LAO AGROTECH PUBLIC COMPANY

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INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022



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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 2022, 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 significant accounting policies described in Note 2 in the annual financial statement of the Company. 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 significant accounting policies described in Note 2 to this interim financial information.

For PricewaterhouseCoopers (Lao) Sole Company Limited

By Pongphan Domerongphanudom
Partner

Vientiane Capital, Lao PDR
Date: 15 August 2022

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
ASSETS			
Current assets			
Cash and cash equivalents		985,542,977	1,542,250,698
Trade and other receivables, net		11,098,447,509	11,459,399,240
Inventories, net		693,554,208	560,320,621
Factory supplies, net		1,193,916,830	362,722,901
Deferred plantation costs - Sapling for sale		1,387,024,175	1,303,830,486
Other current assets		1,176,564,210	1,649,211,702
Total current assets		**16,535,049,909**	**16,877,735,648**
Non-current assets			
Property, plants and equipment, net	3	17,353,114,547	18,415,510,911
Deferred plantation costs - Palm, net	4	23,828,178,492	23,942,392,478
Total non-current assets		**41,181,293,039**	**42,357,903,389**
Total assets		**57,716,342,948**	**59,235,639,037**
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Trade and other payable		815,536,989	631,955,692
Short term borrowing	5	3,499,716,800	3,487,516,800
Current portion of finance leases	6	818,824,804	728,710,009
Other current liabilities		14,580,582	15,084,938
Total current liabilities		**5,148,659,175**	**4,863,267,439**
Non-Current Liability			
Finance leases	6	358,968,554	268,410,810
Total Non-Current Liability		**358,968,554**	**268,410,810**
Total Liabilities		**5,507,627,729**	**5,131,678,249**
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		907,166,353	907,166,353
Un-appropriated		(1,967,917,540)	(72,671,971)
Total equity		**52,208,715,219**	**54,103,960,788**
Total Liabilities and equity		**57,716,342,948**	**59,235,639,037**

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 15 August 2022

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 15 August 2022

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAK	Unaudited 30 June 2021 LAK
Revenue from sales goods and services		3,489,346,077	11,494,337,614
Cost of sales and services		(1,903,479,155)	(9,217,525,767)
Gross profit		**1,585,866,922**	**2,276,811,847**
Selling and administrative expenses		(3,481,949,558)	(3,724,679,016)
Other income		622,009,179	417,564,828
Loss on exchange rate		(451,575,980)	(322,574,774)
Operating loss		**(1,725,649,437)**	**(1,352,877,115)**
Finance costs		(169,596,132)	(196,402,574)
Loss before income tax		**(1,895,245,569)**	**(1,549,279,689)**
Income tax expenses	7	-	-
Loss for the period		**(1,895,245,569)**	**(1,549,279,689)**
Loss per share			
Basic loss per share	8	(18.95)	(15.49)

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 15 August 2022

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 15 August 2022

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

			Retained earnings (deficits)		
	Issued and paid-up share capital	Share premium	Legal reserve	Un-appropriated	Total
	LAK	LAK	LAK	LAK	LAK
Opening balance 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 30 June 2022 – Unaudited	**50,000,000,000**	**3,269,466,406**	**907,166,353**	**(1,967,917,540)**	**52,208,715,219**
Opening balance 1 January 2021 – Audit	50,000,000,000	3,269,466,406	907,166,353	2,776,542,899	56,953,175,658
Loss for the period	-	-	-	(1,549,279,689)	(1,549,279,689)
Closing balance 30 June 2021 – Unaudited	**50,000,000,000**	**3,269,466,406**	**907,166,353**	**1,227,263,210**	**55,403,895,969**

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 15 August 2022

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 15 August 2022

The accompanying notes on page 6 - 10 are an integral part of this financial information.

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAK	Unaudited 30 June 2021 LAK
Loss before income tax		**(1,895,245,569)**	**(1,549,279,689)**
Adjustments for:			
Depreciation	3	1,062,396,364	1,140,390,056
Amortization	4	452,816,253	451,834,957
Write off Deferred Plantation costs	4	-	371,441,221
Foreign exchange losses		447,143,789	86,956,370
Interest expenses		169,596,132	196,402,574
Changes in working capital:			
Trade and other receivables, net		360,951,731	654,906,009
Inventories, net		(133,233,587)	(131,587,002)
Factory supplies, net		(831,193,929)	533,002,799
Deferred plantation costs - Palm sapling for sale		(83,193,689)	141,525,063
Other current assets		472,647,492	(314,820,396)
Trade and other payables		22,142,250	(998,487,650)
Other current liabilities		(504,356)	144,092,208
Cash flows from operating activities		**44,322,881**	**726,376,520**
Income tax paid		-	-
Interest paid		(169,596,132)	(190,424,586)
Net cash (used in) generated from operating activities		**(125,273,251)**	**535,951,934**
Cash flows from investing activities			
Purchases of property, plant and equipment		-	(3,100,000)
Plantation costs paid	4	(338,602,267)	(433,592,536)
Net cash used in investing activities		**(338,602,267)**	**(436,692,536)**
Cash flow from financing activities			
Proceeds from short-term borrowings	5	4,200,000,000	3,480,980,000
Repayments of short-term borrowings	5	(4,187,800,000)	(3,446,800,000)
Finance leases principle repayments	6	(109,120,414)	(246,286,660)
Net cash used in financing activities		**(96,920,414)**	**(212,106,660)**
Net decrease in cash and cash equivalents		**(560,795,932)**	**(112,847,262)**
Cash and cash equivalents at the beginning of the period		1,542,250,698	601,410,714
Exchange gain on cash and cash equivalents		4,088,211	983,238
Cash and cash equivalents at the end of the period		**985,542,977**	**489,546,690**
Significant non-cash items:			
Carried forward plant and equipment which have not been paid		1,237,279,724	1,248,326,925

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 15 August 2022

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 15 August 2022

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 Wattay Noiy Thong village, Sikhottabong district, Vientiane Capital, Lao People Democratic Republic.

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 imports finished goods such as cooking oil and monosodium glutamate from Thailand to sale in Lao PDR.

The interim financial information were authorised for issued by the board of director on 15 August 2022.

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 2021. 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 2021.

The preparation of interim 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.

3 Property, plant and equipment, net

	LAK
Six-month period ended 30 June 2022	
Opening net book amount at 1 January 2022 – Audited	**18,415,510,911**
Additions	-
Depreciation charges	(1,062,396,364)
Closing net book amount at 30 June 2022 - Unaudited	**17,353,114,547**

4 Deferred plantation costs - palm, net

	LAK
Six-month period ended 30 June 2022	
Opening net book amount at 1 January 2022 – Audited	**23,942,392,478**
Additions	338,602,267
Write off	-
Less: Amortisation	(452,816,253)
Ending balance-Unaudited	**23,828,178,492**
As at 30 June 2022	
Deferred plantation cost	28,139,373,245
Less: Accumulate amortisation	(4,311,194,753)
Closing net book amount at 30 June 2022 – Unaudited	**23,828,178,492**

During the six-month period ended 30 June 2022, there were deferred plantation cost of LAK 452,816,253 (2021: LAK 451,834,957) amortised to statement of income.

5 Borrowings

	LAK
As at 1 January 2022 – Audited	**3,487,516,800**
Additions	4,200,000,000
Repayments	(4,187,800,000)
As at 30 June 2022 – Unaudited	**3,499,716,800**

During the six-month period ended 30 June 2022, the Company had additional drawdown the short-term borrowing from Saigon-Hanoi Bank Lao Limited in the amount of LAK 4,200,000,000 and principle repayments in the amount of LAK 4,187,800,000.

6 Finance Leases

	Unaudited 30 June 2022 LAK
Current	
Current portion of finance leases	818,824,804
Non-current	
Finance leases	358,968,554
	1,177,793,358

During the six-month period ended 30 June 2022, the Company made a principal repayment of THB 287,500 or equivalent LAK 100,337,500 to WIN Auto Supply Co., Ltd of 5 trucks and made a principal repayment of LAK 8,782,914 to DGB Lao Leasing Co., Ltd of 1 vehicle, including interest repayment amount THB 43,125 or equivalent LAK 15,050,625 to WIN Auto Supply Co., Ltd of 5 trucks and interest repayment amount LAK 2,959,237 to DGB Lao Leasing Co., Ltd of 1 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.

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 2022, 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 2022	Unaudited 30 June 2021
Loss attributable to ordinary shareholders (LAK)	**(1,895,245,569)**	**(1,549,279,689)**
Weighted average number of ordinary shares outstanding (Shares)	100,000,000	100,000,000
Basic loss per share (LAK per share)	(18.95)	(15.49)

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.

The following significant transactions were carried out with related parties during six-month period:

9.1 Outstanding balances arising from purchases and sales of goods and other transactions

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Payables to:		
Related party - OPG Tech Co., Ltd	59,486,367	45,387,600

As at 30 June 2022, payable to related party mainly represents the unpaid balance of purchasing of Palm Oil Extraction Machine from OPG Tech Co., Ltd since 2017.

There were no purchases of goods and others from a related party – OPG Tech Co.,Ltd during the six-month periods ended 30 June 2022 and 2021.

10 Events during the reporting date

On 05 July 2022, the Company announced the notice to Lao Securities Exchange for an approval of changing of the Board of director and Chief Executive Officer (Mr. Oudom KEOTHAVONG) to Mr. Zait PATTANAMAS to be a new Chief Executive Officer of Lao Agrotech Public Company, including approval of Mr. Thanasate MALAWANNO to be a new member of the Board of directors.