LAO AGROTECH PUBLIC COMPANY



INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

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CONTENTS **Page (s)**

Independent auditor's report on review of interim financial information	1
Statement of financial position	2
Statement of income	3
Statement of changes in equity	4
Statement of cash flows	5
Condensed notes to the interim financial information	6 – 10

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

To the Shareholders and the Board of Directors of Lao Agrotech Public Company

We have reviewed the interim financial information of Lao Agrotech Public Company ("the Company") which comprises the statement of financial position as at 30 June 2020, and the related statements of income, changes in equity, and cash flows for the six-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with the significant accounting policies described in Note 2 in the annual financial statement of the Company. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, We do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the significant accounting policies described in Note 3 to this interim financial information.

For PricewaterhouseCoopers (Lao) Sole Company Limited

By Apisit Thiengtrongpinyo
Partner

Vientiane, Lao PDR
Date: 25 August 2020

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	Unaudited 30 June 2020 LAK	Audited 31 December 2019 LAK
ASSETS			
Current assets			
Cash and cash equivalents		602,309,796	1,642,354,110
Trade and other receivables, net		12,977,212,537	12,316,222,480
Inventories, net		1,643,746,916	2,773,520,035
Factory supplies, net		1,517,178,741	1,716,636,754
Deferred plantation costs - Sapling for sale		1,712,358,460	1,597,124,878
Other current assets		1,440,849,169	1,326,599,500
Total current assets		**19,893,655,619**	**21,372,457,757**
Non-current assets			
Property, plants and equipment, net	4	21,874,714,001	23,037,515,848
Deferred plantation costs - Palm, net	5	23,787,371,604	23,056,340,152
Total non-current assets		**45,662,085,605**	**46,093,856,000**
Total assets		**65,555,741,224**	**67,466,313,757**
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Trade and other payable		1,793,919,665	1,632,656,751
Short term borrowing	6	3,489,466,000	3,498,266,000
Current portion of finance leases	7	594,210,536	691,693,443
Other current liabilities		146,197,744	375,150,103
Total current liabilities		**6,023,793,945**	**6,197,766,297**
Non-Current Liability			
Finance leases	7	1,290,726,603	1,330,129,132
Total Non-Current Liability		**1,290,726,603**	**1,330,129,132**
Total Liabilities		**7,314,520,548**	**7,527,895,429**
Equity			
Share capital		50,000,000,000	50,000,000,000
Share premium		3,269,466,406	3,269,466,406
Retained earnings			
Appropriated – Legal reserve		907,166,353	907,166,353
Un-appropriated		4,064,587,917	5,761,785,569
Total equity		**58,241,220,676**	**59,938,418,328**
Total Liabilities and equity		**65,555,741,224**	**67,466,313,757**

Mr. Oudom Keothavong
Managing Director
Date: 25 August 2020

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 25 August 2020

The accompanying notes on page 6 - 10 are an integral part of this financial information.

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

	Notes	Unaudited 30 June 2020 LAK	Unaudited 30 June 2019 LAK
Revenue from sale and services		17,766,483,626	35,354,426,024
Cost of sales and services		(16,144,264,192)	(31,231,387,436)
Gross profit		**1,622,219,434**	**4,123,038,588**
Selling and administrative expenses		(3,338,629,355)	(3,632,175,324)
Other income		576,035,102	106,074,658
Loss on exchange rate		(360,801,227)	(1,158,762,333)
Operating profit/loss		**(1,501,176,046)**	**(561,824,411)**
Finance costs		(196,021,604)	(53,174,387)
Profit/loss before income tax		**(1,697,197,650)**	**(614,998,798)**
Income tax expenses	8	-	(36,096,857)
Profit for the period		**(1,697,197,650)**	**(651,095,655)**
Earnings per share			
Basic earnings per share	9	**(17)**	**(7)**

Mr. Oudom Keothavong
Managing Director
Date: 25 August 2020

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 25 August 2020

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LAO AGROTECH PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

			Retained earnings		
	Issued and paid-up share capital	Share premium	Legal reserve	Un-appropriated	Total
	LAK	LAK	LAK	LAK	LAK
Opening balance 1 January 2020 - Audit	50,000,000,000	3,269,466,406	907,166,353	5,761,785,567	59,938,418,326
Loss for the period	-	-	-	(1,697,197,650)	(1,697,197,650)
Closing balance 30 June 2020 - Unaudited	**50,000,000,000**	**3,269,466,406**	**907,166,353**	**4,064,587,917**	**58,241,220,676**
Opening balance 1 January 2019 - Audit	50,000,000,000	**3,269,466,406**	887,496,413	5,584,756,113	59,741,718,932
Loss for the period	-	-	-	(651,095,655)	(651,095,655)
Closing balance 30 June 2019 - Unaudited	**50,000,000,000**	**3,269,466,406**	**887,496,413**	**4,933,660,458**	**59,090,623,277**

Mr. Oudom Keothavong
Managing Director
Date: 25 August 2020

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 25 August 2020

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LAO AGROTECH PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

	Notes	Unaudited 30 June 2020 LAK	Unaudited 30 June 2019 LAK
Profit/loss before income tax		**(1,697,197,650)**	**(614,998,798)**
Adjustments for:			
Depreciation	4	1,212,509,372	943,945,340
Amortization	5	414,898,863	412,619,200
Write off of inventories		-	100,420,560
Foreign exchange losses		341,854,573	682,793,855
Interest expenses		-	53,174,387
Changes in working capital:			
Trade and other receivables		(660,990,057)	4,281,685,406
Inventories, net		1,129,773,119	(942,527,976)
Factory supplies, net		199,458,013	(4,139,595,302)
Deferred plantation costs - Palm sapling for sale		(115,233,582)	(456,768,906)
Other current assets		(114,249,669)	975,803,529
Trade and other payables		125,832,043	(1,757,138,066)
Other current liabilities		52,217,783	382,120,483
Cash flows from operating activities		**888,872,808**	**(78,466,288)**
Income tax paid		(135,620,263)	(192,962,324)
Interest paid		(206,383,754)	(53,174,385)
Net cash generated from operating activities		**546,868,791**	**(324,602,997)**
Cash flows from investing activities			
Purchases of property, plant and equipment		(49,707,525)	(1,243,020,837)
Plantation costs paid		(1,145,930,315)	(552,708,882)
Net cash used in investing activities		**(1,195,637,840)**	**(1,795,729,719)**
Cash flow from financing activities			
Proceeds from borrowings	6	1,789,200,000	2,972,545,482
Repayments of borrowings	6	(1,798,000,000)	(1,355,822,940)
Finance leases principle repayments		(395,019,327)	(39,853,250)
Net cash used in financing activities		**(403,819,327)**	**1,576,869,292**
Net increase in cash and cash equivalents		**(1,052,588,376)**	**(543,463,424)**
Cash and cash equivalents at the beginning of the period		1,642,354,110	4,823,430,665
Exchange gain/losses on cash and cash equivalents		12,544,062	29,760,919
Cash and cash equivalents at the end of the period		**602,309,796**	**4,309,728,160**
Significant non-cash items:			
Acquisitions of plant and equipment which have not been paid		1,931,344,586	1,291,312,118

Mr. Oudom Keothavong
Managing Director
Date: 25 August 2020

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 25 August 2020

The accompanying notes on page 6 - 10 are an integral part of this financial information.

CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020

1 General information

LAO AGROTECH PUBLIC COMPANY ('the Company') is a private company incorporated and domiciled in the Lao PDR.

The address of its registered office is Wattay Noiy Thong village, Sikhottabong district, Vientiane Lao People Democratic Republic.

The principal activity is to carry on the palm oil industry which starting from palm sapling cultivation, palm plantation, palm product processing and sale by the Company itself. The Company also provide the financial supports and palm saplings to the farmers for planting and buyback the palm seed.

In addition, the Company also imported finish goods such cooking oil and coconut drink from Thailand to sale in Lao PDR.

The presentation format of the financial information is prepared and presented according to the requirement of the Company's management which may not be in line with international practices including no comparative information in certain areas.

The financial information were authorised for issued by the director on 25 August 2020.

2 Significant events during the current period

The outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020 has adverse effects on operating results for the six-month period ended 30 June 2020 particularly on trading businesses.

The series of precautionary measures that continues to be implemented across regions including restrictions and controls. Consequently, revenue from Biodiesel trading dropped by approximately LAK 15 billion or 50% for the six-month period ended 30 June 2020 comparing to 30 June2019. However, most operations have returned to normally in June 2020. The Company is still paying close attention to the development of the COVID-19 situation, evaluating its impact on the operation while strategizing effective solutions.

3 Basis of preparation

The interim financial information has been prepared in accordance with the Company's accounting policies as described in more details in the annual financial statements for the year ended 31 December 2019. The primary financial information (i.e. statement of financial position, statement of income, statement of changes in equity and statement of cash flows) is presented in a format consistent with the annual financial statements complying with the reporting and disclosure regulation No.004/SECO, dated 28 January 2019 issued by Lao Securities and Exchange Commission Office.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019.

Costs incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

3 Basis of preparation (continue)

According to the Accounting Law and Regulation on accounting and auditing in securities sector under Securities Commission Office in Lao PDR, all listed companies are required to prepare its financial statements in accordance with International Financial Reporting Standard (IFRSs) as generally accepted accounting principles. However, Ministry of Finance has issued announcement No. 697/MoF issued on 20 March 2017 which provided options for PIEs to prepare action plan for adoption IFRS within four-year period and on 25 May 2020, the Securities Commission Office has issued the announcement No. 0009/LSC which states the extended time for listed companies to prepare action plan for IFRS up to 31 December 2025 and fully adopt the IFRS effective starting from 1 January 2026 onwards. In Lao PDR, there are significant differences between the companies' own accounting policies and the IFRSs, in many areas such as property, plant and equipment, leases, current and deferred income tax. Hence, users of the financial statements should therefore be aware and understand these differences and how these will affect their interpretation and decision making.

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

4 Property, plant and equipment, net

	LAK
Six-month period ended 30 June 2020	
Opening net book amount at 1 January – Audited	23,037,515,848
Additions	49,707,525
Depreciation charges	(1,212,509,372)
Closing net book amount at 30 June 2020 - Unaudited	**21,874,714,001**

The additions during the six-month period ended 30 June 2020 mainly represent to the palm machine, construction of warehouse at Salavanh Province.

5 Deferred plantation costs - palm, net

	LAK
Six-month period ended 30 June 2020	
Opening net book amount at 1 January – Audited	23,056,340,152
Additions	1,145,930,315
Less: Amortisation	(414,898,863)
Ending balance-Unaudited	**23,787,371,604**
As at 30 June 2020	
Deferred Plantation Cost	26,314,135,461
Less: Accumulate amortisation	(2,526,763,857)
Closing net book amount at 30 June 2020 – Unaudited	**23,787,371,604**

As at 30 June 2020, there were three palm field which ready to harvest which the Deferred Plantation cost at LAK 20,798,314,479 and it was amortised to income statement for the six-month ended 30 June 2020 of LAK 414,4898,863 (2019: LAK 412,619,200).

The addition mainly represent the new palm plantation field at Samoi District, Salavan province.

6 Borrowings

	LAK
As at 1 January 2020 – Audited	**3,498,266,000**
Addition	1,789,200,000
Repayment	(1,798,000,000)
As at 30 June 2020 – Unaudited	**3,489,466,000**

During the six-month period, the Company has been drawdown addition short term borrowing from Saigon-Hanoi Bank Lao Limited amount is LAK 1,789,200,000 and principle repayment amount is LAK 1,798,000,000.

7 Finance Leases

	Unaudited As at 30 June 2020 LAK
Current	
Current portion of finance leases	594,210,536
Non-current	
Finance leases	1,290,726,603
	1,884,937,139

During the six-month period ended 30 June 2020, the Company made a principle repayment of THB 1,293,750 or equivalent LAK 395,019,327 and interest repayment amount THB 194,063 or equivalent LAK 57,935,419 to WIN Auto Supply Co., Ltd of 5 trucks. In addition, the Company made a principle repayment of LAK 8,783,202 and interest repayment amount LAK 2,898,456 to DGB Lao Leasing Co., Ltd of 1 vehicle.

8 Income tax expenses

In accordance with Lao tax laws, the Company has an obligation to pay income tax in the form of Tax on Profit at the new rate of 20% (Prior year: 24%) on taxable profit. Furthermore, as the Company is listed entity in Lao Securities Exchange, the Company subject to have the incentive 5% deduction from the normal profit tax rate for 4 years commencing from the listing period according to Tax Law of Lao PDR.

The taxation system in the Lao PDR is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among the numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Lao PDR that are substantially more significant than those in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of the tax legislation. However, the relevant authorities may have differing interpretations and the effects of such discrepancies could be significant.

During the period ended 30 June 2020, the Company recognised income tax expense in statement of income is nil.

9 Earing per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares.

	For the six-month period ended 30 June 2020	For the six-month period ended 30 June 2019
Profit attributable to ordinary shareholders (LAK)	**(1,697,197,650)**	**(651,095,655)**
Weighted average number of ordinary shares outstanding (Shares)	100,000,000	100,000,000
Basic earnings per share (LAK per share)	(17)	(7)

10 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The following significant transactions were carried out with related parties during six-month period:

10.1 Purchases of goods

	Unaudited For the six-month period ended 30 June 2020 LAK	Unaudited For the six-month period ended 30 June 2029 LAK
Purchases of goods and others from:		
Related party – OPG Tech Co., Ltd	2,061,485,754	1,673,029,502

The above transaction mainly represents of finish goods such palm waste, methanol, cooking oil imported from OPG Tech Co., Ltd in Thailand to sale in Lao PDR by the Company

10.2 Outstanding balances arising from purchases and sales of goods and other transactions

	Unaudited As at 30 June 2020 LAK	Audited As at 31 December 2019 LAK
Payables to:		
Related party - OPG Tech Co., Ltd	41,133,651	5,291,898,297

As at 30 June 2020, payable to related party mainly represents the unpaid balance from the carry forward of unpaid balance for purchase fixed asset to product CPO from OPG Tech Co., Ltd since 2017.