LAO AGROTECH 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 Lao Agrotech Public Company

We have reviewed the interim financial information of Lao Agrotech Public Company (the Company), which comprises the statement of financial position as at 30 June 2023, and 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 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 this interim financial information.

For PricewaterhouseCoopers (Lao) Sole Company Limited

By Pongphan Domerongphanudom
Partner

Vientiane Capital, Lao PDR
Date: 28 August 2023

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
ASSETS			
Current assets			
Cash and cash equivalents		4,296,471,763	4,619,541,579
Trade and other receivables, net		10,067,375,775	10,703,012,890
Inventories, net		612,198,219	664,795,109
Factory supplies, net		1,561,076,874	3,029,381,916
Deferred plantation costs – Palm sapling for sale		1,104,993,207	1,248,693,549
Other current assets		633,579,444	1,303,134,447
Total current assets		**18,275,695,282**	**21,568,559,490**
Non-current assets			
Property, plants and equipment, net	3	18,529,350,539	18,522,121,435
Deferred plantation costs - Palm, net	4	23,314,755,020	23,522,524,712
Total non-current assets		**41,844,105,559**	**42,044,646,147**
Total assets		**60,119,800,841**	**63,613,205,637**
LIABILITIES AND EQUITY			
Liabilities			
Current liabilities			
Trade and other payable		6,311,440,395	5,136,437,085
Short term borrowings	5	2,000,000,000	2,633,416,800
Current portion of finance lease liabilities	6	1,164,102,464	975,453,800
Other current liabilities		375,877,426	496,422,123
Total current liabilities		**9,851,420,285**	**9,241,729,808**
Non-current liability			
Finance lease liabilities	6	-	17,596,119
Total non-current liability		**-**	**17,596,119**
Total liabilities		**9,851,420,285**	**9,259,325,927**
Equity			
Share capital		50,000,000,000	50,000,000,000
Share premium		3,269,466,406	3,269,466,406
Retained earnings (deficits)			
Appropriated – Legal reserve		932,158,245	932,158,245
Unappropriated		(3,933,244,095)	152,255,059
Total equity		**50,268,380,556**	**54,353,879,710**
Total liabilities and equity		**60,119,800,841**	**63,613,205,637**

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 28 August 2023

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 28 August 2023

The accompanying notes on page 7 - 10 are an integral part of this financial information.

LAO AGROTECH PUBLIC COMPANY

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

	Notes	Unaudited 30 June 2023 LAK	Unaudited 30 June 2022 LAK
Revenue from sales		18,738,013,268	3,489,346,077
Cost of sales		(17,247,609,406)	(1,903,479,155)
Gross profit		**1,490,403,862**	**1,585,866,922**
Selling and administrative expenses		(5,047,075,215)	(3,481,949,558)
Other income		597,863,419	622,009,179
Loss on exchange rate		(1,009,962,824)	(451,575,980)
Operating loss		**(3,968,770,758)**	**(1,725,649,437)**
Finance costs		(116,728,396)	(169,596,132)
Loss before income tax expenses		**(4,085,499,154)**	**(1,895,245,569)**
Income tax expenses	7	-	-
Loss for the period		**(4,085,499,154)**	**(1,895,245,569)**
Loss per share			
Basic loss per share	8	(40.85)	(18.95)

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 28 August 2023

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 28 August 2023

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LAO AGROTECH PUBLIC COMPANY

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

	Issued and paid-up share capital LAK	Share premium LAK	Retained earnings (deficits) Legal reserve LAK	Retained earnings (deficits) Unappropriated LAK	Total LAK
Opening balance at 1 January 2023 – Audit	50,000,000,000	3,269,466,406	932,158,245	152,255,059	54,353,879,710
Loss for the period	-	-	-	(4,085,499,154)	(4,085,499,154)
Closing balance at 30 June 2023 – Unaudited	**50,000,000,000**	**3,269,466,406**	**932,158,245**	**(3,933,244,095)**	**50,268,380,556**
Opening balance at 1 January 2022 – Audit	50,000,000,000	3,269,466,406	907,166,353	(72,671,971)	54,103,960,788
Loss for the period	-	-	-	(1,895,245,569)	(1,895,245,569)
Closing balance at 30 June 2022 – Unaudited	**50,000,000,000**	**3,269,466,406**	**907,166,353**	**(1,967,917,540)**	**52,208,715,219**

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 28 August 2023

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 28 August 2023

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LAO AGROTECH PUBLIC COMPANY

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

	Notes	Unaudited 30 June 2023 LAK	Unaudited 30 June 2022 LAK
Cash flows from operating activities			
Loss before income tax expenses		**(4,085,499,154)**	**(1,895,245,569)**
Adjustments for:			
Depreciation charges	3	1,090,343,996	1,062,396,364
Amortisation charges	4	464,860,249	452,816,253
Write-off deferred plantation costs - Palm sapling for sale		84,502,969	-
Write-off inventories		27,819,567	-
Foreign exchange losses		775,529,426	447,143,789
Interest expenses		116,728,396	169,596,132
Allowance for doubtful debts		755,163,623	-
Changes in working capital:			
Trade and other receivables, net		(119,526,508)	360,951,731
Inventories, net		24,777,323	(133,233,587)
Factory supplies, net		1,468,305,042	(831,193,929)
Deferred plantation costs - Palm sapling for sale		59,197,373	(83,193,689)
Other current assets		669,555,003	472,647,492
Trade and other payables		485,095,624	22,142,250
Other current liabilities		(120,544,697)	(504,356)
Cash generated from operating activities		**1,696,308,232**	**44,322,881**
Interest paid		(116,728,396)	(169,596,132)
Net cash generated from/(used in) operating activities		**1,579,579,836**	**(125,273,251)**

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 28 August 2023

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Chief Accountant
Date: 28 August 2023

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LAO AGROTECH PUBLIC COMPANY

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

	Notes	Unaudited 30 June 2023 LAK	Unaudited 30 June 2022 LAK
Cash flows from investing activities			
Purchases of property, plant and equipment	3	(1,097,573,100)	-
Plantation costs paid	4	(257,090,557)	(338,602,267)
Net cash used in investing activities		**(1,354,663,657)**	**(338,602,267)**
Cash flows from financing activities			
Proceeds from short-term borrowings	5	2,342,756,000	4,200,000,000
Repayments of short-term borrowings	5	(2,976,172,800)	(4,187,800,000)
Finance leases principal repayments	6	(90,906,732)	(109,120,414)
Net cash used in financing activities		**(724,323,532)**	**(96,920,414)**
Net decrease in cash and cash equivalents		**(499,407,353)**	**(560,795,932)**
Cash and cash equivalents at the beginning of the period		4,619,541,579	1,542,250,698
Effect of exchange rate changes on cash and cash equivalents		176,337,537	4,088,211
Cash and cash equivalents at the end of the period		**4,296,471,763**	**985,542,977**
Significant non-cash items:			
Acquisitions of plant and equipment which have not been paid		1,911,782,490	1,237,279,724

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 28 August 2023

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 28 August 2023

The accompanying notes on page 7 - 10 are an integral part of this financial information.

1 General information

LAO AGROTECH PUBLIC COMPANY (the Company) is a public company incorporated and domiciled in the Lao PDR.

The address of its registered office is Nongkhankhu village, Naxaythong district, Vientiane Capital, Lao People Democratic Republic.

The Company's shares were firstly traded at Lao Securities Exchange on 25 September 2017.

The principal activity is carry on the palm oil industry which starting from palm sapling cultivation, palm plantation, palm product processing and sell by the Company itself. The Company also provides the financial supports and palm saplings to the farmers for planting and buyback the palm seed.

In addition, the Company also imports finished goods such as cooking oil and monosodium glutamate from Thailand to sell in Lao PDR.

On 23 May 2023, the company has signed the concession agreement with the government of Laos PDR (GoL), represented of GoL by the Minstry of Planning and Investment for concession land to develope the project named "Industrial wood planting project (Acacia wood) in Taoi and Samuay district, Salavan province, Laos PDR".

The interim financial information were authorised for issued by the director on 28 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.

The preparation of interim financial statements requires management to make judgements, 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.

3 Property, plant and equipment, net

	LAK
Six-month period ended 30 June 2023	
Opening net book amount at 1 January 2023 – Audited	**18,522,121,435**
Additions	1,097,573,100
Depreciation charges	(1,090,343,996)
Closing net book amount at 30 June 2023 - Unaudited	**18,529,350,539**
As at 30 June 2023	
Cost	34,795,627,901
Less: Accumulated depreciation	(16,266,277,362)
Closing net book amount at 30 June 2023 – Unaudited	**18,529,350,539**

4 Deferred plantation costs - palm, net

	LAK
Six-month period ended 30 June 2023	
Opening net book amount at 1 January 2023 – Audited	**23,522,524,712**
Additions	257,090,557
Less: Amortisation charges	(464,860,249)
Closing net book amount at 30 June 2023 - Unaudited	**23,314,755,020**
As at 30 June 2023	
Deferred plantation cost	28,551,131,517
Less: Accumulated amortisation	(5,236,376,497)
Closing net book amount at 30 June 2023 – Unaudited	**23,314,755,020**

During the six-month period ended 30 June 2023, there were deferred plantation cost of LAK 464,860,249 (2022: LAK 452,816,253) amortised to statement of income.

5 Short term borrowings

	LAK
As at 1 January 2023 – Audited	**2,633,416,800**
Additions	2,342,756,000
Repayments	(2,976,172,800)
As at 30 June 2023 – Unaudited	**2,000,000,000**

During the six-month period ended 30 June 2023, the Company had additional drawdown the short-term borrowing from Saigon-Hanoi Bank Lao Limited in the amount of LAK 2,342,756,000 and principal repayments in the amount of LAK 2,976,172,800.

6 Finance Lease liabilities

	Unaudited 30 June 2023 LAK
Current	
Current portion of finance lease liabilities	1,164,102,464
Non-current	
Finance lease liabilities	-
	1,164,102,464

During the six-month period ended 30 June 2023, the Company made a principal repayment of THB 165,313 or equivalent LAK 72,327,813 to WIN Auto Supply Co., Ltd of 5 trucks, including interest repayment amount THB 21,563 or equivalent LAK 10,849,172 to WIN Auto Supply Co., Ltd of 5 trucks and made a principal repayment of LAK 18,578,919 included interest repayment amount LAK 5,751,487 to DGB Lao Leasing Co., Ltd of KIA morning vehicle.

7 Income tax expenses

In accordance with Lao tax laws, the Company has an obligation to pay income tax in the form of Tax on Profit at the rate of 20% on taxable profit. Furthermore, as the Company is listed entity in Lao Securities Exchange, the Company subject to have the incentive 5% deduction from the normal profit tax rate for 4 years commencing from the listing period according to Tax Law of Lao PDR. This rate is valid until the year ended 31 December 2021 and the rate 20% is applicable from 1 January 2022 onward.

The taxation system in the Lao PDR is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear, contradictory, and subject to interpretation. Often, differing interpretations exist among the numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

These facts may create tax risks in Lao PDR that are substantially more significant than those in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of the tax legislation. However, the relevant authorities may have differing interpretations and the effects of such discrepancies could be significant.

For the six months period ended 30 June 2023, the company has not accrued any income tax, due to loss, incurred from the operation.

8 Loss per share

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

	Unaudited 30 June 2023	Unaudited 30 June 2022
Loss attributable to ordinary shareholders (LAK)	**(4,085,499,154)**	**(1,895,245,569)**
Weighted average number of ordinary shares outstanding (Shares)	100,000,000	100,000,000
Basic loss per share (LAK per share)	(40.85)	(18.95)

9 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.

During the six-month periods ended 30 June 2023 and 2022 there were no purchases and sales of goods and other transactions and outstanding balances arising from sales/purchases of goods/services from a related party – OPG Tech Co.,Ltd .

10 Events after the reporting date

On 18 July 2023, The Ministry of Planning and Investment issued an investment license to Lao Dee Green Sole Co., Ltd. This company is currently under the process of Lao's law to register for the business license and it will be under an investment by Lao Agrotech Public Company of 100%. Lao Dee Green Sole Co., Ltd main business is to plant Acacia wood in Taoi and Samuay district, Salavan province, Laos PDR".