Lao ASEAN Leasing Public Company

Financial Statements

For the period from 01 Jan 2021 to 31 Mar 2021

Lao ASEAN Leasing Public Company

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Lao ASEAN Leasing Public Company

THE COMPANY

The company incorporated in Lao PDR in accordance with Enterprise Registration No.081/ELSD issued by the Enterprise Licensing and Supervision Department, Ministry of Industry and Commerce on 5 February 2015 and the previous Enterprise Registration was No. 1191/ELSD, dated 17 December 2018. The Company was granted approval from the Bank of Lao PDR (the "BOL") on 2 February 2015 and the company later obtained an amendment on 14 September 2017 for conducting its leasing activities. On 09 August 2019, the Company obtained new operating license from the BOL, No. 12/BOL, for conducting business under a listed company.

Lao Securities Commission Office approved the company for Initial Public Offering in amount of 60,300,000 shares in Lao Securities Exchange in accordance with Listing Certificate No.0010/LSCO, dated 09 September 2019. The issued shares resulted the Company's recapitalization in amount of LAK 162,810,000,000. The Company received the new Business License No. 0222/ELSD, dated 19 February 2019 issued by the Enterprise Licensing and Supervision Department, Ministry of Industry and Commerce.

The principal business operation of the Company is to provide hire-purchase services through providing credit line for individual and corporate customers to buy motorcycles and cars.

Paid-up capital

The Company's registered paid-up capital as at 31 Mar 2021 is LAK 30,440,000,000.

Location

The Company's head office is located at 2nd Floor, NNN building, Phonsinuan Village, Sisattanak District, Vientiane Capital, Lao PDR.

THE BOARD OF DIRECTORS

Members of the Board of Directors during the period from 01 Jan 2021 to 31 Mar 2021 and at the date of this report are as follows:

Name	*Position*	*Date of appointment*
Mrs. Yuki Scott	Chairwoman	Appointed on 19 December 2019
Ms. Makiko Oikawa	Vice-chairman	Appointed on 19 December 2019
Mr. Tomofumi Suematsu	Member	Appointed on 19 December 2019
Mr. Tomohiro Yoshida	Member	Appointed on 19 December 2019
Mrs. Harumi Ide	Member	Appointed on 19 December 2019

Lao ASEAN Leasing Public Company

THE BOARD OF MANAGEMENT

Members of the Management of during the year and at the date of this report are as follows:

Name	*Position*	*Date of appointment*
Ms. Risa Yamaguchi	General Director	Appointed on 9 January 2020

LEGAL REPRESENTATIVE

The legal representative of the Company during the period from 01 Jan 2021 to 31 Mar 2021 and at the date of this report is Ms. Risa Yamaguchi, General Director and Member of the Board of Directors.

The Management of Lao ASEAN Leasing Company Limited ("the Company") is pleased to present its report and the Company's financial statements as at and for the period from 01 Jan 2021 *to 31 Mar 2021*

MANAGEMENT' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and of the Company's operational results and cash flows for the year. In preparing those financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

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 to ensure that the accounting records comply with International Financial Reporting Standards. 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.

Management confirmed that it has complied with the above requirements in preparing the accompanying financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as at and for the period from *01 Jan 2021 to 31 Mar 2021* which are prepared in accordance with International Financial Reporting Standards.

For and on behalf of Management:

Ms. Risa Yamaguchi
Management Director

Vientiane, Lao PDR

14 May 2021

STATEMENT OF COMPREHENSIVE INCOME
for the period from *01 Jan 2021* to 31 Mar 2021

		For the period from 01 Jan 2021 to 31 Mar 2021 LAK	*For the period from 01 Jan 2020 to 31 Mar 2020 LAK*
Interest and similar income		51,746,325,869	*38,508,679,651*
Other interest and similar income		3,914,734,201	2,829,077,512
Interest and similar expense		(209,540,031)	(7,625,695,293)
Net interest income	**7**	*55,451,520,039*	33,712,061,870
Fees and commission income		-	-
Fees and commission expense	8	**2,517,166,451)**	***(2,686,187,135)***
Net fees and commission income		2,517,166,451)	(2,686,187,135)
Net foreign exchange gains		-	-
Other operating income	9	4,284,664	*353,065,232*
Total operating income		52,938,638,252	31,378,939,967
NET OPERATING INCOME		**52,938,638,252**	**31,378,939,967**
Personnel expenses	10	(7,971,674,410)	(5,654,301,333)
Depreciation of property and equipment	16	(237,540,701)	(266,937,523)
Other operating expenses	11	(6,355,544,573)	(6,200,810,539)
TOTAL OPERATING EXPENSES		(14,564,759,684)	(12,122,049,395)
NET PROFIT FOR THE YEAR		**38,373,878,568**	**19,256,890,572**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		***38,373,878,568***	**19,256,890,572**

Ms. Risa Yamaguchi
Management Director

Mr. Masuko Tomohiro
Accounting-Finance Manager

Vientiane Capital, Lao P.D.R

14 May 2021

Lao ASEAN Leasing Public Company

STATEMENT OF FINANCIAL POSITION
for the period from 01 Jan 2021 to 31 Mar 2021

		31 Mar 2021 LAK	*31 Dec 2020 LAK*
ASSETS			
Current assets			
Cash and cash equivalents	12	133,917,350,645	92,900,530,090
Deposit with the Bank of Lao	13	1,968,900,000	1,968,900,000
Hire purchase receivables – current portion	14.1	311,314,769,908	314,264,313,031
Other assets	15	19,300,769,824	13,314,638,365
Total current assets		**466,501,790,377**	**422,448,381,486**
Non-current assets			
Hire purchase receivables – non-current portion	14.1	360,386,340,723	369,120,542,029
Property and equipment	16	2,182,979,262	2,228,114,389
Other non current assets		203,975,082	203,975,082
Total non-current assets		**362,773,295,067**	**371,552,631,500**
TOTAL ASSETS		**829,275,085,444**	**794,001,012,986**
LIABILITIES			
Current liabilities			
Statutory obligations	17	83,922,791,579	83,922,791,579
Short-term borowings	18	7,167,137,258	9,438,030,997
Other liabilities		4,157,850,534	4,027,028,322
Total current liabilities		**95,247,779,371**	**97,387,850,898**
Non-current liabilities			
Long-term borrowings	18	64,382,773,484	65,342,508,066
Due to related parties	22	-	-
Total non-current liabilities		**64,382,773,484**	**65,342,508,066**
TOTAL LIABILITIES		**159,630,552,855**	**162,730,358,964**
EQUITY			
Paid up capital	21	30,150,000,000	30,150,000,000
Share premium	21	155,497,646,314	155,497,646,314
Other capital		290,000,000	290,000,000
Retained earnings		483,706,886,275	445,333,007,708
TOTAL EQUITY		**669,644,532,589**	**631,270,654,022**
TOTAL LIABILITIES AND EQUITY		**829,275,085,444**	**794,001,012,986**

Ms. Risa Yamaguchi
Management Director

Mr. Masuko Tomohiro
Accounting-Finance Manager

Vientiane Capital, Lao P.D.R

14 May 2021

Lao ASEAN Leasing Public Company

STATEMENT OF CHANGES IN EQUITY
for the period from 01 Jan 2021 to 31 Mar 2021

	Registered paid-up capital LAK	*Share premium LAK*	*Other capital LAK*	*Retained earnings LAK*	*Total LAK*
Balances as at 01 Jan 2020	30,150,000,000	155,497,646,314	207,714,553,933	290,000,000	***393,652,200,247***
Profit for the period	-	-	19,256,890,572	-	***19,256,890,572***
Capital contribution	-		-	-	-
Balances as at 31 Mar 2020	30,150,000,000	155,497,646,314	226,971,444,505	290,000,000	***412,909,090,819***
Balances as at 01 Jan 2021	30,150,000,000	155,497,646,314	445,333,007,708	290,000,000	***631,270,654,022***
Profit for the period	-		38,373,878,568	-	***38,373,878,568***
Balances as at 31 Mar 2021	30,150,000,000	155,497,646,314	483,706,886,275	290,000,000	669,644,532,589

Ms. Risa Yamaguchi
Management Director

Mr. Masuko Tomohiro
Accounting-Finance Manager

Vientiane Capital, Lao P.D.R

14 May 2021

STATEMENT OF CASH FLOWS
for the period from 01 Jan 2021 to 31 Mar 2021

		For the period from 01 Jan 2021 to 31 Mar 2021 LAK	*For the period from 01 Jan 2020 to 31 Mar 2020 LAK*
OPERATING ACTIVITIES			
Profit before tax		38,373,878,567	19,256,890,572
Adjustments for:			
Depreciation and amortization charges	16	237,540,701	266,937,523
Net foreign exchange loss	14	-	-
Change in operating assets			
Net change in hire purchase receivable		11,683,744,429	(22,626,839,239)
Net change in other assets		(5,986,131,459)	(3,661,886,913)
Change in operating liabilities			
Net change in other liabilities		130,822,212	70,717,345,766
Net cash flows from operating activities		**44,439,854,450**	**63,952,447,709**
INVESTING ACTIVITIES			-
Acquisitions of property and equipment		(192,405,574)	(298,989,331)
Net cash flows used in investing activities		**(192,405,574)**	**(298,989,331)**
FINANCING ACTIVITIES			
Capital contribution		-	-
Borrowing repayment		(10,397,765,579)	(145,590,404,152)
Net cash flows (used in)/from financing activities		**(10,397,765,579)**	**(145,590,404,152)**
Net (decrease)/ increase in cash and cash equivalents		**33,849,683,297**	**(81,936,945,774)**
Cash and cash equivalents at the beginning of the period	***12***	**92,900,530,090**	**336,866,272,315**
Cash and cash equivalents at the end of the period	**12**	**126,750,213,387**	**254,929,326,541**

Ms. Risa Yamaguchi
Management Director

Mr. Masuko Tomohiro
Accounting-Finance Manager

Vientiane Capital, Lao P.D.R

14 May 2021

1. CORPORATE INFORMATION

Lao ASEAN Leasing Public Company ("the Company"), formerly known as Lao ASEAN Leasing Company Limited, is a public company incorporated in Lao PDR in accordance with Enterprise Registration No.081/ELSD issued by the Enterprise Licensing and Supervision Department, Ministry of Industry and Commerce on 5 February 2015 and the latest amendment which is Enterprise Registration No. 0222/ELSD dated 19 February 2019. The Company was granted approval from the Bank of Lao PDR (the "BOL") on 2 February 2015 and the latest amendment on 14 September 2017 for conducting its leasing activities.

The principal business operation of the Company is to provide hire-purchase services through providing credit line for individual and corporate customers to buy motorcycles and cars.

The registered paid-up capital as at 31 Mar 2021 is LAK 30,150,000,000.

The Company's head office is located at 2nd Floor, NNN building, Phonsinuan Village, Sisattanak District, Vientiane Capital, Lao PDR.

Total number of employees of the Company as at 31 Mar 2021 is 606 people (2020: 592 people)

2. BASIS OF PREPARATION

The interim financial statements are prepared solely for the use of the Company to meet the reporting requirements of the management, shareholders of the Company, Bank of the Lao PDR and the Laos Securities Commission Office. These interim financial statements are prepared in accordance with the accounting policies as described in Note 5. These accounting policies are primarily based on the International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board. However, this is not a complete set of general purpose financial statements prepared in accordance with IFRS as the Company follows the reporting requirement by the management of the Company following which the accounting policies for recognition and measurement of financial instruments are based on IAS 39: "Financial instruments: Recognition and Measurement" instead of IFRS 9: "Financial instruments".

Accordingly, the accompanying interim financial statements are not intended to be prepared in accordance with IFRS ("the special purpose interim financial statements").

3. PRESENTATION OF THE INTERIM FINANCIAL STATMENTS

The Company presents its interim statement of financial position in order of liquidity. Financial assets and financial liabilities are generally reported gross in the interim statement of financial position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basic in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

4. CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2019, except for the adoption of new standards affective as of 1 January 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several admendments and interpretations apply for the first time in 2020, but do not have an impact on the interim financial statements of the Company.

Admendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an intergrated set of activities and assets must included, at a minimum, an input and a substantive process that together significantly contribute to the ability to creare outputs. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim financial statements of the Company as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature of magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These admendments had no impact on the interim financial statements of, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therin override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the interim financial statements of the Company.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Foreign currency translation

Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into LAK at the spot rate of exchange at the reporting date (see list of exchange rates of applicable foreign currencies against LAK on 31 Mar 2021 and 31 December 2019 as presented in Note 30). Unrealized exchange differences arising from the translation of monetary assets and liabilities on the reporting date are recognized in the statement of profit or loss.

5.2 Financial instruments - initial recognition and subsequent measurement

5.2.1 Date of recognition

All financial assets and liabilities, with the exception of hire purchase receivables, are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes "regular way trades" - purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Hire purchase receivables are recognised when funds are transferred to pay for the assets under hire purchase agreements.

5.2.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

5.2.3 The effective interest rate method

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability. The amortised cost of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change in is recorded as 'Interest and similar income' for financial assets and 'Interest and similar expense' for financial liabilities. The accounting policies for the EIR method vary by instruments and are further explained in Notes:

- 5.2.5 for 'Hire purchase receivables'
- 5.2.6 for 'Borrowings'
- 5.4 for 'Impairment of financial assets'
- 5.5 for 'Recognition of income and expenses'

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.2 Financial instruments - initial recognition and subsequent measurement (continued)

5.2.4 'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Company immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Net trading income'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the statement of profit or loss when the inputs become observable, or when the instrument is derecognised.

5.2.5 Hire purchase receivables

Hire purchase receivables are classified as "Loans and receivables" in accordance with IAS 39. After initial measurement, amounts 'Hire purchase receivables' are subsequently measured at amortized cost using the EIR methodology, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Therefore, the Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of the receivable, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges).

If expectations are revised, a positive or negative adjustment is booked to the carrying amount in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the statement of profit or loss.

5.2.6 Borrowings

"Borrowings" include arrangements where the substance of the contractual arrangements result in the Company having an obligation either to deliver cash or another financial asset to the holder.

After initial measurement, "borrowings" are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.2 Financial instruments - initial recognition and subsequent measurement (continued)

5.2.7 Reclassification of financial assets

Effective from 1 July 2008, the Company was permitted to reclassify, in certain circumstances, non-derivative financial assets out of the 'Held-for-trading' category and into the 'Available-for-sale', 'Loans and receivables', or 'Held-to-maturity' categories. From this date it was also permitted to reclassify, in certain circumstances, financial instruments out of the 'Available-for-sale' category and into the 'Loans and receivables' category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortized cost.

For a financial asset reclassified out of the 'Available-for-sale' category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the statement of profit or loss.

In rare circumstances, the Company may reclassify a non-derivative trading asset out of the 'Held-for-trading' category and into the 'Loans and receivables' category if it meets the definition of loans and receivables and the Company has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from the date of the change in estimate.

Reclassification is at the election of management, and is determined on an instrument by instrument basis.

5.3 De-recognition of financial assets and financial liabilities

5.3.1 Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired. The Company also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition.

The Company has transferred the asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the asset; Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

Pass-through arrangements are transactions when the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when certain conditions are met. At 31 Mar 2021 , the Company does not have financial assets which are subject to such arrangements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.3 De-recognition of financial assets and financial liabilities (continued)

5.3.1 Financial assets (continued)

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

In relation to the above, the Company considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

The Company also derecognises a financial asset, in particular, a loan to customer when the terms and conditions have been renegotiated to the extent that it substantially became a new loan, with the difference recognised as an impairment in the statement of profit or loss.

5.3.2 Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.4 Impairment of financial assets

The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganization; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

5.4.1 Financial assets carried at amortized cost

Specific impairment losses

For financial assets carried at amortised cost (such as amounts due from banks, Hire purchase receivables), the Company first assesses whether objective evidence of impairment exists for financial assets that are individually significant or are already under specific work out by management.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in credit loss expense in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest and similar income.

Hire purchase receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to income.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Company has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.4 Impairment of financial assets (continued)

5.4.1 Financial assets carried at amortized cost (continued)

Collective impairment model

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms (for example, on the basis of a credit risk evaluation or grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors).

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, personal indebtedness, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

5.4.2 Collateral valuation

The Company seeks to use collateral, where possible, to mitigate its risks on financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Company's annually reporting schedule.

To the extent possible, the Company uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

5.4.3 Collateral repossessed

The Company's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold, are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Company's policy.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.5 Recognition of income and expense

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

5.5.1 Interest and similar income and expense

For all financial instruments measured at amortized cost, interest-bearing financial assets classified as available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

When the recorded value of a financial asset or a group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

5.5.2 Fees and commission income

The Company earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Company's revenue contracts do not typically include multiple performance obligations, as explained further in 5.5.2.1 and 5.5.2.2 below. When the Company provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time (unless otherwise specified in 5.5.2.1 and 5.5.2.2 below). The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

5.5.2.1 Fee and commission income from services where performance obligations are satisfied over time

Performance obligations satisfied over time include services where the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

5.5.2.2 Fee and commission income from providing services where performance obligations are satisfied at a point in time

Services provided where the Company's performance obligations are satisfied at a point in time are recognized once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees.

The Company typically has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.6 *Cash and cash equivalents*

Cash in the statement of financial position comprise cash at banks with original matury of 3 months or less and cash on hand.

5.7 *Property and equipment*

Property and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The following are annual rates used:

Office equipment	20%
Computer equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

Property and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'Other operating income' in the statement of profit or loss in the year the asset is derecognized.

5.8 *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.9 *Employee benefits*

Post-employment benefits

Post-employment benefits are paid to retired employees of the Company by the Social Security Fund Department which belongs to the Ministry of Labor and Social Welfare. The Company is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 6.00% of employee's basic salary on a monthly basis. The Company has no further obligation concerning post-employment benefits for its employees other than this.

Termination benefits

In accordance with Article 82 of the Amended Labour Law No. 43/NA approved by the President of the Lao People's Democratic Republic on 28 January 2014, the Company has the obligation to pay allowance for employees who are terminated by dismissal in the following cases:

- The worker lacks specialised skills or is not in good health and thus cannot continue to work;
- The employer considers it necessary to reduce the number of workers in order to improve the work within the labour unit.

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the basic monthly salary earned before the termination of work. As at 31 Mar 2021 , there is no employee of the Company who was dismissed under the above-mentioned grounds; therefore the Company has not made a provision for termination allowance in the interim financial statements.

5.10 *Provisions*

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement in other operating expenses.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.11 Profit tax

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the statement of profit or loss except for tax related to the fair value remeasurement of available-for-sale assets, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to the statement of profit or loss together with the respective deferred loss or gain. The Company also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.12 *Standards issued but not yet effective*

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.12 *Standards issued but not yet effective* (continued)

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of material is not expected to have a significant impact on the Company's interim financial statements.

5.13 *Standards issued but not yet applied*

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company is performing a detailed impact assessment of all three aspects of IFRS 9 and will apply upon the decision of the management and guidance from Bank of the Lao PDR.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's interim financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the interim financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

6.1 *Going concern*

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim financial statements continue to be prepared on the going concern basis.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

6.2 Effective Interest Rate (EIR) method

The Company's EIR methodology, as explained in Note 5.2.3, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of hire purchase receivables and borrowings and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to other fee income/expense that are integral parts of the instrument.

6.3 Impairment losses on loans and advances

The Company reviews its individually significant hire purchase receivables at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss.

The Company's impairment methodology for assets carried at amortised cost results in the recording of provisions for:

- Specific impairment losses;
- Collective impairment

The detailed approach for each category is further explained in Note 5.4.1. All categories include an element of management's judgement, in particular for the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, the changing of which can result in different levels of allowances.

7. NET INTEREST INCOME

	01 Jan 2021 to 31 Mar 2021 LAK	*01 Jan 2021 to 31 Mar 2021 LAK*
Interest and similar income calculated using effective interest method from:		
- Hire purchase receivables	51,746,325,869	38,508,679,651
Other interest and similar income	3,914,734,201	2,829,077,512
	55,661,060,070	**41,337,757,163**
Income from rescheduling the borrowings using the effective interest method	-	-
Interest and similar expense calculated using effective interest method for:		
- Long-term borrowings	(209,540,031)	(7,625,695,293)
	55,451,520,039	**33,712,061,870**

8. FEES AND COMMISSION EXPENSE

	01 Jan 2021 to 31 Mar 2021 LAK	*01 Jan 2021 to 31 Mar 2021 LAK*
Fees and commission expense for		
Commision fees	**(2,517,166,451)**	(2,686,187,135)
Other fees	-	-
	(2,517,166,451)	(2,686,187,135)

9. OTHER OPERATING INCOME

	01 Jan 2021 to 31 Mar 2021 LAK	*01 Jan 2021 to 31 Mar 2021 LAK*
Write-off of borrowing	-	-
Other operating income	4,284,664	353,065,232
	4,284,664	**353,065,232**

10. PERSONNEL EXPENSES

	01 Jan 2021 to 31 Mar 2021 LAK	*01 Jan 2021 to 31 Mar 2021 LAK*
Wages and salaries	6,830,633,350	4,468,709,755
Other staff costs	1,141,041,060	1,185,591,578
	7,971,674,410	**5,654,301,333**

11. OTHER OPERATING EXPENSES

	01 Jan 2021 to 31 Mar 2021 LAK	*01 Jan 2021 to 31 Mar 2021 LAK*
Marketing	-	-
Petrol	437,617,500	503,996,500
Supplies	899,344,500	999,052,089
Legal fees	71,638,000	105,205,016
Repairs and maintenance	404,906,184	311,951,992
Utilities	656,258,507	619,973,607
Insurance	19,156,008	55,020,970
Transportation and travel	961,973,346	624,036,987
Taxes and social insurance obligation	934,170,700	789,905,964
Rental expenses	1,250,874,366	1,171,360,619
Consultancy fee	364,030,114	680,075,690
Others	355,575,348	340,231,103
	6,355,544,573	**6,200,810,537**

12. CASH AND CASH EQUIVALENTS

	31 Mar 2021 LAK	*31 December 2020 LAK*
Cash on hand	1,905,479,451	1,310,333,042
Demand/saving deposits at banks		
- in LAK	6,012,563,022	8,687,320,089
- in THB	15,912,722,747	11,217,810,445
- in USD	109,991,162,131	71,589,643,220
- in other currencies	95,423,294	95,423,294
	133,917,350,645	**92,900,530,090**

13. DEPOSIT WITH BANK OF THE LAO PDR ("BOL")

	31 Mar 2021 LAK	*31 December 2020 LAK*
Registered capital reserve		
- in LAK	1,968,900,000	1,968,900,000

Under regulations of the BOL, the Company is required to maintain a minimum balance of special deposit at the BOL which is at least 10% of the Company's registered capital, upon the notice of request from the BOL from time to time. This balance earns no interest.

14. HIRE PURCHASE RECEIVABLES

14.1 Hire purchase receivables

	31 Mar 2021 LAK	*31 Dec 2020 LAK*
Hire purchase receivables	704,715,583,729	716,399,328,158
Allowance for impairment losses	(33,014,473,098)	(33,014,473,098)
	671,701,110,631	**683,384,855,060**
In which:		
Current portion	*311,314,769,908*	*314,264,313,031*
Non-current portion	*360,386,340,723*	*369,120,542,029*

Title of the leased asset is only transferred completely to the lessee after the complete settlement of principal and interest.

Interest rates for hire purchase receivables during the year are as follows:

	2021 % per month	*2020 % per month*
Finance lease:		
Car	*0.01% - 5.00%*	*0.01% - 5.00%*
Bike	*0.02% - 9.30%*	*0.02% - 9.30%*
Sale and lease back:		
Car	*0.01% - 6.00%*	*0.03% - 6.00%*
Bike	*3.00% - 16.00%*	*3.00% - 16.00%*

Analysis by currency

	31 Mar 2021 LAK	*31 Dec 2020 LAK*
Hire purchase receivables denominated in LAK	33,892,894,263	34,454,817,290
Hire purchase receivables denominated in USD	652,143,685,886	662,955,821,069
Hire purchase receivables denominated in THB	18,679,003,580	18,988,689,799
	704,715,583,729	**716,399,328,158**

15. OTHER ASSETS

	31 Mar 2021 LAK	*31 Dec 2020 LAK*
Dividend tax advance	0	0
Advances to other parties	9,978,258,174	4,323,291,732
Advances to employees	0	0
Rental prepayment	*2,634,078,130*	2,338,968,613
Other assets	436,549,189	436,549,189
	19,300,769,824	**13,314,638,365**

16. PROPERTY AND EQUIPMENT

Movements of property and equipment for ended 31 Mar 2021 are as follows:

	Vehicles LAK	*Furniture and fixtures LAK*	*Computer equipment LAK*	*Total LAK*
Cost				
As at 1 January 2021	4,369,517,343	578,433,347	2,935,433,847	7,883,384,537
Additions	-	-	192,405,575	192,405,575
As at 31 Mar 2021	**4,369,517,343**	**578,433,347**	**3,127,839,422**	**8,075,790,112**
Accumulated depreciation				
As at 1 January 2021	3,963,444,172	287,953,012	1,403,872,964	5,655,270,148
Charge for the period	58,230,725	27,811,869	151,498,107	237,540,701
As at 31 Mar 2021	**4,021,674,897**	**315,764,881**	**1,555,371,071**	**5,892,810,849**
Net book value				
As at 1 January 2021	**406,073,171**	**290,480,335**	**1,531,560,883**	**2,228,114,389**
As at 30 Mar 2021	**347,842,446**	**262,668,466**	**1,572,468,351**	**2,182,979,263**

17. STATUTORY OBLIGATIONS

	31 Mar 2021 LAK	*31 December 2019 LAK*
Personal income taxes	5,413,787	5,413,787
Withholding taxes	83,917,377,792	83,917,377,792
Profit tax (*)	-	-
	83,922,791,579	**83,922,791,579**

The Company has not declared and paid profit tax for three-month period ended 31 Mar 2021 on a semi-annual basis in accordance with current tax regulations.

18. BORROWINGS

Borrowings as at 31 Mar 2021 are as follows:

Lender	*Ending balance in LAK equivalent*
Long-term borrowings	
Banque Franco-Lao Bank	10,530,493,821
First Geneva Investors SA	40,744,951,673
Varteni Investment Limited	20,274,465,248
	71,549,910,742
In which:	
Current portion	7,167,137,258
Non-current portion	64,382,773,484

Details of the borrowings's terms and interest as at 31 Mar 2021 are as follows:

Lender	*Term*	*Payment term*	*Interest rate*
Banque Franco-Lao Bank	2 years from 30 April 2020	Principal and interest are paid monthly	8.5% p.a.
First Geneva Investors SA	10 years from 9 May 2015	Principal and interest are paid at maturity	10% p.a.
Varteni Investment Limited	10 years from 29 July 2015	Principal and interest are paid at maturity	10% p.a.

19. PROFIT TAX

Current profit tax

Provision for Profit tax ("PT") is made for taxation on the current period's profits, based on the Tax Law governing taxation within Lao PDR. The Company has listed in Lao Stock Exchange ("LSX") since 19 August 2019.

According to Tax Law No.70/NA dated 15 December 2015 which is effective on or after 24 May 2016, the Company is granted profit tax reduction of 5% from normal PT rate for the first four years commencing from 2019 to 2022. After that, the Company has the obligation to pay PT at the rate of 24%. Accordingly, the Company's PT rate for the year 2019 is 19%.

In accordance with the Law on Profit Tax No.67/NA dated 18 June 2019 (replaced the Tax Law No.70/NA) which is effective for the periods from 1 January 2020, PT rate at 13% applies to the listed Company in LSX for a period of four years commencing from listed date and at 20% for the subsequent years. The Company are in process of clarifying with the tax authorities whether such incentive applies to the Company listed in LSX prior to the effectiveness of the this Law. For the purpose of this interim financial statements, the Company estimate their profit tax at rate 19%. Any adjustment will be taken in to account upon the clarification from tax authorities in the annual profit tax submission for the year 2020.

Because the application of tax laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the interim financial statements could be changed at a later date upon final determination by the tax authorities.

20. EARNINGS PER SHARE

Basic Earnings per share ("EPS") is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic EPS calculations:

	01 Jan 2021 to 31 Mar 2021 LAK	*01 Jan 2021 to 31 Mar 2021 LAK*
Profit attributable to ordinary equity holders of the parent	38,373,878,568	19,256,890,572
Weighted average number of ordinary shares	301,500,000	301,500,000
Earnings per share	127	64

21. PAID UP CAPITAL

21.1 Ordinary shares

	31 Mar 2021		*31 December 2019*	
	Quantity	*Amount (LAK)*	*Quantity*	*Amount (LAK)*
Authorized shares				
Issued and paid-up shares				
Ordinary shares	301,500,000	30,150,000,000	301,500,000	30,150,000,000

On 9 September 2019, the Company received the Certificate of Initial Public Offering (IPO) completion issued by Lao Securities Commission Office, according to which the Company has completed IPO process where 60,300,000 shares with par value of LAK 100 per share and selling prices of LAK 2,700 per share were issued.

The total 301,500,000 shares of the Company (under the ticker "LALCO") have been officially listed on Lao Securities Exchange since 19 August 2019. The par value of each share is LAK 100.

Details of owners' capital contribution are as below:

(i) O International Ltd. is a limited liability company incorporated in Cayman Islands in accordance with Company Registration No. 293031 issued on October 2014. The principal business operations of the O International Ltd. are investment, immovable industry and provision of consulting and financing services.

(ii) LALCO Holdings Pte Ltd. is a limited liability company incorporated in Singapore in accordance with Company Registration No. 201542276K issued on December 2015. The principal business operations of the LALCO Holdings Pte Ltd. are provision of management, technology and business support services and investment holding business.

21.2 Shares premium

Share premium resulted from the IPO amounting to LAK 155,497,646,314 is the difference between the issue price (LAK 162,810,000,000) and the par value of the shares (LAK 6,030,000,000) after deducting share issuing cost (LAK 1,282,353,686).

22. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other parties to which the Company is related. A party is related to the Company if:

(a) directly, or indirectly through one or more intermediaries, the party:

- controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the Company that gives it significant influence over the Company; or
- has joint control over the Company.

(b) the party is a joint venture in which the Company is a venture;

(c) the party is a member of the key management personnel of the Company or its parent;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

During the six-month period ended 31 Mar 2021 and six-month period ended 31 Mar 2020 , other than the remuneration paid to the Board of Directors, the Company had transactions with the following related parties:

Related parties	*Relationship*
► Bluebird Co., Ltd.	Shareholder before 1 January 2018
► BBHD Co., Ltd.	Shareholder before 1 January 2018
► Lalugo Group Hotel Sole Co., Ltd	Owned by the former General Director and member of Board of Directors
► Ogisaka Co., Ltd.	Owned by the General Director

22.1 Significant transactions with related parties

There is no balance with related parties as at 31 Mar 2021 .

22.2 Significant balances with related parties

There is no balance with related parties as at 31 Mar 2021 .

23. RISK MANAGEMENT POLICIES

Introduction

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

The Company is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to various operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Company's policy is to monitor those business risks through the Company's strategic planning process.

Risk management structure

The Board of Management is responsible for the overall risk management approach and for approving the risk management strategies and principles.
The Board has appointed the Risk - Compliance Officer which has the responsibility to monitor the overall risk process within the Company.

24. CURRENCY RISK

Currency risk is the risk exposed to the Company due to changes in foreign exchange rates which adversely impact the Company's foreign currency positions. The Company has set limits on positions by currency, based on its internal risk assessment system and the BOL's regulations. Positions are monitored on a daily basis to ensure positions are maintained within the established limits. Breakdown of assets and liabilities which has been converted into LAK as at 31 Mar 2021 is as follows:

	In LAK LAK equivalent	*In USD LAK equivalent*	*In THB LAK equivalent*	*Total LAK equivalent*
ASSETS				
Cash and cash equivalents	6,485,626,521	111,417,668,179	16,014,055,945	133,917,350,645
Deposit with the Bank of Lao	1,968,900,000	-	-	1,968,900,000
Hire purchase receivables (*)	33,892,894,263	652,143,685,886	18,679,003,580	704,715,583,729
Other assets	19,504,744,906	-	-	19,504,744,906
TOTAL ASSETS	**61,852,165,690**	**763,561,354,065**	**34,693,059,525**	**860,106,579,280**
LIABILITIES				
Long-term borrowings	0	71,549,910,742	-	71,549,910,742
Other liabilities	4,157,850,534	-	-	4,157,850,534
TOTAL LIABILITIES	**4,157,850,534**	**71,549,910,742**	**-**	**75,707,761,276**
NET EXPOSURE	**57,694,315,156**	**692,011,443,323**	**34,693,059,525**	**784,398,818,004**

(*): This excludes allowance for impairment losses

On the assumptions that other variances are unchanged, the table below shows the sensitivity of profit before tax of the Company to changes occurring at suitable level of foreign exchange rates. Accordingly, the risk due to changes in foreign exchange rates of the Company is inconsiderable.

	Exchange rate increase 1.5%	*Exchange rate decrease 1.5%*
USD	10,380,171,650	(10,380,171,650)
THB	520,395,893	(520,395,893)
Total	**10,900,567,543**	**(10,900,567,543)**

25. INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Company is exposed to interest rate risk as a result of mismatches of interest rate re-pricing time of assets and liabilities. The Company manages this risk by matching the re-pricing time of assets and liabilities through risk management strategies. The table below analyzes the interest rate risk for financial assets and financial liabilities of the Company. The Company presents assets and liabilities according to the book value and classified by interest rate repricing date or the closest maturity, which is the earlier:

		Re-pricing time bands					
	Total LAK	*Up to 3 months LAK*	*From 3 to 12 months LAK*	*From 1 to 5 years LAK*	*Over 5 years LAK*	*Non-performing loans which are overdue for more than 90 days LAK*	*Non-interest bearing LAK*
ASSETS							
Cash and cash equivalents	133,917,350,645	-	-	-	-	-	133,917,350,645
Deposit with the Bank of Lao	1,968,900,000	-	-	-	-	-	1,968,900,000
Hire purchase receivables (*)	704,715,583,729	77,828,692,477	233,486,077,431	231,046,495,125	1,965,458,819	160,388,859,877	-
Other assets	19,504,744,906	-	-	-	-	-	19,504,744,906
TOTAL ASSETS	**860,106,579,280**	**77,828,692,477**	**233,486,077,431**	**231,046,495,125**	**1,965,458,819**	**160,388,859,877**	**155,390,995,551**
LIABILITIES							
Long-term borrowings	71,549,910,742	2,347,872,893	7,295,191,635	61,906,846,214	-	-	-
Other liabilities	4,157,850,534	-	-	-	-	-	4,157,850,534
TOTAL LIABILITIES	**75,707,761,276**	**2,347,872,893**	**7,295,191,635**	**61,906,846,214**	**-**	**-**	**4,157,850,534**
NET INTEREST SENSITIVITY GAP	**784,398,818,004**	**75,480,819,584**	**226,190,885,796**	**169,139,648,911**	**1,965,458,819**	**160,388,859,877**	**151,233,145,017**

(*): This excludes allowance for impairment losses

Assuming that all other variables unchanged, the fluctuation in interest rates as at 31 Mar 2021 that affect the pre-tax profit over the next 12 months period of the Company as at reporting date is as following:

Increase/(decrease) in basis points	*Sensitivity of profit before tax*
+ 100 bps	7,047,155,837
- 100 bps	(7,047,155,837)

26. LIQUIDITY RISK

Liquidity risk is defined as the risk that the Company might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. The table below summaries the maturity profile of the discounted cash flows of the Company's financial assets and liabilities as at the end of the reporting date.

	Book value LAK	*Up to 3 months LAK*	*From 3 to 12 months LAK*	*From 1 to 5 years LAK*	*Over 5 years LAK*	*Non-performing loans which are overdue more than 90 days LAK*
ASSETS						
Cash and cash equivalents	133,917,350,645	133,917,350,645	-	-	-	-
Deposit with the Bank of Lao	1,968,900,000	0	-	-	-	1,968,900,000
Hire purchase receivables (*)	704,715,583,729	77,828,692,477	233,486,077,431	231,046,495,125	1,965,458,819	160,388,859,877
Other assets	19,504,744,906	19,300,769,824	-	203,975,082	-	-
TOTAL ASSETS	**860,106,579,280**	**231,046,812,946**	**233,486,077,431**	**231,250,470,207**	**1,965,458,819**	**162,357,759,877**
LIABILITIES						
Long-term borrowings	71,549,910,742	2,347,872,893	7,295,191,635	61,906,846,214	0	0
Other liabilities	4,157,850,534	4,157,850,534	-	-	-	-
TOTAL LIABILITIES	**75,707,761,276**	**6,505,723,427**	**7,295,191,635**	**61,906,846,214**	**-**	**-**
NET LIQUIDITY GAP	**784,398,818,004**	**224,541,089,519**	**226,190,885,796**	**169,343,623,993**	**1,965,458,819**	**162,357,759,877**

(*): This excludes allowance for impairment losses

The Company assessed the concentration of risk with respect to refinancing its debts and concluded it to be low. The Company has access to a sufficient variety sources of funding and debt maturity within 12 months.

27. CAPITAL MANAGEMENT

Capital of the Company includes contributed equity.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital in order to support its business.

For the purpose of the Company's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent.

The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

	31 Mar 2021 *LAK*	*31 December 2019* *LAK*
Total liabilities	159,630,552,855	162,730,358,964
Less: Cash	(133,917,350,645)	(92,900,530,090)
Net debt	25,713,202,210	69,829,828,874
Equity	669,644,532,589	631,270,654,022
Capital plus net debt	695,357,734,799	701,100,482,896
Gearing ratio	4%	10%

29. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Company's financial assets and liabilities, fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the Company's management, the carrying amount of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values. In making this assessment, the Company's management assumes that hire purchase receivables are mainly held to maturity with fair values equal to their book value adjusted for allowance for impairment losses.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

All fair values of financial assets and liabilities are calculated or estimated for disclosure purpose using Level 3 valuation techniques in both years as bellows:

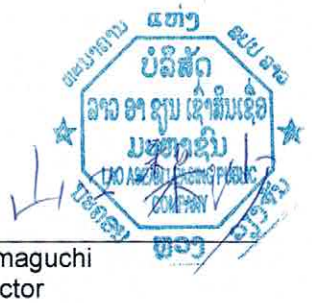
		Fair value			
	Carrying value	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets					
Cash and cash equivalents	133,917,350,645	133,917,350,645	-	-	133,917,350,645
Deposit with the Bank of Lao	1,968,900,000	0	-	-	1,968,900,000
Hire purchase receivables (*)	704,715,583,729	-	-	704,715,583,729	704,715,583,729
	840,601,834,374	**135,886,250,645**	**-**	**704,715,583,729**	**840,601,834,374**
Financial liabilities					
Borrowings	71,549,910,742	-	-	71,549,910,742	71,549,910,742
	71,549,910,742	**-**	**-**	**71,549,910,742**	**71,549,910,742**

(*): This includes allowance for impairment losses

There have been no transfers between fair value levels during the reporting period.

30. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST LAK AT REPORTING DATE

	31 Mar 2021	*31 December 2020*
	LAK	*LAK*
United State dollar ("USD")	9,368	9,273
Thai baht ("THB")	327.62	328.57



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Vientiane Capital, Lao PDR

14 May 2021