Lao Cement Public Company

Interim financial information (Unaudited)

For three-month period of quarter III ended 30 September 2023

Lao Cement Public Company

CONTENTS

	Pages
General information	1 - 3
Report of management	4
Balance sheet	5
Income statement	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 -25

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
2897/BLO	19 December 2022

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 shareholders of the company include Yunnan Qianhan Technology Network Limited ("Yunnan Qianhan") (35.6964%), Lao Agriculture-Forestry Development and Service Company (DAI) (34.2966%), Lao China Securities Co., Ltd (LCS) (18.8676%) and other public corporation and individual investors (11.1394%).

The shareholding structure of the Company as at 30 September 2023 is as follows:

Shareholders	*Number of shares*	*Percentage*
Yunnan Qianhan Technology Network Limited ("Yunnan Qianhan")	14,280,000	35.6964%
Lao Agriculture-Forestry Development and Service Company (DAI)	13,720,000	34.2966%
Lao China Securities Co., Ltd (LCS)	7,547,800	18.8676%
Other public corporation and individual investors	4,456,200	11.1394%
	40,004,000	

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 year and as at the date of this report are:

Name	*Position*	*Appointment/resignation*
Mr. Nie Lei	Chairman	Appointed on 09 March 2023
Mr. Yang ChunYin	Chairman	Resigned on 09 March 2023
Mr. Vanthong Sitthikoun	Vice chairman	Appointed on 23 June 2020
Mr. Zhang Jing Hua	Member	Appointed on 09 March 2023
Mrs. Cai Ling Ling	Member	Appointed on 09 March 2023
Mr. Ding Zhen Xu	Member	Appointed on 09 March 2023
Mr. Lyu Lin	Member	Appointed on 09 March 2023
Mr. Khambon Xaylaovong	Member	Appointed on 23 June 2020
Mr. Vichit Souvannalad	Member	Appointed on 23 June 2020
Mr. Dai Rong Hua	Independent member	Appointed on 09 March 2023
Mr. Liu Hao	Independent member	Appointed on 09 March 2023
Mr. Vongvichit Keovongkot	Independent member	Appointed on 23 June 2020
Mr. Jie Yaoqi	Member	Resigned on 09 March 2023
Mr. Zhang Li	Member	Resigned on 09 March 2023
Mr. Ou Yang Ji Yong	Member	Resigned on 09 March 2023
Mr. Xiao Jie	Independent member	Resigned on 09 March 2023
Mr. Li Chun Bo	Independent member	Resigned on 09 March 2023

MANAGEMENT

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

Name	*Position*	*Appointment/resignation*
Mr. Nei Lei	General Director	Appointed on 09 March 2023
Mr. Zhang Li	General Director	Resigned on 09 March 2023
Mr. Vichit Souvannalad	Deputy Director	Appointed on 23 June 2020
Mr. Lyu Lin	Deputy Director	Appointed on 09 March 2023
Mr. Zhang Jing Hua	Director	Appointed on 09 March 2023
Mr. Khambon Xaylaovong	Director	Appointed on 23 June 2020
Mr. Xie Liang Wu	Director	Appointed on 09 March 2023
Mr. Vongvichit Keovongkot	Director	Appointed on 23 June 2020
Mr. Li Chun Bo	Director	Resigned on 09 March 2023
Mr. Jie Yaoqi	Director	Resigned on 09 March 2023
Mr. Xiao Jie	Director	Resigned on 09 March 2023

AUDIT COMMITTEE

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

Name	*Position*	*Appointment/resignation*
Mr. Dai Rong Hua	Chairman	Appointed on 09 March 2023
Mr. Xiao Jie	Chairman	Resigned on 09 March 2023
Mr. Ding Zhen Xu	Member	Appointed on 09 March 2023
Mr. Vongvichit Keovongkot	Member	Appointed on 23 June 2020
Mr. Liu Hao	Member	Appointed on 09 March 2023
Mr. Li Chun Bo	Member	Resigned on 09 March 2023

LEGAL REPRESENTATIVE

The legal representative of the Company from 1 January 2022 to 08 March 2023 was Mr. Zhang Li, General Director and from 09 march 2023 to the date of this report is Mr. Nie Lei, General Director cum Chairman

Lao Cement Public Company

REPORT OF MANAGEMENT

Management of Lao Cement Public Company ("the Company") is pleased to present its report and the Company's financial statements for period ended 30 September 2023.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the preparation of the financial statements which have been prepared in accordance with the accounting policies as described in Note 3 to the financial statements. These accounting policies are not intended to present the financial position, the results of operations and cash flows of the Company in accordance with international generally accepted accounting principles. In preparing those financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and for ensuring that the financial statements comply with the accounting policies applied. It is also responsible for safeguarding the assets of the Company and thus for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the accounting policies as described in Note 3 to the financial statements.

On behalf of the Board of Management:



Mr. Nie Lei
General Director

Vientiane, Lao PDR

13 December 2023

Lao Cement Public Company

BALANCE SHEET (Unaudited)
For three-month period of quarter III ended 30 September 2023

	Notes	*30 September 2023 LAK*	*31 December 2022 LAK*
ASSETS			
Non-current assets			
Property, plant and equipment	4	(43,541,824)	3,569,273,346
Construction in progress	6	10,938,214,563	5,965,924,208
Intangible assets	5	364,940,012	328,548,475
Other non-current assets	7	3,382,330,000	147,280,000
Total non-current assets		**14,641,942,751**	**10,011,026,029**
Current assets			
Other current assets	8	153,382,679	46,422,040
Inventories	9	7,388,433,651	10,868,847,852
Other receivables		988,716,079	-
Trade receivables	10	(165,804,548)	2,463,928,625
Cash	11	725,295,733	643,463,064
Total current assets		**9,090,023,594**	**14,022,661,581**
TOTAL ASSETS		**23,731,966,345**	**24,033,687,610**
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings		-	-
Trade payables		2,272,334,918	1,047,905,716
Advance from customers		5,760,297,814	127,773,000
Amounts due to related parties	23	7,348,832,590	6,257,925,856
Statutory obligations	12	5,271,760,864	5,178,864,580
Payables to employees		10,617,142,365	9,083,230,303
Other payables	13	14,787,282,974	14,577,977,551
Total current liabilities		**46,057,651,526**	**36,273,677,006**
TOTAL LIABILITIES		**46,057,651,526**	**36,273,677,006**
Equity			
Contributed capital	14	20,002,000,000	20,002,000,000
Share premium		18,385,975,511	18,385,975,511
Legal reserve		7,704,052,545	7,704,052,546
Plant expansion reserve		18,549,465,595	18,549,465,596
Accumulated losses		(86,967,178,831)	(76,881,483,050)
Total equity		**(22,325,685,180)**	**(12,239,989,397)**
TOTAL LIABILITIES AND EQUITY		**23,731,966,345**	**24,033,687,610**

ບໍລິສັດ ຊີມັງລາວ ມະຫາຊົນ
Lao Cement Public Company

Mr. Nie Lei
General Director

Mr. Zhang Jing Hua
Head of Accounting & Finance

Vientiane, Lao PDR

13 December 2023

Lao Cement Public Company

INCOME STATEMENT (Unaudited)
For three-month period of quarter III ended 30 September 2023

	Notes	30 September 2023 LAK	30 September 2022 LAK
Revenue from sale of goods		-	-
Cost of goods sold		-	-
Gross loss		**-**	**-**
Other operating income	15	-	15,000,000
Other operating expenses	16	(5,084,272,016)	(841,450,711)
Provision for doubtful accounts		-	-
Administrative expenses	17	(2,439,907,070)	(2,316,406,841)
Operating loss		**(7,524,179,086)**	**(3,142,857,552)**
Finance income	18	257,870,570	205,124,480
Finance costs	19	(58,804,349)	(134,195,113)
Loss before tax		**199,066,221**	**(3,071,928,185)**
Profit tax expenses		-	-
Net loss after tax for the year		**(7,325,112,865)**	**(3,071,928,185)**

Mr. Nie Lei
General Director

Mr. Zhang Jing Hua
Head of Accounting & Finance

Vientiane, Lao PDR

13 December 2023

Lao Cement Public Company

STATEMENT OF CHANGES IN EQUITY (Unaudited)
For three-month period of quarter III ended 30 September 2023

	Contributed legal capital LAK	*Share premium LAK*	*Legal reserve LAK*	*Plant expansion reserve LAK*	*Retained earnings/ (accumulated losses) LAK*	*Total LAK*
As at 1 July 2022	20,002,000,000	18,385,975,511	7,704,052,545	18,549,465,595	(63,014,598,351)	1,626,895,300
Net loss for three-month	-	-	-	-	(3,071,928,185)	(3,071,928,185)
As at 30September 2022	**20,002,000,000**	**18,385,975,511**	**7,704,052,545**	**18,549,465,595**	**(66,086,526,536)**	**(1,445,032,885)**
As at 1 July 2023	20,002,000,000	18,385,975,511	7,704,052,545	18,549,465,595	(79,642,065,966)	(15,000,572,315)
Net loss for three month	-	-	-	-	(7,325,112,865)	(7,325,112,865)
As at 30 September 2023	**20,002,000,000**	**18,385,975,511**	**7,704,052,546**	**18,549,465,596**	**(86,967,685,180)**	**(22,325,685,180)**

Mr. Nie Lei
General Director

Mr. Zhang Jing Hua
Head of Accounting & Finance

Vientiane, Lao PDR

13 December 2023

Lao Cement Public Company

STATEMENT OF CASH FLOWS (Unaudited)
For three-month period of quarter III ended 30 September 2023

	Notes	*30 September 2023*	*30 September 2022*
OPERATING ACTIVITIES			
Loss before tax		**(7,325,112,863)**	**(3,071,928,185)**
Adjustments for:			
Depreciation of property, plant and equipment	4	3,284,029,168	1,885,965,135
Provisions for inventories		435,810,382	-
Provisions for doubtful accounts		3,638,700,850	-
Net foreign exchange (gain)/loss		1,062,622,922	(134,195,113)
Profit from investing activities		780,504,879	(31,868)
Loss on disposal of fixed assets, intangible assets and other long-term assets		(1,860,068,924)	-
Interest expenses	19	-	-
Working capital adjustments:		-	**(1,320,190,031)**
Decrease in trade and other receivables, including amount due from related parties		(1,186,002,211)	2,649,367,179
Decrease in inventories		2,150,704,424	-
Decrease in trade and other payables, including amount due to related parties		8,514,869,221	-
Loan interest paid		-	-
Net cash flows (used in)/from operating activities		**9,496,057,848**	**(1,329,177,148)**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment		(7,578,891,318)	-
Proceeds from disposals of fixed assets		474,029,324	-
Acquisitions of intangible fix asset		38,139,600	
Cash paid for investment		(786,955,494)	-
Interest received		(1,265,879)	31,868
Net cash flows (used in)/from investing activities		**(7,854,943,767)**	**31,868**
FINANCING ACTIVITIES			
Repayment of bank borrowings		-	-
Net cash flows used in financing activities		-	-
Net decreased in cash		1,641,114,081	1,329,209,016
Cash at the beginning of the year		296,511,727	144,055,696
Forex		(1,212,330,072)	-
Cash at the end of the year	**11**	**725,259,736**	**1,473,264,712**

Mr. Nie Lei
General Director

Mr. Zhang Jing Hua
Head of Accounting & Finance

Vientiane, Lao PDR
13 December 2023

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 and China Yunnan Corporation for International Techno-Economic Cooperation.

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
2897/BLO	19 December 2022

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 2023, the Company had 54 employees (31 December 2022: 46 employees).

2. BASIS OF PREPARATION

According to the Accounting Law No.47/NA dated 26 December 2013, public interest entities, including listed companies should apply International Financial Reporting Standards ("IFRS") in preparing their annual financial statements, starting from 2017. In accordance with the Official Letter No. 1137/MOF dated 27 April 2020 by the Ministry of Finance, public interest entities are allowed to delay the application of IFRS until 1 January 2026.

For the year ended 31 December 2022, the Company has prepared its annual financial statements in accordance with the accounting policies as set out in Note 3 to the financial statements. These accounting policies are not intended to present the financial position, results of operations and cash flows of the Company in accordance with international generally accepted accounting principles.

The financial statements of the Company have been prepared using the historical cost convention. These 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.

Going concern assumption

The Company incurred a net loss of LAK 10.8 billion for the year ended 30 September 2023. As at this date, the Company's accumulated losses of LAK 86.96 billion exceeded contributed charter capital by LAK 66.96 billion, and the Company's current liabilities also exceeded its current assets by LAK 36.96 billion On 25 August 2020, the Company published Announcement No.202/LCC about temporarily ceasing all production until further notice. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. In view thereof, the Company's ability to continue in business is dependent on the cash flow from future operating activities and/or the continuing financial support from its owner.

The Company's management has prepared appropriate business and finance plans to the operations of the Company. In addition, Yunan Qianhan – its majority shareholder, also has confirmed its willingness and ability to provide adequate funds to the Company to enable it to continue operations for thought the next 12 month and forth coming year, if necessary. On this basis, the Company's management considers it is as appropriate to prepare the Company's financial statements on the going concern basis.

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 balance sheet and any gain or loss resulting from their disposal is included in the other operating income or expense accounts, respectively, in the 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 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 year 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 balance sheet date.

Increases and decreases to the provision balance are recorded into the other operating expenses in the 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 consideration of historical data and 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 year 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 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 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).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 balance sheet date. All gains and losses are taken to the finance income and finance costs accounts, respectively, in the 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 year, 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 year.

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

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.

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 2023	134,382,315,687	212,710,511,562	21,688,472,198	1,855,693,263	2,088,589,576	436,983,816	373,162,566,102
Additional	-	-	-	-	22,420,000	-	22,420,000
Disposal	-	(730,329,600)	(655,710,000)	-	-	-	(1,386,039,600)
At 30 September 2023	***134,382,315,687***	**211,980,181,962**	***21,032,762,198***	***1,855,693,263***	**2,111,009,576**	***436,983,816***	**371,798,946,502**
Accumulated depreciation							
At 1 January 2023	133,038,621,827	211,559,068,574	20,662,628,285	1,807,400,678	2,088,589,576	436,983,816	369,593,292,756
Charge for the year	2,965,555,414	348,098,619	293,392,298	17,860,725	10,328,114		3,635,235,170
Disposal	-	(730,329,600)	(655,710,000)	-	-	-	(1,386,039,600)
At 30 September 2023	***136,004,177,241***	**211,176,837,593**	**20,300,310,583**	***1,825,261,403***	***2,098,917,690***	**436,983,816**	**371,842,488,326**
Net book value							
At 1 January 2023	1,343,693,860	1,151,442,988	1,025,843,913	48,292,585	-	-	3,569,273,346
At 30 September 2023	(1,621,861,554)	803,344,369	732,451,615	30,431,860	12,431,860	-	(43,541,824)

5. INTANGIBLE ASSETS

	Software LAK	*Land use right LAK*	*Total LAK*
Cost			
At 1 January 2023	-	328,548,475	328,548,475
Addition	38,139,600	-	38,139,600
At 30 September 2023	38,139,600	328,548,475	366,688,600
Accumulated depreciation			
At 1 January 2023	-	-	-
Charge for the period	1,748,063	-	1,748,063
Disposal	-	-	-
At 30 September 2023	1,748,063	-	1,748,063
Net book value			
At 1 January 2023	-	328,548,475	328,548,475
At 30 September 2023	36,391,537	328,548,475	364,940,012

6. CONSTRUCTION IN PROGRESS

	30 September 2023 LAK	*31 December 2022 LAK*
Konpook mining project	5,966,361,208	5,965,924,208
The plant's second phase project	4,702,101,355	-
Gust Houes project	269,752,000	-
	10,938,214,563	**5,965,924,208**

7. OTHER NON-CURRENT ASSETS

	30 September 2023 LAK	*31 December 2022 LAK*
Land under the name of Mrs. Chanhsouda Kongmany(*)	3,235,050,000	-
Land and house under the name of Mr. Vanthong sitthikoun (**)	147,280,000	147,280,000
	3,382,330,000	**5,965,924,208**

(*) The land was exchanged to settle an account receivable and the land was registered under the name of Mrs. Chanhsouda Kongmany - the Chairman's wife.
(**)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.

8. OTHER CURRENT ASSETS

	30 September 2023 LAK	*31 December 2022 LAK*
Advance to employees	138,382,679	46,422,040
Others	15,000,000	
	153,382,679	**46,422,040**

9. INVENTORIES

	30 September 2023 LAK	*31 December 2022 LAK*
Raw materials and consumables	1,312,843,963	1,324,092,176
Tools and supplies	7,391,428,204	10,317,849,338
Work in progress	9,139,216,605	10,117,771,841
Finished goods	773,052,367	773,052,367
Provision for inventories	(11,228,107,488)	(11,663,917,870)
	7,388,433,651	**10,868,847,852**

10. TRADE RECEIVABLES

	30 September 2023 LAK	*31 December 2022 LAK*
Trade receivables	3,036,258,009	10,557,692,032
Provision for doubtful accounts	(3,202,062,557)	(8,093,763,407)
	(165,804,548)	**2,463,928,625**

Details of provision for doubtful accounts as at *30 September* 2023 are as follows:

Overdue status	*Receivable balance*	*Provision*
6 months to 1 year past due	-	-
From 1 year to 2 years past due	-	-
More than 2 years past due	3,202,062,557	3,202,062,557
Total	**3,202,062,557**	**3,202,062,557**

Details of provision for doubtful accounts as at 31 December 2022 are as follows:

Overdue status	*Receivable balance*	*Provision*
6 months to 1 year past due	-	-
From 1 year to 2 years past due	-	-
More than 2 years past due	8,093,763,407	8,093,763,407
Total	**8,093,763,407**	**8,093,763,407**

11. CASH

	30 September 2023 LAK	*31 December 2022 LAK*
Cash on hand	558,677,097	449,123,078
Cash in banks	166,618,635	194,339,986
	725,295,732	**643,463,064**

12. STATUTORY OBLIGATIONS

	30 September 2023 LAK	*31 December 2022 LAK*
Foreign contractor tax payables	3,058,050,485	3,058,050,485
Output value added tax	405,459,630	331,786,100
Profit tax payable (Note 20)	479,656,526	479,656,526
Other taxes	1,328,594,223	1,309,371,469
	5,271,760,864	**5,178,864,580**

13. OTHER PAYABLES

	30 September 2023 LAK	*31 December 2022 LAK*
Dividends payable to related parties (Note 21) (*)	13,581,363,960	13,581,363,960
Others	1,205,919,014	996,613,591
	14,787,282,974	**14,577,977,551**

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

	30 September 2023 LAK	*31 December 2022 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 2023		*31 December 2022*	
	Quantity (shares)	*Amount (LAK)*	*Quantity (shares)*	*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 had completed IPO process with the total 40,004,000 shares of the Company (under the ticker "LCC") have been officially listed on Lao Securities Exchange.

The shareholding structure of the Company as at 30 September 2023 is as follows:

	30 September 2023		*31 December 2022*	
Shareholders	*Number of shares*	*Percentage*	*Number of shares*	*Percentage*
Yunnan Qianhan Technology Network Limited ("Yunnan Qianhan")	14,280,000	35.6964%	14,280,000	35.6964%
Lao Agriculture-Forestry Development and Service Company (DAI)	13,720,000	34.2966%	13,720,000	34.2966%
Lao China Securities Co., Ltd (LCS)	7,547,800	18.8676%	7,547,800	18.8676%
Other public corporation and individual investors	4,456,200	11.1394%	4,456,200	11.1394%
	40,004,000		**40,004,000**	

15. OTHER OPERATING INCOME

	30 September 2023 LAK	*30 September 2022 LAK*
Income from disposal of raw material and scrap	-	15,000,000
Reversal of provision doubtful debts	-	-
Others	-	-
	-	**15,000,000**

16. OTHER OPERATING EXPENSES

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

	30 September 2023 LAK	*30 September 2022* LAK
Depreciation expenses of suspended plants	1,812,727,068	637,217,576
Provision of inventory	1,945,340,591	-
Personnel expenses	356,337,299	11,410,225
Utility and fuel	44,393,080	42,355,857
Cost of raw material disposed	898,494,512	-
Others	26,979,466	150,467,053
	5,084,272,016	**841,450,711**

17. ADMINISTRATIVE EXPENSES

	30 September 2023 LAK	*30 September 2022* LAK
Personnel expenses	1,794,530,533	1,870,275,302
Technical fees	-	138,548,526
Depreciation expenses	20,417,140	34,425,193
Utility and fuel expenses	123,319,793	38,797,602
Rental fee	54,032,337	-
Maintenance expenses	82,189,000	5,590,000
Printing and publication expenses	4,876,000	200,000
Travelling expenses	12,274,310	43,219,844
Office supplies	29,245,350	-
Guest welcoming and entertainment	40,297,320	-
Rebate expense	-	-
Other administrative expenses	278,725,287	185,350,374
	2,439,907,070	**2,316,406,841**

18. FINANCE INCOME

	30 September 2023 LAK	*30 September2022* LAK
Interest income	1,116,626	31,868
Foreign exchange gain	256,753,944	205,092,612
	257,870,570	**205,124,480**

19. FINANCE COSTS

	30 September 2023 LAK	*30 September 2022* LAK
Interest expenses	-	-
Foreign exchange losses	58,804,349	134,195,113
	58,804,349	**134,195,113**

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 year 2022 would be subject to the PT rate of 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 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 year. The Company's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

The estimation of profit tax is presented below:

Currency: LAK

	30 September 2023	*30 September 2022*
Loss before tax	**(7,325,112,865)**	**(3,071,928,185)**
Adjustments to decrease loss before tax:		
Provision for inventories	1,945,340,591	484,775,013
Provision for doubtful accounts	-	1,009,841,548
Other non-deductible expenses	105,646,265	747,143,691
Estimated current taxable losses	**(5,274,126,009)**	**(830,167,933)**
Estimated current PT expenses at rate 20% (2022: 20%)	**-**	**-**
PT payable at beginning of the year	479,656,526	479,656,526
PT paid during the year	-	-
PT payable at the end of the year (Note 13)	**479,656,526**	**479,656,526**

21. PROFIT TAX (continued)

Tax losses carried forward

For tax loss incurred from 2020 and afterwards, in accordance with the amended Tax Law No. 67/NA dated 18 June 2019, article 23, annual losses which are certified by the audit authority or an independent audit firm and acknowledged by the tax authorities, are eligible to be carried forward to offset with future taxable profits for a period of five years after the losses incurred.

Tax losses incurred in 2019 and before are eligible to be carried forward to offset with future taxable profits for a period of three years after the losses incurred, in accordance with the previous Tax Law.

At the balance sheet date, the Company has aggregated accumulated tax losses available for offset against future taxable income. Details are as follows:

Currency: LAK

Originating year	*Can be utilized up to*	*Tax loss amount*	*Utilized up to 30 September 2023*	*Forfeited*	*Unutilized at 30 September 2023*
2019	2022	22,074,986,857	-	(22,074,986,857)	-
2020	2025	34,611,776,360	-	-	34,611,776,360
2021	2026	12,384,451,613	-	-	12,384,451,613
2022	2027	13,325,630,431	-	-	13,325,630,431
2023	2028	5,274,126,009	-	-	5,274,126,009
ລວມ		**87,670,971,270**	**-**	**(22,074,986,857)**	**65,595,984,413**

Estimated tax loss as per the Company's profit tax declaration have not been audited by the local tax authorities as of the date of these financial statements.

22. RELATED PARTY TRANSACTIONS

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

Related parties	*Relationship*	*Nature of transaction*	*30 September 2023* LAK	*31 December 2022* LAK
Yunnan Qianhan Technology Network Limited ("Yunnan Qianhan")	Shareholder	Net debt transfer from CYC		1,883,107,316

Balances due to related parties as at *30 September 2023* and 31 December 2022 were as follows:

Related parties	*Relationship*	*Nature of transaction*	*30 September 2022 LAK*	*31 December 2022 LAK*
Amounts due to related parties				
Zhong Ke Herbs Lao Limited Company	Subsidiary	Purchase of fix assets	578,791,500	-
		Advance	12,942,308	-
			591,733,808	**-**
Lao City Construction Development sole Co.,Ltd	Subsidiary	Purchase	208,163,994	-
		Advance	138,306,428	-
			346,470,422	**-**
Lao New Building Materials Sole Co.,Ltd	Subsidiary	Advance	9,395,000	-
			9,395,000	**-**
Amounts due to related parties				
Yunnan Qianhan Technology Network Limited ("Yunnan Qianhan")	Shareholder	Net debt transfer from CYC	2,974,014,050	1,883,107,316
Lao Agriculture-Forestry Development and Service Company (DAI)	Shareholder	Purchase of materials	5,844,980,856	4,374,818,540
			7,348,832,590	**6,257,925,856**

Amounts due to related parties	*Relationship*	*Nature of transaction*	*30 September 2022 LAK*	*31 December 2022 LAK*
Other payable				
Yunnan Qianhan Technology Network Limited ("Yunnan Qianhan")	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**

Other transactions with related parties

Remuneration to management for the period were as follows:

	30 September 2023 LAK	*30 September 2022 LAK*
Salaries	758,849,000	333,266,220
	758,849,000	**333,266,220**

23. SUBSEQUENT EVENTS

There has not been any significant event that has arisen since 30 September 2023 that requires adjustments or disclosures to be made in the financial statements.

24. APPROVAL FOR ISSUE

The financial statements as at and for the year ended 30 September 2023 were authorised for issue by the Company's management on 13 December 2023.

Mr. Nie Lei
General Director

Mr. Zhang Jing Hua
Head of Accounting & Finance

Vientiane, Lao PDR

13 December 2023.