MAHATHUEN LEASING PUBLIC COMPANY

pwc

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024



www.pwc.com/la

CONTENTS	PAGE(s)
Independent auditor's report	1-5
Statement of financial position	6-7
Statement of income	8
Statement of changes in equity	9
Statement of cash flows	10-11
Notes to the financial statements	12-26

pwc

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS OF MAHATHUEN LEASING PUBLIC COMPANY

Our opinion

In our opinion, the financial statements of Mahathuen Leasing Public Company (the Company) for the year ended 31 December 2024 are prepared, in all material respects, in accordance with accounting policies described in Note 2 to the financial statements.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (Including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with IESBA Code.

Emphasis of Matter - Basis of accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements have been prepared in accordance with the Company's accounting policies which the accounting basic used in the preparation of the financial statements may differ from International Financial Reporting Standards (IFRS). The readers should therefore be aware that the accompanying financial statements are not intended to present the financial position and its financial performance and cash flows in accordance with IFRS. Our opinion is not modified in respect to this matter.

pwc

Key audit matters

Key audit matters are those matter that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We determine one key audit matter: Allowance for doubtful accounts. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How our audit addressed the key audit matter
Allowance for doubtful accounts As of 31 December 2024, the customer portfolio was LAK 88 billion and represented 99% of the total asset. The Company has set an allowance for doubtful accounts for the customer portfolio of LAK 12 billion which represented 14% of the customer portfolio. The Company has a policy to assess the collectability of outstanding of the customer portfolio and set up an appropriate allowance for doubtful accounts. Management focused on the customer portfolio that overdue which hadn't been collected after the period ended and assessed the allowance based on the notification number 1304/BoL from Bank of Lao PDR (BoL). We focused on this area due to the significance of the customer portfolio and because allowance for doubtful accounts was an accounting estimate. The estimates were based on the regulation from BoL.	We performed the following procedures: • understanding policies and process, methods and assumptions used to develop the estimate of the allowance for doubtful accounts, and write offs and verifying that the accounting policies were consistent with prior period, • obtaining a detailed analysis supporting the allowance for doubtful accounts, agreeing balances and testing mathematical accuracy, • assessing the reasonableness of notification number 1304/BoL used in the detailed analysis supporting the allowance for doubtful accounts, • testing the reliability of the customer portfolio detailed listing that would be used to assess the allowance for doubtful accounts, • obtaining the movement schedule of the allowance for doubtful accounts including opening balance, write-offs, additional provision recognized and closing balance, agreeing balances and testing mathematical accuracy, • considering whether any extent of write-offs occurring during the period and determining whether there were unusually high volumes that might indicate the potential for additional uncollectible amounts. From those procedure performed, we found that management's judgements and assumptions regarding allowance for doubtful account is reasonable based on the supporting evidence.

pwc

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not included the financial statements and our auditor's report thereon. The annual is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information in materially with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee.

Responsibilities of directors for the financial statements

Directors are responsible for the preparation and presentation of the financial statements in accordance with accounting policies described in Note 2 to the financial statements, and for such internal control as directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the director in discharging their responsibilities for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

pwc

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

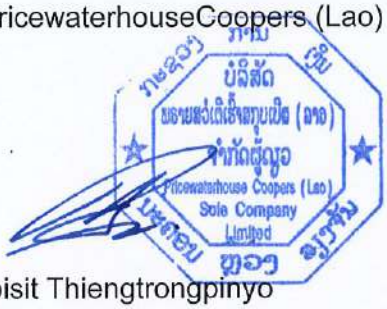
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by director.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For PricewaterhouseCoopers (Lao) Sole Company Limited.



By Apisit Thiengtrongpinyo
Partner

Vientiane Capital, Lao PDR
Date: 18 February 2025

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 LAK	2023 LAK
Assets			
Current assets			
Cash and cash equivalents	3	3,766,310,317	904,775,929,399
Current portion of finance lease receivables and instalment loan receivables, net	4	56,448,578,203	63,329,837,434
Asset held for sale, net	5	235,054,684	155,406,395
Other current assets	6	1,259,762,400	1,656,496,861
Total current assets		**61,709,705,604**	**969,917,670,089**
Non- current assets			
Restricted cash reserved for borrowing guarantee	7	-	2,000,000,000
Cash deposit at Bank of Lao PDR	8	2,000,002,700	2,000,002,700
Finance lease receivables and instalment loan receivables, net	4	20,992,636,585	22,893,804,241
Property plant and equipment, net	9	614,274,814	719,445,435
Intangible assets, net	10	4	52,921,342
Other non-current asset		204,898,745	7,647,059
Total non-current assets		**23,811,812,848**	**27,673,820,777**
Total assets		**85,521,518,452**	**997,591,490,866**

Mr. Manop Tririthvilai
Chief Executive Officer

Date: 18 February 2025

Ms. Soukphaphone Thongphaiboun
Chief Financial Officer

Date: 18 February 2025

The accompanying notes on pages 12 to 26 are an integral part of these financial statements

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 LAK	2023 LAK
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	11	3,622,503,091	6,968,095,441
Income tax payable		742,996,662	713,016,274
Short-term and current portion of long-term borrowing	12	-	908,805,460,751
Other current liabilities		60,055,106	50,616,491
Total current liabilities		**4,425,554,859**	**916,537,188,957**
Non-current liabilities			
Long-term borrowing	12	-	625,359,032
Other non-current liabilites		214,025,000	193,075,000
Total non-current liabilities		**214,025,000**	**818,434,032**
Total liabilities		**4,639,579,859**	**917,355,622,989**
Equity			
Share capital	14	40,000,000,000	40,000,000,000
Share premium	14	12,832,667,550	12,832,667,550
Retained earnings			
Appropriated legal reserve	15	6,486,859,985	5,822,252,913
Unappropriated		21,562,411,058	21,580,947,414
Total equity		**80,881,938,593**	**80,235,867,877**
Total liabilities and equity		**85,521,518,452**	**997,591,490,866**

Mr. Manop Tririthvilai
Chief Executive Officer

Date: 18 February 2025

Ms. Soukphaphone Thongphaiboun
Chief Financial Officer

Date: 18 February 2025

The accompanying notes on pages 12 to 26 are an integral part of these financial statements

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 LAK	2023 LAK
Revenue from interest - finance lease and installment loans, net		33,570,319,187	36,041,853,654
		33,570,319,187	**36,041,853,654**
Other income	18	22,469,939,285	7,600,202,754
Administrative expenses	19	(24,410,219,656)	(20,884,342,777)
Doubtful accounts and bad debt expenses		(4,646,049,505)	(1,942,572,665)
Net loss on foreign exchange rate		(2,320,043,780)	(3,147,522,970)
Operating profit		**24,663,945,531**	**17,667,617,996**
Finance expense	20	(17,259,878,153)	(7,594,045,291)
Profit before income tax expenses		**7,404,067,378**	**10,073,572,705**
Income tax expenses	21	(757,996,662)	(757,016,274)
Net profit for the year		**6,646,070,716**	**9,316,556,431**
Earnings per share			
Basic earnings per share	16	16.62	23.29

Mr. Manop Tririthvilai
Chief Executive Officer

Date: 18 February 2025

Ms. Soukphaphone Thongphaiboun
Chief Financial Officer

Date: 18 February 2025

The accompanying notes on pages 12 to 26 are an integral part of these financial statements

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Share capital LAK	Share Premium LAK	Retained earnings: Appropriated Legal Reserve LAK	Retained earnings: Unappropriated LAK	Total LAK
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 year		-	-	-	9,316,556,431	9,316,556,431
Appropriation of legal reserve		-	-	931,655,643	(931,655,643)	-
Dividends paid	17	-	-	-		-
As at 31 December 2023		**40,000,000,000**	**12,832,667,550**	**5,822,252,913**	**21,580,947,414**	**80,235,867,877**
As at 1 January 2024		40,000,000,000	12,832,667,550	5,822,252,913	21,580,947,414	80,235,867,877
Profit for the year		-	-	-	6,646,070,716	6,646,070,716
Appropriation of legal reserve		-	-	664,607,072	(664,607,072)	-
Dividends paid	17	-	-	-	(6,000,000,000)	(6,000,000,000)
As at 31 December 2024		**40,000,000,000**	**12,832,667,550**	**6,486,859,985**	**21,562,411,058**	**80,881,938,593**

Mr. Manop Tririthvilai
Chief Executive Officer

Date: 18 February 2025

Ms. Soukphaphone Thongphaiboun
Chief Financial Officer

Date: 18 February 2025

The accompanying notes on pages 12 to 26 are an integral part of these financial statements

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 LAK	2023 LAK
Cash flow from operating activities:			
Profit before income tax expense		7,404,067,378	10,073,572,705
Adjustments to reconcile net profit to net cash			
Bad debts and doubtful accounts		4,646,049,505	1,942,572,665
Amortisation of deferred commission expenses		949,681,808	2,266,698,042
Loss from write-off of property, plant and equipment	9	-	1,572,979
Impairment loss of asset held for sale		(2,500,000)	(7,500,000)
Depreciation and amortisation	9, 10	314,703,756	404,752,772
Interest income		(20,552,474,418)	(5,999,237,936)
Finance expense		17,259,878,153	7,594,045,291
Unrealisation (gain)/loss on exchange rate		52,168,780	(6,280,991,341)
Cashflow before changes in working capital		**10,071,574,962**	**9,995,485,177**
Changes in working capital:			
Finance lease receivables		3,960,895,575	6,948,859,579
Asset held for sale		(77,148,289)	113,746,478
Other current and non-current assets		(612,715,848)	(117,519,001)
Trade and other payables		775,503,428	480,911,701
Other current liabilities		9,438,615	(1,825,482,548)
Other non-current liabilites		20,950,000	(14,500,000)
Cash generated from operation		**14,148,498,443**	**15,581,501,386**
Commission expense paid		(774,200,000)	(660,300,000)
Interest received		21,364,673,041	5,187,039,313
Interest paid		(21,380,973,931)	(2,864,603,577)
Income tax paid		(728,016,274)	(2,585,872,732)
Net cash (used in) generated from operating activities		**12,629,981,279**	**14,657,764,390**

Mr. Manop Tririthvilai
Chief Executive Officer

Date: 18 February 2025

Ms. Soukphaphone Thongphaiboun
Chief Financial Officer

Date: 18 February 2025

The accompanying notes on pages 12 to 26 are an integral part of these financial statements

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 LAK	2023 LAK
Cash flows from investing activities:			
Acquisitions of property plant and equipment	9	(156,611,797)	(399,795,000)
Net cash used in investing activities		**(156,611,797)**	**(399,795,000)**
Cash flows from financing activities:			
Proceeds from borrowings	12	2,000,000,000	828,828,240,000
Restricted cash reserved for borrowing guarantee	7	2,000,000,000	-
Repayment of borrowings	12	(911,430,819,783)	(20,661,971,514)
Dividends paid	17	(6,000,000,000)	-
Net cash from (used in) financing activities		**(913,430,819,783)**	**808,166,268,486**
Net (decrease)/increase in cash and cash equivalents		(900,957,450,301)	822,424,237,876
Cash and cash equivalents at the beginning of the year		904,775,929,399	6,679,159,473
Exchange gains on cash and cash equivalents		(52,168,781)	75,672,532,050
Cash and cash equivalents at the end of the year	3	**3,766,310,317**	**904,775,929,399**

Mr. Manop Tririthvilai
Chief Executive Officer

Date: 18 February 2025

Ms. Soukphaphone Thongphaiboun
Chief Financial Officer

Date: 18 February 2025

The accompanying notes on pages 12 to 26 are an integral part of these financial statements

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 operation after obtaining a license issued by Bank of the Lao PDR (BOL) on 11 June 2012.

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

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 financial statements were authorised by the Board of Directors on 18 February 2025.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the Company's accounting policies which the significant accounting policies are as follows:

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Company's principal accounting policies as described below and have been prepared generally of the historical cost convention.

According to the Accounting Law no.47/NA issued on 26 December 2013, Public Interest Enterprises (PIEs) are required to apply IFRS. However, the Ministry of Finance has issued announcement No.1137/MoF issued on 27 April 2020 and from Lao Securities and Exchange Commission Office (LSCO) dated 25 May 2020, which provided options for PIEs to prepare action plan for adoption IFRS until 31 December 2025 and 1 January 2026 onward, all listed companies must fully adopt IFRS.

The management is presently preparing an action plan for implementation of IFRS in accordance with the announcement. Therefore, the accounting principles applied may materially differ from International Financial Reporting Standards (IFRS).

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.

2. Summary of significant accounting policies (Continued)

2.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank deposits with maturities of three months or less from the date of acquisition, excluding restricted cash deposits.

2.3 Finance lease and instalment loan receivables

Finance lease and instalment loan receivables are amounts due from customers for providing credit lines for individual customers to buy motorcycle and tractors in the ordinary course of business, which includes unearned interest income and commission expenses which directly relate to the contract.

Finance lease and instalment loan receivables presented at cost less allowance for doubtful accounts (Note 2.4)

2.4 Allowance for doubtful accounts and bad debts

The Company's management estimate the allowance for doubtful debt was previously based on the notification number 512/BoL from Bank of Lao PDR (BoL) and from the year end 2024 onward the Company applies the new notification number 1304/BoL. Bad debts are written off during the year in which they are identified and recognized in the statement of income. A bad debt recovery is recorded by reducing bad debt and doubtful account expenses in the statement of income.

2.5 Asset held for sale

Asset held for sale is the asset seized from the lessee or borrower and is stated at cost less the expenses necessary to make the sale and allowance for diminution in value of assets. The allowance estimates base on management experience and historical data.

2.6 Leasehold improvements and equipment

Leasehold improvements and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of leasehold improvements and equipment comprises its purchase price, import duties and non-refundable purchase taxes (after deducting trade discounts) and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing parts of leasehold improvements and equipment is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the Company and the carrying amount of those replaced parts is derecognized.

2. Summary of significant accounting policies (Continued)

2.6 Leasehold improvements and equipment (Continued)

Repairs and maintenance are charged to the statement of income during the accounting period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	5 - 10 years
Office furniture and fixtures	5 years
Office equipment	3 - 5 years
Vehicles	5 years

Whenever there is any indicator showing a permanent decrease in the amount of equipment such as evidence of obsolescence or physical damage of an asset, significant changes in the manner in which an asset is used or is expected to be used, the Company shall recognize loss on decrease in value of equipment in the statement of income where the carrying amount of an asset is higher than the recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

2.7 Intangible asset

Intangible asset represents the acquired computer software which is capitalized as intangible asset on the basis of the cost incurred to acquire and bring into use the specific software. Amortization is calculated on a straight-line basis over its estimated useful life of 5 years.

Cost associated with maintaining the computer software is recognized as an expense as incurred.

Expenditure which enhances or extends the performance of the computer software beyond its original specifications is recognized as a capital improvement and added to the original cost of the software.

2.8 Premium on ordinary shares

Premium on ordinary shares is recognized when the Company receives money from the initial public offering and the amount has been calculated from the difference between the initial public offer price and par value less cost of underwriting.

2.9 Revenue and expense recognition

Revenue from interest-bearing finance leases and instalment loans is recognized on an accrual basis which is calculated by using the effective interest rate method.

Processing fee and service income are recognized when services are rendered.

Penalty fee (late payment charge) is recognized upon receipt.

Other income and expenses are recognized on an accrual basis.

2. Summary of significant accounting policies (Continued)

2.10 Lease - where the Company is the lessor

Lease transferring a significant portion of the risks and rewards of ownership to the lessee is classified as a finance lease.

When assets are leased out under a finance lease, the net investment value in the lease is recognized as a receivable. The difference between the gross receivable and the net investment value of the receivable is recognized as an unearned interest income. Interest income from finance leases is recognized as described in Note 2.9.

2.11 Leases - where the Company is the lessee

Operating lease

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the periods of the leases.

Finance lease

Lease in which substantially all the risk and reward of ownership, except legal title that is transferred to the Company is accounted for as a finance lease. The Company capitalized the asset and recorded the liabilities in the statements of financial position of the lessee in the amount at the lower of the estimated present value of the underlying lease payments or at the fair value of the leased asset at the contractual date. The leased assets are depreciated using the straight-line method over their estimated useful lives. Financial charge is calculated by the effective interest rate method over the terms of the contracts.

Financial charge and depreciation are recognized as expenses in the statement of income.

2.12 Foreign currency transactions

Foreign currency transactions are translated into LAK using the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, foreign currency monetary assets and liabilities are retranslated by using the exchange rate at the closing rate. Non-monetary assets and liabilities denominated in foreign currencies are carried at cost using the exchange rate at the date of the transaction.

Gains and losses resulting from the settlement of foreign currency transactions and from the retranslation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income.

2. Summary of significant accounting policies (Continued)

2.13 Income tax expense

Income tax expense is recorded based on tax paid and accrued for the year.

3. Cash and cash equivalents

	2024 LAK	2023 LAK
Cash on hand	7,497,930	38,921,900
Deposits held at call with banks	3,758,812,387	5,937,007,499
Fixed deposits with banks	-	898,800,000,000
Total	**3,766,310,317**	**904,775,929,399**

Deposits held at call with banks represent cash deposited in three different currencies being Lao Kip (LAK), Thai Baht and US Dollars with local reputable banks and foreign bank branches in current account.

Fixed deposit at bank represents the 3-month fixed deposit from 21 December 2023 to 20 March 2024 in Baht currency with interest at 2.5% per annum. The deposit was withdrawn on 18 November 2024 to repay the borrowing (note 12)

4. Finance lease receivables and instalment loan receivables, net

Finance lease receivables and instalment loan receivables as at December 31, consist of the following:

	2024 LAK	2023 LAK
Current		
Current portion of finance lease receivables	729,478,372	1,087,689,299
Current portion of installment loan receivables	67,136,730,321	69,127,826,376
	67,866,208,693	**70,215,515,675**
Add Initial direct cost	345,623,435	521,345,223
Less allowance for doubtful accounts	(11,763,253,925)	(7,407,023,464)
	56,448,578,203	**63,329,837,434**
Non-current		
Finance lease receivables	43,058,896	168,286,430
Installment loan receivables	20,926,984,732	22,694,487,334
	20,970,043,628	**22,862,773,764**
Add Initial direct cost	326,343,378	326,103,399
Less allowance for doubtful accounts	(303,750,421)	(295,072,922)
	20,992,636,585	**22,893,804,241**
Total	**77,441,214,788**	**86,223,641,675**

As at 31 December, Finance lease and instalment loan receivables aged as follows:

	2024 LAK	2023 LAK
Not yet due	68,304,112,046	73,759,785,934
1 – 3 months	8,088,020,546	10,186,010,761
4 months	726,889,906	1,498,171,269
5 – 6 months	1,084,626,028	1,755,817,947
Over 6 months	10,632,603,794	5,878,503,528
	88,836,252,320	**93,078,289,439**
Add Initial direct cost	671,966,813	847,448,622
Less: Allowance for doubtful accounts	(12,067,004,346)	(7,702,096,386)
Total	**77,441,214,787**	**86,223,641,675**

5. Asset held for sale, net

	2024 LAK	2023 LAK
Motorcycles	245,054,684	167,906,395
Less allowance for diminution in value of assets	(10,000,000)	(12,500,000)
Total	**235,054,684**	**155,406,395**

6. Other current assets

	2024 LAK	2023 LAK
Interest receivable from bank deposit	-	812,198,623
Prepaid expenses	955,662,646	742,151,185
Advance payments	30,500,000	28,776,000
Others	273,599,754	73,371,053
	1,259,762,400	**1,656,496,861**

7. 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 local bank through the borrowing contract period. During the year, the borrowing was fully repaid, and the restricted cash was withdrawn and deposit to another local bank, present under cash and cash equivalent.

8. Cash deposit at Bank of Lao PDR

Restricted cash deposit of LAK 2,000 million is the mandatory reserve with Bank of the Lao P.D.R. which is at 5% of total registered share capital of LAK 40,000 million. Such cash cannot be used for day-to-day operations, it can only be refunded if the Company permanently closes its business.

9. Property plant and equipment, net

	Leasehold improvements LAK	Office furniture and fixtures LAK	Office equipment LAK	Vehicles LAK	Total LAK
At 31 December 2023					
Cost	1,070,223,480	628,538,139	716,526,115	1,929,974,036	4,345,261,770
Less: Accumulated depreciation	(987,738,388)	(388,017,133)	(489,784,710)	(1,760,276,104)	(3,625,816,335)
Net book amount	**82,485,092**	**240,521,006**	**226,741,405**	**169,697,932**	**719,445,435**
Year ended 31 December 2024					
Opening net book amount	82,485,092	240,521,006	226,741,405	169,697,932	719,445,435
Additions	-	18,260,397	138,351,400	-	156,611,797
Depreciation charge	(35,902,411)	(69,313,768)	(85,465,393)	(71,100,846)	(261,782,418)
Closing net book amount	**46,582,681**	**189,467,635**	**279,627,412**	**98,597,086**	**614,274,814**
At 31 December 2024					
Cost	1,070,223,480	646,798,536	854,877,515	1,929,974,036	4,501,873,567
Less: Accumulated depreciation	(1,023,640,799)	(457,330,901)	(575,250,103)	(1,831,376,950)	(3,887,598,752)
Net book amount	**46,582,681**	**189,467,635**	**279,627,412**	**98,597,086**	**614,274,814**

9. Property plant and equipment, net (continued)

	Leasehold improvements LAK	Office furniture and fixtures LAK	Office equipment LAK	Vehicles LAK	Total LAK
At 31 December 2022					
Cost	603,110,638	544,540,581	899,550,890	1,929,974,036	3,977,176,145
Less: Accumulated depreciation	(593,229,687)	(433,822,271)	(679,573,582)	(1,620,951,426)	(3,327,576,966)
Net book amount	**9,880,951**	**110,718,310**	**219,977,308**	**309,022,610**	**649,599,179**
Year ended 31 December 2023					
Opening net book amount	9,880,951	110,718,310	219,977,308	309,022,610	649,599,179
Additions	46,015,200	179,396,350	174,383,450	-	399,795,000
Reclassified	72,466,819	9,769,950	(82,236,769)	-	-
Disposal	(859,436)	-	(713,543)	-	(1,572,979)
Depreciation charge	(45,018,442)	(59,363,604)	(84,669,041)	(139,324,678)	(328,375,765)
Closing net book amount	**82,485,092**	**240,521,006**	**226,741,405**	**169,697,932**	**719,445,435**
At 31 December 2023					
Cost	1,070,223,480	628,538,139	716,526,115	1,929,974,036	4,345,261,770
Less: Accumulated depreciation	(987,738,388)	(388,017,133)	(489,784,710)	(1,760,276,104)	(3,625,816,335)
Net book amount	**82,485,092**	**240,521,006**	**226,741,405**	**169,697,932**	**719,445,435**

10. Intangible assets, net

	2024 LAK	2023 LAK
As at 1 January		
Opening net book amount at 1 January	52,921,342	129,298,349
Less: amortization	(52,921,338)	(76,377,007)
Net book amount as at 31 December	**4**	**52,921,342**
Cost	271,963,727	271,963,727
Less: Accumulated amortization	(271,963,723)	(219,042,385)
Net book amount as at 31 December	**4**	**52,921,342**

11. Trade and other payables

	2024 LAK	2023 LAK
Accrued expenses – related party (note 22)	-	4,760,473,887
Accrued expenses	1,800,948,719	2,011,288,365
Trade payables	1,715,002,000	98,668,000
Other tax payables	106,552,372	97,665,189
	3,622,503,091	**6,968,095,441**

12. Borrowings

	2024 LAK	2023 LAK
Current	-	908,805,460,751
Non-current	-	625,359,032
Total	**-**	**909,430,819,783**

The movements of borrowings for year are as follows:

	2024 LAK	2023 LAK
Opening balance	909,430,819,783	31,759,351,297
Additions	2,000,000,000	828,828,240,000
Repayment	(925,864,819,783)	(20,661,971,514)
Loss on exchange rate	14,434,000,000	69,505,200,000
Ending balance	**-**	**909,430,819,783**

12. Borrowings (Continued)

2024:
As at 31 December 2024, the borrowings were fully repaid.

2023:
The Company entered into a loan agreement with a financial institution in February 2020. The available term-loan facility in an aggregate amount of USD 3 million with interest rate 1.2% per annum and the repayment period of borrowing is 3 years start from each drawdown date. The borrowing was guaranteed by major shareholder.

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 7).

The Company entered a loan contract with the related party in September 2023. The available loan facility in an aggregate amount of Baht 1,500 million with term 1 year and interest 2% per annum, interest payment on monthly, start from 20 September 2023 to 19 September 2024 (note 22).

On 15 July 2024, the Company entered Two-month loan contract with the shareholders amounting LAK 2,000 million with interest 9% per annum.

13. Net loss on foreign exchange rate

During the year, Lao Kip (LAK) was depreciating when compare with US Dollars and Baht. Therefore, there was significant unrealise loss on exchange rate from borrowing in US Dollar and Baht (note 12)

14. Share capital

	Number of Shares (Shares)	Ordinary Shares (LAK)	Shares Premium (LAK)	Total (LAK)
As at 1 January 2023	400,000,000	40,000,000,000	12,832,667,550	40,000,000,000
Issue of shares	-	-	-	-
At 31 December 2023	**400,000,000**	**40,000,000,000**	**12,832,667,550**	**40,000,000,000**
As at 1 January 2024	400,000,000	40,000,000,000	12,832,667,550	40,000,000,000
Issue of shares	-	-	-	-
As at 31 December 2024	**400,000,000**	**40,000,000,000**	**12,832,667,550**	**40,000,000,000**

The total number of authorised ordinary shares is 400 million shares with par value of LAK 100 per share, totally LAK 40,000 million. As at 31 December 2024, all issued shares were fully paid up.

15. Legal reserved

	2024 LAK	2023 LAK
At 1 January	5,822,252,913	4,890,597,270
Appropriation during the year	664,607,072	931,655,643
At 31 December	**6,486,859,985**	**5,822,252,913**

Legal reserve is set-up in accordance with the requirements of the Lao Enterprise Law. It is requires that at least 10% of the annual net profit, after deducted accumulative loss (if any) is set aside as legal reserve until that reserve reaches 50% of authorized share capital.

16. Basic earnings/(loss) per share

Basic earnings per share are calculated by dividing net profit for the year by the weighted average of the ordinary shares.

	2024	2023
Net profit attributable to ordinary shareholders (LAK)	6,646,070,716	9,316,556,431
Weighted average number of ordinary shares in issue (shares)	400,000,000	400,000,000
Basic earnings per share (LAK)	16.62	23.29

17. Dividends

At the Annual General Shareholder's Meeting for the year 2023 on 25 April 2024, shareholders approved the payment of annual dividend from the operating result for the year ended 31 December 2023 at LAK 15 per share, totalling LAK 6,000 million and appropriate its net income to legal reserve amounting LAK 931.6 million.

At the Annual General Shareholder's Meeting for the year 2022 on 25 April 2023, shareholders approved the appropriate its net income to legal reserve amounting LAK 104,765,163 and no dividend 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.

18. Other income

Other income consists of the following:

	2024 LAK	2023 LAK
Interest income from bank deposit	20,552,474,418	5,999,237,936
Penalty – customers(*)	1,810,893,884	1,555,347,839
Net gain on sale of assets held for sale	42,121,718	23,410,919
Other	64,449,265	22,206,060
	22,469,939,285	**7,600,202,754**

(*) penalty – customer represent the penalty for the late repayment from customer for the year.

19. Administrative expenses

	2024 LAK	2023 LAK
Staff costs	14,105,620,109	12,166,026,706
Marketing and advertising expense	1,605,747,740	2,447,370,839
Transportation and travelling expenses	1,381,446,368	961,467,599
Utility expenses	1,088,595,613	899,790,403
Remuneration of managements	976,750,000	909,134,000
Audit fee	921,665,395	731,343,700
Other professional fee	358,719,400	244,963,400
Depreciation and amortisation	314,703,757	404,755,903
Other expenses (*)	3,656,971,274	2,119,490,227
	24,410,219,656	**20,884,342,777**

(*) Other expenses mainly consist of withholding tax expense absorb by the Company amount LAK 1,691 million, office equipment amounted LAK 364 million, repair and maintenance amount LAK 325 million.

20. Finance expense

	2024 LAK	2023 LAK
Interest expense	16,620,500,044	5,648,855,268
Guarantee expense	639,378,109	1,945,190,023
	17,259,878,153	**7,594,045,291**

21. 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.

For the year ended 31 December 2024, the Company recognized income tax expense in statement of income of LAK 757.9 million (2023: LAK 757 million)

The income tax expense calculation showing as below:

	LAK
Profit before income tax - accounting	7,404,067,378
Tax effect of:	
➢ Other tax expense	200,451,837
➢ Gain on reversal of allowance for diminution in value of assets held for sale	(2,500,000)
➢ Net unrealised gain from exchange rate	(3,812,035,904)
Taxable income	**3,789,983,311**
Profit tax expense at the rate of 20%	757,996,662

22. Related-party transactions

a) Transactions with related parties

Transactions with related parties for the year are as follows:

	2024 LAK	2023 LAK
Other expense:		
Shareholder and related party - Interest expense	16,521,961,669	5,194,725,751
Shareholder – guarantee expense	639,378,109	1,945,190,023
	17,161,339,778	**7,139,915,774**

22. Related-party transactions (Continued)

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

	2024 LAK	2023 LAK
Other payables:		
Related party – interest payable (Note 11)	-	4,760,473,887
Short-term borrowing		
Related parties (Note 12)	-	898,800,000,000

c) Key management compensation

Managements remuneration for the year consists of the following:

	2024 LAK	2023 LAK
Short-term benefits	976,750,000	909,134,000

23. Commitments

Operating lease commitments

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

Operating lease commitment contracted but not recognised as liabilities is as follow:

	2024 LAK	2023 LAK
Within one year	171,382,077	271,332,895
Over 1 year but nit over 5 years	2,292,017,078	1,296,595,944
	2,463,399,155	**1,567,928,839**

24. Subsequent events

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