



Financial Statement for the First Quarter ended 31 March 2022



ບໍລິສັດ ສວັນນີ ໂຮມເຊັນເຕີ ມະຫາຊົນ
Souvanny Home Center Public Company

PHONTONGSAVAT RD, PHONTONG VILLAGE, CHANTHABULY DISTRICT, VIENTIANE CAPITAL

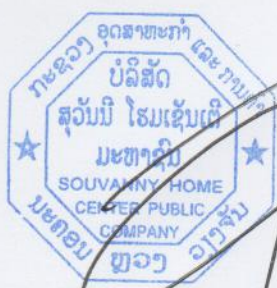
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Souvanny Home Center Public Company
Statement of Financial Position
For the First Quarter period ended 31 March 2022

		31 March 2022 LAK	31 December 2021 LAK
	Notes		
Assets			
Current assets			
Cash and cash equivalents	4	10,367,728,769	3,285,274,048
Trade and other receivables, net	5	9,848,996,095	12,497,867,185
Inventories, net	6	307,907,782,538	289,175,467,358
Other current assets		<u>7,603,673,369</u>	<u>7,159,850,423</u>
Total current assets		<u>335,728,180,771</u>	<u>312,118,459,014</u>
Non-current assets			
Property, plant and equipment, net	7	692,873,534,452	637,484,068,573
Intangible assets, net		58,394,866	41,679,842
Other non-current assets		-	-
Total non-current assets		<u>692,931,929,318</u>	<u>637,525,748,415</u>
Total assets		<u>1,028,660,110,089</u>	<u>949,644,207,429</u>



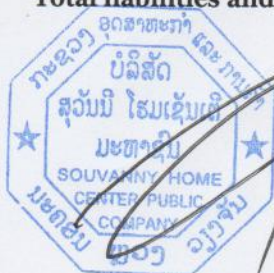
Waddana SOUKHABANDITH
Chief Executive Officer
Date: 6 May 2022

Phannola SOUKHABANDITH
Chief Financial Officer
Date: 6 May 2022

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 2022

		31 March 2022 LAK	31 December 2021 LAK
	Notes		
Liabilities and equity			
Current liabilities			
Bank overdraft and short-term borrowings	9	92,259,666,512	85,686,567,355
Trade and other payables	8	50,235,792,164	59,803,233,467
Current portion of long-term borrowings	9	15,046,827,614	13,820,250,486
Profit tax payable		3,565,339,548	4,066,651,565
Deposits from customers		2,851,445,134	2,129,487,607
Other current liabilities		12,500,202,496	14,747,214,631
Total current liabilities		176,459,273,468	180,253,405,110
Non Current liabilities			
Long-term borrowings from financial institution	9	6,750,629,057	9,671,632,212
Total non current liabilities		6,750,629,057	9,671,632,212
Total liabilities		183,209,902,525	189,925,037,321
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	10	8,440,875,640	8,440,875,640
Appropriated - Other reserve		8,190,875,640	8,190,875,640
Unappropriated		199,031,030,784	180,915,608,468
Translation adjustments		275,051,700,778	207,436,085,638
Total equity		845,450,207,564	759,719,170,108
Total liabilities and equity		1,028,660,110,089	949,644,207,429



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Souvanny Home Center Public Company
Statement of comprehensive income
For the First Quarter period ended 31 March 2022

		31 March 2022 LAK	31 March 2021 LAK
	Notes		
Revenue from sales		156,017,933,060	121,685,112,078
Revenue from services		-	-
Cost of sales		(116,946,239,673)	(98,529,374,797)
Cost of services		-	-
Gross profit		39,071,693,387	23,155,737,281
Other incomes		576,691,527	438,792,681
Selling expenses		(10,582,873,085)	(8,873,766,080)
Administrative expenses		(8,149,851,729)	(8,117,755,081)
Finance costs		(1,432,593,094)	(947,362,772)
Foreign exchange loss, net		1,973,782,441	74,190,355
Profit before income tax expense		21,456,849,447	5,729,836,384
Income tax expense	12	(3,341,427,131)	(946,390,694)
Net profit for the period		18,115,422,316	4,783,445,690
Earnings per share			
Basic earnings per share	13	110	29



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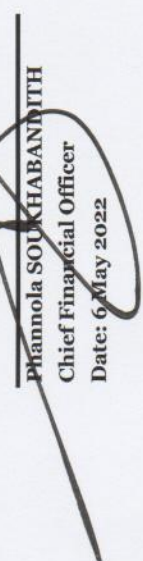
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Souvanny Home Center Public Company
Statement of changes in equity
For the First Quarter period ended 31 March 2022

Notes	Issued and paid-up ordinary shares	Premium on share capital	Legal reserve	Other reserve	Unappropriated retained earnings	Translation adjustments	Total equity
	LAK	LAK	LAK	LAK	LAK	LAK	LAK
Opening balance 1 January 2021	330,000,000,000	24,735,724,722	5,973,926,973	5,723,926,973	164,542,719,132	172,891,823,494	703,868,121,294
Legal reserve	-	-	-	-	-	-	-
Other reserve	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	4,783,445,690.00	-	4,783,445,690
Dividend paid	-	-	-	-	-	-	-
Translation adjustments	-	-	-	-	-	-	-
Ending balance 31 March 2021	330,000,000,000	24,735,724,722	4,772,981,235	4,522,981,235	169,326,164,822	(10,942,090,097)	10,942,090,097
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	-	-	-	-	18,115,422,316	-	18,115,422,316
Dividend paid	-	-	-	-	-	-	-
Translation adjustments	-	-	-	-	-	-	-
Ending balance 31 March 2022	330,000,000,000	24,735,724,722	8,440,875,640	8,190,875,640	199,031,030,784	275,051,700,778	845,450,207,564



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Souvanny Home Center Public Company
Statement of Cash flows
For the First Quarter period ended 31 March 2022

		31 March 2022 LAK	31 March 2021 LAK
	Notes		
Cash flow from operating activities:			
Net profit before income tax for the period		21,456,849,447	5,729,836,384
Adjustments for:			
Depreciation	7	4,629,134,024	4,502,811,060
Amortisation		1,922,467	11,338,109
Gain from disposals of property, plant and equipment		-	(120,696,692)
Gain/Loss on exchange rate		(4,062,210,423)	501,932,029
Interest expense		1,432,593,094	947,362,772
Inventories provision (reversal)		247,646,303	(229,650,738)
Trade and other receivables provision (reversal)		(70,385,408)	660,445,960
Allowance for sale return of trade receivable		1,020,028,069	384,653,413
Operating profit before working capital changes		24,655,577,573	12,388,032,297
Changes in operating assets and liabilities			
- Trade and other receivables		2,791,578,682	(1,305,983,812)
- Inventories		6,294,822,665	(2,831,391,275)
- Other current assets		181,968,985	2,741,297,119
- Other non-current assets		-	-
- Trade and other accounts payable		(15,052,045,339)	3,257,555,577
- Deposits from customers		535,884,063	230,370,251
- Other current liabilities		(3,500,875,960)	(929,661,052)
Cash generated from operations		15,906,860,669	13,550,219,104
Interest paid		(1,467,679,090)	(914,194,509)
Income tax paid		(3,941,260,210)	(697,394,936)
Net cash used in operating activities		10,497,921,369	11,938,629,659
Cash flows from investing activities :			
Purchases of plant and equipments	7	(4,063,627,561)	(3,187,529,135)
Purchases of computer software		(15,123,502)	(6,531,552)
Proceeds from disposals of property, plant and equipments		-	121,423,194
Net cash used in investing activities		(4,078,751,063)	(3,072,637,492)



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Souvanny Home Center Public Company
Statement of Cash flows
For the First Quarter period ended 31 March 2022

	Notes	31 March 2022 LAK	31 March 2021 LAK
Cash flows from financing activities :			
Proceeds from a short-term borrowing		93,678,301,262	* 36,081,199,170
Repayment on a borrowings from bank		(97,134,214,523)	(43,625,478,577)
Dividend paid		-	-
Net cash used in financing activities		<u>(3,455,913,261)</u>	<u>(7,544,279,407)</u>
Net decrease in cash and cash equivalents			
Cash and cash equivalent at the beginning of the period		2,963,257,046	1,321,712,760
Effect of exchange rate changes on cash and cash equivalents		3,285,274,048	3,734,536,186
		<u>4,119,197,675</u>	<u>(696,781,636)</u>
Cash and cash equivalent at the end of the period		<u>10,367,728,769</u>	<u>4,359,467,310</u>
Significant non cash items			
Other payables from purchases of plant and equipments		257,625,994	222,524,290
Interest payable		35,085,996	33,168,263



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Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2022

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 6 May 2022.

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 2022 LAK	31 December 2021 LAK
Cash on hand	512,204,807	637,529,904
Deposits held at call with financial institutions	9,855,523,962	2,647,744,144
Cash and cash equivalents	<u>10,367,728,769</u>	<u>3,285,274,048</u>

Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2022

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 2022 LAK	31 December 2021 LAK
Trade accounts receivables	9,652,849,585	10,628,677,359
<u>Less</u> allowance for doubtful debt	<u>(1,442,844,021)</u>	<u>(1,395,937,031)</u>
Trade accounts receivable, net	8,210,005,564	9,232,740,328
Staff borrowings	231,481,418	196,184,144
Outstanding income		
Other receivables (i)	1,407,509,113	3,068,942,713
	<u>1,638,990,531</u>	<u>3,265,126,857</u>
Trade and other receivables, net	<u>9,848,996,095</u>	<u>12,497,867,185</u>

The Outstanding trade accounts receivable balance as 31 March 2022 is aged as follows:

	31 March 2022 LAK	31 December 2021 LAK
Not yet due	3,916,634,760	4,074,416,366
Past due:		
1 – 3 months	910,951,251	1,845,543,058
3 - 6 months	158,006,132	141,087,731
6 - 12 months	178,972,724	101,794,992
Over 12 months	4,488,284,718	4,465,835,212
Trade and other receivables, net	9,652,849,585	10,628,677,359
<u>Less</u> allowance for doubtful debt	<u>(1,442,844,021)</u>	<u>(1,395,937,031)</u>
Trade accounts receivable, net	<u>8,210,005,564</u>	<u>9,232,740,328</u>

The allowance was set up from the remaining accounts receivable balance which has been outstanding for more than six-months and hasn't been collected up to the present date.

Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2022

6. Inventories, net

	31 March 2022 LAK	31 December 2021 LAK
Inventories	312,168,397,285	292,865,882,718
Less: Allowance for slow moving and obsolete	(4,061,148,112)	(3,500,789,509)
Allowance for diminution in value of inventories	(199,466,680)	(189,625,851)
Inventories, net	<u>307,907,782,538</u>	<u>289,175,467,358</u>

As at 31 March 2022, management reassessed and reviewed the related allowance for slow-moving and obsolete inventories. Related allowance for slow-moving and a increase in the value of inventory has been revised up to LAK 4,241 million (2021: LAK 3,690 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 adjusted up to be consistent with recent facts and analysis.

7. Property, plant and equipment, net

	31 March 2022 LAK	31 December 2021 LAK
Opening net book value	637,484,068,573	603,046,157,185
Additions	4,321,253,555	24,281,601,376
Foreign exchange translation difference	55,697,346,348	28,535,775,601
sell	0	(98,807,766)
Depreciation charge	(4,629,134,024)	(18,280,657,823)
Closing net book value	<u>692,873,534,452</u>	<u>637,484,068,573</u>

Additions during the first quarter period ended 31 March 2022 mainly consisted of office equipment and buildings. Total addition of LAK 4,321 million consisted of cash transaction (already paid) of LAK 4,064 million and non-cash transactions (not yet paid) of LAK 257 million.

8. Trade and other payables

	31 March 2022 LAK	31 December 2021 LAK
Trade accounts payable- related parties	11,833,243,834	10,943,297,126
Trade accounts payable– third parties	36,371,076,575	47,745,460,523
Other payables	2,031,471,755	1,114,475,817
Trade and other account payables	<u>50,235,792,164</u>	<u>59,803,233,466</u>

Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2022

9. Borrowings

	31 March 2022 LAK	31 December 2021 LAK
Current		
Bank overdraft	1,595,804,807	5,088,905,747
Short-term borrowings	90,663,861,705	80,597,661,608
Current portion of long-term borrowings	15,046,827,614	13,820,250,486
Non-current		
Long-term borrowings	6,750,629,057	9,671,632,212
Total borrowings	114,057,123,183	109,178,450,053

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

	31 March 2022 LAK	31 December 2021 LAK
At fixed rates	103,315,164,063	104,155,141,145
At floating rates	10,741,959,120	5,023,308,908
Total borrowings	114,057,123,183	109,178,450,053

Short-term borrowing from Krungsri bank in Laos for which the interest rate is the Low Rate Limit (LRL) plus a percentage of the margin per annum. The repayments are required within five months after drawdown. The facilities are secured by the shareholder's land.

Short-term loan from Kasikorn bank in Laos for a contract amount of LAK 30,000 million with an annual fixed interest of 6.4% 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.

Short-term borrowing from Exim Bank in Thailand, contract start on 26 March 2020 with a fixed interest rate of 4%. The repayments are required within five months after the drawdown. The facilities are secured by the shareholder's land

Long-term loan from Kasikorn bank from Laos for a contract amount of THB 110 million with an annual fixed interest of 6% per annum which is due in December 2022. The loan principle has been paid quarterly starting from March 2019 and the interest has to be paid monthly. The borrowing is secured by the shareholder's land.

Long-term loan from KASIKORN THAI BANK Limited in Laos for a contract amount of 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. The loan was fully drawn down during the year 2021.

Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2022

10. Reserve

Legal reserve

	31 March 2022 LAK	31 December 2021 LAK
Opening balance	8,440,875,640	5,973,926,973
Additional	-	2,466,948,667
Ending balance	8,440,875,640	8,440,875,640

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.

11. Dividend

At the Annual General Meeting of Shareholders 2021 held on 05 April 2022, it was resolved that dividend be paid to shareholders in respect of 2021 operating results at LAK 50 per shares (2020: LAK 20.38 shares), totaling of LAK 8,250 million (2020: LAK 3,363). The dividend was paid in 04 May 2022 to the shareholder.

12. 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.

	31 March 2022 LAK
<i>Reconciliation between income tax expense and accounting profit:</i>	
Accounting profit before income tax	21,456,849,447
Non-deductible and reversal items for tax purpose (1)	(4,749,713,792)
Taxable income (Loss)	16,707,135,655
Tax calculated at the tax rate of 20%	3,341,427,131

- (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.

Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2022

13. Basic earnings per share

As at 31 March 2022, 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 2022 LAK	31 March 2021 LAK
Net profit for the period attributable to shareholders(LAK)	18,115,422,316	4,783,445,690
Weighted average number of ordinary shares (shares)	165,000,000	165,000,000
Basic earnings per shares	110	29

14. 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.

14.1 Income and expenses

	31 March 2022 LAK	31 March 2021 LAK
Purchases of goods from related party	24,177,962,474	21,706,665,712
Rental expense	2,564,184,908	1,526,194,387
	26,742,147,382	23,232,860,099

14.2 Outstanding balance arising from related party transactions

	31 March 2022 LAK	31 December 2021 LAK
Accrued rental expense	1,645,353,770	2,594,224,397
Trade accounts payable	10,882,115,055	10,943,297,126

Souvanny Home Center Public Company
Notes to financial statements
For the First Quarter period ended 31 March 2022

14.3 Key management compensation

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

	31 March 2022 LAK	31 March 2021 LAK
For first quarter	611,023,723	520,027,912

15. 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.

16. 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 2-3 years, and the majority of the lease agreements are renewable at the end of the lease period at an agreed rate.

	31 March 2022 LAK	31 December 2021 LAK
Not later than 1 year	10,194,464,979	1,250,349,754
1 - 5 years	7,708,691,327	2,504,125,123
Closing balance 31 March 2022	17,903,156,306	3,754,474,877