SOUVANNY HOME CENTER PUBLIC COMPANY



FINANCIAL STATEMENTS

31 DECEMBER 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of Souvanny Home Center Public Company (formerly named as "Souvanny Import-Export Sole Co., Ltd").

We have audited the accompanying financial statements of Souvanny Home Center Public Company (the Company), which comprise the statement of financial position as at 31 December 2015 related statements of income, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of Souvanny Home Center Public Company in accordance with the accounting policies described in Note 2 to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements in accordance with accounting policies described in Note 2 to the financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

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Opinion

In our opinion, the financial statements of Souvanny Home Center Public Company for the year ended 31 December 2015 are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the financial statements

Basis of accounting

Without qualifying our opinion, we draw attention to Note 1 and 2 to the financial statements, which describe the basis of accounting. The accounting basis used in the preparation of these financial statements may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The readers should therefore be aware that the accompanying financial statements are not intended to present the financial position and results of operations in accordance with jurisdictions other than Lao PDR.

For PricewaterhouseCoopers (Lao) Co., Ltd.

By Paiboon Tunkoon
Partner
Vientiane, Lao PDR
Date: 1 April 2016

PricewaterhouseCoopers (Lao) Co,. Ltd. 4th Floor, ANZ Commercial Building, 33 Lane Xang Avenue, PO Box 7003, Telephone: + 856 21 222718-9, Facsimile: + 856 21 222723, www.pwc.com/la

Souvanny Home Center Public Company
(Formaly named as "Souvanny Import-Export Sole Co., Ltd")
Statement of financial position
As at 31 December 2015

	Notes	31 December 2015 LAK	31 December 2014 LAK
Assets			
Current assets			
Cash and cash equivalents	5	96,575,616,427	21,527,701,343
Trade and other receivables, net	6	28,794,539,438	13,747,564,693
Inventories, net	7	73,244,828,356	83,753,238,106
Other current assets	8	3,070,175,100	6,017,355,451
Total current assets		201,685,159,321	125,045,859,593
Non-current assets			
Property, plant and equipment, net	9	320,523,942,056	197,249,169,325
Total non-current assets		320,523,942,056	197,249,169,325
Total assets		522,209,101,377	322,295,028,918

Waddana Soukabandith
Managing director
Date: 1 April 2016

Phannola Soukabandith
Deputy manging director
Date: 1 April 2016

The accompanying notes on pages 9 to 25 are an integral part of these financial statements.

Souvanny Home Center Public Company
(Formaly named as "Souvanny Import-Export Sole Co., Ltd")
Statement of financial position
As at 31 December 2015

	Notes	31 December 2015 LAK	31 December 2014 LAK
Liabilities and shareholders' equity			
Current liabilities			
Bank overdraft		-	1,452,972,060
Trade and other accounts payable, net	11	26,105,097,350	149,531,221,384
Borrowing from director		-	6,842,201,583
Current portion of long-term borrowings from financial institutions	10	252,957,748	-
Income tax payable	12	4,171,949,502	305,644,174
Other current liabilities	13	25,729,291,057	27,081,147,861
Total current liabilities		56,259,295,657	185,213,187,062
Non Current liabilities			
Long-term borrowings from financial institutions	10	885,352,182	-
Total non current liabilities		885,352,182	-
Total liabilities		57,144,647,839	185,213,187,062
Shareholders' equity			
Share capital			
Authorised share capital			
Ordinary shares 165 million shares at par value of LAK 2,000 (2014 : no par value and number of shares)	14	330,000,000,000	500,000,000
Issued and paid-up share capital			
Ordinary shares 165 million shares at par value of LAK 2,000 (2014 : no par value and number of shares)	14	330,000,000,000	500,000,000
Premium on share capital	14	24,735,724,722	-
Retained earnings			
Appropriated - legal reserve	15	2,092,819,578	250,000,000
Appropriated - Other reserve	15	1,842,819,578	
Unappropriated		151,300,105,001	136,557,548,375
Translation adjustments		(44,907,015,341)	(225,706,519)
Total shareholders' equity		465,064,453,538	137,081,841,856
Total liabilities and shareholders' equity		522,209,101,377	322,295,028,918

Waddana Soukabandith
Managing director
Date: 1 April 2016

Phannola Soukabandith
Deputy manging director
Date: 1 April 2016

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Souvanny Home Center Public Company
(Formaly named as "Souvanny Import-Export Sole Co., Ltd")
Statement of income
For the year ended 31 December 2015

	Notes	31 December 2015 LAK	31 December 2014 LAK
Revenue from sales		326,134,856,381	310,713,235,755
Revenue from services		1,221,179,639	567,623,008
Cost of sales	16	(290,408,093,019)	(270,563,881,569)
Cost of services	16	(522,807,722)	(236,412,634)
Gross profit		36,425,135,279	40,480,564,560
Other income		1,718,074,429	1,971,484,921
Selling expenses	16	(2,239,538,291)	(1,435,168,147)
Administrative expenses	16	(22,591,140,043)	(22,321,378,570)
Foreign exchange (loss)/gain, net		9,761,999,040	2,830,557,270
Profit before income tax expense		23,074,530,414	21,526,060,034
Income tax expense		(4,646,334,632)	(192,208,516)
Net profit for the year		18,428,195,782	21,333,851,518
Earnings per share			
Basic earnings per share (2014 : no par value and number of shares)	17	365	-

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Souvanny Home Center Public Company
(Formaly named as "Souvanny Import-Export Sole Co., Ltd")
Statement of changes in shareholder's equity
For the year ended 31 December 2015

	Note	Issued and paid-up ordinary shares	Premium on share capital	Legal reserve	Other reserve	Unappropriated retained earnings	Translation adjustments	Total
		LAK	LAK	LAK	LAK	LAK	LAK	LAK
Beginning balance 1 January 2014		500,000,000	-	250,000,000	-	115,223,696,857	(227,877,223)	115,745,819,634
Net profit for the year		-	-	-	-	21,333,851,518	-	21,333,851,518
Translation adjustments		-	-	-	-	-	2,170,704	2,170,704
Ending balance 31 December 2014		500,000,000	-	250,000,000	-	136,557,548,375	(225,706,519)	137,081,841,856
Opening balance 1 January 2015		500,000,000	-	250,000,000	-	136,557,548,375	(225,706,519)	137,081,841,856
Proceeds from shares issued	14	329,500,000,000	-	-	-	-	-	329,500,000,000
Premium on share capital	14	-	24,735,724,722	-	-	-	-	24,735,724,722
Legal reserve	15	-	-	1,842,819,578	-	(1,842,819,578)	-	-
Other reserve	15	-	-	-	1,842,819,578	(1,842,819,578)	-	-
Net profit for the year		-	-	-	-	18,428,195,782	-	18,428,195,782
Translation adjustments		-	-	-	-	-	(44,681,308,822)	(44,681,308,822)
Ending balance 31 December 2015		330,000,000,000	24,735,724,722	2,092,819,578	1,842,819,578	151,300,105,001	(44,907,015,341)	465,064,453,538

Phannola Soukabandith
Deputy manging director
Date: 1 April 2016

Waddana Soukabandith
Managing director
Date: 1 April 2016

The accompanying notes on pages 9 to 25 are an integral part of these financial statements.

Souvanny Home Center Public Company
(Formaly named as "Souvanny Import-Export Sole Co., Ltd")
Statement of cash flows
For the year ended 31 December 2015

	Notes	31 December 2015 LAK
Cash flow from operating activities:		
Net profit before income tax for the year		23,074,530,414
Adjustments to reconcile net profit to net cash		
Depreciation		8,929,079,957
Foreign exchange (gain)/ loss		11,944,104,747
Inventories provision		4,335,714,095
Allowance for doubtful accounts		1,373,226,457
Operating profit before working capital changes		49,656,655,670
Changes in working capital:		
- Trade and other receivables		(17,547,287,884)
- Inventories		(693,768,427)
- Other current assets		2,453,850,707
- Trade and other accounts payable		67,165,505,379
- Other current liabilities		(15,064,831,229)
Cash generated from operations		85,970,124,216
Income tax paid		(754,971,231)
Net cash generate from operating activities		85,215,152,985
Cash flows from investing activities :		
Purchase of fixed assets		(326,221,207,662)
Net cash used in investing activities		(326,221,207,662)

Waddana Soukabandith
Managing director
Date: 1 April 2016

Phannola Soukabandith
Deputy manging director
Date: 1 April 2016

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Souvanny Home Center Public Company
(Formaly named as "Souvanny Import-Export Sole Co., Ltd")
Statement of cash flows (continued)
For the year ended 31 December 2015

	Notes	31 December 2015 LAK
Cash flows from financing activities :		
Proceeds from a borrowing from bank		1,261,870,470
Repayment on a borrowing from bank		(1,457,411,469)
Repayment on short-term borrowing from director		(6,842,201,583)
Proceeds from issue of share capital		321,781,806,805
Net cash from financing activities		314,744,064,223
Net increase/(decrease) in cash and cash equivalents		73,738,009,546
Cash and cash equivalent at the beginning of the year		21,527,701,343
Effect of exchange rate changes on cash and cash equivalent		1,309,905,537
Cash and cash equivalent at the end of the year		96,575,616,427

Note : There is no comparative figures of 2014 in the statement of cash flow for the year ended 31 December 2015 due to it is not required to be presented in the financial statements and is not required to be audited.

Waddana Soukabandith
Managing director
Date: 1 April 2016

Phannola Soukabandith
Deputy manging director
Date: 1 April 2016

The accompanying notes on pages 9 to 25 are an integral part of these financial statements.

1 General information

Souvanny Home Center Public Company (formerly named "Souvanny Import-Export Sole Co., Ltd") is a public company incorporated and domiciled in Lao PDR. The Company is principally engaged in trading of a full range of goods and materials for construction, addition, refurbishment, renovation and improvement of buildings, houses and residences, and the provision of related services. Its registered address is:

Ban 7 Thong Toom-Asian Rd, Chanthaburi District, Vientiane Capital, Lao PDR.

On 15 July 2015, the Company changed its status from a sole-shareholding company to a limited company and changed its name from "Souvanny Import-Export Sole Co.,Ltd" to "Souvanny Trading Import-Export Company Limited".

On 21 September 2015, the Company changed its status from a limited company to a public company and changed its name from "Souvanny Trading Import-Export Company Limited" to "Souvanny Home Center Public Company".

The Company was listed on the Lao Securities Exchange market on 11 December 2015.

The presentation format of the financial statements is prepared in accordance with the regulation No.017/LSCO as issued by Lao Securities and Exchange Commission Office ("LSCO") dated 22 October 2014 for new listing purpose in Lao PDR. Therefore, the financial statements presentation may not be in line with international practices including no comparative information in cash flow statements.

These financial statements were authorised for issue by the Board of Directors on 1 April 2016.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Company's principal accounting policies as described in Note 2 of these financial statements, which have been prepared generally under the historical cost convention.

There are no comprehensive Lao accounting standards (LAS). LAS are currently being developed by the Accounting Department and Lao Chamber of Professional Accountants and Auditors (LCPAA). At present, companies are required to apply the Lao Accounting Manual (LAM) issued by the Ministry of Finance. The LAM is a set of instructions using the accrual basis of accounting. There are significant differences between the LAM and International Financial Reporting Standards (IFRS). These differences include the treatment of property, plant and equipment, leases, employee benefits, income tax, presentation of financial statement, financial instruments, cash flow statements and foreign currencies. The accounting principles applied may materially differ from generally accepted accounting principles adopted in certain countries and jurisdictions, including IFRS.

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

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.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using Thai baht, the currency of the primary economic environment in which the Company operates especially from the purchases.

The Company's financial statements are presented in Lao kip (the presentation currency), as required by local regulations, the Tax Law and the Lao Securities and Exchange Commission Office ("LSCO").

The Company converted its financial statements from Thai baht into Lao kip, the presentation currency, as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate on the reporting date except share capital, which is presented at historical cost.

- Income and expenses for each statement of income are translated at the average exchange rate during the year.

- All resulting exchange differences are recognised and presented under translation adjustments in shareholders' equity.

(b) Transactions and balances

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income under "foreign exchange gain (loss), net". The Exchange rate used are from Banque pour le Commerce Exterieur Lao Public (BCEL).

2.3 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2. Accounting policies (continued)

2.3 Property plant and equipment (continued)

The cost of replacing property, plant and equipment is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the Company and the carrying amount of the replaced parts is derecognised. Repairs and maintenance expenses are charged to the statement of income in the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis to write-off the cost of each asset, except for land which is considered to have an indefinite useful life, to its residual value over its estimated useful life as follows:

	Years
Buildings	30
Office equipment	3–5
Machineries	5
Furniture and fixtures	2–5
Motor vehicles	2–5

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down to its recoverable amount immediately if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised under 'other (losses)/gains – net' in the statement of income.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks excluding deposits with banks that are held to maturity, and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

2.5 Trade accounts receivables

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining balance less any allowance for doubtful debts based on the review of all outstanding amounts at year end. The allowance is equal to the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss under administrative expenses.

2.6 Inventories

Inventories are stated at the lower of the purchase cost and net realisable value. The cost is determined using the weighted average method. The purchase cost comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates from suppliers. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2. Accounting policies (continued)

2.7 Borrowings

Borrowings are recognised at the original value of the proceeds received.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.8 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated, except for the provision for employee benefits as described in Note 2.11.

2.9 Revenue recognition

Revenue comprises the invoice value of goods sold net of rebates and discounts. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred or delivered to the buyer.

Sales of goods subject to installation and inspection conditions are recognised when the buyer accepts delivery and the installation and inspection are completed.

Revenue from maintenance services are recognized as revenue when the service is completely rendered to customers.

Other income is recognised on the following basis:

- Interest income is recognised on a time-proportion basis, taking into account the principal outstanding and interest rate over the period to maturity, when it is determined that such income will be accrued to the Company.
- Other income is recognised on an accrual basis.

2.10 Taxation

The Company records corporate income tax on an accrual basis. The Company does not recognise corporate income tax payable or receivable in future periods for temporary differences. Income tax expenses are recognised based on the operating result for the year after adjustments for non-deductible expenses and other transactions under the related Lao Tax Law at the relevant tax rate. Under the Lao Tax Law and accounting, tax expenses for the year are determined based on the profit calculated by the Company.

In Lao PDR, income tax returns are reviewed in details by the relevant authorities on a regular basis. Tax issues raised during the reviews may require judgments and interpretations by the relevant authority. Tax reviews may result in additional tax payments or refunds as necessary. Such additional payment or refund is recognised as income tax expenses in the year in which the reviews are completed.

2. Accounting policies (continued)

2.11 Employee benefits

The Company has made contributions to the Social Security Fund as required by the Labour Law dated 24 December 2013. The Company and its employees are required to contribute 6% and 5.5% of the employee's salary, respectively, to the Social Security Fund. The monthly salary of each employee used as a basis for the calculation is capped at LAK 2 million.

According to the Lao labour law, when staff retire and meet certain criteria as mentioned in the Law, therefore, the Company has obligation to pay to the staff for retirement expense.

Provisions for employee benefits are not accrued each year. The liability is recognised in the balance sheet and the related expenses are recognised in the statements of income based on the actual amount due at the time when employees retire.

3. Financial risk management

Financial risk factors

The Company's activities expose it to certain financial risks, which are primarily due to changes in foreign exchange rates, interest rates, credit risk and liquidity risk.

The Company's overall risk management focuses on minimising potential adverse impacts on the financial performance of the Company in a cost-effective manner.

Risk management is generally carried out by management under the supervision of the Board of Directors.

3.1 Foreign exchange risk

The Company operates domestically but is exposed to foreign exchange risk arising from certain currency exposures, primarily with respect to purchases made in Thai baht. Foreign exchange risks also arise from other trading transactions and borrowings.

Management believes that the foreign exchange risk from trading transactions is low because the Company uses natural hedging, the buying and selling price is set in Thai Baht and the term of payment and collection terms are not significantly different.

As at 31 December 2015, management had not established formal policies and does not use any financial instruments or derivatives to manage the foreign exchange risk from trading and borrowings in Thai baht. However, management monitors the movement of foreign exchange rates regularly and may use financial instruments or derivatives to manage this risk if it considers it necessary in the future. Consequently, significant fluctuations in exchange rates could have a material adverse effect on the Company's business, results of operations, financial conditions and prospects.

3. Financial risk management (continued)

3.2 Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

3.3 Interest rate risk

The Company has no significant interest-bearing assets. The Company borrows money from a bank for business operation at fix rates.

3.4 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and short-term investments. Management plans to maintain cash forecasts to aid in liquidity management and ensure that it has sufficient liquid funds to meet short-term operational needs, including loan repayments, and for its long-term investment plan.

3.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

4 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

4.1 Impairment of trade receivables

The Company has established the allowance for doubtful to reflect the impairment of trade receivables, related to the provision in loss from unbillable customer. The allowance for doubtful is the effect from the Company's estimation of inflow future cash flow, based up on the experience in pressed the claim, reputation, and default, and market trend.

4 Critical accounting estimates, assumptions and judgements (continued)

4.2 Allowance for decrease in value of inventories

The Company has established the allowance for decrease in value of inventories to reflect the net realise value from inventories. The allowance for decrease in value of inventories is the effect from the Company's analysis of obsoleted inventories and sale forecast in the future. The balance of inventories will be written-off once they are obsoleted and unable to sell out.

4.3 Property, plant and equipment

Management is the one who estimates useful life for buildings and equipment of the Company. The management revises depreciation expense whenever the useful life is different from the estimation in the prior period or there is a disposal or retirement.

5 Cash and cash equivalents

	2015 LAK	2014 LAK
Cash on hand	725,031,708	1,561,747,196
Deposits held at call with financial institutions	95,850,584,719	19,965,954,147
Cash and cash equivalents	96,575,616,427	21,527,701,343

Cash on hand includes petty cash and cash received from sales that is used for general purposes.

Deposits held at call with financial institutions represents cash deposited with reputable local banks in three currencies, US dollars, Thai baht and Lao kip, in current accounts with interest at 0%-2% per annum.

6 Trade and other receivables, net

	2015 LAK	2014 LAK
Trade accounts receivable	19,491,904,378	13,450,338,976
Less Allowance for doubtful debts	(2,147,115,108)	(373,823,860)
Trade accounts receivable, net	17,344,789,270	13,076,515,116
Amount due from related parties (Note 18)	-	139,101,377
Advance payments for construction (Note 18)	11,071,087,192	-
Staff borrowings	378,662,976	531,948,200
	11,449,750,168	671,049,577
Trade and other receivables, net	28,794,539,438	13,747,564,693

The outstanding trade accounts receivable balance as at 31 December 2015 is aged as follows:

	2015 LAK	2014 LAK
Not yet due	7,926,460,412	6,524,000,374
Overdue:		
1–3 months	4,582,014,528	2,532,219,849
3-6 months	2,416,818,607	1,555,387,853
6-12 months	1,558,738,508	1,520,715,268
Over 12 months	3,007,872,323	1,318,015,632
Trade and other receivables, net	19,491,904,378	13,450,338,976
Less Allowance for doubtful debts	(2,147,115,108)	(373,823,860)
Trade accounts receivable, net	17,344,789,270	13,076,515,116

The allowance was set up from the remaining accounts receivable balance which has been long outstanding more than 6 months and has not yet been subsequently collected up to the present date.

7 Inventories, net

	2015 LAK	2014 LAK
Tiles and construction materials	22,721,725,069	16,616,520,880
Sanitary wares and faucets	15,217,376,250	18,647,360,445
Elevators and escalator parts	23,145,909,483	30,174,306,548
Roofs and decorations	6,726,128,656	7,859,787,923
Paints, tools and electrical equipment	8,461,403,080	8,139,469,009
Others	9,364,339,155	11,091,613,355
Less: Allowance for impairment based on net realisable value	(12,392,053,337)	(8,775,820,054)
Inventories, net	73,244,828,356	83,753,238,106

Change in inventories recognised as an expense in cost of sale in 2015 amount of LAK 270,802 million (2014: LAK 261,820 million).

At 31 December 2015, the allowance for impairment LAK 12,392 million (2014 : LAK 8,775 million) was made for all inventories to reflect their net realisable value, which is lower than their costs.

8 Other current assets

	2015 LAK	2014 LAK
Advance payments to suppliers	1,466,120,230	1,893,016,419
Prepaid insurance premium	26,938,804	11,898,371
Accrued rebate from suppliers	1,577,116,066	4,112,440,661
Total other current assets	3,070,175,100	6,017,355,451

Advance payments to suppliers consist of cash deposits of LAK 222 million and LAK 1,244 million (2014 : LAK 938 million and LAK 639 million) for the purchase of elevators and other goods, respectively. These deposits will be deducted from the final payment due to the suppliers.

Rebate from suppliers represents a confirmed amount of rebate to be received from suppliers and will be settled when the Company made payments or receive cash from suppliers, most of accrued rebate from suppliers as of 31 December 2015 were subsequently settled during the 1^{st} quarter of 2016.

9 Property, plant and equipment, net

	Land	Building	Machineries and Office equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	LAK	LAK	LAK	LAK	LAK	LAK	LAK
As at 1 January 2014							
Cost	-	-	1,989,344,964	4,179,219,642	4,294,070,358	-	10,462,634,964
Less Accumulated depreciation	-	-	(1,031,975,724)	(2,583,184,300)	(3,228,554,583)	-	(6,843,714,607)
Net book amount	-	-	957,369,240	1,596,035,342	1,065,515,775	-	3,618,920,357
For the year ended 31 December 2014							
Opening net book amount	-	-	957,369,240	1,596,035,342	1,065,515,775	-	3,618,920,357
Foreign exchange translation difference	-	-	4,189,906	9,514,346	12,855,324	-	26,559,576
Additions	194,344,239,659	-	536,026,286	291,965,690	149,298,142	-	195,321,529,777
Depreciation charge	-	-	(434,047,320)	(387,607,195)	(896,185,870)	-	(1,717,840,385)
Closing net book amount	194,344,239,659	-	1,063,538,112	1,509,908,183	331,483,371	-	197,249,169,325
As at 31 December 2014							
Cost	194,344,239,659	-	2,525,371,250	4,471,185,332	4,443,368,500	-	205,784,164,741
Foreign exchange translation difference	-	-	4,189,906	9,514,346	12,855,324	-	26,559,576
Less Accumulated depreciation	-	-	(1,466,023,044)	(2,970,791,495)	(4,124,740,453)	-	(8,561,554,992)
Net book amount	194,344,239,659	-	1,063,538,112	1,509,908,183	331,483,371	-	197,249,169,325

9 Property, plant and equipment, net (continued)

	Land	Building	Machineries and Office equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	LAK	LAK	LAK	LAK	LAK	LAK	LAK
As at 1 January 2015							
Cost	194,344,239,659	-	2,525,371,250	4,471,185,332	4,443,368,500	-	205,784,164,741
Foreign exchange translation difference	-	-	4,189,906	9,514,346	12,855,324	-	26,559,576
Less Accumulated depreciation	-	-	(1,466,023,044)	(2,970,791,495)	(4,124,740,453)	-	(8,561,554,992)
Net book amount	194,344,239,659	-	1,063,538,112	1,509,908,183	331,483,371	-	197,249,169,325
For the year ended 31 December 2015							
Opening net book amount	194,344,239,659	-	1,063,538,112	1,509,908,183	331,483,371	-	197,249,169,325
Foreign exchange translation difference	(16,011,846,851)	-	(87,193,627)	(123,789,021)	(27,176,499)	-	(16,250,005,998)
Additions	73,551,999,913	72,562,711,492	224,694,583	392,513,961	553,992,120	778,404,594	148,064,316,663
Dispose – cost	-	-	-	-	(613,504,077)	-	(613,504,077)
Dispose – depreciation	-	-	-	-	613,504,077	-	613,504,077
Depreciation charge	-	(7,172,678,899)	(637,142,386)	(295,384,385)	(434,332,264)	-	(8,539,537,934)
Closing net book amount	251,884,392,721	65,390,032,593	563,896,682	1,483,248,738	423,966,728	778,404,594	320,523,942,056
As at 31 December 2015							
Cost	267,896,239,572	72,562,711,492	2,750,065,833	4,863,699,293	4,997,360,620	778,404,594	353,848,481,404
Foreign exchange translation difference	(16,011,846,851)	-	(83,003,721)	(114,274,675)	(14,321,175)	-	(16,223,446,422)
Less Accumulated depreciation	-	(7,172,678,899)	(2,103,165,430)	(3,266,175,880)	(4,559,072,717)	-	(17,101,092,926)
Net book amount	251,884,392,721	65,390,032,593	563,896,682	1,483,248,738	423,966,728	778,404,594	320,523,942,056

9 Property, plant equipment, net (continued)

Additions during the year ended 31 December 2015 mainly consisted of the land and buildings at Sikhai branch acquired from major shareholder totalling LAK 146,115 million which already settled in full amount and new Phontong office expansion as presented under construction in progress for the whole amount.

10 Borrowings

	2015 LAK	2014 LAK
Current		
Bank overdraft	-	1,452,972,060
Current portion of long-term borrowings	252,957,748	-
Non-current		
Long-term loan borrowings	885,352,182	-
Total trade and other accounts payable	1,138,309,930	1,452,972,060

On 20 May 2015, the Company entered into a new banking facility of LAK 1,200 million for overdrafts and also a LAK 1,260 million borrowing with a foreign bank branch in Laos at a fixed interest rate as 8.75% per annum to support its operation. The repayments are required on a monthly basis commencing from June 2016 till May 2021. All facilities are secured by land and buildings from major shareholder.

11 Trade and other accounts payables

	2015 LAK	2014 LAK
Trade accounts payable	24,867,145,659	21,060,894,942
Amounts due to related parties (Note 18)	1,237,951,691	128,470,326,442
Total trade and other accounts payable	26,105,097,350	149,531,221,384

12 Income tax payable

As of 31 December 2015, income tax payable represented income tax amount as recently assessed by the tax authorities for the year ended 31 December 2015.

In March 2016, the Lao tax authorities reviewed and assessed the Company's income tax for the year ended 31 December 2015, then issued a formal tax assessment letter dated 23 March 2016 to the Company. According to the letter, the Company is liable to pay addition income tax of LAK 4 billion for the whole year ended 31 December 2015. This income tax payable was subsequently paid in March 2016.

13 Other current liabilities

	2015 LAK	2014 LAK
Deposits from customers	22,803,887,353	25,126,794,172
Accrued expenses	2,925,403,704	1,954,380,689
Total trade and other accounts payable	25,729,291,057	27,081,174,861

Deposits from customers mainly represent deposits from the sales of elevators, which are normally settled when the customers accept the deliveries and related installation and inspection are completed.

14 Share capital

	Number of shares (Shares)	Ordinary Shares (LAK)	Share Premium (LAK)	Total (LAK)
At 1 January 2015	100,000	500,000,000	-	500,000,00
Issue of shares	164,900,000	329,500,000,000	24,735,724,722	354,235,724,722
At 31 December 2015	165,000,000	330,000,000,000	24,735,724,722	354,735,724,722

When the Company originally registered in the past, the Government of Lao PDR did not impose any requirements regarding the number of shares and its par value. All issued shares were fully paid at LAK 500,000,000.

On 15 July 2015, the Company changed its status from a sole company to a limited company. It also changed its name to Souvanny Trading Import-Export Company Limited with a total of 100,000 authorised ordinary shares with a par value of LAK 5,000 per share.

On 27 August 2015, the Company increased its share capital from LAK500 million to LAK 280,000 million with total of 140,000,000 authorised ordinary shares with a par value of LAK 2,000 per share.

On 13 September 2015, Soukabandith's family sold their ordinary shares to "Global house International Limited", a listed company in Thailand totalling 56,000,000 shares or 40% of total authorised ordinary shares.

On 07 December 2015, The Company increased its share capital from LAK 280,000 million to LAK 330,000 million with a total 165,000,000 authorized ordinary shares with a par value of LAK 2,000 per shares. The additional shares are for Initial Public Offering (IPO).

15 Reserves

Legal reserve

	2015 LAK	2014 LAK
At 1 January 2015	250,000,000	250,000,000
Additional	1,842,819,578	-
At 31 December 2015	2,092, 819,578	250,000,000

Legal reserve is set up in accordance with required by Article 156 under the Law 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 reserve according to Article 156 under the Lao Enterprise Law, the Company also set up other 10% as other reserve. This is in accordance with the Company's policies registered to the Ministry of Finance, Lao PDR dated 22 September 2015. Other reserve is for unforeseeable event such as natural disasters, the Company will only utilise such reserve to recover itself when it meets such condition.

16 Expenses by nature

Significant expenses classified by nature are as follows:

	2015 LAK	2014 LAK
Change in inventories	270,802,282,638	261,820,263,187
Salary, wages and other employees benefit	17,465,615,382	11,915,454,895
Inventory impairment based on net realisable value	3,616,233,283	4,697,549,508
Depreciation (Note 9)	8,539,537,934	1,717,840,385
Sales promotion and operation support expenses	1,383,919,150	1,419,260,311
Rental fees – offices and showrooms	981,698,068	2,028,253,394
Fuel expense	920,358,017	475,769,035
Repair and maintenance	1,031,455,313	1,281,914,922
Utilities	1,650,600,410	1,569,780,818
Others	9,369,878,880	7,630,754,465
	315,761,579,075	294,556,840,920

17 Basic earnings per share

As at 31 December 2015, Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the company by the weighted average number of ordinary shares in issue during the year (As at 31 December 2014 : there was no par value and number of shares available as disclosed in note 14).

	2015	2014
Weighted average number of ordinary shares (shares)	50,489,863	-
Net profit for the year attributable to shareholders (LAK)	18,428,195,782	-
Basic earnings per share (LAK)	365	-

18 Significant related-party transactions

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 rights 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.

In considering each possible related-party relationship, attention is given to the substance of the relationship, and not merely the legal form.

The Company is controlled by the Soukabundith family, who own 51% of the Company's shares. The 34% of company's shares is owned by "Global house International Limited", a listed company in Thailand and the remaining 15% of the share is widely held.

Significant amount and nature of significant related-party transactions for the year ended 31 December 2015 are summarised below.

18 Significant related-party transactions (continued)

18.1 Income and expenses

	2015 LAK	2014 LAK
Interest expenses	287,916,000	368,062,400
Rental expense	921,715,568	2,028,253,394

Interest expenses totaling LAK 287,916,000 were paid to directors from the borrowings used for support the operation (Note 18.2).

The rental expense is for land and building rented from the major shareholders to support the operation. The rental charge is based on the agreed price between both parties by referring to market prices.

18.2 Outstanding balances arising from related party transactions

	2015 LAK	2014 LAK
Amounts due from related parties (Note 6)	-	139,101,377
Advance payments for construction (Note 6)	11,071,087,192	-
Amounts due to related parties (Note 11)	1,237,951,691	128,470,326,442
Borrowings from a director	-	6,842,201,583

Advance payments for construction represent an advance payments for construction of a new branch at Ban Sokyai, Xaiseththa, Vientiane Capital that the Company has signed a contract and agreed to purchase related buildings from shareholder upon completion.

Amounts due to related parties represent rental payable to shareholders and advances received from a director totaling LAK 922 million and LAK 316 million respectively.

In 2015, the Company had fully repaid borrowings from related parties both principal and related interest expense.

19 Commitments and significant agreements

Operating lease commitments - where the Company is the lessee

The Company leases land and offices under non-cancellable operating lease agreements from shareholders. The lease term is between two and three years, and the majority of lease agreements are renewable at the end of the lease period at an agreed rate.

	2015 LAK	2014 LAK
No later than 1 year	921,715,600	881,970,000
1-5 years	2,791,538,000	2,592,810,000
More than 5 years	158,982,400	-
	3,872,236,000	3,474,780,000

20 Events after the reporting period

On 11 March 2016, The Board of Directors approved a dividend payment in respect of net profit for the year ended 31 December 2015. Subsequently, it was declared to pay the dividend at Kip 45 per share totalling Kip 7,425 million and the dividend payment is expected to be in May 2016.