LAO AGROTECH PUBLIC COMPANY



FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF LAO AGROTECH PUBLIC COMPANY

Our opinion

In our opinion, the financial statements of Lao Agrotech Public Company (the Company) are prepared, in all material respects, in accordance with accounting policies described in Note 2 to the financial statements.

What we have audited

The Company financial statement comprise:

- the statements of financial position as at 31 December 2018;
- the statements of income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flow for the year then ended;
- the notes to financial statements, which include a summary of significant accounting policies.

Basic 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We has fulfilled our other ethical responsibilities in accordance with IESBA Code.

Emphasis of Matter - Basis of accounting

We draw attention to note 2 to the financial statements, which describes the basis of preparation. The accounting basis used in the preparation of the financial statements may differ from International Financial Reporting Standard (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 matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We determine one key audit matter: Revenues recognition. 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 these matters.

Key audit matter	How our audit addressed the key audit matter
Revenues recognition **Refer to Note 2.9 'Accounting policies – Revenue recognition' and Note 15 'Sale and service revenue to the financial statements.** Revenue from sale of goods are recognised when goods was delivered to customer. However, most of revenue from goods sold for the period was recognised once the goods delivery note was signed as received from customer which this lead to a high consideration in the completeness and cut-off for revenue recognition. We focussed on this area as certain customers locate in the province where the delivery take about 3 to 5 days. Thus, there is a likelihood of a risk of misstatement of the financial statements related to transactions occurring close to the year end, as transactions could be recorded in the wrong financial period. Moreover, the balance and transaction of sale volumes at the yearend period are materially high.	We performed the following procedures: • Assessing and testing the designed and operating effectiveness of controls for revenue recognition, particularly focus on controls around the timely and complete recording of sales transactions. • Testing end-to-end reconciliations from sale report to the general ledger of revenue account, including testing adjustment transaction records against the underlying documents related to revenue. • Selecting revenue samples prior to and after year end to test whether they are recorded in appropriate timing, based on terms and conditions set out in sales invoices. • Examining the revenue transactions for goods sold during the period on a sample basis by agreeing the revenue transactions with goods delivery note which signed by customer. • Challenging management how do they ensure the completeness and cut off for revenue recognition. From these procedures performed, we found that revenue recognition was in accordance with the accounting policy and the available evidence.

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Other information

The director 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 do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 and audit committee for the financial statements

Director is responsible for the preparation of the financial statements in accordance with accounting policies described in Note 2 to financial statement, and for such internal control as director determines 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, director is 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 director either intends 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 director.

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of director's 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 directors 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, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated 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 Apisit Thiengtrongpinyo
Partner
Vientiane, Lao PDR
Date: 30 April 2019

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	2018 LAK	2017 LAK
ASSET			
Current assets			
Cash and cash equivalents	3	4,823,430,665	3,571,461,291
Trade and other receivables, net	4	16,577,627,158	13,672,665,552
Inventories, net	5	865,481,946	264,901,299
Factory supplies, net	6	906,316,624	577,326,228
eferred plantation costs - Palm sapling for sale	7	1,999,044,052	502,229,515
Other current asset		1,794,965,888	322,336,928
Total current assets		**26,966,866,333**	**18,910,920,813**
Non-current assets			
Property, plants and equipment, net	8	20,280,020,977	17,294,354,033
Deferred plantation costs - palm, net	9	22,507,458,490	22,246,242,852
Total non-current assets		**42,787,479,467**	**39,540,596,885**
TOTAL ASSETS		**69,754,345,800**	**58,451,517,698**
LIABILITY AND EQUITY			
Current Liability			
Trade and other payable	10	9,218,844,391	10,804,535,371
Other current liabilities	11	367,107,838	1,788,703,955
Short term borrowing	12	426,674,639	-
Total current liability		**10,012,626,868**	**12,593,239,326**
Total liability		**10,012,626,868**	**12,593,239,326**
Equity			
Share capital	13	50,000,000,000	40,000,000,000
Share premium	13	3,269,466,406	-
Retain earning			
Appropriated - Legal reserved	14	887,496,413	826,098,998
Un-appropriated		5,584,756,113	5,032,179,374
		59,741,718,932	**45,858,278,372**
TOTAL LIABILITY AND EQUITY		**69,754,345,800**	**58,451,517,698**

Mr. Oudom Keothavong
Managing Director
Date : 30 April 2019

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date : 30 April 2019

The accompanying notes on page 9 to 22 are an integral part of this financial statement.

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 LAK	2017 LAK
Revenue from sales and services	15	45,523,277,934	55,381,061,238
Cost of sale and services		(38,510,797,543)	(43,392,773,662)
Gross profit		**7,012,480,391**	**11,988,287,576**
Selling and administrative expenses		(5,836,303,968)	(5,194,255,232)
Other income		76,292,749	257,882,314
Loss on exchange rate		(445,532,695)	(1,426,980,907)
Profit before income tax	16	**806,936,477**	**5,624,933,751**
Income tax expenses	17	(192,962,323)	(1,585,065,316)
Profit for the year		**613,974,154**	**4,039,868,435**
Earnings per share			
Basic earnings per share	18	7	78

Mr. Oudom Keothavong
Managing Director
Date : 30 April 2019

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date : 30 April 2019

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LAO AGROTECH PUBLIC COMPANY

STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Paid-up share capital	Share Premium	Retained earnings		Total
			Legal reserved	Un-appropriated	
	LAK	LAK	LAK	LAK	LAK
Opening balance on 1 January 2017	40,000,000,000	-	422,112,154	1,396,297,783	41,818,409,937
Profit for the year	-	-	-	4,039,868,435	4,039,868,435
Legal Reserve (Note 14)	-	-	403,986,844	(403,986,844)	-
Closing balance 31 December 2017	**40,000,000,000**	**-**	**826,098,998**	**5,032,179,374**	**45,858,278,372**
Opening balance on 1 January 2018	40,000,000,000	-	826,098,998	5,032,179,374	45,858,278,372
Profit for the year	-	-	-	613,974,154	613,974,154
New share issued (Note 13)	10,000,000,000	3,269,466,406	-	-	13,269,466,406
Legal Reserve (Note 14)	-	-	61,397,415	(61,397,415)	-
Closing balance 31 December 2018	**50,000,000,000**	**3,269,466,406**	**887,496,413**	**5,584,756,113**	**59,741,718,932**

Mr. Oudom Keothavong
Managing Director
Date : 30 April 2019

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date : 30 April 2019

The accompanying notes on page 9 to 22 are an integral part of this financial statement.

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 LAK	2017 LAK
Profit before income tax		**806,936,478**	**5,624,933,751**
Adjustments for:			
Depreciation	8	1,751,650,811	1,513,949,093
Amortization	9	832,077,389	428,858,221
Disposal	8	-	2,364,877
Foreign exchange loss		194,212,523	786,262,974
Changes in working capital:			
Trade and other receivables		(2,904,961,606)	(5,748,922,731)
Inventories, net		(600,580,647)	337,484,176
Factory supplies, net		(328,990,396)	(255,412,573)
Deferred Plantation costs - Palm sapling for sale		(1,496,814,537)	103,419,483
Other current assets		(1,472,628,960)	(574,320,594)
Trade and other payables		(1,690,844,639)	4,775,755,536
Other current liabilities		(77,235,125)	115,144,518
Cash flows from operating activities		**(4,987,178,709)**	**7,109,516,731**
Income Tax paid		(1,537,323,316)	(1,298,349,643)
Net cash generated from operating activities		**(6,524,502,025)**	**5,811,167,088**
Cash flows from investing activities			
Purchases of property, plant and equipment		(4,858,460,764)	(2,283,377,726)
Plantation costs paid		(1,093,293,027)	(1,338,349,825)
Net cash used in investing activities		**(5,951,753,791)**	**(3,621,727,551)**
Cash flow from financing activities			
Proceeds from borrowings	12	426,674,639	-
Proceeds from issuance of ordinary share	13	13,269,466,406	-
Net cash used in financing activities		**13,696,141,045**	**-**
Net increase in cash and cash equivalents		**1,219,885,229**	**2,189,439,537**
Cash and cash equivalents at the beginning of the year		3,571,461,291	1,363,578,036
Exchange losses on cash and cash equivalents		32,084,145	18,443,718
Cash and cash equivalents at the end of the year		**4,823,430,665**	**3,571,461,291**
Significant non-cash items:			
Acquisitions of plant and equipment which have not been paid		1,018,171,479	1,139,314,488

Mr. Oudom Keothavong
Managing Director
Date : 30 April 2019

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date : 30 April 2019

The accompanying notes on page 9 to 22 are an integral part of this financial statement.

1 General information

LAO AGROTECH PUBLIC COMPANY (the Company) is a listed company incorporated and domiciled in the Lao PDR. The address of its registered office is Wattay Noiy Thong village, Sikhottabong district, Vientiane Lao People Democratic Republic.

The Company's share were firstly traded at Lao Securities Exchange on 25 September 2018.

The principal activity is to carry on the palm oil industry which starting from palm sapling cultivation, palm plantation, palm product processing and sale by the Company itself. The Company also provide the financial supports and palm saplings to the farmers for planting and buyback the palm seed. In addition, the Company also imported finish goods (palm oil product for cooking) from Thailand to sale in Lao PDR.

The financial statements were authorised for issued by the director on 30 April 2019

2 Significant accounting policies

The principal accounting policies adopted 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 of the historical cost convention.

According to the Accounting Law and Regulation on accounting and auditing in securities sector under Securities Commission Office in Lao PDR, all listed companies are required to prepare its financial statements in accordance with International Financial Reporting Standard (IFRSs) as generally accepted accounting principles. At present, Securities Commission Office is still flexible and allows listed companies to apply their own significant accounting policies, but they also encourage listed companies to fully adopt the IFRSs as it will be enforce in the future. In Lao PDR, there are significant differences between the companies' own accounting policies and the IFRSs, in many areas such as property, plant and equipment, leases, current and deferred income tax. Hence, users of the financial statements should therefore be aware and understand these differences and how these will affect their interpretation and decision making.

The preparation of the 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.

The Company presents the unaudited statement of income for the three-month period ended 31 December 2018 (in a condensed format) under Note 21 as a supplementary information. This is in accordance with the reporting and disclosure regulation No.007/SECO, dated 3 April 2014 issued by Lao Securities and Exchange Commission Office.

2 Significant accounting policies (Continued)

2.2 Foreign currency translation

Transactions denominated in currencies other than Lao Kip (LAK) are translated into LAK at the rates of exchange prevailing on the transaction dates.

Monetary assets and liabilities at the statement of financial position date denominated in currencies other than LAK are translated into LAK at the exchange rate prevailing at the statement of financial position date.

2.3 Trade and other receivable

Trade and other receivables are carried at original invoice amount and subsequently measured at the remaining amount less allowance for receivables impairment based on a review of all outstanding amounts at the year end, except receivable from contract farming. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statement of income within selling and marketing costs.

2.4 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by actual average cost of production incurred in each production year using first in-first out (FIFO) method. The cost of finished goods comprises with direct raw material, direct labour cost and other direct production overheads. The cost of purchase 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. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.5 Factory supplies

Factory supplies are stated at the cost and determined by weighted average cost method. The costs of purchase comprises both the purchase price and costs directly attributable to the acquisition of the supplies, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. Allowance is made, where necessary, for obsolete, slow-moving and defective items.

2.6 Property, Plant and Equipment

Property and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the plant and equipment 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 cost of the item can be measured reliably.

Land is not depreciated. Depreciation on other assets is calculated so as to write off the cost less residual value of each item of plant and equipment on a straight-line basis over their expected useful life.

2 Significant accounting policies (Continued)

2.6 Property, Plant and Equipment (Continued)

The estimated useful life for each category of property and equipment is as follows:

	Years
Buildings and infrastructure	5 - 40
Furniture and equipment	3 - 5
Machinery and equipment	5 - 20
Vehicles	3 - 5

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of income

2.7 Deferred plantation costs – Palms

Deferred plantation cost - palms is an accumulated cost of palm plantation which covers cost of land clearance, fertilizer, labor and other expenses which are directly related. All are measured at cost less accumulated amortization and allowance for impairment. Palms, which are ready for harvested (generally 4 years from planting), will be amortised to be cost of raw materials over the period 26 years of its expected economic useful life.

2.8 Deferred plantation costs – Saplings

Deferred plantation cost - Saplings is presented in the statement of financial position at cost deducted accumulated allowance for impairment. The costs comprise both direct purchase price of sapling and costs directly attributable to the acquisition of the palm saplings such as import duties and transportation charges.

2.9 Revenue recognition

Revenue from sales of goods are recognised when significant risks and rewards of ownership of the goods are transferred to the buyer which is generally at the time that the Company delivers products to its customers based on agreed trading and delivery terms and conditions.

Revenue from providing services are recognised when services have been rendered, which is generally upon acceptance of delivery.

Other revenues are recognised on the following basis:

- Revenue from sales of palm residue is recognized when palm residue is transfer to buyer based on agreed trading and delivery terms

2.10 Income tax

Income tax represents profit tax (corporate income tax) for the year concerned as determined in accordance with the Lao Tax Law.

3 Cash and cash equivalents

	2018 LAK	2017 LAK
Cash on hand	62,409,481	64,990,038
Deposits held at call with bank[(i)]	4,761,021,184	3,506,471,253
	4,823,430,665	**3,571,461,291**

(i) Deposits held at call with banks represent cash deposited in three different currencies being LAK, US Dollar, and Thai Baht in current accounts with local reputable banks and foreign bank branches.

4 Trade and other receivables, net

	2018 LAK	2017 LAK
Trade receivable[(i)]	16,114,033,158	13,672,665,552
Other receivable	463,594,000	-
Less: Allowance doubtful debts	-	-
	16,577,627,158	**13,672,665,552**

(i) Trade receivables mainly consist of receivables from sales of palm sapling with its plantation service and sale of finish goods during the year.

5 Inventories, net

	2018 LAK	2017 LAK
Finished goods[(i)]	865,481,946	264,901,299
Less: Allowance for obsolete and slow moving inventories	-	-
	865,481,946	**264,901,299**

(i) Finish goods mainly represent the cooking oil and Bio-Diesel.

6 Factory supplies, net

	2018 LAK	2017 LAK
Fertilizer	116,640,414	250,174,381
Crude palm oil (CPO)	307,655,716	114,995,991
Other factory supplies	482,020,494	212,155,856
Less: Allowance for obsolete and slow moving factory supplies	-	-
	906,316,624	**577,326,228**

7 Deferred Plantation costs – Palm sapling for sale

Palm sapling costs comprise both direct purchase price of palm seed and costs directly attributable to the acquisition of the palm saplings such as labor cost and fertilizer.

8 Property, Plants and Equipment, net

	Land LAK	Buildings LAK	Machineries and equipment LAK	Vehicles LAK	Furniture and office equipment LAK	Asset under construction and installation LAK	Total LAK
Year ended 31 December 2018							
Opening net book amount	5,613,542,900	2,663,735,644	5,709,527,465	1,458,422,051	203,568,729	1,645,557,244	17,294,354,033
Addition	-	-	80,582,105	23,300,000	58,670,307	4,574,765,343	4,737,317,755
Disposal	-	-	-	-	-	-	-
Transfer In/(Out)		-	345,700,000	-	-	(345,700,000)	-
Depreciation charge	-	(269,609,328)	(666,383,326)	(664,149,703)	(151,508,454)	-	(1,751,650,811)
Closing net book amount	**5,613,542,900**	**2,394,126,316**	**5,469,426,244**	**817,572,348**	**110,730,582**	**5,874,622,587**	**20,280,020,977**
At 31 December 2018							
Cost	5,613,542,900	3,377,752,756	7,934,446,924	3,449,233,181	578,664,570	5,874,622,587	26,828,262,918
Less: Accumulated depreciation	-	(983,626,440)	(2,465,020,680)	(2,631,660,833)	(467,933,988)	-	(6,548,241,941)
Net book amount	**5,613,542,900**	**2,394,126,316**	**5,469,426,244**	**817,572,348**	**110,730,582**	**5,874,622,587**	**20,280,020,977**

8 **Property, Plants and Equipment, net (Continued)**

	Land LAK	Buildings LAK	Machineries and equipment LAK	Vehicles LAK	Furniture and office equipment LAK	Asset under construction and installation LAK	Total LAK
Year ended 31 December 2017							
Opening net book amount	5,613,542,900	2,419,191,169	4,924,520,779	1,783,416,923	131,477,199	1,139,624,692	16,011,773,662
Addition	-	-	36,015,596	331,055,481	223,710,378	2,208,112,886	2,798,894,341
Disposal	-	-	-	-	(2,364,877)	-	(2,364,877)
Transfer In/(Out)	-	461,469,325	1,240,711,009	-	-	(1,702,180,334)	-
Depreciation charge	-	(216,924,850)	(491,719,919)	(656,050,353)	(149,253,971)	-	(1,513,949,093)
Closing net book amount	**5,613,542,900**	**2,663,735,644**	**5,709,527,465**	**1,458,422,051**	**203,568,729**	**1,645,557,244**	**17,294,354,033**
At 31 December 2017							
Cost	5,613,542,900	3,377,752,756	7,508,164,819	3,425,933,181	531,344,960	1,645,557,244	22,102,295,860
Less: Accumulated depreciation	-	(714,017,112)	(1,798,637,354)	(1,967,511,130)	(327,776,231)	-	(4,807,941,827)
Net book amount	**5,613,542,900**	**2,663,735,644**	**5,709,527,465**	**1,458,422,051**	**203,568,729**	**1,645,557,244**	**17,294,354,033**

9 Deferred Plantation costs - Palm, net

	2018 LAK	2017 LAK
Opening balance	22,246,242,852	21,346,758,816
Addition	1,093,293,027	1,328,342,257
Less: Amortization	(832,077,389)	(428,858,221)
Ending balance	**22,507,458,490**	**22,246,242,852**

	2018 LAK	2017 LAK
As at 31 December		
Deferred plantation cost	23,787,246,095	22,693,953,068
Less: Accumulated amortization	(1,279,787,605)	(447,710,216)
	22,507,458,490	**22,246,242,852**

10 Trade and other payable

	2018 LAK	2017 LAK
Trade payable(i)	7,809,282,348	9,256,959,812
Other payable(ii)	1,409,562,043	1,547,575,559
	9,218,844,391	**10,804,535,371**

(i) Trade payable mainly represented payable from purchase finish goods (palm oil product for cooking) imported from Thailand to sale in Lao PDR. This amount consists of payable to OPG Tech Co., Ltd (OPG Tech) who is related party amounted to LAK 7,620,572,959 (2017:LAK 8,108,377,808) (Note 19.2)

(ii) Other payable mainly represented the professional fee, financial advice fee and legal advice fee and cost of purchasing machineries and trucks using for the farming. This amount consists of payable to OPG Tech amounted to LAK 1,069,856,493 (2017: LAK 1,249,034,584) (Note 19.2)

11 Other current liabilities

	2018 LAK	2017 LAK
Accrued income tax	192,962,323	1,537,323,316
VAT payable	154,234,118	146,451,452
Accrued payroll cost	19,911,397	104,929,187
	367,107,838	**1,788,703,955**

12 Short term borrowing

	2018 LAK	2017 LAK
Lao-Viet Bank Co., LTD	426,674,639	-

On 2 August 2018, the Company has entered to short-term borrowing agreement with Lao-Viet Bank Co,. LTD as details below:

Total facility (LAK)	Drawdown (LAK)	Repayment (LAK)	Outstanding balance (LAK)	Maturity and repayment term	interest rate	Collaterals
3,000,000,000	1,394,753,664	968,079,024	426,674,639	6 Months, principal and interest are payable on monthly basis.	9.50%	1. Land lots no. 474, Owner name Lao Argotech Company Limited at Nong Khunkhou Village, Naxaythong District, Vientiane Capital. 2. Land lots no. 473, Owner name Lao Argotech Company Limited at Nong Khunkhou Village, Naxaythong District, Vientiane Capital. 3. Land lots no. 362, Owner name Lao Argotech Company Limited at Nong Khunkhou Village, Naxaythong District, Vientiane Capital.

13 Share capital

	Number of Shares Shares	Ordinary Shares LAK	Share premium LAK	Total LAK
At 1 January 2017	80,000,000	40,000,000,000	-	40,000,000,000
New shares issued	-	-	-	-
As at 31 December 2017	**80,000,000**	**40,000,000,000**	**-**	**40,000,000,000**
At 1 January 2018	80,000,000	40,000,000,000	-	40,000,000,000
New shares issued	20,000,000	10,000,000,000	3,269,466,406	13,269,466,406
As at 31 December 2018	**100,000,000**	**50,000,000,000**	**3,269,466,406**	**53,269,466,406**

During the year 2017, the board of director and the extraordinary general meeting shareholders' meeting passed a resolution to issue new share of 20,000,000 shares with par value of LAK 500 (equivalent to LAK 10,000,000,000) for Initial Public Offering ("IPO") in Lao Securities and Exchange ("LSX"). This result to increase in the number of share from 80,000,000 share to 100,000,000 shares.

On 31 August 2018, the Lao Securities and Exchange Commission Office (LSCO) issued notification No. 0019/LSCO to approve the Company's share amounting to 20,000,000 share with par value of LAK 500 per share for trading as the LSX. The Company offered those share with par value of LAK 500 per share totaling LAK 10,000,000,000 under the IPO process with sale price of LAK 700 for investor side. The company has incurred share premium on share capital totaling LAK 4,000,000,000 and share offering cost of LAK 730,533,594 which is charged against with share premium. The net premium on share capital is LAK 3,269,466,406.

As at 31 December 2018, the total number of authorised ordinary shares is 100,000,000 shares with a par value of LAK 500 per share (2017: 80,000,000 shares with a par value of LAK 500 per share). All issued shares are paid.

14 Legal Reserve

	2018 LAK	2017 LAK
At 1 January	826,098,998	422,112,154
Appropriation during the year	61,397,415	403,986,844
At 31 December	**887,496,413**	**826,098,998**

Legal reserve is set-up in accordance with the Enterprise Law of the Lao PDR which requires the appropriation of profit as a legal reserve of at least 10% of the annual profit until such reserve reaches 50% of authorised share capital.

At 31 December 2018, management approved the allocation of profit of the Company for the year ended 31 December 2018 to legal reserve at the rate of 10% is LAK 61,397,415 (2017: LAK 403,986,844).

15 Sale and service revenue

	2018 LAK	2017 LAK
Sale revenue - Trading	43,627,517,934	49,722,391,238
Sale revenue - Palm sapling	1,895,760,000	3,516,670,000
Service revenue - Palm plantation[(i)]	-	2,142,000,000
	45,523,277,934	**55,381,061,238**

(i) Service revenue from palm plantation consist of plantation consulting service charges and land developed service.

16 Expenses by natures

The following expenditures are mainly items which have been charged to statement of income for the year:

	For the year ended 31 December 2018 LAK	For the year ended 31 December 2017 LAK
Cost of finished goods sold	36,914,245,484	43,057,195,642
Salaries/Payroll expenses	2,314,609,731	1,824,552,103
Depreciation expenses	1,751,650,811	1,513,949,092

17 Income tax expense

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 24% 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.

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.

During the year ended 31 December 2018, the Company recognised income tax expense in statement of income of LAK 192,962,323 (2017: LAK 1,585,065,316).

18 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares.

	2018	2017
Profit attributable to ordinary shareholders (LAK)	613,974,154	4,039,868,435
Weighted average number of ordinary shares outstanding (Shares)	87,500,000	51,500,000
Basic earnings per share (LAK per share)	7	78

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.

The following significant transactions during the year were carried out with related parties;

19.1 Purchases of goods

	For the year ended 31 December 2018 LAK	For the year ended 31 December 2017 LAK
Purchases of goods and others from:		
OPG Tech	6,451,783,112	11,482,312,290

The above transaction mainly represents of finish goods (palm oil product such cooking oil) imported from OPG Tech in Thailand to sale in Lao PDR by Lao Agrotech Public Company.

19.2 Outstanding balances arising from purchases of goods and other transactions

	31 December 2018 LAK	31 December 2017 LAK
Payable related to :		
OPG Tech	8,690,429,452	9,357,412,392
Receivable related to :		
Mr. Oudom Keothavong	463,594,000	-

As at 31 December 2018, payable to OPG Tech mainly represents the unpaid balance from purchase of finish goods (palm oil product for cooking) to sale in Lao PDR and unpaid balance for purchase fixed asset from OPG Tech in the prior year.

As at 31 December 2018, receivable from Mr. Oudom Keothavong represents advance payment to perform process of Land purchase to the Company.

20 Commitment

As at 31 December 2018, the Company had significant operating lease commitments for the land concession at Vientiane and Salavan provinces for 30 years and house rental contract for 10 years.

	31 December 2018 LAK
Less than one year	39,099,003
More than one year and less than five years	179,077,094
More than five years	624,276,906
	842,453,003

21 Supplementary information

The Company present the unaudited statement of income for the three-month period ended 31 December 2018 under this note to financial statements as the additional information only. This is accordance with the reporting and disclosure regulation issued by Lao Securities and exchange commission office (Note 2.1).

Summary of statement of income

For the three-month periods from 1 October to 31 December 2018

	(Unaudited) LAK
Revenue from sales and services	15,251,785,771
Cost of sale and services	(13,230,704,860)
Gross profit	**2,021,080,911**
Selling and administrative expenses	(1,299,215,286)
Other income	21,037,948
Loss on exchange rate	(299,427,047)
Profit before income tax	**443,476,526**
Income tax expenses	(39,600,034)
Profit for the year	**403,876,492**