MAHATHUEN LEASING PUBLIC COMPANY

INTERIM FINANCIAL INFORMATION
(UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

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 2023, 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 2023

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
Assets			
Current assets			
Cash and cash equivalents	4	318,661,337	6,679,159,473
Current portion of finance lease receivables and installment loan receivables, net	5	59,939,861,712	56,170,138,344
Asset held for sale, net	6	388,476,831	261,652,873
Other current assets	7	935,211,723	676,742,783
Total current assets		**61,582,211,603**	**63,787,693,473**
Non- current assets			
Restricted cash reserved for borrowing guaranteed	8	2,000,000,000	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	5	31,158,869,782	40,436,766,879
Property and equipment, net	9	680,190,206	649,599,179
Intangible assets, net	10	91,371,485	129,298,349
Other non current assets		25,101,278	57,683,513
Total non-current assets		**35,955,535,451**	**45,273,350,620**
Total assets		**97,537,747,054**	**109,061,044,093**

Mr. Manop Tririthvilai
Chief Executive Officer

Date: 8 August 2023

Ms. Sureeporn Suwanchairob
Acting Chief Financial Officer

Date: 8 August 2023

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 2023

	Notes	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	11	5,576,534,614	3,586,598,484
Income tax payable		-	2,541,872,732
Short-term and long-term borrowings			
- current portion	12	6,285,345,633	22,429,331,514
Other current liabilities		47,697,091	46,335,134
Total current liabilities		**11,909,577,338**	**28,604,137,864**
Non-current liabilities			
Long-term borrowings	12	9,192,007,009	9,330,019,783
Other non-current liabilites		217,825,000	207,575,000
Total non-current liabilities		**9,409,832,009**	**9,537,594,783**
Total liabilities		**21,319,409,347**	**38,141,732,647**
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		4,890,597,270	4,890,597,270
Unappropriated		18,495,072,887	13,196,046,626
Total equity		**76,218,337,707**	**70,919,311,446**
Total liabilities and equity		**97,537,747,054**	**109,061,044,093**

Mr. Manop Tririthvilai
Chief Executive Officer

Date: 8 August 2023

Ms. Sureeporn Suwanchairob
Acting Chief Financial Officer

Date: 8 August 2023

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MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Notes	Unaudited 30 June 2023 LAK	Unaudited 30 June 2022 LAK
Interest from finance lease and installment loans		18,227,984,725	15,354,064,381
Total revenue		**18,227,984,725**	**15,354,064,381**
Other income		771,044,699	684,777,834
Administrative expenses	13	(9,462,432,229)	(7,221,016,465)
Doubtful accounts and bad debt expenses		(1,001,365,761)	(798,240,462)
Net loss on foreign exchange rate		(1,545,548,312)	(5,864,877,378)
Operating profit		**6,989,683,122**	**2,154,707,910**
Finance expense		(1,690,656,861)	(1,577,652,163)
Net profit before income tax expenses		**5,299,026,261**	**577,055,747**
Income tax expense	15	-	(1,299,642,996)
Net profit/(loss) for the period		**5,299,026,261**	**(722,587,249)**
Earnings per share			
Basic earnings per share	16	13.25	(1.81)

Mr Manop Tririthvilai
Chief Executive Officer

Date: 8 August 2022

Ms. Sureeporn Suwanchairob
Acting Chief Financial Officer

Date: 8 August 2022

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MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Note	Share capital LAK	Share Premium LAK	Retained earnings: Appropriated Legal Reserve LAK	Retained earnings: Unappropriated LAK	Total LAK
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	14	-	-	-	(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**
As at 1 January 2023		40,000,000,000	12,832,667,550	4,890,597,270	13,196,046,626	70,919,311,446
Profit for the period		-	-	-	5,299,026,261	5,299,026,261
Dividends paid	14	-	-	-	-	-
As at 30 June 2023		**40,000,000,000**	**12,832,667,550**	**4,890,597,270**	**18,495,072,887**	**76,218,337,707**

Mr. Manop Tririthvilai
Chief Executive Officer

Date: 8 August 2023

Ms. Sureeporn Suwanchairob
Acting Chief Financial Officer

Date: 8 August 2023

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MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Notes	Unaudited 30 June 2023 LAK	Unaudited 30 June 2022 LAK
Cash flows from operating activities:			
Profit before income tax expense		5,299,026,261	577,055,747
Adjustments to reconcile net profit to net cash			
Bad debts expenses		162,834,005	(3,128,000)
Allowance for doubtful accounts		838,531,756	801,368,462
Amortisation of deferred commission expenses		1,376,394,852	2,010,766,108
Impairment loss of asset held for sale		7,500,000	(5,000,000)
Depreciation and amortisation	9, 10	198,095,527	273,803,802
Interest expense		1,690,656,861	1,577,652,163
Unrealisation loss on exchange rate		825,502,365	5,909,053,707
Operating gain before working capital changes		**10,398,541,627**	**11,141,571,989**
Changes in working capital:			
Finance lease receivables and installment loan receivables		3,645,969,748	(6,622,618,781)
Asset held for sale		(134,323,958)	47,775,281
Other current and non-current assets		(225,886,705)	(81,363,428)
Trade and other payables		585,441,284	(2,434,413,519)
Other current liabilities		1,045,824	(35,883,668)
Other non-current liabilites		10,250,000	8,450,000
Cash generated from operation		**14,281,037,820**	**2,023,517,874**
Commission expense paid		(464,500,000)	(2,012,050,000)
Interest paid		(286,162,015)	(1,541,977,194)
Income tax paid		(2,541,872,732)	(1,166,585,046)
Net cash generated from/(used in) operating activities		**10,988,503,073**	**(2,697,094,366)**

Mr Manop Tririthvilai
Chief Executive Officer

Date: 8 August 2023

Ms. Sureeporn Suwanchairob
Acting Chief Financial Officer

Date: 8 August 2023

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MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Notes	Unaudited 30 June 2023 LAK	Unaudited 30 June 2022 LAK
Cash flows from investing activities:			
Acquisitions of property and equipment	9	(190,759,690)	(57,407,327)
Restricted cash reserved for borrowing guarantee	8	-	(2,000,000,000)
Net cash used in investing activities		**(190,759,690)**	**(2,057,407,327)**
Cash flows from financing activities:			
Proceeds from borrowings	12	5,628,240,000	5,000,000,000
Repayments of borrowings	12	(22,819,118,655)	(243,337,442)
Dividends paid	14	-	(2,280,000,000)
Net cash from/(used in) financing activities		**(17,190,878,655)**	**2,476,662,558**
Net decrease in cash and cash equivalents		**(6,393,135,272)**	**(2,277,839,135)**
Cash and cash equivalents at the beginning of the period		6,679,159,473	13,057,187,126
Exchange gains on cash and cash equivalents		32,637,136	146,050,157
Cash and cash equivalents at the end of the period	4	**318,661,337**	**10,925,398,148**

Mr Manop Tririthvilai
Chief Executive Officer

Date: 8 August 2023

Ms. Sureeporn Suwanchairob
Acting Chief Financial Officer

Date: 8 August 2023

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

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, tractors and gold.

The interim financial information was authorised by the Board of Directors on 8 August 2023

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 2022. 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 2022.

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 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 2022.

4 Cash and cash equivalents

	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
Cash on hand	22,751,756	25,884,159
Cash at banks	295,909,581	6,653,275,314
Total	**318,661,337**	**6,679,159,473**

5 Finance lease and instalment loan receivables, net

	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
Current		
Current portion of finance lease receivables	1,306,657,910	1,304,674,924
Current portion of installment loan receivables	64,244,057,022	59,089,032,739
	65,550,714,932	**60,393,707,663**
Add Initial direct cost	849,890,532	1,260,729,026
Less allowance for doubtful accounts	(6,460,743,752)	(5,484,298,345)
	59,939,861,712	**56,170,138,344**
Non-current		
Finance lease receivables	347,825,268	480,170,540
Installment loan receivables	30,628,959,070	39,411,368,189
	30,976,784,338	**39,891,538,729**
Add Initial direct cost	692,061,278	1,193,117,636
Less allowance for doubtful accounts	(509,975,834)	(647,889,486)
	31,158,869,782	**40,436,766,879**
Total	**91,098,731,494**	**96,606,905,223**

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

As at 30 June 2023, financial lease and instalment loan receivables, can analyse aging as follows:

	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
Not yet due	77,101,912,280	82,651,207,657
1 – 3 months	11,722,747,697	10,670,660,205
4 – 6 months	1,177,474,132	840,975,684
7 – 12 months	993,567,431	1,726,930,204
Over 12 months	5,531,797,730	4,395,472,642
	96,527,499,270	**100,285,246,392**
Add Initial direct cost	1,541,951,810	2,453,846,662
Less allowance for doubtful accounts	(6,970,719,586)	(6,132,187,831)
Total	**91,098,731,494**	**96,606,905,223**

6 Asset held for sale, net

	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
Motorcycles	415,976,831	281,652,873
Less allowance for diminution in value of assets held for sale	(27,500,000)	(20,000,000)
Total	**388,476,831**	**261,652,873**

7 Other current assets

	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
Prepaid expenses – current portion	696,502,894	535,837,453
Advance payments	39,600,523	25,873,630
Advance payment – commission at site	113,469,200	111,096,700
Others	85,639,106	3,935,000
Total	**935,211,723**	**676,742,783**

8 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 guaranteed reserve for the borrowing with domestic commercial bank through the borrowing contract period (note 12).

9 Property and equipment, net

	LAK
As at 1 January 2023 – Audited	649,599,179
Additions	190,759,690
Less: depreciation	(160,168,663)
Net book amount as at 30 June 2023 – Unaudited	**680,190,206**

The additions during the 6-month period are mainly consist of office renovation amounting LAK 45.5 million, air conditioner amounting LAK 41 million, table and chair amounting LAK 39.3 million, printer amounting LAK 30.2 million.

10 Intangible assets, net

	LAK
As at 1 January 2023 – Audited	129,298,349
Additions	-
Less: amortisation	(37,926,864)
Net book amount as at 30 June 2023 – Unaudited	**91,371,485**

11 Trade and other payables

	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
Trade payables – third party	1,997,591,000	2,497,004,000
Accrued expenses	2,123,434,411	1,007,722,293
Accrued expenses – related party (note 17)	1,368,791,869	-
Other tax payable	86,717,334	81,872,191
Total	**5,576,534,614**	**3,586,598,484**

Accrued expenses mainly consist of accrued of salary and bonus amounting LAK 1,192 million, audit and tax consult service amounting LAK 342 million.

12 Borrowings

	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
Current	6,285,345,633	22,429,331,514
Non-current	9,192,007,009	9,330,019,783
Total	**15,477,352,642**	**31,759,351,297**

12 Borrowings (continued)

The movements of borrowings for the six-month period ended 30 June 2023 is as follows:

	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
Opening balance	31,759,351,297	17,894,400,000
Addition	5,628,240,000	5,000,000,000
Repayment	(22,819,118,655)	(995,848,703)
Unrealised loss on exchange	908,880,000	9,860,800,000
Ending balance	**15,477,352,642**	**31,759,351,297**

On 31 March 2022, the Company entered credit facilities contract with the domestic commercial bank 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 fixed deposit and current bank account balance through the contract period (note 8).

On 27 March 2023, the Company entered loan contract with the shareholder (Mahathuen Holding Co., Ltd) amounting USD 240,000 or equivalent to LAK 4,068 million with the term of 3 months and interest 13% per annum. On 29 May 2023, both parties agreed to postponed the payment to 30 September 2023 (note 17)

On 30 May 2023, the Company entered one-month loan contract with the related party amounting THB 3 million or equivalent to LAK 1,560 million with the term of 1 month and interest 15% per annum The loan was fully repaid on 29 June 2023.

13 Administrative expense

Administrative expense consists of the following nature:

	Unaudited 30 June 2023 LAK	Unaudited 30 June 2022 LAK
Staff costs	5,674,358,196	4,746,877,174
Marketing and advertising expense	1,126,387,761	425,490,290
Other expenses	737,584,945	566,613,376
Audit and legal fee	452,588,700	229,911,819
Remuneration of managements	427,509,000	434,500,000
Travelling expense	418,311,204	204,828,751
Rental expense	320,955,937	256,128,707
Depreciation and amortisation	198,095,527	273,803,802
Utility expenses	106,640,959	82,862,546
	9,462,432,229	**7,221,016,465**

14 Dividends

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.

At the Annual General Shareholder's Meeting for the year 2022 on 25 April 2023, shareholders approved that no payment for the operating result for the year ended 31 December 2022 due to the Company reserve the cash flow to repay the borrowing which due within the next six-month period and to support business expansion for the fiscal year 2023.

15 Income tax expenses

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.

Reconciliation between income tax expense and accounting profit for the period are as follow:

	LAK
Profit before income tax - accounting	5,299,026,261
Tax effect of:	
Allowance for diminution in value of assets held for sale	7,500,000
Unrealised gain from exchange rate(1)	(6,224,257,636)
Taxable income	**(917,731,375)**
Profit tax expense at the rate of 20%	-

(1) Unrealised gain from exchange rate for tax purpose.

16 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 2023	Unaudited 30 June 2022
Net profit (Loss) attributable to ordinary shareholders (LAK)	5,299,026,261	(722,587,249)
Weighted average number of ordinary shares in issue (shares)	400,000,000	400,000,000
Basic earnings per share (LAK)	13.25	(1.81)

17 Related-party transactions

a) Transactions with related parties

The significant transactions with related parties for the six-month period ended 30 June 2023 are as follows:

	Unaudited 30 June 2023 LAK	Unaudited 30 June 2022 LAK
Others expense:		
Shareholder -guarantee expense	1,220,577,988	1,344,782,049
Shareholder - interest expense	148,213,881	-
	1,368,791,869	**1,344,782,049**
Purchases of goods and services from:		
Other related parties*		
Purchase of leasing assets	-	4,818,439,000
Commission expense	-	241,750,000
Other expense	-	68,250,000
	-	**5,128,439,000**
Total	**1,368,791,869**	**6,473,221,049**

* 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 for the period six-month period ended 30 June 2022 above presents the transaction during 1 January – 28 April 2022.

17 Related-party transactions (Continued)

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

	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
Other payables:		
Shareholder	1,368,791,869	-

This is included guarantee payable LAK 1,220 million and interest payable LAK 148 million.

Short-term borrowing		
Shareholder (Note 12)	4,068,240,000	-

c) Key management compensation

Compensation paid to key management are as follow:

	Unaudited 30 June 2023 LAK	Unaudited 30 June 2022 LAK
Salaries and others	427,509,000	434,500,000

18 Commitments

The Company has operating lease commitment under long-term lease for office rental.

As at 30 June 2023, operating lease commitment contracted but not recognised as liabilities is as follow:

	Unaudited 30 June 2023 LAK	Audited 31 December 2022 LAK
Within one year	409,987,732	188,093,204
Over 1 year but not over 5 years	1,450,779,221	1,482,771,482
Total	**1,860,766,953**	**1,670,864,686**

19 Subsequent events

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