

MAHATHUEN LEASING COMPANY LIMITED

Financial Statements

Year ended December 31, 2017



ບໍລິສັດ ດີລອຍ (ລາວ) ຈຳກັດຜູ້ດຽວ
ອາຄານຕະຫຼາດຫຼັກຊັບລາວ
ບ້ານໂພນທັນ, ຖະໜົນ T4
ເມືອງໄຊເສດຖາ
ຕູ້ໂປສະນີ 2017, ນະຄອນຫຼວງວຽງຈັນ
ສປປ ລາວ

ໂທ : +856 21 419 300
ຟັກ : +856 21 419 305

Deloitte (Lao) Sole Company Limited
Lao Securities Exchange Building
Phonthan Village, T4 Road
Saysettha District
P.O. Box 2017, Vientiane Capital
Lao PDR

Tel : +856 21 419 300
Fax: +856 21 419 305
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND DIRECTORS
MAHATHUEN LEASING PUBLIC COMPANY

Opinion

We have audited the financial statements of Mahathuen Leasing Public Company (the "Company"), which comprise the statement of financial position as at December 31, 2017, and the statement of income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mahathuen Leasing Public Company as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with the basis for preparation and presentation of the financial statements and the basis of accounting described in Notes 2 and 3 to the financial statements.

Basis for Opinion

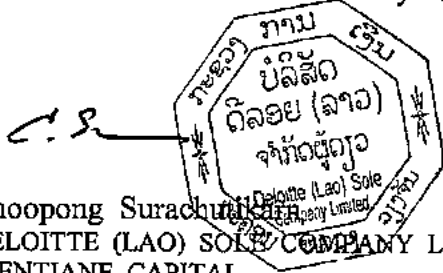
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting and Restriction on Distribution and Use

Without qualifying our opinion, we draw attention to Notes 2 and 3 to the financial statements, which describes the basis for preparation and presentation of the financial statements and the basis of accounting of the Company. These financial statements are not intended to present the financial position and its financial performance and its cash flows in accordance with International Financial Reporting Standards. The financial statements are prepared to assist the Company to meet the requirements of its shareholders and directors. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Company and its shareholders and directors and should not be distributed to or used by parties other than the Company or its shareholders and directors.

- Conclude on the appropriateness of management's use of the going concern the 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.



Choopong Surachuthi
DELOITTE (LAO) SOLE COMPANY LIMITED
VIENTIANE CAPITAL

April 24, 2018

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

UNIT : LAK

	Notes	2017	2016
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	2,033,555,517	913,147,509
Current portion of finance lease and installment loan receivables	5	32,162,409,615	32,067,226,094
Assets held for sale	6	123,101,216	366,595,553
Other current assets	7	218,293,115	3,445,926,253
Total Current Assets		34,537,359,463	36,792,895,409
NON-CURRENT ASSETS			
Cash deposit at Bank of the Lao PDR	8	1,388,002,700	1,388,002,700
Finance lease and installment loan receivables	5	14,900,153,611	18,032,813,286
Leasehold improvement and equipment	9	1,473,706,264	599,688,009
Intangible asset	10	1,694,000	115,685
Total Non-current Assets		17,763,556,575	20,020,619,680
TOTAL ASSETS		52,300,916,038	56,813,515,089

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

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2017

UNIT : LAK

	Notes	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and other payables	11	2,516,881,119	4,815,493,387
Short-term borrowing from a related party	12	9,600,000,000	15,755,000,000
Current portion of liability under finance lease agreement	13	31,607,634	-
Income tax payable		637,779,931	1,712,229,242
Other current liabilities		19,824,928	18,373,277
Total Current Liabilities		<u>12,806,093,612</u>	<u>22,301,095,906</u>
NON-CURRENT LIABILITIES			
Liability under finance lease agreement	13	162,242,814	-
Other non-current liabilities		80,918,738	74,881,238
Total Non-current Liabilities		<u>243,161,552</u>	<u>74,881,238</u>
TOTAL LIABILITIES		<u>13,049,255,164</u>	<u>22,375,977,144</u>
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital	14	27,760,000,000	27,760,000,000
Issued and paid-up share capital		27,760,000,000	27,760,000,000
RETAINED EARNINGS			
Appropriated - legal reserve	15	1,784,378,967	1,240,506,674
Unappropriated		9,707,281,907	5,437,031,271
TOTAL SHAREHOLDERS' EQUITY		<u>39,251,660,874</u>	<u>34,437,537,945</u>
TOTAL LIABILITES AND SHAREHOLDERS' EQUITY		<u>52,300,916,038</u>	<u>56,813,515,089</u>

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

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : LAK

	Notes	2017	2016
REVENUES			
Revenue from interest - finance leases and installment loans		16,291,616,404	15,522,370,119
Net gain on exchange rate			535,050,521
Other income	17	928,379,260	801,484,080
Total Revenues		<u>17,219,995,664</u>	<u>16,858,904,720</u>
EXPENSES			
Administrative expenses	18	7,577,628,523	7,455,026,883
Doubtful account and bad debt expense		555,054,349	924,082,311
Net loss on exchange rate		926,932,836	-
Finance costs		1,265,129,096	1,300,006,708
Total Expenses		<u>10,324,744,804</u>	<u>9,679,115,902</u>
PROFIT BEFORE INCOME TAX		6,895,250,860	7,179,788,818
INCOME TAX EXPENSE		(1,456,527,931)	(1,819,325,242)
NET PROFIT		<u>5,438,722,929</u>	<u>5,360,463,576</u>
BASIC EARNINGS PER SHARE (LAK)	14	196	209
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (SHARES)	14	27,760,000	25,688,088

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

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : LAK

	Notes	Paid-up Share Capital	Retained Earnings Appropriated Legal Reserve	Unappropriated	Total Shareholders' Equity
For the year ended December 31, 2016					
Beginning balance as at January 1, 2016		23,360,000,000	685,109,063	5,913,351,569	29,958,460,632
Increase in share capital	14	4,400,000,000	-	-	4,400,000,000
Profit for the year		-	-	5,360,463,576	5,360,463,576
Appropriation of legal reserve	15	-	555,397,611	(555,397,611)	-
Dividends paid	16	-	-	(5,281,386,263)	(5,281,386,263)
Ending balance as at December 31, 2016		<u>27,760,000,000</u>	<u>1,240,506,674</u>	<u>5,437,031,271</u>	<u>34,437,537,945</u>
For the year ended December 31, 2017					
Beginning balance as at January 1, 2017		27,760,000,000	1,240,506,674	5,437,031,271	34,437,537,945
Profit for the year		-	-	5,438,722,929	5,438,722,929
Appropriation of legal reserve	15	-	543,872,293	(543,872,293)	-
Dividends paid	16	-	-	(624,600,000)	(624,600,000)
Ending balance as at December 31, 2017	14	<u>27,760,000,000</u>	<u>1,784,378,967</u>	<u>9,707,281,907</u>	<u>39,251,660,874</u>

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

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : LAK

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense		6,895,250,860	7,179,788,818
Adjustments for:			
Bad debt and doubtful accounts		555,054,349	924,082,311
Amortization of deferred commission expense	4.2	1,933,404,188	1,562,516,840
Impairment loss of assets held for sale	6	14,960,000	31,050,000
Depreciation and amortization		287,664,430	262,864,730
Gain on sale of fixed assets			-
Finance cost		1,265,129,096	1,300,006,708
Unrealized loss on exchange rate		1,277,785,642	55,607,333
		<u>12,229,248,565</u>	<u>11,315,916,740</u>
Changes in operating assets and liabilities			
Decrease (increase) finance lease and installment loan receivables		632,231,976	(17,627,790,008)
Decrease (increase) asset held for sale		228,534,337	(302,199,963)
Decrease (increase) other current assets		3,227,633,138	(1,430,468,344)
(Decrease) increase trade and other payables		(2,202,484,344)	642,789,633
Increase in liability under finance lease agreement		193,850,447	-
Increase in other current liabilities		1,451,651	6,526,094
Increase in other non-current liabilities		6,037,500	6,141,638
Cash withdrawn from Bank of Lao PDR		-	947,997,300
Cash paid for interest		(1,361,257,020)	(1,225,398,528)
Cash paid for income tax		(2,530,977,242)	(505,623,359)
Net cash provided by (used in) operating activities		<u>10,424,269,008</u>	<u>(8,172,108,797)</u>
CASH FLOWS FROM INVESTING ACTIVITY			
Cash paid for purchases of leasehold improvement and equipment		(1,163,261,000)	(425,242,165)
Net cash used in investing activity		<u>(1,163,261,000)</u>	<u>(425,242,165)</u>

MAHATHUEN LEASING PUBLIC COMPANY
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

UNIT : LAK

	Notes	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from short-term borrowings			
from a related party		-	10,121,000,000
Cash paid for short-term borrowings			
from a related party		(7,516,000,000)	(1,982,000,000)
Cash received from share subscription	14	-	4,400,000,000
Dividends paid	16	(624,600,000)	(5,281,386,263)
Net cash provided by (used in)			
financing activities		<u>(8,140,600,000)</u>	<u>7,257,613,737</u>
Net increase (decrease) in cash and cash equivalents		1,120,408,008	(1,339,737,225)
Cash and cash equivalents as at January 1,		913,147,509	2,252,884,734
Cash and cash equivalents as at December 31,	4.1	<u><u>2,033,555,517</u></u>	<u><u>913,147,509</u></u>

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

**MAHATHUEN LEASING PUBLIC COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

1. GENERAL INFORMATION OF THE COMPANY

Mahathuen Leasing Public Company (the "Company") is a company, incorporated and domiciled in the Lao People's Democratic Republic ("Lao PDR"). The address of the Company's registered office is at 628, Ban Phonphanao, K5, Kaysonephomvihan Road, Saysettha District, Vientiane Capital, Lao PDR. The principal business of the Company is to retail finance business through providing credit line for individual customers to buy motorcycle.

The Company was incorporated on September 2, 2011 by obtaining Enterprise Registration Certificate from Ministry of Industry and Commerce. The Company commenced the operation after obtaining a license issued by Bank of the Lao PDR ("BOL") on June 11, 2012. On November 20, 2017, the Company has transformed from the limited company to Public Company Limited and changed the Company's name from Mahathuen Leasing Company Limited to Mahathuen Leasing Public Company.

The major shareholder of the Company is Mahathun Holding Company Limited (incorporated in Thailand) which own 97.58% of the Company's shares.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

The Company maintains its accounting records in Lao Kip ("LAK") and the financial statements have been prepared in accordance with basis of preparation and presentation of financial statements and the basis of accounting. The Company's basis of accounting applied materially differ from International Financial Reporting Standards ("IFRS"). Accordingly, these financial statements are not intended to present the financial position and its financial performance and cash flows in accordance with IFRS.

The financial statements have been prepared under the measurement basis of historical cost except as disclosed in the significant accounting policies.

3. 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:

3.1 Cash and cash equivalents

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

3.2 Finance lease and installment loan receivables

Finance lease and installment loan receivables are initially recognized at the value of the consideration received or receivable for the whole contract period which includes unearned interest income (interest to be received for the whole contract period) and subsequently measured at the remaining amount less remaining unearned interest income and allowance for doubtful debts. The amount of the allowance is the difference between the carrying amount of the receivables and the amount expected to be collectible. The amounts of receivables which are due within 12 months are classified as current assets. The remaining amounts are classified as non-current assets.

The Company includes the initial direct costs such as commission expense incurred at the origination of the finance lease contracts and installment loan contracts from negotiation and acquisition of the contracts in the initial measurement of finance lease and installment loan receivables. The Company amortizes the initial direct costs to expense by effective interest rate method over the term of contract. In case of early termination of the contracts, initial direct costs is fully amortized as expense.

The Company's management estimates the allowance for doubtful debts from the ending balance based on past collection experiences and current information. Bad debts are written off during the year in which they are identified and recognized in the statement of income. Bad debt recovery is recorded by reducing bad debt and doubtful account expense in the statement of income.

3.3 Asset held for sale

Asset held for sale is the asset seized from the lessee or borrower and is stated at net realizable value. Net realizable value is the estimated selling price less the expenses necessary to make the sale.

3.4 Leasehold improvement and equipment

Leasehold improvement 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 part 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.

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

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

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 an 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 statement of income where the carrying amount of asset is higher than the recoverable amount. The recoverable amount of asset is the higher of its fair value less costs to sell and its value in use.

3.5 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 to use the specific software. Amortization is calculated on the straight-line basis over their estimated useful lives 2 - 5 years.

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

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

3.6 Provisions

Provisions are recognized when it is probable that outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

3.7 Revenue and expense recognition

Revenue from interest-finance leases and installment loans is recognized on an accrual basis which is calculated by using the effective interest rate method. Commission expense is recognized as expense as described in Note 3.2 and presents by deducting the revenue from interest.

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.

3.8 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 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 unearned interest income. Lease income is recognized as described in Note 3.7.

3.9 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 period of the lease.

3.10 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 a foreign currency are carried at cost using the exchange rate at the date of 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.

3.11 Income tax expense

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

3.12 Basic earnings per share

Basic earnings per share are calculated by dividing net profit for the year by weighted average of ordinary shares issued and paid-up during the year.

3.13 Use of management's judgements

The preparation of financial statements of the Company in conformity with the Company's accounting policies requires the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents as at December 31, consist of the following:

	2017	2016
	LAK	LAK
Cash on hand	207,457,332	178,189,826
Cash at banks	<u>1,826,098,185</u>	<u>734,957,683</u>
	<u>2,033,555,517</u>	<u>913,147,509</u>

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

	2017	2016
	LAK	LAK
Initial direct cost brought forward	1,498,267,724	913,814,564
<u>Add</u> Increase during the years	2,305,945,000	2,146,970,000
<u>Less</u> Amortization of deferred commission expense	<u>(1,933,404,188)</u>	<u>(1,562,516,840)</u>
Initial direct cost carried forward	<u>1,870,808,536</u>	<u>1,498,267,724</u>

5. FINANCE LEASE AND INSTALLMENT LOAN RECEIVABLES

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

	December 31, 2017		
	Within one year	Over 1 year to 5 years	Total
	LAK	LAK	LAK
Finance lease receivables			
Finance lease receivables	18,545,931,720	3,713,377,000	22,259,308,720
<u>Less</u> Unearned interest income	<u>(4,228,107,964)</u>	<u>(601,241,732)</u>	<u>(4,829,349,696)</u>
<u>Add</u> Initial direct cost	<u>250,943,127</u>	<u>84,066,336</u>	<u>335,009,463</u>
	<u>14,568,766,883</u>	<u>3,196,201,604</u>	<u>17,764,968,487</u>
<u>Less</u> Allowance for doubtful debts	<u>(1,673,279,856)</u>	<u>(131,494,380)</u>	<u>(1,804,774,236)</u>
Total finance lease receivables	<u>12,895,487,027</u>	<u>3,064,707,224</u>	<u>15,960,194,251</u>
Installment loan receivables			
Installment loan receivables	27,079,666,653	14,840,921,000	41,920,587,653
<u>Less</u> Unearned interest income	<u>(8,429,783,974)</u>	<u>(3,454,937,352)</u>	<u>(11,884,721,326)</u>
<u>Add</u> Initial direct cost	<u>909,549,404</u>	<u>626,249,671</u>	<u>1,535,799,075</u>
	<u>19,559,432,083</u>	<u>12,012,233,319</u>	<u>31,571,665,402</u>
<u>Less</u> Allowance for doubtful debts	<u>(292,509,495)</u>	<u>(176,786,932)</u>	<u>(469,296,427)</u>
Total installment loan receivables	<u>19,266,922,588</u>	<u>11,835,446,387</u>	<u>31,102,368,975</u>
Total	<u>32,162,409,615</u>	<u>14,900,153,611</u>	<u>47,062,563,226</u>

	December 31, 2016		
	Within one year	Over 1 year to 5 years	Total
	LAK	LAK	LAK
Finance lease receivables			
Finance lease receivables	38,547,156,342	17,550,138,250	56,097,294,592
<u>Less</u> Unearned interest income	(11,215,537,280)	(3,870,844,019)	(15,086,381,299)
<u>Add</u> Initial direct cost	596,883,276	452,324,540	1,049,207,816
	<u>27,928,502,338</u>	<u>14,131,618,771</u>	<u>42,060,121,109</u>
<u>Less</u> Allowance for doubtful debts	(1,625,312,360)	(344,078,215)	(1,969,390,575)
Total finance lease receivables	<u>26,303,189,978</u>	<u>13,787,540,556</u>	<u>40,090,730,534</u>
Installment loan receivables			
Installment loan receivables	8,443,903,781	5,342,428,000	13,786,331,781
<u>Less</u> Unearned interest income	(2,889,082,123)	(1,236,207,449)	(4,125,289,572)
<u>Add</u> Initial direct cost	265,465,958	183,593,950	449,059,908
	<u>5,820,287,616</u>	<u>4,289,814,501</u>	<u>10,110,102,117</u>
<u>Less</u> Allowance for doubtful debts	(56,251,500)	(44,541,771)	(100,793,271)
Total installment loan receivables	<u>5,764,036,116</u>	<u>4,245,272,730</u>	<u>10,009,308,846</u>
Total	<u>32,067,226,094</u>	<u>18,032,813,286</u>	<u>50,100,039,380</u>

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

	2017	2016
	Finance lease and installment loan receivables net of unearned interest income LAK	Finance lease and installment loan receivables net of unearned interest income LAK
Not past due	36,196,559,667	37,773,514,037
Past due 1 - 3 periods	9,239,945,266	11,026,005,872
Past due 4 - 5 periods	394,673,289	548,116,908
Past due 6 - 12 periods	493,814,390	550,138,880
Past due over 12 periods	1,141,107,249	774,179,805
Total	<u>47,466,099,861</u>	<u>50,671,955,502</u>
Allowance for doubtful debts	<u>2,274,070,663</u>	<u>2,070,183,846</u>

For the years ended December 31, 2017 and 2016, bad debt expense recognized in the statement of income is LAK 351.17 million and LAK 116.40 million, respectively.

6. ASSET HELD FOR SALE

Asset held for sale as at December 31, consist of the following:

	2017	2016
	LAK	LAK
Asset held for sale - motorcycles	138,061,216	397,645,553
<u>Less</u> Allowance for diminution in value of assets	<u>(14,960,000)</u>	<u>(31,050,000)</u>
	<u>123,101,216</u>	<u>366,595,553</u>

7. OTHER CURRENT ASSETS

Other current assets as at December 31, consist of the following:

	2017	2016
	LAK	LAK
Other receivables - related parties (see Note 20)	4,705,000	3,330,065,393
Other receivables - other parties	-	7,500,000
Prepaid expenses	119,608,242	100,756,100
Advance payments	5,134,520	4,574,520
Others	88,845,353	3,030,240
	<u>218,293,115</u>	<u>3,445,926,253</u>

8. CASH DEPOSIT AT BANK OF THE LAO PDR

As at December 31, 2017 and 2016, the Company has restricted cash deposit as mandatory reserves with Bank of the Lao PDR (the "BOL") amounting to LAK 1,388 million which it is at 5% of total registered share capital of LAK 27,760 million. Such cash cannot be used for day-to-day operation. It can only be refunded if the Company permanently closes its business.

9. LEASEHOLD IMPROVEMENT AND EQUIPMENT

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

As at December 31, 2017

	Balance as at	Additions	Disposals	Balance as at
	January 1, 2017			December 31, 2017
	LAK	LAK	LAK	LAK
Cost:				
Office furniture and fixtures	263,894,900	644,176,727	-	908,071,627
Office equipment	402,766,292	84,250,743	-	487,017,035
Vehicles	800,460,295	431,929,530	-	1,232,389,825
Total	<u>1,467,121,487</u>	<u>1,160,357,000</u>	<u>-</u>	<u>2,627,478,487</u>
Accumulated depreciation:				
Office furniture and fixtures	(227,934,926)	(35,554,830)	-	(263,489,756)
Office equipment	(261,115,941)	(64,021,654)	-	(325,137,595)
Vehicles	(378,382,611)	(186,762,261)	-	(565,144,872)
Total	<u>(867,433,478)</u>	<u>(286,338,745)</u>	<u>-</u>	<u>(1,153,772,223)</u>
Leasehold improvement and equipment	<u>599,688,009</u>			<u>1,473,706,264</u>

As at December 31, 2016

	Balance as at January 1, 2016 LAK	Additions LAK	Disposals LAK	Balance as at December 31, 2016 LAK
Cost:				
Office furniture and fixtures	255,860,900	8,034,000	-	263,894,900
Office equipment	344,393,247	58,373,045	-	402,766,292
Vehicles	441,625,175	358,835,120	-	800,460,295
Total	1,041,879,322	425,242,165	-	1,467,121,487
Accumulated depreciation:				
Office furniture and fixtures	(185,327,167)	(42,607,759)	-	(227,934,926)
Office equipment	(190,910,995)	(70,204,946)	-	(261,115,941)
Vehicles	(235,154,678)	(143,227,933)	-	(378,382,611)
Total	(611,392,840)	(256,040,638)	-	(867,433,478)
Leasehold improvement and equipment	430,486,482			599,688,009
Depreciation for the years ended December 31,				
2017			LAK	<u>286,338,745</u>
2016			LAK	<u>256,040,638</u>

10. INTANGIBLE ASSET

Intangible asset as at December 31, consist of the following:

As at December 31, 2017

	Balance as at January 1, 2017 LAK	Additions LAK	Disposals LAK	Balance as at December 31, 2017 LAK
Computer software				
Cost	39,589,727	2,904,000	-	42,493,727
<u>Less Accumulated amortization</u>	<u>(39,474,042)</u>	<u>(1,325,685)</u>	<u>-</u>	<u>(40,799,727)</u>
	<u>115,685</u>			<u>1,694,000</u>

As at December 31, 2016

	Balance as at January 1, 2016 LAK	Additions LAK	Disposals LAK	Balance as at December 31, 2016 LAK
Computer software				
Cost	39,589,727	-	-	39,589,727
<u>Less Accumulated amortization</u>	<u>(32,649,950)</u>	<u>(6,824,092)</u>	<u>-</u>	<u>(39,474,042)</u>
	<u>6,939,777</u>			<u>115,685</u>

Amortization for the years ended December 31,

2017		LAK	<u>1,325,685</u>
2016		LAK	<u>6,824,092</u>

11. TRADE AND OTHER PAYABLES

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

	2017 LAK	2016 LAK
Trade payables - related parties (see Note 20)	318,291,000	93,135,000
Trade payables - other parties	1,220,810,333	1,075,108,333
Other tax payable	25,255,776	753,174,594
Accrued expenses	952,324,010	2,894,075,460
	<u>2,516,881,119</u>	<u>4,815,493,387</u>

12. SHORT-TERM BORROWING FROM A RELATED PARTY

Short-term borrowing from a related party as at December 31, consist of the following:

	Interest rate per loan agreement % p.a.	Balances as at December 31,			
		THB	2017 LAK	THB	2016 LAK
Short-term borrowing	10% - 12%	<u>37,500,000</u>	<u>9,600,000,000</u>	<u>68,500,000</u>	<u>15,755,000,000</u>

As at December 31, 2017 and 2016, short-term borrowing from a related party (see Note 20) represent unsecured borrowing which are repayable at maturity date within 1 year.

13. LIABILITY UNDER A FINANCE LEASE AGREEMENT

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

	Minimum lease payments		Present value of minimum lease payments	
	2017 LAK	2016 LAK	2017 LAK	2016 LAK
Within 1 year	50,622,268	-	50,622,268	-
Over 1 year and within 5 years	<u>179,584,082</u>	-	<u>179,584,082</u>	-
	230,206,350	-	230,206,350	-
Less Deferred interest	-	-	(36,355,902)	-
	<u>230,206,350</u>	-	<u>193,850,448</u>	-
			2017	2016
Liability under a finance lease agreement, current portion			31,607,634	-
Liability under a finance lease agreement, non - current portion			<u>162,242,814</u>	-
			<u>193,850,448</u>	-

14. SHARE CAPITAL AND EARNING PER SHARE

On January 6, 2016, the extraordinary shareholders' meeting passed a resolution to increase the registered share capital of the Company from LAK 23,360 million to LAK 25,600 million by issuing 280,000 new ordinary shares at par value LAK 8,000 each. The Company registered the increase of share capital with the Ministry of Industry and Commerce on January 28, 2016. On April 20, 2016, the Company had fully received the share capital, totalling LAK 2,240 million.

On June 1, 2016, the extraordinary shareholders' meeting passed a resolution to increase the registered share capital of the Company from LAK 25,600 million to LAK 27,760 million by issuing 270,000 new ordinary shares at par value LAK 8,000 each. The Company registered the increase of share capital with the Ministry of Industry and Commerce on June 15, 2016. On August 25, 2016, the Company had fully received the share capital, totalling LAK 2,160 million.

On August 10, 2017, the extraordinary shareholders' meeting approved to change par value of ordinary share from LAK 8,000 per share to LAK 1,000 per share. As a result, as at December 31, 2017, the number of shares increased from 3,470,000 shares to 27,760,000 shares. In addition, shareholders' meeting approved an increase of share capital of the Company from LAK 27.76 billion to LAK 40.00 billion in order to sell to the public when the Company is the listed company in Lao securities Exchange (LSX).

Movements in the ordinary shares for the years ended December 31, 2017 and 2016 are as follows:

	Number of share (Shares)	Par Value (LAK)	Ordinary share ⁽¹⁾ (LAK)
As at January 1, 2016	23,360,000	1,000 ⁽¹⁾	23,360,000,000
Increase of shares in January 2016	2,240,000	1,000 ⁽¹⁾	2,240,000,000
Increase of shares in June 2016	2,160,000	1,000 ⁽¹⁾	2,160,000,000
As at December 31, 2016	<u>27,760,000</u>	1,000 ⁽¹⁾	<u>27,760,000,000</u>
As at December 31, 2017	<u>27,760,000</u>	1,000	<u>27,760,000,000</u>

For the years ended December 31, 2017 and 2016, the Company calculated the weighted average number of ordinary shares as follows:

	2017 (Shares)	2016 ⁽¹⁾ (Shares)
Number of ordinary shares as at January 1,	27,760,000	23,360,000
Weighted average number of ordinary shares issued and paid-up during the year		
- 2,240,000 x 256/366	-	1,566,776
- 2,160,000 x 129/366	-	761,312
Weighted average number of ordinary shares for the year ended December 31,	<u>27,760,000</u>	<u>25,688,088</u>

⁽¹⁾ Number of share has been retrospectively adjusted because of change of par value from LAK 8,000 to LAK 1,000.

14. SHARE CAPITAL AND EARNING PER SHARE (CONTINUE)

Earnings per share of the year ending December 31, 2016 have been retrospectively adjusted from LAK 1,669 to LAK 209 because of change of par value from LAK 8,000 to LAK 1,000.

15. LEGAL RESERVE

Under the Articles 156, 157 and 195 of the Business Enterprise Law of Lao PDR, the limited and public companies shall annually put ten percent of the net profit into such fund. When the reserve fund accumulates half of the registered capital, the limited company may suspend such reduction. Unless otherwise, provided by the bylaws of the limited company. The legal reserve fund shall only be used to recover from the losses of the Company.

As at December 31, 2017 and 2016, the Company has appropriated legal reserve in the amount of LAK 1,784.38 million and LAK 1,240.51 million, respectively.

16. DIVIDENDS

On January 29, 2016, the extraordinary shareholders' meeting passed a resolution to pay dividends from the profit of the year 2015 to shareholders amounting to LAK 3,953.60 million. Such dividends were paid in January and July 2016.

On May 24, 2016, the extraordinary shareholders' meeting passed a resolution to pay the interim dividends from the profit of the year 2016 to shareholders amounting to LAK 1,327.79 million. Such dividends were paid in July 2016.

On February 24, 2017, the general meeting of shareholders passed a resolution to pay dividends from the profit of the year 2016 to shareholders amounting to LAK 624.60 million. Such dividends were paid in September 2017.

17. OTHER INCOME

Other income for the years ended December 31, are as follows:

	2017	2016
	LAK	LAK
Penalty income	566,912,999	475,847,850
Others	361,466,261	325,636,230
	<u>928,379,260</u>	<u>801,484,080</u>

18. ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended December 31, are as follows:

	2017 LAK	2016 LAK
Staff costs	4,114,040,737	3,677,214,730
Remuneration to managements	674,286,432	652,963,728
Utility expenses	321,274,316	309,421,635
Marketing expenses	36,659,375	363,199,890
Net loss on sales of assets held for sale	641,049,218	322,087,657
Professional fee	721,860,696	353,969,501
Depreciation and amortization (see Notes 9 and 10)	287,664,430	262,864,730
Entertainment expenses	142,809,341	99,201,501
Stationery expenses	119,836,710	120,493,497
Others	518,147,268	1,293,610,014
	<u>7,577,628,523</u>	<u>7,455,026,883</u>

19. TAXATION

The taxation system in the Lao PDR is characterized by numerous taxes and subject to interpretation. Different interpretations exist among numerous taxation authorities. In addition, taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

20. RELATED PARTY TRANSACTIONS

The Company has significant business transactions with its related parties which are key management personnel, including directors and company associated with these individuals also constitutes related parties. Such transactions have been dealt with on the terms and basis determined between the Company and related parties.

The amounts and nature of significant balances and transactions for the years ended December 31, are summarized as following:

Balances as at December 31, are as follows:

Account name/Company's name	Relationship	2017 LAK	2016 LAK
Other receivables			
Ms. Inthavilay Oudom	Shareholder and director	4,705,000	3,330,065,393
		<u>4,705,000</u>	<u>3,330,065,393</u>
Trade payables			
JB Honda	(1)	214,571,000	93,135,000
JB Honda Nonsavang	(1)	103,720,000	-
		<u>318,291,000</u>	<u>93,135,000</u>
Other payables			
JB Honda	(1)	4,623,360	6,316,830
		<u>4,623,360</u>	<u>6,316,830</u>

Account name/Company's name	Relationship	2017 LAK	2016 LAK
Short-term borrowing			
Ms. Inthavilay Oudom	Shareholder and director	9,600,000,000	15,755,000,000
		<u>9,600,000,000</u>	<u>15,755,000,000</u>
Accrued interest expense			
Ms. Inthavilay Oudom	Shareholder and director	46,280,256	142,408,180
		<u>46,280,256</u>	<u>142,408,180</u>

Transactions for the years ended December 31, are as follows:

Account name/Company's name	Relationship	2017 LAK	2016 LAK
Sales of asset held for sale			
JB Honda	(1)	115,300,000	12,768,000
		<u>115,300,000</u>	<u>12,768,000</u>
Purchases of leasing assets			
JB Honda	(1)	6,353,089,000	7,600,594,000
JB Honda Nonsavang	(1)	1,928,879,000	-
		<u>8,281,968,000</u>	<u>7,600,594,000</u>
Commission expense			
JB Honda	(1)	432,550,000	429,350,000
JB Honda Nonsavang	(1)	136,010,000	-
		<u>568,560,000</u>	<u>429,350,000</u>
Other expenses			
JB Honda	(1)	74,585,490	52,028,845
		<u>74,585,490</u>	<u>52,028,845</u>
Interest expense			
Ms. Inthavilay Oudom	Shareholder and director	1,255,936,477	1,300,006,708
		<u>1,255,936,477</u>	<u>1,300,006,708</u>

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

Managements' remuneration for the years ended December 31, consist of the following:

	2017 LAK	2016 LAK
Short-term benefits	674,286,432	652,963,728
	<u>674,286,432</u>	<u>652,963,728</u>

21. OPERATING LEASE COMMITMENT

The Company has commitments under long-term lease for office space. The minimum future lease payments under lease agreement as at December 31, 2017 and 2016 are summarized as follows:

	2017	2016
	LAK	LAK
Within one year	85,095,925	71,692,487
Over 1 year but not over 5 years	503,308,444	507,523,351
More than 5 years	468,736,000	-
	<u>1,057,140,369</u>	<u>579,215,838</u>

Under the lease agreement, the lessors required the Company to pay rental for 12 months in advance on the date of agreement.

For the years ended December 31, 2017 and 2016, rentals applicable to lease agreement which were paid and recorded as expense in the statements of income are LAK 182.14 million and LAK 172.67 million, respectively.

22. APPROVAL FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the authorized directors of the Company on April 24, 2018.