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ບໍລິສັດ ຊີມັງລາວ ມະຫາຊົນ
LAO CEMENT PUBLIC COMPANY

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The report on
Lao Cement Public Company business operations of the first six-month and the last six-month business plan of 2018

Dear: Chairman, Vice-chairman and BODs' members of LCC.

We would like to propose this report on the business operations of the first six-month and the last six-month business plan for year 2018 as follow:

I. The business operations of the first six-month of 2018

The company faced the difficulty of operations during the first six-month of 2018 due to the rainy reason, which the factory could manufacture cement of 108.000 ton. It achieved 49.48.percent regarding the plan and distributed with 107.700 ton It achieved 47.58...percent that the company could make the revenue of 3.890.000.000 Kip and …463.000 USD. make the Profit 2.389.000.000 Kip and 284.300 USD.

The main operations of the first six-month of 2018:

1. There is normal production in the first six-month of 2018, which produced clinker of 102.300….ton. It achieved 51.13 percent as the plan when compared to 2017 that it increased …10.41…percent. The cement factory has fixed annually before the big raining is coming.
2. The cost management: There were several measures of the efficient cost management, which could decline …7.6..percent when it compared to 2017. This is a result of the arrangement of limestone development projects that could reduce the cost around …10.. percent.
3. To secure the normal supply of cement, the quantity of cement that delivered from the factory has no big difference when it compared to the last year. The company did not only supply cement to the Train project and also seeking the supply for the Dam projects in Northern of Laos.
4. To be listed on the stock exchange on 2nd March 2018 and began some technical improvements of the factory. After the listing on the exchange, the company has to strengthen techniques in factory especially the purchasing of inverter, the constructing infrastructure that nearly complete 80 percent and expected to finish all on September this year.
5. The working capital and Assets are stable: The bank loan declined 100…percent in the early year, the expenditure was reduceed 415.000.000.kip It achieved …61

percent with debt ratio was …32.5.. The company paid dividend of …2.520.000.000.kip or equals …305.000.USD.

6. The Internal control management has improved based on the standard. The company has received the certificate of ISO 9001:2015 at the beginning of the year, and also provided training and amendment of rules continuously.
7. The Corporate Social Responsibility, the company has contributed to the road construction for the villagers. In July, company has donated more than 63 million kip to the victims of Flooding in Attapue.

II. The second six-month of 2018

1. The company has to focus on the cement distributions for the Train project and other projects in order to secure the productions through the policies of the plan, after-services and debt-receivable.
2. To maximize the machine with high quality and cost reductions.
   - To control the quality of coal and the cost of procurement,
   - To secure the ability of machine, oven controller system and efficient electricity
   - To enhance development:
     1) To persuade the limestone project that could distribute and make revenue.
     2) To persuade the research of coal mining for cost reductions.
     3) To collaborate with other cement factories for increasing cement productions.
     4) To protect the environmental system, working security and social responsibility.

GENERAL DIRECTOR

ZHANG LI