

ບໍລິສັດ ລາວອາໂກຣເທັກ ມະຫາຊົນ
LAO AGROTECH PUBLIC COMPANY

ANNUAL REPORT 2018

WATTAINOYTHONG VILLAGE, SIKHOTTABONG DISTRICT, VIENTIANE CAPITAL, LAO PDR

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❖ History of Lao Agrotech Public Company

Lao Agrotech Public Company ("Company") was established as a sole-proprietor limited Company on July 29, 2008, referring to Internal Investment License No 077/PIC.VTE. Originally fully owned by a Lao citizen, it had a registered capital of USD 100,000 and operated the businesses of providing integrated cultivation consultancy services, building farms and plantation and producing seedlings and crops.



Palm seedling production plant, Germinated palm seeds and seedlings for sale

On May 4, 2012, its registered capital stood at LAK 5,000,0000,000. It was permitted to conduct integrated palm oil industry processing activities, e.g. construction of palm produce processing plants, bio-fertilizer production plants, biodiesel production plants, vegetable oil filling plants, etc. Refer to Enterprise Registration Certificate No 0932/ERO.





Palm fruits are secured from the Company's plantations and plantations project participants' farms

On August 28, 2013, the Company raised its registered capital to LAK 40,000,000,000 and was converted from a sole-proprietor limited Company into a limited Company. It was licensed to import-export and sell seeds, seedlings and produce of all descriptions, as well as import-export and sell food products and drinks and import construction materials for construction of industrial and agricultural plants, vegetable oil filling machinery, machinery for extraction of sunflower oil and palm oil and other biodiesel-related machinery for use in chemical fertilizer production plants and materials for production of fertilizers. Refer to Enterprise Registration Certificate No 0919/ERO. It was 41% owned by Mr Bounma Chanthavong (Lao), 10% owned by Mr Oudom Keothavong (Lao) and 49% owned by Mr Zait Pattanamas (Thai). During a period of time, oil palm business started to be recognized and responded well to the people in the Company's Palm plantation project, which has palm plantation area more than 120 (one hundred and twenty thousand) ha in Eak Xang province, Phonhong district, Vientiane Province.







Fruits entering the crude palm oil production process



Fertilizer mixing machine

On November 12, 2014, its share structure was changed, it was 10% owned by Mr Bounma Chanthavong (Lao), 5% owned by Mr Oudom Keothavong(Lao) and 85% was owned by Mr Zait Pattanamas(Thai). It introduced "2+3 Project", which involved palm plantation activities in Xayaboury Province.



Keoudom district , Vientiane province

On June 2, 2016, the Company added new business activities that were licensed to operate by the Ministry of Industry and Commerce or the relevant authorities, which included importation of finished products for sale referring to Enterprise Registration Certificate No 445/ERO. That enhanced its business opportunities and returns, as it was then allowed to import finished palm oil and canned coconut water, etc.



On May 17, 2017 ("Conversion Date"), it was converted into a public Company under Lao laws. Refer to Enterprise Registration Certificate No 0424/ERO. Its principal office remained located in Wattay Noithong village, Sikhottabong district, Vientiane Capital, Lao PDR.

On the Conversion Date, its registered capital stood at LAK 40,000,000,000, which was 15.00000625% owned by Lao investors (although all the shares held by Mr Bounma Chanthavong, which represented 10% of its capital, were transferred to Mrs Soutsakhone Thiphakavanh, another Lao investor) and 84.99999375% owned by Thai investors.



The Company was licensed by the Ministry of Industry and Commerce to import fuels and market biodiesel at the wholesale and retail levels, as well as import diesel oil for production of biodiesel only.








LAO AGROTECH PUBLIC COMPANY
OPG TECH CO.,LTD
ISUZU

The Company operates a wide range of agro-processing businesses, focusing on oil crops that can be processed to produce food and fuel. Its main oil crop is oil palm. Its revenue-generating businesses that are connected with oil palm include.

-Production and supply of palm seeds and seedlings;

-Integrated management of oil palm.

-Production and supply of crude palm oil.

-Production and supply of biodiesel.

-Import of finished products for sale, Cooking oil, Monosodium Glutamate MSG, Coconut water, Corn Seed.



Coconut water

Table: Corporate Milestones

Year	Milestones
2008-2010	- Lao Agrotech was established and operated the businesses of providing integrated agriculture cover farming seeding and cultivating. - Grow breeds, conduct research and make the first breed selection to ensure suitability for Laos' weather conditions - Introduce an oil palm variety - Cultivate oil palm trees on a trial basis on a 10ha tract in Nhongkhunkhou Village, Naxaythong District, Vientiane Capital
2011	- Build a vegetable oil filling plant (for cooking palm oil) - Begin a commercial supply of cooking palm oil
2012	- Begin B5 biodiesel production in partnership with the Ministry of Energy and Mines - Have permission to operate business in the industry sector, integrated palm oil processing business. - Build a biodiesel production plant with a capacity of 20,000L per day - Participate, along with the Lao public, in 2+3 Project involving oil palm plantation in Xanakharm district
2013	- Build over 120ha palm plantation in Eak xang province, Phonhong district, Vientiane Province - Build more plantation area of 10ha for grow breeds at Nhongkhunkhou Village, Naxaythong District, Vientiane Capital
2014	- Participate, along with the Lao public, in 2+3 Project - Grow breeds, conduct research and make the second breed selection to ensure suitability for Laos' weather conditions
2015	- Build a palm crushing mill - Build a 72ha palm plantation in Keo Oudom District, Vientiane Province
2016	- Buy produce from participating cultivators - Build a seed production plant - Acquire a government license to import, produce and supply bio fuels - Acquire a government license to import finished product for sell
2017	- Build Fertilizer factory (expect to finish in 2018-2019) - Build a 72ha palm plantation in Keo Oudom District, Vientiane Province
2018	- Ready-made fertilizer product distribution - Corn Seed product distribution - Monosodium Glutamate MSG product distribution

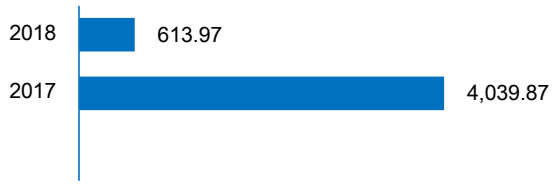
❖ Business Operating Result

Gross Income (Million kip)



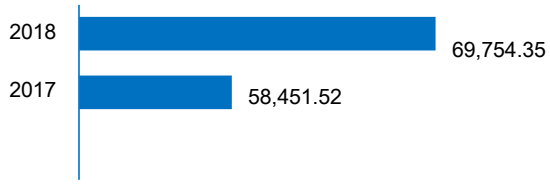
The company generates gross income of 55,381 million kip in 2017, including 5,658.67 million kip from plantation tending and palm sapling supply services, 36,779.78 million kip from goods production and 12,942.00 million kip from goods sale. In 2018, the gross income amounts to 45,523.028 million kip, including 1,895.76 million kip from plantation tending and palm sapling supply services, 66.50% down from 2017's; 39,291.50 million kip from goods production, 6.83% up over 2017's; and 4,336.02 million kip from goods sale, 66.50% down from 2017's. In general, the 2018 income drops by 17.80% if compared to the 2017's.

Profit-Losses (Million kip)



In 2017 the company has a profit of 4,039.87 million kip, accounting for 7.29% of the gross income. In 2018, the profit amounts to 613.97 million kip, accounting for 1.32% of the general income. The profit fall is resulted from the falling gross income of goods sale.

Total Assets (Million Kip)



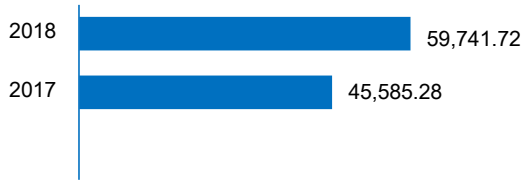
On 31 December, 2017, the company has a total asset of 58,451.52 million kip. On 31 December, 2018, the value of the gross asset totals 69,754.35 million kip, a rise of 19.34% if compared to the gross asset. The company has investments in land and factory buildings in the plantations in Nasaithong district, Vientiane Capital, Saravane province, and Eak Xang district, Vientiane province.

Total liability (Million kip)



On 31 December, 2017, the company has a total liability of 12,593.24 million kip, and on 31 December, 2018 the debt falls to 10,012.63 million kip, 20.49% down from the gross debt. Most of the major debts are owed to trading companies.

Shares of shareholders (Million kip)



On 31 December, 2017, the company has 45,585.28 million kip worth of shares of shareholders and on 31 December, 2018 the value of the shares rises to 59,471.72 million kip, 31.04% up over 2017's. This is due to the sale of 20,000,000 shares on 17 August, 2018.

Cash flow (Million kip)



On 31 December, 2017, the company has 3,572.46 million kip worth of cash flow, including 5,811.17 million kip cash inflow from operations, 3,621.72 million kip of cash outflow for investments. On 31 December, 2018, the company has 4,823.43 million kip worth of cash flow, including 6,524.50 million kip of cash outflow for operations, 5,951.75 million kip of cash outflow for investments, and 13,696.14 million kip of cash inflow from capital transactions.