PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

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FINANCIAL STATEMENTS

31 DECEMBER 2022



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Phousy Construction and Development Public Company

Our opinion

In our opinion, the financial statements of Phousy Construction and Development Public Company (the Company) for the year ended 31 December 2022 are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the financial statements.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter - Basis of accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements have been prepared in accordance with the Company's accounting policies which the accounting basis used in the preparation of these financial statements may differ from International Financial Reporting Standards (IFRS). The readers should therefore be aware that the accompanying financial statements are not intended to present the financial position and its financial performance and cash flows in accordance with IFRS. Our opinion is not modified in respect to this matter.

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Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We determine one key audit matter: Allowance for doubtful account receivable. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter	How our audit addressed the key audit matter
Allowance for doubtful account receivable *Refer to Note 2.4 'Accounting policies – Trade and other receivables' and Note 4 ' Trade and other receivables' to the financial statements.* As at 31 December 2022, trade account receivable – Government of Lao PDR (GoL), who is only one customer of the Company, had the balance in the amount of LAK 302,717 million, less allowance for doubtful account receivables of LAK 285,241 million which represented 41% the total assets in the financial statements, as resulting in net book value of LAK 17,476 million. The payment term depends on the annual budget of GoL. During the year, GoL had limited their budget, as a result payment during the year was only LAK 1,572 million until reporting date. This affects to the working capital. Currently, the Company is in process of negotiating for new payment terms with GoL. Management considers to set up an allowance based on the recoverable amount for conservative purpose. The recoverable amount was estimated by reference to the aging profile, historical payment pattern. We focus on this area as the trade account receivable was significant to the financial statements, and the allowance was based on management's judgement in evaluating the situation and condition of trade accounts receivable to consider the collectability of the Company.	Our key procedures include the following: • Inquired management about the method used as well as the assumptions made and understood the management's process and policy for setting up allowance for doubtful accounts; • Tested the accuracy of aging of trade receivables at year end on a sample basis; • Checked supporting documents such us certification of work completion that accepted by GoL to ensure that GoL has accepted the progress of work; • Assessed the recoverability of the unsettled recoverable on samples basis through our evaluation of management's assessment with reference to the credit profile of the customer, historical payment pattern of the customer, publicly availability information and latest correspondence with the customer and to reconsider if any additional provision should be made; and • Tested subsequent settlements of trade receivables after balance sheet date on sample basis, if any. Based upon the above procedures performed, we satisfied ourselves that management had taken reasonable judgements that were materially supported by the available evidence in respect of the relevant receivable balances. We did not encounter any issues through these audit procedures that indicated that provisioning in respect of trade account receivable was inappropriate.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and presentation of the financial statements in accordance with accounting policies described in Note 2 to the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For PricewaterhouseCoopers (Lao) Sole Company Limited



By Pongphan Domerongphanudom
Partner

Vientiane Capital, Lao PDR
Date: 11 April 2023

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

Assets	Notes	2022 Million LAK	2021 Million LAK
Current assets			
Cash and cash equivalents	3	1,595	176
Trade and other receivables, net	4	174,145	153,049
Inventories		320	320
Other current assets	6	1,219	13,143
Total current assets		**177,279**	**166,688**
Non- current assets			
Property, plant and equipment, net	7	514,539	448,129
Long-term loan to related parties		861	861
Investment securities - held-to-maturity	5	11,095	10,616
Total non-current assets		**526,495**	**459,606**
Total assets		**703,774**	**626,294**
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	8	77,890	58,816
Long-term borrowings from financial institutions	9	38,422	38,422
Long-term borrowings – related parties	9	-	15,825
Profit tax payable	10	13,306	13,337
Other current liabilities	11	56,673	61,661
Total current liabilities		**186,291**	**188,061**
Non- current liabilities			
Long-term borrowings	9	34,500	-
Total non-current liabilities		**34,500**	**-**
Total liabilities		**220,791**	**188,061**
Equity			
Authorised share capital	12	582,000	582,000
Share premium	12	12,540	12,540
Retained earnings/(Deficits)			
Appropriated legal reserve	13	16,047	11,572
Unappropriated		(127,604)	(167,879)
Total equity		**482,983**	**438,233**
Total liabilities and equity		**703,774**	**626,294**

Mr. Sitha PHOMMACHITH
Managing Director
Date: 11 April 2023

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date: 11 April 2023

The accompanying notes on pages 9 to 23 from an integral part of these financial statements.

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 Million LAK	2021 Million LAK
Revenue from construction		-	13,241
Cost of construction		-	(5,806)
Gross profit		**-**	**7,435**
Other gains – net		46,057	2,440
Allowance for doubtful gain, net		11,769	7,893
Write-off of assets		-	(16,717)
Administrative expenses		(4,710)	(2,619)
Foreign exchange gain/(loss)		2,200	(3,901)
Finance expenses	16	(10,566)	(8,029)
Profit/(Loss) before income tax expenses		**44,750**	**(13,498)**
Profit tax expenses	17	-	(397)
Profit/(Loss) for the year		**44,750**	**(13,895)**
Earnings (Loss) per share			
Basic earnings (loss) per share	18	76.89	(23.87)

Mr. Sitha PHOMMACHITH
Managing Director
Date: 11 April 2023

Mrs. Haithong PHOMMACHITH
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PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital Million LAK	Share premium Million LAK	Retained earnings/(Deficits) Legal reserve Million LAK	Retained earnings/(Deficits) Unappropriated Million LAK	Total Million LAK
Balance at 1 January 2022		**582,000**	**12,540**	**11,572**	**(167,879)**	**438,233**
Profit for the year		-	-	-	44,750	44,750
Legal reserve	13	-	-	4,475	(4,475)	-
Balance at 31 December 2022		**582,000**	**12,540**	**16,047**	**(127,604)**	**482,983**
Balance at 1 January 2021		**582,000**	**12,540**	**11,572**	**(153,984)**	**452,128**
Loss for the year		-	-	-	(13,895)	(13,895)
Balance at 31 December 2021		**582,000**	**12,540**	**11,572**	**(167,879)**	**438,233**

Mr. Sitha PHOMMACHITH
Managing Director
Date: 11 April 2023

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date: 11 April 2023

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PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 Million LAK	2021 Million LAK
Cash flows from operating activities:			
Profit/(Loss) before income tax for the year		44,750	(13,498)
Adjustments:			
- Unrealised (gain)/loss on exchange rate		(2,179)	3,901
- Depreciation charge	7	861	3,133
- Finance expenses		10,566	8,029
- (Gain)/Loss from disposal of assets		(42,249)	16,717
- Allowance for doubtful account gain, net		(11,769)	(7,893)
Operating (loss)/profit before working capital changes		**(20)**	**10,389**
Changes in operating assets			
- Trade and other receivables		(34,828)	(15,367)
- Other non-current assets		11,924	(2,467)
Changes in operating liabilities			
- Trade and other accounts payable		21,253	6,942
- Other current liabilities		(12,089)	1,104
Cash (used in)/generated from operations		**(13,760)**	**601**
Income tax paid		(31)	(31)
Net cash (used in)/generated from operating activities		**(13,791)**	**570**
Cash flows from financing activities:			
Proceeds from borrowings	9	34,500	3,600
Repayments on borrowings	9	(15,825)	(3,775)
Finance expenses paid		(3,465)	(307)
Net cashflow generated from/(used in) financing activities		**15,210**	**(482)**
Net increase in cash and cash equivalents		**1,419**	**88**
Cash and cash equivalents at the beginning of the year	3	176	88
Effect of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year	3	**1,595**	**176**
Non-cash items			
Settlement receivable from GoL and investment in held-to-maturity	5	11,095	10,616
Receivable from disposal of assets		76,312	2,387

Mr. Sitha PHOMMACHITH
Managing Director
Date: 11 April 2023

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date: 11 April 2023

The accompanying notes on pages 9 to 23 from an integral part of these financial statements.

1. General information

Phousy Construction and Development Public Company is a public company. The registered address of the Company is at Continental Plaza Hotel, Nongbuathong-Tai Village, Sikhottabong District, Vientiane Capital, Lao PDR.

The principal businesses of the Company are construction, repair and maintenance for roads, bridges and others. There is only one customer which is Government of Lao PDR (GoL).

The Company was listed on the Lao Securities Exchange (LSX) market on 10 October 2017.

These financial statements were authorised for issue by managing director on 11 April 2023.

2. Accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below:

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Company's principal accounting policies as described below and have been prepared generally under the historical cost convention.

According to the Accounting Law no. 47/NA issued on 26 December 2013, Public Interest Enterprises (PIEs) are required to apply IFRS. However, Ministry of Finance has issued announcement No. 1137/MoF issued on 27 April 2020 and from Lao Securities and Exchange Commission Office (LSCO) dated 25 May 2020, which provided options for listed companies to prepare action plan for adoption IFRS within four-year period. Therefore, listed companies must fully adopt IFRS as of 1 January 2026 onwards.

The management is presently preparing action plan for implementation IFRS in accordance with the announcement. The accounting principles applied may materially differ from International Financial Reporting Standards (IFRS).

The preparation of 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.

2. Accounting policies (Continued)

2.1 Basis of preparation (Continued)

Going concern assumption

The Company's financial position which the current liabilities exceeded the current assets in the amount LAK 9,012 million. The related parties issued confirmation letters to the Company that will not call balance payable as at 31 December 2022, total LAK 63,005 million within the next 12 months starting from 31 December 2022 and support to the Company by accepts responsibility of providing and undertakes to provide sufficient financial assistance to the Company as and when it is needed to enable the Company to continue its operations and fulfil all of its financial obligations now and in the future until the Company will have sufficient financial position.

Therefore, these financial statements are prepared on going concern basis.

2.2 Foreign currency transactions

Items included in the financial statements are recorded using Lao Kip ("LAK").

Foreign currency transactions are translated into LAK using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into LAK at the exchange rates prevailing at the balance sheet dates, except some contracts with suppliers the Company has fixed foreign exchange rate and does not need to translate every month ending until those transactions has been settle. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities, if any.

2.4 Trade and other receivables

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. Management considers provision for allowance for doubtful account when the outstanding balance is over 3 years.

No provision made on outstanding balances of loan to related parties, trade and receivables and other receivables from related parties.

2. Accounting policies (Continued)

2.5 Inventories

Inventories are stated at the lower of the purchase cost and net realisable value. The cost is determined using the weighted average method. The purchase cost comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates from suppliers. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.6 Investment securities

2.6.1 Held-to-maturity securities

Held-to-maturity investment are debt securities with fixed or determinable payments and maturities, which the Company has intention and ability to hold to maturity to earn interest. When they are sold before maturity date, these securities will be reclassified as trading securities or available-for-sale securities.

Held-to-maturity securities are initially recognised at cost and subsequently presented at cost. Premiums and discounts arising from securities purchases are amortised in the statement of income using the straight-line method over the year from the acquisition dates to the maturity dates.

Periodically, the held-to-maturity securities are subject to review for impairment. Provision for impairment of these securities is made when there has been a significant or prolonged decline in the value below their cost. Provision for impairment is recognised as "Net gain/(loss) from securities investment" in the statement of income.

2.7 Property, plant and equipment

All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of income during the financial period in which they are incurred.

2. Accounting policies (Continued)

2.7 Property, plant and equipment (Continued)

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to their residual values over their estimated useful lives, as follows:

Asset types	Years
Building	10
Vehicle	10
Office equipment	5
Furniture and fixture	5

Gains or losses on disposals are determined by comparing the proceeds or agreed considerations with the carrying amount and are recognised within 'Other (losses)/gains – net' in statement of income.

2.8 Borrowings

Borrowings are recognised initially at cash proceed received.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

All borrowing costs are recognised in statement of income in the period in which they are incurred.

2.9 Revenue recognition

Revenue comprises the invoice value net of rebates and discounts, if any. Revenue from the construction and services are recognised when the goods or services are transferred or delivered and accepted by the buyer.

Other income is recognised on the following basis:

- Interest income is recognised on a time-proportion basis, taking into account the principal outstanding and interest rate over the period to maturity, when it is determined that such income will be accrued to the Company.
- Other income is recognised on an accrual basis.

2. Accounting policies (Continued)

2.10 Taxation

The Company records corporate income tax on an accrual basis. The Company does not recognise corporate income tax payable or receivable in future periods for temporary differences. Profit tax is calculated by revenue from construction within a year multiplied with gross profit ratio and multiplied with profit tax rate (Note 17). The profit tax will off-set when Government of Laos make payment to the Company.

In Lao PDR, income tax returns are reviewed in detail by the relevant authorities on a regular basis. Tax issues raised during the reviews may require judgments and interpretations by the relevant authority. Tax reviews may result in additional tax payments or refunds as necessary. Such additional payment or refund is recognised as income tax expenses in the year in which the reviews are completed.

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated, except for the provision for employee benefits as described in Note 2.12.

2.12 Employee benefits

According to the Lao Labor Law, when staff retire and meet the certain criteria as mentioned in Lao Labor Law. Therefore, the Company has obligation to pay to the staff for retirement expenses.

Provisions for employee benefits are not accrued in each year. The liability recognised in the statement of financial position and related expenses are recognised in the income statement based on actual amount due at the time of employees retire.

3. Cash and cash equivalents

	2022 Million LAK	2021 Million LAK
Cash on hand	9	79
Deposits held at call with financial institutions	1,586	97
Total	**1,595**	**176**

Cash on hand includes petty cash for day-to-day operation.

Deposits held at call with financial institutions represents cash deposited with reputable local banks in currencies, US dollars, Thai baht and Lao kip in current accounts with none interest.

4. Trade and other receivables, net

	2022 Million LAK	2021 Million LAK
Trade account receivable	302,717	314,994
Less: Allowance for doubtful receivable	(285,241)	(297,010)
Trade account receivable, net (a)	17,476	17,984
Amount due from Phousy Group (Note 19) b)	156,614	76,682
Short-term loan to Phousy Group (Note 19) b)	-	55,941
Other receivables	55	2,442
Total	**174,145**	**153,049**

(a) The outstanding trade receivable balance as at 31 December is aged as follows:

	2022 Million LAK	2021 Million LAK
Not yet due	-	-
Overdue:		
0-3 months	-	7,479
3-6 months	-	-
6-12 months	-	7,085
Over 1 year	14,564	2,912
Over 2 years	2,912	508
Over 3 years	285,241	297,010
Trade and other receivables, net	302,717	314,994
Less: Allowance for doubtful receivable*	(285,241)	(297,010)
Total	**17,476**	**17,984**

*The Company has only one customer, Government of Laos (GoL), which will consider provision for doubtful account in some certain criteria. Although there was no default payment from GoL in the past however, management considered to set up allowance for doubtful account 100% for outstanding balance over 3 years for conservative. Except there is the agreement from GoL for payment.

5. Investment securities - held-to-maturity

	2022 Million LAK	2021 Million LAK
Opening balance 1 January	10,616	-
Addition*	479	10,616
As at 31 December	**11,095**	**10,616**

*During the year, the Company had received the bonds which were issued by the Ministry of Finance to settle the receivable from construction projects, with interest rate range 5.00 % - 6.00% per annum and contract range of 3 years to 10 years.

6. Other current assets

	2022 Million LAK	2021 Million LAK
Interest receivable from a related party*	-	12,493
Other receivables	913	359
Advances to supplier	205	205
Advances to staff	38	38
Prepayment	63	48
Total	**1,219**	**13,143**

* During the year, the interest receivable from a related party was fully settled.

7. Property, plant and equipment, net

	Land Million LAK	Building Million LAK	Motor vehicles Million LAK	Furniture and fixture Million LAK	Computer and office equipment Million LAK	Total Million LAK
At 31 December 2021						
Cost	446,896	18	34,852	1,061	448	483,275
Less: Accumulated depreciation	-	(14)	(32,337)	(1,051)	(445)	(33,847)
Provision for impairment	-	-	(1,299)	-	-	(1,299)
Net book amount	**446,896**	**4**	**1,216**	**10**	**3**	**448,129**
Opening net book amount	446,896	4	1,216	10	3	448,129
Additions*	98,947	-	-	-	-	98,947
Disposals**	(31,676)	-	-	-	-	(31,676)
Depreciation charge (Note 15)	-	(1)	(849)	(9)	(2)	(861)
Closing net book amount	**514,167**	**3**	**367**	**1**	**1**	**514,539**
At 31 December 2022						
Cost	514,167	18	34,852	1,061	448	550,546
Less: Accumulated depreciation	-	(15)	(33,186)	(1,060)	(447)	(34,708)
Provision for impairment	-	-	(1,299)	-	-	(1,299)
Net book amount	**514,167**	**3**	**367**	**1**	**1**	**514,539**

* Addition during the year was land that Phousy Group settled with the Company's receivable by offsetting with their land.

** Disposals during the year were mainly from land that sold to Phousy Group.

Land LAK 251,751 million are secured for the Company's borrowings (Note 9) and LAK 254,004 million are secured for the Phousy Group's borrowings.

8. Trade and other payables

	2022 Million LAK	2021 Million LAK
Trade payable - third parties	11,068	14,358
Other payable - related parties (Note 19) b)	66,822	44,458
Total	**77,890**	**58,816**

9. Borrowings, net

	2022 Million LAK	2021 Million LAK
Financial institutions	72,922	38,422
Related parties (Note 19) b)	-	15,825
Total	**72,922**	**54,247**

	2022 Million LAK	2021 Million LAK
Current	38,422	54,247
Non-current	34,500	-
Total	**72,922**	**54,247**

The movement in borrowings can be analysed as follows:

	2022 Million LAK	2021 Million LAK
Opening balance 1 January	54,247	54,422
Additions *	34,500	3,600
Repayments	(15,825)	(3,775)
As at 31 December	**72,922**	**54,247**

Borrowing from financial institution and related parties:

The Company signed a borrowing agreement amount LAK 36,000 million and LAK 5,000 million with local commercial bank for working capital for road construction with interest rate of 17% and 13% per annum respectively since 29 May 2015. This borrowing is guaranteed by land of the Company (Note 7) and land of related parties. The Company is required to repay principal within 3 years after the first drawdown on annually and interest is payable on monthly.

As at reporting date, the new term loan was being discussed with lender, therefore the Company recognise interest expense based on the condition as mentioned on above.

9. Borrowings, net (continued)

* During the year, The Company entered into the borrowing agreement amount LAK 300 billion with local commercial bank with interest rate 9.50% per annum started from 29 December 2022 to 29 December 2027. This borrowing is guaranteed by land of the Company (Note 7) and land of related party. The Company is required to repay principal within 3 years after the first drawdown on annually and interest is payable on monthly. For the year ended 31 December 2022, there was an amount of LAK 34,500 million drawn down.

The aging analysis of these borrowings is as follows:

	2022 Million LAK	2021 Million LAK
Less than one year	38,422	54,247
More than one year but not over 5 years	34,500	-
Total	**72,922**	**54,247**

10. Profit tax payable

According to the profit tax payment practice between tax authority and the Company, profit tax is calculated by assessed taxes at pre-determined profit rates multiplied by profit tax rate and revenue from construction. The profit tax will off-set when Government of Laos make payment to the Company.

As at 31 December 2022, profit tax payable presented profit tax payable from construction revenue but GoL does not yet make payment.

11. Other current liabilities

	2022 Million LAK	2021 Million LAK
VAT payable*	20,435	31,211
Interest payable to related parties	-	1,835
Interest payable to financial institutions	29,948	24,012
Dividend payable	1,863	1,863
Advance received from sub-contractor	930	754
Advance received from Government	893	893
Accrued salary	57	-
Others	2,547	1,093
	56,673	**61,661**

* VAT payable is calculated by multiplied by 10% (before year 2022) of revenue from construction and it will off-set when Government of Laos make payment to the Company.

During the year, the Government of Laos has decreased its standard Value Added Tax (VAT) rate from 10% to 7% effective since 1 January 2022 onward.

12. Share capital and premium on share capital

	Number of shares Million Shares	Ordinary shares Million LAK	Share Premium Million LAK	Total Million LAK
At 1 January 2021	582	582,000	12,540	594,540
Issued of shares	-	-	-	-
At 31 December 2021	**582**	**582,000**	**12,540**	**594,540**
At 1 January 2022	582	582,000	12,540	594,540
Issued of shares	-	-	-	-
At 31 December 2022	**582**	**582,000**	**12,540**	**594,540**

As at 31 December 2022, the Company has share 582,000,000 shares with a par value of LAK 1,000 per share and issued shares were fully paid.

The Company incurred premium on share LAK 12,540 million when listed in Lao Securities Exchange in 2017.

13. Legal reserve

	2022 Million LAK	2021 Million LAK
Opening balance	11,572	11,572
Addition	4,475	-
	16,047	**11,572**

The legal reserve is set up in accordance with the requirement of the Enterprise Law of the Lao PDR, which requires that at least 10% of the annual net profit be set aside as a legal reserve until such reserve reaches 50% of the authorised share capital.

14. Dividend

2022:
At the Annual General Meeting of Shareholders, held on 29 April 2022, the shareholders approved no dividend payments for the year 2021 because of the business operating result loss.

2021:
At the Annual General Meeting of Shareholders, held on 28 April 2021, the shareholders approved no dividend payments for the year 2020 because of the business operating result loss.

15. Expenses by nature

	2022 Million LAK	2021 Million LAK
Staff cost	1,136	1,803
Depreciation charge (Note 7)	861	3,133
Write-off of assets	-	16,717
Other expenses	1,688	1,491
Consulting expenses	483	339
Repairs and maintenance expenses	129	140
Supplies	23	1,381
Travelling cost	390	138
	4,710	**25,142**

16. Finance expenses

	2022 Million LAK	2021 Million LAK
Interest expenses from borrowing		
- financial institutions	6,466	5,892
- related parties (Note 19) a)	1,100	2,137
Borrowing approval fees	3,000	-
	10,566	**8,029**

17. Profit tax expense

According to the profit tax payment practice between tax authority and the Company as described in (Note 10), profit tax expense presented profit tax from construction revenue during the year but GoL does not yet make payment.

18. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Weighted average number of ordinary shares (million shares)	582	582
Net profit/(loss) for the year attributable to shareholders (million LAK)	44,750	(13,895)
Basic earnings (loss) per share (LAK)	**76.89**	**(23.87)**

19. 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.

As at 31 December 2022, the Company is controlled by the Phommachith family, who own 86% of the Company's shares (2021: 86%). The remaining 14% of the share are widely held. The Company's ultimate controlling party is Mr. Sithong Phommachith. He is management of Phousy Group Sole Company Limited (Phousy Group).

Significant related party transactions during the year can be summarised as follows:

a) Purchases of goods or services and others

	2022 Million LAK	2021 Million LAK
Interest income from Phousy Group	3,253	2,082
Interest expense (Note 16)	1,100	2,137
Fuel expenses	377	628
Rental expense	165	180

b) Outstanding balances with related parties

	2022 Million LAK	2021 Million LAK
Amounts due from related party (Note 4) (1)	156,614	76,682
Other payable - related parties (Note 8)	66,822	44,458
Long-term loan to related parties	861	861
Short-term loan to Phousy Group (Note 4) (2)	-	55,941
Long-term borrowings (Note 9) (3)	-	15,825

(1) This is consisting of amounts due from Phousy Group Sole Company Limited, with no interest and call on demand.

(2) On 27 December 2017, the Company entered into short-term loan agreement LAK 86,531 million with Phousy Group for investment in development of new town project at Luang Prabang with interest rate 5% per annum, no collateral. During the year, the Company has fully settled from Phousy Group both of principal and interest.

19. Related party transactions (Continued)

b) Outstanding balances with related parties (Continued)

(3) Movement of borrowings can be analysis as below:

	2022 Million LAK	2021 Million LAK
Opening balance	15,825	16,000
Additions	-	3,600
Repayments	(15,825)	(3,775)
Ending balance	**-**	**15,825**

Borrowings from related parties with the interest rate range 9.75% to 11.13% per annum and using for operating in the Company. The repayments terms are in the range of 1 to 4 years and will be repaid fully at the end of contract period, starting from 2017 to 2022, During the year, the borrowings from related parties were fully paid.

Borrowings are denominated in Lao Kip (LAK) and aging analysis of these borrowings is as follows:

	2022 Million LAK	2021 Million LAK
Less than one year	-	15,825
More than one year but not over 5 years	-	-
	-	**15,825**

c) Managements remuneration

There was no benefit paid to managing director during the year.

20. Commitments and significant agreements

	2022 Million LAK	2021 Million LAK
Office rental commitment (1)	525	705
Service fee	817	-

(1) The Company leases land and offices under non-cancellable operating lease agreements. The lease term is 10 years, and the majority of lease agreements are renewable at the end of the lease period at an agreed date.

21. Event after the reporting period

On 31 March 2023, the Company had received the bonds which were issued by the Ministry of Finance to settle the receivable from construction projects amounts LAK 5,789,330,000 with interest rate range 5.00 % - 6.00% per annum and contract range of 3 years to 10 years.