



Mahathuen Leasing Public Company

The Three-Month Report

As at for the Three-month period ended March 31,2020



The First Three-month Report 31 March 2020

Content

	Page
1. The Mahathuen Leasing Public Company	1
2. Company Background and miles stone.....	1
3. Philosophy and the core business operation	3
3.1 Company Philosophy	3
3.2 The Core Business Operation.....	3
4. Management and Corporate Governance	5
4.1 Organization Chart	5
4.2 Committee	6
4.2.1 Audit Committee	7
4.2.2 Risk Management Committee	7
4.2.3 Remuneration Committee	7
4.2.4 Nomination Committee	8
4.2.5 Related Party Transaction Committee	8
5. Business Performance	8
5.1 Marketing	8
5.2 Revenues	9
5.3 Expenses	9
5.4 Net profit and Net profit Margin	10
5.5 Taxes	10

1. The Mahathuen Leasing Public Company

General Information of Company

Company Name	:	Mahathuen Leasing Public Company
Business type	:	Financial Leasing (non-real estate)
Symbol	:	MHTL
Registered Office	:	House number 628, (kilometer 5) Kaison Road, Phonphanao Village, Xaysettha District, Vientiane Capital
Foreign Investment License	:	Foreign Investment License, No: 196-11/MPI/IPD3 date 10 August 2011
Enterprise registration certificate	:	1122/ERO date 20 November 2017
Enterprise tax certificate	:	725714405-9-00
Register capital	:	40.000.000.000 Kip

Email	:	info@mahathuen.com
Website	:	www.mahathuen.com
Tel	:	(856) 21 418065
Fax	:	(856) 21 418066

2. Company Background and miles stone

Mahathuen Leasing Public Company (hereinafter “the Company” or “MHTL”). The Company was established as a limited company on 02 September 2011 with a registered capital of USD 300,000 and enterprise registration certificate No. 3151/RO with the business category of financial leasing (non-real estate). MHTL has been established by two experienced individuals who have more than 20 years of experience in doing business in Lao PDR; Mrs. Inthavilay Oudom, a Lao investor, which held 12% in the Company and Mr Chakrit Naksorn, a Thai investor held 88%.

To establish a Leasing business in Lao PDR a business license from the Bank of Lao PDR is required therefore the Company is under the supervision of Financial Institution Supervision Department of the Bank of Lao PDR.

MHTL is engaged in the leasing business in Lao PDR, particularly retail finance (non-real estate) since the establishment of the company. In the early stage, the Company mainly focused on Japanese made motorcycle financing such as HONDA, SUZUKI, YAMAHA and others to build client base, obtain knowledge, gain experience for the organization, develop capacity building and appropriate working system, as well as learning about consuming behaviors and business operation in Lao PRD before expanding its investment in other retail financial products.

During the first three years of business operations and Company's short-term plan, MHTL was focusing on the development of the organization culture and capacity building. Therefore, the business policy was more conservative in terms of marketing with a concrete action plan for financial leasing evaluation and approval. A proper plan for small size leasing with low capital investment by professional approach was established, which led to the internal working policy, regulations as well as other requirements for the consideration of leasing approvals, however the process can be flexible according to the market situation and business competition.

From 2014 – 2016, the Company focused on expanding customer base by strengthening customer relationships and build market leadership, by increasing the proportion of market share in order to expand more branches and service units in Vientiane capital in the future. In addition, the Company also planned to broaden its products such as: financing of used motorcycles including refinancing for existing customers base on payments history to build customer base for expansion to other products.

Since 2017, the Company plans to expand its branches and service units to other provinces in Lao PDR including other products by having the Company listed in Lao Securities Exchange to raise capital fund. In preparation for the Company to be listed in Lao Securities Exchange, an increase of aggressive business strategy will need to be implemented including a strong internal control and risk management as well as good corporate governance to strengthen the business operations by creating a balance between the stakeholders such as customers, partners, investors and shareholders of the Company.

The Company converted into a public Company on 20 November 2017, with a registered capital of LAK 27,760,000,000, and has been operating as financial leasing (non-real estate) under the Law of Lao PDR.

In 2018, the company has established a first branch in Savannakhet province to provide the finance service for the motorcycle's customer and expects to expand the financial service to cover more product further. Savannakhet Branch located at 013 unit 1 Rattarangsi Tai village, Kaisornphomviharn District, Savanakheth province.

In this year, the company had increased its registered capital 12.240.000 Shares with a par value of LAK 1,000 per share for Initial Public Officering and Approval by Lao Securities Commission Office on 13 June 2018, after the company completed IPO 40.000.000 Shares or LAK 40.000.000.000 of registered capital. The company is the one in the member of listed company in Lao Security Exchange on 18 September 2019. MHTL has been the eighth listed company in Lao Securities Exchange.

In 2019, the company has established a Service Center in Savannakhet province. Donghen Service Center located at 254/259 Donghen village, Road 9, Artsaphangthong District, Savannakhet Province

In June this year, the company has started the financial service for Agricultural Equipment, which focused on the hand tractor as a trial project and expected to expand the financial service to cover more kinds of Agricultural Equipment further.

3. Philosophy and the core business operation

3.1 Company Philosophy

Slogan

“All Financial is possible here (Mahathuen Leasing)”

Vision

“Be a Listed company on LSX and the leader of Leasing company for Motorcycle in Lao PDR”

Mission

“Mahathuen Leasing, we provide the financial service for all” a commitment in our business operation for stakeholders with this mission below:

- For client:** To win customer’s heart with excellent customer service by a professional team with financial innovations
- For staff:** To promote professional development and stability on work-life balance
- For shareholders:** To be listed on Lao Securities Exchange and give good returns
- For Partner:** To build trust with business partners who are ready to grow and succeed together.
- For society:** To be an alternative investment for Lao people.

3.2 The Core business operation

The Company has 4 types of leasing services such as:

1. New motorcycle
2. Used motorcycle
3. Refinance
4. New Tractors

3.2.1 New motorcycle leasing service

The Company provides motorcycle leasing service by focusing on well-know Japanese brands including HONDA, YAMAHA, SUZUKI, and others. Approximately, 90 percent of all motorcycle leases are HONDA that includes the target group of customers that fall under the low to medium income.

For the motorcycle lease service, customers may not have enough money to purchase a new motorcycle off the shop and require installment payments, in such case customers will need to pay initial payment or down payment (minimum amount) and the remaining amount will be in the lease contract with installment payments period. Once the contract is signed, customers can utilize the motorbike but maintenance lies under the responsibility of the customers and the ownership of the motorbike will be under the Company until the customers made payment in full and the ownership will be transferred to customers. If the installment left

unpaid for three months, then contract will be canceled automatically and the motorbike must be returned to the Company.

In the process of leasing service, there's a team specialized in evaluating the customer credit who constantly contacting the motorcycle partners in Vientiane Capital including big and small dealers covering more than 30 dealer shops. When a customer is interested in purchasing a motorcycle through financing, the Company will provide leasing information to the customer, evaluate the credit and qualification of the customer before approving the lease. For time saving, the Company have placed a representative at the motorcycle dealers instead of asking the customer to come to the Company.

The motorcycle dealers are playing a big role for the Company as they are the passage way for the Company to get to customers, therefore building good relationship with business partners is crucial for the Company.

3.2.2 Second-hand Motorcycle

The Company provides second-motorcycle leasing from the confiscated motorcycles and the process of credit evaluation is similar to the first-hand motorcycle leasing. Second-hand motorcycle leasing gives the Company the opportunity to expand its customer base also provides the opportunity to customers who want Japanese made motorcycle but do not have enough fund to purchase first-hand. In the future, the Company is planning to expand the second-hand motorcycle leasing to motorcycle dealers.

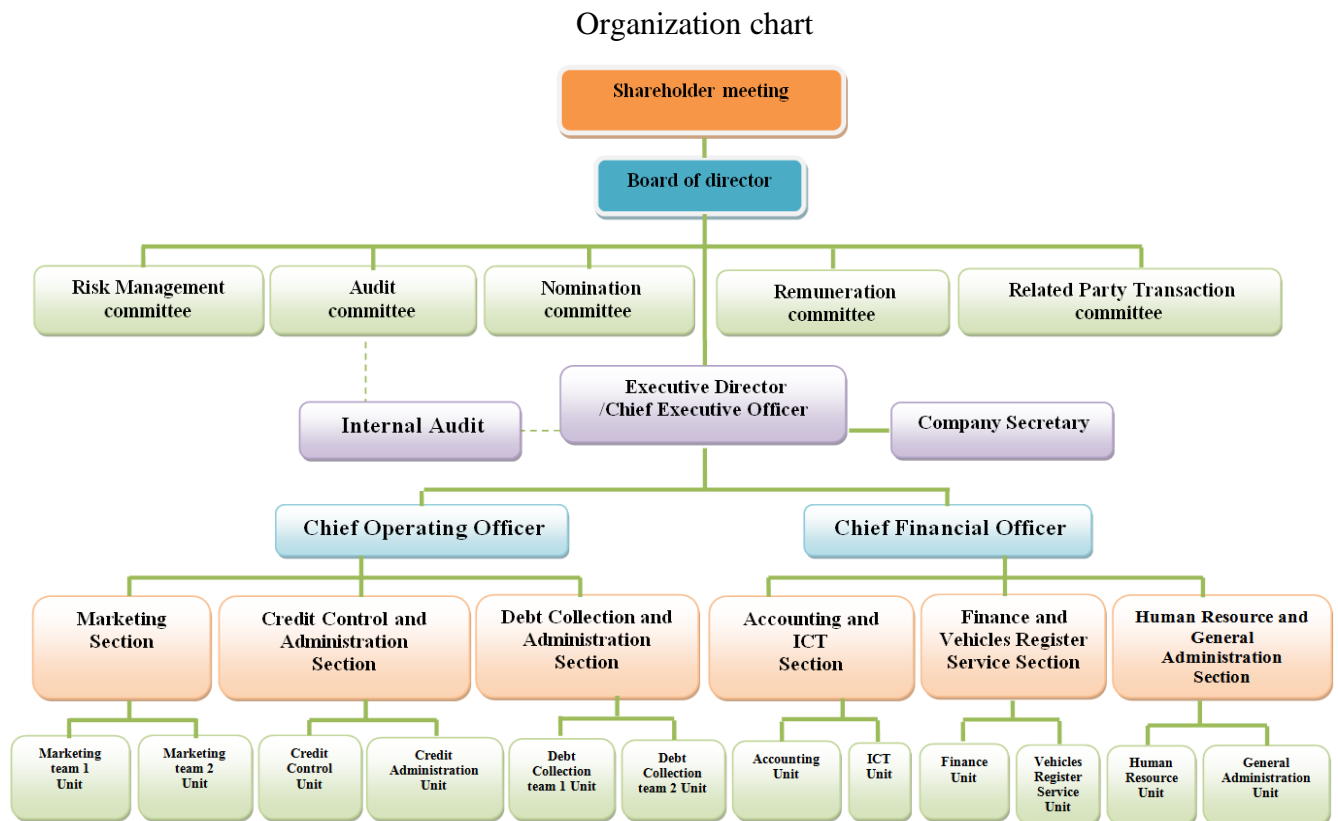
3.2.3 Refinance

The Company provides refinancing service to customers with the existing loan either with the Company or other financing companies by using the motorcycle under the loan contract as a collateral or the customers' own motorcycle. The applicant must be specific on the objective of refinance; the Company will evaluate the cost of motorcycle base on the Company's policy to calculation the interest rate and fees will be different from motorcycle leasing, but the procedures will be the same.

4 Management and Corporate Governance

4.1 Organization chart

Organization chart has been adjusted in accordance with the growth of the business and to align with the public company structure which consists of Board of directors and Board of directors committee.



4.2 Committee

➤ Board of Directors

Table : Name list of Board of Directors

No.	Photo	(Board of Directors)	Nationality	Position
1		Mr. Chakrit Naksorn	Thai	Chairman
2		Mrs. Inthavilay Oudom	Lao	Vice Chairwoman
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)

➤ **Committees of the Board of Directors**

The Committees of the Board of directors consist as following:

- 1) Audit Committee
- 2) Risk Management Committee
- 3) Nomination Committee
- 4) Remuneration Committee
- 5) Related Party Transaction Committee

4.2.1 Audit Committee

Table : Name list 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

4.2.2 Risk Management Committee

Table : Name list 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

4.2.3 Remuneration Committee

Table : Name list Remuneration 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

4.2.4 Nomination Committee

Table : Name list Nomination 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

4.2.5 Related Party Transection Committee

Table : Name list Related Party Transection 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

5 Business Performance

5.1 Marketing Performance

In the first three-month of 2020, the company has the number of new booking of motorcycle and tractor leasing business equal to 1.580 units or LAK 18.221,4 million, which it's increased 15,3 percent in term of the loan amount when compared with the first Three-month of 2019.

Table : New loan of motorcycle lease

Loan of motorcycle and tractor lease for three-month of 2019 and 2020 comparison				
	For hree-month of 2019	For three-month of 2020	Change	Percent
Number of contract (Units)	1.389	1.580	+191	+ 13,8 %
Loan Amount (Million Kip)	15.804,4	18.221,4	+ 2.417	+ 15,3 %

5.2 Revenues

In the first three-month of 2019 and the first three-month of 2020 the Company had total revenues of LAK 5.750,7 million, LAK 6.909,7 million respectively, increased at about 20,1%.

Table: Revenues

REVENUES	Three-month of 2019		Three-month of 2020		Changed	
	LAK: million	%	LAK: million	%	LAK: million	%
Interest income	5.521,1	96,0	6.643,7	96,2	+1.122,6	+20,3
Other incomes	229,6	4,0	266,0	3,8	+36,4	+1,6
Total Revenues	5.750,7	100	6.909,7	100	+1.158,4	+20,1

5.3 Expenses

In the first Three-month of 2019 and the first Three-month of 2020, the Company had total expenses including financial expenses of LAK 2.649,2 million and LAK 4.304,1 million respectively. These total expenses increased along with the increased of annual revenue.

Table: Expenses

Expenses	Three-month of 2019		Three-month of 2020		Changed	
	LAK: million	%	LAK: million	%	LAK: million	%
Administrative expenses	2.387,8	90,1	3.381,7	78,6	+993,9	+41,6
Doubtful account expense	202,4	7,6	281,5	6,5	+79,4	+39,1
Net loss on exchange rate	-	-	9,7	0,2,0	-	-
Finance cost	59,0	2,3	631,2	14,7	+572,2	+97,0
Total Expenses	2.649,2	100	4.304,1	100	+1.654,9	+62,5

5.4 Net profit and Net profit Margin

In the first Three-month of 2019 and the first Three-month of 2020, the Company had net profit equal to LAK 2.514,4 million and LAK 2.154,5 million respectively, or 43,7 percent and 31,2 percent comparing to total revenues respectively, net profit before income tax expense also decreased from LAK 3.101,5 to LAK 2.605,6.

5.5 Taxes

MHTL is the public company and lists in LSX, and operates its business under Lao PDR Law. MHTL obligates to pay tax to the Government of Laos including VAT, Personal income tax, Tax and Withholding tax. The total amount of tax for in the first Three-month of 2020 was 376,7 million kip and represents as below:

Table: Taxes

No.	Details	Million KIP
1	VAT	98,7
2	Personal Income Tax	207,1
3	Withholding Tax	70,9
Total Taxes		376,7



Mr. Manop Tririthvilai

Chief Executive Officer

Date : May 14,2020



Mahathuen Leasing Public Company

Interim financial statement
(UNAUDITED)

As at for the Three-month period ended March 31,2020

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 three-month period ended March 31,2020.

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 March 31,2020, which are prepared in accordance with the accounting policies as described in the interim financial statements.

On behalf of the Company’s management



Manop Pririthvilai
Chief Executive Officer

May 14,2020

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31,2020

UNIT : LAK

	Notes	As at March 31, 2020 "UNAUDITED"	As at December 31, 2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	4,412,992,793	11,898,879,158
Current portion of finance lease and installment loan receivables	5	51,176,631,165	49,450,694,223
Asset held for sale	6	291,920,596	135,778,949
Other current assets	7	369,457,278	371,294,394
Total Current Assets		56,251,001,832	61,856,646,724
NON-CURRENT ASSETS			
Cash deposit at Bank of Lao PDR		2,000,002,700	2,000,002,700
Finance lease and installment loan receivables	5	28,784,649,716	28,541,865,938
Leasehold improvements and equipment	8	1,353,171,096	1,454,220,193
Other non-current assets		16,935,068	36,126,040
Total Non-current Assets		32,154,758,580	32,032,214,871
TOTAL ASSETS		88,405,760,412	93,888,861,595

Notes to the financial statement form an integral part of these statements

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31,2020

UNIT : LAK

	Notes	As at March 31, 2020 "UNAUDITED"	As at December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and other payables	9	1,992,458,037	3,704,655,549
Current portion of liability under a finance lease agreement	10	113,504,953	124,178,788
Income tax payable		2,909,317,857	2,837,273,979
Other current liabilities		29,543,707	29,349,509
Total Current Liabilities		5,044,824,554	6,695,457,825
NON-CURRENT LIABILITIES			
Long-term borrowings from related parties	11	14,100,000,000	20,100,000,000
Other non-current liabilities		91,125,000	78,125,000
Total Non-current Liabilities		14,191,125,000	20,178,125,000
TOTAL LIABILITIES		19,235,949,554	26,873,582,825
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital	12	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
RETAINED EARNINGS			
Appropriated - legal reserve		3,252,194,002	3,252,194,002
Unappropriated		13,084,949,306	10,930,417,218
TOTAL SHAREHOLDERS' EQUITY		69,169,810,858	67,015,278,770
TOTAL LIABILITES AND SHAREHOLDERS' EQUITY		88,405,760,412	93,888,861,595

Notes to the financial statement form an integral part of these statements

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31,2020

UNIT : LAK

	Notes	2020	2019
REVENUES			
Revenue from interest - finance leases and installment loans		6,643,652,627	5,521,067,754
Net gain on exchange rate		-	27,009,311
Other income	13	266,005,643	202,653,441
Total Revenues		<u>6,909,658,270</u>	<u>5,750,730,506</u>
EXPENSES			
Administrative expenses	14	3,381,735,334	2,387,831,523
Doubtful accounts expense		281,493,223	202,416,964
Net loss on foreign exchange rate		9,654,482	-
Finance costs		631,199,265	58,966,929
Total Expenses		<u>4,304,082,304</u>	<u>2,649,215,416</u>
PROFIT BEFORE INCOME TAX EXPENSE		2,605,575,966	3,101,515,090
INCOME TAX EXPENSE		451,043,878	587,155,825
NET PROFIT		<u>2,154,532,088</u>	<u>2,514,359,265</u>
BASIC EARNINGS PER SHARE (LAK)	12	54	63

Notes to the financial statement form an integral part of these statements

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31,2020
"UNAUDITED"

UNIT : LAK

	Notes	Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Total Shareholders' Equity
				Appropriated Legal Reserve	Unappropriated	
For the three-month period ended March 31,2019						
Beginning balance as at January 1, 2019		40,000,000,000	-	2,443,735,507	9,534,290,764	51,978,026,271
Increase in share capital		-	12,832,667,550	-	-	12,832,667,550
Profit for the period		-	-	-	2,514,359,265	2,514,359,265
Ending balance as at March 31,2019		<u>40,000,000,000</u>	<u>12,832,667,550</u>	<u>2,443,735,507</u>	<u>12,048,650,029</u>	<u>67,325,053,086</u>
For the three-month period ended March 31,2020						
Beginning balance as at January 1, 2020		40,000,000,000	-	3,252,194,002	10,930,417,218	54,182,611,220
Increase in share capital		-	12,832,667,550	-	-	12,832,667,550
Profit for the period		-	-	-	2,154,532,088	2,154,532,088
Ending balance as at March 31,2020		<u>40,000,000,000</u>	<u>12,832,667,550</u>	<u>3,252,194,002</u>	<u>13,084,949,306</u>	<u>69,169,810,858</u>

Notes to the financial statement form an integral part of these statements

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31,2020

UNIT : LAK

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense		2,605,575,966	3,101,515,090
Adjustments for:			
Bad debts and doubtful accounts		281,493,223	202,416,964
Amortization of deferred commission expense	4.2	1,150,225,953	896,840,562
Impairment loss of asset held for sale (reversal)		16,250,000	7,500,000
Depreciation and amortization		131,911,263	110,438,979
Finance cost		631,199,265	58,966,929
Unrealized gain (loss) on exchange rate		-	74,791,563
Profit from operations before changes in operating assets and liabilities		4,816,655,670	4,452,470,087
Changes in operating assets and liabilities			
Increase in finance lease and installment loan receivables		(5,776,687,761)	(6,730,060,793)
(Increase) decrease in asset held for sale		(172,391,646)	(65,457,683)
Increase in other current assets		2,251,123,951	1,847,148,155
Increase in trade and other payables		(1,481,284,991)	62,076,572
Increase in other current liabilities		194,200	4,999,133
Increase (decrease) in other non-current liabilities		13,000,000	6,875,000
Cash paid from operations		(349,390,577)	(421,949,529)
Cash paid for interest		(715,959,786)	(55,087,384)
Cash paid for income tax		(379,000,000)	(308,000,000)
Net cash used in operating activities		(1,444,350,363)	(785,036,913)

Notes to the financial statement form an integral part of these statements

MAHATHUEN LEASING COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31,2020

UNIT : LAK

	Notes	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of leasehold improvements and equipment		(30,862,166)	(291,316,250)
Net cash used in investing activities		<u>(30,862,166)</u>	<u>(291,316,250)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from short-term borrowing from a related party		-	810,000,000
Cash repayment of short-term borrowing from a related party		(6,000,000,000)	-
Cash payments for liability under a finance lease agreement		(10,673,836)	(8,863,348)
Net cash provided by financing activities		<u>(6,010,673,836)</u>	<u>801,136,652</u>
Net increase in cash and cash equivalents		(7,485,886,365)	(275,216,511)
Cash and cash equivalents as at January 1,		<u>11,898,879,158</u>	<u>6,159,987,949</u>
Cash and cash equivalents as at March 31,	4.1	<u><u>4,412,992,793</u></u>	<u><u>5,884,771,438</u></u>

Notes to the financial statement form an integral part of these statements

**MAHATHUEN LEASING PUBLIC COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020
“UNAUDITED”**

1. GENERAL INFORMATION 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 lines for individual customers to buy motorcycles and tractors.

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

On February 11, 2020, the Ministry of Finance (MoF) issued a notification No. 0424/MoF enforcing the new law on Tax No. 67/Sor Phor Sor dated June 18, 2019 to be effective for the financial period from January 1, 2020 onwards. Under the new law, Article 16, Item 2, Bullet Point 3 stated that the corporate income tax rate for companies listed in the Lao Securities Exchange will be 13% for four years from the date of registration on the Lao Securities Exchange.

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, 2019, 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 three-month period ended March 31, 2019 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 three-month period ended March 31, 2020 are not necessarily an indication nor anticipation of the operating results for the full year.
- 2.5 The unaudited interim financial statements for the three-month period ended March 31, 2020 should be read in conjunction with the audited financial statements for the year ended December 31, 2019.
- 2.6 The unaudited 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, 2019.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

- 4.1 Cash and cash equivalents as at March 31, 2020 and December 31, 2019 consist of the following:

	As at March 31, 2020 LAK	As at December 31, 2019 LAK
Cash on hand	102,693,700	150,242,900
Cash at banks	<u>4,310,299,093</u>	<u>11,748,636,258</u>
	<u>4,412,992,793</u>	<u>11,898,879,158</u>

- 4.2 Non-cash items from initial direct cost of finance lease receivables and installment loan receivables for the three-month period ended March 31, are as follows:

	March 31, 2020 LAK	March 31, 2019 LAK
Initial direct cost brought forward	3,032,978,953	2,449,710,655
<u>Add</u> Increase during the period	1,186,350,000	1,053,150,000
<u>Less</u> Amortization of deferred commission expense	<u>(1,150,225,953)</u>	<u>(896,840,562)</u>
Initial direct cost carried forward	<u>3,069,103,000</u>	<u>2,606,020,093</u>

5. FINANCE LEASE AND INSTALLMENT LOAN RECEIVABLES

Finance lease and installment loan receivables as at March 31, 2020 and December 31, 2019 consist of the following:

	March 31, 2020		Total LAK
	Within one year LAK	Over 1 year to 5 years LAK	
Finance lease receivables			
Finance lease receivables	2,645,354,185	534,324,000	3,179,678,185
<u>Less</u> Unearned interest income	<u>(731,485,848)</u>	<u>(104,231,120)</u>	<u>(835,716,968)</u>
	1,913,868,337	430,092,880	2,343,961,217
<u>Add</u> Initial direct cost	<u>23,114,787</u>	<u>16,379,193</u>	<u>39,493,980</u>
	1,936,983,124	446,472,073	2,383,455,197
<u>Less</u> Allowance for doubtful debts	<u>(879,467,949)</u>	<u>(12,949,574)</u>	<u>(892,417,523)</u>
Total finance lease receivables	<u>1,057,515,175</u>	<u>433,522,499</u>	<u>1,491,037,674</u>
Installment loan receivables			
Installment loan receivables	70,761,925,259	35,208,747,000	105,970,672,259
<u>Less</u> Unearned interest income	<u>(20,773,365,966)</u>	<u>(7,727,823,586)</u>	<u>(28,501,189,553)</u>
	49,988,559,293	27,480,923,414	77,469,482,706
<u>Add</u> Initial direct cost	<u>1,719,875,564</u>	<u>1,309,733,456</u>	<u>3,029,609,020</u>
	51,708,434,857	28,790,656,870	80,499,091,726
<u>Less</u> Allowance for doubtful debts	<u>(1,589,318,867)</u>	<u>(439,529,652)</u>	<u>(2,028,848,519)</u>
Total installment loan receivables	<u>50,119,115,990</u>	<u>28,351,127,218</u>	<u>78,470,243,207</u>
Total	<u>51,176,631,165</u>	<u>28,784,649,716</u>	<u>79,961,280,881</u>

	December 31, 2019		
	Within one year	Over 1 year to 5 years	Total
	LAK	LAK	LAK
Finance lease receivables			
Finance lease receivables	2,800,331,380	679,225,000	3,479,556,380
<u>Less</u> Unearned interest income	<u>(788,617,386)</u>	<u>(138,546,919)</u>	<u>(927,164,305)</u>
	2,011,713,994	540,678,081	2,552,392,075
<u>Add</u> Initial direct cost	<u>24,684,571</u>	<u>21,100,414</u>	<u>45,784,985</u>
	2,036,398,565	561,778,495	2,598,177,060
<u>Less</u> Allowance for doubtful debts	<u>(871,743,566)</u>	<u>(15,366,272)</u>	<u>(887,109,838)</u>
Total finance lease receivables	<u>1,164,654,999</u>	<u>546,412,223</u>	<u>1,711,067,222</u>
Installment loan receivables			
Installment loan receivables	68,306,465,814	34,924,209,000	103,230,674,814
<u>Less</u> Unearned interest income	<u>(20,360,648,686)</u>	<u>(7,823,064,177)</u>	<u>(28,183,712,863)</u>
	47,945,817,127	27,101,144,823	75,046,961,951
<u>Add</u> Initial direct cost	<u>1,684,264,787</u>	<u>1,302,929,181</u>	<u>2,987,193,968</u>
	49,630,081,915	28,404,074,004	78,034,155,919
<u>Less</u> Allowance for doubtful debts	<u>(1,344,042,691)</u>	<u>(408,620,289)</u>	<u>(1,752,662,980)</u>
Total installment loan receivables	<u>48,286,039,224</u>	<u>27,995,453,715</u>	<u>76,281,492,939</u>
Total	<u>49,450,694,223</u>	<u>28,541,865,938</u>	<u>77,992,560,161</u>

The outstanding balances of finance lease receivables and installment loan receivables as at March 31, 2020 and December 31, 2019 aged by the number of months are summarised as follows:

	As at March 31, 2020	As at December 31, 2019
	Finance lease and installment loan receivables net of unearned interest income LAK	Finance lease and installment loan receivables net of unearned interest income LAK
Current	62,527,719,422	61,212,855,428
Past due 1 - 3 months	13,758,178,557	13,268,021,709
Past due 4 - 5 months	738,344,193	653,924,905
Past due 6 - 12 months	1,166,778,512	1,033,085,847
Past due over 12 months	1,622,423,240	1,431,466,137
Total	<u>79,813,443,924</u>	<u>77,599,354,026</u>
Allowance for doubtful debts	<u>2,921,266,042</u>	<u>2,639,772,818</u>

For the three-month period ended March 31, 2020 and 2019, no bad debt expense.

6. ASSET HELD FOR SALE

Asset held for sale as at March 31,2020 and December 31,2019 consist of the following:

	March 31, 2020 LAK	December 31, 2019 LAK
Asset held for sale - motorcycles	324,420,596	152,028,949
<u>Less</u> Allowance for diminution in value of assets	<u>(32,500,000)</u>	<u>(16,250,000)</u>
	<u>291,920,596</u>	<u>135,778,949</u>

7. OTHER CURRENT ASSETS

Other current assets as at March 31,2020 and December 31,2019 consist of the following:

	March 31, 2020 LAK	December 31, 2019 LAK
Prepaid expenses	301,617,218	311,989,334
Advance payments	2,080,520	2,080,520
Others	65,759,540	57,224,540
	<u>369,457,278</u>	<u>371,294,394</u>

8. LEASEHOLD IMPROVEMENT AND EQUIPMENT

Leasehold improvement and equipment as at March 31,2020 and December 31,2019 consist of the following:

As at March 31, 2020

	Balance as at January 1, 2020 LAK	Additions LAK	Disposals LAK	Balance as at March 31, 2020 LAK
Cost				
Office furniture and fixtures	1,145,075,889	17,654,166	-	1,162,730,054
Office equipment	704,760,145	13,208,000	-	717,968,145
Vehicles	<u>1,680,232,218</u>	<u>-</u>	<u>-</u>	<u>1,680,232,218</u>
Total	<u>3,530,068,252</u>	<u>30,862,166</u>	<u>-</u>	<u>3,560,930,417</u>
Accumulated depreciation				
Office furniture and fixtures	(573,195,077)	(45,171,805)	-	(618,366,881)
Office equipment	(501,243,169)	(24,222,466)	-	(525,465,636)
Vehicles	<u>(1,001,409,813)</u>	<u>(62,516,992)</u>	<u>-</u>	<u>(1,063,926,804)</u>
Total	<u>(2,075,848,059)</u>	<u>(131,911,263)</u>	<u>-</u>	<u>(2,207,759,321)</u>
Leasehold improvement and equipment	<u>1,454,220,193</u>			<u>1,353,171,096</u>

As at December 31, 2019

	Balance as at January 1, 2019 LAK	Additions LAK	Disposals LAK	Balance as at December 31, 2019 LAK
Cost				
Office furniture and fixtures	993,812,273	151,263,616	-	1,145,075,889
Office equipment	601,773,585	102,986,560	-	704,760,145
Vehicles	1,232,389,825	447,842,393	-	1,680,232,218
Total	<u>2,827,975,683</u>	<u>702,092,569</u>	<u>-</u>	<u>3,530,068,252</u>
Accumulated depreciation				
Office furniture and fixtures	(413,346,127)	(159,848,950)	-	(573,195,077)
Office equipment	(405,838,138)	(95,405,031)	-	(501,243,169)
Vehicles	(772,699,765)	(228,710,048)	-	(1,001,409,813)
Total	<u>(1,591,884,030)</u>	<u>(483,964,029)</u>	<u>-</u>	<u>(2,075,848,059)</u>
Leasehold improvement and equipment	<u>1,236,091,653</u>			<u>1,454,220,193</u>

Depreciation for the period ended

March 31,2020	LAK	<u>131,911,263</u>
December 31,2019	LAK	<u>483,964,029</u>

9. TRADE AND OTHER PAYABLES

Trade and other payables as at March 31,2020 and December 31,2019 consist of the following:

	As at March 31,2020 LAK	As at December 31,2019 LAK
Trade payables - related parties (see Note 15)	54,220,000	203,158,000
Trade payables - other parties	991,556,000	2,255,247,000
Other payables - related parties (see Note 15)	11,118,000	9,918,000
Other tax payable	158,812,939	69,054,416
Accrued expenses - related parties (see Note 15)	93,333,579	178,094,100
Accrued expenses	683,417,519	989,184,033
	<u>1,992,458,037</u>	<u>3,704,655,549</u>

10. LIABILITY UNDER A FINANCE LEASE AGREEMENT

The Company entered into a financial lease agreement of vehicle. The minimum lease payments and their present value of liability under the finance lease agreement as at March 31,2020 and December 31,2019 consist of the following:

	Minimum lease payments		Present value of minimum lease payments	
	March 31,2020 LAK	December 31,2019 LAK	March 31,2020 LAK	December 31,2019 LAK
Within 1 year	116,306,247	128,961,814	116,306,247	128,961,814
Over 1 year and within 5 years	-	-	-	-
	<u>116,306,247</u>	<u>128,961,814</u>	<u>116,306,247</u>	<u>128,961,814</u>
<u>Less</u> Deferred interest	-	-	(2,801,294)	(4,783,026)
	<u>116,306,247</u>	<u>128,961,814</u>	<u>113,504,953</u>	<u>124,178,788</u>
			March 31,2020 LAK	December 31,2019 LAK
Liability under a finance lease agreement, current portion			113,504,953	124,178,788
Liability under a finance lease agreement, non - current portion			-	-
			<u>113,504,953</u>	<u>124,178,788</u>

11. LONG-TERM BORROWINGS FROM RELATED PARTIES

Long-term borrowings from related parties as at March 31, 2020 and December 31,2019 consist of the following:

	Interest rate per loan agreement % p.a.	March 31, 2020 THB	Balances as at	
			March 31, 2020 LAK	December 31, 2019 THB LAK
Long-term borrowings	11.12% - 13.75%	47,000,000	<u>14,100,000,000</u>	67,000,000 <u>20,100,000,000</u>

As at March 31, 2020, long-term borrowings from two related parties (see Note 15) represent unsecured borrowings in Thai Baht which are repayable at maturity date within 3 years.

12. EARNINGS PER SHARE

For the three-month period ended March 31, the Company calculated the weighted average number of ordinary shares and earning per share as follows:

	March 31, 2020	March 31, 2019
Number of ordinary shares as at January 1,	40,000,000	40,000,000
Net profit for the three-month period ended March,31	<u>2,154,532,087</u>	<u>2,514,359,265</u>
Basic earnings per share (LAK)	<u>54</u>	<u>63</u>

13. OTHER INCOME

Other income for the three-month period ended March 31, consist of the following:

	March 31,2020 LAK	March 31,2019 LAK
Penalty income	210,791,738	159,628,167
Others	55,213,905	43,025,274
	<u>266,005,643</u>	<u>202,653,441</u>

14. ADMINISTRATIVE EXPENSES

Administrative expenses for the three-month period ended March 31, consist of the following:

	March 31,2020 LAK	March 31,2019 LAK
Staff costs	1,828,882,192	1,464,903,659
Remuneration to managements	236,712,400	211,700,832
Utility expenses	123,907,153	92,724,520
Marketing expenses	24,252,000	64,360,000
Net loss on sales of assets held for sale	375,655,723	132,960,731
Professional fee	77,637,370	74,044,250
Depreciation and amortization (see Notes 8)	132,110,763	110,438,979
Entertainment expenses	23,737,100	23,576,500
Stationery expenses	66,797,500	44,186,635
Expenses for procuring a loan	235,575,617	-
Others	256,467,516	168,935,417
	<u>3,381,735,334</u>	<u>2,387,831,523</u>

15. 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.

Significant balances and transactions for the three-month period ended March 31,2020 and December 31,2019 are summarized as following:

Balances as at March 31,2020 and December 31,2019 consist of the following:

Account name/Company's name	Relationship	March 31,2020 LAK	December 31,2019 LAK
Trade payables			
JB Honda	(1)	-	53,510,000
JB Honda Nonsavang	(1)	41,950,000	107,382,000
JB Honda ThaNgon	(1)	12,270,000	42,266,000
		<u>54,220,000</u>	<u>203,158,000</u>
Other payables			
JB Honda	(1)	4,044,000	1,800,000
JB Honda Nonsavang	(1)	3,024,000	5,730,000
JB Honda Thangon	(1)	4,050,000	2,388,000
		<u>11,118,000</u>	<u>9,918,000</u>
Accrued interest expense			
Ms. Inthavilay Oudom	Shareholder and director	15,354,345	15,354,600
Mahathun Holding Co., Ltd.	Shareholder	77,979,234	162,739,500
		<u>93,333,579</u>	<u>178,094,100</u>
Long-term borrowings			
Ms. Inthavilay Oudom	Shareholder and director	2,100,000,000	2,100,000,000
Mahathun Holding Co., Ltd.	Shareholder	12,000,000,000	18,000,000,000
		<u>14,100,000,000</u>	<u>20,100,000,000</u>

Transactions for the three-month periods ended March 31, consist of the following:

Account name/Company's name	Relationship	March 31,2020 LAK	March 31,2019 LAK
Sales of asset held for sale			
JB Honda	(1)	-	7,500,000
		<u>-</u>	<u>7,500,000</u>
Purchases of leasing assets			
JB Honda	(1)	1,281,002,000	1,730,474,000
JB Honda Nonsavang	(1)	751,258,000	1,321,791,000
JB Honda ThaNgon	(1)	301,655,000	507,412,000
		<u>2,333,915,000</u>	<u>3,559,677,000</u>
Commission expense			
JB Honda	(1)	80,050,000	115,500,000
JB Honda Nonsavang	(1)	48,350,000	82,750,000
JB Honda ThaNgon	(1)	21,900,000	35,750,000
		<u>150,300,000</u>	<u>234,000,000</u>
Other expenses			
JB Honda	(1)	15,660,000	-
JB Honda Nonsavang	(1)	6,504,000	4,343,360
JB Honda ThaNgon	(1)	7,374,000	-
		<u>29,538,000</u>	<u>4,343,360</u>
Interest expense			
Ms.Inthavilay Oudom	Shareholder and director	58,219,800	58,966,929
Mahathun Holding Co.,Ltd.	Shareholder	572,979,465	-
		<u>631,199,265</u>	<u>58,966,929</u>

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

Managements' remuneration for the three-month period ended March 31, consist of the following:

	March 31,2020 LAK	March 31,2019 LAK
Short-term benefits	236,712,400	211,700,832
	<u>236,712,400</u>	<u>211,700,832</u>

16. OPERATING LEASE COMMITMENT

The Company has commitments under long-term lease for office space. The minimum future lease payments under lease agreement as at March 31,2020 and December 31, 2019 are summarized as follows:

	March 31,2020 LAK	December 31,2019 LAK
Within one year	89,087,500	89,087,500
Over 1 year but not over 5 years	1,443,300,000	1,443,300,000
More than 5 years	407,910,000	505,450,000
	<u>1,940,297,500</u>	<u>2,037,837,500</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 three-month period ended March 31,2020 and 2019, rentals applicable to lease agreement which were paid and recorded as expense in the statements of income are LAK 97.54 million and LAK 62.16 million, respectively.

17. APPROVAL FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the authorized directors of the Company on May 14, 2020.



Mr. Manop Tririthvilai

Chief Executive Officer

Date : May 14,2020