Lao Cement Public Company

Interim financial statements

For the six-month period ended 30 June 2021

Lao Cement Public Company

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Lao Cement Public Company

GENERAL INFORMATION

THE COMPANY

Lao Cement Public Company ("the Company"), formerly known as Lao Cement Co., Ltd, was established in accordance with the Article of Association signed in Vientiane, Laos on 15th December 1998 by Lao Agriculture-Forestry Development and Service Company ("Party A") and China Yunnan Corporation for International Techno-Economic Cooperation ("Party B").

On 6th December 1999, the Company received the first Business Licence No.1154/BLO issued by the Ministry of Industry and Commerce, which allowed the Company to operate in cement and other related cement products for domestic consumption and export.

The Company also obtained the following amended Business Licenses:

Business License	*Date*
0078/BLO	5 April 2006
1719/BLO	26 February 2009
0244/BLO	20 February 2012
1436/BLO	15 November 2012
791/BLO	13 November 2015
1016/BLO	5 December 2016
0247/BLO	24 March 2017
0688/BLO	2 August 2017
0160/BLO	20 February 2018

The licensed principal activities of the Company as per its Business Licenses are:

- Production of cement and other related cement products;
- Wholesale and retail of cement and other related cement products for domestic consumption and export.

The Company's registered head office is at Phonphanao Village, Xaysettha District, Vientiane Capital, Lao PDR. The Company also has Vangvieng Cement Plant No II which is located in Vangvieng province, Lao PDR.

BOARD OF DIRECTORS

Members of the Board of Directors during the period and as at the date of this report are:

Name	*Position*	*Date of appointment*
Mr. Yang ChunYin	Chairman	Appointed on 23 June 2020
Mr. Liu Wei	Chairman	Resigned on 23 June 2020
Mr. Vanthong Sitthikoun	Vice chairman	Appointed on 23 June 2020
Mr. Bounpeng Buophanh	Vice chairman	Resigned on 23 June 2020
Mr. Zhang Li	Member	
Mr. Jie Yaoqi	Member	
Mr. Khambon Xaylaovong	Member	
Mr. Ou Yang Xu Yong	Member	Appointed on 23 June 2020
Mr. Vichit Souvannarath	Member	Appointed on 23 June 2020
Mr. Li Ming	Member	Resigned on 23 June 2020
Mr. Thongpon Kingkhamphet	Member	Resigned on 23 June 2020
Mr. Xiao Jie	Independent member	
Mr. Li Chun Bo	Independent member	
Mr. Vongvichit Keovongkot	Independent member	

MANAGEMENT

Members of the Company's management during the period and at the date of this report are:

Name	*Position*	*Date of appointment*
Mr. Zhang Li	Deputy Director	
Mr. Vichit Souvannarath	Deputy Director	Appointed on 23 June 2020
Mr. Jie Yaoqi	Director	
Mr. Khambon Xaylaovong	Director	
Mr. Xiao Jie	Director	
Mr. Li Chun Bo	Director	
Mr. Vongvichit Keovongkot	Director	
Mr. Liu Wei	Director	Resigned on 23 June 2020
Mr. Bounpeng Bouaphanh	Director	Resigned on 23 June 2020
Mr. Li Ming	Director	Resigned on 23 June 2020
Mr. Thongpon Kingkhamphet	Director	Resigned on 23 June 2020

AUDIT COMMITTEE

Members of the Company's audit committee during the period and at the date of this report are:

Mr. Xiao Jie	Chairman
Mr. Li Chun Bo	Member
Mr. Vongvichit Keovongkot	Member

LEGAL REPRESENTATIVE

The legal representative of the Company during the period and at the date of this report is Mr. Zhang Li, Genaral Director.

AUDITOR

The auditor of the Company is Ernst & Young Lao Co., Ltd.

Lao Cement Public Company

REPORT OF MANAGEMENT

Management of Lao Cement Public Company ("the Company") is pleased to present this report and the Company's interim financial statements for the six-month period ended 30 June 2021.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM FINANCIAL STATEMENTS

Management is responsible for the preparation of the interim financial statements which have been prepared in accordance with the accounting policies as described in Note 3 to the interim financial statements. These accounting policies are not intended to present the interim financial position, the interim results of operations and interim cash flows of the Company in accordance with international generally accepted accounting principles. In preparing those interim financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the interim financial statements; and
- prepare the interim financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim financial position of the Company and for ensuring that the interim financial statements comply with the accounting policies applied. It is also responsible for safeguarding the assets of the Company and thus for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying interim financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim financial statements for the six-month period ended 30 June 2021 are prepared, in all material respects, in accordance with the accounting policies as described in Note 3 to the interim financial statements.

On behalf of the Board of Management:

ບໍລິສັດ
ຊີເມັ້ນລາວ ມະຫາຊົນ
Lao Cement Public Company

Vichit Souvannarath
Deputy Director

Vientiane, Lao PDR

27 August 2021

Ernst & Young Lao Co., Ltd
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Reference: 61228095/22734548-LR

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

To: The shareholders of Lao Cement Public Company

Introduction

We have reviewed the accompanying interim financial statements of Lao Cement Public Company ("the Company"), which comprise the interim balance sheet as at 30 June 2021, and the related interim income statement, interim statements of changes in equity and cash flows for the six-month period then ended, and note to the interim financial statements, including the summary of significant accounting policies.

Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting policies as described in Note 3 to the interim financial statements. Our responsibility is to express a conclusion on these interim financial statements 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 statements are not prepared, in all material respects, in accordance with the accounting policies as described in Note 3 to the interim financial statements.

Emphasis of Matter

We draw attention to:

- Note 2 of the accompanying financial statements, which indicates that the Company incurred a net loss of LAK 13.09 billion for the six-month period ended 30 June 2021. As of that date, the Company has accumulated losses of LAK 44.9 billion. Due to the impact of COVID-19 pandemic protective measurements by the Government of Lao PDR and the economic difficulty, the Company has temporarily ceased all its production since April 2020. On 25 August 2020, the Company published Announcement No.202/LCC about temporarily ceasing all production until further notice. These events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

- Note 3 to the interim financial statements, which describes the accounting policies adopted by the Company. These accounting policies are not intended to present the interim financial position, the interim results of operations and the interim cash flows of the Company in accordance with international generally accepted accounting principles.

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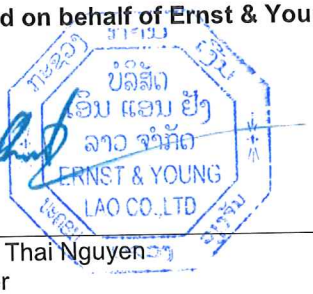
- Note 25 to the interim financial statements which discusses about restatements to certain corresponding figures in the financial statements to correct prior years' errors.

Our conclusion is not modified in respect of these matters.

For and on behalf of Ernst & Young Lao Co., Ltd



Thanh Thai Nguyen
Partner

Vientiane, Lao PDR

27 August 2021

Lao Cement Public Company

INTERIM BALANCE SHEET
as at 30 June 2021

	Notes	30 June 2021 LAK	31 December 2020 (Restated) LAK
ASSETS			
Non-current assets			
Property, plant and equipment	4	12,254,557,572	15,738,565,771
Construction in progress	5	6,822,689,571	6,820,639,571
Intangible assets		328,548,475	328,548,475
Other non-current assets	6	210,400,000	241,960,000
Total non-current assets		**19,616,195,618**	**23,129,713,817**
Current assets			
Other current assets	7	46,000,000	190,460,000
Inventories	8	22,151,677,274	25,590,188,553
Other receivables	9	8,051,501	121,947,501
Trade receivables	10	17,164,798,859	29,609,461,429
Cash	11	199,284,441	3,416,095,713
Total current assets		**39,569,812,075**	**58,928,153,196**
TOTAL ASSETS		**59,186,007,693**	**82,057,867,013**
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	2,000,000,000	8,000,000,000
Trade payables		2,935,447,597	4,751,971,174
Advance from customers		152,773,000	152,773,000
Amounts due to related parties	24	5,514,242,550	5,834,035,151
Statutory obligations	13	5,165,526,159	5,170,698,904
Payables to employees		10,048,135,661	11,682,408,305
Other payables	14	13,640,676,508	13,645,892,549
Total current liabilities		**39,456,801,475**	**49,237,779,083**
TOTAL LIABILITIES		**39,456,801,475**	**49,237,779,083**
Equity			
Contributed capital	15	20,002,000,000	20,002,000,000
Share premium		18,385,975,511	18,385,975,511
Legal reserve		7,704,052,546	7,704,052,546
Plant expansion reserve		18,549,465,596	18,549,465,596
Accumulated losses		(44,912,287,435)	(31,821,405,723)
Total equity		**19,729,206,218**	**32,820,087,930**
TOTAL LIABILITIES AND EQUITY		**59,186,007,693**	**82,057,867,013**

Vichit Souvanarath
Deputy Director

Zhang Yongfu
Head of Accounting – Finance Department

Vientiane, Lao PDR

27 August 2021

Lao Cement Public Company

INTERIM INCOME STATEMENT
for the six-month period ended 30 June 2021

	Notes	*For the six-month period ended 30 June 2021 LAK*	*For the six-month period ended 30 June 2020 LAK*
Revenue from sale of goods	16	-	24,837,369,056
Cost of goods sold	17	-	(34,283,556,397)
Gross loss		**-**	**(9,446,187,341)**
Other operating income		123,307,115	8,253,210
Other operating expense	18	(7,597,474,949)	-
Provision for doubtful accounts		(2,739,683,271)	(1,108,997,046)
Selling and distribution costs	19	-	(994,781,047)
Administrative expenses	20	(2,665,533,408)	(3,444,696,922)
Operating loss		**(12,879,384,513)**	**(14,986,409,146)**
Finance income	21	277,107,634	143,503,274
Finance costs	22	(488,604,833)	(636,008,291)
Loss before tax		**(13,090,881,712)**	**(15,478,914,163)**
Profit tax expenses	23	-	-
Net loss after tax for the period		**(13,090,881,712)**	**(15,478,914,163)**

Vichit Souvannarath
Deputy Director

Zhang Yongfu
Head of Accounting – Finance Department

Vientiane, Lao PDR

27 August 2021

Lao Cement Public Company

INTERIM STATEMENT OF CHANGES IN EQUITY
for the six-month period ended 30 June 2021

	Contributed capital LAK	*Share premium LAK*	*Legal reserve LAK*	*Plant expansion reserve LAK*	*Accumulated losses LAK*	*Total LAK*
As at 1 January 2020	20,002,000,000	18,385,975,511	7,704,052,546	18,549,465,596	4,175,985,552	68,817,479,205
Net loss for the period	-	-	-	-	(15,478,914,163)	(15,478,914,163)
As at 30 June 2020	**20,002,000,000**	**18,385,975,511**	**7,704,052,546**	**18,549,465,596**	**(11,302,928,611)**	**53,338,565,042**
As at 1 January 2021 (as previously presented)	20,002,000,000	18,385,975,511	7,704,052,546	18,549,465,596	(20,405,068,192)	44,236,425,461
Restatement (Note 25)	-	-	-	-	(11,416,337,531)	(11,416,337,531)
As at 1 January 2021 (restated)	20,002,000,000	18,385,975,511	7,704,052,546	18,549,465,596	(31,821,405,723)	32,820,087,930
Net loss for the period	-	-	-	-	(13,090,881,712)	(13,090,881,712)
As at 30 June 2021	**20,002,000,000**	**18,385,975,511**	**7,704,052,546**	**18,549,465,596**	**(44,912,287,435)**	**19,729,206,218**

Vichit Souvannarath
Deputy Director

Vientiane, Lao PDR

27 August 2021

Zhang Yongfu
Head of Accounting – Finance Department

Lao Cement Public Company

INTERIM STATEMENT OF CASH FLOWS
for the six-month period ended 30 June 2021

	Notes	*For the six-month period ended 30 June 2021 LAK*	*For the six-month period ended 30 June 2020 LAK*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(13,090,881,712)**	**(15,478,914,163)**
Adjustments for:			
Depreciation of property, plant and equipment	4	3,484,008,199	4,455,001,229
Provision for inventories		3,370,861,497	614,159,861
Provision for doubtful debts		2,739,683,270	1,108,997,046
Net of foreign exchange (gains)/losses		(9,280,049)	51,736,287
Profit from investing activities		(889,417)	(8,120,154)
Interest expenses	22	221,666,665	448,888,884
		(3,284,831,547)	**(8,808,251,010)**
Working capital adjustments:			
Decrease in trade and other receivables, including amount due from a related party		9,994,895,299	5,603,740,023
Decrease in inventories		67,649,782	11,028,038,701
Decrease in trade and other payables, including amount due to a related party		(3,785,977,607)	(11,208,051,911)
Loan interest paid		(216,666,665)	(448,888,884)
Net cash flows from /(used in) operating activities		**2,775,069,262**	**(3,833,413,081)**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment		-	(335,779,600)
construction in progress		(2,050,000)	-
Interest received		889,417	8,120,154
Net cash flows used in investing activities		**(1,160,583)**	**(327,659,446)**
FINANCING ACTIVITIES			
Proceed from bank borrowings		-	6,000,000,000
Repayment of bank borrowings		(6,000,000,000)	(4,000,000,000)
Net cash flows (used in)/ from financing activities		**(6,000,000,000)**	**2,000,000,000**
Net decrease in cash		(3,226,091,321)	(2,161,072,527)
Cash at the beginning of the period		3,416,095,713	6,042,043,762
Impact of exchange rate fluctuation		9,280,049	(51,736,287)
Cash at the end of the period	**11**	**199,284,441**	**3,829,234,948**

Vichit Souvannarath
Deputy Director

Vientiane, Lao PDR

27 August 2021

Zhang Yongfu
Head of Accounting – Finance Department

1. CORPORATE INFORMATION

Lao Cement Public Company ("the Company"), formerly known as Lao Cement Co., Ltd, was established in accordance with the Article of Association signed in Vientiane, Laos on 15th December 1998 by Lao Agriculture-Forestry Development and Service Company ("Party A") and China Yunnan Corporation for International Techno-Economic Cooperation ("Party B").

On 6th December 1999, the Company received the first Business Licence No.1154/BLO issued by the Ministry of Industry and Commerce, which allowed the Company to operate in cement and other related cement products for domestic consumption and export.

The Company also obtained the following amended Business Licenses:

Business License	*Date*
0078/BLO	5 April 2006
1719/BLO	26 February 2009
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1436/BLO	15 November 2012
791/BLO	13 November 2015
1016/BLO	5 December 2016
0247/BLO	24 March 2017
0688/BLO	2 August 2017
0160/BLO	20 February 2018

The licensed principal activities of the Company as per its Business Licenses are:

- Production of cement and other related cement product;
- Wholesale and retail of cement and other related cement product for domestic consumption and export.

The Company has temporarily ceased all production activities from April 2020 up to the date of this report.

The Company's registered head office is at Phonphanao Village, Xaysettha District, Vientiane Capita, Lao PDR. The Company also has Vangvieng Cement Plant No. II which is located in Vangvieng province, Lao PDR.

As at 30 June 2021, the Company had 25 employees (31 December 2020: 29 employees).

2. BASIS OF PREPARATION

The interim financial statements of the Company have been prepared using the historical cost convention. These interim financial statements are expressed in Lao Kip ("LAK") as it is the currency in which the majority of the Company's transaction are denominated and settled.

The Company's interim financial statements have been prepared in accordance with the accounting policies as set out in Note 3. These accounting policies are not intended to present the interim financial position, interim results of operations and interim cash flows of the Company in accordance with international generally accepted accounting principles.

Going concern assumption

The Company incurred net loss of LAK 13.09 billion for the six-month period ended 30 June 2021. As of that date, the Company has accumulated losses of LAK 44.9 billion. Due to the impact of COVID-19 pandemic protective measurements by the Government of Lao PDR and the economic difficulty, the Company has temporarily ceased all production since April 2020. On 25 August 2020, the Company published Announcement No.202/LCC about temporarily ceasing all production until further notice. These events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The Company has identified new investor and is developing a detail restructuring plan to which the Company can recover its normal operation. Alternatively, the Company's management also have financial plans to settle the short-term liabilities to continue in minimum operation in the coming year. On this basis, the Company's management considers it is still appropriate to prepare the Company's interim financial statements on the going concern basis.

The interim financial statements do not include any adjustments to assets and liabilities that may be necessary if the Company is unable to continue as a going concern.

Fiscal year

The Company's fiscal year starts on 1 January and ends on 31 December.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

The cost of a property, plant and equipment purchased by the Company consists of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalized while expenditures for maintenance and repairs are charged to the interim income statement.

When an item of property, plant and equipment is sold or retired, their cost and accumulated depreciation are removed from the interim balance sheet and any gain or loss resulting from their disposal is included in the other operating income or expense accounts, respectively, in the interim income statement.

Construction in progress represents assets under construction. This includes the costs of construction and other directly attributable costs.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation are recognized in the interim income statement.

Depreciation

Depreciation of property, plant and equipment is calculated on a straight-line basis over the expected useful life of the assets as follows:

Buildings and structures	5 to 20 years
Machinery and equipment	5 years
Means of transportation	5 years
Leasehold improvement	5 to 10 years
Office equipment	5 to 10 years
Others	10 years

The useful life of leasehold improvement is determined based on management estimates on expected usage and might be different with the lease term.

Depreciation on property, plant and equipment acquired or disposed of during the period is provided for on a pro-rata basis with reference to the month of acquisition or disposal. No depreciation is provided for assets under construction until such time that the relevant assets are completed and put into use.

Intangible assets

Intangible assets represent land use rights with indefinite term of use and are stated at cost. The cost of land use rights, which comprise the purchase price and any directly attributable costs, is not amortized.

Other non-current assets

Assets which were purchased, controlled and used by the Company of which tittles are registered under other parties' names are reported as Company's other non-current assets. Depreciation is calculated on a straight-line basis over the expected useful life of 20 years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The periodic method is used to record inventories, which are valued as follows:

Raw materials, consumables, tools and supplies	-	Cost of purchase on a weighted average cost basis.
Work-in-progress and Finished goods	-	Cost of direct materials and labour plus attributable manufacturing overheads based on the normal operating capacity on a weighted average cost basis.

Provision for obsolete inventories

Provision for obsolete inventories is the estimated loss arising due to the impairment in value (through diminution, damage, obsolescence, etc.) of inventories based on appropriate evidence of impairment available at the interim balance sheet date.

Increases and decreases to the provision balance are recorded into the other operating expenses in the interim income statement.

Trade receivables and provision for doubtful accounts

Trade receivables are stated net of total gross trade receivables and provision for doubtful accounts.

The Company provides allowance for doubtful accounts for trade receivables based on the overdue age of the receivables as follows:

Overdue period	*Provision rate*
6 months to 1 year	30%
From 1 year to 2 years	50%
More than 2 years	100%

Cash

Cash comprises cash on hand and cash in banks.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are recorded as expenses during the period in which they are incurred.

Trade payables, accrued expenses and other payables

Payables and accruals are recognized for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed capital

Contributed capital is recognized in the interim balance sheet when cash is collected from the shareholders in the case of cash contribution or when there is approval from shareholders in the case of contribution in-kind, and share certificate is issued. Any unpaid capital based on Article of Association, enterprise and tax licenses is not recognized in the interim balance sheet.

Share premium reserve

The share premium is recognized upon issuance of additional shares, at a surplus between the offering price of additional share issuance and the par value, after deduction of share issuance cost (such as underwriting fees and other relevant valuation, consulting costs).

Reserves

Under the requirement of Enterprise Law no. 46/NA dated 26 December 2013, public companies are required to appropriate net profit to legal reserve fund.

The legal reserve fund is a fund to secure against risks, which is ten percent (10%) of its net profit into the reserve fund, after deducting its accumulated losses. When the legal reserve reaches one-half of the contributed charter capital, the Company may suspend the conversion of profit to such fund, unless otherwise approved by the Company's owners.

Other reserve funds including welfare fund reserve and plant expansion reserve which are appropriated from retained earnings in accordance with the Article of Incorporation of the Company dated 15 December 1998. The appropriation amount is determined by the Company's Board of Directors on an annual basis.

Reserve funds are appropriated from net profit of prior year upon the approval of the Annual General Meeting of Shareholders.

Foreign currencies

The interim financial statements are presented in LAK which is the Company's functional and presentation currency. Transactions in currencies other than LAK are initially translated using the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the average exchange rate ruling at the interim balance sheet date. All gains and losses are taken to the finance income and finance costs accounts, respectively, in the interim income statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

Interest

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Profit tax is the expected tax payable on the taxable profit for the period, using tax rate enacted at the balance sheet date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

Other taxes payable include value added tax and employees' personal income tax.

Value added tax is the tax liability determined on revenue for the period computed using the applicable tax rate for the period.

Personal income tax is the tax payable on salary paid to staff for the period determined using applicable tax rate for the period.

Any adjustments to the amount of tax payable of prior years as a result of tax inspection are recorded directly into retained earnings.

Related party transactions

Parties are considered to be related if they have the ability to control or exercise significant influence over each other in making financial and operational decisions or are subject to common control or common significant influence.

Transactions with related parties are conducted based on market prices or, where no market prices exist, at contractually agreed prices.

Other operating expenses

Expenses relating to the suspended plants are recognised as other operating expenses.

4. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures LAK	*Machinery and equipment LAK*	*Means of transportation LAK*	*Leasehold improvement LAK*	*Office equipment LAK*	*Others LAK*	*Total LAK*
Cost							
At 1 January 2021	134,382,315,687	213,077,367,762	21,688,472,198	1,855,693,263	2,088,589,576	436,983,816	373,529,422,302
Additions	-	-	-	-	-	-	-
At 30 June 2021	**134,382,315,687**	**213,077,367,762**	**21,688,472,198**	**1,855,693,263**	**2,088,589,576**	**436,983,816**	**373,529,422,302**
Accumulated depreciation							
At 1 January 2021	122,541,185,849	211,147,850,346	19,879,762,375	1,696,484,569	2,088,589,576	436,983,816	357,790,856,531
Charge for the period	2,954,766,403	249,779,644	212,121,970	67,340,182	-	-	3,484,008,199
At 30 June 2021	**125,495,952,252**	**211,397,629,990**	**20,091,884,345**	**1,763,824,751**	**2,088,589,576**	**436,983,816**	**361,274,864,730**
Net book value							
At 1 January 2021	**11,841,129,838**	**1,929,517,416**	**1,808,709,823**	**159,208,694**	**-**	**-**	**15,738,565,771**
At 30 June 2021	**8,886,363,435**	**1,679,737,772**	**1,596,587,853**	**91,868,512**	**-**	**-**	**12,254,557,572**

All Company's fixed assets are pledged as collateral for the borrowing as disclosed in Note 12.

5. CONSTRUCTION IN PROGRESS

	30 June 2021 LAK	*31 December 2020* LAK
Konpook mining project	5,112,200,406	5,110,150,406
The plant's second phase project	1,710,489,165	1,710,489,165
	6,822,689,571	**6,820,639,571**

6. OTHER NON-CURRENT ASSETS

These represent the net book value of land and house which were purchased by the Company but were registered under the name of Mr. Vanhthong Sithikoun - the former President of the Company.

7. OTHER CURRENT ASSETS

	30 June 2021 LAK	*31 December 2020* LAK
Advance to employees	46,000,000	190,460,000
	46,000,000	**190,460,000**

8. INVENTORIES

	30 June 2021 LAK	*31 December 2020* LAK
Raw materials and consumables	4,992,481,342	5,051,423,187
Tools and supplies	10,560,128,309	10,568,836,246
Work in progress	10,117,771,841	10,117,771,841
Finished goods	773,052,368	773,052,368
Provision for inventories	(4,291,756,586)	(920,895,089)
	22,151,677,274	**25,590,188,553**

9. OTHER RECEIVABLES

	30 June 2021 LAK	*31 December 2020* LAK
Deposit to customers	-	113,896,000
Others	8,051,501	8,051,501
	8,051,501	**121,947,501**

10. TRADE RECEIVABLES

	30 June 2021 LAK	*31 December 2020 LAK*
Total trade receivables	21,816,529,021	31,521,508,321
Provision for doubtful accounts	(4,651,730,162)	(1,912,046,892)
	17,164,798,859	**29,609,461,429**

Details of provision for doubtful accounts as at 30 June 2021 are as follows:

Overdue status	*Receivable balance*	*Provision*
6 months to 1 year past due	94,490,000	28,347,000
From 1 year to 2 years past due	4,572,239,350	2,286,119,675
More than 2 years	2,337,263,488	2,337,263,487
Total	**7,003,992,838**	**4,651,730,162**

Details of provision for doubtful accounts as at 31 December 2020 are as follows:

Overdue status	*Receivable balance*	*Provision*
6 months to 1 year	222,783,800	66,835,140
From 1 year to 2 years	797,030,671	398,515,335
More than 2 years	1,446,696,417	1,446,696,417
Total	**2,466,510,888**	**1,912,046,892**

11. CASH

	30 June 2021 LAK	*31 December 2020 LAK*
Cash on hand	52,807,825	83,946,385
Cash in banks	146,476,616	3,332,149,328
	199,284,441	**3,416,095,713**

12. BORROWINGS

Details of the short-term loan from bank as at 30 June 2021 is as follow:

Bank	*Maturity date*	*Interest rate per annum*	*Interest payment*	*Collateral*	*Currency*	*Amount*
Lao China Bank Co., Ltd	21 October 2021	10%	Monthly	[*]	LAK	2,000,000,000
TOTAL						**2,000,000,000**

[*] Collaterals include the Company's land, buildings, warehouses, factory and other assets in Vangvieng district and Vientiane province.

13. STATUTORY OBLIGATIONS

	30 June 2021 LAK	*31 December 2020 LAK*
Foreign contractor tax payable	2,957,685,453	2,916,991,480
Output value added tax	237,909,141	270,836,732
Profit tax payable (*Note 23*)	479,656,526	479,656,526
Other taxes	1,490,275,039	1,503,214,166
	5,165,526,159	**5,170,698,904**

14. OTHER PAYABLES

	30 June 2021 LAK	*31 December 2020 LAK*
Dividends payable (*) (Note 24)	13,581,363,960	13,581,363,960
Others	59,312,548	64,528,589
	13,640,676,508	**13,645,892,549**

(*) Details of dividends payable are as follows:

	30 June 2021 LAK	*31 December 2020 LAK*
2016 dividends payable	3,395,146,565	3,395,146,565
2015 dividends payable	5,773,056,205	5,773,056,205
2014 dividends payable	4,413,161,190	4,413,161,190
	13,581,363,960	**13,581,363,960**

15. CONTRIBUTED LEGAL CAPITAL

15.1 Shares

	30 June 2021		*31 December 2020*	
	Quantity	*Amount (LAK)*	*Quantity*	*Amount (LAK)*
Authorized shares				
Issued and paid-up shares				
Ordinary shares	40,004,000	20,002,000,000	40,004,000	20,002,000,000

On 14 February 2018, the Company received the Certificate of Initial Public Offering (IPO) completion No.0008/LSX issued by Lao Securities Commission Office, according to which the Company had completed IPO process where 12,001,200 shares out of 40,004,000 shares with par value of LAK 500 per share and selling price of LAK 2,400 per share were issued.

The total 40,004,000 shares of the Company (under the ticker "LCC") have been officially listed on Lao Securities Exchange since 2 March 2018. The par value of each share is LAK 500.

The shareholding structure of the Company as at 30 June 2021 is as follows:

Shareholders	*Number of shares*	*Percentage*
China Yunnan Corporation for International Techno-Economic Cooperation (CYC)	14,277,428	35.69%
Lao Agriculture-Forestry Development and Service Company (DAI)	13,717,372	34.29%
Lao China Securities Co.,Ltd (LCS)	7,544,754	18.86%
Other public corporations and individual investors	4,464,446	11.16%
	40,004,000	

16. REVENUE FROM SALE OF GOODS

	For the six-month period ended 30 June 2021 LAK	*For the six-month period ended 30 June 2020 LAK*
Sale from bagged cement	-	6,741,701,862
Sale from bulk cement	-	18,095,667,194
	-	**24,837,369,056**

17. COST OF GOODS SOLD

	For the six-month period ended 30 June 2021 LAK	*For the six-month period ended 30 June 2020 LAK*
Bagged cement	-	9,627,808,639
Bulk cement	-	24,655,747,758
	-	**34,283,556,397**

18. OTHER OPERATING EXPENSES

These mainly comprise expenses relating to the suspended plants with detail is as follows:

	For the six-month period ended 30 June 2021 LAK	*For the six-month period ended 30 June 2020*
Depreciation expenses of suspended plants	3,401,061,086	-
Provision of inventory	3,370,861,497	-
Personnel expenses	439,456,977	-
Others	386,095,389	-
	7,597,474,949	**-**

19. SELLING AND DISTRIBUTION COSTS

	For the six-month period ended 30 June 2021 LAK	*For the six-month period ended 30 June 2020 LAK*
Transportation costs	-	283,046,843
Personnel expenses	-	455,607,793
Depreciation expenses	-	62,661,156
Other selling and distribution costs	-	193,465,255
	-	**994,781,047**

20. ADMINISTRATIVE EXPENSES

	For the six-month period ended 30 June 2021 LAK	*For the six-month period ended 30 June 2020 LAK*
Personnel expenses	1,441,079,613	1,568,879,010
Technical fees	353,724,537	723,564,082
Depreciation expenses	82,947,113	87,173,940
Utility and fuel expenses	55,038,273	100,432,205
Rental fee	15,156,438	155,278,137
Maintenance expenses	28,680,000	29,451,855
Printing and publication expenses	5,894,944	54,766,500
Travelling expenses	17,285,000	35,095,930
Other administrative expenses	665,727,490	690,055,263
	2,665,533,408	**3,444,696,922**

21. FINANCE INCOME

	For the six-month period ended 30 June 2021 LAK	*For the six-month period ended 30 June 2020 LAK*
Interest income	889,417	8,120,154
Foreign exchange gains	276,218,217	135,383,120
	277,107,634	**143,503,274**

22. FINANCE COSTS

	For the six-month period ended 30 June 2021 LAK	*For the six-month period ended 30 June 2020 LAK*
Foreign exchange losses	266,938,168	187,119,407
Interest expenses	221,666,665	448,888,884
	488,604,833	**636,008,291**

23. PROFIT TAX

According to Amended Investment Certificate dated 17 November 1998, the Company was granted with an exemption from profit tax for 4 years commencing with the first year of earning profits and a 50% reduction on the applicable profit tax rate for the following 2 years. The Company has the obligation to pay profit tax ("PT") at the rate of 20% after the tax reduction period. The first year of earning profits is financial year ended 31 December 2005.

The Company has been listed with in Lao Stock Exchange since 2 March 2018. According to Notification No. 2618/TD dated 4 June 2018 from the Ministry of Finance, the Company is granted profit tax reduction of 5% from normal rate for the first four years (from 2018 to 2021). Subsequently, the Company has the obligation to pay PT at normal applicable rate. In accordance with the Law on Profit Tax No.67/NA dated 18 June 2019 (replaced the Tax Law No.70/NA) which is effective for the periods from 1 January 2020, PT rate at 13% is applied to the listed Company in LSX for a period of four years commencing from listed date and at 20% for the subsequent years. Accordingly, the Company's taxable income for the six-month period ended 30 June 2021 would be subject to the PT rate of 13%.

The tax returns filed by the Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the interim financial statements could change at a later date upon final determination by the tax authorities.

The current tax payable is based on taxable profit for the period. The Company's liability for current tax is calculated using tax rates that have been enacted at the interim balance sheet date.

The estimation of profit tax is presented below.

	For the six-month period ended 30 June 2021 LAK	*For the six-month period ended 30 June 2020 LAK*
Loss before tax	**(13,090,881,712)**	**(15,478,914,163)**
Adjustments to (increase)/decrease loss before tax:		
Provision for inventories	3,370,861,497	614,159,861
Provision for doubtful debt	2,739,683,270	1,108,997,046
Other non-deductible expenses	704,577,422	-
Estimated current taxable loss	**(6,275,759,523)**	**(13,755,757,256)**
Estimated current PT expenses at rate 13% (2020: 13%)	-	-
PT payable at beginning of the period	479,656,526	479,656,526
PT paid during the period	-	-
PT payable at the end of the period (Note 13)	**479,656,526**	**479,656,526**

23. PROFIT TAX (continued)

Tax losses carried forward

The Company is entitled to carry tax loss forward to offset against taxable income arising within five years subsequent to the year in which the loss was incurred. At the interim balance sheet date, the Company has aggregated accumulated tax losses of LAK 51,546,185,209 (31 December 2020: 45,270,425,686) available for offset against future taxable income. Details are as follows:

Originating year	*Can be utilized up to*	*Tax loss amount*	*Utilized up to 30 June 2021*	*Forfeited*	*Unutilized at 30 June 2021*
2019	2024	22,074,986,857	-	-	22,074,986,857
2020	2025	23,195,438,829	-	-	23,195,438,829
2021	2026	6,275,759,523	-	-	6,275,759,523
TOTAL		**51,546,185,209**	**-**	**-**	**51,546,185,209**

Estimated tax loss as per the Company's profit tax declaration for the year ended 31 December 2019, 2020 and the six month period of 2021 have not been audited by the local tax authorities as of the date of these interim financial statements.

24. RELATED PARTY TRANSACTIONS

Transactions with related parties are conducted at contractually agreed prices. Significant transactions with related parties during the periods were as follows:

Related parties	*Relationship*	*Nature of transaction*	*For the six-month period ended 30 June 2021 LAK*	*For the six-month period ended 30 June 2020 LAK*
China Yunnan Corporation for International Techno-Economic Cooperation (CYC)	Shareholder	Purchase of materials	-	479,179,910
		Payment for materials purchased	111,709,960	262,672,974
Lao Agriculture-Forestry Development and Service Company (DAI)	Shareholder	Purchase of materials	-	858,276,674
		Payment for materials purchased	256,666,240	1,213,600,710

24. RELATED PARTY TRANSACTIONS (continued)

Balances due to related parties as at 30 June 2021 and 31 December 2020 were as follows:

Related parties	*Relationship*	*Nature of transaction*	*30 June 2021* LAK	*31 December 2020* LAK
Amounts due to related parties				
China Yunnan Corporation for International Techno-Economic Cooperation (CYC)	Shareholder	Purchase of materials	524,591,001	611,050,641
Lao Agriculture-Forestry Development and Service Company (DAI)	Shareholder	Purchase of materials	4,989,651,549	5,222,984,510
			5,514,242,550	**5,834,035,151**
Other payables *(Note 14)*				
China Yunnan Corporation for International Techno-Economic Cooperation (CYC)	Shareholder	Dividend payable	7,736,383,104	7,736,383,104
Lao Agriculture-Forestry Development and Service Company (DAI)	Shareholder	Dividend payable	5,844,980,856	5,844,980,856
			13,581,363,960	**13,581,363,960**

24. RELATED PARTY TRANSACTIONS (continued)

Other transactions with related parties

Remuneration to management during the period was as follows:

	For the six-month period ended 30 June 2021 LAK	*For the six-month period ended 30 June 2020 LAK*
Salaries and bonus	340,830,900	331,877,890
	340,830,900	**331,877,890**

25. CORRESPONDING FIGURES

Certain figures as at 31 December 2020 were restated to correct prior years' error relating to the un-recognition of compensation of liabilities for employees following the cancellation of employment contracts amounting to LAK 11.4 billion incurred since July 2020, as below:

	Note	*31 December 2020 Previously stated LAK*	*Adjustment LAK*	*31 December 2020 Restated LAK*
Balance sheet as at 31 December 2020				
Payables to employees		266,070,774	11,416,337,531	11,682,408,305
Accumulated losses		(20,405,068,192)	(11,416,337,531)	(31,821,405,723)

26. SEGMENT INFORMATION

The Company's principal activities per Business License are to produce and distribute cement and other related cement products. In addition, these activities are only taking place within Lao PDR. As a result, the Company's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

27. SUBSEQUENT EVENTS

There has not been any other significant event that has arisen since the interim balance sheet date that requires adjustments or disclosures to be made in the interim financial statements.

28. APPROVAL FOR ISSUE

The interim financial statements as at 30 June 2021 and for the six-month period then ended were authorised for issue by the Company's management on 27 August 2021.

ບໍລິສັດ
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Lao Cement Public
Company

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Vientiane, Lao PDR

27 August 2021