Lao Cement Public Company

Interim financial statements

For the nine-month period ended 30 September2020

Lao Cement Public Company

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THE COMPANY

Lao Cement Public Company ("the Company"), formerly known as Lao Cement Co.,Ltd, was established in accordance with the Article of Association signed in Vientiane, Laoson 15th December 1998 by Lao Agriculture-Forestry Development and Service Company ("Party A") and China Yunnan Corporation for International Techno-Economic Cooperation ("Party B").

On 6th December 1999, the Company received its first Business Licence No.1154/BLO issued by the Ministry of Industry and Commerce, which allowed the Company to operate in cement and other related cement products for domestic consumption and export.

The Company also obtained the following amended Business Licenses:

Business License	*Date*
0078/BLO	5 April 2006
1719/BLO	26 February 2009
0244/BLO	20 February 2012
1436/BLO	15 November 2012
791/BLO	13 November 2015
1016/BLO	5 December 2016
0247/BLO	24 March 2017
0688/BLO	2 August 2017
0160/BLO	20 February 2018

During the period, the principal activities carried out by the Company are:

- Production of cement and other related cement products;
- Wholesale and retail of cement and other related cement products for domestic consumption and export.

The Company's registered head office is at Nongbon Road, Nongbon Village, Xaysettha District, Vientiane Capital, Lao PDR.The Company also has Vangvieng Cement Plant No.II located in Vangvieng province, Lao PDR.

THE BOARD OF DIRECTORS

The members of the Board of Directors during the period and as at the date of this report are:

Name	*Position*	*Date of appointment*
Mr. Liu Wei	Chairman	Resigned on 23 September 2020
Mr. Yang Chunyin	Chairman	Appointed on 23 September 2020
Mr. Bounpeng Buophanh	Vice chairman	Resigned on 23 September 2020
Mr. Vanthong Sitthikoun	Vice chairman	Appointed on 23 September 2020
Mr. Zhang Li	Member	
Mr. Li Ming	Member	Resigned on 23 September 2020
Mr. Ouyang Jiyong	Member	Appointed on 23 September 2020
Mr. Jie Yaoqi	Member	
Mr. Khambon Xaylaovong	Member	
Mr. Thongpon Kingkhamphet	Member	Resigned on 23 September 2020
Mr. Vichit Souvanhnalath	Member	Appointed on 23 September

GENERAL INFORMATION (continued)

		2020
Mr. Xiao Jie	Independent member	
Mr. Li Chunbo	Independent member	
Mr. Vongvichit Keovongkod	Independent member	

THE COMPANY'S MANAGEMENT

The members of the Company's management during the period and at the date of this report are:

Name	*Position*	*Date of appointment*
Mr. Zhang Li	General Director	
Mr. Vichit Souvannalath	Deputy Director	Appointed on 23 September 2020
Mr. Liu Wei	Director	Resigned on 23 September 2020
Mr. Bounpeng Bouaphanh	Director	Resigned on 23 September 2020
Mr. Li Ming	Director	Resigned on 23 September 2020
Mr. Jie Yaoqi	Director	
Mr. Khambon Xaylaovong	Director	
Mr. Thongpon Kingkhamphet	Director	Resigned on 23 September 2020
Mr. Xiao Jie	Director	
Mr. Li Chunbo	Director	
Mr. Vongvichit Keovongkod	Director	

AUDIT COMMITTEE

The members of the Company's audit committee during the period and at the date of this report are:

Mr. Xiao Jie	Chairman
Mr. Li Chun Bo	Member
Mr. Vongvichit Keovongkod	Member

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr. Zhang Li, General Director.

AUDITOR

The auditor of the Companyis Ernst & Young Lao Co.,Ltd. The interim financial statements of the Company for the nine-month period 30 September 2019 and 30 September 2020 were neither audited nor reviewed.

Lao Cement Public Company

INTERIM BALANCE SHEET
as at 30 September 2020

	Notes	30September2020 LAK	31 December 2019 LAK
ASSETS			
Non-current assets			
Property, plant and equipment	4	17,782,786,766	23,979,494,095
Construction in progress	5	6,717,917,571	6,380,185,757
Intangible assets		328,548,475	328,548,475
Other non-current assets	6	-	305,080,000
Total non-current assets		**24,829,252,813**	**30,993,308,327**
Current assets			
Other current assets	7	-	1,977,956,996
Inventories	8	25,153,054,330	39,167,406,250
Other receivables	9	1,768,756,626	256,035,247
Advances to suppliers		-	72,737,500
Trade receivables	10	38,568,684,937	47,409,610,309
Cash	11	3,205,662,344	6,042,043,762
Total current assets		**70,285,039,368**	**94,925,790,064**
TOTAL ASSETS		**95,114,292,181**	**125,919,098,391**
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	10,000,000,000	8,000,000,000
Trade payables		13,635,800,972	18,325,956,786
Advance from customers		-	152,773,000
Amounts due to related parties	24	1,983,823,765	5,899,906,226
Statutory obligations	13	6,694,230,675	5,455,580,866
Payables to employees		2,330,282,516	4,002,595,690
Welfare fund reserve	14	268,365,616	1,504,476,810
Other payables	15	13,606,363,959	13,760,329,808
Total current liabilities		**48,518,867,503**	**57,101,619,186**
TOTAL LIABILITIES		**48,518,867,503**	**57,101,619,186**
Equity			
Contributed capital	16	20,002,000,000	20,002,000,000
Share premium		18,385,975,511	18,385,975,511
Legal reserve		7,704,052,546	7,704,052,546
Plant expansion reserve		18,549,465,596	18,549,465,596
(Accumulated losses)/retained earnings		(18,046,068,975)	4,175,985,552
Total equity		**46,595,424,678**	**68,817,479,205**
TOTAL LIABILITIES AND EQUITY		**95,114,292,181**	**125,919,098,391**

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Lao Cement Public Company

Zhang Li
General Director

Zhang Yongfu
Head of Accounting – FinanceDepartment

Vientiane, Lao PDR

10 November 2020

Lao Cement Public Company

INTERIM INCOME STATEMENT
for the nine-month period ended 30 September2020

	Notes	*For the nine-month period ended 30 September2020 LAK*	*For the nine-month period ended 30 September 2019 LAK*
Revenue from sale of goods	17	1,542,344,729	68,328,167,909
Cost of goods sold	18	(6,493,797,648)	(67,388,611,531)
Gross loss		**(4,951,452,919)**	**939,556,378**
Other operating income		-	290,647,141
(Provision)/reversal of provision for doubtful accounts		-	-
Selling and distribution costs	19	(458,874,700)	(8,752,872,447)
Administrative expenses	20	(1,115,142,032)	(8,329,670,302)
Operating loss		**(6,525,469,651)**	**(15,852,339,230)**
Finance income	21	118,980,732	518,954,772
Finance costs	22	(348,067,772)	(620,605,420)
Loss before tax		**(6,754,556,691)**	**(15,953,989,878)**
Profit tax expenses	23	-	-
Net loss after tax for the period		**(6,754,556,691)**	**(15,953,989,878)**

Zhang Li
General Director

Zhang Yongfu
Head of Accounting – FinanceDepartment

Vientiane, Lao PDR

10 November 2020

Lao Cement Public Company

INTERIM STATEMENT OF CHANGES IN EQUITY
for the nine-month period ended 30 September 2020

	Contributed capital LAK	*Share premium LAK*	*Legal reserve LAK*	*Plant expansion reserve LAK*	*Retained earnings/ (accumulated losses) LAK*	*Total LAK*
As at 1 January 2019	20,002,000,000	18,385,975,511	7,661,007,370	18,484,897,832	28,006,028,051	92,539,908,764
Net loss for the period	-	-	-	-	-15,953,989,878	-15,953,989,878
Transfer to legal reserve	-	-	43,045,176	-	-43,045,176	-
Transfer to other reserve	-	-	-	64,567,764	-64,567,764	-
Transfer to welfare reserve	-	-	-	-	-43,045,175	-43,045,175
Dividends declared	-	-	-	-	-1,200,120,000	-1,200,120,000
As at 30 September 2019	**20,002,000,000**	**18,385,975,511**	**7,704,052,546**	**18,549,465,596**	**10,701,260,058**	**75,342,753,711**
As at 1 January 2020	20,002,000,000	18,385,975,511	7,704,052,546	18,549,465,596	4,175,985,552	68,817,479,205
Net loss for the period	-	-	-	-	(22,236,254,528)	(22,236,254,528)
As at 30 September 2020	**20,002,000,000**	**18,385,975,511**	**7,704,052,546**	**18,549,465,596**	**(18,046,068,975)**	**46,595,424,678**

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Lao Cement Public Company

Zhang Li
General Director

Zhang Yongfu
Head of Accounting – FinanceDepartment

Vientiane, Lao PDR

10 November 2020

Lao Cement Public Company

INTERIM STATEMENT OF CASH FLOWS
for the nine-month period ended 30 september 2020

	Notes	*For the nine-month period ended 30 September2020 LAK*	*For the nine-month period ended 30 September2019 LAK*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(22,233,470,854)**	**(15,953,989,878)**
Adjustments for:			
Depreciation of property, plant and equipment	4	6,470,227,329	6,085,154,146
Provision/(reversal of provision) for inventories		614,159,861	(209,496,558)
Provision/(reversal of provision) for doubtful debts		1,108,997,046	(50,111,949)
Profit from investing activities	21	(8,120,154)	(275,995,029)
Net of foreign exchange loss/(gains)		170,717,019	(75,566,684)
Interest expenses	22	796,956,656	167,777,776
Operating loss before working capital changes		**(13,080,533,097)**	**(10,312,228,177)**
Decrease/(increase) in trade and other receivables, including amount due from a related party		9,954,037,073	(18,929,261,018)
Decrease in inventories		13,397,408,385	17,257,609,375
Increase/(decrease) in trade and other payables, including amount due to a related party		(13,982,677,677)	(612,357,337)
Loan interest paid		(796,956,656)	(167,777,776)
Income tax paid		-	(396,724,779)
Net cash flows used in operating activities		**(4,508,721,972)**	**(13,160,739,712)**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment		(335,779,600)	(1,860,201,308)
Collections from term deposit		-	12,000,000,000
Interest received		8,120,154	704,231,682
Net cash flows (used in)/from investing activities		**(327,659,446)**	**10,844,030,374**
FINANCING ACTIVITIES			
Dividend paid		-	(360,036,000)
Proceed from bank borrowings		6,000,000,000	4,000,000,000
Repayment of bank borrowings		(4,000,000,000)	-
Net cash flows from financing activities		**2,000,000,000**	**3,639,964,000**
Net (decrease)/increase in cash		(2,836,381,418)	1,323,254,662
Cash at the beginning of the period		6,042,043,762	6,249,412,532
Impact of exchange rate fluctuation		(51,736,287)	14,748,799
Cash at the end of the period	**11**	**3,205,662,344**	**7,587,415,993**

Zhang Li
General Director

Zhang Yongfu
Head of Accounting – FinanceDepartment

Vientiane, Lao PDR

10 November 2020

1. CORPORATE INFORMATION

Lao Cement Public Company ("the Company"), formerly known as Lao Cement Co.,Ltd, was established in accordance with the Article of Association signed in Vientiane, Laoson 15th December 1998 by Lao Agriculture-Forestry Development and Service Company ("Party A") and China Yunnan Corporation for International Techno-Economic Cooperation ("Party B").

On 6th December 1999, the Company received its first Business Licence No.1154/BLO issued by the Ministry of Industry and Commerce, which allowed the Company to operate in cement and other related cement products for domestic consumption and export.

The Company also obtained the following amended Business Licenses:

Business License	*Date*
0078/BLO	5 April 2006
1719/BLO	26 February 2009
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791/BLO	13 November 2015
1016/BLO	5 December 2016
0247/BLO	24 March 2017
0688/BLO	2 August 2017
0160/BLO	20 February 2018

During the period, the principal activities carried out by the Company are:

- Production of cement and other related cement product;
- Wholesale and retail of cement and other related cement product for domestic consumption and export.

The Company's registered head office is at Nongbon Road, Nongbon Village, Xaysettha District, Vientiane Capita, Lao PDR. The Company also has Vangvieng Cement Plant No.II located in Vangvieng province, Lao PDR.

As at 30 September2020, the Company had 261 employees (31 December 2019: 318employees).

The Company has temporarily ceased all production activities from April 2020 up to the date of this report.

2. BASIS OF PREPARATION

The interim financial statements of the Company have been prepared using the historical cost convention. These interim financial statements are expressed in Lao Kip ("LAK") as it is the currency in which the majority of the Company's transaction are denominated and settled.

The Company's interim financial statements have been prepared in accordance with the accounting policies as set out in Note 3. These accounting policies are not intended to present the interim financial position, interim results of operations and interim cash flows of the Company in accordance with international generally accepted accounting principles.

Going concern

The Company incurred net loss of LAK15 billion for the nine-month period ended 30 September 2020. As of that date, the Company has accumulated losses of LAK 11 billion. Due to the impact of COVID-19 pandemic protective measurements by the Government of Lao PDR and the economic difficulty, the Company has temporarily ceased all production since April 2020. These events indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's management has been in discussion with the major shareholders to develop an appropriate business plan according to which the Company expects to recover its normal operation after finding new investors and/or restructuring its activities within the next 12 months from the interim balance sheet date. As at the date of this report, the discussions and business plan are not yet finalized. On this basis, the Company's management considers it is still appropriate to prepare the Company's interim financial statements on the going concern basis.

The interim financial statements do not include any adjustments to assets and liabilities that may be necessary if the Company is unable to continue as a going concern.

Fiscal year

The Company's fiscal year starts on 1 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

The cost of a property, plant and equipment purchased by the Company consists of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the interim income statement.

When an item of property, plant and equipment is sold or retired, their cost and accumulated depreciation are removed from the interim balance sheet and any gain or loss resulting from their disposal is included in the other operating income or expense accounts, respectively, in the interim income statement.

Construction in progress represents assets under construction. This includes the costs of construction and other directly attributable costs.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation are recognized in the interim income statement.

Depreciation

Depreciation of property, plant and equipment is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Buildings and structures	5 to 20 years
Machinery and equipment	5 years
Means of transportation	5 years
Leasehold improvement	5 to 10 years
Office equipment	5 to 10 years
Others	10 years

Useful lives of leasehold improvement is determined based on management estimates on expected usage and might be different with the lease term.

Depreciation on property, plant and equipment acquired or disposed of during the period is provided for on a pro-rata basis with reference to the month of acquisition or disposal. No depreciation is provided for assets under construction until such time that the relevant assets are completed and put into use.

Intangible assets

Intangible assets represent land use rights with indefinite term of use and are stated at cost. The cost of land use rights, which comprise the purchase price and any directly attributable costs, is not amortized.

Other non-current assets

Assets which were purchased, controlled and used by the Company of which tittles are registered under other parties' names are reported as Company's other non-current assets. Depreciation is calculated on a straight-line basis over the expected useful lives of 20 years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The periodic method is used to record inventories, which are valued as follows:

Raw materials	-	Cost of purchase on a weighted average cost basis.
Work-in-progress and Finished goods	-	Cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average cost basis.

Provision for obsolete inventories

Provision for obsolete inventories is the estimated loss arising due to the impairment in value (through diminution, damage, obsolescence, etc.) of inventories based on appropriate evidence of impairment available at the interim balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold in the interim income statement.

Trade receivables and provision for doubtful accounts

Trade receivables are stated net of total gross trade receivables and provision for doubtful accounts.

The Company provides allowance for doubtful accounts for tradereceivables based on the overdue age of the receivables as follows:

Overdue period	***Provision rate***
6 months to 1 year	30%
From 1 year to 2 years	50%
More than 2 years	100%

Cash

Cash comprises cash on hand and cash in banks.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recorded as expenses during the period in which they are incurred.

Trade payables, accrued expenses and other payables

Payables and accruals are recognized for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed capital

Contributed capital is recognized in the balance sheet when cash is collected from the shareholders in the case of cash contribution or when there is approval from shareholders in the case of contribution in-kind, and share certificate is issued. Any unpaid capital based on Article of Association, enterprise and tax licenses is not recognized in the interim balance sheet.

Share premiumreserve

The share premium is recognized upon issuance of additional shares, at a surplus between the offering price of additional share issuance and the par value, after deduction of share issuance cost (such as underwriting fees and other relevant valuation, consulting costs).

Reserves

Under the requirement of Enterprise Law no. 46/NA dated 26 December 2013, public companies are required to appropriate net profit to legal reserve fund.

The legal reserve fund is a fund to secure against risks, which is ten percent (10%) of its net profit into the reserve fund, after deducting its accumulated losses. When the legal reserve reaches one-half of the contributed charter capital, the Company may suspend the conversion of profit to such fund, unless otherwise approved by the Company's owner.

Other reserve funds including welfare fund reserve and plant expansion reserve which are appropriated from retained earnings in accordance with the Article of Incorporation of the Company dated 15 December 1998. The appropriation amount is determined by the Company's Board of Directors on an annual basis.

Reserve fundsof currentperiod are appropriated from net profit of prior year upon the approval of the Annual General Meeting of Shareholders.

Foreign currencies

The financial statements are presented in LAK which is the Company's functional and presentation currency. Transactions in currencies other than LAK are initially translated using the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the interim balance sheet date. All gains and losses are taken to the finance income and finance costs accounts, respectively, in the interim income statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Profit tax is the expected tax payable on the taxable profit for the period, using tax rate enacted at the balance sheet date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

Other taxes payable include value added tax and employees' personal income tax.

Value added tax is the tax liability determined on revenue for the period computed using the applicable tax rate for the period.

Personal income tax is the tax payable on salary paid to staff for the period determined using applicable tax rate for the period.

Any adjustments to the amount of tax payable of prior years as a result of Tax inspection are recorded directly into retained earnings.

Related party transactions

Parties are considered to be related if they have the ability to control or exercise significant influence over each other in making financial and operational decisions or are subject to common control or common significant influence.

Transactions with related parties are conducted based on market prices or, where no market prices exist, at contractually agreed prices.

4. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures LAK	*Machinery and equipment LAK*	*Means of transportation LAK*	*Leasehold improvement LAK*	*Office equipment LAK*	*Others LAK*	*Total LAK*
Cost							
At 31 December 2019	134,655,406,353	211,656,084,496	21,688,472,198	1,421,712,600	4,376,290,654	-	373,797,966,302
Additions	-	-	-	-	-	-	-
At 30 September 2020	134,655,406,353	211,656,084,496	21,688,472,198	1,421,712,600	4,376,290,654	-	373,797,966,302
Accumulated depreciation							
At 31 December 2019	118,781,718,345	210,493,924,040	19,247,814,201	1,385,396,142	4,091,100,708	-	353,999,953,436
Charge for the period	1,642,921,769	195,506,624	106,060,985	26,619,375	44,117,346	-	2,015,226,099
At 30 September 2020	120,424,640,114	210,689,430,664	19,353,875,186	1,412,015,517	4,135,218,054	-	356,015,179,535
Net book value							
At 31 December 2019	18,419,382,751	3,003,490,915	2,232,953,763	269,473,796	54,192,870	-	23,979,494,095
At 30 September 2020	14,230,766,239	966,653,832	2,334,597,012	9,697,083	241,072,600	-	17,782,786,767

All Company's fixed assets are pledged as collateral for borrowings as disclosed in Note 12.

5. CONSTRUCTION IN PROGRESS

	30September 2020 LAK	*31 December 2019* LAK
Konpook mining project	5,057,796,406	4,970,770,178
The plant's second phase project	1,660,121,165	1,409,415,579
	6,717,917,571	**6,380,185,757**

6. OTHER NON-CURRENT ASSETS

These represent the net book value of land and house which were purchased by the Company but were registered under the name of Mr. Vanhthong Sithikoun - the former President of the Company.

7. OTHER CURRENT ASSETS

	30 September 2020 LAK	*31 December 2019* LAK
Advance to employees		116,990,000
Prepaid for maintenance expenses		1,860,966,996
		1,977,956,996

8. INVENTORIES

	30September2020 LAK	*31 December 2019* LAK
Raw materials and consumables	3,573,943,351	9,655,991,450
Tools and supplies	11,857,934,150	11,933,816,385
Work in progress	9,279,455,985	13,387,672,609
Finished goods	441,720,844	4,760,077,562
Provision for inventories	-	(570,151,756)
	25,153,054,330	**39,167,406,250**

9. OTHER RECEIVABLES

	30 September 2020 LAK	*31 December 2019* LAK
Deposit to customers	-	113,896,000
Others	1,768,756,626	142,139,247
	1,768,756,626	**256,035,247**

10. TRADE RECEIVABLES

	30 September2020 LAK	*31 December 2019 LAK*
Total trade receivables	41,081,455,321	48,813,383,647
Provision for doubtful accounts	(2,512,770,384)	(1,403,773,338)
	38,568,684,937	**47,409,610,309**

11. CASH

	30 September2020 LAK	*31 December 2019 LAK*
Cash on hand	293,128,876	185,293,682
Cash in banks	2,912,533,468	5,856,750,080
	3,205,662,344	**6,042,043,762**

12. BORROWINGS

Details of the short-term loan from bank as at 30 September2020is as follow:

Bank	*Maturity date*	*Interest rate per annum*	*Interest payment*	*Collateral*	*Currency*	*Amount*
Lao China Bank Co., Ltd	2 April 2021	10%	Monthly	[*]	LAK	4,000,000,000
Lao China Bank Co., Ltd	30 March 2021	10%	Monthly	[*]	LAK	2,000,000,000
Lao China Bank Co., Ltd	25 November 2020	10%	Monthly	[*]	LAK	4,000,000,000
TOTAL						**10,000,000,000**

[*] Collaterals include the Company'sland, buildings, warehouses, factory and other assets in Vangvieng district and Vientiane province.

13. STATUTORY OBLIGATIONS

	30September2020 LAK	*31 December2019 LAK*
Foreign contractor tax payable	4,947,527,902	2,783,888,795
Output value added tax	-	453,028,149
Profit tax payable (*Note 23*)	479,656,526	479,656,526
Other taxes	1,267,046,247	1,739,007,396
	6,694,230,675	**5,455,580,866**

14. WELFARE FUND RESERVE

	For the nine-month period ended 30 September2020 LAK	*For the nine-month period ended 30 September2019 LAK*
As at 1 January	772,428,116	1,878,498,865
Appropriation from retained earnings	947,000	43,045,175
Utilized	(505,009,500)	(416,985,872)
As at 30 September	**268,365,616**	**1,504,558,168**

15. OTHER PAYABLES

	30September2020 LAK	*31 December2019 LAK*
Dividends payable (*)*(Note 24)*	13,581,363,960	13,581,363,960
Others	25,000,000	178,965,848
	13,606,363,959	**13,760,329,808**

(*) Details of dividends payable are as follows:

	30September2020 LAK	*31 December2019 LAK*
2016 dividends payable	3,395,146,565	3,395,146,565
2015 dividends payable	5,773,056,205	5,773,056,205
2014 dividends payable	4,413,161,190	4,413,161,190
	13,581,363,960	**13,581,363,960**

16. CONTRIBUTED LEGAL CAPITAL

16.1 Shares

	30 September2020		*31 December 2019*	
	Quantity	*Amount (LAK)*	*Quantity*	*Amount (LAK)*
Authorized shares				
Issued and paid-up shares				
Ordinary shares	40,004,000	20,002,000,000	40,004,000	20,002,000,000

On 14 February 2018, the Company received the Certificate of Initial Public Offering (IPO) completion No.0008/LSX issued by Lao Securities Commission Office, according to which the Company has completed IPO process where12,001,200 shares with par value of LAK 500 per share and selling price of LAK 2,400 per share were issued.

The total 40,004,000 shares of the Company (under the ticker "LCC") have been officially listed on Lao Securities Exchange since 2March 2018. The par value of each share is LAK 500.

The shareholding structure of the Company as at 30 September2020 is as follows:

Shareholders	*Number of shares*	*Percentage*
China Yunnan Corporation for International Techno-Economic Cooperation (CYC)	14,280,000	36%
Lao Agriculture-Forestry Development and Service Company (DAI)	13,720,000	34%
Other public corporation and individual investors	12,004,000	30%
	40,004,000	**100%**

16.2 Dividends

Currency: LAK

	For the nine-month period ended 30 September2020	*For the nine-month period ended 30 September 2019*
Dividends declared during the period	**-**	**1,200,120,000**
Dividends on ordinary shares for 2019: Nil	-	-
Dividends on ordinary shares for 2018: LAK 30 per share	-	1,200,120,000

17. REVENUE FROM SALE OF GOODS

	For the nine-month period ended 30 September2020 LAK	*For the nine-month period ended 30 September 2019 LAK*
Sale from bagged cement	1,433,369,808	23,295,011,519
Sale from bulk cement	108,974,921	45,033,156,390
	1,542,344,729	**68,328,167,909**

18. COST OF GOODS SOLD

	For the nine-month period ended 30 September2020 LAK	*For the nine-month period ended 30 September 2019 LAK*
Bagged cement	6,034,976,041	23,148,765,684
Bulk cement	458,821,607	44,239,845,847
	6,493,797,648	**67,388,611,531**

19. SELLING AND DISTRIBUTION COSTS

	For the nine-month period ended 30 September2020 LAK	*For the nine-month period ended 30 September 2019 LAK*
Transportation costs	242,183,081	7,480,886,688
Personnel expenses	165,871,583	799,966,429
Depreciation expenses	32,205,237	142,512,443
Other selling and distribution costs	18,614,799	329,506,887
	458,874,700	**8,752,872,447**

20. ADMINISTRATIVE EXPENSES

	For the nine-month period ended 30 September2020 LAK	*For the nine-month period ended 30 September 2019 LAK*
Personnel expenses	389,240,986	1,891,467,942
Technical fees	170,064,574	1,105,983,732
Depreciation expenses	39,212,311	67,469,536
Utility and fuel expenses	25,928,487	214,268,281
Rental fee	9,880,033	387,582,247
Maintenance expenses	11,838,000	131,246,605
Printing and publication expenses	9,590,000	225,908,000
Travelling expenses	7,830,000	90,975,690
Pension and other benefits to staff	-	-
Other administrative expenses	451,557,641	4,214,768,242
	1,115,142,032	**8,329,670,302**

21. FINANCE INCOME

	For the nine-month period ended 30 September2020 LAK	*For the nine-month period ended 30 September 2019 LAK*
Interest income	1,168,051	277,508,789
Foreign exchange gains	117,812,681	241,445,983
	118,980,732	**518,954,772**

22. FINANCE COSTS

	For the nine-month period ended 30 September2020 LAK	*For the nine-month period ended 30 September 2019 LAK*
Foreign exchange losses	34,011,419	395,002,544
Interest expenses	255,555,553	167,777,776
Other	58,500,800	57,825,100
	348,067,772	**620,605,420**

23. PROFIT TAX

According to Amended Investment Certificate dated 17 November 1998, the Company was granted with an exemption from profit tax for 4 years commencing with the first year of earning profits and a 50% reduction on the applicable profit tax rate for the following 2 years. The Company has the obligation to pay profit tax ("PT") at the rate of 20% after the tax reduction period. The first year of earning profits is financial year ended 31 December 2005.

The Company has been listed with in Lao Stock Exchange since 2 March 2018. According to Notification No. 2618/TD dated 4 September 2018 from Ministry of Finance, the Company is granted profit tax reduction of 5% from normal rate for the first five years from 2018 to 2021. After that, the Company has the obligation to pay PT at the rate of 20%. Accordingly, the Company's taxable income for the year 2019 would be subject to the PT rate of 15%.

In accordance with the Law on Profit Tax No.67/NA dated 18 September 2019 (replaced the Tax Law No.70/NA) which is effective for the periods from 1 January 2020, PT rate at 13% applies to the listed Company in LSX for a period of four years commencing from listed date and at 20% for the subsequent years. The Company are in process of clarifying with the tax authorities whether such incentive applies to the Company listed in LSX prior to the effectiveness of this Law.

The tax returns filed by the Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

The current tax payable is based on taxable profit for the period. The Company's liability for current tax is calculated using tax rates that have been enacted at the interim balance sheet date.

The estimation of profit tax is presented below.

	For the nine-month period ended 30 September2020 LAK	*For the nine-month period ended 30 September 2019 LAK*
Loss before tax	**(22,236,254,528)**	**(15,953,989,878)**
Adjustments to increase/(decrease) loss/profit before tax:		
Provision/(reversal of provision) for inventories	614,159,861	(209,496,558)
Provision/(reversal of provision) for doubtful debt	1,108,997,046	(50,111,949)
Other non-deductible expenses	-	1,806,992,947
Estimated current taxable loss	**(20,513,097,621)**	**(14,406,605,438)**
Estimated current PT expenses at rate 15% (2019: 15%)	**-**	**-**
PT payable at beginning of the period	479,656,526	876,381,305
PT paid during the period	-	(396,724,779)
PT payable at the end of the period *(Note 13)*	**479,656,526**	**479,656,526**

24. RELATED PARTY TRANSACTIONS

Transactions with related parties are conducted at contractually agreed prices. Significant transactions with related parties during the nine-monthperiodswere as follows:

Related parties	*Relationship*	*Nature of transaction*	*2020 LAK*	*2019 LAK*
China Yunnan Corporation for International Techno-Economic Cooperation (CYC)	Shareholder	Purchase of materials	217,895,788	471,698,190
		Payment of purchase of materials	191,073,604	1,504,258,742
		Dividends distribution	-	428,399,636
		Dividends paid	-	441,344,929
Lao Agriculture-Forestry Development and Service Company (DAI)	Shareholder	Purchase of materials	858,270,674	4,839,263,150
		Dividends distribution	-	411,600,356
		Payment of purchase of materials	901,983,380	5,223,098,456
		Dividend paid	-	411,600,356
		Disposal of fixed asset	-	120,000,000

24. RELATED PARTY TRANSACTIONS (continued)

Balances due to related parties as at 30 September2020 and 31 December 2019 were as follows:

Related parties	*Relationship*	*Nature of transaction*	*30September 2020 LAK*	*31 December 2019 LAK*
Amounts due to related parties				
China Yunnan Corporation for International Techno-Economic Cooperation (CYC)	Shareholder	Purchase of materials	348,419,864	321,597,680
Lao Agriculture-Forestry Development and Service Company (DAI)	Shareholder	Purchase of materials	5,534,595,840	5,578,308,546
			5,883,015,704	**5,899,906,226**
Other payables*(Note 15)*				
China Yunnan Corporation for International Techno-Economic Cooperation (CYC)	Shareholder	Dividend payable	7,736,383,104	7,736,383,104
Lao Agriculture-Forestry Development and Service Company (DAI)	Shareholder	Dividend payable	5,844,980,856	5,844,980,856
			13,581,363,960	**13,581,363,960**

24. RELATED PARTY TRANSACTIONS (continued)

Other transactions with related parties

Remuneration to management during the period was as follows:

	For the nine-month period ended 30 September2020 LAK	*For the nine-month period ended 30 September 2019 LAK*
Salaries and bonus	331,877,890	356,519,850
	331,877,890	**356,519,850**

25. CONTINGENT LIABILITIES

Compensation for cancelation of employment contracts

The Board of Directors is actively accepting resignation requests from its employees as part of its efforts to reduce operation costs. As at the date of this report, the Company is in the process of finalizing the compensation package for those who will resign. Accordingly, no provision for any liability has been made for such compensation in these interim financial statements.

26. SEGMENT INFORMATION

The Company's principal activities per Business License are to produce and distribute cement and other related cement products. In addition, these activities are only taking place within Lao PDR. As a result, the Company's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

27. SUBSEQUENT EVENTS

On 25 August 2020, the Company published Announcement No.202/LCC about temporarily ceasingall production until further notice. At the date of this report, the production has not yet been resumed.

28. APPROVAL FOR ISSUE

The interim financial statements as at 30 September2020and for the nine-month periodthen ended were authorised for issue by the Company'smanagement on 10 November 2020.

Zhang Li
General Director

Zhang Yongfu
Head of Accounting – FinanceDepartment

Vientiane, Lao PDR

10 November 2020