SOUVANNY HOME CENTER PUBLIC COMPANY



INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

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AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of Souvanny Home Center Public Company

We have reviewed the interim financial information of Souvanny Home Center Public Company which comprises the of financial position as at 30 June 2021, the related statements of income, changes in equity, and cash flows for the six-month period then ended, and the condensed notes to the interim financial information. The directors are responsible for the preparation and presentation of this interim financial information in accordance with the accounting policies as described in Note 2 to the interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the accounting policies as described in Note 2 to the interim financial information.

For PricewaterhouseCoopers (Lao) Sole Company Limited

By Apisit Thiengtrongpinyo
Partner

Date: 17 August 2021

SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	Unaudited 30 June 2021 LAK	Audited 31 December 2020 LAK
Assets			
Current assets			
Cash and cash equivalents	5	2,981,325,582	3,734,536,186
Trade and other receivables, net	6	9,874,988,527	11,221,223,619
Inventories, net	7	236,251,508,563	244,475,544,506
Other current assets	8	6,549,141,326	7,373,681,890
Total current assets		**255,656,963,998**	**266,804,986,201**
Non-current assets			
Property, plant and equipment, net	9	604,256,913,070	603,046,157,185
Intangible assets, net		29,600,435	38,975,565
Total non-current assets		**604,286,513,505**	**603,085,132,750**
Total assets		**859,943,477,503**	**869,890,118,951**

Waddana SOUKHABANDITH
Chief Executive Officer
Date: 17 August 2021

Phannola SOUKHABANDITH
Chief Financial Officer
Date: 17 August 2021

The accompanying notes on pages 8 to 16 are an integral part of this six-month financial information.

SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	Unaudited 30 June 2021 LAK	Audited 31 December 2020 LAK
Liabilities and equity			
Liabilities			
Current liabilities			
Bank overdraft and short-term borrowings	11	66,952,970,773	85,933,290,928
Trade and other payables	10	41,809,964,852	43,605,028,476
Current portion of long-term borrowings	11	13,191,283,450	9,068,667,781
Profit tax payable		1,400,154,633	740,792,797
Deposits from customers		1,329,906,461	1,130,450,932
Other current liabilities		8,624,701,630	16,545,347,976
Total current liabilities		**133,308,981,799**	**157,023,578,890**
Non Current liabilities			
Long-term borrowings from financial institution	11	15,883,138,957	8,998,418,768
Total non current liabilities		**15,883,138,957**	**8,998,418,768**
Total liabilities		**149,192,120,756**	**166,021,997,658**
Equity			
Share capital		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		5,973,926,973	5,973,926,973
Appropriated - Other reserve		5,723,926,973	5,723,926,973
Unappropriated		169,225,740,572	164,542,719,132
Translation adjustments		175,092,037,507	172,891,823,493
Total equity		**710,751,356,747**	**703,868,121,293**
Total liabilities and equity		**859,943,477,503**	**869,890,118,951**

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SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Notes	Unaudited 30 June 2021 LAK	Unaudited 30 June 2020 LAK
Revenue from sales		223,383,997,621	190,098,836,357
Cost of sales		(179,426,893,260)	(159,634,762,973)
Gross profit		**43,957,104,361**	**30,464,073,384**
Other incomes		801,411,549	1,599,521,583
Selling expenses		(17,189,832,524)	(14,565,064,825)
Administrative expenses		(16,017,274,616)	(13,290,892,407)
Finance costs		(2,181,315,864)	(2,614,102,358)
Foreign exchange gain/ (loss), net		64,925,993	2,571,703,260
Profit before income tax expense		**9,435,018,899**	**4,165,238,637**
Profit tax expense	13	(1,389,297,459)	(10,110,782)
Net profit for the period		**8,045,721,440**	**4,155,127,855**
Earnings per share			
Basic earnings per share	14	49	26

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SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Note	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 - Audited		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
Net profit for the period		-	-	-	-	4,155,127,855	-	4,155,127,855
Dividend paid		-	-	-	-	(2,640,000,000)	-	(2,640,000,000)
Translation adjustments		-	-	-	-	-	32,381,554,470	32,381,554,470
Ending balance 30 June 2020 - Unaudited		**330,000,000,000**	**24,735,724,722**	**4,772,981,235**	**4,522,981,235**	**159,090,281,081**	**137,781,597,925**	**660,903,566,198**
Opening balance 1 January 2021 - Audited		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
Net profit for the period		-	-	-	-	8,045,721,440	-	8,045,721,440
Dividend paid		-	-	-	-	(3,362,700,000)	-	(3,362,700,000)
Translation adjustments		-	-	-	-	-	2,200,214,013	2,200,214,013
Ending balance 30 June 2021 - Unaudited		**330,000,000,000**	**24,735,724,722**	**5,973,926,973**	**5,723,926,973**	**169,225,740,572**	**175,092,037,507**	**710,751,356,747**

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SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Notes	Unaudited 30 June 2021 LAK	Unaudited 30 June 2020 LAK
Cash flow from operating activities:			
Net profit before income tax for the period		9,435,018,899	4,165,238,637
Adjustments for:			
Depreciation	9	8,983,229,584	8,039,334,951
Amortisation		22,628,383	20,640,989
Gain from disposes of property, plant and equipment		(41,877,787)	(2,802,582)
Gain (Loss) on exchange rate		272,773,049	(3,485,365,282)
Interest expense		2,181,315,864	2,614,102,358
Allowance for slow moving and obsolete inventories		213,888,535	407,893,379
Allowance for doubtful debts		835,740,635	212,790,766
Allowance for sale return of trade receivable		218,422,981	711,182,150
Operating profit/(loss) before working capital changes		22,121,140,143	12,683,015,366
Changes in operating assets and liabilities			
- Trade and other receivables		326,916,844	4,588,263,333
- Inventories		8,769,319,559	15,644,024,420
- Other current assets		847,438,126	1,759,138,695
- Trade and other accounts payable		(2,157,182,139)	(5,221,960,095)
- Deposits from customers		195,945,129	52,903,799
- Other current liabilities		(7,956,959,871)	535,917,918
Cash generated from/ (used for) operations		22,146,617,791	30,041,303,436
Interest paid		(2,196,380,760)	(2,603,464,244)
Profit tax paid		(697,394,936)	(323,885,700)
Net cash generated from/ (used in) operating activities		**19,252,842,095**	**27,113,953,492**
Cash flows from investing activities :			
Purchases of plant and equipments	9	(8,602,910,615)	(4,511,723,987)
Purchases of computer software		(13,309,060)	-
Proceeds from disposals of property, plant and equipments		120,497,667	8,877,563
Net cash used in investing activities		**(8,495,722,008)**	**(4,502,846,424)**

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Date: 17 August 2021

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SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021

	Notes	Unaudited 30 June 2021 LAK	Unaudited 30 June 2020 LAK
Cash flows from financing activities :			
Proceeds from borrowings	11	219,871,942,235	153,552,808,602
Repayment on borrowings from bank	11	(228,167,879,859)	(172,734,206,605)
Dividend paid	12	(3,362,700,000)	(2,640,000,000)
Net cash generated from/ (used in) financing activities		**(11,658,637,624)**	**(21,821,398,003)**
Net increase/(decrease) in cash and cash equivalents		(901,517,537)	789,709,065
Cash and cash equivalent at the beginning of the period	5	3,734,536,186	3,740,207,940
Effect of exchange rate changes on cash and cash equivalents		148,306,933	1,155,290,998
Cash and cash equivalent at the end of the period		**2,981,325,582**	**5,685,208,003**
Significant non cash items			
Other payables from purchases of plant and equipments		226,711,420	1,353,214,056
Interest payable		15,064,896	10,638,113

Waddana SOUKHABANDITH
Chief Executive Officer
Date: 17 August 2021

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Chief Financial Officer
Date: 17 August 2021

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1. General information

Souvanny Home Center Public Company (the 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 engages in the trading of a full range of goods and materials for construction, additions, refurbishment, renovation and improvement of buildings, houses and residences, and provides related services.

The registered address of the Company headquarters is number 366 Ban Phonetongsavath, Chanthaburi District, Vientiane Capital, Lao PDR. The Company has six branches in Lao PDR: Phonetongsavath, Srikai, Xokyai, Paksan, Thakhaek and Paskse.

This interim financial information was authorised for issue by the Board of Directors on 17 August 2021.

2. Accounting policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with the Company's accounting policies as described in more details in the annual financial statements for the year ended 31 December 2020. The primary financial information (i.e. statement of financial position, statement of income, statement of changes in equity and statement of cash flows) is presented in a format consistent with the annual financial statements complying with the reporting and disclosure regulation issued by Lao Securities and Exchange Commission Office.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020.

3 Significant events during the current period

The COVID-19 infections in Lao increased significantly during April of 2021 leading to the lockdown of Vientiane Capital and all provinces of Laos. This significant increase of infections is described as the second wave where stricter measures taken by various governments to contain the virus have affected the economic activity.

Management reviewed the effect from those events to their business, according to Lao environment which number of inflections is limited and can be controlled then this issue has not effect to their business. Management considered that there is no significant effect from COVID-19.

Management will continue to monitor the ongoing development and regularly assess the financial impact in respect for the valuation of assets, provisions and contingent liabilities.

4 Estimates

The preparation of interim 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.

5 Cash and cash equivalents

	Unaudited 30 June 2021 LAK	Audited 31 December 2020 LAK
Cash on hand	467,041,280	544,964,444
Deposits held at call with financial institutions	2,514,284,302	3,189,571,742
Cash and cash equivalents	**2,981,325,582**	**3,734,536,186**

Cash on hand includes petty cash.

Deposits held at call with financial institutions represents cash deposited in current accounts with reputable local banks in three currencies: US Dollars, Thai Baht, and Lao Kip.

6 Trade and other receivables, net

	Unaudited 30 June 2021 LAK	Audited 31 December 2020 LAK
Trade receivables	11,219,993,822	11,252,147,774
Less: Allowance for doubtful accounts	(2,402,272,670)	(1,556,532,035)
Trade receivables, net	**8,817,721,152**	**9,695,615,739**
Staff borrowings	238,356,615	12,090,950
Other receivables	818,910,760	1,513,516,930
	1,057,267,375	1,525,607,880
Trade and other receivables, net	**9,874,988,527**	**11,221,223,619**

Outstanding trade receivables balance can be analysed as follows:

	Unaudited 30 June 2021 LAK	Audited 31 December 2020 LAK
Not yet due	4,688,331,901	4,210,619,066
Overdue:		
Within 3 months	1,160,178,004	1,315,949,505
3 - 6 months	187,881,328	110,693,640
6 - 12 months	189,937,870	375,471,140
Over 12 months	4,993,664,719	5,239,414,423
Trade and other receivables, net	11,219,993,822	11,252,147,774
Less: Allowance for doubtful accounts	(2,402,272,670)	(1,556,532,035)
Trade receivables, net	**8,817,721,152**	**9,695,615,739**

Trade receivables aged more than 6 months are mainly receivables that are still trading actively with the Company. The allowance for doubtful debts was set up from the outstanding accounts receivable balances that have been overdue more than 6 months and management's evaluation, based on recent historical payments of account receivables and expectations regarding the future collectability of these accounts receivable.

7. Inventories, net

	Unaudited 30 June 2021 LAK	Audited 31 December 2020 LAK
Tiles and construction materials	78,423,305,452	81,710,695,044
Sanitary wares and faucets	44,189,034,627	28,798,727,764
Elevators and escalator parts	658,712,402	656,673,321
Roofs and decorations	37,616,472,435	30,254,654,905
Paints, tools and electrical equipment	77,716,298,077	95,758,442,493
Others	884,534,456	10,747,088,400
Less: Allowance for slow moving and obsolete inventories	(2,773,444,788)	(2,617,492,376)
Allowance for decrease in value of inventories	(463,404,098)	(833,245,045)
Inventories, net	**236,251,508,563**	**244,475,544,506**

The change in inventories recognised as an expense in the cost of sales in this period is LAK 179,427 million (2020: LAK 158,726million).

During the interim period ended 30 June 2021, management reassessed and reviewed related allowance for slow moving and obsoleted inventories. Related allowance for slow moving and decrease in value of inventories has been revised down to LAK 3,237 million (2020 : LAK 3,451 million) as decrease in value of inventories has been improved. As a result, related allowance and cost of goods sold has been adjusted up to be consistent with recent facts and analysis.

8. Other current assets

	Unaudited 30 June 2021 LAK	Audited 31 December 2020 LAK
Advance payment to suppliers	847,719,981	375,464,353
Accrued rebate from suppliers	3,777,258,676	119,393,895
Prepaid insurance premium	157,429,794	5,132,920,784
Others	1,766,732,875	1,745,902,858
Other current assets	**6,549,141,326**	**7,373,681,890**

9. Property, plant and equipment, net

	LAK
At 31 December 2020	
Cost	505,192,062,520
Foreign exchange translation difference	168,797,264,999
Less Accumulated depreciation	(70,943,170,334)
Net book amount	603,046,157,185

	Unaudited 30 June 2021 LAK
Opening net book value – audited	603,046,157,185
Additions	8,829,622,035
Foreign exchange translation difference	1,867,512,106
Disposal	(78,619,880)
Transferred	(424,528,792)
Depreciation charge	(8,983,229,584)
Closing net book value – unaudited	**604,256,913,070**

Additions during the six-month period ended 30 June 2021 mainly consisted of buildings and office equipment for branch at provinces. Total additions of LAK 8,830 million consisted of transferring from construction in progress LAK 425 million, cash transactions (already paid) of LAK 8,178 million and non-cash transactions (not yet paid) of LAK 227 million.

10. Trade and other payables

	Unaudited 30 June 2021 LAK	Audited 31 December 2020 LAK
Trade payables - third parties	31,915,213,679	30,733,059,887
Trade payables – related parties	8,767,846,500	11,922,576,283
Other payables	1,126,904,673	949,392,306
Trade and other payables	**41,809,964,852**	**43,605,028,476**

11. Borrowings

	Unaudited 30 June 2021 LAK	Audited 31 December 2020 LAK
Current		
Borrowings from financial institutions	80,261,770,773	95,054,765,928
Non-current		
Borrowings from financial institutions	16,012,150,000	9,121,475,000
Borrowings	96,273,920,773	104,176,240,928
Less: Deferred financing service fee	(246,527,593)	(175,863,451)
Borrowings from a financial institutions, net	**96,027,393,180**	**104,000,377,477**

Movements in borrowings are as follows:

	Unaudited 30 June 2021 LAK
Opening balance as at 1 January 2021 – audited	104,000,377,477
Additions	220,118,469,829
Less: Deferred financing service fee	(246,527,593)
Less: Repayments	(228,167,879,859)
Translation adjustments	322,953,326
Closing balance – unaudited	**96,027,393,180**

During the six-month period ended 30 June 2021, the significant change on borrowings as follows:

i) 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, and for the six-month period ended 30 June 2021, there was an amount of LAK 15,283 million drawn down.

ii) Short-term borrowing from Exim bank (Vientiane Branch) in Laos at a fixed interest rate of 5.75%. The repayments are required within 150 days after the drawdown. The facilities are secured by the shareholder's land, and for the six-month period ended 30 June 2021, there was an amount of LAK 25,874 million drawn down.

iii) Short-term loan from Kasikornthai Bank Limited for a contract amount of LAK 30 billion with an annual fixed interest of 6.05% 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. For the six-month period ended 30 June 2021, there was an amount of LAK 140,108 million drawn down.

11. Borrowings (continued)

iv) Long-term loan from Kasikornthai Bank Limited for a contract amount of THB 50 million with an annual fixed interest of 5% per annum which is due in March 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 six-month period ended 30 June 2021.

The Deferred financing service fee was recognized when occurred and is amortized throughout the contract period.

12. Dividend

At the Annual General Meeting of Shareholders held on 9 April 2021, the shareholders approved a resolution to declare a dividend payment from unappropriated retained earnings after legal reserve and other reserve allocation and from the net profit from 1 January 2020 to 31 December 2020 of LAK 20.38 per share totalling LAK 3,362 million (2020: LAK 2,640 million). The dividend was paid in May 2021 to the shareholders.

13. Profit tax expense

The Company doesn't recognise the cooperate income tax payable and receivable in future period in respect of temporary differences. Income tax expense is recognised based on the operating result for the related period and the applicable tax rate.

The Profit tax expenses included in the interim financial information for the period represent the profit tax for the period concerned as determined in accordance with the Lao Tax Law.

According to the tax law no. 259 effective on 1 January 2020, the Company calculated Profit taxes on its net taxable income at the rate of 20% after consider the non-deductible income and expenses was in accordance with the Lao Tax Law. For the six-month period ended 30 June 2021, the non-deductible income and expenses was comprise of the reversal of allowance of inventories, Depreciation on fixed assets that are in excess of the rate or term of life as defined in Lao Tax Law and unrealise gained and loss from revaluation of asset and liabilities in foreign currencies on closing date.

14. Basic earnings per share

As at 30 June 2021, basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	Unaudited 30 June 2021	Unaudited 30 June 2020
Net profit for the period attributable to shareholders (LAK)	8,045,721,440	4,155,127,855
Weighted average number of ordinary shares (shares)	165,000,000	165,000,000
Basic earnings per share	49	26

15. 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 SOUKBANDITH family, who own 51% of the Company's shares. 34% of the company's shares is owned by 'Global House International Limited', a listed company in Thailand and the remaining 15% of the shares is widely held.

The following significant transactions were carried out with related parties.

i) Purchases of goods and services

	Unaudited 30 June 2021 LAK	Unaudited 30 June 2020 LAK
Purchases of goods from related party	37,925,968,542	38,458,237,217
Rental expense	3,110,282,930	2,795,035,594

The rental expense is for land and buildings rented from the major shareholders to support the operation. The rental charge is at the price as agreed between both parties after referring to market prices.

15. Related party transactions (continued)

ii) Outstanding balances arising from related party transactions

	Unaudited 30 June 2021 LAK	Audited 31 December 2020 LAK
Accrued rental expenses	694,162,071	10,616,396,603
Trade account payable – Related party	8,740,703,912	11,567,696,973

iii) Key management compensation

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

	Unaudited 30 June 2021 LAK	Unaudited 30 June 2020 LAK
For three-month period ended	520,027,912	425,635,000
For six-month period ended	1,059,843,324	862,877,050

16. 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 the shareholders. The lease terms are two to five years, and the majority of the lease agreements are renewable at the end of the lease period at an agreed rate.

	30 June 2021 LAK	31 December 2020 LAK
Not later than 1 year	4,786,948,970	8,302,628,238
1 - 5 years	2,999,397,044	1,480,230,802
	7,786,346,014	**9,782,859,040**

17 Event after the reporting period

There are no significant events occurring after the period end requiring adjustments or disclosures to the financial information for the period ended 30 June 2021.