



## **Mahathuen Leasing Public Company**

Interim financial statement  
(UNAUDITED)

As at for the Nine-month period ended September 30,2019

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# 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 September 30,2019.

## 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.

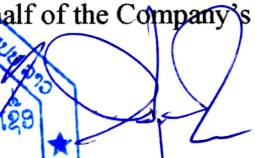
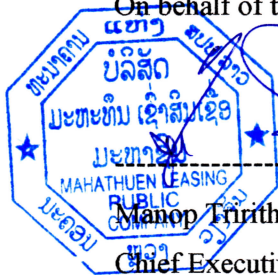
The Company’s management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and for ensuring that the interim financial statements comply with the selected accounting policies. It is also responsible 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 September 30,2019, 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

October 29,2019

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

UNIT : LAK

	Notes	As at September 30, 2019 "Unaudited"	As at December 31, 2018
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	4,1	17.981.703.893	6.159.987.949
Current portion of finance lease and installment loan receivables	5	45.212.444.608	39.429.347.750
Asset held for sale	6	226.615.161	121.900.877
Other current assets	7	311.885.999	296.906.544
Total Current Assets		63.732.649.661	46.008.143.120
NON-CURRENT ASSETS			
Cash deposit at Bank of the Lao PDR	8	2.000.002.700	2.000.002.700
Finance lease and installment loan receivables	5	24.486.796.281	22.469.360.783
Leasehold improvement and equipment	9	1.426.170.056	1.236.091.653
Total Non-current Assets		27.912.969.037	25.705.455.136
<b>TOTAL ASSETS</b>		<b>91.645.618.698</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 SEPTEMBER 30, 2019**

UNIT : LAK

	Notes	As at September 30, 2019 "Unaudited"	As at December 31, 2018
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	4.433.489.837	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	43.757.928	38.064.025
Income tax payable		2.705.375.235	2.070.937.928
Other current liabilities		29.299.219	20.081.800
Total Current Liabilities		7.211.922.219	6.729.225.649
<b>NON-CURRENT LIABILITIES</b>			
Liability under a finance lease agreement	12	90.610.054	124.178.788
Long-term borrowing from related parties	13	19.698.000.000	-
Other non-current liabilities		66.000.000	49.500.000
Total Non-current Liabilities		19.854.610.054	173.678.788
<b>TOTAL LIABILITIES</b>		27.066.532.273	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		9.302.683.368	9.534.290.762
TOTAL SHAREHOLDERS' EQUITY		64.579.086.425	64.810.693.819
<b>TOTAL LIABILITES AND SHAREHOLDERS' EQUITY</b>		91.645.618.698	71.713.598.256

See the condensed notes to the interim financial statements

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

**UNIT : LAK**

	<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>			
Revenue from interest - finance leases and installment loans		16.934.922.613	13.926.485.981
Other income	17	707.559.091	633.976.151
<b>Total Revenues</b>		<u>17.642.481.704</u>	<u>14.560.462.132</u>
<b>EXPENSES</b>			
Administrative expenses	18	7.915.682.395	6.546.359.857
Doubtful accounts and bad debt expense		804.405.995	339.349.196
Finance cost		975.615.843	1.112.845.988
Net loss on exchange rate		553.651.364	533.035.790
<b>Total Expenses</b>		<u>10.249.355.597</u>	<u>8.531.590.831</u>
<b>PROFIT BEFORE INCOME TAX EXPENSE</b>		7.393.126.107	6.028.871.301
<b>INCOME TAX EXPENSE</b>	19	<u>(1.744.733.503)</u>	<u>(1.337.248.914)</u>
<b>NET PROFIT</b>		<u>5.648.392.604</u>	<u>4.691.622.387</u>
<b>BASIC EARNINGS PER SHARE (LAK)</b>	15	141	157
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	15	40.000.000	29.822.418

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, 2019**  
**"UNAUDITED"**

UNIT : LAK

	Note	Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Total Shareholders' Equity
				Appropriated Legal Reserve	Unappropriated	
<b>For the nine-month period ended September 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
Increase in share capital		12.240.000.000	12.832.667.550	-	-	25.072.667.550
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>
<b>For the nine-month period ended September 30, 2019</b>						
Beginning balance as at January 1, 2019		40.000.000.000	12.832.667.550	2.443.735.507	9.534.290.764	64.810.693.821
Profit for the period		-	-	-	5.648.392.604	5.648.392.604
Dividends paid	16	-	-	-	(5.880.000.000)	(5.880.000.000)
Ending balance as at September 30, 2019		<u>40.000.000.000</u>	<u>12.832.667.550</u>	<u>2.443.735.507</u>	<u>9.302.683.368</u>	<u>64.579.086.425</u>

See the condensed notes to the interim financial statements

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

UNIT : LAK

	Notes	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax expense		7.393.126.107	6.028.871.301
Adjustments for:			
Bad debt and doubtful accounts		804.405.995	339.349.196
Amortization of deferred commission expense	4,2	2.862.641.173	2.438.165.459
Impairment loss of asset held for sale		11.250.000	(6.250.000)
Depreciation and amortization		352.660.050	328.741.622
Finance cost		975.615.843	1.112.845.988
Unrealized loss on exchange rate		1.204.734.804	453.690.744
Profit from operations before changes in operating assets and liabilities		13.604.433.972	10.695.414.310
Changes in operating assets and liabilities			
Increase in finance lease and installment loan receivables		(13.280.985.680)	(15.926.800.537)
Increase in asset held for sale		(115.964.284)	56.476.077
Decrease (increase) in other current assets		1.798.691.897	(203.747.689)
Increase in trade and other payables		1.281.136.456	1.285.432.827
Increase in liability under a finance lease agreement		(27.874.831)	(23.146.724)
Increase in other current liabilities		9.217.420	2.189.462
Increase in other non-current liabilities		16.500.000	(36.368.738)
Cash received (paid) from operations		3.285.154.950	(4.150.551.012)
Cash paid for interest		(815.404.357)	(1.109.606.812)
Cash paid for income tax		(1.110.296.196)	(555.000.000)
Net cash provided by (used in) operating activities		1.359.454.397	(5.815.157.824)

**MAHATHUEN LEASING COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**  
**"UNAUDITED"**

UNIT : LAK

	Notes	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash deposit at bank of the Lao PDR		-	(612.000.000)
Cash paid for purchases of leasehold improvements and equipment		(542.738.453)	(163.093.196)
Net cash used in investing activities		<u>(542.738.453)</u>	<u>(775.093.196)</u>
<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		(2.475.000.000)	(6.068.000.000)
Cash received from share subscription		-	25.072.667.550
Dividends paid		(5.880.000.000)	(6.107.200.000)
Net cash provided by financing activities		<u>11.005.000.000</u>	<u>20.326.467.550</u>
Net increase in cash and cash equivalents		11.821.715.944	13.736.216.530
Cash and cash equivalents as at January 1,		<u>6.159.987.949</u>	<u>2.033.555.517</u>
<b>Cash and cash equivalents as at September 30,</b>	4,1	<u><u>17.981.703.893</u></u>	<u><u>15.769.772.047</u></u>

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, 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, 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 and tractor.

The Company was incorporated on September 2, 2011 by obtaining an 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 September 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 September 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 nine-month period ended September 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 nine-month period ended September 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 nine-month period ended September 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 audited financial statements of the Company for the year ended December 31, 2018.

### 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

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

	<b>As at September 30, 2019 LAK</b>	<b>As at December 31, 2018 LAK</b>
Cash on hand	118,534,400	170,524,748
Cash at banks	17,863,169,493	5,989,463,201
	<u>17,981,703,893</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 nine-month periods ended September 30, consist of the following:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Initial direct cost brought forward	2,449,710,655	1,870,808,536
<u>Add</u> Increase during the years	3,135,650,000	2,992,285,000
<u>Less</u> Amortization of deferred commission expense	<u>(2,862,641,173)</u>	<u>(2,438,165,459)</u>
Initial direct cost carried forward	<u>2,722,719,482</u>	<u>2,424,928,077</u>

## 5. FINANCE LEASE AND INSTALLMENT LOAN RECEIVABLES

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

	<b>As at September 30, 2019</b>		
	<b>Within one year</b> <b>LAK</b>	<b>Over 1 year</b> <b>to 5 years</b> <b>LAK</b>	<b>Total</b> <b>LAK</b>
<b>Finance lease receivables</b>			
Finance lease receivables	3,440,540,195	773,527,000	4,214,067,195
<u>Less</u> Unearned interest income	<u>(985,409,729)</u>	<u>(166,764,075)</u>	<u>(1,152,173,804)</u>
	2,455,130,466	606,762,925	3,061,893,391
<u>Add</u> Initial direct cost	<u>27,119,906</u>	<u>23,906,842</u>	<u>51,026,748</u>
	2,482,250,372	630,669,767	3,112,920,139
<u>Less</u> Allowance for doubtful debts	<u>(1,191,659,909)</u>	<u>(26,508,820)</u>	<u>(1,218,168,729)</u>
Total finance lease receivables	<u>1,290,590,463</u>	<u>604,160,947</u>	<u>1,894,751,410</u>
<b>Installment loan receivables</b>			
Installment loan receivables	64,227,536,557	29,901,448,000	94,128,984,557
<u>Less</u> Unearned interest income	<u>(20,313,254,564)</u>	<u>(6,582,971,575)</u>	<u>(26,896,226,139)</u>
	43,914,281,993	23,318,476,425	67,232,758,418
<u>Add</u> Initial direct cost	<u>1,561,387,963</u>	<u>1,110,304,771</u>	<u>2,671,692,734</u>
	45,475,669,956	24,428,781,196	69,904,451,152
<u>Less</u> Allowance for doubtful debts	<u>(1,553,815,810)</u>	<u>(546,145,863)</u>	<u>(2,099,961,673)</u>
Total installment loan receivables	<u>43,921,854,146</u>	<u>23,882,635,333</u>	<u>67,804,489,479</u>
<b>Total</b>	<b><u>45,212,444,609</u></b>	<b><u>24,486,796,280</u></b>	<b><u>69,699,240,889</u></b>

	<b>As at December 31, 2018</b>		
	<b>Within one year</b>	<b>Over 1 year to 5 years</b>	<b>Total</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 September 30, 2019 and December 31, 2018, aged by the number of months are summarised as follows:

	<b>As at September 30, 2019</b>	<b>As at December 31, 2018</b>
	<b>Finance lease and installment loan receivables net of unearned interest income LAK</b>	<b>Finance lease and installment loan receivables net of unearned interest income LAK</b>
Not yet due	54,003,499,653	48,651,080,839
Past due 1 - 3 months	13,152,694,077	11,056,158,878
Past due 4 - 5 months	698,088,611	553,770,729
Past due 6 - 12 months	884,199,005	641,193,581
Past due over 12 months	1,556,170,462	1,091,961,197
<b>Total</b>	<u>70,294,651,809</u>	<u>61,994,165,224</u>
Allowance for doubtful debts	<u>3,318,130,402</u>	<u>2,545,167,346</u>

For the nine-month periods ended September 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 September 30, 2019 and December 31, 2018, consist of the following:

	<b>As at September 30, 2019 LAK</b>	<b>As at December 31, 2018 LAK</b>
Asset held for sale - motorcycles	250,365,161	134,400,877
<u>Less</u> Allowance for diminution in value of assets	<u>(23,750,000)</u>	<u>(12,500,000)</u>
	<u>226,615,161</u>	<u>121,900,877</u>

**7. OTHER CURRENT ASSETS**

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

	<b>As at September 30, 2019 LAK</b>	<b>As at December 31, 2018 LAK</b>
Prepaid expenses	279,098,939	244,604,184
Advance payments	8,580,520	8,343,020
Others	24,206,540	43,959,340
	<u>311,885,999</u>	<u>296,906,544</u>

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

As at September 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 IMPROVEMENT AND EQUIPMENT**

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

	<b>As at September 30, 2019 LAK</b>	<b>As at December 31, 2018 LAK</b>
Carrying amount as at January 1,	1,236,091,653	1,473,706,264
Acquisitions - at cost	542,738,453	200,497,196
Depreciation for the period	<u>(352,660,050)</u>	<u>(438,111,807)</u>
Carrying amount	<u>1,426,170,056</u>	<u>1,236,091,653</u>

**10. TRADE AND OTHER PAYABLES**

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

	<b>As at September 30, 2019 LAK</b>	<b>As at December 31, 2018 LAK</b>
Trade payables - related parties (see Note 20)	411,061,000	336,516,000
Trade payables - third parties	2,723,610,000	1,637,791,000
Other payables - related parties (see Note 20)	1,881,600	1,152,400
Other tax payable	62,621,000	46,326,362
Accrued expenses	<u>1,234,316,237</u>	<u>970,356,134</u>
	<u>4,433,489,837</u>	<u>2,992,141,896</u>

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

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

	<b>Interest rate per loan agreement % p.a.</b>	<b>Balances as at</b>			
		<b>September 30, 2019</b>		<b>December 31, 2018</b>	
		<b>THB</b>	<b>LAK</b>	<b>THB</b>	<b>LAK</b>
Short-term borrowing	10%	<u>-</u>	<u>-</u>	<u>6,000,000</u>	<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 September 30, 2019 and December 31, 2018, consist of the following:

	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	<b>As at September 30, 2019 LAK</b>	<b>As at December 31, 2018 LAK</b>	<b>As at September 30, 2019 LAK</b>	<b>As at December 31, 2018 LAK</b>
Within 1 year	50,622,268	50,622,268	50,622,268	50,622,268
Over 1 year and within 5 years	<u>90,995,113</u>	<u>128,961,814</u>	<u>90,995,113</u>	<u>128,961,814</u>
	141,617,381	179,584,082	141,617,381	179,584,082
<u>Less</u> Deferred interest	-	-	(7,249,399)	(17,341,269)
	<u>141,617,381</u>	<u>179,584,082</u>	<u>134,367,982</u>	<u>162,242,813</u>

	<b>As at September 30, 2019 LAK</b>	<b>As at December 31, 2018 LAK</b>
Liability under a finance lease agreement, current portion	43,757,928	38,064,025
Liability under a finance lease agreement, non - current portion	90,610,054	124,178,788
	<u>134,367,982</u>	<u>162,242,813</u>

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

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

	Interest rate per loan agreement % p.a.	Balances as at			
		September 30, 2019		December 31, 2018	
		THB	LAK	THB	LAK
Long-term borrowing	11.12% - 13.75%	<u>67,000,000</u>	<u>19,698,000,000</u>	<u>-</u>	<u>-</u>

As at September 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 nine-month periods ended September 30, the Company calculated the weighted average number of ordinary shares and earnings per share as follows:

	<b>2019 LAK</b>	<b>2018 LAK</b>
<b>For the nine-month period ended September 30,</b>		
Profit attributable to shareholders (LAK)	5,648,392,603	4,691,622,387
Number of ordinary shares as at January 1, Weighted average number of ordinary shares	40,000,000	27,760,000
Issued and paid-up during the year 12,240,000 x 46/273 (16/8/2018)	-	2,062,418
Weighted average number of ordinary shares for the Nine-month period ended September 30,	<u>40,000,000</u>	<u>29,822,418</u>
Basic earnings per share (LAK)	<u>141</u>	<u>157</u>

**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 nine-month periods ended September 30, consist of the following:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Penalty income	542,298,137	476,528,476
Others	165,260,954	157,447,675
	<u>707,559,091</u>	<u>633,976,151</u>

**18. ADMINISTRATIVE EXPENSES**

Administrative expenses for the nine-month periods ended September 30, consist of the following:

	<b>2019</b> <b>LAK</b>	<b>2018</b> <b>LAK</b>
Staff costs	4,598,281,530	3,715,835,585
Remuneration to managements	633,563,451	591,323,186
Utility expenses	308,003,934	268,565,250
Marketing expenses	360,430,000	9,825,000
Net loss on sales of assets held for sale	624,787,597	387,561,702
Professional fee	223,652,980	470,399,070
Depreciation and amortization	352,660,050	328,741,622
Entertainment expenses	63,266,075	53,298,129
Stationery expenses	131,581,303	124,922,490
Others	619,455,475	595,887,823
	<u>7,915,682,395</u>	<u>6,546,359,857</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 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, 2019 and December 31, 2018 and transactions for the nine-month periods ended September 30, are summarized as follows:

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

Account name/Company's name	Relationship	As at September 30, 2019 LAK	As at December 31, 2018 LAK
<b>Trade payables</b>			
JB Honda	(1)	245,382,000	142,475,000
JB Honda Nonsavang	(1)	116,253,000	92,250,000
JB Honda Thangon	(1)	49,426,000	101,791,000
		<u>411,061,000</u>	<u>336,516,000</u>
<b>Other payables</b>			
JB Honda Nonsavang	(1)	1,740,480	1,152,400
JB Honda Thangon	(1)	141,120	-
		<u>1,881,600</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	14,420,700	7,048,936
Mahathun Holding Co., Ltd.	Shareholder	152,839,722	-
		<u>167,260,422</u>	<u>7,048,936</u>
<b>Long-term borrowings</b>			
Ms. Inthavilay Oudom	Shareholder and director	2,058,000,000	-
Mahathun Holding Co., Ltd.	Shareholder	17,640,000,000	-
		<u>19,698,000,000</u>	<u>-</u>

Transactions for the nine-month periods ended September 30, consist of the following:

Account name/Company's name	Relationship	2019 LAK	2018 LAK
<b>Sales of asset held for sale</b>			
JB Honda	(1)	7,500,000	20,970,000
		<u>7,500,000</u>	<u>20,970,000</u>
<b>Purchases of leasing assets</b>			
JB Honda	(1)	4,535,220,000	5,473,524,500
JB Honda Nonsavang	(1)	3,502,274,000	2,725,291,500
JB Honda Thangon	(1)	1,243,011,000	-
		<u>9,280,505,000</u>	<u>8,198,816,000</u>

Account name/Company's name	Relationship	2019 LAK	2018 LAK
<b>Commission expense</b>			
JB Honda	(1)	318,250,000	368,535,000
JB Honda Nonsavang	(1)	233,000,000	188,250,000
JB Honda Thangon	(1)	88,750,000	-
		<u>640,000,000</u>	<u>556,785,000</u>
<b>Other expenses</b>			
JB Honda	(1)	43,470,000	16,570,760
JB Honda Nonsavang	(1)	38,322,500	2,920,180
JB Honda Thangon	(1)	1,349,700	-
		<u>83,142,200</u>	<u>19,490,940</u>
<b>Interest expense</b>			
Ms. Inthavilay Oudom	Shareholder and director	176,981,813	1,098,026,010
Mahathun Holding Co., Ltd.	Shareholder	798,634,030	-
		<u>975,615,843</u>	<u>1,098,026,010</u>

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

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

	2019 LAK	2018 LAK
Short-term benefits	633,563,451	591,323,186
	<u>633,563,451</u>	<u>591,323,186</u>

## 21. OPERATING LEASE COMMITMENT

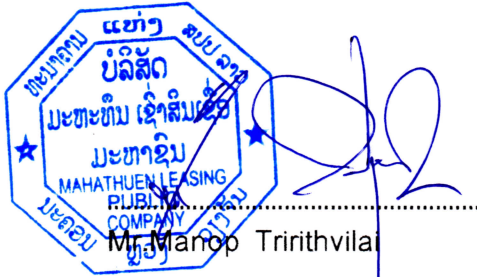
The Company has commitments under long-term leases for office space. The minimum future lease payments under lease agreement as at September 30, 2019 and December 31, 2018, are summarized as follows:

	As at September 30, 2019 LAK	As at December 31, 2018 LAK
Within one year	77,068,495	53,307,292
Over 1 year but not over 5 years	809,108,713	561,080,833
More than 5 years	530,818,514	589,116,667
	<u>1,416,995,722</u>	<u>1,203,504,792</u>

Under the lease agreement, the lessors required the Company to pay rental for 12 months in advance on the date of agreement. For the nine-month periods ended September 30, 2019 and 2018, rentals applicable to the lease agreement which were paid and recorded as expense in the statements of income are LAK 193.67 million and LAK 165.60 million, respectively.

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

These financial statements were approved for issue by the authorized directors of the Company on October 29 , 2019.



Mr. Wanop Tririthvilai

Chief Executive Officer

Date : October 29, 2019