

Reference: 60904110/16135658

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors
Banque Franco - Lao Limited

We have audited the accompanying financial statements of Banque Franco - Lao Limited ("the Bank") as set out on pages 5 to 29, which comprise the balance sheet as at 31 December 2012, the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Enterprise Accounting Law of Lao P.D.R and other relevant accounting regulations stipulated by the Bank of Lao P.D.R, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

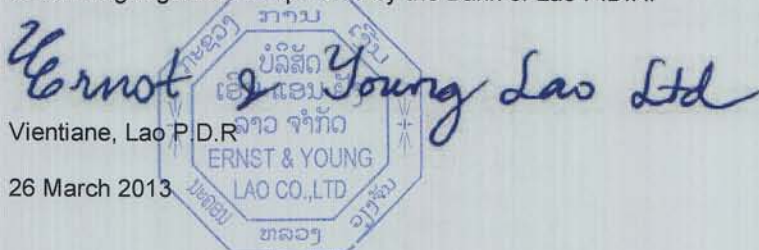
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Banque Franco - Lao Limited as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Enterprise Accounting Law of Lao P.D.R and relevant accounting regulations stipulated by the Bank of Lao P.D.R.

Vientiane, Lao P.D.R

26 March 2013


The stamp is a circular official seal of Ernst & Young Lao Ltd. It contains the company name in Lao and English, along with the registration number. Overlaid on the stamp is a handwritten signature in blue ink that reads "Ernst & Young Lao Ltd".

Banque Franco - Lao Limited

INCOME STATEMENT
for the year ended 31 December 2012

Code	ITEMS	Notes	2012 LAKm	2011 LAKm
A.	OPERATING INCOME AND EXPENSES			
1.	Interest and similar income	3	33,844	16,638
1.1	Interest and similar income from interbank		6,859	4,986
1.2	Interest and similar income from customers		17,649	3,202
1.3	Other interest and similar income		9,336	8,450
2.	Interest and similar expenses	3	(6,906)	(2,116)
2.1	Interest and similar expenses for interbank		(1,801)	(37)
2.2	Interest and similar expenses for customers		(5,105)	(2,079)
I.	NET INTEREST AND SIMILAR INCOME	3	26,938	14,522
9	Fee and commission income	4	3,967	1,414
10	Fee and commission expenses	4	(382)	(167)
13	Net gain from dealing in foreign currencies and gold		877	350
II.	NET OPERATING INCOME		31,400	16,119
B	OTHER INCOME AND EXPENSES			
15	Other operating income		197	254
16	General administration expenses		(24,278)	(18,151)
16.1	Payroll and other staff costs	5	(7,232)	(5,111)
16.2	Other administration expenses	6	(17,046)	(13,040)
17	Depreciation and amortization charges	13	(5,195)	(3,008)
18	Other operating expenses	7	(724)	(596)
III.	TOTAL PROFIT / (LOSS) BEFORE TAX		1,400	(5,382)
23	Current enterprise income tax	17	(42)	-
IV.	PROFIT / (LOSS) AFTER TAX		1,358	(5,382)

Mr. Guillaume Perdon
Managing Director

Mrs. Annette Philaphandeth
Chief Financial Officer

Vientiane, Lao P.D.R

26 March 2013



Banque Franco - Lao Limited

BALANCE SHEET
as at 31 December 2012

Code	ASSETS	Notes	31 December 2012 LAKm	31 December 2011 LAKm
I	Cash and balances with the Bank of Lao P.D.R ("BOL")		66,303	39,563
1	Cash on hand	8	33,366	22,910
2	Balances with the BOL	9	32,937	16,653
II	Amounts due from other banks	10	72,480	38,251
1	Demand deposits		72,480	35,849
2	Term deposits		-	2,402
IV	Investment in securities	11	204,000	230,500
3	Held - to - maturities securities		204,000	230,500
V	Loans and advances to customers, net of specific provision	12	249,024	105,223
VIII	Fixed Assets		33,352	23,716
1	Constructions in progress		337	732
2	Intangible fixed assets	13.1	765	724
3	Tangible fixed assets	13.2	32,250	22,260
X	Other assets		35,577	23,307
1	Accrued interests		7,906	5,435
3	Other assets	14	27,671	17,872
	TOTAL ASSETS		660,736	460,560

Banque Franco - Lao Limited

BALANCE SHEET (continued)
as at to 31 December 2012

<i>Code</i>	<i>LIABILITIES AND CAPITAL</i>	<i>Notes</i>	<i>31 December 2012 LAKm</i>	<i>31 December 2011 LAKm</i>
I	Amounts due to banks		81,408	38,111
1	Borrowings from other banks	15	80,022	38,111
2	Other payables to other banks		1,386	-
II	Amounts due to customers	16	286,139	134,367
1	Demand and saving deposits		166,538	75,263
2	Term deposits		114,027	58,510
3	Other payables to customers		5,574	594
V	Other liabilities		4,915	1,874
1	Accrued interest		2,961	1,703
2	Tax payable		42	98
3	Other payables	18	1,912	73
	TOTAL LIABILITIES		372,462	174,352
VI	Capital and reserves			
1	Paid-up capital	19	300,000	300,000
2	General provision for credit activities	12.2	1,234	526
3	Accumulated losses		(12,960)	(14,318)
	TOTAL CAPITAL		288,274	286,208
	TOTAL LIABILITES AND CAPITAL		660,736	460,560

Banque Franco - Lao Limited

BALANCE SHEET (continued)
as at to 31 December 2012

Code	OFF BALANCE SHEET ITEMS	Notes	31 December 2012 LAKm	31 December 2011 LAKm
I	Commitments given			
A	Commitments for financing given		25,018	2,483
2	Commitments for financing given to the customers		25,018	2,483
B	Commitment for guarantees given		8,365	3,043
1	Commitment for guarantees given to other banks		8,365	-
2	Commitment for guarantees given to the customers		-	3,043
	TOTAL COMMITMENTS GIVEN		33,383	5,526

Code	OFF BALANCE SHEET ITEMS	Notes	31 December 2012 LAKm	31 December 2011 LAKm
II	Collaterals and Mortgages			
A	Collaterals and Mortgages for loans		414,795	168,004
2	Collaterals and Mortgages for loans to customers		414,795	168,004
B	Collaterals and Mortgages for guarantees given		813	5,526
2	Collaterals and Mortgages for guarantees given to customers		813	5,526
	COLLATERALS AND MORTGAGES		415,608	173,530

Mr. Guillaume Perdon
Managing Director

Mrs. Annette Philaphandeth
Chief Financial Officer

Vientiane, Lao P.D.R

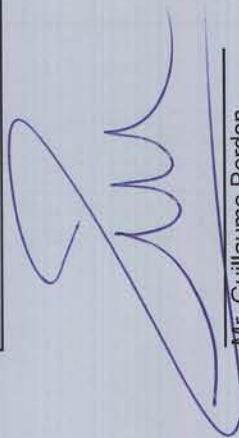
25 March 2013



Banque Franco - Lao Limited

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2012

	Paid-up capital LAKm	General provision for credit activities LAKm	Accumulated losses LAKm	Total LAKm
Balances at 1 January 2011	299,994	-	(8,936)	291,058
Additional paid-up capital during the year	6	-	-	6
Net loss for the year	-	-	(5,382)	(5,382)
General provision charged to expense in the year	-	526	-	526
Balances at 31 December 2011	300,000	526	(14,318)	286,208
Net profit for the year	-	-	1,358	1,358
General provision charged to expense in the year (Note 12.2)	-	708	-	708
Balances at 31 December 2012	300,000	1,234	(12,960)	288,274



Mr. Guillaume Perdon
Managing Director

Vientiane, Lao P.D.R

25 March 2013





Mrs. Annette Philaphandeth
Chief Financial Officer

Banque Franco - Lao Limited

CASH FLOW STATEMENT for the year ended 31 December 2012

	Notes	2012 LAKm	2011 LAKm
Net profit / (loss) after tax		1,358	(5,382)
<i>Adjustments for:</i>			
Depreciation and amortization charges		5,195	3,008
General provision expenses	12.2	708	526
Cash flows from / (used in) operating profit before changing in operating assets and liabilities		7,261	(1,848)
(Increase)/Decrease in operating assets			
Loans and advances to customers		(143,801)	(105,223)
Accrued interest income		(2,470)	(3,438)
Other assets		(9,800)	1,363
(Increase)/Decrease in operating liabilities			
Deposits and borrowings from other banks		43,297	38,111
Customer deposits and other amounts due to customers		151,772	106,682
Accrued interest expense		2,328	(278)
Other liabilities		713	44
Net cash flows from operating activities		49,300	35,413
INVESTING ACTIVITIES			
Payments to acquire property and equipment		(13,649)	(15,424)
Payments for construction in progress		-	(3,367)
Payments to acquire software		(1,182)	(729)
Investment in bonds issued by the BOL		26,500	(230,500)
Net cash flows from / (used in) investing activities		11,669	(250,020)
FINANCING ACTIVITIES			
Increase in paid-up capital		-	6
Net cash flows from financing activities		-	6
Net increase / (decrease) in cash and cash equivalents		60,969	(214,601)
Cash and cash equivalents at the beginning of the year		77,814	292,415
Cash and cash equivalents at the end of the year	20	138,783	77,814

Mr. Guillaume Perdon
Managing Director

Vientiane, Lao P.D.R

25 March 2013

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Chief Financial Officer

