MAHATHUEN LEASING PUBLIC COMPANY

INTERIM FINANCIAL INFORMATION
(UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of Mahathuen Leasing Public Company

We have reviewed the interim financial information of Mahathuen Leasing Public Company (the Company), which comprises of the financial position as at 30 June 2022, the related statements of income, changes in equity, and cash flows for the six-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting policies as described in Note 2 to the interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

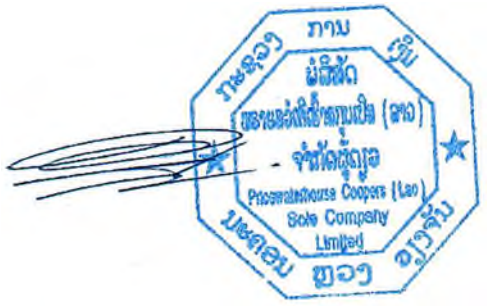
Scope of review

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

Conclusion

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

For PricewaterhouseCoopers (Lao) Sole Company Limited



By Apisit Thiengtrongpinyo
Partner

Vientiane Capital, Lao PDR
Date: 8 August 2022

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Assets			
Current assets			
Cash and cash equivalents	5	10,925,398,148	13,057,187,126
Current portion of finance lease receivables and installment loan receivables, net	6	50,711,833,655	47,696,091,192
Asset held for sale, net	7	220,011,053	262,786,334
Other current assets	8	649,877,421	503,095,189
Total current assets		**62,507,120,277**	**61,519,159,841**
Non- current assets			
Restricted cash reserved for borrowing guaranteed	9	2,000,000,000	-
Cash deposit at Bank of Lao PDR		2,000,002,700	2,000,002,700
Finance lease receivables and installment loan receivables, net	6	35,006,656,862	32,091,186,121
Property and equipment, net	10	760,912,740	939,382,351
Intangible assets, net	11	167,853,834	205,780,698
Other non current assets		109,078,440	174,497,244
Total non-current assets		**40,044,504,576**	**35,410,849,114**
Total assets		**102,551,624,853**	**96,930,008,955**

Mr Manop Tririthvilai
Chief Executive Officer

Date: 8 August 2022

M.L Thongthawal Thongtham
Chief Financial Officer

Date: 8 August 2022

The accompanying notes on pages 8 to 15 from part of these financial information

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	12	2,146,338,825	4,580,752,344
Income tax payable		2,174,993,147	2,041,935,197
Long-term borrowings - current portion	13	19,581,869,916	-
Other current liabilities		44,457,758	44,011,600
Total current liabilities		**23,947,659,646**	**6,666,699,141**
Non-current liabilities			
Long-term borrowings	13	9,229,192,642	17,894,400,000
Other non-current liabilites		225,700,000	217,250,000
Total non-current liabilities		**9,454,892,642**	**18,111,650,000**
Total liabilities		**33,402,552,288**	**24,778,349,141**
Equity			
Share capital		40,000,000,000	40,000,000,000
Share premium		12,832,667,550	12,832,667,550
Retained earnings			
Appropriated legal reserve		4,785,832,107	4,785,832,107
Unappropriated		11,530,572,908	14,533,160,157
Total equity		**69,149,072,565**	**72,151,659,814**
Total liabilities and equity		**102,551,624,853**	**96,930,008,955**

Mr Manop Tririthvilai
Chief Executive Officer

Date: 8 August 2022

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Chief Financial Officer

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MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAK	Unaudited 30 June 2021 LAK
Interest from finance lease and installment loans		15,354,064,381	13,043,001,510
Total revenue		**15,354,064,381**	**13,043,001,510**
Other income		684,777,834	647,166,572
Administrative expenses		(7,221,016,465)	(6,531,324,323)
Doubtful accounts and bad debt expenses		(798,240,462)	(467,420,026)
Net loss on foreign exchange rate	14	(5,864,877,378)	(574,003,083)
Operating profit		**2,154,707,910**	**6,117,420,650**
Finance expense		(1,577,652,163)	(831,872,311)
Net profit before income tax expenses		**577,055,747**	**5,285,548,339**
Income tax expense	16	(1,299,642,996)	(741,027,516)
Net (loss)/profit for the period		**(722,587,249)**	**4,544,520,823**
Earnings per share			
Basic earnings per share	17	(1.81)	11.36

Mr Manop Tririthvilai
Chief Executive Officer

Date: 8 August 2022

M.L Thongthawal Thongtham
Chief Financial Officer

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MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	Share capital LAK	Share Premium LAK	Retained earnings: Appropriated Legal Reserve LAK	Retained earnings: Unappropriated LAK	Total LAK
As at 1 January 2021		40,000,000,000	12,832,667,550	4,026,672,320	13,900,722,073	70,760,061,943
Profit for the period		-	-	-	4,544,520,823	4,544,520,823
Dividends paid	15	-	-	-	(6,200,000,000)	(6,200,000,000)
As at 30 June 2021		**40,000,000,000**	**12,832,667,550**	**4,026,672,320**	**12,245,242,896**	**69,104,582,766**
As at 1 January 2022		40,000,000,000	12,832,667,550	4,785,832,107	14,533,160,157	72,151,659,814
Loss for the period		-	-	-	(722,587,249)	(722,587,249)
Dividends paid	15	-	-	-	(2,280,000,000)	(2,280,000,000)
As at 30 June 2022		**40,000,000,000**	**12,832,667,550**	**4,785,832,107**	**11,530,572,908**	**69,149,072,565**

Mr Manop Tririthvilai
Chief Executive Officer

Date: 8 August 2022

M.L Thongthawal Thongtham
Chief Financial Officer

Date: 8 August 2022

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MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAK	Unaudited 30 June 2021 LAK
Cash flows from operating activities:			
Profit before income tax expense		577,055,747	5,285,548,339
Adjustments to reconcile net profit to net cash			
Bad debts and doubtful accounts		798,240,462	467,420,026
Amortisation of deferred commission expenses		2,010,766,108	1,973,015,045
Impairment loss of asset held for sale		(5,000,000)	57,500,000
Depreciation and amortisation	10, 11	273,803,802	250,769,646
Interest expense		1,577,652,163	831,872,311
Unrealisation loss on exchange rate		5,909,053,707	412,413,784
Operating gain before working capital changes		**11,141,571,989**	**9,278,539,151**
Changes in working capital:			
Finance lease receivables and installment loan receivables		(6,622,618,781)	(5,460,466,732)
Asset held for sale		47,775,281	(506,885,266)
Other current and non-current assets		(81,363,428)	(97,658,548)
Trade and other payables		(2,434,413,519)	(1,170,939,575)
Other current liabilities		(35,883,668)	548,529
Other non-current liabilites		8,450,000	70,875,000
Cash generated from operation		**2,023,517,874**	**2,114,012,559**
Commission expense paid		(2,012,050,000)	(2,104,500,000)
Interest paid		(1,541,977,194)	(1,137,483,795)
Income tax paid		(1,166,585,046)	(290,000,000)
Net cash used in operating activities		**(2,697,094,366)**	**(1,417,971,236)**
Cash flows from investing activities:			
Acquisitions of property and equipment	10	(57,407,327)	(87,204,060)
Restricted cash reserved for borrowing guarantee		(2,000,000,000)	-
Net cash used in investing activities		**(2,057,407,327)**	**(87,204,060)**

Mr Manop Tririthvilai
Chief Executive Officer

Date: 8 August 2022

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Chief Financial Officer

Date: 8 August 2022

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MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	Unaudited 30 June 2022 LAK	Unaudited 30 June 2021 LAK
Cash flows from financing activities:			
Proceeds from borrowings	13	5,000,000,000	-
Repayments of borrowings	13	(243,337,442)	-
Payments for principal elements of lease payments		-	(78,339,545)
Dividends paid	15	(2,280,000,000)	(6,200,000,000)
Net cash from/(used in) financing activities		**2,476,662,558**	**(6,278,339,545)**
Net decrease in cash and cash equivalents		**(2,277,839,135)**	**(7,783,514,841)**
Cash and cash equivalents at the beginning of the period		13,057,187,126	12,404,353,323
Exchange gains on cash and cash equivalents		146,050,157	13,973,649
Cash and cash equivalents at the end of the period		**10,925,398,148**	**4,634,812,131**
Significant non cash items;			
Accounts payable for intangible asset		-	70,500,000

Mr Manop Tririthvilai
Chief Executive Officer

Date: 8 August 2022

M.L Thongthawal Thongtham
Chief Financial Officer

Date: 8 August 2022

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1 General information

Mahathuen Leasing Public Company (the Company) is a listed company in the Lao Securities Exchange and incorporated and resident in Lao PDR. The Company was incorporate and registered with the Ministry of Industry and Commerce on 2 September 2011. The Company commenced the operations after obtaining a license from Bank of the Lao PDR (BOL) on 11 June 2012.

On 13 June 2018 the Company was approved for offering its shares for initial public offering by Lao Securities and Commission Office.

The Company's head office is located at 628, Phonphanao Village, KM5, Kaisonphomvihan Road, Xaysettha District, Vientiane capital, Lao PDR.

The principal activities of the Company are to retail finance business through providing credit lines for individual customers to buy motorcycle and tractors.

The interim financial information was authorised by the Board of Directors on 8 August 2022

2 Basis of preparation and accounting policies

The interim financial information has been prepared in accordance with the Company's accounting policies as described in more details in the annual financial statements for the year ended 31 December 2021. The primary financial information (i.e. statement of financial position, statement of income, statement of changes in equity and statement of cash flows) is presented in a format consistent with the annual financial statements complying with the reporting and disclosure regulation issued by Lao Securities and Exchange Commission Office.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses in the reported periods. Although these estimates are based on management's knowledge of current events and actions, actual results may materially differ from those estimates.

3 Significant events during the current period

COVID-19 pandemic:

The COVID-19 infections in Lao increased significantly during April – May 2022. However, since most of the population especially in the city got the second and third booster dose of vaccine. So, the situation is not serious comparing to prior year, as well as government has opened the country for foreigner visitors after May 2022. Thus, there is not much impact from COVID-19 for the current period. However, management will continue to monitor the ongoing development and regularly assess the financial impact in respect for the valuation of assets, provisions and contingent liabilities.

4 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2021.

5 Cash and cash equivalents

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Cash on hand	28,518,881	41,035,623
Cash at banks	10,896,879,267	13,016,151,503
Total	**10,925,398,148**	**13,057,187,126**

6 Finance lease and instalment loan receivables, net

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Current		
Current portion of finance lease receivables	1,251,413,844	1,142,390,791
Current portion of installment loan receivables	53,014,321,013	49,443,374,420
	54,265,734,857	**50,585,765,211**
Add Initial direct cost	1,381,498,941	1,366,237,006
Less allowance for doubtful accounts	(4,935,400,143)	(4,255,911,025)
	50,711,833,655	**47,696,091,192**
Non-current		
Finance lease receivables	470,653,270	323,369,606
Installment loan receivables	33,921,943,278	31,017,898,812
	34,392,596,548	**31,341,268,418**
Add Initial direct cost	1,279,738,567	1,293,716,612
Less allowance for doubtful accounts	(665,678,253)	(543,798,909)
	35,006,656,862	**32,091,186,121**
Total	**85,718,490,517**	**79,787,277,313**

6 Finance lease and instalment loan receivables, net (continued)

As at 30 June 2022, financial lease and instalment loan receivables, can analyse aging as follows:

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Not yet due	67,515,490,377	59,043,910,017
1 – 3 months	14,347,564,877	16,691,343,418
4 – 6 months	1,444,024,781	1,812,386,831
7 – 12 months	1,543,543,350	1,394,089,145
Over 12 months	3,807,708,020	2,985,304,218
	88,658,331,405	**81,927,033,629**
Add Initial direct cost	2,661,237,508	2,659,953,618
Less allowance for doubtful accounts	(5,601,078,396)	(4,799,709,934)
Total	**85,718,490,517**	**79,787,277,313**

7 Asset held for sale, net

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Motorcycles	243,761,053	291,536,334
Less allowance for diminution in value of assets	(23,750,000)	(28,750,000)
Total	**220,011,053**	**262,786,334**

8 Other current assets

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Prepaid expenses – Current portion	314,458,318	449,969,869
Advance payments	300,870,420	42,757,320
Others	34,548,683	10,368,000
Total	**649,877,421**	**503,095,189**

9 Restricted cash reserved for borrowing guarantee

Restricted cash present fixed deposit of LAK 1,500 million and minimum LAK 500 million of current account are the guarantee reserve for the borrowing with BFL through the borrowing contract period (note 13).

10 Property and equipment, net

	LAK
As at 1 January 2022 – Audited	939,382,351
Additions	57,407,327
Less: depreciation	(235,876,938)
Net book amount as at 30 June 2022 – Unaudited	**760,912,740**

11 Intangible assets, net

	LAK
As at 1 January 2022 – Audited	205,780,698
Additions	-
Less: amortisation	(37,926,864)
Net book amount as at 30 June 2022 – Unaudited	**167,853,834**

12 Trade and other payables

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Trade payables	872,991,000	2,727,309,000
Accrued expenses	1,217,789,888	1,451,698,670
Trade payables – related parties (Note 18)	-	313,206,000
Other payables – related parties (Note 18)	-	38,750,000
Other tax payable	55,557,937	49,788,674
Total	**2,146,338,825**	**4,580,752,344**

13 Borrowings

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Current	19,581,869,916	-
Non-current	9,229,192,642	17,894,400,000
Total	**28,811,062,558**	**17,894,400,000**

13 Borrowings (continued)

The movements of borrowings for the six-month period ended 30 June 2022 is as follows:

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Opening balance	17,894,400,000	11,936,400,000
Addition	5,000,000,000	4,083,200,000
Repayment	(243,337,442)	-
Loss on exchange	6,160,000,000	1,874,800,000
Ending balance	**28,811,062,558**	**17,894,400,000**

On 31 March 2022, the Company entered into Contract for Credit Facilities with Banque France Lao Limited (BFL) amounting LAK 5 billion with term 3 years and interest 9% per annum, interest and principal repayment on monthly, start from 8 May 2022 to 8 April 2025.

This borrowing is secured by the fix deposit and current bank account balance through the contract period (note 9).

14 Net loss on foreign exchange rate

During the six-month period ended 30 June 2022, Lao Kip (LAK) was depreciating when compare with US Dollars. Therefore, there was significant unrealise loss on exchange rate from long-term borrowing in US Dollar.

15 Dividends

At the Annual General Shareholder's Meeting for the year 2020 on 27 April 2021, shareholders approved the payment of annual dividend from net profit 12 months period ended 31 December 2020 at LAK 155 per share, totalling LAK 6,200 million and appropriate its net income to legal reserve amounting LAK 774,478,318.

At the Annual General Shareholder's Meeting for the year 2021 on 28 April 2022, shareholders approved the payment of annual dividend from net profit 12 months period ended 31 December 2021 at LAK 57 per share (before split the par value from 1000 per share to 100 per share) or at LAK 5.7 per share (After split the par value), totalling LAK 2,280 million and appropriate its net income to legal reserve amounting LAK 759,159,787.

16 Income tax expenses

The Company has been granted the privileges under the Tax Law of Lao PDR by reducing 5% of the profit tax rate from the normal rate for four years from the date of registration on the Lao Securities Exchange (The date of registration of the Company is 13 June 2018).

According to the Tax Law no. 259 effective on 1 January 2020, the Company calculated Profit taxes on its net taxable income at the rate of 13% tax privilege for listed Company after considering the non-deductible income and expenses was in accordance with the Lao Tax Law. This rate is valid until the year ended 31 December 2021 and the rate 20% is applicable from 1 January 2022 onward.

In Lao PDR, income tax returns are regularly reviewed in detail by the relevant authorities. In addition, tax issues raised in the reviews may require substantive judgements and interpretation by the parties concerned.

The reviews could therefore potentially result additional tax payments or refunds being necessary which may be significant. This would result in the payment or refund being recognised as income tax adjustment in the year in which the reviews are completed.

17 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares as follows:

	Unaudited 30 June 2022	Unaudited 30 June 2021
Net profit attributable to ordinary shareholders (LAK)	(722,587,249)	4,544,520,823
Weighted average number of ordinary shares in issue (shares)	400,000,000	400,000,000
Basic earnings per share (LAK)	(1.81)	11.36

18 Related-party transactions

a) Transactions with related parties

Transactions with related parties for the six-month period ended 30 June 2022 are as follows:

	Unaudited 30 June 2022 LAK	Unaudited 30 June 2021 LAK
Purchases of goods and services from:		
Mahathun Holding Co., Ltd.		
Guarantee expense	1,344,782,049	758,106,019
	1,344,782,049	**758,106,019**
Other related parties*		
Purchase of leasing assets	4,818,439,000	2,506,356,000
Commission expense	241,750,000	144,250,000
Other expense	68,250,000	27,870,000
	5,128,439,000	**2,678,476,000**
Total	**6,473,221,049**	**3,436,582,019**

* Other related parties represent the transaction between the Company and the supplier whose owner is one Board of Director of the Company. The Board of directors resigned on 28 April 2022. According to the related party regulation issued by LSCO dated 26 October 2016, that supplier is not considered as a related party. Therefore, the transaction during the 6-month period above presents the transaction during 1 January – 28 April 2022.

b) Outstanding balances arising from sales/purchases of goods/services

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Payables:		
Other related parties*		
Trade payable	-	313,206,000
Other payable	-	38,750,000
Total	**-**	**351,956,000**

*According to a) above therefore 29 April 2022 onward transaction and outstanding balance from this supplier will present under trade payables.

18 Related-party transactions (continued)

a) Key management compensation

Compensation paid to key management are as follow:

	Unaudited 30 June 2022 LAK	Unaudited 30 June 2021 LAK
Salaries and others	434,500,000	418,500,000

19 Commitments

a) Capital commitments

As at 30 June 2022, the Company has no capital commitments (2021: LAK 23.54 million)

b) Operating lease commitments

The Company has commitment under long-term lease for office space

As at 30 June 2022 and 31 December 2021, operating lease commitment contracted but not recognised as liabilities is as follow:

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Within one year	318,594,693	126,981,858
Over 1 year but nit over 5 years	1,544,233,269	1,340,322,412
Over 5 years	-	31,006,070
Total	**1,862,827,962**	**1,498,310,340**

20 Subsequent events

There have been no significant post balance sheet events that would significantly impact the figures in the Company's interim financial information.