



Financial Statement for the First Quarter ended 31 March 2023



ບໍລິສັດ ສວັນນີ ໂຮມເຊັນເຕີ ມະຫາຊົນ
Souvanny Home Center Public Company

PHONTONGSAVAT RD, PHONTONG VILLAGE, CHANTHABULY DISTRICT, VIENTIANE CAPITAL

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Souvanny Home Center Public Company
Statement of Financial Position
For the First Quarter period ended 31 March 2023

		31 March	31 December
		2023	2022
	Notes	LAK	LAK
Assets			
Current assets			
Cash and cash equivalents	4	34,757,865,041	38,288,451,914
Trade and other receivables, net	5	6,713,451,224	6,217,863,819
Inventories, net	6	401,060,989,510	402,463,937,243
Other current assets	7	50,227,730,682	20,547,738,684
Total current assets		<u>492,760,036,457</u>	<u>467,517,991,660</u>
Non-current assets			
Property, plant and equipment, net	8	913,305,265,441	904,691,252,324
Intangible assets, net		148,260,851	116,392,238
Other non-current assets		-	20,355,868,711
Total non-current assets		<u>913,453,526,292</u>	<u>925,163,513,273</u>
Total assets		<u>1,406,213,562,749</u>	<u>1,392,681,504,933</u>



Waddana SOUKHABANDITH
Chief Executive Officer
Date: 08 May 2023

Phannola SOUKHABANDITH
Chief Financial Officer
Date: 08 May 2023

The accompanying notes on pages 8 to 14 are an integral part of financial information.

Souvanny Home Center Public Company
Statement of Financial Position
For the First Quarter period ended 31 March 2023

		31 March 2023 LAK	31 December 2022 LAK
	Notes		
Liabilities and equity			
Current liabilities			
Bank overdraft and short-term borrowings	10	57,099,723,922	84,934,340,351
Trade and other payables	9	68,448,732,430	51,745,048,229
Current portion of long-term borrowings	10	20,958,873,874	20,671,002,986
Profit tax payable		4,912,166,174	11,564,148,709
Deposits from customers		3,570,369,289	2,003,390,891
Other current liabilities		12,260,311,307	14,345,115,421
Total current liabilities		167,250,176,996	185,263,046,587
Non Current liabilities			
Long-term borrowings from financial institutions	10	53,877,385,256	58,329,409,126
Total non current liabilities		53,877,385,256	58,329,409,126
Total liabilities		221,127,562,252	243,592,455,713
Equity			
Share capital			
Authorized share capital			
Ordinary shares 165 million shares at par value of LAK 2,000		330,000,000,000	330,000,000,000
Issued and paid-up share capital			
Ordinary shares 165 million shares at par value of LAK 2,000		330,000,000,000	330,000,000,000
Premium on share capital		24,735,724,722	24,735,724,722
Retained earnings			
Appropriated - legal reserve	11	14,102,046,968	14,102,046,968
Appropriated - Other reserve	11	13,852,046,968	13,852,046,968
Unappropriated		238,189,041,241	217,954,979,089
Translation adjustments		564,207,140,598	548,444,251,473
Total equity		1,185,086,000,497	1,149,089,049,220
Total liabilities and equity		1,406,213,562,749	1,392,681,504,933



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Souvanny Home Center Public Company
Statement of comprehensive income
For the First Quarter period ended 31 March 2023

	Notes	31 March 2023 LAK	31 March 2022 LAK
Revenue from sales		191,662,411,358	156,017,933,060
Cost of sales		(141,522,185,929)	(116,946,239,673)
Gross profit		50,140,225,429	39,071,693,387
Other incomes		643,522,322	576,691,527
Selling expenses		(15,700,118,137)	(10,582,873,085)
Administrative expenses		(10,082,427,509)	(8,149,851,729)
Finance costs		(1,817,422,916)	(1,432,593,094)
Foreign exchange loss, net		1,919,229,625	1,973,782,441
Profit before income tax expense		25,103,008,814	21,456,849,447
Income tax expense	13	(4,868,946,662)	(3,341,427,131)
Net profit for the period		20,234,062,152	18,115,422,316
Earnings per share			
Basic earnings per share	13	123	110



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Souvanny Home Center Public Company
Statement of changes in equity
For the First Quarter period ended 31 March 2023

	Notes	Issued and paid-up ordinary shares LAK	Premium on share capital LAK	Legal reserve LAK	Other reserve LAK	Unappropriated retained earnings LAK	Translation adjustments LAK	Total equity LAK
Opening balance 1 January 2022		330,000,000,000	24,735,724,722	8,440,875,640	8,190,875,640	180,915,608,468	207,436,085,637	759,719,170,107
Legal reserve		-	-	-	-	-	-	-
Other reserve		-	-	-	-	-	-	-
Net profit for the period		-	-	-	-	18,115,422,315.94	-	18,115,422,316
Dividend paid		-	-	-	-	-	-	-
Translation adjustments		-	-	-	-	-	67,615,615,141	67,615,615,141
Ending balance 31 March 2022		<u>330,000,000,000</u>	<u>24,735,724,722</u>	<u>8,440,875,640</u>	<u>8,190,875,640</u>	<u>199,031,030,784</u>	<u>275,051,700,778</u>	<u>845,450,207,564</u>
Opening balance 1 January 2023		330,000,000,000	24,735,724,722	14,102,046,968	13,852,046,968	217,954,979,089	548,444,251,473	1,149,089,049,220
Legal reserve		-	-	-	-	-	-	-
Other reserve		-	-	-	-	-	-	-
Net profit for the period		-	-	-	-	20,234,062,152	-	20,234,062,152
Dividend paid		-	-	-	-	-	-	-
Translation adjustments		-	-	-	-	-	15,762,889,125	15,762,889,125
Ending balance 31 March 2023		<u>330,000,000,000</u>	<u>24,735,724,722</u>	<u>14,102,046,968</u>	<u>13,852,046,968</u>	<u>238,189,041,241</u>	<u>564,207,140,598</u>	<u>1,185,086,000,497</u>

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Souvanny Home Center Public Company
Statement of Cash flows
For the First Quarter period ended 31 March 2023

		31 March 2023 LAK	31 March 2022 LAK
	Notes		
Cash flow from operating activities:			
Net profit before income tax for the period		25,103,008,814	21,456,849,447
Adjustments for:			
Depreciation	8	6,279,843,435	4,629,134,024
Amortisation		156,899	1,922,467
Gain from disposes of property, plant and equipment		468,222	-
Gain/Loss on exchange rate		(2,113,768,416)	(4,062,210,423)
Interest expense		1,817,422,916	1,432,593,094
Inventories provision (reversal)		(2,279,639,221)	247,646,303
Trade and other receivables provision (reversal)		(375,631,379)	(70,385,408)
Allowance for sale return of trade receivable		1,289,154,374	1,020,028,069
Operating profit before working capital changes		29,721,015,644	24,655,577,573
Changes in operating assets and liabilities			
- Trade and other receivables		(1,324,787,329)	2,791,578,682
- Inventories		9,140,569,785	6,294,822,665
- Other current assets		(8,769,412,253)	181,968,985
- Other non-current assets		-	-
- Trade and other accounts payable		16,001,947,825	(15,052,045,339)
- Deposits from customers		1,539,809,571	535,834,063
- Other current liabilities		(2,264,788,919)	(3,500,875,960)
Cash generated from operations		44,044,354,324	15,906,860,669
Interest paid		(1,831,978,258)	(1,467,679,090)
Income tax paid		(9,934,957,710)	(3,941,260,210)
Net cash used in operating activities		32,277,418,356	10,497,921,369
Cash flows from investing activities :			
Purchases of plant and equipments	8	(2,681,173,384)	(4,063,627,561)
Purchases of computer software		(30,448,627)	(15,123,502)
Proceeds from disposals of property, plant and equipments		-	-
Net cash used in investing activities		(2,711,622,011)	(4,078,751,063)



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Souvanny Home Center Public Company
Statement of Cash flows
For the First Quarter period ended 31 March 2023

	Notes	31 March 2023 LAK	31 March 2022 LAK
Cash flows from financing activities :			
Proceeds from a short-term borrowing		82,278,989,059	93,678,301,262
Repayment on a borrowings from bank		(116,199,178,197)	(97,134,214,523)
Dividend paid		-	-
Net cash used in financing activities		<u>(33,920,189,138)</u>	<u>(3,455,913,261)</u>
Net decrease in cash and cash equivalents		(4,354,392,794)	2,963,257,046
Cash and cash equivalent at the beginning of the period		38,288,451,914	3,285,274,048
Effect of exchange rate changes on cash and cash equivalents		<u>823,805,921</u>	<u>4,119,197,675</u>
Cash and cash equivalent at the end of the period		<u>34,757,865,041</u>	<u>10,367,728,769</u>
Significant non cash items			
Other payables from purchases of plant and equipments		-	257,625,994
Interest payable		14,555,342	35,085,996



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Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2023

1. General information

Souvanny Home Center Public Company is a public company which is listed on the Lao Securities Exchange (LSX) and is incorporated and domiciled in Lao PDR. The Company principally engaged trades a full range of goods and materials for construction, addition, refurbishment, renovation and improvement of buildings, houses and residences, and provides related services.

The Company's headquarters' registered address is number 366 Ban Phonetongsavath, Chanthabury District, Vientiane Capital, Lao PDR. The Company also has 7 such as: Phonetong branch, Sikhai branch, XokYai branch, Paksan branch, Pakse branch, Thakhek branch and Savannakhet branch.

These financial statements were authorised for issue by the Board of Directors on 8 May 2023.

2. Basis of preparation

The accompanying financial statements have been prepared in accordance with the Company's principal accounting policies as described below and have been prepared generally under the historical cost convention.

According to the Accounting Law no. 47/NA issued on 26 December 2013, Public Interest Enterprises (PIEs) are required to apply IFRS. However, Ministry of Finance has issued announcement No. 1137/MoF issued on 27 April 2020 and from Lao Securities and Exchange Commission Office (LSCO) dated 25 May 2020, which provided options for PIEs to prepare action plan for adoption IFRS within four-year period. The management is presently preparing action plan for implementation IFRS in accordance with the announcement. The accounting principles applied may materially differ from International Financial Reporting Standards (IFRS).

3. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses in the reported periods. Although these estimates are based on management's knowledge of current events and actions, actual results may materially differ from those estimates

4. Cash and cash equivalents

	31 March 2023 LAK	31 December 2022 LAK
Cash on hand	517,983,787	1,547,393,028
Deposits held at call with financial institutions	34,239,881,254	36,741,058,886
Cash and cash equivalents	<u>34,757,865,041</u>	<u>38,288,451,914</u>

Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2023

Cash on hand includes petty cash and cash from sales that is for general use.

Deposits held at call with financial institutions represents cash deposited with reputable local banks in 4 currencies, US dollars, Thai baht and Lao kip and China Yuan in current accounts.

5. Trade and other receivables, net

	31 March 2023 LAK	31 December 2022 LAK
Trade accounts receivables	10,484,720,315	12,191,152,544
<u>Less</u> allowance for doubtful debt	(5,334,445,982)	(6,266,253,522)
Trade accounts receivable, net	5,150,274,333	5,924,899,022
Staff borrowings	208,074,509	188,935,487
Other receivables (i)	1,355,102,382	104,029,310
	1,563,176,891	292,964,797
Trade and other receivables, net	6,713,451,224	6,217,863,819

The Outstanding trade accounts receivable balance as 31 March 2023 is aged as follows:

	31 March 2023 LAK	31 December 2022 LAK
Not yet due	4,095,310,067	4,588,327,213
Past due:		
1 – 3 months	526,149,501	1,330,605,896
3 - 6 months	-	5,965,782
6 - 12 months	137,224,975	611,402,541
Over 12 months	5,726,035,772	5,654,851,112
Trade and other receivables, net	10,484,720,315	12,191,152,544
<u>Less</u> allowance for doubtful debt	(5,334,445,982)	(6,266,253,522)
Trade accounts receivable, net	5,150,274,333	5,924,899,022

Trade accounts receivables aged more than six months are mainly receivables which are still trading actively. The allowance for doubtful debts is set up from the outstanding account receivable balances that have been overdue are more than six months and management's evaluation, based on recent historical payments of accounts receivable and expectations regarding the future collectability of accounts receivable.

Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2023

6. Inventories, net

	31 March 2023 LAK	31 December 2022 LAK
Inventories	405,944,513,461	409,531,257,556
Less: Allowance for slow moving and obsolete	(4,422,434,393)	(6,748,748,957)
Allowance for diminution in value of inventories	(461,089,603)	(318,571,356)
Inventories, net	<u>401,060,989,510</u>	<u>402,463,937,243</u>

The management reassessed and reviewed the related allowance for slow-moving and obsolete inventories. Related allowance for slow-moving and a decrease in the value of inventory has been revised down to LAK 4,884 million (2022: LAK 7,067 million), as slow-moving inventories can be actually sold at a lower turnover. As a result, the related allowance and cost of goods sold has been reduced to be consistent with recent facts and analysis.

7. Other current assets

	31 March 2023 LAK	31 December 2022 LAK
Advance payments to suppliers	818,091,714	773,039,615
Accrued rebate from suppliers (i)	4,557,790,612	3,897,621,436
Prepaid insurance premium	291,081,854	137,934,712
Prepaid rental	10,621,705,488	13,404,352,054
Other (ii)	33,939,061,014	2,334,790,867
Other current assets	<u>50,227,730,682</u>	<u>20,547,738,684</u>

8. Property, plant and equipment, net

	31 March 2023 LAK	31 December 2022 LAK
Opening net book value	904,691,252,324	637,484,068,573
Additions	2,681,173,384	13,686,333,178
Foreign exchange translation difference	12,213,151,390	276,740,922,770
sell	(468,222)	(208,920,149)
Depreciation charge	(6,279,843,435)	(23,011,152,048)
Closing net book value	<u>913,305,265,441</u>	<u>904,691,252,324</u>

Additions during the first quarter period ended 31 March 2023 mainly consisted of office equipment and buildings. Total addition of LAK 2,681 million.

Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2023

9. Trade and other payables

	31 March 2023 LAK	31 December 2022 LAK
Trade accounts payable- related parties	16,505,981,500	10,877,529,142
Trade accounts payable– third parties	49,975,188,667	40,199,324,412
Other payables	1,967,562,263	668,194,675
Trade and other account payables	68,448,732,430	51,745,048,229

10. Borrowings

	31 March 2023 LAK	31 December 2022 LAK
Current		
Bank overdraft	103,723,155	1,547,005,498
Short-term borrowings	56,996,000,767	83,387,334,853
Current portion of long-term borrowings	20,958,873,874	20,671,002,986
Non-current		
Long-term borrowings	53,877,385,256	58,329,409,126
Total borrowings	131,935,983,052	163,934,752,463

The interest rate exposure on the borrowings of the company is as follows:

	31 March 2023 LAK	31 December 2022 LAK
At fixed rates	124,402,351,986	158,461,996,044
At floating rates	7,533,631,066	5,472,756,419
Total borrowings	131,935,983,052	163,934,752,463

- i. Short-term borrowing from local commercial bank for a contract amount of the THB 30 million with an annual fixed interest of 6.05% per annum, the loan principle has been paid quarterly and the interest has to be paid monthly. The borrowing is secured by the shareholder's land.
- ii. Short-term borrowing from oversea commercial bank for a contract amount of the THB 250 million with an annual fixed interest of 4% per annum, the repayments are required within 150 days after the drawdown and the interest has to be paid monthly. The borrowing was secured by the shareholder's land.

Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2023

- iii. Long-term borrowing from local commercial bank for a contract amount of the THB 50 million with an annual fixed interest of 5% per annum which is due in December 2025, the loan principle has been paid quarterly starting from June 2021 and the interest has to be paid monthly. The borrowing is secured by the shareholder's land.
- iv. Long-term loan from local commercial bank for a contract amount of the THB 145 million with an annual fixed interest of 5% per annum which is due on 31 May 2027. The loan principle has been paid quarterly starting from 31 August 2022 and the interest has to be paid monthly. The borrowing is secured by the shareholder's land.

11. Reserve

Legal reserve

	31 March 2023 LAK	31 December 2022 LAK
Opening balance	14,102,046,968	8,440,875,640
Additional	-	5,661,171,328
Ending balance	14,102,046,968	14,102,046,968

The legal reserve was set up as required by Article 156 under the Enterprise Law of the Lao PDR. It requires that at least 10% of the annual net profit be set aside as a legal reserve until such reserve reaches 50% of the authorised share capital.

Other reserve

Apart from legal reserve, the Company also has set aside 10% as another reserve. This is in accordance with the Company's policies registered with the Ministry of Finance, Lao PDR, dated 22 September 2015. The other reserve is for unforeseeable events such as natural disasters. The Company will only use this reserve to if such an event occurs.

12. Dividend

At the Annual General Meeting of Shareholders 2022 held on 07 April 2023, it was resolved that dividend be paid to shareholders in respect of 2022 operating results at LAK 100 per shares (2021: LAK 50 shares), totaling of LAK 16,500 million (2021: LAK 8,250). The dividend was paid in 03 May 2023 to the shareholder.

13. Income tax expense

According to the tax law effective on 1 January 2020, the company must pay taxes on its net taxable income at the rate of 20%.

The company doesn't recognize corporate income tax payable or receivable in future periods in respect of temporary differences. Income tax expense is recognized based on the operating result for the related period and the applicable tax rate.

Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2023

	31 March 2023 LAK
<i>Reconciliation between income tax expense and accounting profit:</i>	
Accounting profit before income tax	25,103,008,814
Non-deductible and reversal items for tax purpose (1)	(758,275,504)
Taxable income (Loss)	<u>24,344,733,310</u>
Tax calculated at the tax rate of 20%	4,868,946,662

(1) Non-deductible and reversal items for tax purposes mainly comprise of the reversal of allowance from inventory and unrealized gained and loss from revaluation of asset and liabilities in foreign currencies on closing date.

14. Basic earnings per share

As at 31 March 2023, basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issued during the period.

	31 March 2023 LAK	31 March 2022 LAK
Net profit for the period attributable to shareholders(LAK)	20,234,062,152	18,115,422,316
Weighted average number of ordinary shares (shares)	165,000,000	165,000,000
Basic earnings per shares	123	110

15. Related party transactions with management in the company.

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Individuals owning, directly or indirectly, an interest in the voting right in the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company, and their immediate family members, and companies associated with these individuals, also constitute related parties.

The following material transactions were carried out with related parties.

Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2023

15.1 Income and expenses

	31 March 2023 LAK	31 March 2022 LAK
Purchases of goods from related party	35,358,363,831	24,177,962,474
Rental expense	3,383,520,191	2,564,184,908
	38,741,884,022	26,742,147,382

15.2 Outstanding balance arising from related party transactions

	31 March 2023 LAK	31 December 2022 LAK
Accrued rental expense	-	-
Trade accounts payable	16,505,981,500	10,877,529,142

15.3 Key management compensation

Key management includes directors. The compensations paid to management for employee services are as follows:

	31 March 2023 LAK	31 March 2022 LAK
For first quarter	1,035,985,000	611,023,723

16. Selling and Administrative expenses.

Selling and Administrative expenses of company were increased. Due to the company had expanded new branches, increasing of employees and fixed assets that increase from expanding new branches. At a result, depreciation charge increases respectively.

17. Commitment and significant transactions

Operating lease commitments - where the Company is the lessee.

The Company leases land and offices under non-cancellable operating lease agreements. The lease terms are 1-5 years, and the majority of the lease agreements are renewable at the end of the lease period at an agreed rate.

	31 March 2023 LAK	31 December 2022 LAK
Not later than 1 year	-	6,994,972,670
1 - 5 years	29,934,671,929	34,309,820,146
Closing balance	29,934,671,929	41,304,792,816