

*MAHATHUEN LEASING PUBLIC COMPANY*

*Interim Financial Statements*

*Six-month period ended June 30, 2019*



ບໍລິສັດ ດີລອຍ (ລາວ) ຈຳກັດຜູ້ດຽວ  
ອາຄານຕະຫຼາດຫຼີກຊີບລາວ  
ບ້ານໂພນທັນ, ຖະໜົນ T4  
ເມືອງໄຊເສດຖາ  
ຕໍ່ໄປສະນີ 2017, ນະຄອນຫຼວງວຽງຈັນ  
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**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION BY  
THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**TO BOARD OF DIRECTORS  
MAHATHUEN LEASING PUBLIC COMPANY**

We have reviewed the accompanying interim statement of financial position of Mahathuen Leasing Public Company (The “Company”) as at June 30, 2019 and the related statements of income, changes in shareholders’ equity and cash flows for the six-month period then ended, and the condensed notes to the interim financial statements. The Company’s management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting policies described in Notes 2 and 3 to the interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

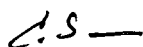
We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with the accounting policies described in Notes 2 and 3 to the interim financial information.

### **Emphasis of Matter - Basis of Accounting**

Without modifying our conclusion, we draw attention to Notes 2 and 3 to the interim financial information, which describes the basis of accounting of the Company. The accounting basis used in the preparation of this interim financial information may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The readers should therefore be aware that the accompanying interim financial information is not intended to present the interim financial position and its financial performance and cash flows in accordance with International Financial Reporting Standards.



Choopong Surachutikarn  
DELOITTE (LAO) SOLE COMPANY LIMITED  
VIENTIANE CAPITAL

August 16, 2019

**MAHATHUEN LEASING PUBLIC COMPANY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

UNIT : LAK

|  | Notes | As at<br>June 30,<br>2019<br>"Unaudited" | As at<br>December 31,<br>2018 |
|--|-------|--|-------------------------------|
| <b>ASSETS</b>  |       |  |                               |
| <b>CURRENT ASSETS</b>  |       |  |                               |
| Cash and cash equivalents  | 4.1   | 17,086,074,262                           | 6,159,987,949                 |
| Current portion of finance lease<br>and installment loan receivables | 5     | 42,902,105,444                           | 39,429,347,750                |
| Asset held for sale  | 6     | 279,132,794                              | 121,900,877                   |
| Other current assets   | 7     | 209,366,222                              | 296,906,544                   |
| Total Current Assets   |       | 60,476,678,722                           | 46,008,143,120                |
| <b>NON-CURRENT ASSETS</b>  |       |  |                               |
| Cash deposit at Bank of the Lao PDR                                  | 8     | 2,000,002,700                            | 2,000,002,700                 |
| Finance lease and installment loan receivables                       | 5     | 23,322,984,587                           | 22,469,360,783                |
| Leasehold improvements and equipment                                 | 9     | 1,499,813,869                            | 1,236,091,653                 |
| Total Non-current Assets   |       | 26,822,801,156                           | 25,705,455,136                |
| <b>TOTAL ASSETS</b>  |       | <b>87,299,479,878</b>                    | <b>71,713,598,256</b>         |

See the condensed notes to the interim financial statements

**MAHATHUEN LEASING PUBLIC COMPANY**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT JUNE 30, 2019**

UNIT : LAK

|  | Notes | As at<br>June 30,<br>2019<br>"Unaudited" | As at<br>December 31,<br>2018 |
|--|-------|--|-------------------------------|
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                  |       |  |                               |
| <b>CURRENT LIABILITIES</b>                                   |       |  |                               |
| Trade and other payables                                     | 10    | 2,156,626,465                            | 2,992,141,896                 |
| Short-term borrowing from a related party                    | 11    | -  | 1,608,000,000                 |
| Current portion of liability under a finance lease agreement | 12    | 41,771,116                               | 38,064,025                    |
| Income tax payable   |       | 2,449,424,303                            | 2,070,937,928                 |
| Other current liabilities                                    |       | 27,517,392                               | 20,081,800                    |
| Total Current Liabilities                                    |       | 4,675,339,276                            | 6,729,225,649                 |
| <b>NON-CURRENT LIABILITIES</b>                               |       |  |                               |
| Liability under a finance lease agreement                    | 12    | 102,323,423                              | 124,178,788                   |
| Long-term borrowing from related parties                     | 13    | 19,229,000,000                           | -                             |
| Other non-current liabilities                                |       | 61,625,000                               | 49,500,000                    |
| Total Non-current Liabilities                                |       | 19,392,948,423                           | 173,678,788                   |
| <b>TOTAL LIABILITIES</b>                                     |       | 24,068,287,699                           | 6,902,904,437                 |
| <b>SHAREHOLDERS' EQUITY</b>                                  |       |  |                               |
| <b>SHARE CAPITAL</b>   |       |  |                               |
| Authorized share capital                                     |       | 40,000,000,000                           | 40,000,000,000                |
| Issued and paid-up share capital                             |       | 40,000,000,000                           | 40,000,000,000                |
| Premium on ordinary shares                                   |       | 12,832,667,550                           | 12,832,667,550                |
| <b>RETAINED EARNINGS</b>                                     |       |  |                               |
| Appropriated - legal reserve                                 | 14    | 2,443,735,507                            | 2,443,735,507                 |
| Unappropriated   |       | 7,954,789,122                            | 9,534,290,762                 |
| TOTAL SHAREHOLDERS' EQUITY                                   |       | 63,231,192,179                           | 64,810,693,819                |
| <b>TOTAL LIABILITES AND SHAREHOLDERS' EQUITY</b>             |       | 87,299,479,878                           | 71,713,598,256                |

See the condensed notes to the interim financial statements

**MAHATHUEN LEASING PUBLIC COMPANY**  
**STATEMENT OF INCOME**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**  
**"UNAUDITED"**

UNIT : LAK

|   | Notes | 2019                  | 2018                 |
|---|-------|-----------------------|----------------------|
| <b>REVENUES</b>   |       |                       |                      |
| Revenue from interest - finance leases and<br>installment loans |       | 11,253,736,185        | 8,949,365,819        |
| Net gain on exchange rate                                       |       | -                     | 20,351,687           |
| Other income  | 17    | 419,250,332           | 400,718,131          |
| Total Revenues  |       | <u>11,672,986,517</u> | <u>9,370,435,637</u> |
| <b>EXPENSES</b>   |       |                       |                      |
| Administrative expenses   | 18    | 5,080,887,641         | 3,989,109,237        |
| Doubtful accounts and bad debt expense                          |       | 527,332,284           | 182,407,689          |
| Finance cost  |       | 313,821,481           | 709,539,861          |
| Net loss on exchange rate                                       |       | 282,664,179           | -                    |
| Total Expenses  |       | <u>6,204,705,585</u>  | <u>4,881,056,787</u> |
| PROFIT BEFORE INCOME TAX EXPENSE                                |       | 5,468,280,932         | 4,489,378,850        |
| INCOME TAX EXPENSE  | 19    | (1,167,782,572)       | (1,184,884,295)      |
| <b>NET PROFIT</b>   |       | <u>4,300,498,360</u>  | <u>3,304,494,555</u> |
| <b>BASIC EARNINGS PER SHARE (LAK)</b>                           | 15    | 108                   | 119                  |

See the condensed notes to the interim financial statements

**MAHATHUEN LEASING PUBLIC COMPANY**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

"UNAUDITED"

UNIT : LAK

|   | Note | Paid-up<br>Share Capital | Premium on<br>Ordinary Shares | Retained Earnings<br>Appropriated<br>Legal Reserve | Unappropriated       | Total<br>Shareholders'<br>Equity |
|---|------|--------------------------|-------------------------------|--|----------------------|----------------------------------|
| <b>For the six-month period ended June 30, 2018</b> |      |                          |                               |  |                      |                                  |
| Beginning balance as at January 1, 2018             |      | 27,760,000,000           | -                             | 1,784,378,967                                      | 9,707,281,907        | 39,251,660,874                   |
| Profit for the period                               |      | -                        | -                             | -  | 3,304,494,555        | 3,304,494,555                    |
| Dividends paid                                      | 16   | -                        | -                             | -  | (6,107,200,000)      | (6,107,200,000)                  |
| Ending balance as at June 30, 2018                  |      | <u>27,760,000,000</u>    | <u>-</u>                      | <u>1,784,378,967</u>                               | <u>6,904,576,462</u> | <u>36,448,955,429</u>            |
| <b>For the six-month period ended June 30, 2019</b> |      |                          |                               |  |                      |                                  |
| Beginning balance as at January 1, 2019             |      | 40,000,000,000           | 12,832,667,550                | 2,443,735,507                                      | 9,534,290,762        | 64,810,693,819                   |
| Profit for the period                               |      | -                        | -                             | -  | 4,300,498,360        | 4,300,498,360                    |
| Dividends paid                                      | 16   | -                        | -                             | -  | (5,880,000,000)      | (5,880,000,000)                  |
| Ending balance as at June 30, 2019                  |      | <u>40,000,000,000</u>    | <u>12,832,667,550</u>         | <u>2,443,735,507</u>                               | <u>7,954,789,122</u> | <u>63,231,192,179</u>            |

See the condensed notes to the interim financial statements

**MAHATHUEN LEASING PUBLIC COMPANY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**  
**"UNAUDITED"**

UNIT : LAK

|  | Notes | 2019            | 2018            |
|--|-------|-----------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                  |       |                 |                 |
| Profit before income tax expense   |       | 5,468,280,932   | 4,489,378,850   |
| Adjustments for:   |       |                 |                 |
| Bad debt and doubtful accounts   |       | 527,332,284     | 182,407,689     |
| Amortization of deferred commission expense                                  | 4.2   | 1,887,508,052   | 1,668,683,607   |
| Impairment loss of asset held for sale                                       |       | 17,500,000      | 20,000,000      |
| Depreciation and amortization  |       | 226,212,837     | 215,974,295     |
| Finance cost   |       | 313,821,481     | 709,539,861     |
| Unrealized loss on exchange rate   |       | 679,397,008     | 19,476,170      |
| Profit from operations before changes<br>in operating assets and liabilities |       | 9,120,052,594   | 7,305,460,472   |
| Changes in operating assets and liabilities                                  |       |                 |                 |
| Increase in finance lease and installment loan receivables                   |       | (6,738,698,006) | (9,902,636,425) |
| Increase in asset held for sale  |       | (174,731,917)   | (122,552,899)   |
| Decrease (increase) in other current assets                                  |       | 87,540,322      | (125,410,141)   |
| Increase in trade and other payables   |       | (805,300,186)   | (391,461,770)   |
| Increase in liability under a finance lease agreement                        |       | (18,148,274)    | (15,069,978)    |
| Increase in other current liabilities  |       | 7,435,592       | 3,879,721       |
| Increase in other non-current liabilities                                    |       | 12,125,000      | 1,625,000       |
| Cash received (paid) from operations   |       | 1,490,275,125   | (3,246,166,020) |
| Cash paid for interest   |       | (344,036,726)   | (687,325,456)   |
| Cash paid for income tax   |       | (789,296,197)   | (347,000,000)   |
| Net cash provided by (used in) operating activities                          |       | 356,942,202     | (4,280,491,476) |

**MAHATHUEN LEASING COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2019**  
**"UNAUDITED"**

|  |       | UNIT : LAK            |                      |
|--|-------|-----------------------|----------------------|
|  | Notes | 2019                  | 2018                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |       |                       |                      |
| Cash paid for purchases of leasehold improvements and equipment                            |       | (489,935,053)         | (130,624,596)        |
| Net cash used in investing activities  |       | (489,935,053)         | (130,624,596)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |       |                       |                      |
| Cash received from long-term borrowings from related parties                               |       | 19,360,000,000        | 7,429,000,000        |
| Cash repayment of short-term borrowing from a related party                                |       | (2,433,000,000)       | (1,841,000,000)      |
| Dividends paid   |       | (5,880,000,000)       | -                    |
| Net cash provided by financing activities  |       | 11,047,000,000        | 5,588,000,000        |
| Net increase in cash and cash equivalents  |       | 10,914,007,149        | 1,176,883,928        |
| Effects of change of exchange rate on cash and cash equivalents held in foreign currencies |       | 12,079,164            | -                    |
| Cash and cash equivalents as at January 1,   |       | 6,159,987,949         | 2,033,555,517        |
| <b>Cash and cash equivalents as at June 30,</b>  | 4.1   | <b>17,086,074,262</b> | <b>3,210,439,445</b> |

See the condensed notes to the interim financial statements

**MAHATHUEN LEASING PUBLIC COMPANY  
CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019  
“UNAUDITED”**

**1. GENERAL INFORMATION AND OPERATION OF THE COMPANY**

Mahathuen Leasing Public Company (the “Company”) is a 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, Kaysonomvihan Road, Saysettha District, Vientiane Capital, Lao PDR. The principal business of the Company is to retail finance business through providing credit lines for individual customers to buy motorcycles and tractors.

The Company was incorporated on September 2, 2011 by obtaining an Enterprise Registration Certificate from the 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 into 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 on September 18, 2018, the Company has been approved for offering its shares for initial public offering by Lao Securities Commission. The symbol is MHTL.

The major shareholder of the Company is Mahathuen Holding Company Limited (incorporated in Thailand).

**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 Company’s accounting policies. 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 statement of financial position as at December 31, 2018, 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 six-month period ended June 30, 2018, 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 six-month period ended June 30, 2019 are not necessarily an indication nor anticipation of the operating results for the full year.
- 2.5 The interim financial statements for the six-month period ended June 30, 2019 should be read in conjunction with the audited financial statements for the year ended December 31, 2018.
- 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 unaudited interim financial statements have been prepared in accordance with the Company's accounting policies which are consistent with those used in the financial statements for the year ended December 31, 2018.

### 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

- 4.1 Cash and cash equivalents as at June 30, 2019 and December 31, 2018, consist of the following:

|               | <b>As at<br/>June 30,<br/>2019<br/>LAK</b> | <b>As at<br/>December 31,<br/>2018<br/>LAK</b> |
|---------------|--|--|
| Cash on hand  | 149,213,930                                | 170,524,748                                    |
| Cash at banks | <u>16,936,860,332</u>                      | <u>5,989,463,201</u>                           |
|               | <u>17,086,074,262</u>                      | <u>6,159,987,949</u>                           |

4.2 Non-cash items from initial direct cost of finance lease receivables and installment loan receivables for the six-month periods ended June 30, consist of the following:

|  | <b>2019</b><br><b>LAK</b> | <b>2018</b><br><b>LAK</b> |
|--|---------------------------|---------------------------|
| Initial direct cost brought forward                        | 2,449,710,655             | 1,870,808,536             |
| <u>Add</u> Increase during the years                       | 2,018,400,000             | 1,940,309,999             |
| <u>Less</u> Amortization of deferred<br>commission expense | <u>(1,887,508,052)</u>    | <u>(1,668,683,607)</u>    |
| Initial direct cost carried forward                        | <u>2,580,602,603</u>      | <u>2,142,434,928</u>      |

## 5. FINANCE LEASE AND INSTALLMENT LOAN RECEIVABLES

Finance lease and installment loan receivables as at June 30, 2019 and December 31, 2018, consist of the following:

|  | <b>As at June 30, 2019</b>   |                                   |                              |
|--|------------------------------|-----------------------------------|------------------------------|
|  | <b>Within one year</b>       | <b>Over 1 year<br/>to 5 years</b> | <b>Total</b>                 |
|  | <b>LAK</b>                   | <b>LAK</b>                        | <b>LAK</b>                   |
| <b>Finance lease receivables</b>         |                              |                                   |                              |
| Finance lease receivables                | 4,068,278,532                | 806,835,000                       | 4,875,113,532                |
| <u>Less</u> Unearned interest income     | <u>(1,064,521,320)</u>       | <u>(177,033,984)</u>              | <u>(1,241,555,304)</u>       |
|  | 3,003,757,212                | 629,801,016                       | 3,633,558,228                |
| <u>Add</u> Initial direct cost           | <u>30,304,725</u>            | <u>25,818,758</u>                 | <u>56,123,483</u>            |
|  | 3,034,061,937                | 655,619,774                       | 3,689,681,711                |
| <u>Less</u> Allowance for doubtful debts | <u>(1,189,614,357)</u>       | <u>(24,561,384)</u>               | <u>(1,214,175,741)</u>       |
| Total finance lease receivables          | <u>1,844,447,580</u>         | <u>631,058,390</u>                | <u>2,475,505,970</u>         |
| <b>Installment loan receivables</b>      |                              |                                   |                              |
| Installment loan receivables             | 60,127,468,181               | 28,397,246,002                    | 88,524,714,183               |
| <u>Less</u> Unearned interest income     | <u>(19,257,460,502)</u>      | <u>(6,235,033,089)</u>            | <u>(25,492,493,591)</u>      |
|  | 40,870,007,679               | 22,162,212,913                    | 63,032,220,592               |
| <u>Add</u> Initial direct cost           | <u>1,476,069,486</u>         | <u>1,048,409,633</u>              | <u>2,524,479,119</u>         |
|  | 42,346,077,165               | 23,210,622,546                    | 65,556,699,711               |
| <u>Less</u> Allowance for doubtful debts | <u>(1,288,419,301)</u>       | <u>(518,696,349)</u>              | <u>(1,807,115,650)</u>       |
| Total installment loan receivables       | <u>41,057,657,864</u>        | <u>22,691,926,197</u>             | <u>63,749,584,061</u>        |
| <b>Total</b>                             | <b><u>42,902,105,444</u></b> | <b><u>23,322,984,587</u></b>      | <b><u>66,225,090,031</u></b> |

|  | <b>As at December 31, 2018</b> |                              |                              |
|--|--------------------------------|------------------------------|------------------------------|
|  | <b>Within one year</b>         | <b>Over 1 year</b>           | <b>Total</b>                 |
|  | <b>LAK</b>                     | <b>to 5 years</b>            | <b>LAK</b>                   |
|  | <b>LAK</b>                     | <b>LAK</b>                   | <b>LAK</b>                   |
| <b>Finance lease receivables</b>         |                                |                              |                              |
| Finance lease receivables                | 6,497,338,098                  | 783,507,000                  | 7,280,845,098                |
| <u>Less</u> Unearned interest income     | <u>(1,485,973,925)</u>         | <u>(153,426,956)</u>         | <u>(1,639,400,881)</u>       |
|  | 5,011,364,173                  | 630,080,044                  | 5,641,444,217                |
| <u>Add</u> Initial direct cost           | <u>50,991,097</u>              | <u>24,887,343</u>            | <u>75,878,440</u>            |
|  | 5,062,355,270                  | 654,967,387                  | 5,717,322,657                |
| <u>Less</u> Allowance for doubtful debts | <u>(1,242,617,131)</u>         | <u>(28,792,326)</u>          | <u>(1,271,409,457)</u>       |
| Total finance lease receivables          | <u>3,819,738,139</u>           | <u>626,175,061</u>           | <u>4,445,913,200</u>         |
| <b>Installment loan receivables</b>      |                                |                              |                              |
| Installment loan receivables             | 52,666,393,406                 | 27,345,125,000               | 80,011,518,406               |
| <u>Less</u> Unearned interest income     | <u>(17,558,264,664)</u>        | <u>(6,100,532,735)</u>       | <u>(23,658,797,399)</u>      |
|  | 35,108,128,742                 | 21,244,592,265               | 56,352,721,007               |
| <u>Add</u> Initial direct cost           | <u>1,347,991,419</u>           | <u>1,025,840,796</u>         | <u>2,373,832,215</u>         |
|  | 36,456,120,161                 | 22,270,433,061               | 58,726,553,222               |
| <u>Less</u> Allowance for doubtful debts | <u>(846,510,550)</u>           | <u>(427,247,339)</u>         | <u>(1,273,757,889)</u>       |
| Total installment loan receivables       | <u>35,609,609,611</u>          | <u>21,843,185,722</u>        | <u>57,452,795,333</u>        |
| <b>Total</b>                             | <b><u>39,429,347,750</u></b>   | <b><u>22,469,360,783</u></b> | <b><u>61,898,708,533</u></b> |

The outstanding balances of finance lease receivables and installment loan receivables as at June 30, 2019 and December 31, 2018, aged by the number of months are summarized as follows:

|                              | <b>As at</b>                 | <b>As at</b>                 |
|------------------------------|------------------------------|------------------------------|
|                              | <b>June 30, 2019</b>         | <b>December 31, 2018</b>     |
|                              | <b>Finance lease</b>         | <b>Finance lease</b>         |
|                              | <b>and installment loan</b>  | <b>and installment loan</b>  |
|                              | <b>receivables</b>           | <b>receivables</b>           |
|                              | <b>net of unearned</b>       | <b>net of unearned</b>       |
|                              | <b>interest income</b>       | <b>interest income</b>       |
|                              | <b>LAK</b>                   | <b>LAK</b>                   |
| Not yet due                  | 50,401,403,138               | 48,651,080,839               |
| Past due 1 - 3 months        | 13,542,033,783               | 11,056,158,878               |
| Past due 4 - 5 months        | 598,490,681                  | 553,770,729                  |
| Past due 6 - 12 months       | 760,384,371                  | 641,193,581                  |
| Past due over 12 months      | 1,363,466,847                | 1,091,961,197                |
| <b>Total</b>                 | <b><u>66,665,778,820</u></b> | <b><u>61,994,165,224</u></b> |
| Allowance for doubtful debts | <u>3,021,291,391</u>         | <u>2,545,167,346</u>         |

For the six-month periods ended June 30, 2019 and 2018, bad debt expense recognized in the statements of income is LAK 51.21 million and LAK 42.35 million, respectively.

**6. ASSET HELD FOR SALE**

Asset held for sale as at June 30, 2019 and December 31, 2018, consists of the following:

|   | <b>As at<br/>June 30,<br/>2019<br/>LAK</b> | <b>As at<br/>December 31,<br/>2018<br/>LAK</b> |
|---|--|--|
| Asset held for sale - motorcycles                       | 309,132,794                                | 134,400,877                                    |
| <u>Less</u> Allowance for diminution in value of assets | <u>(30,000,000)</u>                        | <u>(12,500,000)</u>                            |
|   | <u>279,132,794</u>                         | <u>121,900,877</u>                             |

**7. OTHER CURRENT ASSETS**

Other current assets as at June 30, 2019 and December 31, 2018, consist of the following:

|                  | <b>As at<br/>June 30,<br/>2019<br/>LAK</b> | <b>As at<br/>December 31,<br/>2018<br/>LAK</b> |
|------------------|--|--|
| Prepaid expenses | 173,129,162                                | 244,604,184                                    |
| Advance payments | 12,030,520                                 | 8,343,020                                      |
| Others           | <u>24,206,540</u>                          | <u>43,959,340</u>                              |
|                  | <u>209,366,222</u>                         | <u>296,906,544</u>                             |

**8. CASH DEPOSIT AT BANK OF THE LAO PDR**

As at June 30, 2019 and December 31, 2018, the Company has restricted cash deposit as mandatory reserves with Bank of the Lao PDR (the "BOL") amounting to LAK 2,000 million, which equals 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 IMPROVEMENTS AND EQUIPMENT**

Leasehold improvements and equipment as at June 30, 2019 and December 31, 2018, consist of the following:

|                                  | <b>As at<br/>June 30,<br/>2019<br/>LAK</b> | <b>As at<br/>December 31,<br/>2018<br/>LAK</b> |
|----------------------------------|--|--|
| Carrying amount as at January 1, | 1,236,091,653                              | 1,473,706,264                                  |
| Acquisitions during the period   | 489,935,053                                | 200,497,196                                    |
| Depreciation for the period      | <u>(226,212,837)</u>                       | <u>(438,111,807)</u>                           |
| Carrying amount                  | <u>1,499,813,869</u>                       | <u>1,236,091,653</u>                           |

## 10. TRADE AND OTHER PAYABLES

Trade and other payables as at June 30, 2019 and December 31, 2018 consist of the following:

|  | <b>As at<br/>June 30,<br/>2019<br/>LAK</b> | <b>As at<br/>December 31,<br/>2018<br/>LAK</b> |
|--|--|--|
| Trade payables - related parties (see Note 20) | 234,265,000                                | 336,516,000                                    |
| Trade payables - third parties                 | 895,535,000                                | 1,637,791,000                                  |
| Other payables - related parties (see Note 20) | 1,802,360                                  | 1,152,400                                      |
| Other tax payable                              | 84,883,216                                 | 46,326,362                                     |
| Accrued expenses                               | 940,140,889                                | 970,356,134                                    |
|  | <u>2,156,626,465</u>                       | <u>2,992,141,896</u>                           |

## 11. SHORT-TERM BORROWING FROM A RELATED PARTY

Short-term borrowing from a related party as at June 30, 2019 and December 31, 2018, consists of the following:

|                      | Interest rate per<br>loan agreement<br>% p.a. | Balances as at |          |                   |                      |
|----------------------|---|----------------|----------|-------------------|----------------------|
|                      |   | June 30, 2019  |          | December 31, 2018 |                      |
|                      |   | THB            | LAK      | THB               | LAK                  |
| Short-term borrowing | 10%   | -              | <u>-</u> | 6,000,000         | <u>1,608,000,000</u> |

As at December 31, 2018, short-term borrowing from a related party (see Note 20) represents an unsecured borrowing in Thai Baht which is repayable at maturity date within 1 year.

## 12. LIABILITY UNDER A FINANCE LEASE AGREEMENT

The Company entered into a financial lease agreement of vehicle. The minimum lease payments and the present value of liability under the finance lease agreement as at June 30, 2019 and December 31, 2018, consist of the following:

|                                | Minimum lease payments           |                                      | Present value of minimum<br>lease payments |                                      |
|--------------------------------|----------------------------------|--------------------------------------|--|--------------------------------------|
|                                | As at<br>June 30,<br>2019<br>LAK | As at<br>December 31,<br>2018<br>LAK | As at<br>June 30,<br>2019<br>LAK           | As at<br>December 31,<br>2018<br>LAK |
| Within 1 year                  | 50,622,268                       | 50,622,268                           | 50,622,268                                 | 50,622,268                           |
| Over 1 year and within 5 years | 103,650,680                      | 128,961,814                          | 103,650,680                                | 128,961,814                          |
|                                | <u>154,272,948</u>               | <u>179,584,082</u>                   | <u>154,272,948</u>                         | <u>179,584,082</u>                   |
| <u>Less</u> Deferred interest  | <u>-</u>                         | <u>-</u>                             | <u>(10,178,409)</u>                        | <u>(17,341,269)</u>                  |
|                                | <u>154,272,948</u>               | <u>179,584,082</u>                   | <u>144,094,539</u>                         | <u>162,242,813</u>                   |

|  | <b>As at<br/>June 30,<br/>2019<br/>LAK</b> | <b>As at<br/>December 31,<br/>2018<br/>LAK</b> |
|--|--|--|
| Liability under a finance lease agreement, current portion     | 41,771,116                                 | 38,064,025                                     |
| Liability under a finance lease agreement, non-current portion | <u>102,323,423</u>                         | <u>124,178,788</u>                             |
|  | <u>144,094,539</u>                         | <u>162,242,813</u>                             |

### 13. LONG-TERM BORROWING FROM RELATED PARTIES

Long-term borrowing from related parties as at June 30, 2019 and December 31, 2018, consists of the following:

|                     | <b>Interest rate per<br/>loan agreement<br/>% p.a.</b> | <b>Balances as at</b> |                       |                          |            |
|---------------------|--|-----------------------|-----------------------|--------------------------|------------|
|                     |  | <b>June 30, 2019</b>  |                       | <b>December 31, 2018</b> |            |
|                     |  | <b>THB</b>            | <b>LAK</b>            | <b>THB</b>               | <b>LAK</b> |
| Long-term borrowing | 11.12% - 13.75%  | 67,000,000            | <u>19,229,000,000</u> | -                        | <u>-</u>   |

As at June 30, 2019, long-term borrowings from two related parties (see Note 20) represent an unsecured borrowing in Thai Baht which is repayable at maturity date within 3 year.

### 14. LEGAL RESERVE

Under the Articles 156 and 157 of the Business Enterprise Law of Lao PDR, the 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.

### 15. EARNINGS PER SHARE

For the six-month periods ended June 30, 2019 and 2018, the Company calculated the weighted average number of ordinary shares and earnings per share as follows:

|   | <b>2019</b>   | <b>2018</b>   |
|---|---------------|---------------|
| Weighted average number of ordinary shares (shares)       | 40,000,000    | 27,760,000    |
| Net profit for the six-month periods ended June 30, (LAK) | 4,300,498,360 | 3,304,494,555 |
| Basic earnings per share (LAK)                            | 108           | 119           |

## 16. DIVIDENDS

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 in September 2018.

On April 26, 2019, the general shareholders' meeting passed a resolution to pay dividends from net profit for 2018 to shareholders amounting to LAK 5,880 million. Such dividends were paid in May 2019.

## 17. OTHER INCOME

Other income for the six-month periods ended June 30, consist of the following:

|                | <b>2019</b><br><b>LAK</b> | <b>2018</b><br><b>LAK</b> |
|----------------|---------------------------|---------------------------|
| Penalty income | 329,854,425               | 316,907,788               |
| Others         | <u>89,395,907</u>         | <u>83,810,343</u>         |
|                | <u>419,250,332</u>        | <u>400,718,131</u>        |

## 18. ADMINISTRATIVE EXPENSES

Administrative expenses for the six-month periods ended June 30, consist of the following:

|   | <b>2019</b><br><b>LAK</b> | <b>2018</b><br><b>LAK</b> |
|---|---------------------------|---------------------------|
| Staff costs                               | 2,988,163,174             | 2,449,143,680             |
| Remuneration to managements               | 428,157,783               | 394,307,686               |
| Utility expenses                          | 193,189,459               | 170,998,589               |
| Marketing expenses                        | 187,330,000               | 9,825,000                 |
| Net loss on sales of assets held for sale | 342,427,699               | 241,041,571               |
| Professional fee                          | 149,434,370               | 135,093,165               |
| Depreciation and amortization             | 226,212,837               | 215,974,296               |
| Entertainment expenses                    | 52,154,575                | 30,630,769                |
| Stationery expenses                       | 95,796,400                | 88,243,170                |
| Others                                    | <u>418,021,344</u>        | <u>253,851,311</u>        |
|   | <u>5,080,887,641</u>      | <u>3,989,109,237</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.

The Company has been granted the privileges under the Tax Law of Lao PDR by reduction of 5% of profit tax rate from normal rate for four years from the date of registration on the Lao Securities Exchange.

## 20. RELATED PARTY TRANSACTIONS

The Company has business transactions with its related parties which are key management personnel, including directors and companies 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 June 30, 2019 and December 31, 2018 and transactions for the six-month periods ended June 30, are summarized as follows:

Balances as at June 30, 2019 and December 31, 2018 consist of the following:

| Account name/Company's name     | Relationship             | As at<br>June 30,<br>2019<br>LAK | As at<br>December 31,<br>2018<br>LAK |
|---------------------------------|--------------------------|----------------------------------|--------------------------------------|
| <b>Trade payables</b>           |                          |                                  |                                      |
| JB Honda                        | (1)                      | 109,328,000                      | 142,475,000                          |
| JB Honda Nonsavang              | (1)                      | 63,826,000                       | 92,250,000                           |
| JB Honda Thangon                | (1)                      | 61,111,000                       | 101,791,000                          |
|                                 |                          | <u>234,265,000</u>               | <u>336,516,000</u>                   |
| <b>Other payables</b>           |                          |                                  |                                      |
| JB Honda Nonsavang              | (1)                      | 1,733,480                        | 1,152,400                            |
| JB Honda Thangon                | (1)                      | 68,880                           | -                                    |
|                                 |                          | <u>1,802,360</u>                 | <u>1,152,400</u>                     |
| <b>Short-term borrowing</b>     |                          |                                  |                                      |
| Ms. Inthavilay Oudom            | Shareholder and director | -                                | 1,608,000,000                        |
|                                 |                          | <u>-</u>                         | <u>1,608,000,000</u>                 |
| <b>Accrued interest expense</b> |                          |                                  |                                      |
| Ms. Inthavilay Oudom            | Shareholder and director | 14,077,350                       | 7,048,936                            |
| Mahathun Holding Co., Ltd.      | Shareholder              | 103,251,077                      | -                                    |
|                                 |                          | <u>117,328,427</u>               | <u>7,048,936</u>                     |
| <b>Long-term borrowings</b>     |                          |                                  |                                      |
| Ms. Inthavilay Oudom            | Shareholder and director | 2,009,000,000                    | -                                    |
| Mahathun Holding Co., Ltd.      | Shareholder              | 17,220,000,000                   | -                                    |
|                                 |                          | <u>19,229,000,000</u>            | <u>-</u>                             |

Transactions for the six-month periods ended June 30, consist of the following:

| <b>Account name/Company's name</b> | <b>Relationship</b>      | <b>2019<br/>LAK</b>  | <b>2018<br/>LAK</b>  |
|------------------------------------|--------------------------|----------------------|----------------------|
| <b>Sale of asset held for sale</b> |                          |                      |                      |
| JB Honda                           | (1)                      | 7,500,000            | 20,170,000           |
|                                    |                          | <u>7,500,000</u>     | <u>20,170,000</u>    |
| <b>Purchases of leasing assets</b> |                          |                      |                      |
| JB Honda                           | (1)                      | 2,960,547,000        | 3,263,907,000        |
| JB Honda Nonsavang                 | (1)                      | 2,353,756,000        | 1,575,041,500        |
| JB Honda Thangon                   | (1)                      | 917,558,000          | -                    |
|                                    |                          | <u>6,231,861,000</u> | <u>4,838,948,500</u> |
| <b>Commission expense</b>          |                          |                      |                      |
| JB Honda                           | (1)                      | 214,750,000          | 218,940,000          |
| JB Honda Nonsavang                 | (1)                      | 158,750,000          | 111,750,000          |
| JB Honda Thangon                   | (1)                      | 65,750,000           | -                    |
|                                    |                          | <u>439,250,000</u>   | <u>330,690,000</u>   |
| <b>Other expenses</b>              |                          |                      |                      |
| JB Honda                           | (1)                      | 43,470,000           | 9,825,000            |
| JB Honda Nonsavang                 | (1)                      | 32,853,260           | 7,824,380            |
| JB Honda Thangon                   | (1)                      | 1,161,960            | -                    |
|                                    |                          | <u>77,485,220</u>    | <u>17,649,380</u>    |
| <b>Interest expense</b>            |                          |                      |                      |
| Ms. Inthavilay Oudom               | Shareholder and director | 119,923,804          | 699,298,704          |
| Mahathun Holding Co., Ltd.         | Shareholder              | 193,897,677          | -                    |
|                                    |                          | <u>313,821,481</u>   | <u>699,298,704</u>   |

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

Managements' remuneration for the six-month periods ended June 30, consists of the following:

|                     | <b>2019<br/>LAK</b> | <b>2018<br/>LAK</b> |
|---------------------|---------------------|---------------------|
| Short-term benefits | 428,157,783         | 394,307,686         |
|                     | <u>428,157,783</u>  | <u>394,307,686</u>  |

**21. OPERATING LEASE COMMITMENT**

The Company has commitments under long-term leases for office space. The minimum future lease payments under the lease agreements as at June 30, 2019 and December 31, 2018, are summarized as follows:

| <b>Payment period</b>            | <b>As at<br/>June 30,<br/>2019<br/>LAK</b> | <b>As at<br/>December 31,<br/>2018<br/>LAK</b> |
|----------------------------------|--|--|
| Within one year                  | 135,816,771                                | 53,307,292                                     |
| Over 1 year but not over 5 years | 837,609,500                                | 561,080,833                                    |
| Over 5 years                     | 565,467,729                                | 589,116,667                                    |
|                                  | <u>1,538,894,000</u>                       | <u>1,203,504,792</u>                           |

Under the lease agreements, the lessors required the Company to pay rental for 12 months in advance on the date of agreements. For the six-month periods ended June 30, 2019 and 2018, rentals applicable to the lease agreements which were paid and recorded as expense in the statements of income are LAK 124.91 million and LAK 115.96 million, respectively.

**22. APPROVAL FOR ISSUE OF THE FINANCIAL STATEMENTS**

This interim financial information was approved for issue by board of directors of the Company on August 16, 2019.