SOUVANNY HOME CENTER PUBLIC COMPANY



CONDENSED CONSOLIDA INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

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AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

We have reviewed the accompanying interim statement of financial position of Souvanny Home Center Public Company as at 30 June 2017, and the related statements of income for the three-month and six-month periods then ended, and the related statements of changes in equity and cash flows for the six-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the Company's accounting principles as described in Note 2 in the annual financial statements. 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 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.

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 16 to the condensed financial information, which describes the subsequent event after the reporting date with regard to the selling of right of Mitsubishi-brand elevators and escalators in which the final terms and conditions are still being concluded.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with the Company's accounting principles.

For PricewaterhouseCoopers (Lao) Sole Company Limited

Paiboon Tunkoon

By Paiboon Tunkoon
Partner
Date: 17 August 2017

Souvanny Home Center Public Company
Statement of Financial Position
As at 30 June 2017 (Unaudited)

	Notes	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Assets			
Current assets			
Cash and cash equivalents	5	13,565,727,575	26,762,714,091
Trade and other receivables, net	6	13,973,077,529	18,182,486,807
Inventories, net	7	144,862,524,064	109,128,048,651
Other current assets		6,678,318,004	5,108,127,818
Total current assets		179,079,647,172	159,181,377,367
Non-current assets			
Property, plant and equipment, net	8	422,138,154,009	376,208,692,652
Intangible assets, net		544,911,804	514,579,909
Total non-current assets		422,683,065,813	376,723,272,561
Total assets		**601,762,712,985**	**535,904,649,928**

Waddana Soukabandith
Managing director
Date:17 August 2017

Phannola Soukabandith
Deputy managing director
Date:17 August 2017

The accompanying notes on pages 9 to 18 are an integral part of this interim financial information.

Souvanny Home Center Public Company
Statement of Financial Position
As at 30 June 2017 (Unaudited)

	Notes	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Liabilities and equity			
Current liabilities			
Bank overdraft		2,087,876,877	39,757,131
Trade and other payables	9	34,203,285,247	36,384,747,898
Current portion of long-term borrowings	10	31,676,149,100	2,607,650,479
Profit tax payable		-	333,739,602
Other current liabilities		32,548,381,313	25,029,383,124
Total current liabilities		100,515,692,537	64,395,278,234
Non Current liabilities			
Long-term borrowings	10	737,785,392	849,235,813
Total non current liabilities		737,785,392	849,235,813
Total liabilities		101,253,477,929	65,244,514,047
Equity			
Share capital			
Authorized share capital			
Ordinary shares, 165 million shares at par value of LAK 2,000 each		330,000,000,000	330,000,000,000
Issued and paid-up share capital			
Ordinary shares, 165 million shares paid-up at LAK 2,000 each		330,000,000,000	330,000,000,000
Premium on paid-up capital		24,735,724,722	24,735,724,722
Retained earnings			
Appropriated - Legal reserve	11	3,256,236,994	2,906,968,288
Appropriated - Other reserve	11	3,006,236,994	2,656,968,288
Unappropriated		149,882,444,324	150,388,294,678
Translation adjustments		(10,371,407,978)	(40,027,820,095)
Total equity		500,509,235,056	470,660,135,881
Total liabilities and equity		**601,762,712,985**	**535,904,649,928**

Waddana Soukabandith
Managing director
Date:17 August 2017

Phannola Soukabandith
Deputy managing director
Date:17 August 2017

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Souvanny Home Center Public Company
Statement of Income
For the three-month period ended 30 June 2017 (Unaudited)

	Notes	2017 LAK	Restated 2016 LAK
Revenue from sales		71,063,678,206	60,229,851,543
Revenue from services		443,090,766	20,449,651
Cost of sales		(59,010,176,829)	(52,785,421,734)
Cost of services		(354,472,376)	(24,386,492)
Gross profit		**12,142,119,767**	**7,440,492,968**
Other incomes		1,185,070,261	631,848,283
Selling expenses		(2,017,998,474)	(621,147,210)
Administrative expenses		(10,431,106,378)	(7,138,628,222)
Foreign exchange gain, net		248,218,195	473,884,258
Profit before income tax expense		**1,126,303,371**	**786,450,077**
Income tax expense		(113,736,369)	(27,180,007)
Net profit for the period		**1,012,567,002**	**759,270,070**
Earnings per share			
Basic earnings per share		6.14	4.60

Waddana Soukabandith
Managing director
Date:17 August 2017

Phannola Soukabandith
Deputy managing director
Date: 17 August 2017

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Souvanny Home Center Public Company
Statement of Income
For the six-month period ended 30 June 2017 (Unaudited)

	Notes	2017 LAK	Restated 2016 LAK
Revenue from sales		137,943,006,767	141,179,710,374
Revenue from services		892,562,843	398,115,301
Cost of sales		(112,107,108,226)	(119,731,721,814)
Cost of services		(714,050,038)	(351,142,996)
Gross profit		**26,014,411,346**	**21,494,960,865**
Other incomes		2,596,357,735	1,267,836,447
Selling expenses		(9,288,829,137)	(7,060,374,766)
Administrative expenses		(14,771,965,567)	(10,317,574,190)
Foreign exchange loss, net		(655,694,955)	(315,910,830)
Profit before income tax expense		**3,894,279,422**	**5,068,937,526**
Income tax expense	13	(401,592,364)	(642,965,245)
Net profit for the period		**3,492,687,058**	**4,425,972,281**
Earnings per share			
Basic earnings per share	14	21.17	26.82

Waddana Soukabandith
Managing director
Date:17 August 2017

Phannola Soukabandith
Deputy managing director
Date: 17 August 2017

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Souvanny Home Center Public Company
Statement of Changes in Equity
For the six-month period ended 30 June 2017 (Unaudited)

	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 2016 - Audited		330,000,000,000	24,735,724,722	2,092,819,578	1,842,819,578	151,300,105,001	(44,907,015,340)	465,064,453,539
Legal reserve		-	-	442,597,228	-	(442,597,228)	-	-
Other reserve		-	-	-	442,597,228	(442,597,228)	-	-
Net profit for the period		-	-	-	-	4,425,972,281	-	4,425,972,281
Dividend paid	12	-	-	-	-	(7,303,672,340)	-	(7,303,672,340)
Translation adjustments		-	-	-	-	-	9,229,475,549	9,229,475,549
Ending balance 30 June 2016 - Unaudited		330,000,000,000	24,735,724,722	2,535,416,806	2,285,416,806	147,537,210,486	(35,677,539,791)	471,416,229,029
Opening balance 1 January 2017 - Audited		330,000,000,000	24,735,724,722	2,906,968,288	2,656,968,288	150,388,294,678	(40,027,820,095)	470,660,135,881
Legal reserve		-	-	349,268,706	-	(349,268,706)	-	-
Other reserve		-	-	-	349,268,706	(349,268,706)	-	-
Net profit for the period		-	-	-	-	3,492,687,058	-	3,492,687,058
Dividend paid	12	-	-	-	-	(3,300,000,000)	-	(3,300,000,000)
Translation adjustments		-	-	-	-	-	29,656,412,117	29,656,412,117
Ending balance 30 June 2017 - Unaudited		330,000,000,000	24,735,724,722	3,256,236,994	3,006,236,994	149,882,444,324	(10,371,407,978)	500,509,235,056

Waddana Soukabandith
Managing director
Date:17 August 2017

Phannola Soukabandith
Deputy managing director
Date: 17 August 2017

The accompanying notes on pages 9 to 18 are an integral part of this interim financial information.

Souvanny Home Center Public Company
Statement of Cash Flows
For the six-month period ended 30 June 2017 (Unaudited)

	Notes	Unaudited 30 June 2017 LAK	Unaudited 30 June 2016 LAK
Cash flow from operating activities:			
Net profit before income tax for the period		3,894,279,422	5,068,937,526
Adjustments for:			
Depreciation	8	4,235,152,689	2,424,325,036
Amortisation		151,844,038	70,383,264
Gain from disposes of property, plant and equipment		(108,508,274)	-
Loss from foreign exchange rate		811,173,446	742,475,946
Interest expense		814,336,473	39,667,981
Inventories allowance (reversal)	7	(2,402,238,330)	(4,715,733,110)
Trade and other receivables provision (reversal)		(231,667,149)	1,026,331,501
Operating profit before working capital changes		7,164,372,315	4,656,388,144
Changes in operating assets and liabilities			
- Trade and other receivables		5,626,748,103	(14,177,533,170)
- Inventories		(26,673,853,388)	(20,883,981,799)
- Other current assets		(1,650,839,051)	(943,641,607)
- Trade and other accounts payable		(5,508,071,518)	6,094,591,931
- Other current liabilities		5,946,402,888	1,548,737,916
Cash generated from operations		(15,095,240,651)	(23,705,438,585)
Interest paid		(814,336,473)	(39,667,981)
Income tax paid		(333,739,602)	(4,171,949,502)
Net cash used in operating activities		(16,243,316,726)	(27,917,056,068)
Cash flows from investing activities :			
Purchases of plant and equipment		(25,757,432,467)	(4,240,484,038)
Purchases of computer software		(182,175,933)	-
Proceeds from disposals of property, plant and equipment		108,508,274	-
Net cash used in investing activities		(25,831,100,126)	(4,240,484,038)

The accompanying notes on pages 9 to 18 are an integral part of this interim financial information.

Souvanny Home Center Public Company
Statement of Cash Flows
For the six-month period ended 30 June 2017 (Unaudited)

	Notes	Unaudited 30 June 2017 LAK	Unaudited 30 June 2016 LAK
Cash flows from financing activities :			
Proceeds from short-term borrowings		36,793,150,552	-
Proceed from bank overdraft		2,048,119,746	-
Repayments on borrowings from bank	10	(8,053,298,402)	(147,005,833)
Dividend paid	12	(3,300,000,000)	(7,303,672,340)
Net cash used in financing activities		27,487,971,896	(7,450,678,173)
Long-term borrowings			
Net decrease in cash and cash equivalents		(14,586,444,956)	(39,608,218,279)
Cash and cash equivalents at the beginning of the period		26,762,714,091	96,575,616,427
Effect of exchange rate changes on cash and cash equivalents		1,389,458,440	1,296,957,190
Cash and cash equivalents at the end of the period		**13,565,727,575**	**58,264,355,338**
Significant non cash items			
Other payables from purchases of plant and equipment	8	1,060,931,370	1,436,491,751

Waddana Soukabandith
Managing director
Date: 17 August 2017

Phannola Soukabandith
Deputy managing director
Date: 17 August 2017

The accompanying notes on pages 9 to 18 are an integral part of this interim financial information.

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 engages in 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 Company's headquarters' registered address is number 366 Ban Phonetongsavath, Chanthaburi District, Vientiane Capital, Lao PDR. The Company also has four branches in Vientiane Capital, Lao PDR; Thong Kun Kham, Srikai, Thong Toom and Xokyai.

The Board of Directors authorised this condensed interim financial information for issue on 17 August 2017.

This condensed interim financial information has been reviewed, but not audited.

2. Basis of preparation

The condensed 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 2016. The primary financial information (i.e. statement of financial position, statement of comprehensive 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 No.007/SECO, dated 3 April 2014 issued by Lao Securities and Exchange Commission Office.

The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016.

Costs incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

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 Standards (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 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.

In preparing this interim financial information, 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 7).

4. Change in presentation

Certain amounts relating to depreciation of buildings, land rental and salary of the sales department in the statements of income for the period ended 30 June 2016 have been reclassified to conform with the current period's classification and their nature of expenses from cost of sales to selling and administrative expenses but such reclassifications made have no effect to previously reported profit. The reclassifications are as follows:

Statement of income for the period ended 30 June 2016

	Prior Reclassifications LAK	Current Reclassifications LAK	Difference LAK
Cost of sales	(124,439,518,061)	(119,731,721,813)	4,707,796,248
Selling expenses	(866,826,678)	(7,060,374,766)	(6,193,548,088)
Administrative expenses	(11,803,326,030)	(10,317,574,190)	1,485,751,840
	(137,109,670,769)	(137,109,670,769)	-

5. Cash and cash equivalents

	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Cash on hand	271,762,438	260,876,359
Deposits held at call with financial institutions	13,293,965,137	26,501,837,732
Cash and cash equivalents	13,565,727,575	26,762,714,091

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 being US Dollars, Thai Baht and Lao Kip.

6. Trade and other receivables, net

	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Trade accounts receivables	14,031,933,408	17,619,335,378
Less Provision for impairment of trade receivables	(1,197,816,967)	(1,344,978,916)
Trade accounts receivables, net	12,834,116,441	16,274,356,462
Accrued income	-	167,626,129
Staff borrowings	123,708,744	192,735,412
Other receivables	1,015,252,344	1,547,768,804
	1,138,961,088	1,908,130,345
Trade and other receivables, net	13,973,077,529	18,182,486,807

Outstanding trade accounts receivables balance can be analysed as follows:

	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Not yet due	4,710,403,433	3,286,997,503
Past due:		
1 – 3 months	3,373,850,647	5,971,886,947
3 - 6 months	2,584,386,708	4,644,582,175
6 - 12 months	1,518,549,767	1,753,499,352
Over 12 months	1,844,742,853	1,962,369,401
Trade and other receivables, net	14,031,933,408	17,619,335,378
Less Provision for impairment of trade receivables	(1,197,816,967)	(1,344,978,916)
Trade accounts receivable, net	12,834,116,441	16,274,356,462

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

7. Inventories, net

	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Tiles and construction materials	36,201,569,140	15,094,198,097
Sanitary wares and faucets	26,561,151,333	19,005,801,542
Elevators and escalator parts	36,612,240,305	25,446,500,327
Roofs and decorations	5,776,785,411	6,758,103,770
Paints, tools and electrical equipment	37,428,406,960	43,561,980,136
Others	7,074,600,016	6,455,932,210
Less Allowance for slow moving and obsoleted inventories	(3,074,959,315)	(5,087,243,510)
Allowance for diminution in value of inventories	(1,717,269,786)	(2,107,223,921)
Inventories, net	144,862,524,064	109,128,048,651

The change in inventories recognised as an expense in cost of sales in this period is LAK 118,152 million.

During the interim period ended 30 June 2017, management reassessed and reviewed related allowance for slow moving and obsoleted inventories. Related allowance for slow moving and obsoleted inventories has been revised down as slow moving and obsoleted items can be actually sold at a higher price in the market 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.

8. Property, plant and equipment, net

	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Opening net book value	376,208,692,652	320,523,942,056
Additions	26,797,988,846	56,949,568,749
Foreign exchange translation difference	23,366,625,200	3,291,989,297
Depreciation charge	(4,235,152,689)	(4,556,807,450)
Closing net book value	422,138,154,009	376,208,692,652

Additions during the six-month period ended 30 June 2017 mainly consisted additional of buildings and office equipment at Xokyai. Total additions of LAK 26,798 million consisted of cash transactions (already paid) of LAK 25,757 million and non-cash transactions (not yet paid) of LAK 1,061 million.

9. Trade and other payables

	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Trade accounts payable	34,186,226,655	33,069,480,617
Trade accounts payable – related party (Note 15.3)	17,058,592	3,315,267,281
Total Trade and other account payables	34,203,285,247	36,384,747,898

10. Borrowings

	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Current		
Borrowings from financial institution	31,676,149,100	2,607,650,479
Non-current		
Borrowings from financial institution	737,785,392	849,235,813
Total borrowings from a financial institution	32,413,934,492	3,456,886,292

Movements in borrowings are analysed as follows:

	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Opening balance	3,456,886,292	1,138,309,930
Additions	36,793,150,552	2,607,650,436
Repayments	(8,053,298,402)	(272,832,103)
Translation adjustment	217,196,050	(16,241,971)
Closing balance	32,413,934,492	3,456,886,292

The borrowings from financial institution consist of a long term borrowing amounting to LAK 738 million with annual fixed interest rate of 8.5%, and short-term borrowings amounting to LAK 31,676 million with annual Lower Rate Limit (LRL) +3%. All borrowings are secured by shareholders' land and buildings.

11. Reserve

Legal reserve

	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Opening balance	2,906,968,288	2,092,819,578
Additions	349,268,706	814,148,710
Ending balance	3,256,236,994	2,906,968,288

Legal reserve is 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

	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Opening balance	2,656,968,288	1,842,819,578
Additions	349,268,706	814,148,710
Ending balance	3,006,236,994	2,656,968,288

Apart from legal reserve, the Company also has set aside 10% as another reserve. This is in accordance with the Company's policies as 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 only if when such event occurs.

12. Dividend

At the Annual General Meeting of Shareholders held on 7 April 2017, 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 2016 to 31 December 2016 of LAK 20 per share totalling LAK 3,300 million.

13. Income tax expense

The income 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 effective on 1 October 2012, the Company must pay taxes on its net taxable income at the rate of 24%.Then after listing on the LSX, the Company shall pay taxes on its net taxable income at the rate of 24%, subject to further reduction to the rate of 5% during the first four years after the Company's registration date (2015 to 2019) in accordance with the Enactment of the President of Lao PDR regarding Corporate Income Tax and Fee for Securities and Exchange, No. 1/ President, date 28 December 2010.

Profit before income tax expense for the six-month period ended 30 June 2017, after the adjustments of non-deductible income and expenses in accordance with the Lao Tax Law. Therefore, the income tax expense was recognised in this period of LAK 401,592,364.

14. Basic earnings per share

As at 30 June 2017, 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.

	Unaudited 30 June 2017 LAK
Weighted average number of ordinary shares (shares)	165,000,000
Net profit for the period attributable to shareholders (LAK)	3,492,687,058
Basic earnings per share	21.17

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 Soukabandith 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 of 15% of the shares is widely held.

The following significant transactions were carried out with related parties.

15. Related party transactions (continued)

i) Sales of goods and services

For the six-month period ended	Unaudited 30 June 2017 LAK	Unaudited 30 June 2016 LAK
Sales of goods to:		
- Shareholders	825,285,000	431,118,012
	825,285,000	431,118,012

ii) Purchases of goods and services

For the six-month period ended	Unaudited 30 June 2017 LAK	Unaudited 30 June 2016 LAK
Purchases of goods from related party	1,949,290,800	8,269,448,374
Rental expense	2,734,798,746	473,862,900
	4,684,089,546	8,743,311,274

The purchase of goods is mainly from "Siam Global House Public Company Limited" who is the parent company of Global House International Limited (a shareholder).

The rental expense is for land and buildings being rented from the major shareholders to support the operations. The rental charge is based on the agreed price between both parties by referring to market prices (Note 15).

iii) Outstanding related party transactions

	Unaudited 30 June 2017 LAK	Audited 31 December 2016 LAK
Trade accounts receivables - shareholders	3,526,879,558	1,331,360,938
Prepaid rental expense - shareholders	515,846,635	21,298,973
Accrued rental expenses - shareholders	2,012,583,271	-
Trade accounts payable – related party (note 9)	17,058,592	3,315,267,281

15. Related party transactions (continued)

iv) Key management compensation

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

	Unaudited 30 June 2017 LAK	Unaudited 30 June 2016 LAK
For three-month period ended	446,100,000	387,000,000
For six-month period ended	446,100,000	774,000,000

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

	30 June 2017 LAK	31 December 2016 LAK
Not later than 1 year	9,468,375,443	5,308,372,122
1 - 5 years	29,350,948,674	17,753,992,061
Closing balance	38,819,324,117	23,062,364,183

17. Events after the reporting period

Selling of the right to be a Mitsubishi elevator and escalator distributor

In July 2015, the Company sent a letter to inform Mitsubishi Electric Corporation (Mitsubishi) about the change of major shareholders and the plan to separate elevator and escalator operations from the Company. The Company got approval from the Lao Securities Commission Committee and Laos Securities Exchange to be a listed company on 11 December 2015 but the response letter from Mitsubishi was received later, on 21 June 2016. The response letter states that "the Company must separate the distribution of Mitsubishi elevators and escalators from its own operations by establishing a new company to operate only with the Mitsubishi brand". The management understand that this requirement was because of the Company's major shareholders had materially changed and this would affect the technological confidentiality that Mitsubishi want to ensure.

Currently, management is still negotiating with Mitsubishi regarding future business cooperation and arrangements. At this stage, management trusts that the Company will still be able to keep the distributor right but not the rights for the design and installation and repair and maintenance services. The Company engaged a financial advisor to prepare and evaluate the selling price of its related assets, if these were finally agreed to be transferred. The selling price will be based on different methods such as 1) book value, 2) adjusted book value, and 3) discounted cash flow. If any assets are transferred in the future, management believe it will not result in any significant loss to the Company. This matter, including the final terms and conditions of the transaction, are expected to be finalised within the third quarter of 2017.

The Company's revenue from Mitsubishi elevators and escalators represented 7% of the total revenue for the twelve-month period ended 30 June 2017. The key working capitals as of 30 June 2017 were as follows.

	Unaudited As of 30 June 2017 LAK	Audited As of 31 December 2016 LAK
Trade and other receivables	3,126,675,077	1,199,234,200
Inventories	22,092,636,196	18,688,274,591
Deposit from customers	23,758,544,390	81,962,171