Lao Cement Public Company

Interim financial statements (Unaudited)

For the nine-month period ended 30 September 2022

Lao Cement Public Company

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Lao Cement Public Company

GENERAL INFORMATION

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 Laos on 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 the 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

The principal activities of the Company according to its Business Licenses 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 Phonphanao Village, Xaysettha District, Vientiane Capital, Lao PDR. The Company also has Vangvieng Cement Plant No.II which is located in Vangvieng province, Lao PDR.

BOARD OF DIRECTORS

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

Name	*Position*
Mr. Yang ChunYin	Chairman
Mr. Vanthong Sitthikoun	Vice chairman
Mr. Zhang Li	Member
Mr. Ou Yang Ji Yong	Member
Mr. Jie Yaoqi	Member
Mr. Khambon Xaylaovong	Member
Mr. Vichit Souvannalad	Member
Mr. Xiao Jie	Independent member
Mr. Li Chun Bo	Independent member
Mr. Vongvichit Keovongkot	Independent member

GENERAL INFORMATION (continued)

MANAGEMENT

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

Name	*Position*
Mr. Zhang Li	General Director
Mr. Vichit Souvannalad	Deputy Director
Mr. Jie Yaoqi	Director
Mr. Khambon Xaylaovong	Director
Mr. Xiao Jie	Director
Mr. Li Chun Bo	Director
Mr. Vongvichit Keovongkot	Director

AUDIT COMMITTEE

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

Name	*Position*
Mr. Xiao Jie	Chairman
Mr. Li Chun Bo	Member
Mr. Vongvichit Keovongkot	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.

Lao Cement Public Company

INTERIM BALANCE SHEET
as at 30 September 2022

	Notes	*30 September 2022 LAK*	*31 December 2021 LAK*
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,254,824,009	9,534,834,962
Construction in progress	5	6,822,689,571	6,822,689,571
Intangible assets		328,548,475	328,548,475
Other non-current assets	6		210,400,000
Total non-current assets		**11,406,062,055**	**16,896,473,008**
Current assets			
Other current assets	7	-	18,000,000
Inventories	8	16,736,629,043	20,801,679,743
Other receivables	9	47,185,352	38,921,847
Trade receivables	10	3,857,127,110	12,239,495,443
Cash	11	1,473,264,712	351,792,791
Total current assets		**22,114,206,217**	**33,449,889,824**
TOTAL ASSETS		**33,520,268,272**	**50,346,362,832**
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings		-	2,000,000,000
Trade payables		1,280,858,669	2,211,807,006
Advance from customers			152,773,000
Amounts due to related parties	21	5,728,574,137	5,728,574,137
Statutory obligations	12	5,163,705,214	5,210,837,226
Payables to employees		8,466,326,949	9,494,267,488
Other payables	13	14,325,836,188	14,320,721,709
Total current liabilities		**34,965,301,156**	**39,118,980,566**
TOTAL LIABILITIES		**34,965,301,156**	**39,118,980,566**
Equity			
Contributed capital	14.1	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		(66,086,526,536)	(53,414,111,387)
Total equity		**(1,445,032,884)**	**11,227,382,266**
TOTAL LIABILITIES AND EQUITY		**33,520,268,272**	**50,346,362,832**

Zhang Li
General Director

Zhang Yong Fu
Head of Accounting – Finance Department

Vientiane, Lao PDR

03 November 2022

Lao Cement Public Company

INTERIM BALANCE SHEET
as at 30 September 2022

	Notes	*For the nine-month period ended 30 September 2022 LAK*	*For the nine-month period ended 30 September 2021 LAK*
Revenue from sale of goods		-	-
Cost of goods sold		-	(2,146,036,537)
Gross loss		**-**	**(2,146,036,537)**
Other operating income	15	15,000,000)	-
Other operating expenses	16	(841,450,711)	-
Provision for doubtful accounts		-	(105,897,462)
Administrative expenses	17	(2,316,406,841)	(923,242,086)
Operating loss		**(3,142,857,5521)**	**(3,175,176,085)**
Finance income	18	205,124,480	34,194,683
Finance costs	19	(134,195,113)	(104,095,055)
Loss before tax		**(3,071,928,185)**	**(3,245,076,457)**
Profit tax expenses	20	-	-
Net loss after tax for the period		**(3,071,928,185)**	**(3,245,076,457)**

Zhang Li
General Director

Zhang Yong Fu
Head of Accounting – Finance Department

Vientiane, Lao PDR

03 November 2022

Lao Cement Public Company

INTERIM STATEMENT OF CHANGES IN EQUITY
for the nine-month period ended 30 September 2022

	Contributed legal capital LAK	*Share premium LAK*	*Legal reserve LAK*	*Plant expansion reserve LAK*	*Accumulated losses LAK*	*Total LAK*
As at 1 January 2021	20,002,000,000	18,385,975,511	7,704,052,546	18,549,465,596	(31,807,205,722)	32,834,287,929
Net loss for the period	-	-	-	-	(16,335,958,171)	(16,335,958,171)
As at 30 September 2021	**20,002,000,000**	**18,385,975,511**	**7,704,052,546**	**18,549,465,596**	**(48,143,163,893)**	**16,498,329,758**
As at 1 January 2022	20,002,000,000	18,385,975,511	7,704,052,546	18,549,465,596	(31,807,205,722)	11,227,382,266
Net loss for the period	-	-	-	-	(34,279,320,814)	(34,279,320,814)
As at 30 September 2022	**20,002,000,000**	**18,385,975,511**	**7,704,052,546**	**18,549,465,596**	**(66,086,526,536)**	**(1,445,032,884)**

Zhang Li
General Director

Zhang Yong Fu
Head of Accounting – Finance Department

Vientiane, Lao PDR

03 November 2022

Lao Cement Public Company

INTERIM STATEMENT OF CASH FLOWS
for the nine-month period ended 30 September 2022

	Notes	*For the nine-month period ended 30 September 2022 LAK*	*For nine-month period ended 30 September 2021 LAK*
OPERATING ACTIVITIES			
Loss before tax		**(3,071,928,185)**	**(3,245,076,475)**
Adjustments for:			
Depreciation of property, plant and equipment	4	1,885,965,135	1,905,923,926
Provisions for inventories			-
Provisions for doubtful accounts			-
Net foreign exchange loss		(134,195,113)	(85,759)
Profit from investing activities		(31,868)	-
Interest expenses	19		51,111,111
Working capital adjustments:		**(1,320,190,031)**	**(1,288,127,179)**
Decrease in trade and other receivables, including amount due from related parties		2,649,367,179	1,169,787,272
Decrease in inventories			
Decrease in trade and other payables, including amount due to related parties			495,210,245
Loan interest paid			(51,111,111)
Net cash flows from operating activities		**1,329,177,148**	**325,759,227**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment		-	
Interest received		31,868	85,759
Net cash flows from/(used in) investing activities		**31,868**	**85,759**
FINANCING ACTIVITIES			
Repayment of bank borrowings			
Net cash flows used in financing activities			-
Net decreased in cash		1,329,209,016	325,844,986
Cash at the beginning of the period		144,055,696	199,284,441
Forex			
Cash at the end of the period	**11**	**1,473,264,712**	**525,129,427**

Zhang Li
General Director

Zhang Yong Fu
Head of Accounting – Finance Department

Vientiane, Lao PDR

03 November 2022

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 Laos on 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*
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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

The principal activities of the Company according to its Business Licenses 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 has temporarily ceased all production activities from April 2020 up to the date of this report.

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

As at 30 *September* 2022, the Company had 12 employees (31 December 2021: 25 employees).

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, results of operations and cash flows of the Company in accordance with international generally accepted accounting principles.

2. BASIS OF PREPARATION (continued)

Going concern assumption

On 25 August 2020, the Company published Announcement No.202/LCC about temporarily ceasing all production until further notice. These events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Company has identified new investor and is developing a detail restructuring plan to which the Company can recover its normal operation. Alternatively, the Company's management also have financial plans to settle the short-term liabilities to continue in minimum operation in the coming year. 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 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 life 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

The useful life 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 life of 20 years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Company as a lessee

Leases, where all the risks and benefits of ownership of the leased items are not transferred substantially to the Company are operating leases. Operating lease payments are recognized as an expense in the profit or loss on a straight-line basis over the lease term. Contingent rental payable is recognized as an expense in the period in which they are incurred.

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, consumables, tools and supplies	-	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 other operating expenses 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 trade receivables 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Contributed capital

Contributed capital is recognized in the interim 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 premium reserve

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 owners.

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 funds of current year are appropriated from net profit of prior year upon the approval of the Annual General Meeting of Shareholders.

Foreign currencies

The interim 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 average 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Other operating expenses

Expenses relating to the suspended plants are recognised as other operating expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Segment information

A segment is a component determined separately by the Company which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

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. Therefore, the Company's risks and returns are not impacted by the Company's services that the Company is providing or the locations where the Company is doing the business. 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.

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 1 January 2022	134,560,726,353	210,954,088,310	20,986,476,012	-	5,509,222,500	320,485,217	372,330,998,392
At 30 September 2022	134,560,726,353	210,954,088,310	20,986,476,012	-	5,509,222,500	320,485,217	372,330,998,392
Accumulated depreciation							
At 1 January 2022	130,541,937,375	209,809,183,225	20,093,385,414	-	5,425,234,702	320,468,533	366,190,209,248
Charge for the period	1,618,101,102	127,098,513	119,056,590	-	21,692,246	16,684	1,885,965,135
At 30 September 2022	132,160,038,476	209,936,281,738	20,212,442,004	-	5,446,926,948	320,485,217	368,076,174,383
Net book value							
At 1 January 2022	6,454,970,845	1,600,999,867	1,384,465,883	94,398,367	-	-	9,534,834,962
At 31 September 2022	2,400,687,877	1,017,806,572	774,034,008	-	62,295,552	-	4,254,824,009

5. CONSTRUCTION IN PROGRESS

	30 September *2022* LAK	*31 December 2021* LAK
Konpook mining project	5,112,200,406	5,112,200,406
The plant's second phase project	1,710,489,165	1,710,489,165
	6,822,689,571	**6,822,689,571**

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 *2022* LAK	*31 December 2021* LAK
Advance to employees		18,000,000
		18,000,000

8. INVENTORIES

	30 September *2022* LAK	*31 December 2021* LAK
Raw materials and consumables	1,001,568,909	4,660,106,097
Tools and supplies	10,584,616,577	10,554,283,208
Work in progress	5,150,443,557	10,117,771,841
Finished goods		773,052,368
Provision for inventories		(5,303,533,771)
	16,736,629,043	**20,801,679,743**

9. OTHER RECEIVABLES

	30 September *2022* LAK	*31 December 2021* LAK
Deposit to customers	-	-
Others	4,571,849	38,921,847
	4,571,849	**38,921,847**

10. TRADE RECEIVABLES

	30 September *2022* *LAK*	*31 December 2021* *LAK*
Trade receivables	10,185,166,967	17,557,693,752
Provision for doubtful accounts	(6,328,039,857)	(5,318,198,309)
	3,857,127,110	**12,239,495,443**

Details of provision for doubtful accounts as at 30 September 2022 are as follows:

Overdue status	*Receivable balance*	*Provision*
6 months to 1 year past due	-	-
From 1 year to 2 years past due	14,800,000	7,400,000
More than 2 years past due	6,320,639,857	6,320,639,857
Total	6,335,439,857	6,328,039,857

Details of provision for doubtful accounts as at 31 December 2021 are as follows:

Overdue status	*Receivable balance*	*Provision*
6 months to 1 year past due	-	-
From 1 year to 2 years past due	4,313,187,783	2,156,593,892
More than 2 years past due	3,161,604,417	3,161,604,417
Total	**7,474,792,200**	**5,318,198,309**

11. CASH

	30 September *2022* *LAK*	*31 December 2021* *LAK*
Cash on hand	198,757,036	13,891,418
Cash in banks	1,274,507,676	337,901,373
	1,473,264,712	**351,792,791**

12. STATUTORY OBLIGATIONS

	30 September *2022* *LAK*	*31 December 2021* *LAK*
Foreign contractor tax payables	3,028,945,773	2,999,996,916
Output value added tax	349,783,989	233,628,774
Profit tax payable (Note 20)	479,656,526	479,656,526
Other taxes	1,305,318,925	1,497,555,010
	5,163,705,214	**5,210,837,226**

13. OTHER PAYABLES

	30 September *2022* *LAK*	*31 December 2021* *LAK*
Dividends payable to related parties (Note 21) (*)	13,581,363,960	13,581,363,960
Others	744,472,228	739,357,749
	14,325,836,188	**14,320,721,709**

(*) Details of dividends payable to related parties are as follows:

	30 September *2022* *LAK*	*31 December 2021* *LAK*
2016 dividends payable to related parties	3,395,146,565	3,395,146,565
2015 dividends payable to related parties	5,773,056,205	5,773,056,205
2014 dividends payable to related parties	4,413,161,190	4,413,161,190
	13,581,363,960	**13,581,363,960**

14. CONTRIBUTED CAPITAL

14.1 Shares

	30 September *2022*		*31 December 2021*	
	Quantity (shares)	*Amount (LAK)*	*Quantity (shares)*	*Amount (LAK)*
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 had completed IPO process where 12,001,200 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 2 March 2018. The par value of each share is LAK 500.

The shareholding structure of the Company as at 30 June 2022 is as follows:

Shareholders	*Number of shares*	*Percentage*
China Yunnan Corporation for International Techno-Economic Cooperation (CYC)	14,277,428	35.69%
Lao Agriculture-Forestry Development and Service Company (DAI)	13,717,372	34.29%
Lao China Securities Co., Ltd (LCS)	7,544,754	18.86%
Other public corporation and individual investors	4,464,446	11.16%
	40,004,000	

15. OTHER OPERATING INCOME

	For the nine - month period ended 30 September *2022 LAK*	*For the nine-month period ended 30 september 2021 LAK*
Income from disposal of raw material and scrap	15,000,000	
Other income		
	15,000,000	

16. OTHER OPERATING EXPENSES

These mainly comprise expenses relating to the suspended plants with detail is as follows:

	For the nine-month period ended 30 eptember 2022 LAK	*For the nine-month period ended 30 september 2021 LAK*
Depreciation expenses of suspended plants	637,217,576	1,866,049,547
Provision of inventory	-	-
Personnel expenses	11,410,225	200,277,766
Utility and fuel	42,355,857	-
Cost of raw material disposed	-	-
Others	150,467,053	79,709,225
	841,450,711	**2,146,036,537**

17. ADMINISTRATIVE EXPENSES

	For the nine-month period ended 30 eptember 2022 LAK	*For the nine-month period ended 30 eptember 2021 LAK*
Personnel expenses	1,870,275,302	457,179,913
Technical fees	138,548,526	158,482,683
Depreciation expenses	34,425,193	36,038,672
Utility and fuel expenses	38,797,602	23,806,019
Rental fee	-	-
Maintenance expenses	5,590,000	15,040,000
Printing and publication expenses	200,000	2,100,000
Travelling expenses	43,219,844	945,000
Other administrative expenses	185,350,374	229,649,799
	2,316,406,841	**923,242,086**

18. FINANCE INCOME

	For the nine-month period ended 30 eptember 2022 LAK	*For the nine-month period ended 30 eptember 2021 LAK*
Interest income	31,868	85,759
Net foreign exchange losses	205,092,612	34,108 ,924
	205,124,480	**34,194,683**

19. FINANCE COSTS

	For the nine-month period ended 30 eptembe 2022 LAK	*For the nine-month period ended 30 eptembe 2021 LAK*
Interest expenses	-	51,111,111
Net foreign exchange losses	134,195,113	52,983,945
	134,195,113	**104,095,056**

20. 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 June 2018 from the Ministry of Finance, the Company is granted profit tax reduction of 5% from normal rate for the first four years from 2018 to 2021. Subsequently, the Company has the obligation to pay PT at normal applicable rate. In accordance with the Law on Profit Tax No.67/NA dated 18 June 2019 (replaced the Tax Law No.70/NA) which is effective for the periods from 1 January 2020, PT rate at 13% applied to the listed Company in LSX for a period of four years commencing from listed date and at 20% for the subsequent years. Accordingly, the Company's taxable income for the period is 20%.

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 interim 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.

20. PROFIT TAX (continued)

The estimation of profit tax is presented below.

		Currency: LAK
	For the nine-month period ended 30 September 2022	*For the nine-month period ended 30 September 2021*
Loss before tax	**(12,686,615,148)**	**(13,090,881,712)**
Adjustments to decrease loss before tax:		
Provision for inventories	484,775,013	3,370,861,497
Provision for doubtful accounts	1,009,841,548	2,739,683,270
Other non-deductible expenses	747,143,691	704,577,422
Estimated current taxable losses	**(10,444,854,896)**	**(6,275,759,523)**
Estimated current PT expenses at rate 20% (2020: 13%)	**-**	**-**
PT payable at beginning of the period	479,656,526	479,656,526
PT paid during the period	-	-
PT payable at the end of the period (Note 12)	**479,656,526**	**479,656,526**

21. RELATED PARTY TRANSACTIONS

Transactions with related parties are conducted at contractually agreed prices. Significant transactions with related parties during the period were as follows:

Related parties	*Relationship*	*Nature of transaction*	*For the period ended 30 September 2022 LAK*	*For the period ended 31 December 2021 LAK*
Amounts due to related parties				
China Yunnan Corporation for International Techno-Economic Cooperation (CYC)	Shareholder	Payment on behalf of the related party	-	111,709,960
Lao Agriculture-Forestry Development and Service Company (DAI)	Shareholder	Payment of purchase of materials	-	256,666,240

Balances due to related parties as at 30 September 2022 and 31 December 2021 were as follows:

Related parties	*Relationship*	*Nature of transaction*	*30 September 2022 LAK*	*31 December 2021 LAK*
Amounts due to related parties				
China Yunnan Corporation for International Techno-Economic Cooperation (CYC)	Shareholder	Purchase of materials	738,922,588	738,922,588
Lao Agriculture-Forestry Development and Service Company (DAI)	Shareholder	Purchase of materials	4,989,651,549	4,989,651,549
			5,728,574,137	**5,728,574,137**
Other payables (Note 14)				
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**

21. RELATED PARTY TRANSACTIONS (continued)

Other transactions with related parties

Remuneration to management during the period were as follows:

	For the nine-month period ended 30 September 2022 LAK	*For the nine-month period ended 30 September 2021 LAK*
Salaries and bonus	333,266,220	340,830,900
	333,266,220	**340,830,900**

22. SUBSEQUENT EVENTS

There has not been any significant event that has arisen since 30 *September* 2022 that requires adjustments or disclosures to be made in the interim financial statements.

23. APPROVAL FOR ISSUE

The interim financial statements as at and for the nine-month period ended 30 *September* 2022 were authorised for issue by the Company's management on 03 November 2022.

Zhang Li
General Director

Zhang Yong Fu
Head of Accounting – Finance Department

Vientiane, Lao PDR

03 November 2022