUMMARY OF BUSINESS PERFORMANCE REPORT FOR THE Q3 YEAR 2019

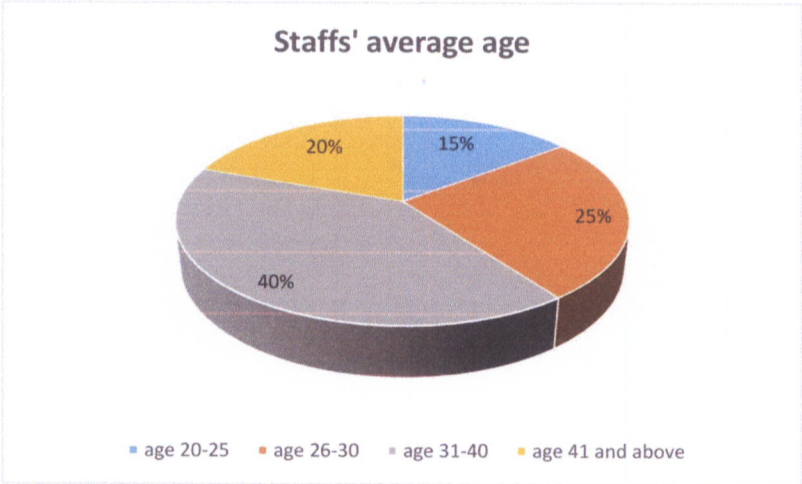
Human Resource Management

In regard to the human resources management aspect, in the Q3 Report of Year 2019 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 third quarters of year 2019

- Total number of staff as off 30/09/2019: 176 staffs
- Staff turn-over: 0
- Staff released off duty: 0
- Staff Promotion: 0 staffs



➢ **Remuneration and Social Welfare**

- Salary increase of Six month 32019: 0 %

➢ **Organize activities Q3 for unity of staffs (Month 7-9)**

- Sport activities (football, baton) 5 times

➢ **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.

The Vientiane-Pakse Expressway project is estimated to cost more than US $ 4 billion, and Phousy Construction and Development Public Company is one of four finalists, after which four companies have signed a memorandum of understanding with the Ministry of Public Works and Transport. In order to conduct a feasibility study on highway construction. At present, all four companies have completed the initial survey and design of the corridor and are preparing to pass through the corridor led by the Ministry of Public Works and Transport to approve the corridor, after the Ministry of Public Works and Transport has approved the corridor. The Ministry of Public Works and Transport will submit a report to the government for official consideration and approval. After the government approves the corridor, the company will continue to calculate the construction cost to the government for consideration and approval to proceed with the signing of the construction contract

Real estate projects by the construction of 4-5-star hotels in Vientiane and Luang Prabang, modern low-income residential village for 200,000 guests across the country, are also looking for foreign partners.

- **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 Q3 Year 2019

Item	Details	Units	Total value (kip)
1	Value Added Tax		30.125.548.790
2	Payroll Tax		51.451.119
3	Profit Tax		8.444.697.710
	Total		**38.621.697.619**

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 Q3 Year 2019

Phousy Construction and Development Public Company

Statement of financial position
As at 30 September 2019

Assets	Notes	30 September 2019 Million LAK	Audited 31 December 2018 Million LAK
Current assets			
Cash and cash equivalents	4	47	54
Trade and other receivables, net	5	190,920	185,588
Inventories		320	322
Other current assets	6	71	4,073
Total current assets		**191,358**	**190,037**
Non- current assets			
Property plant and equipment, net	7	474,433	478,712
Intangible assets, net		5	5
Long-term borrowing to related party and other	8	861	861
Total Non-current assets		**475,299**	**479,578**
Total assets		**666,657**	**669,615**
Liability and equity			
Liabilities			
Current liabilities			
Trade and other payables	9	53,911	48,150
Current portion of long-term borrowings - financial institutions	10	38,422	38,422
Current portion of long-term borrowings - related parties	10	3,200	3,200
Profit tax payable	11	8,445	8,481
Other current liabilities	12	45,288	40,617
Total current liabilities		**149,346**	**138,870**
Non- current liabilities			
Long-term borrowings from financial institutions		-	-
Long-term borrowings – related parties	10	12,000	11,885
Total Non-current liabilities		**12,000**	**11,885**
Total liabilities		**161,946**	**150,755**

Equity

Authorised share capital		582,000	582,000
Share premium	13	12,540	12,540
Retained earnings			
Appropriated legal reserve	14	11,572	11,572
Unappropriate		(101,400)	(87,252)
Total equity		**504,712**	**518,860**
Total liabilities and equity		**666,659**	**669,615**

Mr. Sitha PHOMMACHITH
Managing Director
Date: 15 October 2019

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 15 October 2019

Phousy Construction and Development Public Company

Statement of income
For the year ended 30 September 2019

	Notes	Unaudited 30 September 2019 Million LAK	Unaudited 30 September 2018 Million LAK
Revenue from construction		-	-
Cost of sale	15	-	(5,116)
Gross profit		**-**	**(5,116)**
Other income		-	2,258
Impairment loss		-	-
Administrative expenses	15	(8,200)	(3,635)
Foreign exchange loss		-	(135)
Interest expenses	16	(5,948)	(5,951)
Profit/(loss) before income tax expenses		**(14,148)**	**(12,579)**
Profit tax expenses	17	-	-
Net profit/(loss) for the year		**(14,148)**	**(12,579)**
Earnings per share			
Basic earnings (loss) per share	18	(24.31)	(21.61)

Mr. Sitha PHOMMACHITH
Managing Director
Date: 15 October 2019

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 15 October 2019

Phousy Construction and Development Public Company

Statement of changes in equity
For the year ended 30 September 2019

	Notes	Share capital	Share premium	Legal reserve	Unappropriate retained earnings/(deficit)	Total
		Million LAK	Million LAK	Million LAK	Million LAK	Million LAK
Opening balance 1 January 2018		582,000	12,540	11,572	(87,252)	518,860
Increase in share capital	13	-	-	-	-	-
Decrease in share capital	13	-	-	-	-	-
Legal reserve	14	-	-	-	-	-
Profit for the year		-	-	-	-	-
Ending balance 31 December 2018		582,000	12,540	11,572	(87,252)	518,860
Opening balance 1 January 2019		582,000	12,540	11,572	(87,252)	518,860
Dividend paid	14	-	-	-	-	-
Loss for the year		-	-	-	(14,148)	(14,148)
Ending balance 30 September 2019		582,000	12,540	11,572	(101,400)	504,712

Mr. Sitha
PHOMMACHITH
Managing Director
Date: 15 October 2019

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 15 October 2019

Phousy Construction and Development Public Company

Statement of cash flow
For the year ended 30 September 2019

	Notes	Unaudited 30 September 2019 Million LAK	Unaudited 30 September 2018 Million LAK
Cash flow from operating activities:			
Profit/(loss) before income tax for the year		(14,148)	(12,579)
Adjustments to reconcile net profit to net cash			
Foreign exchange loss		(2,029)	(218)
Depreciation charges	7	4,279	3,182
Amortisation charges		5	-
Interest expense	16	5,948	9,890
Allowance for doubtful account expenses	5,15	-	-
Impairment loss		-	-
Operating profit/(loss) before working capital changes		**(5,946)**	**276**
Changes in working capital:			
- Trade and other receivables		(8,070)	8,657
- Inventories		2	(299)
- Other current assets		4,002	(843)
- Other non-current assets		-	958
- Trade and other accounts payable		6,007	1,345
- Other current liabilities		4,832	(867)
Cash generated from operations		828	9,227
Income tax paid		-	-
Net cash generate from operating activities		**828**	**9,227**
Cash flows from investing activities :			
Purchase of fixed assets	7	-	(33)
Purchases of intangible assets		-	(10)
Net cash used in investing activities		**-**	**(43)**
Cash flows from financing activities :			
Proceeds from borrowing	10	4,507	5,300
Repayments of borrowings	10	(3,793)	(6,178)
Proceeds from issue of ordinary shares	13	-	-
Dividend paid		-	(611)
Interest paid		(1,550)	(8,069)
Net cash from financing activities		**(835)**	**(9,558)**

Net (decrease) in cash and cash equivalents		(7)	(375)
Cash and cash equivalent at the beginning of the year	4	54	540
Effect of exchange rate changes on cash and cash equivalent		-	-
Cash and cash equivalent at the end of the year	4	**47**	**165**

Mr. Sitha PHOMMACHITH
Managing Director
Date: 15 October 2019

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 15 October 2019

Phousy Construction and Development Public Company

Note to the financial statements
For the ended of **30 September** 2019

1. General information

Phousy Construction and Development Public Company is a public company. The address of the Company's registered office is as 3th Floor, Continental Plaza Hotel, Nongbouathong 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).

In 2016, the Company changed its status from a sole company to a public company, changed its name to "Phousy Construction and Development Public Company" and increase its share capital from LAK 10,000 million to LAK 700,000 million.

On 9 May 2017, the Lao Securities and Exchange Commission Office (LSCO) issued notification No. 220/LSCO to the company to decrease of par value from LAK 2,000 to LAK 1,000 per share, and decrease their registered share capital from LAK 700,000 million to LAK 582,000 million. In this regard the share capital for IPO is decrease from LAK 300,000 million to LAK 82,000 million. The Company registered the revised share capital with Ministry of Industry and Commerce on 02 October 2017.

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

These financial statements for the ended of **30 September** 2019 were authorised for issue by managing director on **15 October** 2019.

These financial statements were authorised by managing director but not yet audit.

2. Basis of preparation

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

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 and Regulation on accounting and auditing in securities sector under Securities Commission Office in Lao PDR, all listed companies are required to prepare its financial statements in accordance with International Financial Reporting Standards (IFRSs) as generally accepted accounting principles. At present, 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 it will be enforced in the future. In Lao PDR,

there are significant differences between the companies' own accounting policies and the IFRSs, in many areas such as revenue recognition, property, plant and equipment, leases, current and deferred income tax and pre-

operation costs. Hence, users of the financial statements should therefore be aware and understand these differences and how these will affect their interpretation and decision making.

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.

3. Financial risk management

3.1 Financial risk factors

The Company's activities expose it to certain financial risks, which are primarily due to changes in foreign exchange rates, interest rates, credit risk and liquidity risk.

The Company's overall risk management focuses on minimising potential adverse impacts on the financial performance of the Company in a cost-effective manner.

Risk management is generally carried out by management under the supervision of the Board of Directors.

The Company operates domestically but is exposed to foreign exchange risk arising from certain currency exposures, primarily with respect to purchases made in US Dollar. Foreign exchange risks also arise from other trading transactions and borrowings in US Dollar.

Management believes that the foreign exchange risk from purchase and borrowing transactions is minimum since exchange is not significant change much during the year.

3.2 Interest rate risk

The interest risk mainly arises from the Company's borrowing.

The Company has an interest risk exposure from the bank borrowing, which has a floating interest rate. The Company analyses its interest rate exposure regularly and had decided not to use any financial instruments or derivatives to manage this risk in this period.

Phousy Construction and Development Public Company

Note to the financial statements
For the ended of **30 September** 2019

3.3 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and short-term investments. Management plans to maintain cash forecasts to aid in liquidity management and ensure that it has sufficient liquid funds to meet short-term operational needs, including loan repayments, and for its long-term investment plan.

3.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Phousy Construction and Development Public Company

Note to the financial statements
For the ended of **30 September 2019**

4. Cash and cash equivalents

	30 September 2019 Million LAK	Audited 31 December 2018 Million LAK
Cash on hand	24	12
Deposits held at call with financial institutions	23	42
	47	54

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 three currencies, US dollars, Thai baht and Lao kip in current accounts with none interest.

5. Trade and other receivables

	30 September 2019 Million LAK	Audited 31 December 2018 Million LAK
Trade account receivables	316,013	316,013
Less: Allowance for doubtful debt	(266,091)	(266,091)
Trade accounts receivable, net (1)	49,922	49,922
Amount due from Phousy Group	68,618	63,285
Loan to Phousy Group (2)	71,979	71,979
Other receivable	401	402
	190,920	185,588

Phousy Construction and Development Public Company

Note to the financial statements
For the ended of **30 September** 2019

Trade and other receivables (Continued)

(1) The outstanding trade receivable balance as at 30 September 2019 is aged as follows:

	30 September 2019	Audited 31 December 2018
	Million LAK	Million LAK
Not yet due	-	-
Overdue:		
0-3 months	-	-
3-6 months	-	-
6-12 months	47,670	47,670
Over 12 months	268,343	268,343
Trade and other receivables, net	316,013	316,013
Less Allowance for doubtful debts*	(266,091)	(266,091)
	49,922	49,922

*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 2019.

Phousy Construction and Development Public Company

Note to the financial statements
For the ended of **30 September** 2019

6. Other current assets

	30 September 2019	Audited 31 December 2018
	Million LAK	Million LAK
Interest receivable from related party	-	3,981
Office rental	-	41
Advance to supplier	6	6
Advance to staff	35	45
Prepayment	30	-
	71	**4,073**

Interest receivable from related party - related from Loan to Phousy Group in Note 5.

Phousy Construction and Development Public Company

Note to the financial statements
For the ended of **30 September** 2019

Property, plant and equipment, net

	Land	Building	Motor vehicles	Furniture and fixture	Computer and office equipment	Total
	Million LAK	**Million LAK**	**Million LAK**	**Million LAK**	**Million LAK**	**Million LAK**
As at 31 December 2018						
Cost	466,000	18	40,954	2,816	447	510,235
Less Accumulated depreciation	-	(8)	(27,144)	(2,665)	(407)	(30,225)
Provision for impairment	-	-	(1,299)	-	-	(1,299)
Net book amount	**466,000**	**10**	**12,511**	**151**	**40**	**478,712**
Opening net book amount	466,000	10	12,511	151	40	478,712
Additions	-	-	-	-	-	-
Depreciation charge	-	(1)	(4,180)	(82)	(16)	(4,279)
Impairment charge	-	-	-	-	-	-
Closing net book amount	**466,000**	**9**	**8,331**	**69**	**24**	**474,433**
As at 30 September 2019						
Cost	466,000	18	40,954	2,816	447	510,235
Less Accumulated depreciation	-	(9)	(31,324)	(2,747)	(423)	(34,504)
Provision for impairment	-	-	(1,299)	-	-	(1,299)
Net book amount	**466,000**	**9**	**8,331**	**69**	**24**	**474,433**

Phousy Construction and Development Public Company

Note to the financial statements
For the ended of **30 September** 2019

8. Loan to other and related party

	30 September 2019	Audited 31 December 2018
	Million LAK	Million LAK
Governor Officer*	-	-
Related party	861	861
	861	861

9. Trade and other payables

	30 September 2019	Audited 31 December 2018
	Million LAK	Million LAK
Trade payable*	17,031	16,424
Other payable - related party	36,960	31,726
	53,991	48,150

10. Borrowings, net

	30 September 2019	Audited 31 December 2018
	Million LAK	Million LAK
Financial institution	38,422	38,422
Related parties	15,800	15,085
	54,222	53,507

Phousy Construction and Development Public Company

Note to the financial statements
For the ended of **30 September** 2019

10. Borrowings, net (Continued)

	30 September 2019	31 December 2018
	Million LAK	Million LAK
Current	41,622	41,622
Non-current	12,600	11,885
	54,222	53,507

The movement in borrowings can be analysed as follows:

	30 September 2019	31 December 2018
	Million LAK	Million LAK
As at 1 January 2019	53,507	54,300
Additions during the year	4,507	10,585
Repayment of borrowings during the year	(3,793)	(11,378)
As at 31 March 2019	**54,222**	**53,507**

The aging analysis of these borrowings is as follows:

	30 September 2019	31 December 2018
	Million LAK	Million LAK
Less than one year	41,622	41,622
More than one year but not over 5 years	12,600	11,885
Over 5 years	-	-
	54,222	**53,507**

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 September 2019, profit tax payable presented profit tax payable from construction revenue but Government of Lao do not make payment.

Phousy Construction and Development Public Company

Note to the financial statements
For the ended of **30 September** 2019

12. Other current liabilities

	30 September 2019 Million LAK	31 December 2018 Million LAK
VAT payable	30,126	30,275
Interest payable from related	9,653	4,985
Advance received from sub-contractor	1,025	2,010
Advance received from Government	893	-
Dividend Payable	1,863	1,863
Others	1,368	1,253
Accrued salary	360	231
	45,288	**40,617**

13. Share capital and premium on share capital

	Number of shares	Ordinary shares	Share Premium	Total
	Million Shares	Million LAK	Million LAK	Million LAK
At 1 January 2018	582	582,000	12,540	594,500
Decrease share capital	-	-	-	-
Issued of shares	-	-	-	-
At 31 December 2018	582	582,000	12,540	594,500
At 1 January 2019	582	582,000	12,540	594,500
Decrease share capital	-	-	-	-
Issued of shares	-	-	-	-
At **30 September** 2019	582	582,000	12,540	594,500

As at 30 September 2019, 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.

Phousy Construction and Development Public Company

Note to the financial statements
For the ended of **30 September** 2019

14. Legal reserve

	30 September 2019 Million LAK	31 December 2018 Million LAK
Opening balance	11,572	11,572
Addition during the year	-	-
Ending balance	**11,572**	**11,572**

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. Expenses by nature

	30 September 2019 Million LAK	30 September 2018 Million LAK
Staff cost	2,242	1,815
Sub-contractor expenses	-	-
Consult expenses	10	16
Depreciation expense	4,280	1,460
Supplies	571	36
Commission Fee	-	-
Travelling cost	203	190
Repair and maintenance expenses	52	38
Allowance for doubtful account expenses	-	-
Others expenses	843	80
	8,200	**3,635**

Phousy Construction and Development Public Company

Note to the financial statements
For the ended of **30 September** 2019

16. Financial costs

	30 September 2019 Million LAK	30 September 2018 Million LAK
Interest expenses from borrowing		
- financial institutions	5,393	5,270
Interest expenses from borrowing		
- related parties	555	681
	5,948	5,951

17. Profit tax expense

According to the profit tax payment practice between tax authority and the Company as described in (Note 11), profit tax expense presented profit tax from construction revenue during the year 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 2021.

18. Basic earnings per share

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

	30 September 2019 Million LAK	30 September 2018 Million LAK
Weighted average number of ordinary shares (million shares)	582	582
Net profit for the year attributable to shareholders (Million LAK)	(14,148)	(12,579)
Basic earnings per share (LAK)	**(24.31)**	**(21.61)**