PCD

A SUMMARY REPORT OF BUSINESS PERFORMANCE FOR Q1 OF THE YEAR 2024

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

2024



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Business Performance Report for Q 1 of the Year 2024

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. Address

- 3 floor, Continentalplaza Vientiane, Nongbouathong Tai village, Sikhottabong District, Vientiane Lao PDR.
- Tel: +856 21 229696
- Fax: +856 21 265394
- E-Mail: info@pcdlao.co
- Website: www.pcdlao.com

III. 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

IV. Management and Corporate governance

4.1.Organization

Board of Directors of PCD



Ph.D Sithong PHOMMACHITH, **President of BoD of PCD , President of Phousy Group**



Mr. Sitha PHOMMACHITH, **Vice President of BoD of PCD, Chief Executive Officer of Phousy Group**



Mr. Pheng Douangngeun, **Member BoD of PCD, Chief Executive Officer of Phousy Group**



Mr. Nanthalath THILAKUN **Member BoD / Independent Member**



Mrs. Haithong Phommachith **Member BoD, CFO of PCD**

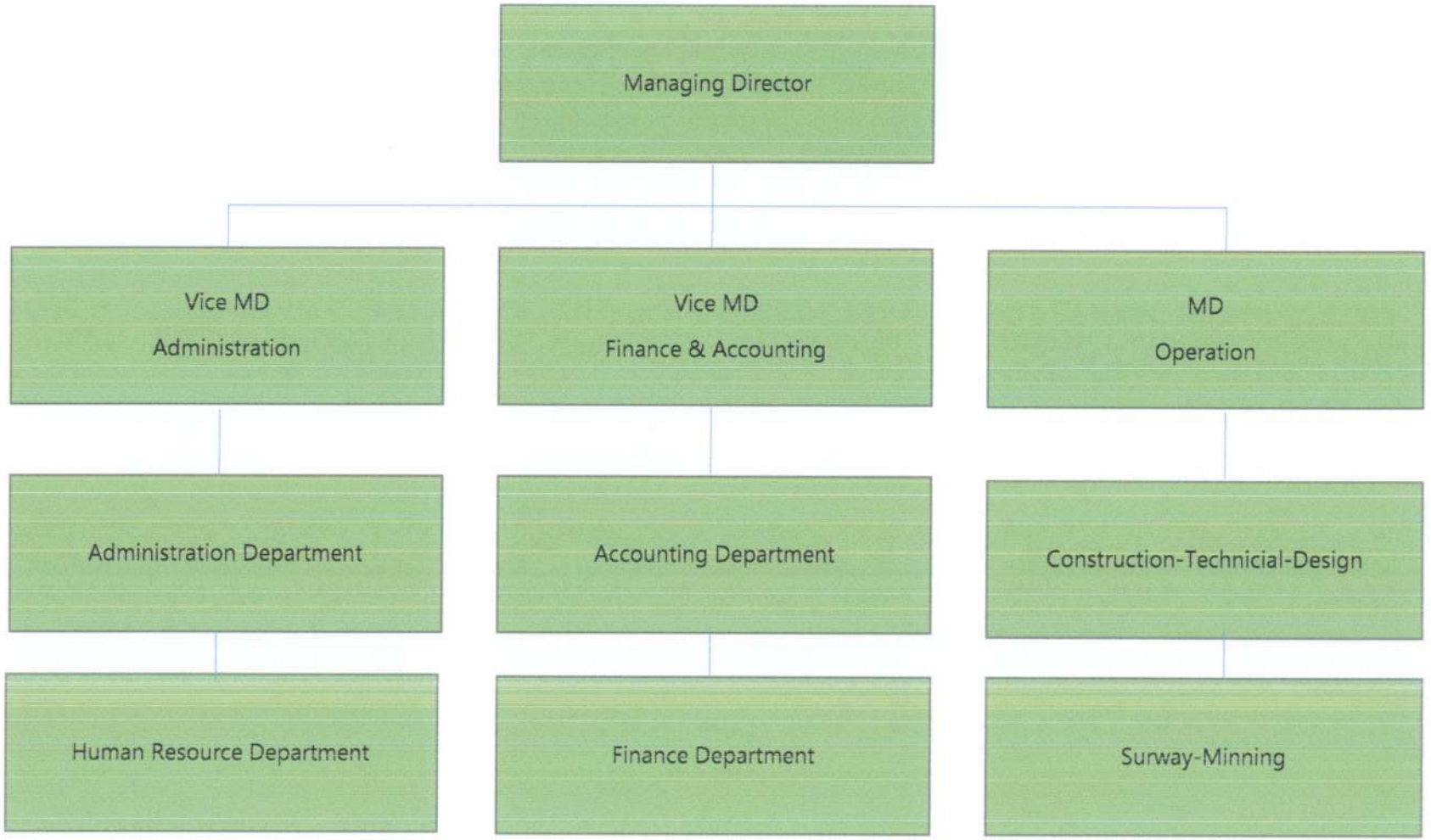


Mr. Phoutthasane Phommyxay **Member BoD/ Independent Member**



Mr. Phoumsavanh Sounanthong **Member BoD, Deputy CEO, Business Development of Phousy Group**

Organization of Phousy Construction and Public Company



4.2.Share Holders

Shareholders	Before IPO		After IPO	
	No of Shares	%	No of Shares	%
I. Existing Shareholders	500,000,000	100%	500,000,000	100%
1.1 Ph.D Sithong Phommachith	415,000,000	83.00%	415,000,000	69.17%
1.2 Ms Pienkham Phommachith	50,000,000	10.00%	50,000,000	8.35%
1.3 Mr Siphone Outhoumphone	5,000,000	1.00%	5,000,000	0.83%
1.4 Ms Bouaphanh Outhoumphone	5,000,000	1.00%	5,000,000	0.83%
1.5 Mr Sitha Phommachith	5,000,000	1.00%	5,000,000	0.83%
1.6 Ms Haithong Phommachith	5,000,000	1.00%	5,000,000	0.83%
1.7 Ms Amphone Phommachith	5,000,000	1.00%	5,000,000	0.83%
1.8 Ms Touybouasy Phommachith	5,000,000	1.00%	5,000,000	0.83%
1.9 Ms Phetmany Outhoumphone	5,000,000	1.00%	5,000,000	0.83%
II. Investors from IPO			82,000,000	16.67%
	500,000,000		**582,000,000**	

4.3.Bord of Directors

PCD Bord of Directors, there are 7 members

No	Name and Surname	Position
1	PhD. Sithong Phommachith	Chairman of BoD
2	Mr. Sitha Phommachith	Vice Chairman of BoD
3	Mr Nanthalath Thilakoun	Member of BoD/Independent Member
4	Mr. Pheng Doungngeun	Member of BoD/Managing Director
5	Mrs.Haithong Phommachith	Member of BoD
6	Mr. Phouthasane Phommeexay	Member of BoD/Independent Member
7	Mr.Phoumsavanh Sounanthong	Member of BoD

4.4. Audit Committee (The member of Audit Committee)

No	Name and Surname	Position
1	Mr Nanthalath Thilakoun	Chairman of Audit Committee
2	Mr. Phouthasane Phommeexay	Audit Committee
3	Mr. Pheng Doungngeun	Audit Committee

4.5. Risk Management Committee

No	Name and Surname	Position
1	Mr Nanthalath Thilakoun	Chairman of Risk Management Committee
2	Mr. Phouthasane Phommeexay	Risk Management Committee
3	Mr. Pheng Doungngeun	Risk Management Committee

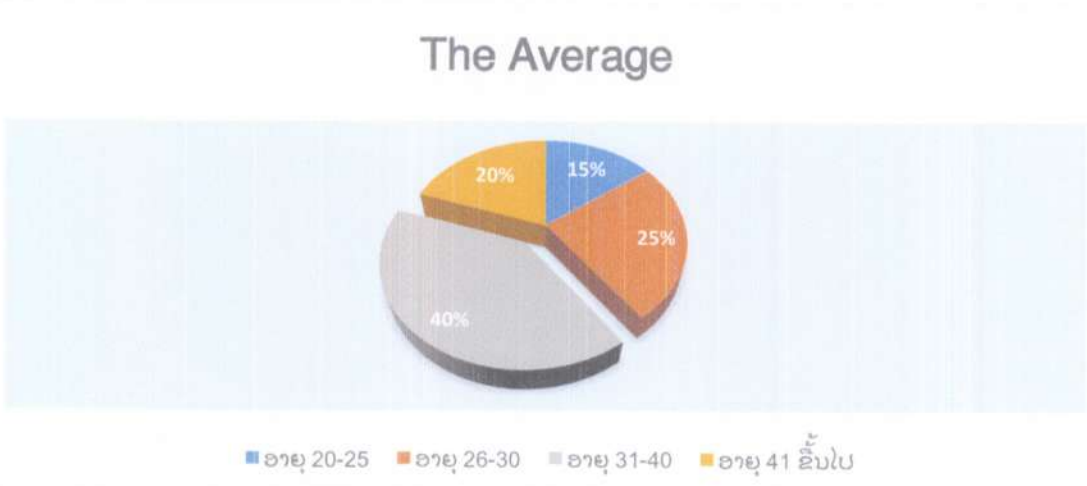
4.6. Compensation Committee (Member of Compensation Committee)

No	Name and Surname	Position
1	Mr. Phouthasane Phommeexay	Chairman of Compensation Committee
2	PhD. Sithong Phommachith	Compensation Committee
3	Mr. Pheng Doungngeun	Compensation Committee

V. Summary of Business Performance Report for Q 1 of the Year 2024

Human resource work in Q 1 Year 2024 is focused on training staff, improving the organizational structure of the organization to conform to the structure and conditions of the Lao stock market. In terms of social welfare, taking better care of the living conditions of employees within the organization, the company has conducted a survey to prepare to provide social insurance to all employees, with annual health check-ups, working days and annual holidays according to the Lao Labor Law.

- Total number of employees: 31/03/2024, there are 150 people
- Resigned 0 people
- New recruitment 0 people
- Promotion:



➢ Salary and Social welfare

- The averate salary increatment yearly 0 %

➢ Organize activities to create unity among employees
- International New Year and Lao New Year unity meeting

➢ Promotion to build capacity for employees - Participate in seminars on various topics with the Lao Stock Market
- Participating in training courses to upgrade knowledge both domestically and internationally

❖ **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.

❖ **The project plan continues to be implemented**

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 Villages, Condominiums, Villas and Residences that are suitable for general up to 200,000 houses in the country, are still looking for foreign capital partners. Currently, it starts from 50,000 houses in Luang Prabang province
3. Phousy Construction and Development Public Company is the main contractor in the development of Luang Prabang Special Economic Zone infrastructure construction project initially worth 20,000,000 US dollars
4. Phousy Construction and Development Public Company leased 500 hectares of land in Luang Prabang Special Economic Zone for real estate development such as land lease and warehouse lease

❖ **Projects in the plan for the year 2022-2030**

1. Phousy Construction and Development Public Company has a jointed investment 25%, and is the main contractor in coal mining in Vieng Phu Kha District, Luang Namtha Province. Estimated investment cost of 5 dollars per ton, revenue of 12 dollars per ton (from investment and investment and revenue which is total 75 million dollars)
2. Phousy Construction and Development Public Company invests in the bypass road project from Don Nun town to Bua Village, Vientiane within a distance of 30 kilometers. Estimated investment value of 210 million dollars with an interests return rate of 10%
3. Phousy Construction and Development Public Company invests in 1000 megawatts of solar power. Estimated investment value of 800 million dollars with an interests return rate of 12.8%
4. Phousy Construction and Development Public Company, investment study plan, hydropower project totaling 1150 megawatts
5. Phousy Construction and Development Public Company is preparing the tender for the project

5.1. Luang Prabang bridge construction project with NEDA funding
5.2. R12 road construction project with NIDA funding
5.3. Land construction project in Luang Prabang province with EDCF funding (Korea)
5.4. The project to build garbage fields and alleys in the city of Luang Prabang province with funding from the World Bank

- **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.

Managing Director
Phousy Construction and Development Public



Mr. Pheng Douangngeun

Internal Audit of Company

Souvanny Kongprac

Mr. Souvanny Kongphachit

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

FINANCIAL STATEMENTS

31 MARCH 2024

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC

STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2024

	Notes	Unaudited 31 March 2024 Million LAK	Audited 31 December 2023 Million LAK
Assets			
Current assets			
Cash and cash equivalents	3	234	366
Trade and other receivables, net	4	572,372	575,207
Inventories		317	320
Invesment Securities-held-to-maturity	5	5,657	5,657
Other current assets	6	1,473	1,778
Total current assets		**580,053**	**583,328**
Non- current assets			
Property plant and equipment, net	7	213,732	213,732
Currrent assets for investments	5	189,442	189,442
Long-term loan to related parties		598	861
Financial investments - Held-to-maturity	5	11,095	5,438
Total non-current assets		**414,867**	**409,473**
Total assets		**994,920**	**992,801**
Liabilities and equity			
Liabilities			
Current liabilities			
Current liabilities	8	133,507	133,168
Long-term borrowings from financial institutions	9	29,422	29,422
Profit tax payable	10	11,130	11,175
Other current liabilities	11	72,560	55,315
Total current liabilities		**246,619**	**229,080**
Total liabilities			
Long-term loan to related parties	9	138,500	138,500
Total current liabilities		**138,500**	**138,500**
Total liabilities		**385,119**	**367,580**
Equity			
Authorised share capital	12	582,000	582,000
Share premium	12	12,540	12,540
Retained earnings/(Deficits)			
Appropriated legal reserve	13	16,047	17,510
Unappropriated		(786)	13,171
Total equity		**609,801**	**625,221**
Total liabilities and equity		**994,920**	**992,801**

ບໍລິສັດ ພຸລີກໍ່ສ້າງ ແລະ ພັດທະນາ ມະຫາຊົນ Phousy Construction and Development Public Company

Mr. Pheng Duangngeun
Managing Director
Date 19 April 2024

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date 19 April 2024

The accpmpanying note on page 5-13 are an integral part of these financial statements.

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC

STATEMENT OF FINANCIAL INCOME
FOR THE THREE MONTH PRERIOD 31 MARCH 2024

	ບິດອະທິບາຍ	Unaudited 31 March 2024 Million LAK	Audited 1 December 2023 Million LAK
Revenue from Construction		400	1,095
Cost of Construction		(136)	(639)
Gross Profit		264	456
Gain from Disposal of assets		-	75,618
Allowance for doubtful gain,net		-	81,702
Income from Land rental		2,250	3,837
Income from Financial		-	645
Administation Expense		(540)	(4,963)
Profit/Loss before profit tax Expense		-	(480)
Profit Expense		(4,590)	(14,544)
Profit/Loss before profit tax Expense		(2,616)	142,271
Profit tax Expense	10	-	(33)
Profit (Loss) for the preriod		(2,616)	142,238
Earning (Loss) per share			
Basic (Loss) per share	14	22	244.40

Mr. Pheng Duangngeun
Managing Director
Date 19 April 2024

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date 19 April 2024

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PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC

STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PRERIOD 31 MARCH 2024

	Notes	Share capital Million LAK	ส่วนเพิ่ม hare premiu Million LAK	Retained earnings/(Deficits) สำธอง Legal reserve Million LAK	Unappropria Million LAK	Total Million LAK
Opening balance 31December 2	12,13	582,000	12,540	16,047	13,171	623,758
Profit for the Year/Month		-	-	-	(2,616)	(2,616)
Appropriated legal reserve		-	-	-	1,463	1,463
Shere profit		-	-	-	(12,804)	(12,804)
Balance for 31 March 2024		582,000	12,540	16,047	(786)	609,801
Opening balance 01 March 202	12,13	582,000	12,540	16,047	(127,604)	482,983
Profit for the year		-	-	-	142,238	142,238
Appropriated legal reserve		-	-	-	(1,463)	
Balance for 31 December 2023		582,000	12,540	16,047	13,171	625,221

Mr. Pheng Duangngeun
Managing Director
Date 19 April 2024

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date 19 April 2024

The accpmpanying note on page 5-13 are an integral part of these financial statements.

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC

STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 01-31 March 2024

	ຍິດອະທິບາຍ	ຍໍ້ໄຕ໌ກວດສອຍ 31 ມີນາ 2024 ລ້ານກີບ	ກວດສອຍແລ້ວ 31 ທັນວາ 2023 ລ້ານກີບ
Cash flows from operating activities:			
Loss before income tax for the period			142,271
Adjustments:			
- Unrealised loss/(gain)on exchange rate			426
- Depreciation charge			208
- Interest expense			14,544
- Allowance for doubtful account expenses			(75,618)
- Allowance for doubtful (gain)/loss, net			(81,702)
Operating loss before changing in operating assets and liabilities		-	129
Changes in operating asset			
- Trade and other receivables		2,835	(157,347)
- Investment in held-to-maturity		305	(559)
- Inventories		(339)	54,614
- Other current assets		(17,245)	(4,977)
Cash generated from operations		(14,444)	(108,140)
Interest paid		-	(2,197)
Net cash flows (used in) from operating activities		(14,444)	(110,337)
Cash flows from Investing activities:			
Proceeds from borrowing		-	25,000
Net cash generated from investing activities		-	25,000
Cash flows from financing activities:			
Proceeds from borrowing	10	-	104,000
Repayments of borrowings	10	-	(9,000)
Financial Expense paid		(4,426)	(10,892)
Net cash generated from fonancing activities		(4,426)	84,108
Net (decrease)/increase in cash and cash equivalents		(132)	(1,229)
Cash and cash equivalent at the beginning of the year	3	366	1,595
Effect of exchange rate chang on cash hand cash equivalents		-	-
Cash and cash equivalent at the end of the year		234	366
Non-cash items			
Settlement receivable from GOL and investment secutities-held-to-maturity	5	-	5,789
Receivable from related parties from disposal of investment secutities-held-to-maturity	5	-	5,789
Receivable from related parties from disposal of asset		-	161,775
Reclassified the land from property, plant and equipment to invesment properties	6	-	189,442

Mr. Pheng Duangngeun
Managing Director
Date 19 April 2024

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date 19 April 2024

The accompanying note on page 10-14 are an integral part of these financial statements.

1. General information

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

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

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

These financial statements were authorised for issue by managing director on 19 March 2024

2. Accounting policies

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

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Company's principal accounting policies as described below and have been prepared generally under the historical cost convention.

According to the Accounting Law no. 47/NA issued on 26 December 2013, Public Interest Enterprises (PIEs) are required to apply IFRS. However, Ministry of Finance has issued announcement No. 1137/MoF issued on 27 April 2020 and from Lao Securities and Exchange Commission Office (LSCO) dated 25 May 2020, which provided options for listed companies to prepare action plan for adoption IFRS within four-year period. Therefore, listed companies must fully adopt IFRS as of 1 January 2026 onwards.

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses in the reported periods. Although these estimates are based on management's knowledge of current events and actions, actual results may materially differ from those estimates.

Going concern assumption

The Company's financial position which the current liabilities exceeded the current assets in the amount LAK 9,012 million. The related parties issued confirmation letters to the Company that will not call balance payable as at 31 March 2023, total LAK 63,005 million within the next 12 months starting from 31 December 2022 and support to the Company by accepts responsibility of providing and undertakes to provide sufficient financial assistance to the 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.

2.2 Foreign currency transactions

Items included in the financial statements are recorded using Lao Kip ("LAK").

Foreign currency transactions are translated into LAK using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into LAK at the exchange rates prevailing at the balance sheet dates, except some contracts with suppliers the Company has fixed foreign exchange rate and does not need to translate every month ending until those transactions has been settle. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

2.3 Cash and cash equivalents

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

2.4 Trade and other receivables

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. Management considers provision for allowance for doubtful account when the outstanding balance is over 3 years.

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

2.5 Inventories

Inventories are stated at the lower of the purchase cost and net realisable value. The cost is determined using the weighted average method. The purchase cost comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates from suppliers. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.6 Investment securities

2.6.1 Held-to-maturity securities

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

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

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

2.7 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to their residual values over their estimated useful lives, as follows:

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

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

2.8 Borrowings

Borrowings are recognised initially at cash proceed received.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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

2.9 Revenue recognition

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

Other income is recognised on the following basis:

- Interest income is recognised on a time-proportion basis, taking into account the principal outstanding and interest rate over the period to maturity, when it is determined that such income will be accrued to the Company.
- Other income is recognised on an accrual basis.

2.10 Taxation

The Company records corporate income tax on an accrual basis. The Company does not recognise corporate income tax payable or receivable in future periods for temporary differences. Profit tax is calculated by revenue from construction within a year multiplied with gross profit ratio and multiplied with profit tax rate (Note 17). The profit tax will off-set when Government of Laos make payment to the Company.

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

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated, except for the provision for employee benefits as described in Note 2.12.

2.12 Employee benefits

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

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

3. Cash and cash equivalents

	Unaudited 31 March 2023 Million LAK	Audited 31 December 2022 Million LAK
Cash on hand	6	9
Deposits held at call with financial institutions	7,921	1,586
Total	**7,927**	**1,595**

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

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

4. Trade and other receivables, net

	Unaudited 31 March 2024 Million LAK	Audited 31 December 2023 Million LAK
Trade account receivable	217,658	218,776
Less: Allowance for doubtful receivable	(203,529)	(203,539)
Trade account receivable, net (a)	14,129	15,237
Amount due from Phousy Group	558,183	559,915
Short-term loan to Phousy Group	-	-
Other receivables	60	55
Total	**572,372**	**575,207**

5. Investment securities - held-to-maturity

	Unaudited 31 March 2024 Million LAK	Audited 31 December 2023 Million LAK
Opening balance 31 December	11,095	5,438
Addition*	-	5,657
As at 31 March	**11,095**	**11,095**

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

6. Other current assets

	Unaudited 31 March 2024 Million LAK	Audited 31 December 2023 Million LAK
Interest receivable from a related party*	-	-
Other receivables	1,169	1,473
Advances to supplier	205	205
Prepayment	60	62
Total	**1,473**	**1,778**

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

7. Property, plant and equipment, net

	Unaudited 31 March 2024 Million LAK	Audited 31 December 2023 Million LAK
As at 31March 2023, 31 December 2023		
Cost	403,174	415,487
Additions	-	-
Less Accumulated depreciation	-	(12,313)
Provision for impairment	-	-
Net book amount	**403,174**	**403,174**

8. Trade and other payables

	Unaudited 31 March 2024 Million LAK	Audited 31 December 2023 Million LAK
Trade payable - third parties	10,765	10,394
Other payable - related parties	122,742	122,774
Total	**133,507**	**133,168**

9. Borrowings, net

	Unaudited 31 March 2024 Million LAK	Audited 31 December 2023 Million LAK
Current	29,422	29,422
Non-current	138,500	138,500
Total	**167,922**	**167,922**

10. Profit tax payable

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

As at 31 March 2024, profit tax payable presented profit tax payable from construction revenue but GoL does not yet make payment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 1st QUARTER ENDED 31 MARCH 2024

11. Other current liabilities

	Unaudited 31 March 2024 Million LAK	Audited 31 December 2023 Million LAK
VAT payable*	15,232	15,310
Interest payable to related parties	-	-
Interest payable to financial institutions	38,025	33,600
Dividend payable	12,863	1,863
Advance received from sub-contractor	930	930
Advance received from Government	893	893
Accrued salary	95	-
Others	4,525	2,719
	72,560	**55,315**

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

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

12. Share capital and premium on share capital

	Number of shares Million Shares	Ordinary shares Million LAK	Share Premium Million LAK	Total Million LAK
At 1 January 2023	582	582,000	12,540	594,540
Issued of shares	-	-	-	-
At 31 December 2023	**582**	**582,000**	**12,540**	**594,540**
At 1 January 2024	582	582,000	12,540	594,540
Issued of shares	-	-	-	-
At 31 March 2024	**582**	**582,000**	**12,540**	**594,540**

As at 31 March 2024, the Company has share 582,000,000 shares with a par value of LAK 1,000 per share and issued shares were fully paid.

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

13. Legal reserve

	Unaudited 31 March 2024 Million LAK	Audited 31 December 2023 Million LAK
Opening balance	17,510	16,047
Addition	-	1,463
	17,510	**17,510**

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

14. Basic earnings (loss) per share

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

	Unaudited 31 March 2024 Million LAK	Unaudited 31 march 2023 Million LAK
Weighted average number of ordinary shares (million shares)	582	582
Net profit/(loss) for the year attributable to shareholders (million LAK)	12,804	142,238
Basic earnings (loss) per share (LAK)	22	244.40

15. Event after the reporting period

No event after the reporting period.