LAO AGROTECH PUBLIC COMPANY

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



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INDEPENDENT AUDITOR'S 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) for the year ended 31 December 2023 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's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter - Basis of accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements have been prepared in accordance with the Company's accounting policies which the accounting basis used in the preparation of these financial statements may differ from International Financial Reporting Standards (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 judgement, 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 2.14 'Significant accounting policies – Revenue recognition' and Note 19 'Revenue from sales' to the financial statements.** Revenue from sales of goods is recognised when goods are delivered to customers. However, most of revenue from goods sold for the year 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 located in the province where the delivery takes 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 year-end period were materially high.	We performed the following procedures: • Assessing and testing the design 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 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 directors 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 will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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 for the financial statements

The directors are responsible for the preparation of the financial statements in accordance with accounting policies described in Note 2 to the financial statements, and for such internal control as the directors determine 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, the directors are 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 the directors either intend 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.

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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 the directors.

- Conclude on the appropriateness of the directors' 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 audit committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the 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 Pongphan Domerongphanudom
Partner

Vientiane Capital, Lao PDR
Date: 18 March 2024

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 LAK	2022 LAK
ASSET			
Current assets			
Cash and cash equivalents	3	14,381,978,713	4,619,541,579
Trade and other receivables, net	4	8,889,226,496	10,703,012,890
Inventories, net	5	1,581,590,036	664,795,109
Factory supplies, net	6	2,668,342,495	3,029,381,916
Deferred plantation costs - Palm sapling for sale	7	554,250,404	1,248,693,549
Other current assets		4,150,715,289	1,303,134,447
Total current assets		**32,226,103,433**	**21,568,559,490**
Non-current assets			
Investment in a subsidiary	8	240,422,000,000	(-)
Property, plants and equipment, net	9	17,682,934,209	18,522,121,435
Deferred plantation costs - Palm, net	10	18,362,758,040	23,522,524,712
Deferred plantation costs - Pongamia tree	11	1,967,158,504	(-)
Total non-current assets		**278,434,850,753**	**42,044,646,147**
TOTAL ASSETS		**310,660,954,186**	**63,613,205,637**
LIABILITIES AND EQUITY			
Liabilities			
Current Liabilities			
Trade and other payable	12	244,151,457,603	5,136,437,085
Other current liabilities	13	19,502,398	496,422,123
Borrowings	14	2,000,000,000	2,633,416,800
Finance leases liability-current portion	15	1,088,782,267	975,453,800
Total current liabilities		**247,259,742,268**	**9,241,729,808**
Non-Current Liabilities			
Finance leases	15	(-)	17,596,119
Other non-current liabilities	16	18,223,424,449	(-)
Total non-current liabilities		**18,223,424,449**	**17,596,119**
Total liabilities		**265,483,166,717**	**9,259,325,927**
Equity			
Share capital	17	50,000,000,000	50,000,000,000
Share premium	17	3,269,466,406	3,269,466,406
Retained earnings/(Deficits)			
Appropriated - legal reserved	18	932,158,245	932,158,245
Un-appropriated		(9,023,837,182)	152,255,059
Total equity		**45,177,787,469**	**54,353,879,710**
TOTAL LIABILITIES AND EQUITY		**310,660,954,186**	**63,613,205,637**

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 18 March 2024.

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 18 March 2024.

The accompanying notes on page 11 to 25 are an integral part of this financial statement.

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 LAK	2022 LAK
Revenue from sales	19	38,873,413,574	21,162,968,580
Cost of sale	20	(33,682,887,363)	(12,736,488,391)
Gross profit		**5,190,526,211**	**8,426,480,189**
Selling and administrative expenses		(11,863,630,996)	(8,420,553,552)
Other income		1,683,575,508	2,163,506,742
Loss on exchange rate		(3,971,210,998)	(1,337,318,774)
Operating (Loss)/Profit		**(8,960,740,275)**	**832,114,605**
Finance costs		(215,351,966)	(357,924,699)
(Loss)/Profit before income tax expense		**(9,176,092,241)**	**474,189,906**
Income tax expense	21	(-)	(224,270,984)
(Loss)/Profit for the year		**(9,176,092,241)**	**249,918,922**
(Loss)/Earnings per share			
Basic (loss)/earnings per share	22	(91.76)	2.50

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 18 March 2024.

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 18 March 2024.

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LAO AGROTECH PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Paid-up share capital LAK	Share Premium LAK	Retained earnings/(Deficits) Legal reserved LAK	Retained earnings/(Deficits) Un-appropriated LAK	Total LAK
Opening balance at 1 January 2022		**50,000,000,000**	**3,269,466,406**	**907,166,353**	**(72,671,971)**	**54,103,960,788**
Profit for the year		(-)	(-)	(-)	249,918,922	249,918,922
Legal reserve	18	(-)	(-)	24,991,892	(24,991,892)	(-)
Closing balance at 31 December 2022		**50,000,000,000**	**3,269,466,406**	**932,158,245**	**152,255,059**	**54,353,879,710**
Opening balance at 1 January 2023		**50,000,000,000**	**3,269,466,406**	**932,158,245**	**152,255,059**	**54,353,879,710**
Loss for the year		(-)	(-)	(-)	(9,176,092,241)	(9,176,092,241)
Closing balance at 31 December 2023		**50,000,000,000**	**3,269,466,406**	**932,158,245**	**(9,023,837,182)**	**45,177,787,469**

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 18 March 2024.

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 18 March 2024.

The accompanying notes on page 11 to 25 are an integral part of this financial statement.

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 LAK	2022 LAK
(Loss)/Profit before income tax		**(9,176,092,241)**	**474,189,906**
Adjustments for:			
Depreciation charge	9	2,255,283,839	2,072,621,922
Amortization charge	10	937,425,364	913,137,748
Write-off inventories and factory supplies	5,6	7,254,292	7,010,140
Gain from disposal of property, plant, and equipment		(-)	(595,702,504)
Write-off deferred plantation costs	7	741,876,968	(-)
Foreign exchange loss		1,859,059,453	406,562,566
Interest expenses		215,351,966	357,924,699
Allowance for doubtful debts	4	1,676,229,397	(-)
Changes in working capital:			
Trade and other receivables		137,556,997	672,392,350
Inventories, net		(923,946,307)	(104,474,488)
Factory supplies, net		360,936,509	(2,673,669,155)
Deferred Plantation costs - Palm sapling for sale		(132,731,745)	55,136,937
Other current assets		(2,847,580,842)	346,077,255
Trade and other payables		3,746,323,230	2,768,800,975
Other current liabilities		70,741,454	609,317,734
Other non-current liabilities	16	18,223,424,449	(-)
Cash flows from operating activities		**17,151,112,783**	**5,309,326,085**
Interest paid		(215,351,966)	(357,924,699)
Income tax paid		(224,270,984)	(-)
Net cash generated from operating activities		**16,711,489,833**	**4,951,401,386**
Cash flows from investing activities			
Purchases of property, plant and equipment	9	(1,684,832,534)	(783,168,892)
Plantation costs paid – Palm tree	10	(566,731,330)	(493,269,982)
Plantation costs paid - Pongamia trees		(1,967,158,504)	(-)
Proceed from disposal of property, plant and equipment		(-)	627,620,000
Payment for Investment in a subsidiary	8	(1,835,611,609)	(-)
Net cash used in investing activities		**(6,054,333,977)**	**(648,818,874)**

LAO AGROTECH PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

Cash flow from financing activities			
Proceeds from borrowings	13	7,762,756,000	8,018,700,000
Repayments of borrowings	13	(8,396,172,800)	(8,872,800,000)
Finance leases principal repayments		(308,375,836)	(449,603,896)
Net cash used in financing activities		**(941,792,636)**	**(1,303,703,896)**
Net increase in cash and cash equivalents		**9,715,363,220**	**2,998,878,616**
Cash and cash equivalents at the beginning of the year	3	4,619,541,579	1,542,250,698
Effect of exchange rate changes on cash and cash equivalents		47,073,914	78,412,265
Cash and cash equivalents at the end of the year	**3**	**14,381,978,713**	**4,619,541,579**
Significant non-cash items:			
Acquisitions of plant and equipment which have not been paid		1,944,528,964	1,663,916,608
Transferred to Investment in a subsidiary:			
- Property, Plants and Equipment		159,439,486	(-)
- Deferred plantation costs – Palm, net		4,787,904,362	(-)
- Deferred Plantation costs - Palm sapling for sale		195,762,633	(-)

Mr. Phongtarn Pichjumnong
Deputy Director
Date: 18 March 2024.

Mr. Vanhsalerm Sisukhammang
Chief Accountant
Date: 18 March 2024.

The accompanying notes on page 11 to 25 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 Nongkhankhu village, Naxaythong district, Vientiane Lao People Democratic Republic.

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

The principal activity is to 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 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 sell in Lao PDR.

The principal activity of the new subsidiary is to establish high quality tree plantations, primarily of acacia, and to process this wood, together with sustainably produced plantation acacia, into high value ready-made products for the export market.

The financial statements were authorised for issued by the director on 18 March 2023.

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 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 PIEs to prepare action plan for adoption IFRS until 31 December 2025 and 1 January 2026 onward, all listed companies must fully adopt IFRS.

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.

The Company presents the separate financial statements for the year ended 31 December 2023 and 2022, this is in accordance with the reporting and disclosure regulation No.007/SECO, dated 3 April 20214 issued by Lao Securities and Exchange Commission Office.

2 Significant accounting policies (Continued)

2.2 Investment in a subsidiary

Subsidiary is an entity (including structured entity) over which the Company has control. The Company controls an entity when the Company is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns though its power over the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

In the financial statements, investment in a subsidiary is accounted for cost less impairment (if any).

2.3 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. 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 recognised in the statement of income.

2.4 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.

2.5 Trade and other receivables

Trade and other receivables are carried at original invoice amount and subsequently measured at the remaining amount less allowance for impairment based on a review of all outstanding amounts at 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 administrative costs.

Management consider provision for allowance for doubtful account when the outstanding balance is over 3 years.

2.6 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 and weighted average cost 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.

2 Significant accounting policies (Continued)

2.6 Inventories (Continued)

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. Write-off of inventories was recognised in statement of income.

2.7 Factory supplies

Factory supplies are stated at the cost and determined by weighted average cost method. The factory supplies mainly comprise CPO, chemical, bio-diesel B100, fertilizer and palm seeds. These factory supplies are also be able to be sold to customers as revenue of the Company. The costs of purchase comprise 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. Write-off of inventories was recognised in statement of income.

2.8 Property, Plant and Equipment

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 property, 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.

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 Significant accounting policies (Continued)

2.9 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.

2.10 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.

2.11 Deferred plantation costs – Pongamia tree

Pongamia costs comprise both direct purchase price of Pongamia trees and costs directly attributable to the acquisition of the Pongamia trees such as labor cost and fertilizer, labor and other expenses which are directly related. Pongamia which are ready for harvested normally is 5- 6 years from planting.

2.12 Trade and other account payables

Trade and other account payables are carried at the original invoice amount and subsequently measured at the remaining amount less any.

2.13 Leases

Leases – where a Company is the lessee

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Leases of property, plant or equipment (PPE) which has lease agreement with leasing company are classified as finance leases. The cost of PPEs is consisted of purchase, and installation and other direct cost relating to those PPE. Lease payable is included cost of PPE and deferred interest expenses. Deferred interest expense is recorded as asset and will recognise in statement of income on a straight-line basis over the period of lease agreement.

2 Significant accounting policies (Continued)

2.14 Revenue recognition

Revenue from sales of goods is 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.

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

2.15 Income tax

The Company is subject to income taxes in the Lao PDR. The taxation system in the Lao PDR is still relatively new and is characterised by numerous taxes and changing legislation, which is always 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 have the power by law to impose severe fines, penalties and interest charges. These facts may create more substantial tax risks in Lao PDR than in other countries. Management believes that it has adequately provided for its tax liabilities based on its interpretation of existing tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

Income tax payable to the tax authorities is recognised as an expense in the statement of income. The Company settles income taxes payable by offsetting prepaid taxes with its tax liabilities (if any).

3 Cash and cash equivalents

	2023 LAK	2022 LAK
Cash on hand	7,496,836	2,839,953
Deposits held at call with bank[(i)]	14,374,481,877	4,616,701,626
	14,381,978,713	**4,619,541,579**

(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

	2023 LAK	2022 LAK
Trade receivable[(i)]	10,225,855,893	10,363,412,890
Other receivable	339,600,000	339,600,000
Less: Allowance doubtful debts	(1,676,229,397)	(-)
	8,889,226,496	**10,703,012,890**

(i) Trade receivables mainly consist of receivables from sales of palm sapling, biodiesel, and sale of finished goods during the year.

5 Inventories, net

	2023 LAK	2022 LAK
Finished goods[(i)]	1,581,590,036	470,878,527
Work in progress (WIP)	(-)	193,916,582
Less: Allowance for obsolete and slow moving Inventories	(-)	(-)
	1,581,590,036	**664,795,109**

(i) Finished goods mainly consist of cooking oil, waste products or products recovered from the conversion of crude palm oil into diesel and oil palm waste. During the year the Company has write-off inventories amounting of LAK 7,151,380 and recognised in the statement of income.

6 Factory supplies, net

	2023 LAK	2022 LAK
Fertilizer	290,965,629	129,080,002
Crude palm oil (CPO)	2,006,662,740	2,541,328,205
Diesel	21,367,134	(-)
Other factory supplies[(i)]	349,346,992	358,973,709
Less: Allowance for obsolete and slow moving factory supplies	(-)	(-)
	2,668,342,495	**3,029,381,916**

(i) Other factory supplies mainly represented of Potassium nitrate, biodiesel B100 and palm seeds. During the year the Company has write-off inventories amounting of LAK 102,912 and recognised in the statement of income.

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. As at 31 December 2023, the Company has write-off deferred plantation costs since the death of palm trees of amount LAK 741,876,968 was recognised to statement of income.

8 Investment in a subsidiary

As at 31 December, the details of investment in a subsidiary are as follows:

Name of entity	Country of incorporation	% of ownership 2023 Percentage	Type of business	Cost method 2023 LAK
Lao Dee Green Sole Co., Ltd	Laos	100%	Agricultural (plantations of acacia tress)	240,422,000,000

During the year of 2023, the Company invested in Lao Dee Green Sole Co., Ltd by purchasing of 100,000 shares which is 100% of total shares from Lao Dee Green Sole Co., Ltd, amounting to 240,422,000,000 (100,000 shares with 2,404,220 par value per share). During the year of 2023, the company was paid of LAK 6,978,718,091 and the remaining of LAK 233,443,281,909 was recognized as other payable to subsidiary (Note 12).

Regarding to share certificate number 00001/LDG, dated 31 December 2023, as of the date of this certificate, the registered capital of the Company is LAK 240,422,000,000, the value of paid is LAK 6,978,718,091 (the value of paid are classify to in kind is LAK 5,143,106,482 and in cash is LAK 1,835,611,609).

9. 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 2023							
Opening net book amount	6,233,000,900	2,804,071,813	6,578,944,796	1,553,591,257	101,154,369	1,251,358,300	18,522,121,435
Addition	(-)	137,304,574	196,643,750	675,049,247	23,297,661	652,537,302	1,684,832,534
Transferred out to invest in a subsidiary	(-)	(147,661,204)	(8,417,948)	(-)	(1,265,096)	(2,095,238)	(159,439,486)
Transferred out to deferred plantation costs - palm sapling for sale	(-)	(-)	(-)	(-)	(-)	(25,404,761)	(25,404,761)
Transferred out to deferred plantation costs - palm, net	(-)	(-)	(-)	(-)	(-)	(83,891,674)	(83,891,674)
Depreciation charge	(-)	(237,196,489)	(1,074,269,187)	(899,118,134)	(44,700,029)	(-)	(2,255,283,839)
Closing net book amount	**6,233,000,900**	**2,556,518,694**	**5,692,901,411**	**1,329,522,370**	**78,486,905**	**1,792,503,929**	**17,682,934,209**
At 31 December 2023							
Cost	6,233,000,900	4,966,654,151	12,983,368,994	8,508,299,188	1,091,472,257	1,792,503,929	35,575,299,419
Less: Accumulated depreciation	(-)	(2,410,135,457)	(7,290,467,583)	(7,178,776,818)	(1,012,985,352)	(-)	(17,892,365,210)
Net book amount	**6,233,000,900**	**2,556,518,694**	**5,692,901,411**	**1,329,522,370**	**78,486,905**	**1,792,503,929**	**17,682,934,209**

The company brought its four land deeds title no. 362, 473, 427 and 474 to guarantee the loan from the bank, the value of the land taken as guarantee is 2,712,654,900 kip (Note 14).

9. 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 2022							
Opening net book amount	5,688,542,900	3,037,807,474	7,165,060,070	1,755,558,337	119,413,630	649,128,500	18,415,510,911
Addition	(-)	(-)	358,966,300	538,414,895	44,718,747	1,269,050,000	2,211,149,942
Disposals, net	(17,442,000)	(-)	(-)	(14,475,496)	(-)	(-)	(31,917,496)
Transferred In/(Out)	561,900,000	(-)	64,950,600	39,969,600	(-)	(666,820,200)	(-)
Depreciation charge	(-)	(233,735,661)	(1,010,032,174)	(765,876,079)	(62,978,008)	(-)	(2,072,621,922)
Closing net book amount	**6,233,000,900**	**2,804,071,813**	**6,578,944,796**	**1,553,591,257**	**101,154,369**	**1,251,358,300**	**18,522,121,435**
At 31 December 2022							
Cost	6,233,000,900	4,977,010,781	12,795,143,192	7,833,249,941	1,069,439,692	1,251,358,300	34,159,202,806
Less: Accumulated depreciation	(-)	(2,172,938,968)	(6,216,198,396)	(6,279,658,684)	(968,285,323)	(-)	(15,637,081,371)
Net book amount	**6,233,000,900**	**2,804,071,813**	**6,578,944,796**	**1,553,591,257**	**101,154,369**	**1,251,358,300**	**18,522,121,435**

The company brought its three land deeds title no. 362, 473 and 474 to guarantee the loan from the bank, the value of the land taken as guarantee is 2,437,804,900 kip (Note 14). In addition, during the year ended 2022, there was reclassification from the asset under construction (advance for purchase of assets) in the amount of LAK 562 million to be recorded under Land.

10 Deferred plantation costs - palm, net

	2023 LAK	2022 LAK
Opening balance	23,522,524,712	23,942,392,478
Addition	566,731,330	493,269,982
Transferred in from property, plants and equipment	83,891,674	(-)
Transferred out to a subsidiary	(4,787,904,362)	(-)
Transferred out to deferred plantation costs - Palm sapling for sale	(85,059,950)	(-)
Less: Amortization	(937,425,364)	(913,137,748)
Ending balance	**18,362,758,040**	**23,522,524,712**
As at 31 December		
Deferred plantation cost	24,071,699,652	28,294,040,960
Less: Accumulated amortization	(5,708,941,612)	(4,771,516,248)
	18,362,758,040	**23,522,524,712**

11 Deferred Plantation costs - Pongamia tree

Pongamia costs comprise both direct purchase price of Pongamia trees and costs directly attributable to the acquisition of the Pongamia trees such as labor cost and fertilizer. As at 31 December 2023 there was outstanding in amount at LAK 1,967,158,504.

12 Trade and other payable

	2023 LAK	2022 LAK
Trade payable[(i)]	9,504,743,997	3,178,435,895
Other payable[(ii)]	1,203,431,697	1,958,001,190
Other payable - Related party[(iii)]	233,443,281,909	(-)
	244,151,457,603	**5,136,437,085**

(i) Trade payable mainly consist of payable to purchase of crude palm oil and cooking oil from overseas during the year.

(ii) Other payable mainly represented the professional fee and unpaid of purchasing palm fruit machine.

(iii) This represented of the unpaid shares to the subsidiary. The Certificate of Investment License of the Company required to be fully paid up within 2 years after the date of issuing the Certificate of Investment License (Note 23).

13 Other current liabilities

	2023 LAK	2022 LAK
Accrued income tax	(-)	224,270,984
Accrued payroll cost	19,502,398	272,151,139
	19,502,398	**496,422,123**

14 Borrowings

As at 31 December 2023, the Company has outstanding balance, short term borrowing from SAI GON - HA NOI BANK LAO LIMITED (SHB).

As at 31 December 2023, the outstanding balance of borrowings is listed in table below:

Carrying amount (LAK)	Drawdown (LAK)	Repayment (LAK)	Outstanding balance (LAK)	Maturity and repayment term	interest rate per annum	Collaterals
2,633,416,800	7,762,756,000	(8,396,172,800)	2,000,000,000	12 Months, principal and interest are payable on monthly basis.	9.5%	1. Land lots no. 474, amount LAK 971,520,000. 2. Land lots no. 473, amount LAK 1,140,301,400. 3. Land lots no. 362, amount LAK 325,983,500. 4. Land lots no. 427, amount LAK 274,850,000.

15 Finance leases liability

	2023 LAK	2022 LAK
Current		
Current portion of finance leases	1,088,782,267	975,453,800
Non-current		
Finance leases	(-)	17,596,119
	1,088,782,267	**993,049,919**

The Company signed two leasing agreements in Baht and LAK currency for lease vehicles.

16 Other non-current liabilities

Regarding to the Agreement for pilot plantation of Pongamia trees for the carbon oxygen project dated 16 October 2023, by and between FOUR PRIDE PTE. LTD or (FP) and LAO AGROTECH PUBLIC COMPANY or (LAT) are stated the term and condition as followings:

- Period of the project: 4 years from the date of plantation commencement which is November 2023.
- Location of plantation: In Vientiane and Salavan Province, Lao PDR
- Land Area for Plantation: 300 hectares
- Number of Pongamia trees per hectares: 160-220 trees per hectare once agreed with FP and LAT
- The cost of plantation service: USD 2,946.20 per hectare for four years, total cost amount of USD 883,859.95 or equivalent to LAK 18,223,424,449.

Throughout the period of four years under this agreement, LAT shall provide and responsible for all required service in relation to the ordinary course of Pongamia plantation business but not limited to create afforestation land, irrigation system, supply and inspect seedling, afforestation, plantation management, beekeeping, pruning, harvesting, maintenance of plantation, labor arrangement and other related activities. The preparation of devices, equipment, tools, instrument or otherwise necessary for the provision of the service shall be responsible by LAT.

As at 31 December 2023, LAT recognised the above balance as advance payment from FP as non-current liabilities and its will be settled after receiving income from the carbon oxygen project after four years term.

17 Share capital

	Number of Shares Shares	Ordinary Shares LAK	Share premium LAK	Total LAK
At 1 January 2022	100,000,000	50,000,000,000	3,269,466,406	53,269,466,406
New shares issued	(-)	(-)	(-)	(-)
As at 31 December 2022	**100,000,000**	**50,000,000,000**	**3,269,466,406**	**53,269,466,406**
At 1 January 2023	100,000,000	50,000,000,000	3,269,466,406	53,269,466,406
New shares issued	(-)	(-)	(-)	(-)
As at 31 December 2023	**100,000,000**	**50,000,000,000**	**3,269,466,406**	**53,269,466,406**

As at 31 December 2023, the total number of authorised ordinary shares is 100,000,000 shares with a par value of LAK 500 per share (2022: 100,000,000 shares with a par value of LAK 500 per share). All issued shares are paid.

18 Legal reserve

	2023 LAK	2022 LAK
At 1 January	932,158,245	907,166,353
Addition	(-)	24,991,892
At 31 December	**932,158,245**	**932,158,245**

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.

19 Revenue from sales

	2023 LAK	2022 LAK
Sale revenue - Trading[(i)]	37,517,784,074	20,564,501,830
Sale revenue - Palm sapling	955,129,500	436,367,750
Sale revenue – Fertilizer	400,500,000	162,099,000
	38,873,413,574	**21,162,968,580**

(i) The sale revenue-trading are mainly from sale of palm oil product, biodiesel B5, cooking oil and monosodium glutamates.

20 Expenses by natures

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

	2023 LAK	2022 LAK
Cost of finished goods sold	33,682,887,363	12,736,488,391
Salaries/Payroll expenses	2,118,409,474	2,256,981,458
Depreciation and amortization charges (Note 9 and 10)	3,192,709,203	2,985,759,670

21 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 20% on taxable profit.

During the year ended 31 December 2023, the Company did not recognise income tax expense in statement of income due to the operation loss. (2022: recognised LAK 224,270,984).

22 Earnings/(Loss) per share

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

	2023	2022
(Loss)/Profit attributable to ordinary shareholders (LAK)	(9,176,092,241)	249,918,922
Weighted average number of ordinary shares outstanding (Shares)	100,000,000	100,000,000
Basic (loss)/earnings per share (LAK per share)	(91.76)	2.50

23 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.

23.1 Outstanding balance of related party transaction as at 31 December 2022 are summarised below:

	2023 LAK	2022 LAK
Payable related to :		
Subsidiary	233,443,281,909	(-)

24 Commitments

As at 31 December 2023, 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.

	2023 LAK	2022 LAK
Less than one year	56,299,526	213,942,622
More than one year and less than five years	259,652,746	217,163,551
More than five years	2,464,717,023	2,098,496,141
	2,780,669,295	**2,529,602,314**

25 Events after the reporting date

There are no significant events occurring after the balance sheet date which required adjustments to or disclosure to be made in the financial statements for the year ended 31 December 2023.