Financial Statements for the First Quarter ended 31 March 2021



ບໍລິສັດ ສຸວັນນີ 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 2021

	Notes	31 March 2021 LAK	31 December 2020 LAK
Assets			
Current assets			
Cash and cash equivalents	4	4,359,467,310	3,734,536,186
Trade and other receivables, net	5	11,309,065,280	11,221,223,619
Inventories, net	6	243,766,522,875	244,475,544,506
Other current assets		4,518,675,033	7,373,681,890
Total current assets		263,953,730,498	266,804,986,201
Non-current assets			
Property, plant and equipment, net	7	592,653,082,787	603,046,157,185
Intangible assets, net		33,776,019	38,975,565
Other non-current assets		-	-
Total non-current assets		592,686,858,806	603,085,132,750
Total assets		**856,640,589,304**	**869,890,118,951**

Waddana SOUKHABANDITH
Chief Executive Officer
Date: 12 May 2021

Phannola SOUKHABANDITH
Chief Financial Officer
Date: 12 May 2021

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 2021

	Notes	31 March 2021 LAK	31 December 2020 LAK
Liabilities and equity			
Current liabilities			
Bank overdraft and short-term borrowings	9	79,287,687,726	85,933,290,928
Trade and other payables	8	46,412,674,080	43,605,028,476
Current portion of long-term borrowings	9	8,946,182,208	9,068,667,781
Profit tax payable		929,035,335	740,792,797
Deposits from customers		1,343,388,470	1,130,450,932
Other current liabilities		15,393,708,951	16,545,347,976
Total current liabilities		152,312,676,770	157,023,578,890
Non Current liabilities			
Long-term borrowings from financial institution	9	6,618,435,647	8,998,418,768
Total non current liabilities		6,618,435,647	8,998,418,768
Total liabilities		158,931,112,417	166,021,997,658
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	5,973,926,973	5,973,926,973
Appropriated - Other reserve		5,723,926,973	5,723,926,973
Unappropriated		169,326,164,822	164,542,719,132
Translation adjustments		161,949,733,397	172,891,823,493
Total equity		697,709,476,887	703,868,121,293
Total liabilities and equity		**856,640,589,304**	**869,890,118,951**

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Chief Executive Officer
Date: 12 May 2021

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Souvanny Home Center Public Company
Statement of comprehensive income
For the First Quarter period ended 31 March 2021

	Notes	31 March 2021 LAK	31 March 2020 LAK
Revenue from sales		121,685,112,078	105,037,171,157
Revenue from services		-	11,755,525
Cost of sales		(98,529,374,797)	(89,660,335,250)
Cost of services		-	(1,200,047)
Gross profit		**23,155,737,281**	**15,387,391,385**
Other incomes		438,792,681	2,956,902,439
Selling expenses		(8,873,766,080)	(8,255,369,512)
Administrative expenses		(8,117,755,081)	(6,600,321,198)
Finance costs		(947,362,772)	(1,493,371,380)
Foreign exchange loss, net		74,190,355	(546,608,058)
Profit before income tax expense		**5,729,836,384**	**1,448,623,676**
Income tax expense	12	(946,390,694)	(514,780,921)
Net profit for the period		**4,783,445,690**	**933,842,755**
Earnings per share			
Basic earnings per share	**13**	**29**	**6**

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Souvanny Home Center Public Company
Statement of changes in equity
For the First Quarter period ended 31 March 2021

	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 2020		330,000,000,000	24,735,724,722	4,772,981,235	4,522,981,235	157,575,153,226	105,400,043,455	627,006,883,873
Legal reserve		-	-	-	-	-	-	-
Other reserve		-	-	-	-	-	-	-
Net profit for the period		-	-	-	-	933,842,755	-	933,842,755
Dividend paid		-	-	-	-	-	-	-
Translation adjustments		-	-	-	-	-	(9,032,916,504)	(9,032,916,504)
Ending balance 31 March 2020		330,000,000,000	24,735,724,722	4,772,981,235	4,522,981,235	158,508,995,981	96,367,126,951	618,907,810,124
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	-	4,783,445,690
Dividend paid		-	-	-	-	-	-	-
Translation adjustments		-	-	-	-	-	(10,942,090,097)	(10,942,090,097)
Ending balance 31 March 2021		330,000,000,000	24,735,724,722	5,973,926,973	5,723,926,973	169,326,164,822	161,949,733,397	697,709,476,887
		-	-	-	-	-	-	-

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Date: 12 May 2021

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Souvanny Home Center Public Company
Statement of Cash flows
For the First Quarter period ended 31 March 2021

	Notes	31 March 2021 LAK	31 March 2020 LAK
Cash flow from operating activities:			
Net profit before income tax for the period		5,729,836,384	1,448,623,676
Adjustments for:			
Depreciation	7	4,502,811,060	3,946,363,286
Amortisation		11,338,109	10,233,272
Gain from disposes of property, plant and equipment		(120,696,692)	(8,957,670)
Gain/Loss on exchange rate		501,932,029	195,282,073
Interest expense		947,362,772	1,493,371,380
Inventories provision (reversal)		(229,650,738)	-
Trade and other receivables provision (reversal)		660,445,960	108,122,764
Allowance for sale return of trade receivable		384,653,413	21,804,160
Operating profit before working capital changes		12,388,032,297	7,214,842,942
Changes in operating assets and liabilities			
- Trade and other receivables		(1,305,983,812)	2,558,773,089
- Inventories		(2,831,391,275)	5,998,386,615
- Other current assets		2,741,297,119	(683,971,933)
- Other non-current assets		-	-
- Trade and other accounts payable		3,257,555,577	(1,451,228,456)
- Deposits from customers		230,370,251	218,934,876
- Other current liabilities		(929,661,052)	614,290,663
Cash generated from operations		**13,550,219,104**	14,470,027,796
Interest paid		(914,194,509)	(1,493,371,380)
Income tax paid		(697,394,936)	(323,885,700)
Net cash used in operating activities		11,938,629,659	12,652,770,716
Cash flows from investing activities :			
Purchases of plant and equipments	7	(3,187,529,135)	(2,753,358,549)
Purchases of computer software		(6,531,552)	-
Proceeds from disposals of property, plant and equipments		121,423,194	8,958,263
Net cash used in investing activities		(3,072,637,492)	(2,744,400,286)

Waddana SOUKHABANDITH
Chief Executive Officer
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Souvanny Home Center Public Company
Statement of Cash flows
For the First Quarter period ended 31 March 2021

	Notes	31 March 2021 LAK	31 March 2020 LAK
Cash flows from financing activities :			
Proceeds from a short-term borrowing		36,081,199,170	37,975,718,856
Repayment on a borrowings from bank		(43,625,478,577)	(46,930,849,319)
Dividend paid		-	-
Net cash used in financing activities		(7,544,279,407)	(8,955,130,463)
Net decrease in cash and cash equivalents		1,321,712,760	953,239,967
Cash and cash equivalent at the beginning of the period		3,734,536,186	3,740,207,940
Effect of exchange rate changes on cash and cash equivalents		(696,781,636)	(270,646,397)
Cash and cash equivalent at the end of the period		**4,359,467,310**	**4,422,801,510**
Significant non cash items			
Other payables from purchases of plant and equipments		222,524,290	1,251,859,076
Interest payable		(33,168,263)	-

Waddana SOUKHABANDITH
Chief Executive Officer
Date: 12 May 2021

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Chief Financial Officer
Date: 12 May 2021

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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 6 such as: Phonetong branch, Sikhai branch, XokYai branch, Paksan branch, Pakse branch and Thakhek branch.

The Board of Directors authorised this condensed the first quarter financial information for issue on 12 May 2021.

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 and Regulation on accounting and auditing in securities sector under Securities Commission Office in Lao P.D.R., all listed companies are required to prepare its financial statements in accordance with International Financial Reporting Standard (IFRSs) as generally accepted accounting principles. At present, Securities Commission Office is still flexible and allows listed companies to apply their own significant accounting policies, but they also encourage listed companies to fully adopt the IFRSs as it will be enforced in the future. In Lao PDR, there are significant differences between the companies' own accounting policies and the IFRSs, in many areas such as property, plant and equipment, leases, current and deferred income tax and pre-operation costs. Hence, users of the financial statements should therefore be aware and understand these differences and how these will affect their interpretation and decision making.

3. Estimates

The preparation of the first quarter financial information requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In preparing this the first quarter financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2016, with the exception of a change in estimate that is required in determining the allowance for slow moving and obsoleted inventories (see in Note 6).

4. Cash and cash equivalents

	31 March 2021 LAK	31 December 2020 LAK
Cash on hand	611,905,295	544,964,444
Deposits held at call with financial institutions	3,747,562,015	3,189,571,742
Cash and cash equivalents	4,359,467,310	3,734,536,186

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 2021 LAK	31 December 2020 LAK
Trade accounts receivables	12,003,003,022	11,252,147,774
Less allowance for doubtful debt	(1,389,279,220)	(1,556,532,129)
Trade accounts receivable, net	10,613,723,802	9,695,615,645
Staff borrowings	10,435,476	12,090,950
Outstanding income	(5,797,190)	
Other receivables (i)	690,703,192	1,513,517,024
	695,341,478	1,525,607,974
Trade and other receivables, net	11,309,065,280	11,221,223,619

The Outstanding trade accounts receivable balance as 31 March 2021 is aged as follows:

	31 March 2021 LAK	31 December 2020 LAK
Not yet due	4,850,475,189	4,210,619,066
Past due:		
1 – 3 months	1,818,059,014	1,315,949,505
3 - 6 months	204,059,837	110,693,640
6 - 12 months	196,859,054	375,471,140
Over 12 months	4,933,549,928	5,239,414,329
Trade and other receivables, net	12,003,003,022	11,252,147,680
Less allowance for doubtful debt	(1,389,279220)	(1,556,532,035)
Trade accounts receivable, net	10,613,723,802	9,695,615,645

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.

6. Inventories, net

	31 March 2021 LAK	31 December 2020 LAK
Inventories	246,938,607,090	247,926,281,927
Less: Allowance for slow moving and obsolete	(2,679,409,616)	(2,617,492,376)
Allowance for diminution in value of inventories	(492,674,644)	(833,245,045)
Inventories, net	243,766,522,875	244,475,544,506

During the first quarter period ended 31 March 2021, management reassessed and reviewed related allowance for slow moving and obsoleted inventories. Related allowance for slow moving and decrease in value of inventory has been revised down LAK 3,172 million (2020: LAK 3,451 million) as slow moving can be actually sold at a higher turnover which is better than previously estimated. As a result, related allowance and cost of goods sold has been adjusted down to be consistent with recent facts and analysis.

7. Property, plant and equipment, net

	31 March 2021 LAK	31 December 2020 LAK
Opening net book value	603,046,157,185	550,085,847,112
Additions	3,410,053,425	11,606,074,714
Foreign exchange translation difference	(9,299,590,261)	58,430,879,379
sell	(726,502)	(129,132,432)
Depreciation charge	(4,502,811,060)	(16,947,511,588)
Closing net book value	592,653,082,787	603,046,157,185

Additions during the first quarter period ended 31 March 2021 mainly consisted of office equipment and buildings. Total addition of LAK 3,410 million consisted of cash transaction (already paid) of LAK 3,188 million and non-cash transactions (not yet paid) of LAK 223 million.

8. Trade and other payables

	31 March 2021 LAK	31 December 2020 LAK
Trade accounts payable- related parties	10,650,792,694	11,922,576,283
Trade accounts payable– third parties	34,494,254,511	30,733,059,887
Other payables	1,267,626,875	949,392,306
Trade and other account payables	46,412,674,080	43,605,028,476

9. Borrowings

	31 March 2021 LAK	31 December 2020 LAK
Current		
Bank overdraft	(3,705,216)	20,614,113
Short-term borrowings	79,291,392,941	85,912,676,815
Current portion of long-term borrowings	8,946,182,208	9,068,667,781
Non-current		
Long-term borrowings	6,618,435,647	8,998,418,768
Total borrowings	94,852,305,581	104,000,377,477

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

	31 March 2021 LAK	31 December 2020 LAK
At fixed rates	94,904,483,302	91,621,962,704
At floating rates	(52,177,721)	12,378,414,773
Total borrowings	94,852,305,581	104,000,377,477

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 THB 110 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.

10. Reserve

Legal reserve

	31 March 2021 LAK	31 December 2020 LAK
Opening balance	5,973,926,973	4,772,981,235
Additional	-	1,200,945,738
Ending balance	5,973,926,973	5,973,926,973

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 2020 held on 09 April 2021, it was resolved that dividend be paid to shareholders in respect of 2020 operating results at LAK 20.38 per shares (2019: LAK 16 shares), totaling of LAK 3,363 million (2019: LAK 2,690). The dividend was paid in 06 May 2021 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 2021 LAK
Reconciliation between income tax expense and accounting profit:	
Accounting profit before income tax	5,729,836,384
Non-deductible and reversal items for tax purpose (1)	(997,882,914)
Taxable income (Loss)	4,731,953,469
Tax calculated at the tax rate of 20%	946,390,694

(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.

13. Basic earnings per share

As at 31 March 2021, 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 2021 LAK	31 March 2020 LAK
Weighted average number of ordinary shares (shares)	4,783,445,690	933,842,755
Net profit for the period attributable to shareholders(LAK)	165,000,000	165,000,000
Basic earnings per shares	29	6

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 2021 LAK	31 March 2020 LAK
Purchases of goods from related party	21,706,665,712	6,260,537,688
Rental expense	1,526,194,387	2,346,120,002
	23,232,860,099	**8,606,657,690**

14.2 Outstanding balance arising from related party transactions

	31 March 2021 LAK	31 December 2020 LAK
Accrued rental expense	8,625,664,607	10,616,396,603
Trade accounts payable	10,817,611,356	11,567,696,973

14.3 Key management compensation

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

	31 March 2021 LAK	31 March 2020 LAK
For first quarter	520,027,912	426,004,545

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 increase 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 5 years, and the majority of the lease agreements are renewable at the end of the lease period at an agreed rate.

	31 March 2021 LAK	31 December 2020 LAK
Not later than 1 year	4,379,551,608	8,302,628,238
1 - 5 years	3,236,792,611	1,480,230,802
Closing balance 31 March 2021	7,616,344,219	9,782,859,040