Lao ASEAN Leasing Public Company

Financial statements

For the three-month period ended 31 March 2024

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Lao ASEAN Leasing Public Company

GENERAL INFORMATION

THE COMPANY

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. On 9 September 2019, the Company received the Certificate of Initial Public Offering (IPO) completion issued by Lao Securities Commission Office. 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 principal business operation of the Company is to provide hire-purchase services through providing credit line for individual and corporate customers to buy motorcycles, cars and real estates.

Paid-up capital

The Company's registered paid-up capital as at 31 March 2024 is LAK 30,150,000,000 (31 March 2023 is LAK 30,150,000,000).

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 as at the date of this report are as follows:

Name	*Position*	*Date of appointment/resignation*
Mrs. Yuki Scott	Chairwoman	Re-Appointed on 28 April 2022
Mr. Mitsuteru Nagaya	Vice-chairman	Appointed on 15 September 2021
Mr. Yoshihito Oshima	Member	Appointed on 13 September 2022
Mr. Hirofumi Inada	Member	Appointed on 15 September 2021
Mrs. Harumi Ide	Member	Re-Appointed on 28 April 2022

MANAGEMENT

Members of the Management during the year 2023 and at the date of this report are as follows:

Name	*Position*	*Date of appointment/resignation*
Mr. Yoshihito Oshima	General Director	Appointed on 13 September 2022

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and as at the date of this report is Mr. Yoshihito Oshima – General Director.

AUDITORS

The auditor of the Company is Ernst & Young Lao Co., Ltd.

Lao ASEAN Leasing Public Company

REPORT OF MANAGEMENT

The Management of Lao ASEAN Leasing Public Company ("the Company") is pleased to present its report and the Company's financial statements as at and for the three-month period ended 31 March 2024.

MANAGEMENT'S 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 its 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 an appropriate accounting framework. 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.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of the results of its operations, its changes in equity and its cash flows for the three-month period ended 31 March 2024 in accordance with International Financial Reporting Standards.

For and on behalf of Management:

Mr. Yoshihito Oshima
General Director

Vientiane Capital, Lao PDR

19 June 2024

Lao ASEAN Leasing Public Company

STATEMENT OF PROFIT OR LOSS
for the three-month period ended 31 March 2024

	Notes	*For the three-month period ended 31 March 2024* LAK	*For the three-month period ended 31 March 2023* LAK
Interest income calculated using effective interest method		96,000,513,224	96,432,352,256
Other interest and similar income		11,186,958,023	7,668,232,699
Interest expenses calculated using effective interest method		(498,056,305)	(861,422,656)
Net interest income	**8**	**106,689,414,942**	**103,239,162,299**
Fees and commission income		-	-
Fees and commission expense	9	(2,954,258,887)	(2,408,443,264)
Net fees and commission income		**(2,954,258,887)**	**(2,408,443,264)**
Other operating income		831,598,503	886,746,742
Total operating income		**104,566,754,558**	**101,717,465,777**
Change in allowance for impairment losses	11	-	-
NET OPERATING INCOME		**104,566,754,558**	**101,717,465,777**
Personnel expenses	10	(13,331,412,872)	(11,922,092,390)
Depreciation of property and equipment	15	(619,104,074)	(385,671,157)
Other operating expenses	11	(19,122,088,889)	(13,264,067,835)
TOTAL OPERATING EXPENSES		**(33,072,605,835)**	**(25,571,831,382)**
PROFIT BEFORE TAX		**71,494,148,723**	**76,145,634,395**
Current profit tax expense	18	-	-
NET PROFIT FOR THE YEAR		**71,494,148,723**	**76,145,634,395**

Mr. Yoshihito Oshima
General Director

Mr.Takuro Nishida
Chief Finance Officer

Vientiane Capital, Lao PDR

19 June 2024

Lao ASEAN Leasing Public Company

STATEMENT OF COMPREHENSIVE INCOME
for the three-month period ended 31 March 2024

	Notes	*For the three-month period ended 31 March 2024 LAK*	*For the three-month period ended 31 March 2023 LAK*
NET PROFIT FOR THE YEAR		**71,494,148,723**	**76,145,634,395**
Other comprehensive income		-	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**71,494,148,723**	**76,145,634,395**
Earnings per share			
Basic, profit for the year attributable to ordinary equity holders	19	237	253

Mr. Yoshihito Oshima
General Director

Mr.Takuro Nishida
Chief Finance Officer

Vientiane Capital, Lao PDR

19 June 2024

Lao ASEAN Leasing Public Company

STATEMENT OF FINANCIAL POSITION
as at 31 March 2024

	Notes	31 March 2024 LAK	31 December 2023 LAK
ASSETS			
Current assets			
Cash and cash equivalents	12	250,093,870,786	191,315,208,217
Due from banks	13	8,524,413,358	8,352,510,192
Hire purchase receivables - current portion		1,011,925,544,667	995,388,274,173
Other current assets	14	457,051,943,276	455,789,830,366
Total current assets		**1,727,595,772,087**	**1,650,845,822,948**
Non-current assets			
Hire purchase receivables - non-current portion		76,074,149,054	74,830,916,499
Property, equipment and right of use asset	15	9,344,793,091	9,196,786,238
Other non-current assets		1,158,825	1,158,825
Total non-current assets		**85,420,100,970**	**84,028,861,562**
TOTAL ASSETS		**1,813,015,873,057**	**1,734,874,684,510**
LIABILITIES			
Current liabilities			
Statutory obligations	16	134,964,338,050	134,964,338,050
Other current liabilities		8,185,306,809	8,644,434,558
Total current liabilities		**143,149,644,859**	**143,608,772,608**
Non-current liabilities			
Long-term borrowings	17	29,413,822,737	22,307,655,164
Due to related parties	21	1,316,180,748	1,316,180,748
Total non-current liabilities		**30,730,003,485**	**23,623,835,912**
TOTAL LIABILITIES		**173,879,648,344**	**167,232,608,520**
EQUITY			
Registered paid-up capital	20	30,150,000,000	30,150,000,000
Share premium	20	155,497,646,314	155,497,646,314
Other capital		290,000,000	290,000,000
Retained earnings		1,438,123,578,399	1,366,629,429,676
Legal reserve		15,075,000,000	15,075,000,000
TOTAL EQUITY		**1,639,136,224,713**	**1,567,642,075,990**
TOTAL LIABILITIES AND EQUITY		**1,813,015,873,057**	**1,734,874,684,510**

Mr. Yoshihito Oshima
General Director

Mr.Takuro Nishida
Chief Finance Officer

Vientiane Capital, Lao PDR

19 June 2024

Lao ASEAN Leasing Public Company

STATEMENT OF CHANGES IN EQUITY
as at 31 March 2024

	Registered paid-up capital LAK	*Legal reserve LAK*	*Share premium LAK*	*Other capital LAK*	*Retained earnings LAK*	*Total LAK*
Balances as at 1 January 2023	**30,150,000,000**	**-**	**155,497,646,314**	**290,000,000**	**1,018,166,056,605**	**1,204,103,702,919**
Profit for the year	-	-	-	-	380,723,873,071	380,723,873,071
Legal reserve	-	15,075,000,000	-	-	(15,075,000,000)	-
2021 dividend paid	-	-	-	-	(17,185,500,000)	(17,185,500,000)
Balances as at 31 December 2023	**30,150,000,000**	**15,075,000,000**	**155,497,646,314**	**290,000,000**	**1,366,629,429,676**	**1,567,642,075,990**
Profit for the three-month period ended 31 March 2024	-	-	-	-	71,494,148,723	71,494,148,723
Balances as at 31 March 2024	**30,150,000,000**	**15,075,000,000**	**155,497,646,314**	**290,000,000**	**1,438,123,578,399**	**1,639,136,224,713**

Mr. Yoshihito Oshima
General Director

Mr. Takuro Nishida
Chief Finance Officer

Vientiane Capital, Lao PDR

19 June 2024

Lao ASEAN Leasing Public Company

STATEMENT OF CASH FLOWS
for the three-month period ended 31 March 2024

	Notes	*For the three-month period ended 31 March 2024* LAK	*For the three-month period ended 31 March 2023* LAK
OPERATING ACTIVITIES			
Profit before tax		**71,494,148,723**	**76,145,634,395**
Adjustments for:			
Depreciation and amortization charges	15	619,104,074	385,671,157
Interest expenses		498,056,305	861,422,656
Interest Incomes		(96,000,513,224)	(96,432,352,256)
Change in operating assets			
Net change in hire purchase receivable		(17,780,503,049)	30,908,888,035
Net change in other assets		(1,434,016,076)	(146,306,253,540)
Change in operating liabilities			
Net change in other liabilities		-	(4,304,626,171)
Interest paid		(957,184,054)	(1,018,895,552)
Interest received		96,000,513,224	96,432,352,256
Net cash flows from/(used in) operating activities		**52,439,605,923**	**(43,328,159,020)**
INVESTING ACTIVITIES			
Acquisitions of property and equipment		(767,110,927)	(12,007,613,480)
Net cash flows used in investing activities		**(767,110,927)**	**(12,007,613,480)**
FINANCING ACTIVITIES			
Borrowing drawdown		7,106,167,573	11,367,000,000
Net cash flows from financing activities		**7,106,167,573**	**11,367,000,000**
Net change in cash and cash equivalents		**58,778,662,569**	**(43,968,772,500)**
Cash and cash equivalents at the beginning of the period	**12**	**191,315,208,217**	**189,632,451,442**
Cash and cash equivalents at the end of the period	**12**	**250,093,870,786**	**145,663,678,942**

Mr. Yoshihito Oshima
General Director

Mr.Takuro Nishida
Chief Finance Officer

Vientiane Capital, Lao PDR

19 June 2024

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. On 9 September 2019, the Company received the Certificate of Initial Public Offering (IPO) completion issued by Lao Securities Commission Office. 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 principal business operation of the Company is to provide hire-purchase services through providing credit line for individual and corporate customers to buy motorcycles, cars and real estates.

The registered paid-up capital as at 31 March 2024 is LAK 30,150,000,000 (31 March 2023 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 March 2024 is 507 people (2023: 497 people).

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board "(IASB").

The Company maintains its accounting records in Lao Kip ("LAK") which is the Company's functional currency and presents its financial statements in Lao Kip.

The Company's fiscal years start on 1 January and end on 31 December.

3. STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

4. PRESENTATION OF FINANCIAL STATMENTS

The Company presents its statement of financial position in order of liquidity. Financial assets and financial liabilities are generally reported gross in the 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The following are the significant accounting policies applied by the Company in preparing its consolidated financial statements:

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 March 2024 and 31 March 2023 as presented in Note 22). 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 Recognition of interest income

5.2.1 The effective interest rate method ("EIR")

Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the hire purchase receivable. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.2 Recognition of interest income (continued)

5.2.2 Interest and similar income and expense

Net interest income comprises interest income and interest expense calculated using the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense.

Interest income/expense calculated using the effective interest method, the Company only includes interest on those financial instruments that are set out in Note 5.2.1.

The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Company calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

5.3 Net loss on derecognition of financial assets measured at amortised cost

Net loss on derecognition of financial assets measured at amortised cost includes loss (or income) recognised on sale or derecognition of financial assets measured at amortised costs calculated as the difference between the book value (including impairment) and the proceeds received.

5.4 Financial instruments - initial recognition

5.4.1 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.

5.4.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 5.6.1.1 and Note 5.6.1.2. Financial instruments are initially measured at their fair value (as defined in Note 5.6), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Financial receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company account for the Day 1 profit or loss, as described below.

5.4.3 'Day 1' profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.4 Financial instruments - initial recognition (continued)

5.4.4 Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms, measured at either:

- Amortised cost, as explained in Notes 5.6.1;
- FVOCI (The Company has not got any financial assets classified at FVOCI);
- FVTPL (The Company has not got any financial assets classified at FVTPL).

Financial liabilities are measured at amortised cost or at FVTPL when they are held for trading or the fair value designation is applied (The Company has not got any financial liabilities classified at FVTPL).

5.5 Determination of fair value

The Company uses the valuation techniques commonly used by market participants to price financial instruments and techniques which have been demonstrated to provide reliable estimates of prices obtained in actual market transactions. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company accesses to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available at the reporting date.
- Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
- Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassify instruments when necessary based on the facts at the end of the reporting period.

5.6 Financial assets and liabilities

5.6.1 Due to other credit institutions, Hire purchase receivables, Advance to related parties at amortised cost

The Company only measures due to other credit institutions, hire purchase receivables, advance to related parties at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.6 *Financial assets and liabilities* (continued)

5.6.1 Due to other credit institutions, Hire purchase receivables, Advance to related parties at amortised cost (continued)

5.6.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

5.6.1.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL..

5.7 *Reclassification of financial assets*

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.8 De-recognition of financial assets and financial liabilities

5.8.1 Derecognition due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as hire purchase receivables, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new hire purchase receivables, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised hire purchase receivables are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise a hire purchase receivable, amongst others, the Company considers the following factors:

- Change in the currency of the hire purchase receivable;
- Change in counterparty; and
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, as set out below, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded. For financial liabilities, the Company considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent (10%). For financial assets, this assessment is based on qualitative factors.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

5.8.2 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 March 2024, the Company does not have financial assets which are subject to such arrangements. when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest;
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients for the obligation to pay them cash flows; and

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.8 *De-recognition of financial assets and financial liabilities* (continued)

5.8.2 Financial assets (continued)

- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents, including interest earned, during the short settlement period from the collection date to the date of required remittance to the eventual recipients.

A transfer only qualifies for de-recognition 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.

The Company considers 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 neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises 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.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

5.8.3 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.

5.8.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Financial assets and financial liabilities are generally reported gross in the statement of financial position except when IFRS netting criteria are met.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5.8.4 Offsetting of financial assets and financial liabilities (continued)

Other instruments are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the Company also intends to settle on a net basis in all 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.

5.9 Impairment of financial assets

5.9.1 Overview of the ECL principles

The Company's hire purchase receivable loss impairment applied a forward-looking ECL approach. The Company has been recording the allowance for expected credit losses for all hire purchase receivables and other debt financial assets not held at FVTPL in this section all referred to as 'financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL") as outlined in Note 5.9.2. The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 29.1.

The 12-month ECL is the portion of lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on a collective basis as each hire purchase receivable of the Company is immaterial to the financial statements of the Company. The Company classes the hire purchase receivables to customers based on the product types.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 29.1.

Based on the above process, the Company groups its hire purchase receivables and other financial instrument into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 — When financial instruments are first recognised, the Company recognises an allowance based on 12m ECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and the financial instruments has been reclassified from Stage 2.
- Stage 2 — When financial instruments has shown a significant increase in credit risk since origination, the Company records an allowance for the lifetime ECLs. Stage 2 financial instruments also include facilities, where the credit risk has improved and the financial instruments has been reclassified from Stage 3.
- Stage 3 — Financial instruments considered credit-impaired (as outlined in Note 29.1). The Company records an allowance for the life time ECLs.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.9 *Impairment of financial assets* (continued)

5.9.2 The calculation of ECLs

The Company calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default ("PD") — The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 29.1.
- Exposure at Default ("EAD") — The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, accrued interest from missed payments. The EAD is further explained in Note 29.1.
- Loss Given Default ("LGD") — The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 29.1.

When estimating the ECLs, the company calculates a weighted average of the macroeconomic forecasts from external sources. From there, the company takes into accounts the impact of economic factors to through-the-circle PD using expert judgments.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

- Stage 1 — The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by the original EIR. PD calculation is made for each of the three scenarios, as explained above.
- Stage 2 — When a hire purchase receivable has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by the original EIR.
- Stage 3 — For hire purchase receivables considered credit-impaired, the Company recognises the lifetime expected credit losses for these hire purchase receivables. The method is similar to that for Stage 2 assets, with the PD set at 100%.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.9 Impairment of financial assets (continued)

5.9.3 Forward looking information

In its ECL models, the Company relies on a range of forward-looking information as economic inputs, such as:

- GDP growth;
- Foreign exchange rate.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

5.10 Write-offs

Financial assets are written off when the Company has no reasonable expectation of recovering a financial asset. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to other income.

5.11 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.

5.12 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:

Computer equipment	20%
Furniture and fixtures	20%
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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.13 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

5.13.1 Company as a leasee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

5.14 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.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.14 *Impairment of non-financial assets* (continued)

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.

5.15 *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 December 2023, 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 financial statements.

5.16 *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)

5.17 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)

5.18 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 financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation

5.19 Reserves

Under the requirement of Enterprise Law no. 46/NA dated 26 December 2013, public companies are required to appropriate net profit to legal reserve fund.

The legal reserve fund is a fund to secure against risks, which is ten percent (10%) of its net profit into the reserve fund, after deducting its accumulated losses. When the legal reserve reaches one-half of the contributed charter capital, the Company may suspend the conversion of profit to such fund, unless otherwise approved by the Company's owners.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's 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 financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

6.1 Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit quality assessment, which assigns PDs to the individual grades;
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL or elements of ECL are is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as GDP growth, CPI index and the overdue rate, and the effect on PDs;
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

6.2 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 financial statements continue to be prepared on the going concern basis.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

6.3 Effective Interest Rate ("EIR") method

The Company's EIR methodology, as explained in Note 5.2.1, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral 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.

6.4 Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Although in Laos tax losses can be utilised indefinitely, judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Company is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Company does not include detailed, case-specific disclosers in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

6.5 Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings, arising in the ordinary course of the Company's business.

7. SEGMENT INFORMATION

A segment is a component determined separately by the Company which is engaged in providing products or related services (business segment) or providing products or services in a particular economic environment (geographical segment), that is subject to risks and returns that are different from those of other segments.

The Company's principal activities per Business License are provide hire-purchase services through providing credit line for individual and corporate customers to buy motorcycles and cars. In addition, these activities are only taking place within Lao PDR. Therefore, the Company's risks and returns are not impacted by the Company's services that the Company is providing or the locations where the Company is doing the business. As a result, the Company's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

8. NET INTEREST INCOME

	For the three-month period ended 31 March 2024 LAK	*For the three-month period ended 31 March 2023 LAK*
Interest and similar income calculated using effective interest method from:		
Hire purchase receivables	95,980,542,705	96,381,013,700
Saving deposit	19,970,519	51,338,556
Other interest and similar income	11,186,958,023	7,668,232,699
	107,187,471,247	**104,100,584,955**
Interest expenses calculated using effective interest method for:		
Long-term borrowings	(498,056,305)	(861,422,656)
Net interest income	**106,689,414,942**	**103,239,162,299**

9. FEES AND COMMISSION EXPENSE

	For the three-month period ended 31 March 2024 LAK	*For the three-month period ended 31 March 2023 LAK*
Fees and commission expense for		
Commission fees	2,014,493,523	808,368,538
Car/bike ownership changing fee	565,257,000	916,772,600
Other fees	374,508,364	683,302,126
	2,954,258,887	**2,408,443,264**

10. PERSONNEL EXPENSES

	For the three-month period ended 31 March 2024 LAK	*For the three-month period ended 31 March 2023 LAK*
Wages and salaries	10,639,603,875	9,166,972,573
Other staff costs	2,691,808,997	2,755,119,817
	13,331,412,872	**11,922,092,390**

11. OTHER OPERATING EXPENSES

	For the three-month period ended 31 March 2024 LAK	*For the three-month period ended 31 March 2023 LAK*
Marketing	-	11,807,011
Petrol	559,245,749	515,027,400
Supplies	407,142,405	494,359,595
Legal fees	232,061,500	293,160,010
Repairs and maintenance	430,089,448	847,877,749
Utilities	2,016,686,522	2,774,736,858
Insurance	-	33,059,366
Transportation and travel	2,147,468,313	1,213,486,596
Taxes and social insurance obligation	8,003,566,357	1,546,972,996
Rental expenses	2,722,266,135	1,818,503,557
Consultancy fee	1,296,416,540	2,670,130,109
Others	1,307,145,920	1,044,946,588
	19,122,088,889	**13,264,067,835**

12. CASH AND CASH EQUIVALENTS

	31 March 2024 LAK	*31 December 2023 LAK*
Cash on hand	2,600,392,945	2,793,658,833
Demand/saving deposits at banks		
- in LAK	1,083,488,596	1,132,742,630
- in THB	4,449,545,716	1,976,006,120
- in USD	239,851,415,033	183,140,770,174
- in other currencies	173,281,039	173,281,039
Term deposit with term below 3 months in USD	1,935,747,457	2,098,749,421
Allowance for ECL	-	-
	250,093,870,786	**191,315,208,217**

13. DUE FROM BANKS

	31 March 2024 LAK	*31 December 2023 LAK*
Accounts with BOL		
- Registered capital reserve in LAK (*)	1,968,900,001	1,968,900,001
Accounts with Lao - Viet Bank Co., Ltd		
- Term deposit in USD	6,555,513,357	6,383,610,191
Allowance for ECL	-	-
	8,524,413,358	**8,352,510,192**

(*) Under regulations of the BOL, the Company is required to maintain a minimum balance of special deposit at the BOL which is at least 5% of the Company's registered capital and upon the notice of request from the BOL from time to time. This balance earns no interest.

14. OTHER ASSETS

	31 March 2024 LAK	*31 December 2023 LAK*
Advances to related parties (Note 21.1.1) (*)	434,597,603,418	433,335,490,508
Advance to building apartment (**)	11,634,420,560	11,634,420,560
Others	2,228,106,887	2,228,106,887
Dividend tax advance	1,487,761,490	1,487,761,490
Rental prepayment	83,668,694	83,668,694
Other advances	7,020,382,227	7,020,382,227
	457,051,943,276	**455,789,830,366**

(*) Including the Payment on behalf of Pawn Shop Number One Individual Enterprise and O International Co., Ltd for purpose of land acquisition of those related Companies. According to the Agreement of the LALCO with Pawn Shop Number One Individual Enterprise and O International Co., Ltd signed on Jan 2021, the two companies has to repay LALCO within 5 years. The purchased lands are used as collateral for the advance and the land titles will transfer to LALCO each company fail to pay on time. LALCO also manage all land certificates and only release upon receiving full payment.

(**) The balance is the outstanding amount of advance from the company to ACEB Estate development Co., Ltd according to the contract for an investment into an apartment building. The advances were made in USD with total of USD 1,000,000. This was advanced for investment and will be repaid or due within the next twelve months.

15. PROPERTY, EQUIPMENT AND RIGHT OF USE ASSET

Movements of property and equipment for the three-month period ended 31 March 2024 are as follows:

	Vehicles	*Furniture and fixtures*	*Computer equipment*	*Right of Use asset*	*Total*
	LAK	*LAK*	*LAK*		*LAK*
Cost					
As at 1 January 2024	8,229,669,143	2,104,365,191	7,273,917,218	3,849,194,340	21,457,145,892
Additions	-	655,383,027	111,727,900	-	767,110,927
As at 31 March 2024	8,229,669,143	2,759,748,218	7,385,645,118	3,849,194,340	22,224,256,819
Accumulated depreciation					
As at 1 January 2024	4,737,846,412	858,264,099	4,492,773,135	2,171,476,008	12,260,359,654
Charge for the period	213,774,178	126,005,434	279,324,462	-	619,104,074
As at 31 March 2023	4,951,620,590	984,269,533	4,772,097,597	2,171,476,008	12,879,463,728
Net book value					
As at 1 January 2024	3,491,822,731	1,246,101,092	2,781,144,083	1,677,718,332	9,196,786,238
As at 31 March 2024	3,278,048,553	1,775,478,685	2,613,547,521	1,677,718,332	9,344,793,091

Movements of property and equipment for the three-month period ended 31 March 2023 are as follows:

	Vehicles	*Furniture and fixtures*	*Computer equipment*	*Right of Use asset*	*Total*
	LAK	*LAK*	*LAK*		*LAK*
Cost					
As at 1 January 2023	4,369,517,343	1,360,587,275	5,882,533,935	1,678,823,758	13,291,462,311
Additions	1,105,374,200	98,307,238	116,850,841	10,687,081,200	12,007,613,479
As at 31 December 2023	5,474,891,543	1,458,894,513	5,999,384,776	12,365,904,958	25,299,075,790
Accumulated depreciation					
As at 1 January 2023	4,187,281,526	572,950,066	3,359,284,648	569,342,019	8,688,858,259
Charge for the period	32,245,902	59,342,540	294,082,715	-	385,671,157
As at 31 March 2023	4,219,527,428	632,292,606	3,653,367,363	569,342,019	9,074,529,416
Net book value					
As at 1 January 2023	182,235,817	787,637,209	2,523,249,287	1,109,481,739	4,602,604,052
As at 31 March 2023	1,255,364,115	826,601,907	2,346,017,413	11,796,562,939	16,224,546,374

16. STATUTORY OBLIGATIONS

	31 March 2024 LAK	*31 December 2023 LAK*
Personal income taxes	404,976,126	404,976,126
Foreign contractor withholding taxes	4,092,620,001	4,092,620,001
Profit tax	121,372,016,630	121,372,016,630
Other	9,094,725,293	9,094,725,293
	134,964,338,050	**134,964,338,050**

17. BORROWINGS

Borrowings as at 31 March 2024 are as follows:

Lender	*31 March 2024 LAK*	*31 December 2023 LAK*
Local banks	29,413,822,737	22,307,655,164
	29,413,822,737	**22,307,655,164**
In which:		
Non-current portion	*29,413,822,737*	*22,307,655,164*

18. PROFIT TAX

Current profit tax

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, profit tax ("PT") rate at 13% applies to the listed companies in LSX for a period of four years commencing from listed date and at 20% for the subsequent years. Accordingly, the Company's PT rate for the years Which start from 19 August 2019 to 19 August 2023 is 13%.

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

19. 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:

	For the three-month period ended 31 March 2024 LAK	*For the three-month period ended 31 March 2023 LAK*
Profit attributable to ordinary equity holders of the parent	71,494,148,723	76,145,634,395
Weighted average number of ordinary shares	301,500,000	301,500,000
Earnings per share	237	253

20. PAID UP CAPITAL

20.1 Ordinary shares

	31 March 2024		*31 December 2023*	
	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
Closing balance	**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:

	31 March 2024		*31 December 2023*	
	Total (LAK)	*Number of ordinary shares*	*Total (LAK)*	*Number of ordinary shares*
O International Ltd. (i)	803,300,000	8,033,000	6,170,270,000	61,702,700
LALCO Holdings Pte Ltd. (ii)	23,617,480,000	236,174,800	23,617,480,000	236,174,800
Plumeria Investment Ltd (iii)	5,415,510,000	54,155,100	-	-
Other public investors	313,710,000	3,137,100	362,250,000	3,622,500
	30,150,000,000	301,500,000	**30,150,000,000**	301,500,000

(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.

(iii) Plumeria Investments Ltd. is a limited liability company incorporated in Cayman Islands in accordance with Company Registration No. 320262 issued on February 2017. The principal business operations of the Plumeria Investments Ltd. are investment holding and provision of consulting and financing services

20. PAID UP CAPITAL (continued)

20.2 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).

21. 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.

Related parties	*Relationship*
► O International Ltd.	Shareholder
► 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
► Laluco Hotel 1 Sole Co., Ltd	Owned by the former General Director and member of Board of Directors
► Mekong Finance	Owned by the General Director
► Ogisaka Co., Ltd.	Owned by the General Director
► Pawn shop number one Individual Enterprise	Affiliate
► Lao Thongkeo leasing Company Limited	Owned by the Chief Operating Officer
► Lalco holding Pte	Shareholder
► Lalco Trading., Ltd	Owned by the General Director
► O International Ltd.	Affiliate

21. RELATED PARTY TRANSACTIONS (continued)

21.1 Significant balances with related parties

21.1.1 Advance to related parties (Note 14)

	Relationship	*31 March 2024 LAK*	*31 December 2023 LAK*
Pawn Shop Number One Individual Enterprise (*)	Affiliate	194,389,626,955	194,389,626,955
O International Ltd. (**)	Affiliate	224,938,447,465	223,676,334,555
Lalco Trading., Ltd	Owned by the General Director	15,269,528,998	15,269,528,998
		434,597,603,418	**433,335,490,508**

(*) The balance is the outstanding amount of advance from the company Pawn Shop Number One Individual Enterprise for purchase land.

(**) The balance is the outstanding amount of advance from the company to O International Ltd. for durian farm, coffee and others.

21.1.2 Advance from related parties

	31 March 2024 LAK	*31 December 2023 LAK*
Lao Thongkeo Leasing Company Limited	1,316,180,748	1,316,180,748
	1,316,180,748	**1,316,180,748**

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

	31 March 2024 LAK	*31 December 2023 LAK*
United State dollar ("USD")	21,043	20,468
Thai baht ("THB")	646	636
Japanese yen ("JPY")	138	144

23. EVENTS AFTER THE REPORTING DATE

Other than as disclosed elsewhere in these financial statements, there is no other matter or circumstance that has arisen since 31 December 2023 that requires adjustment or disclosure in the financial statements of the Company.

Mr. Yoshihito Oshima
General Director

Mr.Takuro Nishida
Chief Finance Officer

Vientiane Capital, Lao PDR

19 June 2024