# PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

# FINANCIAL STATEMENTS

# 31 MARCH 2024

**PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY**

**STATEMENT OF FINANCIAL POSITION**
**FOR THE 1ST QUARTER PERIOD ENDED 31 MARCH 2024**

| | Notes | Unaudited 31 March 2024 Million LAK | Audited 31 December 2023 Million LAK |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 3 | 234 | 366 |
| Trade and other receivables, net | 4 | 572,372 | 575,207 |
| Inventories | | 317 | 320 |
| Invesment Securities-held-to-maturity | 5 | 5,657 | 5,657 |
| Other current assets | 6 | 1,473 | 1,778 |
| Total current assets | | **580,053** | **583,328** |
| **Non- current assets** | | | |
| Land building and equipment, net | 7 | 213,732 | 213,732 |
| Fixed assets for investments | 5 | 189,442 | 189,442 |
| Long-term loan to related parties | | 598 | 861 |
| Property investments - Held-to-maturity | 5 | 11,095 | 5,438 |
| **Total non-current assets** | | **414,867** | **409,473** |
| **Total assets** | | **994,920** | **992,801** |
| **Liabilities and equity** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payable | 8 | 133,507 | 133,168 |
| Short-term borrowings from financial institutions | 9 | 29,422 | 29,422 |
| Profit tax payable | 10 | 11,130 | 11,175 |
| Other current liabilities | 11 | 72,560 | 55,315 |
| **Total current liabilities** | | **246,619** | **229,080** |
| **Non-current liabilities** | | | |
| Long-term loan | 9 | 138,500 | 138,500 |
| **Total Non-current liabilities** | | **138,500** | **138,500** |
| **Total liabilities** | | **385,119** | **367,580** |
| **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 | 17,510 |
| Unappropriated | | (786) | 13,171 |
| **Total equity** | | **609,801** | **625,221** |
| **Total liabilities and equity** | | **994,920** | **992,801** |



Mr. Pheng Duangngeun
Managing Director
Date 19 April 2024

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date 19 April 2024

**The accompanying notes on pages 5-14 are an integral part of these financial statements.**

**PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY**

**STATEMENT OF FINANCIAL INCOME**
**FOR THE 1ST QUARTER PERIOD ENDED 31 MARCH 2024**

| | Notes | Unaudited 31 March 2024 Million LAK | 31 March 2023 Million LAK |
|---|---|---|---|
| Revenue from Construction | | 400 | - |
| Cost of Construction | | (136) | - |
| **Gross Profit** | | **264** | **-** |
| Gain from Disposal of assets | | - | - |
| Allowance for doubtful gain,net | | - | - |
| Income from Land rental | | 2,250 | - |
| Income from Financial | | - | - |
| Administation Expense | | (540) | (5,388) |
| Profit(Loss) from exchange | | - | (5) |
| Financial Expense | | (4,590) | (2,744) |
| Profit/Loss before profit tax Expense | | **(2,616)** | **(8,137)** |
| Profit tax Expense | 10 | **-** | **-** |
| **Profit ( Loss) for the year** | | **(2,616)** | **(8,137)** |
| **Earning ( Loss ) per share** | | | |
| Basic ( Loss ) per share | 14 | (4.49) | (13.98) |



| | |
|---|---|
| Mr. Pheng Duangngeun | Mrs. Haithong PHOMMACHITH |
| Managing Director | Head of Finance and Accounting |
| Date 19 April 2024 | Date 19 April 2024 |

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**PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE 1ST QUARTER PERIOD ENDED 31 MARCH 2024**

| | 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 01 Jan 2024** | 12 | **582,000** | **12,540** | **16,047** | **13,171** | **623,758** |
| Profit/Loss for the Quarter | | - | - | - | (2,616) | (2,616) |
| Appropriated legal reserve | | | | | 1,463 | 1,463 |
| Shere profit | | - | - | - | (12,804) | (12,804) |
| **Balance for 31 March 2024 (Unaudited)** | | **582,000** | **12,540** | **16,047** | **(786)** | **609,801** |
| **Opening balance 01 Jan 2023** | 12 | **582,000** | **12,540** | **16,047** | **(127,604)** | **482,983** |
| Profit/Loss for the Quarter | | - | - | - | (8,137) | (8,137) |
| Appropriated legal reserve | | | | | - | - |
| Shere profit | | - | - | - | - | - |
| **Balance for 31 March 2023** | | **582,000** | **12,540** | **16,047** | **(135,741)** | **474,846** |



Mr. Pheng Duangngeun
Managing Director
Date 19 April 2024

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Date 19 April 2024

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**PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY**

**STATEMENT OF CASH FLOWS**
**FOR THE 1ST QUARTER PERIOD ENDED 31 MARCH 2024**

| | Notes | Unaudited 31 March 2024 Million LAK | 31 March 2023 Million LAK |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Loss before income tax | | (2,616) | (8,137) |
| Adjustments: | | | |
| - Unrealised loss/(gain)on foreign exchange rate | | - | 5 |
| - Depreciation charge | | - | - |
| - Financial expense | | 4,590 | 2,744 |
| - Gain from disposal of assets | | | - |
| - Allowance for doubtful (gain)/loss, net | | | - |
| | | | - |
| **Operating loss before changing in operating assets and liabilities** | | **1,974** | **(5,388)** |
| *Changes in operating asset* | | | |
| - Trade and other receivables | | 2,835 | (12,956) |
| - Other current assets | | 305 | - |
| -Trade payables and other payables | | (339) | (2,163) |
| - Other current libilitie | | (17,245) | 2,035 |
| **Cash generated from operations** | | **(12,470)** | **(18,472)** |
| Profit tax paid | | - | - |
| **Net cash flows (used in) from operating activities** | | (12,470) | (18,472) |
| **Cash flows from Investing activities:** | | | |
| Received from disposal of asset | | - | - |
| **Net cash generated from investing activities** | | - | - |
| **Cash flows from financing activities:** | | | |
| Proceeds from borrowing | | - | 29,000 |
| Repayments of borrowings | | - | - |
| Financial Expense paid | | (4,426) | (4,196) |
| **Net cash generated from financing activities** | | **(4,426)** | **24,804** |
| **Net (decrease)/increase in cash and cash equivalents** | | **(132)** | **6,332** |
| Cash and cash equivalent at the beginning of the year | 3 | 366 | 1,595 |
| Effect of exchange rate change on cash hand cash equivalents | | - | - |
| **Cash and cash equivalent at the end of the year** | | **234** | **7,927** |



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Managing Director
Date 19 April 2024

Mrs. Haithong PHOMMACHITH
Head of Finance and Accounting
Date 19 April 2024

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## 1. General information 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 19 Apr 2024.

## 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.
*Going concern assumption*

### 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 recognized 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.

### 2.5 Inventories

Inventories are stated at the lower of the purchase cost and net realizable 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 realizable value is the price at which the inventories can be realized in the normal course of business after allowing for the costs of realization. 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 recognized at cost and subsequently presented at cost. Premiums and discounts arising from securities purchases are amortizes 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 recognized 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 recognized 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 derecognized. All other repairs and maintenance are charged to statement of income during the financial period in which they are incurred.

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 recognized within 'Other (losses)/gains – net' in statement of income.

### 2.8 Borrowings

Borrowings are recognized 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 recognized 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 recognized when the goods or services are transferred or delivered and accepted by the buyer.

Other income is recognized on the following basis:

- Interest income is recognized 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 recognized on an accrual basis.

### 2.10 Taxation

The Company records corporate income tax on an accrual basis. The Company does not recognized 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 recognized as income tax expenses in the year in which the reviews are completed.

### 2.11 Provisions

Provisions are recognized 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 recognized in the statement of financial position and related expenses are recognized in the income statement based on actual amount due at the time of employees retire.

## 3. Cash and cash equivalents

| | Unaudited 31 March 2024 Million LAK | Audited 31 December 2023 Million LAK |
|---|---|---|
| Cash on hand | 50 | 180 |
| Deposits held at call with financial institutions | 184 | 186 |
| **Total** | **234** | **366** |

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

| | Unaudited 31 March 2024 Million LAK | Audited 31 December 2023 Million LAK |
|---|---|---|
| Trade account receivables | 217,658 | 218,776 |
| Less: Allowance for doubtful debt | (203,529) | (203,539) |
| Trade accounts receivable, net | 14,129 | 15,237 |
| Amount due from related parties | 558,183 | 559,915 |
| Short-term loan to Phousy Group | - | - |
| Other receivable | 60 | 55 |
| **Total** | **572,372** | **575,207** |

## 5. Investment securities - Held-to-maturity

| | Unaudited 31 March 2024 Million LAK | Audited 31 December 2023 Million LAK |
|---|---|---|
| Opening balance 1 January | 11,095 | 5,438 |
| Addition | -. | 5,657 |
| **As at 31 March** | **11,095** | **11,095** |

*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

| | Unaudited 31 March 2024 Million LAK | Audited 31 December 2023 Million LAK |
|---|---|---|
| Interest receivable from related party | - | - |
| Other receivable | 1,169 | 1,473 |
| Advances to suppliers | 206 | 205 |
| Advances to staff | 38 | 38 |
| Prepayments | 60 | 62 |
| **Total** | **1,473** | **1,778** |

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

## 7. Property, plant and equipment, net

| | Unaudited 31 March 2024 Million LAK | Audited 31 December 2023 Million LAK |
|---|---|---|
| **As at 31 March 2024, 31 December 2023** | - | - |
| Cost | 403,174 | 415,487 |
| Additions | - | - |
| Less Accumulated depreciation | - | (12,313) |
| Provision for impairment | - | - |
| **Net book amount** | **403,174** | **403,174** |

## 8. Trade and other payables

| | Unaudited 31 March 2024 Million LAK | Audited 31 December 2023 Million LAK |
|---|---|---|
| Trade payable – third party | 10,765 | 10,394 |
| Other payable – related parties | 122,742 | 122,774 |
| **Total** | **133,507** | **133,168** |

## 9. Borrowings, net

| | Unaudited 31 March 2024 Million LAK | Audited 31 December 2023 Million LAK |
|---|---|---|
| Current | 29,422 | 29,422 |
| Non - current | 138,500 | 138,500 |
| **Total** | **167,922** | **167,922** |

## 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 31 March 2024, profit tax payable presented profit tax payable from construction revenue but GoL do not yet make payment.

## 11. Other current liabilities

| | Unaudited 31 March 2024 Million LAK | Audited 31 December 2023 Million LAK |
|---|---|---|
| VAT payable | 15,232 | 15,310 |
| Interest payable from financial institutions | 38,025 | 33,600 |
| Interest payable from related parties | - | - |
| Dividend payable | 12,863 | 1,863 |
| Advance received from sub-contractor | 930 | 930 |
| Advance received from Government | 893 | 893 |
| Accrued salary | 95 | - |
| Others | 4,525 | 2,719 |
| **Total** | **72,560** | **55,315** |

*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 on ward.

## 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 2023 | 582 | 582,000 | 12,540 | 594,540 |
| Issued of shares | - | - | - | - |
| At 31 Mrch 2023 | **582** | **582,000** | **12,540** | **594,540** |
| At 1 January 2024 | 582 | 582,000 | 12,540 | 594,540 |
| Issued of shares | - | - | - | - |
| At 31 March 2024 | **582** | **582,000** | **12,540** | **594,540** |

As at 31 March 2024, 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 list in Lao Securities Exchange in 2017.

## 13. Legal reserve

| | Unaudited 31 March 2024 Million LAK | Audited 31 December 2023 Million LAK |
|---|---|---|
| Opening balance | 17,510 | 16,047 |
| Addition | - | 1,463 |
| **Total** | **17,510** | **17,510** |

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. Basic loss per share

Basic loss per share are calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

| | Unaudited | |
|---|---|---|
| | 31 March 2024 | 31 March 2023 |
| | Million LAK | Million LAK |
| Weighted average number of ordinary shares (million shares) | 582 | 582 |
| Net loss for the period attributable to shareholders (million LAK) | (2,616) | (8,137) |
| **Basic earnings (loss) per share (LAK)** | **(4.49)** | **(13.98)** |

## 15. Event after the reporting period

No event after the reporting period.