PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

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INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023



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

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

We have reviewed the interim financial information of Phousy Construction and Development Public Company, which comprises the statement of financial position as at 30 June 2023, 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 accounting policies as described in Note 2 to the interim financial information. 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 the 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 accounting policies as described in Note 2 to the interim financial information.

For PricewaterhouseCoopers (Lao) Sole Company Limited

By: Pongphan Domerongphanudom
Partner

Date: 29 August 2023

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

Assets	Notes	Unaudited 30 June 2023 Million LAK	Audited 31 December 2022 Million LAK
Current assets			
Cash and cash equivalents	4	107	1,595
Trade and other receivables, net	5	440,091	174,145
Investment securities - held-to-maturity	6	5,657	-
Inventories		320	320
Other current assets		1,495	1,219
Total current assets		**447,670**	**177,279**
Non- current assets			
Property, plant and equipment, net	7	415,487	514,539
Long-term loan to related parties		861	861
Investment securities - held-to-maturity	6	5,438	11,095
Total non-current assets		**421,786**	**526,495**
Total assets		**869,456**	**703,774**
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	8	129,663	77,890
Current portion of long-term borrowings	9	29,422	38,422
Profit tax payable	10	13,306	13,306
Other current liabilities	11	57,605	56,673
Total current liabilities		**229,996**	**186,291**
Non- current liability			
Long-term borrowings	9	111,500	34,500
Total non-current liability		**111,500**	**34,500**
Total liabilities		**341,496**	**220,791**
Equity			
Authorised share capital	12	582,000	582,000
Share premium	13	12,540	12,540
Retained earnings/(deficits)			
Appropriated legal reserve		16,047	16,047
Unappropriated		(82,627)	(127,604)
Total equity		**527,960**	**482,983**
Total liabilities and equity		**869,456**	**703,774**

Mr. Sitha PHOMMACHITH
Managing Director
Date: 29 August 2023

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date: 29 August 2023

The accompanying notes on pages 6 to 13 are an integral part of these interim financial information

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Notes	Unaudited 30 June 2023 Million LAK	Unaudited 30 June 2022 Million LAK
Revenue from construction		-	-
Cost of construction		-	-
Gross profit		-	-
Gain from disposal of assets		46,620	-
Allowance for doubtful gain, net		5,789	447
Other income		405	2,007
Administrative expenses		(1,396)	(1,976)
Foreign exchange (loss)/gain		(342)	2,480
Interest expenses		(6,099)	(4,014)
Profit/(Loss) before profit tax expenses		**44,977**	**(1,056)**
Profit tax expenses	15	-	-
Profit/(Loss) for the period		**44,977**	**(1,056)**
Earning (Loss) per share			
Basic earning (loss) per share	16	77.28	(1.81)

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PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Notes	Share capital Million LAK	Share premium Million LAK	Retained earnings/(deficits) Legal reserve Million LAK	Retained earnings/(deficits) Unappropriated Million LAK	Total Million LAK
Opening balance at 1 January 2023 - Audited	12,13	**582,000**	**12,540**	**16,047**	**(127,604)**	**482,983**
Profit for the period		-	-	-	44,977	44,977
As at 30 June 2023 - Unaudited		**582,000**	**12,540**	**16,047**	**(82,627)**	**527,960**
Opening balance at 1 January 2022 - Audited	12,13	**582,000**	**12,540**	**11,572**	**(167,879)**	**438,233**
Loss for the period		-	-	-	(1,056)	(1,056)
As at 30 June 2022 - Unaudited		**582,000**	**12,540**	**11,572**	**(168,935)**	**437,177**

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PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Notes	Unaudited 30 June 2023 Million LAK	Unaudited 30 June 2022 Million LAK
Cash flows from operating activities:			
Profit/(Loss) before income tax for the period		44,977	(1,056)
Adjustments:			
- Unrealised loss/(gain) on exchange rate		337	(2,480)
- Depreciation charges	7	105	558
- Interest expenses		6,099	4,014
- Gain from disposal of assets		(46,620)	-
- Allowance for doubtful account gain, net	6	(5,789)	(479)
Operating (loss)/profit before working capital changes		**(891)**	**557**
Changes in operating assets			
- Trade and other receivables		(139,590)	(299)
- Other current assets		(276)	(2,026)
Changes in operating liabilities			
- Trade and other accounts payable		51,436	1,898
- Other current liabilities		96	244
Cash (used in)/generated from operating activities		**(89,225)**	**374**
Interest paid		(5,263)	(430)
Net cash used in operating activities		**(94,488)**	**(56)**
Cash flows from investing activities:			
Proceeds from disposals of assets		25,000	-
Net cash generated from investing activities		**25,000**	**-**
Cash flows from financing activities:			
Proceeds from borrowings	9	77,000	-
Repayments on borrowings	9	(9,000)	(64)
Net cash generated from/(used in) financing activities		**68,000**	**(64)**
Net decrease in cash and cash equivalents		**(1,488)**	**(120)**
Cash and cash equivalents at the beginning of the period	4	1,595	176
Effect of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the period	4	**107**	**56**
Non-cash items			
Settlement receivable from GoL and investment securities - held-to-maturity	6	5,789	479
Receivable from disposal of investment securities - held-to-maturity	6	5,789	-
Receivable from disposal of assets		120,567	-

Mr. Sitha PHOMMACHITH
Managing Director
Date: 29 August 2023

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date: 29 August 2023

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CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

1. General information

Phousy Construction and Development Public Company is a public company. The address of the Company's registered office 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.

This interim financial information was authorised for issue managing director on 29 August 2023.

2. 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 2022. 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 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 2022.

Going concern assumption

The Company's financial position which the current liabilities exceeded the current assets in the amount LAK 85,298 million (excluding related parties transaction net amount). The related parties issued confirmation letters to the Company that will not call balance payable as at 30 June 2023, total LAK 119,034 million within the next 12 months starting from 30 June 2023 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.

3. Estimates

The preparation of interim financial information requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing this interim financial information, significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2022.

4. Cash and cash equivalents

	Unaudited 30 June 2023 Million LAK	Audited 31 December 2022 Million LAK
Cash on hand	14	9
Deposits held at call with financial institutions	93	1,586
Total	**107**	**1,595**

5. Trade and other receivables

	Unaudited 30 June 2023 Million LAK	Audited 31 December 2022 Million LAK
Trade account receivables	296,928	302,717
Less: Allowance for doubtful debts	(279,452)	(285,241)
Trade accounts receivable, net	17,476	17,476
Amount due from related parties (Note 17) b)	422,560	156,614
Other receivables	55	55
Total	**440,091**	**174,145**

6. Investment securities- held-to-maturity

	Unaudited 30 June 2023 Million LAK	Audited 31 December 2022 Million LAK
Opening balance 1 January	11,095	10,616
Addition*	5,789	479
Disposal**	(5,789)	-
Total	**11,095**	**11,095**

* During the period the Company had received the bonds which were issued by the Ministry of Finance to settle the receivable from construction projects.
** During the period the Company had sold the bonds to a related party.

	Unaudited 30 June 2023 Million LAK	Audited 31 December 2022 Million LAK
Current	5,657	-
Non - current	5,438	11,095
Total	**11,095**	**11,095**

7. Property, plant and equipment, net

	Million LAK
Opening net book value as at 1 January 2023 – Audited	514,539
Disposal*	(98,947)
Depreciation charges	(105)
Closing net book value as at 30 June 2023 – Unaudited	**415,487**

* Disposals during the period were from land that sold to related party.

Land LAK 152,804 million are secured for borrowings (Note 9) and LAK 254,004 million are secured for the Phousy Group's borrowings.

8. Trade and other payables

	Unaudited 30 June 2023 Million LAK	Audited 31 December 2022 Million LAK
Trade payable – third parties	10,076	11,068
Other payable – related parties (Note 17) b)	119,587	66,822
Total	**129,663**	**77,890**

9. Borrowings, net

	Unaudited 30 June 2023 Million LAK	Audited 31 December 2022 Million LAK
Financial institution	140,922	72,922
Total	**140,922**	**72,922**

	Unaudited 30 June 2023 Million LAK	Audited 31 December 2022 Million LAK
Current	29,422	38,422
Non - current	111,500	34,500
Total	**140,922**	**72,922**

9. **Borrowings, net** (continued)

The movement in borrowings can be analysed as follows:

	Million LAK
Opening balance as at 1 January 2023 - Audited	72,922
Additions	77,000
Repayments	(9,000)
Closing balance as at 30 June 2023 - Unaudited	**140,922**

Borrowing from financial institution:

The Company signed a borrowing agreement amount LAK 36,000 million and LAK 5,000 million with ST Bank Company Limited 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.

For the period six-month ended 30 June 2023, there was an amount of LAK 9,000 million were paid.

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 parties. The Company is required to repay principal within 3 years after the first drawdown on annually and interest is payable on monthly.

For the period 30 June 2023, there was an amount of LAK 77,000 million drawn down.

The aging analysis of these borrowings is as follows:

	Unaudited 30 June 2023 Million LAK	Audited 31 December 2022 Million LAK
Less than one year	29,422	38,422
More than one year but not over 5 years	111,500	34,500
Total	**140,922**	**72,922**

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 30 June 2023, profit tax payable presented profit tax payable from construction revenue but GoL does not yet make payment.

11. Other current liabilities

	Unaudited 30 June 2023 Million LAK	Audited 31 December 2022 Million LAK
VAT payable*	20,435	20,435
Interest payable from financial institutions	30,784	29,948
Dividend payable	1,863	1,863
Advance received from sub-contractor	930	930
Advance received from government	893	893
Accrued salary	84	57
Others	2,616	2,547
Total	**57,605**	**56,673**

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

12. Share capital and premium on share capital

As at 30 June 2023, 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

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

2023:
At the Annual General Meeting of Shareholders, held on 27 April 2023, the shareholders approved no dividend payments for the year 2022 because of the accumulated loss.

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.

15. Profit tax expenses

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 period but GoL does not yet make payment.

16. Basic earning per share

As at 30 June 2023, basic earning per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	Unaudited 30 June 2023 Million LAK	Unaudited 30 June 2022 Million LAK
Weighted average number of ordinary shares (million shares)	582	582
Net profit (loss) for the period attributable to shareholders (million LAK)	44,977	(1,056)
Basic earning (loss) per share (LAK)	**77.28**	**(1.81)**

17. 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 30 June 2023, the Company is controlled by the Phommachith family, who own 86% of the Company's shares (2022: 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 period can be summarised as follows:

a) Purchases of goods or services and others

	Unaudited 30 June 2023 Million LAK	Unaudited 30 June 2022 Million LAK
Interest income from Phousy Group	-	1,731
Interest expense	-	830
Fuel expenses	115	243
Rental	75	90

b) Outstanding balances with related parties

	Unaudited 30 June 2023 Million LAK	Audited 31 December 2022 Million LAK
Amounts due from related parties (Note 5)*	422,560	156,614
Short-term to loan related parties	861	861
Other payable – related parties (Note 8)	119,587	66,822

* This is consisting of amount due from Phousy Group Sole Company Limited and other related parties with no interest and call on demand.

c) Managements remuneration

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

18. Commitments

	Unaudited 30 June 2023 Million LAK	Audited 31 December 2022 Million LAK
Office rental commitment *	450	525
Service fee	738	817

* 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.

19. Event after the reporting period

There are no significant events occurring after the period end requiring adjustments or disclosures to the financial information for the period ended 30 June 2023.