

Mahathuen Leasing Public Company

**Interim financial statement
(UNAUDITED)**

As at for the nine-month period ended 30 September 2018

MAHATHUEN LEASING PUBLIC COMPANY

GENERAL INFORMATION OF THE COMPANY

Mahathuen Leasing Public Company (the "Company") is a limited company, incorporated and domiciled in the Lao People's Democratic Republic ("Lao PDR"). The address of the Company's registered office is at 628, Ban Phonphanao, K5, Kaysonephomvihan Road, Saysettha District, Vientiane Capital, Lao PDR. The principal business of the Company is to retail finance business through providing credit line for individual customers to buy motorcycle.

The Company was incorporated on September 2, 2011 by obtaining Enterprise Registration Certificate from Ministry of Industry and Commerce. The Company commenced the operation after obtaining a license issued by Bank of the Lao PDR (BoL) on June 11, 2012. On November 20, 2017, the Company has transformed from the limited company to Public Company and changed the Company's name from Mahathuen Leasing Company Limited to Mahathuen Leasing Public Company.

On June 13, 2018, the Company has been approved for offering its shares for initial public offering by Lao Securities Commission and offered 12.24 million shares at LAK 2,100 per share. Which all share were sold with full subscription achieved on 16 August 2018.

The company was listed on the Lao Securities Exchange market on 18 September 2018.

The major shareholder of the Company is Mahathun Holding Company Limited (incorporated in Thailand) which owns 67.72% of the Company's shares.

Board of Directors

No.	(Board of Directors)	Nationality	Position
1	Mr. Chakrit Naksorn	Thai	Chairman
2	Mrs. Inthavilay Oudom	Lao	Vice Chairman
3	Mr. Manop Tririthvilai	Thai	Member of BOARD OF DIRECTORS/CEO
4	Mrs. Prathana Naksorn	Thai	Member of BOARD OF DIRECTORS
5	Miss Sutida Naksorn	Thai	Member of BOARD OF DIRECTORS
6	Mr. Kriengkrai Nissyan	Thai	Member of BOARD OF DIRECTORS
7	Mr. Sangkhom Chanhsouk	Lao	Member of BOARD OF DIRECTORS(Independent)
8	Mr. Nantapat Ngamplung	Thai	Member of BOARD OF DIRECTORS(Independent)
9	Mr. Theeramate Vuttipadhpibul	Thai	Member of BOARD OF DIRECTORS(Independent)

Audit Committee

➤ Members of Audit Committee

No.	Audit Committee	Nationality	Position
1	Mr. Kriengkrai Nissyan	Thai	Chairman
2	Mr. Nantapat Ngamplung	Thai	Audit Committee / Independent
3	Mr. Theeramate Vuttipadhpibul	Thai	Audit Committee / Independent

➤ Members of Risk Management Committee

No.	Name list	Nationality	Position
1	Mr. Chakrit Naksorn	Thai	Chairman of Risk management committee
2	Mr. Manop Tririthvilai	Thai	Risk management committee
3	Mr. Nantapat Ngamplung	Thai	Risk management committee/ Independent

➤ Members of Remuneration Committee

No.	Name list	Nationality	Position
1	Mr. Chakrit Naksorn	Thai	Chairman of Remuneration Committee
2	Mr. Kriengkrai Nissyan	Thai	Remuneration Committee
3	Mr. Theeramate Vuttipadhpibul	Thai	Remuneration Committee/ Independent member

➤ Members of Nominating Committee

No.	Name list	Nationality	Position
1	Mr. Chakrit Naksorn	Thai	Chairman of nominating committee
2	Mr. Kriengkrai Nissyan	Thai	Nominating committee
3	Mr. Nantapat Ngamplung	Thai	Nominating committee/ independent member

5. Members of Related Party Transaction Committee

No.	Name list	Nationality	Position
1	Mr. Theeramate Vuttipadhpibul	Thai	Chairman of Related Party Transaction Committee/ Independent director
2	Mr. Chatphonchai Panyathambodee	Thai	Related party transaction committee
3	Miss Saranya Kamonsinlapacharoen	Thai	Related party transaction

AUDITOR

The auditor of the Company is Deloitte (Lao) Sole Company limited

MAHATHUEN LEASING PUBLIC COMPANY

GENERAL INFORMATION

The management of Mahathuen Leasing Public Company (“the Company”) presents its report and the Company’s interim financial statement for the nine-month period ended 30 September 2018.

STATEMENT OF THE MANAGEMENT’ RESPONSIBILITY IN RESPECT OF THE INTERIM FINANCIAL STATEMENTS

The company’s management is responsible for the preparation of the interim financial statements which have been prepared in accordance with the accounting policies as described in the interim financial statement. These accounting policies are not intended to present the financial position, the results of operations and the cash flows of the Company in accordance with international generally accepted accounting principles. In preparing those interim financial statements, the Company’s 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 standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the interim financial statement on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

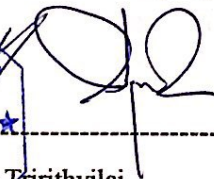

The Company’s management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and for ensuring that the interim financial statements comply with the selected accounting policies. It is also responsible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

The Company’s management has confirmed that the Company has complied with the above requirements in preparing the accompanying interim financial statements.

APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying interim financial statements for the nine-month period ended 30 September 2018, which are prepared in accordance with the accounting policies as described in the interim financial statements.

On behalf of the Company’s management

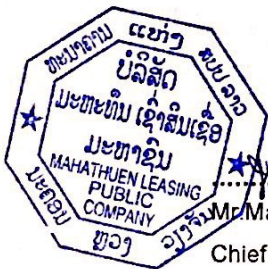
Manop Tririthvilai
Chief Executive Officer

23 October 2018

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

UNIT : LAK

	Notes	As at September 30, 2018 "Unaudited"	As at December 31, 2017
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	15,769,772,047	2,033,555,517
Current portion of finance lease and installment loan receivables	5	37,976,384,385	32,162,409,615
Asset held for sale	6	72,875,139	123,101,216
Other current assets	7	422,040,804	218,293,115
Total Current Assets		<u>54,241,072,375</u>	<u>34,537,359,463</u>
NON-CURRENT ASSETS			
Cash deposit at Bank of the Lao PDR	8	2,000,002,700	1,388,002,700
Finance lease and installment loan receivables	5	22,237,573,983	14,900,153,611
Leasehold improvement and equipment	9	1,309,751,837	1,473,706,264
Intangible asset	10	-	1,694,000
Total Non-current Assets		<u>25,547,328,520</u>	<u>17,763,556,575</u>
TOTAL ASSETS		<u>79,788,400,895</u>	<u>52,300,916,038</u>



[Signature]
 Mr. Manop Tririthvjai
 Chief Executive Officer
 Date : October 23, 2018

[Signature]
 Mr. Thongthawal Thongtham
 Chief Financial Officer
 Date : October 23, 2018

See the condensed notes to the interim financial statements

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT SEPTEMBER 30, 2018

UNIT : LAK

	Notes	As at September 30, 2018 "Unaudited"	As at December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and other payables	11	3,805,553,122	2,516,881,119
Short-term borrowing from a related party	12	11,416,800,000	9,600,000,000
Current portion of liability under a finance lease agreement	13	36,335,742	31,607,634
Income tax payable		1,420,028,845	637,779,931
Accrued dividends	16	-	-
Other current liabilities		22,014,390	19,824,928
Total Current Liabilities		<u>16,700,732,099</u>	<u>12,806,093,612</u>
NON-CURRENT LIABILITIES			
Liability under finance lease agreement	13	134,367,982	162,242,814
Other non-current liabilities		44,550,000	80,918,738
Total Non-current Liabilities		<u>178,917,982</u>	<u>243,161,552</u>
TOTAL LIABILITIES		<u>16,879,650,081</u>	<u>13,049,255,164</u>
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital	14	<u>40,000,000,000</u>	<u>27,760,000,000</u>
Issued and paid-up share capital	14	40,000,000,000	27,760,000,000
Share Premium		12,832,667,550	-
RETAINED EARNINGS			
Appropriated - legal reserve	15	1,784,378,967	1,784,378,967
Unappropriated		8,291,704,296	9,707,281,907
TOTAL SHAREHOLDERS' EQUITY		<u>62,908,750,813</u>	<u>39,251,660,874</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>79,788,400,895</u>	<u>52,300,916,038</u>



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 Mr. Manop Tririthvital
 Chief Executive Officer
 Date : October 23, 2018

.....
 Mr. Thongthawal Thongtham
 Chief Financial Officer
 Date : October 23, 2018

See the condensed notes to the interim financial statements

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
"UNAUDITED"

UNIT : LAK

	Notes	September 30, 2018	September 30, 2017
REVENUES			
Revenue from interest - finance leases and installment loans		13,926,485,981	12,213,568,667
Net gain on exchange rate		-	-
Other income	17	633,976,151	696,939,819
Total Revenues		<u>14,560,462,132</u>	<u>12,910,508,486</u>
EXPENSES			
Administrative expenses	18	6,546,359,857	5,635,037,114
Doubtful accounts and bad debt expense		339,349,196	288,910,080
Net loss on exchange rate		533,035,790	812,116,419
Finance cost		1,112,845,988	1,033,185,938
Total Expenses		<u>8,531,590,831</u>	<u>7,769,249,551</u>
PROFIT BEFORE INCOME TAX EXPENSE		6,028,871,301	5,141,258,935
INCOME TAX EXPENSE		<u>(1,337,248,914)</u>	<u>(1,401,486,574)</u>
NET PROFIT		<u>4,691,622,387</u>	<u>3,739,772,361</u>
BASIC EARNINGS PER SHARE (LAK)		157	134
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (SHARES)	14	29,822,418	27,760,000



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 Mr. Manop Tririthvilai
 Chief Executive Officer
 Date : October 23, 2018

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 Mr. Thongthawal Thongtham
 Chief Financial Officer
 Date : October 23, 2018

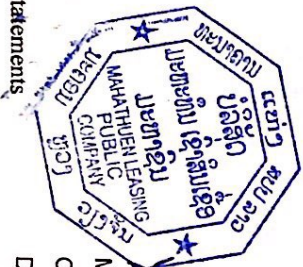
See the condensed notes to the interim financial statements

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
"UNAUDITED"

UNIT : LAK

	Note	Paid-up Share Capital	Share Premium	Retained Earnings Appropriated Legal Reserve	Unappropriated	Total Shareholders' Equity
For the nine-month period ended September 30, 2017						
Beginning balance as at January 1, 2017		27,760,000,000	-	1,240,506,674	5,437,031,271	34,437,537,945
Profit for the period		-	-	-	3,739,772,363	3,739,772,363
Dividends paid	16	-	-	-	(624,600,000)	(624,600,000)
Ending balance as at September 30, 2017		<u>27,760,000,000</u>	<u>-</u>	<u>1,240,506,674</u>	<u>8,552,203,634</u>	<u>37,552,710,308</u>
For the nine-month period ended September 30, 2018						
Beginning balance as at January 1, 2018		27,760,000,000	-	1,784,378,967	9,707,281,907	39,251,660,874
Increase in share capital		12,240,000,000	-	-	-	12,240,000,000
Share Premium		-	12,832,667,550	-	-	12,832,667,550
Profit for the period		-	-	-	4,691,622,387	4,691,622,387
Dividends paid	16	-	-	-	(6,107,200,000)	(6,107,200,000)
Ending balance as at September 30, 2018		<u>40,000,000,000</u>	<u>12,832,667,550</u>	<u>1,784,378,967</u>	<u>8,291,704,294</u>	<u>62,908,750,811</u>

See the condensed notes to the interim financial statements



Mr. Manop Tritithvial
 Chief Executive Officer
 Date : October 23, 2018

Mr. Thongthawal Thongtham
 Chief Financial Officer
 Date : October 23, 2018


MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
"UNAUDITED"

UNIT : LAK

	Notes	September 30, 2018	September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense		6,028,871,301	5,141,258,935
Adjustments for:			
Bad debt and doubtful accounts		339,349,196	288,910,080
Amortization of deferred commission expense	4.2	2,438,165,459	1,435,561,531
Impairment loss of asset held for sale (reversal)		(6,250,000)	8,610,000
Depreciation and amortization		328,741,622	196,689,533
Finance cost		1,112,845,988	1,033,185,938
Unrealized loss on exchange rate		453,690,744	1,956,427,196
Profit from operations before changes in operating assets and liabilities		10,695,414,310	10,060,643,213
Changes in operating assets and liabilities			
Decrease (increase) in finance lease and installment loan receivables		(15,926,800,537)	4,805,302,915
Decrease (increase) in asset held for sale		56,476,077	222,481,794
Decrease (increase) in other current assets		(203,747,689)	2,451,713,820
Decrease (increase) in trade and other payables		1,285,432,827	(2,416,816,064)
Decrease (increase) in liability under finance lease agreement		(23,146,724)	194,552,762
Increase (decrease) in other current liabilities		2,189,462	11,436,721
Increase (decrease) in other non-current liabilities		(36,368,738)	8,525,000
Cash received (paid) from operations		(4,150,551,012)	15,337,840,161
Cash paid for interest		(1,109,606,812)	(1,089,283,866)
Cash paid for income tax		(555,000,000)	(2,402,977,242)
Net cash provided by (used in) operating activities		(5,815,157,824)	11,845,579,053



Date : October 23, 2018



 Mr. Thongthawal Thongtham
 Chief Financial Officer
 Date : October 23, 2018

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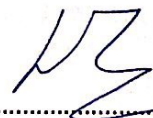
MAHATHUEN LEASING COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
“UNAUDITED”

UNIT : LAK

	Notes	September 30, 2018	September 30, 2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash deposit at bank of the Lao PDR		(612,000,000)	-
Cash paid for purchases of leasehold improvement and equipment		(163,093,196)	(677,243,549)
Cash paid for purchase of intangible asset		-	-
Net cash used in investing activities		<u>(775,093,196)</u>	<u>(677,243,549)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from short-term borrowings from a related party		7,429,000,000	-
Cash repayment of short-term borrowings from a related party		(6,068,000,000)	(8,239,000,000)
Cash received from share subscription		25,072,667,550	-
Dividends paid		(6,107,200,000)	(624,600,000)
Net cash provided by (used in) financing activities		<u>20,326,467,550</u>	<u>(8,863,600,000)</u>
Net increase in cash and cash equivalents		13,736,216,530	2,304,735,504
Cash and cash equivalents as at January 1,		2,033,555,517	913,147,509
Cash and cash equivalents as at September 30,	4.1	<u>15,769,772,047</u>	<u>3,217,883,013</u>



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 MAHATHUEN LEASING PUBLIC COMPANY
 ມາຫາຊົນ
 Mr. Manop Tririthvilai
 Chief Executive Officer
 Date : October 23, 2018



 Mr. Thongthawal Thongtham
 Chief Financial Officer
 Date : October 23, 2018

See the condensed notes to the interim financial statements

**MAHATHUEN LEASING PUBLIC COMPANY
CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
“UNAUDITED”**

1. GENERAL INFORMATION OF THE COMPANY

Mahathuen Leasing Public Company (the “Company”) is a limited company, incorporated and domiciled in the Lao People’s Democratic Republic (“Lao PDR”). The address of the Company’s registered office is at 628, Ban Phonphanao, K5, Kaysonephomvihan Road, Saysettha District, Vientiane Capital, Lao PDR. The principal business of the Company is to retail finance business through providing credit line for individual customers to buy motorcycle.

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On June 13, 2018, the Company has been approved for offering its shares for initial public offering by Lao Securities Commission and offered 12.24 million shares at LAK 2,100 per share. Which all share were sold with full subscription achieved on 16 August 2018.

The company was listed on the Lao Securities Exchange market on 18 September 2018.

The major shareholder of the Company is Mahathun Holding Company Limited (incorporated in Thailand) which owns 67.72% of the Company’s shares.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 The Company maintains its accounting records in Lao Kip (“LAK”) and the interim financial statements have been prepared in accordance with the basis for preparation and presentation of this interim financial information and the basis of accounting. The Company presents its interim financial statements using the following policies and policies as disclosed in Note 3 to the interim financial statements:

- The statement of financial position as of the end of the current interim period and a comparative statement of financial position as of the end of the immediately preceding financial year.
- The statements of income for the current interim period and cumulatively for the current financial year to date, with comparative statements of income for the comparable interim periods (current and year-to-date) of the immediately preceding financial year.

- The statement of changes in shareholders' equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.
 - The statement of cash flows cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.
- 2.2 The statements of financial position as at December 31, 2017, presented herein for comparison, have been derived from the financial statements of the Company for the year then ended which had been previously audited. The statement of income, statement of changes in shareholders' equity and statement of cash flows for the nine-month period ended September 30, 2017 presented herein for comparison have not been audited.
- 2.3 The Company's accounting policies applied differ from International Financial Reporting Standards ("IFRSs"). Accordingly, these interim financial statements are not intended to present the financial position and its financial performance and cash flows in accordance with IFRSs.
- 2.4 The unaudited results of operations presented in the nine-month period ended September 30, 2018 are not necessarily an indication nor anticipation of the operating results for the full year.
- 2.5 The interim financial statements for the nine-month period ended September 30, 2018 should be read in conjunction with the audited financial statements for the year ended December 31, 2017.
- 2.6 The interim financial statements have been prepared under the measurement basis of historical cost except as disclosed in the significant accounting policies.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the Company's accounting policies which are consistent with those used in the annual financial statements of the Company for the year ended December 31, 2017.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

- 4.1 Cash and cash equivalents as at September 30, 2018 and December 31, 2017, consist of the following:

	As at September 30, 2018 LAK	As at December 31, 2017 LAK
Cash on hand	183,461,624	207,457,332
Cash at banks	<u>15,586,310,423</u>	<u>1,826,098,185</u>
	<u>15,769,772,047</u>	<u>2,033,555,517</u>

- 4.2 Non-cash items from initial direct cost of finance lease receivables and installment loan receivables for the nine-month periods ended September 30, are as follows:

	2018 LAK	2017 LAK
Initial direct cost brought forward	1,870,808,536	1,498,267,724
<u>Add</u> Increase during the periods	2,992,285,000	1,424,320,000
<u>Less</u> Amortization of deferred commission expenses	<u>(2,438,165,459)</u>	<u>(1,435,561,531)</u>
Initial direct cost carried forward	<u>2,424,928,077</u>	<u>1,487,026,193</u>

5. FINANCE LEASE AND INSTALLMENT LOAN RECEIVABLES

Finance lease and installment loan receivables as at September 30, 2018 and December 31, 2017, consist of the following:

	September 30, 2018		
	Within one year LAK	Over 1 year to 5 years LAK	Total LAK
Finance lease receivables			
Finance lease receivables	8,911,165,057	1,071,379,000	9,982,544,057
<u>Less</u> Unearned interest income	(2,074,790,225)	(211,319,694)	(2,286,109,919)
<u>Add</u> Initial direct cost	71,256,466	32,620,809	103,877,275
	6,907,631,298	892,680,115	7,800,311,413
<u>Less</u> Allowance for doubtful debts	(1,482,478,271)	(31,183,499)	(1,513,661,770)
Total finance lease receivables	<u>5,425,153,027</u>	<u>861,496,616</u>	<u>6,286,649,643</u>
Installment loan receivables			
Installment loan receivables	48,542,196,496	26,822,070,000	75,364,266,496
<u>Less</u> Unearned interest income	(16,599,756,336)	(6,100,844,614)	(22,700,600,950)
<u>Add</u> Initial direct cost	1,284,303,678	1,036,747,125	2,321,050,803
	33,226,743,838	21,757,972,511	54,984,716,349
<u>Less</u> Allowance for doubtful debts	(675,512,480)	(381,895,144)	(1,057,407,624)
Total installment loan receivables	<u>32,551,231,358</u>	<u>21,376,077,367</u>	<u>53,927,308,725</u>
Total	<u>37,976,384,385</u>	<u>22,237,573,983</u>	<u>60,213,958,368</u>

	December 31, 2017		
	Within one year	Over 1 year to 5 years	Total
	LAK	LAK	LAK
Finance lease receivables			
Finance lease receivables	18,545,931,720	3,713,377,000	22,259,308,720
<u>Less</u> Unearned interest income	(4,228,107,964)	(601,241,732)	(4,829,349,696)
<u>Add</u> Initial direct cost	250,943,127	84,066,336	335,009,463
	<u>14,568,766,883</u>	<u>3,196,201,604</u>	<u>17,764,968,487</u>
<u>Less</u> Allowance for doubtful debts	(1,673,279,856)	(131,494,380)	(1,804,774,236)
Total finance lease receivables	<u>12,895,487,027</u>	<u>3,064,707,224</u>	<u>15,960,194,251</u>
Installment loan receivables			
Installment loan receivables	27,079,666,653	14,840,921,000	41,920,587,653
<u>Less</u> Unearned interest income	(8,429,783,974)	(3,454,937,352)	(11,884,721,326)
<u>Add</u> Initial direct cost	909,549,404	626,249,671	1,535,799,075
	<u>19,559,432,083</u>	<u>12,012,233,319</u>	<u>31,571,665,402</u>
<u>Less</u> Allowance for doubtful debts	(292,509,495)	(176,786,932)	(469,296,427)
Total installment loan receivables	<u>19,266,922,588</u>	<u>11,835,446,387</u>	<u>31,102,368,975</u>
Total	<u>32,162,409,615</u>	<u>14,900,153,611</u>	<u>47,062,563,226</u>

The outstanding balances of finance lease and installment loan receivables as at September 30, 2018 and December 31, 2017, aged by the number of months are summarized as follows:

	As at September 30, 2018 Finance lease and installment loan receivables net of unearned interest income LAK	As at December 31, 2017 Finance lease and installment loan receivables net of unearned interest income LAK
Not past due	47,581,859,782	36,196,285,157
Past due 1 - 3 periods	10,598,847,986	9,239,945,266
Past due 4 - 5 periods	442,502,628	394,673,289
Past due 6 - 12 periods	476,660,490	493,814,390
Past due over 12 periods	1,260,228,798	1,141,107,249
Total	<u>60,360,099,684</u>	<u>47,465,825,351</u>
Allowance for doubtful debts	<u>2,571,069,394</u>	<u>2,274,070,663</u>

For the nine-month periods ended September 30, 2018 and 2017, bad debt expense recognized in the statements of income is LAK 42.35 million and LAK 42.00 million, respectively.

6. ASSET HELD FOR SALE

Asset held for sale as at September 30, 2018 and December 31, 2017, consist of the following:

	As at September 30, 2018 LAK	As at December 31, 2017 LAK
Asset held for sale - motorcycles	81,585,139	138,061,216
<u>Less</u> Allowance for diminution in value of assets	<u>(8,710,000)</u>	<u>(14,960,000)</u>
	<u>72,875,139</u>	<u>123,101,216</u>

7. OTHER CURRENT ASSETS

Other current assets as at September 30, 2018 and December 31, 2017, consist of the following:

	As at September 30, 2018 LAK	As at December 31, 2017 LAK
Other receivables - related parties (see Note 20)	1,730,000	4,705,000
Prepaid expenses	320,194,278	119,608,242
Advance payments	4,762,436	5,134,520
Others	95,354,090	88,845,353
	<u>422,040,804</u>	<u>218,293,115</u>

8. CASH DEPOSIT AT BANK OF THE LAO PDR

As at September 30, 2018 and December 31, 2017, the Company has restricted cash deposit as mandatory reserves with Bank of the Lao PDR (the "BOL") amounting to LAK 2,000 million and LAK 1,388 million, respectively. which it is at 5% of total registered share capital.

Such cash cannot be used for day-to-day operation. It can only be refunded if the Company permanently closes its business.

9. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at September 30, 2018 and December 31, 2017, consist of the following:

As at September 30, 2018

	Balance as at January 1, 2018	Additions	Disposals	Balance as at September 30, 2018
Cost				
Office furniture and fixtures	908,071,627	73,800,646	-	981,872,273
Office equipment	487,017,035	89,292,550	-	576,309,585
Vehicles	1,232,389,825	-	-	1,232,389,825
Total cost	<u>2,627,478,487</u>	<u>163,093,196</u>	<u>-</u>	<u>2,790,571,683</u>
Accumulated depreciation:				
Office furniture and fixtures	(263,489,756)	(111,055,230)	-	(374,544,986)
Office equipment	(325,137,595)	(58,660,716)	-	(383,798,311)
Vehicles	(565,144,872)	(157,331,677)	-	(722,476,549)
Total accumulated depreciation	<u>(1,153,772,223)</u>	<u>(327,047,623)</u>	<u>-</u>	<u>(1,480,819,846)</u>
Leasehold improvement and equipment	<u>1,473,706,264</u>			<u>1,309,751,837</u>

As at December 31, 2017

	Balance as at January 1, 2017	Additions	Disposals	Balance as at December 31, 2017
Cost				
Office furniture and fixtures	263,894,900	644,176,727	-	908,071,627
Office equipment	402,766,292	84,250,743	-	487,017,035
Vehicles	800,460,295	431,929,530	-	1,232,389,825
Total cost	<u>1,467,121,487</u>	<u>1,160,357,000</u>	<u>-</u>	<u>2,627,478,487</u>
Accumulated depreciation				
Office furniture and fixtures	(227,934,926)	(35,554,830)	-	(263,489,756)
Office equipment	(261,115,941)	(64,021,654)	-	(325,137,595)
Vehicles	(378,382,611)	(186,762,261)	-	(565,144,872)
Total accumulated depreciation	<u>(867,433,478)</u>	<u>(286,338,745)</u>	<u>-</u>	<u>(1,153,772,223)</u>
Leasehold improvement and equipment	<u>599,688,009</u>			<u>1,473,706,264</u>

Depreciation for the year/period ended

September 30, 2018	LAK	<u>327,047,623</u>
December 31, 2017	LAK	<u>286,338,745</u>

10. INTANGIBLE ASSET

Intangible asset as at September 30, 2018 and December 31, 2017, consists of the following:

As at September 30, 2018

	Balance as at January 1, 2018	Additions	Disposals	Balance as at September 30, 2018
Computer Software				
Cost	42,493,727	-	-	42,493,727
<u>Less Accumulated amortization</u>	<u>(40,799,727)</u>	<u>(1,694,000)</u>	<u>-</u>	<u>(42,493,727)</u>
	<u>1,694,000</u>			<u>-</u>

As at December 31, 2017

	Balance as at January 1, 2017	Additions	Disposals	Balance as at December 31, 2017
Computer Software				
Cost	39,589,727	2,904,000	-	42,493,727
<u>Less Accumulated amortization</u>	<u>(39,474,042)</u>	<u>(1,325,685)</u>	<u>-</u>	<u>(40,799,727)</u>
	<u>115,685</u>			<u>1,694,000</u>

Amortization for the year/period ended

September 30, 2018	LAK	<u>1,694,000</u>
December 31, 2017	LAK	<u>1,325,685</u>

11. TRADE AND OTHER PAYABLES

Trade and other payables as at September 30, 2018 and December 31, 2017, consist of the following:

	As at September 30, 2018 LAK	As at December 31, 2017 LAK
Trade payables - related parties (see Note 20)	629,027,000	318,291,000
Trade payables - other parties	2,042,230,000	1,220,810,333
Other taxes payable	39,385,198	25,455,776
Accrued expenses	1,094,910,924	952,324,010
	<u>3,805,553,122</u>	<u>2,516,881,119</u>

12. SHORT-TERM BORROWING FROM A RELATED PARTY

Short-term borrowing from a related party as at September 30, 2018 and December 31, 2017, consist of the following:

	Interest rate per loan agreement % p.a.	Balances as at			
		September 30, 2018		December 31, 2017	
		THB	LAK	THB	LAK
Short-term borrowing	10% - 12%	42,600,000	<u>11,416,800,000</u>	37,500,000	<u>9,600,000,000</u>

As at September 30, 2018 and December 31, 2017, short-term borrowing from a related party (see Note 20) represent unsecured borrowing which are repayable at maturity date within 1 year.

13. LIABILITY UNDER A FINANCE LEASE AGREEMENT

The Company entered into financial lease agreement of vehicle. The minimum lease payment and their present value of liability under the finance lease agreement as at September 30, 2018 and December 31, 2017, consist of the followings:

	Minimum lease payment		Present value of minimum lease payment	
	Balances as at September 30, 2018 LAK	Balances as at December 31, 2017 LAK	Balances as at September 30, 2018 LAK	Balances as at December 31, 2017 LAK
Within 1 year	50,622,268	50,622,268	50,622,268	50,622,268
Over 1 year and within 5 years	<u>141,617,381</u>	<u>179,584,082</u>	<u>141,617,381</u>	<u>179,584,082</u>
	192,239,649	230,206,350	192,239,649	230,206,350
<u>Less</u> Deferred interest	-	-	(21,535,925)	(36,355,902)
	<u>192,239,649</u>	<u>230,206,350</u>	<u>170,703,724</u>	<u>193,850,448</u>
			Balances as at September 30, 2018 LAK	Balances as at December 31, 2017 LAK
Liability under a finance lease agreement, current portion			36,335,742	31,607,634
Liability under a finance lease agreement, non - current portion			<u>134,367,982</u>	<u>162,242,814</u>
			<u>170,703,724</u>	<u>193,850,448</u>

14. SHARE CAPITAL

On August 10, 2017, the extraordinary shareholder's meeting approved to change par value of ordinary share from LAK 8,000 per share to LAK 1,000 per share. As a result, as at December 31, 2017, the number of shares increased from 3,470,000 to 27,760,000 shares. In addition, the extraordinary shareholder's meeting approved an increase of share capital of the Company from LAK 27.76 billion to LAK 40.00 billion in order to sell to public when the Company is the listed company in LAO Securities Exchange (LSX).

For the nine-month periods ended September 30, the Company calculated the weighted average number of ordinary shares as follows:

	2018 LAK	“Unaudited” 2017 ⁽¹⁾ LAK	2017 LAK
For the nine-month period ended September 30,			
Profit attributable to shareholders (LAK)	4,691,622,387	2,640,217,685	2,640,217,685
Number of ordinary shares as at January 1, 2018	27,760,000	27,760,000 ⁽¹⁾	3,470,000
Weighted average number of ordinary shares Issued and paid-up during the year 12,240,000 x 46/273	2,062,418	-	-
Weighted average number of ordinary shares for the Nine-month period ended September 30,	29,822,418	27,760,000	3,470,000
Basic earnings per share (LAK)	157	95	761

⁽¹⁾ Number of share has been retrospectively adjusted because change of par value from LAK 8,000 to LAK 1,000.

Earnings per share of the nine-month periods ended September 30, 2017 have been retrospectively adjusted from LAK 761 to LAK 95 because of change of par value from LAK 8,000 to LAK 1,000.

15. LEGAL RESERVE

Under the Articles 156, 157 and 195 of the Business Enterprise Law of Lao PDR, the limited and public companies shall annually put ten percent of the net profit into such fund. When the reserve fund accumulates half of the registered capital, the limited company may suspend such reduction. Unless otherwise, provided by the bylaws of the limited company. The legal reserve fund shall only be used to recover from the losses of the Company.

As at September 30, 2018 and December 31, 2017, the Company has appropriated legal reserve in the amount of LAK 1,784.38 million.

16. DIVIDENDS

On February 24, 2017, the general shareholders' meeting passed a resolution to pay dividends from the profit of the year 2016 to shareholders amounting to LAK 624.60 million. Such dividends were paid on September 29, 2017.

On May 29, 2018, the general shareholders' meeting passed a resolution to pay dividends from retained earnings as at December 31, 2017 to shareholders amounting to LAK 6,107.20 million. Such dividends were paid on September 10, 2018.

17. OTHER INCOME

Other income for the nine-month periods ended September 30, are as follows:

	2018 LAK	2017 LAK
Penalty income	476,528,476	417,607,503
Others	<u>157,447,675</u>	<u>279,332,316</u>
	<u>633,976,151</u>	<u>696,939,819</u>

18. ADMINISTRATIVE EXPENSES

Administrative expenses for the nine-month periods ended September 30, are as follows:

	2018 LAK	2017 LAK
Staff costs	3,552,935,585	2,734,772,296
Remuneration to managements	754,223,186	693,827,872
Utility expenses	268,565,250	244,201,645
Marketing expenses	9,825,000	123,604,830
Net loss on sale motorcycle seized from customer	387,561,702	569,714,079
Professional fee	470,399,070	584,885,950
Depreciation and amortization (see Notes 9 and 10)	328,741,622	199,593,533
Others	<u>774,108,442</u>	<u>484,436,909</u>
	<u>6,546,359,857</u>	<u>5,635,037,114</u>

19. TAXATION

The taxation system in the Lao PDR is characterized by numerous taxes and subject to interpretation. Different interpretations exist among numerous taxation authorities. In addition, 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.

20. RELATED PARTY TRANSACTIONS

The Company has significant business transactions with its related parties which are key management personnel, including directors and company associated with these individuals also constitutes related parties. Such transactions have been dealt with on the terms and basis determined between the Company and related parties.

The amounts and nature of significant balances as at September 30, 2018 and December 31, 2017 and transactions for the nine-month period ended September 30, are summarized as follows:

Balances as at September 30, 2018 and December 31, 2017, are as follows:

Account name/Company's name	Relationship	As at September 30, 2018 LAK	As at December 31, 2017 LAK
Other receivables			
Ms. Inthavilay Oudom	Shareholder and director	1,730,000	4,705,000
		<u>1,730,000</u>	<u>4,705,000</u>
Trade payables			
JB Honda	(1)	408,408,000	214,571,000
JB Honda Nonsavang	(1)	220,619,000	103,720,000
		<u>629,027,000</u>	<u>318,291,000</u>
Account name/Company's name	Relationship	As at September 30, 2018 LAK	As at December 31, 2017 LAK
Short-term borrowing			
Ms. Inthavilay Oudom	Shareholder and director	11,416,800,000	9,600,000,000
		<u>11,416,800,000</u>	<u>9,600,000,000</u>
Accrued interest expense			
Ms. Inthavilay Oudom	Shareholder and director	49,519,432	46,280,256
		<u>49,519,432</u>	<u>46,280,256</u>
Accrued collection fee			
JB Honda Nonsavang	(1)	675,360	4,623,360
		<u>675,360</u>	<u>4,623,360</u>
Accrued dividend payment			
Mahathun Holding Company Limited	Shareholder	-	-
Shareholder	Shareholder	-	-
		<u>-</u>	<u>-</u>

Transactions for the nine-month periods ended September 30, are as follows:

Account name/Company's name	Relationship	2018 LAK	2017 LAK
Sales of motorcycle seized from customers			
JB Honda	(1)	20,970,000	115,300,000
		<u>20,970,000</u>	<u>115,300,000</u>
Purchase of leasing assets			
JB Honda	(1)	5,473,524,500	4,645,767,000
JB Honda Nonsavang	(1)	2,725,291,500	1,081,954,000
		<u>8,198,816,000</u>	<u>5,727,721,000</u>
Commission expense			
JB Honda	(1)	368,535,000	308,800,000
JB Honda Nonsavang	(1)	188,250,000	76,010,000
		<u>556,785,000</u>	<u>384,810,000</u>
Other expenses			
JB Honda	(1)	16,570,760	60,968,750
JB Honda Nonsavang	(1)	2,920,180	-
		<u>19,490,940</u>	<u>60,968,750</u>
Interest expense			
Ms. Inthavilay Oudom	Shareholder and director	1,098,026,010	1,021,750,532
		<u>1,098,026,010</u>	<u>1,021,750,532</u>

(1) The director of the Company is the owner of this entity.

Managements' remuneration for the nine-month periods ended September 30, consist of the following:

	2018 LAK	2017 LAK
Short-term benefits	<u>754,223,186</u>	<u>693,827,872</u>
	<u>754,223,186</u>	<u>693,827,872</u>

21. OPERATING LEASE


The Company has commitments under long-term lease for office space. The future minimum lease payments under lease agreements as at September 30, 2018 and December 31, 2017 are summarized as follows:


	As at September 30, 2018 LAK	As at December 31, 2017 LAK
Within one year	11,513,103	85,095,925
Over 1 year but not over 5 years	541,360,000	503,308,444
Over 5 years	<u>636,089,644</u>	<u>468,736,000</u>
	<u>1,188,962,747</u>	<u>1,057,140,369</u>

For the nine-month periods ended September 30, 2018 and 2017, rentals applicable to lease agreements which were paid and recorded as expense in the statements of income are LAK 165.60 million and LAK 134.80 million, respectively.

22. APPROVAL FOR ISSUE OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issue by the authorized directors of the Company on October 23, 2018.






 MAHATHUEN LEASING
 PUBLIC
 COMPANY
 ມະຫາຊົນ ມາຫາຊົນ ຊື່ສິນເຊື້ອ ບໍລິສັດ ສປປ ລາວ

Mr. Manop Tririthvilai
 Chief Executive Officer

Date : October 23,2018



Mr. Thongthawal Thongtham

Chief Financial Officer

Date : October 23,2018