Mahathuen Leasing Public Company

Interim financial statement
(UNAUDITED)

As at for the Nine-month period ended September 30,2020

MAHATHUEN LEASING PUBLIC COMPANY

GENERAL INFORMATION

The management of Mahathuen Leasing Public Company ("the Company") presents its report and the Company's interim financial statement for the nine-month period ended September 30,2020.

STATEMENT OF THE MANAGEMENT' RESPONSIBILITY IN RESPECT OF THE INTERIM FINANCIAL STATEMENTS

The company's management is responsible for the preparation of the interim financial statements which have been prepared in accordance with the accounting policies as described in the interim financial statement. These accounting policies are not intended to present the financial position, the results of operations and the cash flows of the Company in accordance with international generally accepted accounting principles. In preparing those interim financial statements, the Company's management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments 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 interim financial statement on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

The Company's 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 for ensuring that the interim financial statements comply with the selected accounting policies. It is also responsible for safeguarding the assents of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company's management has confirmed that the Company has complied with the above requirements in preparing the accompanying interim financial statements.

APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

We hereby approve the accompanying interim financial statements for the nine-month period ended September 30,2020, which are prepared in accordance with the accounting policies as described in the interim financial statements.

On behalf of the Company's management

MAHATHUEN LEASING PUBLIC COMPANY

Manop Tirithvilai
Chief Executive Officer
October 26,2020

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

UNIT : LAK

	Notes	As at September 30, 2020 "Unaudited"	As at December 31, 2019
CURRENT ASSETS			
Cash and cash equivalents	4.1	10,510,358,200	11,898,879,158
Current portion of finance lease and installment loan receivables	5	47,683,167,953	49,450,694,223
Asset held for sale	6	367,331,096	135,778,949
Other current assets	7	358,122,985	371,294,394
Total Current Assets		58,918,980,234	61,856,646,724
NON-CURRENT ASSETS			
Cash deposit at Bank of Lao PDR	8	2,000,002,700	2,000,002,700
Finance lease and installment loan receivables	5	23,207,900,144	28,541,865,938
Leasehold improvements and equipment	9	1,130,952,443	1,454,220,193
Other non-current assets		-	36,126,040
Total Non-current Assets		26,338,855,287	32,032,214,871
TOTAL ASSETS		85,257,835,521	93,888,861,595

See the condensed notes to the interim financial statements

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT SEPTEMBER 30, 2020

UNIT : LAK

	Notes	As at September 30, 2020 "Unaudited"	As at December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade and other payables	10	2,757,691,156	3,704,655,549
Current portion of liability under a finance lease agreement	11	90,610,054	124,178,788
Income tax payable		1,706,648,862	2,837,273,979
Other current liabilities		43,343,161	29,349,509
Total Current Liabilities		4,598,293,233	6,695,457,825
NON-CURRENT LIABILITIES			
Long-term borrowings from a financial institution	12	11,858,400,000	-
Long-term borrowings from related parties	13	-	20,100,000,000
Other non-current liabilities		118,875,000	78,125,000
Total Non-current Liabilities		11,977,275,000	20,178,125,000
TOTAL LIABILITIES		16,575,568,233	26,873,582,825
SHAREHOLDERS' EQUITY			
SHARE CAPITAL			
Authorized share capital		40,000,000,000	40,000,000,000
Issued and paid-up share capital		40,000,000,000	40,000,000,000
Premium on ordinary shares		12,832,667,550	12,832,667,550
RETAINED EARNINGS			
Appropriated - legal reserve	14	3,252,194,002	3,252,194,002
Unappropriated		12,597,405,736	10,930,417,218
TOTAL SHAREHOLDERS' EQUITY		68,682,267,288	67,015,278,770
TOTAL LIABILITES AND SHAREHOLDERS' EQUITY		85,257,835,521	93,888,861,595

See the condensed notes to the interim financial statements

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF INCOME

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

"UNAUDITED"

UNIT : LAK

	Notes	2020	2019
REVENUES			
Revenue from interest - finance leases and installment loans		18,458,404,817	16,934,922,613
Other income	17	766,280,429	707,559,091
Total Revenues		19,224,685,246	17,642,481,704
EXPENSES			
Administrative expenses	18	9,350,077,836	7,915,682,395
Doubtful accounts and bad debt expense		1,158,637,664	804,405,995
Finance cost		1,722,976,459	975,615,843
Net loss on exchange rate		475,988,155	553,651,364
Total Expenses		12,707,680,114	10,249,355,597
PROFIT BEFORE INCOME TAX EXPENSE		6,517,005,132	7,393,126,107
INCOME TAX EXPENSE	19	(850,016,614)	(1,744,733,503)
NET PROFIT		5,666,988,518	5,648,392,604
BASIC EARNINGS PER SHARE (LAK)	15	142	141

See the condensed notes to the interim financial statements

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

"UNAUDITED"

UNIT : LAK

	Note	Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Total Shareholders' Equity
				Appropriated Legal Reserve	Unappropriated	
For the nine-month period ended September 30, 2019						
Beginning balance as at January 1, 2019		40,000,000,000	12,832,667,550	2,443,735,507	9,534,290,764	64,810,693,821
Profit for the period		-	-	-	5,648,392,604	5,648,392,604
Dividends paid	16	-	-	-	(5,880,000,000)	(5,880,000,000)
Ending balance as at September 30, 2019		40,000,000,000	12,832,667,550	2,443,735,507	9,302,683,368	64,579,086,425
For the nine-month period ended September 30, 2020						
Beginning balance as at January 1, 2020		40,000,000,000	12,832,667,550	3,252,194,002	10,930,417,218	67,015,278,770
Profit for the period		-	-	-	5,666,988,518	5,666,988,518
Dividends paid	16	-	-	-	(4,000,000,000)	(4,000,000,000)
Ending balance as at September 30, 2020		40,000,000,000	12,832,667,550	3,252,194,002	12,597,405,736	68,682,267,288

See the condensed notes to the interim financial statements

MAHATHUEN LEASING PUBLIC COMPANY

STATEMENT OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

"UNAUDITED"

UNIT : LAK

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense		6,517,005,132	7,393,126,107
Adjustments for:			
Bad debt and doubtful accounts		1,158,637,664	804,405,995
Amortization of deferred commission expense	4.2	3,176,307,122	2,862,641,173
Impairment loss of asset held for sale		22,500,000	11,250,000
Depreciation		397,581,007	352,660,050
Finance cost		1,722,976,459	975,615,843
Unrealized loss on exchange rate		410,873,160	1,204,734,804
Profit from operations before changes in operating assets and liabilities		13,405,880,544	13,604,433,972
Changes in operating assets and liabilities			
Decrease (increase) in finance lease and installment loan receivables		2,622,922,119	(11,467,314,328)
Increase in asset held for sale		(254,052,147)	(115,964,284)
Decrease in other current assets		49,297,450	(14,979,455)
Decrease in trade and other payables		(622,718,293)	1,281,136,456
Increase in liability under a finance lease agreement		(33,568,735)	(27,874,831)
Increase in other current liabilities		13,993,652	9,217,420
Increase in other non-current liabilities		40,750,000	16,500,000
Cash received from operations		15,222,504,590	3,285,154,950
Cash paid for interest		(1,901,070,559)	(815,404,357)
Cash paid for income tax		(1,980,641,732)	(1,110,296,196)
Net cash provided by operating activities		11,340,792,299	1,359,454,397

MAHATHUEN LEASING COMPANY LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020

"UNAUDITED"

UNIT : LAK

	Notes	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchases of leasehold improvements and equipment	9	(74,313,257)	(542,738,453)
Net cash used in investing activities		(74,313,257)	(542,738,453)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from long-term borrowings from a financial institution		14,433,600,000	-
Cash received from long-term borrowings from related parties		-	19,360,000,000
Cash repayment of short-term borrowing from a related party		-	(2,475,000,000)
Cash repayment of long-term borrowings from related parties		(23,088,600,000)	-
Dividends paid		(4,000,000,000)	(5,880,000,000)
Net cash used in financing activities		(12,655,000,000)	11,005,000,000
Net (decrease) increase in cash and cash equivalents		(1,388,520,958)	11,821,715,944
Cash and cash equivalents as at January 1,		11,898,879,158	6,159,987,949
Cash and cash equivalents as at September 30,	4.1	10,510,358,200	17,981,703,893

See the condensed notes to the interim financial statements

MAHATHUEN LEASING PUBLIC COMPANY
CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
"UNAUDITED"

1. GENERAL INFORMATION AND OPERATION 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 lines for individual customers to buy motorcycles and tractors.

The Company was incorporated on September 2, 2011 by obtaining an Enterprise Registration Certificate from the 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 into Public Company and changed the Company's name from Mahathuen Leasing Company Limited to Mahathuen Leasing Public Company.

On June 13, 2018, the Company has been approved for offering its shares for initial public offering by Lao Securities Commission. The symbol is MHTL.

Coronavirus Disease 2019 Pandemic

A novel coronavirus ("COVID-19") pandemic started in early 2020 in Lao PDR. It clearly affects overall Lao PDR and global economy, including the Company's employees, customers, business partners and business operations.

In order to mitigate the impacts, the Company provides supports to customers as the relief measurement for loan to affected customer from the impact of COVID-19, following to the Bank of Lao's the relief measurement to help debtors from the Lao economic situation, by providing grace period for principal and interest, reducing interest rate and service fee according to conditions and terms specified by the Company.

Nevertheless, the Company's management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 The Company maintains its accounting records in Lao Kip ("LAK") and the interim financial statements have been prepared in accordance with the Company's accounting policies. The Company presents its interim financial statements using the following policies and policies as disclosed in Note 3 to the interim financial statements:

- The statement of financial position as of the end of the current interim period and a comparative statement of financial position as of the end of the immediately preceding financial year.
- The statements of income for the current interim period and cumulatively for the current financial year to date, with comparative statements of income for the comparable interim periods (current and year-to-date) of the immediately preceding financial year.
- The statement of changes in shareholders' equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.
- The statement of cash flows cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.

2.2 The statement of financial position as at December 31, 2019, presented herein for comparison, have been derived from the financial statements of the Company for the year then ended which had been previously audited. The statement of income, statement of changes in shareholders' equity and statement of cash flows for the Nine-month period ended September 30, 2019, presented herein for comparison, have not been audited.

2.3 The Company's accounting policies applied differ from International Financial Reporting Standards ("IFRSs"). Accordingly, these interim financial statements are not intended to present the financial position and its financial performance and cash flows in accordance with IFRSs.

2.4 The unaudited results of operations presented in the Nine-month period ended September 30, 2020 are not necessarily an indication nor anticipation of the operating results for the full year.

2.5 The interim financial statements for the Nine-month period ended September 30, 2020 should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared in accordance with the Company's accounting policies which are consistent with those used in the financial statements for the year ended December 31, 2019.

4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

4.1 Cash and cash equivalents as at September 30, 2020 and December 31, 2019, consist of the following:

	As at September 30, 2020 LAK	As at December 31, 2019 LAK
Cash on hand	86,089,960	150,242,900
Cash at banks	10,424,268,240	11,748,636,258
	10,510,358,200	11,898,879,158

4.2 Non-cash items from initial direct cost of finance lease receivables and installment loan receivables for the Nine-month periods ended September 30, consist of the following:

	2020 LAK	2019 LAK
Initial direct cost brought forward	3,032,978,952	2,449,710,655
Add Increase during the years	2,609,700,000	3,135,650,000
Less Amortization of deferred commission expense	(3,176,307,122)	(2,862,641,173)
Initial direct cost carried forward	2,466,371,830	2,722,719,482

5. FINANCE LEASE AND INSTALLMENT LOAN RECEIVABLES

Finance lease and installment loan receivables as at September 30, 2020 and December 31, 2019, consist of the following:

	As at September 30, 2020		
	Within one year	**Over 1 year to 5 years**	**Total**
	LAK	**LAK**	**LAK**
Finance lease receivables			
Finance lease receivables	2,250,816,784	290,352,000	2,541,168,784
Less Unearned interest income	(592,466,874)	(58,198,146)	(650,665,020)
	1,658,349,910	232,153,854	1,890,503,764
Add Initial direct cost	13,773,452	8,688,799	22,462,251
	1,672,123,362	240,842,653	1,912,966,015
Less Allowance for doubtful debts	(935,417,184)	(14,230,458)	(949,647,642)
Total finance lease receivables	736,706,178	226,612,195	963,318,373
Installment loan receivables			
Installment loan receivables	66,156,486,351	28,521,896,000	94,678,382,351
Less Unearned interest income	(18,266,376,691)	(6,072,870,866)	(24,339,247,557)
	47,890,109,660	22,449,025,134	70,339,134,794
Add Initial direct cost	1,433,577,112	1,010,332,468	2,443,909,579
	49,323,686,772	23,459,357,604	72,783,044,373
Less Allowance for doubtful debts	(2,377,224,997)	(478,069,653)	(2,855,294,649)
Total installment loan receivables	46,946,461,775	22,981,287,949	69,927,749,724
Total	**47,683,167,953**	**23,207,900,144**	**70,891,068,097**

	December 31, 2019		
	Within one year	**Over 1 year to 5 years**	**Total**
	LAK	**LAK**	**LAK**
Finance lease receivables			
Finance lease receivables	2,800,331,380	679,225,000	3,479,556,380
Less Unearned interest income	(788,617,386)	(138,546,919)	(927,164,305)
	2,011,713,994	540,678,081	2,552,392,075
Add Initial direct cost	24,684,571	21,100,414	45,784,985
	2,036,398,565	561,778,495	2,598,177,060
Less Allowance for doubtful debts	(871,743,566)	(15,366,272)	(887,109,838)
Total finance lease receivables	1,164,654,999	546,412,223	1,711,067,222

	December 31, 2019		
	Within one year	**Over 1 year to 5 years**	**Total**
	LAK	**LAK**	**LAK**
Installment loan receivables			
Installment loan receivables	68,306,465,814	34,924,209,000	103,230,674,814
Less Unearned interest income	(20,360,648,686)	(7,823,064,177)	(28,183,712,863)
	47,945,817,128	27,101,144,823	75,046,961,951
Add Initial direct cost	1,684,264,787	1,302,929,181	2,987,193,968
	49,630,081,915	28,404,074,004	78,034,155,919
Less Allowance for doubtful debts	(1,344,042,691)	(408,620,289)	(1,752,662,980)
Total installment loan receivables	48,286,039,224	27,995,453,715	76,281,492,939
Total	**49,450,694,223**	**28,541,865,938**	**77,992,560,161**

The outstanding balances of finance lease receivables and installment loan receivables as at September 30, 2020 and December 31, 2019, aged by the number of months are summarized as follows:

	As at September 30, 2020	**As at December 31, 2019**
	Finance lease and installment loan receivables net of unearned interest income	**Finance lease and installment loan receivables net of unearned interest income**
	LAK	**LAK**
Not yet due	50,249,858,421	61,212,855,428
Past due 1 - 3 months	17,020,738,458	13,268,021,709
Past due 4 - 5 months	1,383,636,091	653,924,905
Past due 6 - 12 months	1,198,494,286	1,033,085,847
Past due over 12 months	2,376,911,302	1,431,466,137
Total	72,229,638,558	77,599,354,026
Allowance for doubtful debts	3,804,942,292	2,639,772,818

For the Nine-month periods ended September 30, 2019, bad debt expense recognized in the statements of income is LAK 51.21 million. (2020: Nil)

6. ASSET HELD FOR SALE

Asset held for sale as at September 30, 2020 and December 31, 2019, consists of the following:

	As at September 30, 2020 LAK	As at December 31, 2019 LAK
Asset held for sale - motorcycles	406,081,096	152,028,949
Less Allowance for diminution in value of assets	(38,750,000)	(16,250,000)
	367,331,096	135,778,949

7. OTHER CURRENT ASSETS

Other current assets as at September 30, 2020 and December 31, 2019, consist of the following:

	As at September 30, 2020 LAK	As at December 31, 2019 LAK
Prepaid expenses	236,034,145	311,989,334
Advance payments	2,141,020	2,080,520
Others	119,947,820	57,224,540
	358,122,985	371,294,394

8. CASH DEPOSIT AT BANK OF THE LAO PDR

As at September 30, 2020 and December 31, 2019, the Company has restricted cash deposit as mandatory reserves with Bank of the Lao PDR (the "BOL") amounting to LAK 2,000 million, which equals 5% of total registered share capital. Such cash cannot be used for day-to-day operation. It can only be refunded if the Company permanently closes its business.

9. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment as at September 30, 2020 and December 31, 2019, consist of the following:

	As at September 30, 2020 LAK	As at December 31, 2019 LAK
Carrying amount as at January 1,	1,454,220,193	1,236,091,653
Acquisitions during the period	74,313,257	702,092,568
Depreciation for the period	(397,581,007)	(483,964,028)
Carrying amount	1,130,952,443	1,454,220,193

10. TRADE AND OTHER PAYABLES

Trade and other payables as at September 30, 2020 and December 31, 2019 consist of the following:

	As at September 30, 2020 LAK	As at December 31, 2019 LAK
Trade payables - related parties (see Note 20)	110,558,000	203,158,000
Trade payables - other parties	1,355,749,000	2,255,247,000
Other payables - related parties (see Note 20)	17,240,000	9,918,000
Tax payable	97,495,592	69,054,416
Accrued expenses	1,176,648,564	1,167,278,133
	2,757,691,156	3,704,655,549

11. 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 September 30, 2020 and December 31, 2019, consist of the following:

	Minimum lease payments		Present value of minimum lease payments	
	As at September 30, 2020 LAK	As at December 31, 2019 LAK	As at September 30, 2020 LAK	As at December 31, 2019 LAK
Current portion of liabilities under a finance lease agreement	90,995,113	128,961,814	90,995,113	128,961,814
Less Deferred interest			(385,059)	(4,783,026)
			90,610,054	124,178,788

12. LONG-TERM BORROWING FROM A FINANCIAL INSTITUTION

As at June 30, 2020, the Company has a long-term borrowings from a financial institution of USD 1.50 million (equivalent to LAK 14,538 million), which carried interest rate of Foreign Currency Deposit Rate plus 1.20% per annum, were guaranteed by a parent company and will due within 3 years from the drawdown date (2019: Nil).

13. LONG-TERM BORROWING FROM RELATED PARTIES

Long-term borrowing from related parties as at September 30, 2020 and December 31, 2019, consists of the following:

	Interest rate per loan agreement % p.a.	Balances as at September 30, 2020		December 31, 2019	
		THB	LAK	THB	LAK
Long-term borrowings	11.12% - 13.75%	-	-	67,000,000	20,100,000,000

As at September 30, 2020 and December 31,2019, long-term borrowings from two related parties (see Note 20) represent an unsecured borrowing in Thai Baht which is repayable at maturity date within 3 years.

14. LEGAL RESERVE

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

Article 195 has stated that Articles 156 and 157 are also applicable to a public company.

15. EARNINGS PER SHARE

For the nine-month periods ended September 30, 2020 and 2019, the Company calculated the weighted average number of ordinary shares and earnings per share as follows:

	2020 LAK	2019 LAK
Weighted average number of ordinary shares for the nine-month periods ended September 30, (shares)	40,000,000	40,000,000
Net profit for the nine-month periods ended September 30, (LAK)	5,666,988,518	5,648,392,604
Basic earnings per share (LAK)	142	141

16. DIVIDENDS

On April 26, 2019, the general shareholders' meeting passed a resolution to pay dividends from net profit for 2018 to shareholders amounting to LAK 5,880 million. Such dividends were paid in May 2019.

On May 29, 2020, the general shareholders' meeting passed a resolution to pay dividends from net profit for 2019 to shareholders amounting to LAK 4,000 million. Such dividends were paid in June 2020.

17. OTHER INCOME

Other income for the Nine-month periods ended September 30, consist of the following:

	2020 LAK	2019 LAK
Penalty income	620,608,212	542,298,137
Others	145,672,217	165,260,954
	766,280,429	707,559,091

18. ADMINISTRATIVE EXPENSES

Administrative expenses for the Nine-month periods ended September 30, consist of the following:

	2020 LAK	2019 LAK
Staff costs	5,638,547,227	4,598,281,530
Remuneration to managements	598,880,856	633,563,451
Utility expenses	395,598,521	308,003,934
Marketing expenses	91,872,000	360,430,000
Net loss on sales of assets held for sale	976,964,543	624,787,597
Professional fee	476,842,427	223,652,980
Depreciation	397,581,007	352,660,050
Entertainment expenses	34,212,100	63,266,075
Stationery expenses	126,056,172	131,581,303
Others	613,522,983	619,455,475
	9,350,077,836	7,915,682,395

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.

The Company has been granted the privileges under the Tax Law of Lao PDR by reduction of 5% of profit tax rate from normal rate for four years from the date of registration on the Lao Securities Exchange.

On February 11, 2020, the Ministry of Finance (MoF) issued a notification No. 0424/MoF enforcing the new law on Tax No. 67/Sor Phor Sor dated September 18, 2019 to be effective for the financial period from January 1, 2020 onwards. Under the new law, Article 16, Item 2, Bullet Point 3 stated that the corporate income tax rate for companies listed in the Lao Securities Exchange will be 13% for four years from the date of registration on the Lao Securities Exchange.

20. RELATED PARTY TRANSACTIONS

The Company has business transactions with its related parties which are key management personnel, including directors and companies associated with these individuals 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 as at September 30, 2020 and December 31, 2019 and transactions for the Nine-month periods ended September 30, are summarized as follows:

Balances as at September 30, 2020 and December 31, 2019 consist of the following:

Account name/Company's name	Relationship	As at September 30, 2020 LAK	As at December 31, 2019 LAK
Trade payables			
JB Honda	(1)	48,971,000	53,510,000
JB Honda Nonsavang	(1)	50,437,000	107,382,000
JB Honda Thangon	(1)	11,150,000	42,266,000
		110,558,000	203,158,000
Other payables			
JB Honda	(1)	7,818,000	1,800,000
JB Honda Nonsavang	(1)	5,504,000	5,730,000
JB Honda Thangon	(1)	3,918,000	2,388,000
		17,240,000	9,918,000
Accrued interest expense			
Ms. Inthavilay Oudom	Shareholder and director	-	15,354,600
Mahathun Holding Co., Ltd.	Shareholder	-	162,739,500
		-	178,094,100
Long-term borrowings			
Ms. Inthavilay Oudom	Shareholder and director	-	2,100,000,000
Mahathun Holding Co., Ltd.	Shareholder	-	18,000,000,000
		-	20,100,000,000

Transactions for the nine-month periods ended September 30, consist of the following:

Account name/Company's name	Relationship	2020 LAK	2019 LAK
Sale of asset held for sale			
JB Honda	(1)	-	7,500,000
		-	7,500,000
Purchases of leasing assets			
JB Honda	(1)	2,685,126,000	4,535,220,000
JB Honda Nonsavang	(1)	1,738,117,000	3,502,274,000
JB Honda Thangon	(1)	638,867,000	1,243,011,000
		5,062,110,000	9,280,505,000
Commission expense			
JB Honda	(1)	165,000,000	318,250,000
JB Honda Nonsavang	(1)	109,200,000	233,000,000
JB Honda Thangon	(1)	42,900,000	88,750,000
		317,100,000	640,000,000
Other expenses			
JB Honda	(1)	21,300,000	43,470,000
JB Honda Nonsavang	(1)	10,577,500	38,322,500
JB Honda Thangon	(1)	14,464,100	1,349,700
		46,341,600	83,142,200
Interest expense			
Ms. Inthavilay Oudom	Shareholder and director	122,228,021	176,981,813
Mahathun Holding Co., Ltd.	Shareholder	723,288,207	798,634,030
		845,516,228	975,615,843
Finance cost - guarantee expense			
Mahathun Holding Co., Ltd.	Shareholder	798,289,206	-
		798,289,206	-

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

Managements' remuneration for the nine-month periods ended September 30, consists of the following:

	2020 LAK	2019 LAK
Short-term benefits	598,880,856	633,563,451
	598,880,856	633,563,451

21. OPERATING LEASE COMMITMENT

The Company has commitments under long-term leases for office space. The minimum future lease payments under the lease agreements as at September 30, 2020 and December 31, 2019, are summarized as follows:

	As at September 30, 2020 LAK	As at December 31, 2019 LAK
Within one year	205,160,551	89,087,500
Over 1 year but not over 5 years	1,375,994,624	1,443,300,000
Over 5 years	392,972,370	505,450,000
	1,974,127,545	2,037,837,500

Under the lease agreements, the lessors required the Company to pay rental for 12 months in advance on the date of agreements. For the Nine-month periods ended September 30, 2020 and 2019, rentals applicable to such lease agreements which were paid and recorded as expenses in the statements of income are LAK 294.37 million and LAK 193.67 million, respectively.

22. APPROVAL FOR ISSUE OF THE FINANCIAL STATEMENTS

This interim financial information was approved for issue by the authorized directors of the Company on October 26, 2020.

Mr.Manop Tririthvilai
Chief Executive Officer
Date : October 26,2020