







Business Performance Report for Q2 of the Year 2021

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Business Performance Report for First 6 Month of the year 2021

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



ທ່ານ ບຸນມີ ມະນີວົງ

ຮອງປະທານສະພາບໍລິຫານ / ສະມາຊິກອິດສະຫຼະ

Mr. Bounmy MANYVONG

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
ຜູ້ອ□ານວຍການໃຫຍ່
Mr. Sitha PHOMMACHITH
Chief Executive Officer



ທ່ານ ອຳໄພວັນ ຈັນທະພາລີ
ຜູ້ຊ່ວຍຜູ້ອຳນວຍການໃຫຍ່ຝ່າຍປະຕິບັດການ
Mr. Amphaivanh CHANHTHAPHALY
Chief Operations Officer



ທ່ານ ອາໂນໄລ ສີຫາຣາດ
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



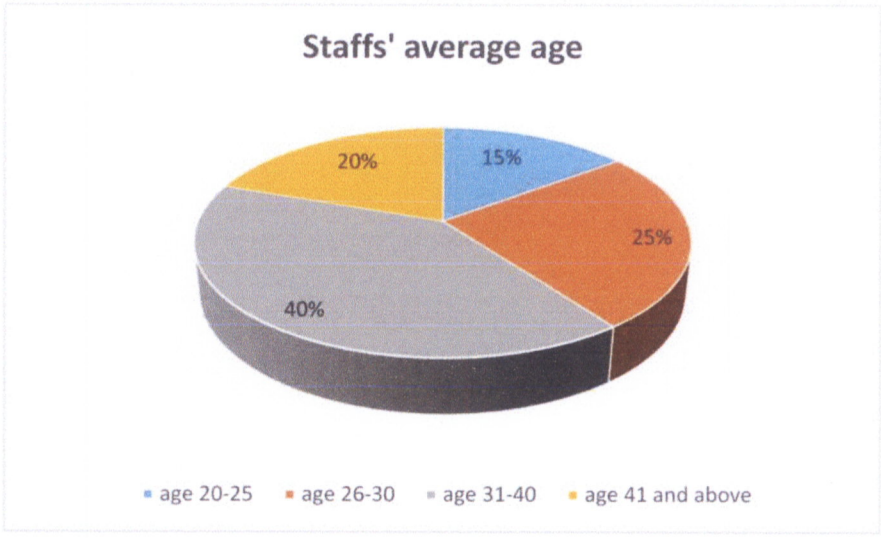
ທ່ານ ຄອນສະຫວັນ ທຳວົງສິດ
ພະແນກ ຈັດຊື້ຈັດຈ້າງ
Mr. Khonesavanh THAMVONGSITH
Head of Procurement Department

II. SUMMARY OF BUSINESS PERFORMANCE REPORT FOR FIRST 6 MONTH OF THE YEAR 2021

Human Resource Management

In regard to the human resources management aspect, in the 6 month of the year 2021 PCD has focusing an organizational to be aligned with the structure and conditions of the Lao Securities Exchange. Social welfare provides better care for employees in the organization, works day by day and has annual leave according to Lao Labor Law. And implemented the order of No.06/นย To combat and prevent the outbreak of COVID 19 strictly.

- Total number of staff as off 30/06/2021: 176 staffs
- - Resigned: 0
- Staff released off duty: 0
- Staff Promotion: 0 staffs



➢ **Remuneration and Social Welfare**

- No Salary increases for staffs

➢ **Organize activities for unity of staffs**

- Not active in action due to outbreak COVID-19

Capacity building for staff

- In the Year 2021, there was no activities

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 continuing to implement two unfinished projects: the construction of a two-story paved road from Ban Ou Village Luang Prabang District to Sibunheung village Nan district, Luang Prabang province, 50.2 km long, and an upgrade road from Kieu Cheia village to Muang Heub Village Phonethong district Laouang Prabang Province, 32.5 km in length.

1. The Vientiane-Pakse Expressway project, worth more than $ 4 billion, and we, Phousy Construction and Development Public Company, are among the four companies that have been shortlisted for the final round. The survey and design of the corridor is now underway, and the Ministry of Public Works and Transport is preparing to submit it to the government to endorse. (Only Phousy Construction and Development Public Company is responsible for the 4th phase from Xeno, Savannakhet to Napong, Saravane Province, the total length is 135.2 km, the initial estimated value is US $ 1,235.82)

2. Modern resettlement villages for low-income guests of 200,000 across the country, are also looking for foreign partners.

3. The second phase of the 8.3-kilometer landslide protection project in Vientiane Capital (subcontracted by a Korean company) has already been submitted and is currently awaiting the opening of bids.

4. Construction of infrastructure project of Louang Prabang Special Economic Zone worth US $ 2.5 million is waiting for the owner of the project to demarcate the border and compensate for the environmental impact before it can be implemented.

- **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 6 Month of the Year 2021

Item	Details	Units	Total value (kip)
1	Value Added Tax		75,589,680
2	Payroll Tax		4,157,432
3	Profit Tax		22,676,903
	Total		102,424,015

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 for First 6 Month of the Year 2021

pwc

AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

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

We have reviewed the interim financial information of Phousy Construction and Development Public Company (the Company). These comprises the statement of financial position as at 30 June 2021, and the related statement of income, changes in equity, 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

Date: 20 August 2021

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

Assets	Notes	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
Current assets			
Cash and cash equivalents	5	116	88
Trade and other receivables, net	6	143,915	138,017
Inventories		319	320
Other current assets	8	12,141	10,676
Total current assets		**156,491**	**149,101**
Non- current assets			
Property plant and equipment, net	9	468,315	470,366
Long-term loan to related party		861	861
Financial investments - Held-to-maturity	7	484	-
Total non-current assets		**469,660**	**471,227**
Total assets		**626,151**	**620,328**
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	10	50,289	47,973
Current portion of long-term borrowings	11	50,347	46,422
Profit tax payable	12	13,142	12,971
Other current liabilities	13	57,439	52,834
Total current liabilities		**171,217**	**160,200**
Non- current liabilities			
Long-term borrowings	11	3,934	8,000
Total non-current liabilities		**3,934**	**8,000**
Total liabilities		**175,151**	**168,200**
Equity			
Authorised share capital	14	582,000	582,000
Share premium		12,540	12,540
Retained earnings/(Accumulated loss)			
Appropriated legal reserve	15	11,572	11,572
Unappropriated		(155,112)	(153,984)
Total equity		**451,000**	**452,128**
Total liabilities and equity		**626,151**	**620,328**

Mr. Sitha PHOMMACHITH
Managing Director
Date: 20 August 2021

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 20 August 2021

The accompanying notes on pages 6 to 14 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 2021

	Notes	Unaudited 2021 Million LAK	Unaudited 2020 Million LAK
Revenue from construction		6,441	-
Cost of construction		(2,141)	-
Gross profit		**4,300**	-
Other income		1,481	1,499
Impairment gain/(loss), net		(1,353)	1,067
Administrative expenses		(1,350)	(4,093)
Foreign exchange gain/(loss)		9	(142)
Interest expenses		(4,022)	(4,297)
Loss before income tax expenses		**(935)**	**(5,966)**
Profit tax expenses	17	(193)	-
Loss for the period		**(1,128)**	**(5,966)**
Earnings per share			
Basic earnings (loss) per share	18	(1.94)	(10.25)

Mr. Sitha PHOMMACHITH
Managing Director
Date: 20 August 2021

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 20 August 2021

The accompanying notes on pages 6 to 14 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 2021

	Share capital (Note 14)	Share premium (Note 14)	Retained earnings/(Accumulated loss)		Total
			Legal reserve (Note 15)	Unappropriated	
	Million LAK	Million LAK	Million LAK	Million LAK	Million LAK
Opening balance 1 January 2021 - Audited	**582,000**	**12,540**	**11,572**	**(153,984)**	**452,128**
Loss for the period	-	-	-	(1,128)	(1,128)
As at 30 June 2021 - Unaudited	**582,000**	**12,540**	**11,572**	**(155,112)**	**451,000**
Opening balance 1 January 2020 - Audited	**582,000**	**12,540**	**11,572**	**(96,042)**	**510,070**
Loss for the period	-	-	-	(5,966)	(5,966)
As at 30 June 2020 - Unaudited	**582,000**	**12,540**	**11,572**	**(102,008)**	**504,104**

Mr. Sitha PHOMMACHITH
Managing Director
Date: 20 August 2021

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 20 August 2021

The accompanying notes on pages 6 to 14 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 2021

	Notes	Unaudited 30 June 2021 Million LAK	Unaudited 30 June 2020 Million LAK
Cash flows from operating activities:			
Loss before income tax for the period		(935)	(5,966)
Adjustments:			
- Unrealised (gain)/loss on exchange rate		(9)	(218)
- Depreciation	9	2,051	2,081
- Interest expense		4,022	4,297
- Impairment (gain)/loss, net		2,632	(1,067)
Changes in working capital:			
- Trade and other receivables		(8,530)	2,468
- Investment in held-to-maturity		(484)	-
- Other current assets		(1,465)	(1,488)
- Trade and other accounts payable		2,325	760
- Other current liabilities		804	(149)
Cash generated from operations		**412**	**718**
Interest paid		(221)	(774)
Income tax paid		(22)	(52)
Net cash flows from operating activities		**169**	**(108)**
Cash flows from financing activities:			
Proceeds from borrowing	11	1,950	1,500
Repayments of borrowings	11	(2,091)	(1,500)
Net cash outflow from financing activities		**(141)**	-
Net increase/(decrease) in cash and cash equivalents		28	(108)
Cash and cash equivalent at the beginning of the period	5	88	195
Effect of exchange rate changes on cash and cash equivalent		-	-
Cash and cash equivalent at the end of the period	5	**116**	**87**
Non-cash items			
Settlement receivable from GoL and investment in held-to-maturity	7	484	-

Mr. Sitha PHOMMACHITH
Managing Director
Date: 20 August 2021

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 20 August 2021

The accompanying notes on pages 6 to 14 are an integral part of this interim financial information.

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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 managing director on 20 August 2021.

2. Basis of preparation

The 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 2020. The primary financial information (i.e. statement of financial position, statement of 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 issued by Lao Securities and Exchange Commission Office.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020.

Going concern assumption

The Company incurred a net loss of LAK 1,128 million during the financial period 30 June 2021 (2020: LAK 5,966 million). According to the delay of payments from customer, the Company is in the negotiation process for new payment schedule but no solution as at reporting date.

The related party and the major shareholder issued a Letter of Support to the Company accepting responsibility of providing sufficient financial assistance to the Company when needed and postponing the payment by the Company due to the related party and major shareholder. This letter of support was issued to ensure that the Company will its operations and fulfil all of its financial obligations as of 30 June 2021 and thereafter until the Company has sufficient financial position. Therefore, these financial statements are prepared on a going concern basis.

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

3. Significant events during the current period

The COVID-19 infections in Laos increased significantly during April 2021 leading to the lockdown of Vientiane Capital and all provinces of Laos. This significant increase of infections is described as the second wave where stricter measures taken by various governments to contain the virus have affected the economic activity.

Management reviewed the effect from those events to their business, according to Lao environment which number of inflections is limited and can be controlled then this issue has not affect to their business. Management considered that there is no significant effect from Covid-19.

Management will continue to monitor the ongoing development and regularly assess the financial impact in respect for the valuation of assets, provisions and contingent liabilities.

4. 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 2020.

5. Cash and cash equivalents

	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
Cash on hand	7	18
Deposits held at call with financial institutions	109	70
Total	**116**	**88**

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6. Trade and other receivables

	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
Trade account receivables	318,039	312,270
Less: Allowance for doubtful debt	(306,256)	(304,903)
Trade accounts receivable, net	11,783	7,367
Amount due from related parties (Note 19) b)	73,159	68,987
Short-term loan to Phousy Group (Note 19) b)	58,917	61,260
Other receivable	56	403
Total	**143,915**	**138,017**

7. Financial investments - Held-to-maturity

	Million LAK
Balance as at 1 January 2021 – Audited	-
Addition*	484
Balance as at 30 June 2021 – Unaudited	**484**

*During the period the Company had received the bonds which were issued by the Ministry of Finance to either for settlement the receivable from construction projects.

8. Other current assets

	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
Interest receivable from related party*	11,885	10,411
Advances to suppliers	205	206
Advances to staff	38	39
Prepayments	3	20
Other receivable	10	-
Total	**12,141**	**10,676**

* Interest receivable from related party – related from loan to Phousy Group in Note 6.

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9. Property, plant and equipment, net

	Million LAK
Opening net book value as at 1 January 2021 – Audited	470,366
Additions	-
Depreciation charge	(2,051)
Closing net book value as at 30 June 2021 – Unaudited	**468,315**

Land LAK 48,968 million are secured for borrowings (Note 11).

Depreciation expense of amount LAK 2,051 million has been charged to administrative expenses and cost of construction.

10. Trade and other payables

	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
Trade payable – third party	12,824	12,851
Other payable – related parties (Note 19) b)	37,465	35,122
Total	**50,289**	**47,973**

11. Borrowings, net

	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
Financial institution	38,422	38,422
Related parties (Note 19) b)	15,859	16,000
Total	**54,281**	**54,422**

	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
Current	50,347	46,422
Non – current	3,934	8,000
Total	**54,281**	**54,422**

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11. Borrowings, net (continued)

The movement in borrowings can be analysed as follows:

	Million LAK
Opening balance as at 1 January 2021 - Audited	**54,422**
Additions	1,950
Repayments	(2,091)
Closing balance as at 30 June 2021 - Unaudited	**54,281**

Borrowing from financial institution:

The Company signed a borrowing agreement amount LAK 36,000 million and LAK 5,000 million with ST Bank Company Limited for working capital for road construction with interest rate of 17% and 13% respectively per annum since 29 May 2015. This borrowing is guaranteed by land of the Company (Note 9) and land of related parties. The Company is required to repay principal within 3 years after the first drawdown on annually 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 lenders do not take any action to the Company according to this default.

The aging analysis of these borrowings is as follows:

	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
Less than one year	50,347	46,422
More than one year but not over 5 years	3,934	8,000
Over 5 years	-	-
Total	**54,281**	**54,422**

12. 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 2021, profit tax payable presented profit tax payable from construction revenue but GoL do not make payment.

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13. Other current liabilities

	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
VAT payable*	30,560	29,991
Interest payable from financial institutions	20,775	17,592
Interest payable from related parties	1,193	567
Dividend payable	1,863	1,863
Advance received from sub-contractor	804	875
Advance received from Government	893	893
Accrued salary	353	141
Others	998	912
Total	**57,439**	**52,834**

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

14. Share capital and premium on share capital

As at 30 June 2021, 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 list in Lao Securities Exchange in 2017.

15. Legal reserve

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.

16. Dividend

2021:
At the Annual General Meeting of Shareholders, held on 28 April 2021, the shareholders approved no dividend payments for the year 2020 because of the business operating result loss.

2020:
At the Annual General Meeting of Shareholders, held on 29 May 2020, the shareholders approved no dividend payments for the year 2019 because of the business operating result loss.

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17. Profit tax expense

According to the profit tax payment practice between tax authority and the Company as described in (Note 12), profit tax expense presented profit tax from construction revenue during the period but GoL do not make payment.

18. Basic earnings per share

As at 30 June 2021, 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 2021 Million LAK	Unaudited 30 June 2020 Million LAK
Weighted average number of ordinary shares (million shares)	582	582
Net loss for the period attributable to shareholders (million LAK)	(1,128)	(5,966)
Basic earnings (loss) per share (LAK)	**(1.94)**	**(10.25)**

19. 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 2021, the Company is controlled by the Phommachith family, who own 86% of the Company's shares (2020: 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:

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19. Related party transactions (Continued)

a) Purchases of goods or services and others

	Unaudited 30 June 2021 Million LAK	Unaudited 30 June 2020 Million LAK
Interest income from Phousy Group	1,474	1,499
Interest expense	838	774
Fuel expenses	90	70
Rental	90	90

b) Outstanding balances with related parties

	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
Amounts due from related parties (Note 6) (1)	73,159	68,987
Short-term loan to Phousy Group (Note 6) (2)	58,917	61,260
Short-term to loan related party	861	861
Other payable – Phousy Group (Note 10)	37,465	35,122
Long-term borrowings (Note 11) (3)	15,859	16,000

(1) This is consisting of amounts due from Phousy Group Sole Company Limited with no interest and call on demand.

(2) On 27 December 2017, the Company entered into short-term loan agreement LAK 86,531 million with Phousy Group for investment in development of new town project at Luang Prabang with interest rate 5% per annum, no collateral.

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

	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
Opening balance	16,000	16,000
Additions	1,950	3,200
Repayments	(2,091)	(3,200)
Ending balance	**15,859**	**16,000**

Borrowings from related parties with interest average 9.00% per annum to 13.13% per annum and using for operating in the Company. The repayment term is 1 to 4 years, on annual basis, start from 2017 to 2022.

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19. Related party transactions (Continued)

b) Outstanding balance with related parties (Continued)

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

	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
Less than one year	11,925	8,000
More than one year but not over 5 years	3,934	8,000
Over 5 years	-	-
Total	**15,859**	**16,000**

c) Managements remuneration

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

20. Commitments

	Unaudited 30 June 2021 Million LAK	Audited 31 December 2020 Million LAK
Office rental commitment *	990	1,080

* 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.