SOUVANNY HOME CENTER PUBLIC COMPANY



FINANCIAL STATEMENTS

31 DECEMBER 2017

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INDEPENDENT AUDITOR'S REPORT

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

Our opinion

In our opinion, the financial statements of Souvanny Home Center Public Company (the Company) are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the financial statements.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2017;
- the statement of income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then end; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We has fulfilled our other ethical responsibilities in accordance with IESBA Code.

Emphasis of Matter - Basis of accounting and restriction on distribution and use

Without qualifying our opinion, we draw attention to Note 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 its financial performance and cash flows in accordance with generally accepted accounting principles adopted in jurisdictions other than Lao PDR.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of trade accounts receivable Refer to Note 5 'Critical accounting estimates, assumptions and judgements' and Note 7 'Trade and other receivables, net' to the financial statements. As at 31 December 2017, the Company had outstanding accounts receivable totalling LAK17,135 million, representing 3% of total assets, and the allowance for doubtful debts totalled LAK1,238 million. There were significant long-outstanding balances including overdue balance over than six months of LAK124 million and another overdue balance over than twelve months of LAK1,147 million. The Company has a policy to assess the collectability of outstanding accounts receivable and set up an appropriate allowance for doubtful accounts. Management focused on accounts receivables that were more than six months overdue which had not been collected after the period ended and assessed the allowance based on the historical payment of accounts receivable and expectations regarding the collectability of accounts receivable. We focussed on this area due to the size of trade accounts receivable and because management's allowance is an accounting estimate that is subjective and judmental based on assumptions concerning future cash inflow and influenced by collectability risks.	We evaluated the appropriateness of the allowance for doubtful debts by: • assessing and testing the designed and operating effectiveness of the control over related segregation of duties, credit review and approval, and systems access and limitations; • testing the reliability of the accounts receivable aging report which was used in assessing related allowance; • challenging the appropriateness of related policies applied in setting up the allowance; • comparing the allowance for doubtful accounts receivable to both historical bad debts and collection outcomes including movements of trading balances; • considering the possibility of debt collection including available financial position of accounts receivables and the related allowance which might be required based on individual accounts receivable, and • testing subsequent collection of significant accounts receivable up to the date of the auditor's report. As a result, we found that the allowance for doubtful debts was reasonable and consistent with historical collection data.

Valuation of inventories Refer to Note 5 'Critical accounting estimates, assumptions and judgements' and Note 8 'Inventories, net' to the financial statements. As at 31 December 2017, the total net inventories was LAK149,189 million, representing 23% of the total assets of the Company. Net inventories included an allowance for impairment of inventory of LAK5,049 million. These inventories mainly consisted of inventories kept at the showrooms and warehouses. As at 31 December 2017, the Company performed the review of allowance of slow moving and obsolete inventories taking into account of both historical data including physical condition of inventories from the counting of inventories and potential sales of inventories in the future. Management asssessed the movement of inventories and identified product groups with slow-moving and obsoleted indicators. Management then set up an allowance for slow-moving and obsolete inventories by applying a percentage of 50% and 100% for non-move 180-365 days and over 365 days respectively determined by management after their consideration of related historical transactions and prediction of the future sale transactions of related inventories. Moreover, the Company remeasured the inventory value at the lower of cost or net realisable value (NRV). Management estimated the net realisable value from the estimated selling prices in the ordinary course of business, less applicable variable selling expenses. We focussed on this area because the estimated value of inventories is an area of significant management judgement with regard to the estimation of the NRV and allowance for slow-moving and obsolete inventories.	We evaluated the appropriateness of the inventory valuation by: • obtaining an understanding of the Company's policy with respect to the calculation of the value of inventories and reviewing the process of data collection to ensure the accuracy and completeness of related data being used for our review; • testing internal controls over the procurement and payment cycles including purchase requisition, purchase orders, goods receiving, payments, recording, in order to test the accuracy of the inventory balance particularly the cost of inventories; • observing physical counting of inventories by management and collaborating and checking with the calculation of related allowance particularly obsoleted and damaged inventories. • analysing inventory movements and comparing the result to management's estimates of slow-moving and obsoleted inventories; • comparing the result of management's estimate of slow-moving and obsolete inventory with recent sales data; • testing the reliability of the inventory aging report and re-performing the calculation to ensure its accuracy on a sample basis; • challenging management on the appropriateness of the calculation of estimated selling price per unit and randomly testing the selling prices after the year end and other related supporting evidences • testing the calculation of the net realisable value of inventories at the year end and recomputing the allowance for NRV. Based on the procedures above, we found that the management's estimation of allowances for slow-moving and obsolete inventories and NRV were reasonable.

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Other information

The Company's management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements or our auditor's report. The annual report is expected to be available after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

As part of our audit it is our responsibility to read the annual report (if any) when it becomes available. We will consider whether the information in the annual report is materially inconsistent with the financial statements and the knowledge obtained in the audit.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee to revised and re-release report again.

Responsibilities of the management and board of directors for the financial statements

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

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors supervises and assists the management in discharging their responsibilities for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with to the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For PricewaterhouseCoopers (Lao) Sole Company Limited

Paiboon Tunkoon
Partner
Vientiane, Lao PDR
Date: 2 March 2018

Souvanny Home Center Public Company
Statement of Financial Position
As at 31 December 2017

	Notes	2017 LAK	2016 LAK
Assets			
Current assets			
Cash and cash equivalents	6	7,825,563,835	26,762,714,091
Trade and other receivables, net	7	17,638,531,080	18,182,486,807
Inventories, net	8	149,188,890,866	109,128,048,651
Other current assets	9	7,767,536,365	5,108,127,818
Total current assets		182,420,522,146	159,181,377,367
Non-current assets			
Property, plant and equipment, net	10	460,349,989,027	376,208,692,652
Intangible assets, net	11	439,776,032	514,579,909
Total non-current assets		460,789,765,059	376,723,272,561
Total assets		**643,210,287,205**	**535,904,649,928**

Waddana Soukabandith
Chief Executive Officer
Date: 2 March 2018

Phannola Soukabandith
Chief Financial Officer
Date: 2 March 2018

The accompanying notes on pages 12 to 30 are an integral part of this interim financial information.

Souvanny Home Center Public Company
Statement of Financial Position
As at 31 December 2017

	Notes	2017 LAK	2016 LAK
Liabilities and equity			
Current liabilities			
Bank overdraft and short-term borrowings	13	43,792,632,441	2,395,397,610
Trade and other payables	12	41,677,587,933	36,384,747,898
Current portion of long-term borrowings	13	252,010,000	252,010,000
Profit tax payable	14	-	333,739,602
Deposits from customers	15	24,729,063,838	23,148,004,915
Other current liabilities	16	7,996,658,217	1,881,378,209
Total current liabilities		118,447,952,429	64,395,278,234
Non Current liabilities			
Long-term borrowings	13	354,800,090	849,235,813
Total non current liabilities		354,800,090	849,235,813
Total liabilities		118,802,752,519	65,244,514,047
Equity			
Share capital			
Authorized share capital			
Ordinary shares, 165 million shares at par value of LAK 2,000 each	17	330,000,000,000	330,000,000,000
Issued and paid-up share capital			
Ordinary shares, 165 million shares paid-up of 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	18	3,332,971,187	2,906,968,288
Appropriated - Other reserve	18	3,082,971,187	2,656,968,288
Unappropriated		150,496,317,879	150,388,294,678
Translation adjustments	2.2	12,759,549,711	(40,027,820,095)
Total equity		524,407,534,686	470,660,135,881
Total liabilities and equity		**643,210,287,205**	**535,904,649,928**

Waddana Soukabandith
Chief Executive Officer
Date: 2 March 2018

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Chief Financial Officer
Date: 2 March 2018

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Souvanny Home Center Public Company
Statements of Income
For the year ended 2017

	Notes	2017 LAK	Restated 2016 LAK
Revenue from sales		299,063,433,879	273,050,292,557
Revenue from services		1,875,531,911	973,209,424
Cost of sales		(247,127,994,090)	(230,184,030,157)
Cost of services		(1,040,362,547)	(408,747,958)
Gross profit		**52,770,609,153**	**43,430,723,866**
Other incomes		4,346,876,845	2,663,991,550
Selling expenses		(30,209,619,011)	(20,715,795,436)
Administrative expenses		(20,855,956,388)	(16,017,855,136)
Finance costs		(1,933,725,791)	(143,155,729)
Foreign exchange gain, net		531,145,525	820,086,197
Profit before income tax expense		**4,649,330,333**	**10,037,995,312**
Income tax expense	14, 20	(389,301,333)	(1,896,508,215)
Net profit for the year		**4,260,029,000**	**8,141,487,097**
Earnings per share			
Basic earnings per share	21	25	49

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Souvanny Home Center Public Company
Statement of Changes in Equity
For the year ended 2017

	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		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
Legal reserve	18	-	-	814,148,710	-	(814,148,710)	-	-
Other reserve	18	-	-	-	814,148,710	(814,148,710)	-	-
Net profit for the period		-	-	-	-	8,141,487,097	-	8,141,487,097
Dividend paid	22	-	-	-	-	(7,425,000,000)	-	(7,425,000,000)
Translation adjustments		-	-	-	-	-	4,879,195,246	4,879,195,246
Ending balance 31 December 2016		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
Opening balance 1 January 2017		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		-	-	426,002,899	-	(426,002,899)	-	-
Other reserve		-	-	-	426,002,899	(426,002,899)	-	-
Net profit for the period		-	-	-	-	4,260,029,000	-	4,260,029,000
Dividend paid	22	-	-	-	-	(3,300,000,000)	-	(3,300,000,000)
Translation adjustments		-	-	-	-	-	52,787,369,805	52,787,369,805
Ending balance 31 December 2017		330,000,000,000	24,735,724,722	3,332,971,187	3,082,971,187	150,496,317,879	12,759,549,711	524,407,534,686

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Date: 2 March 2018

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Date: 2 March 2018

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Souvanny Home Center Public Company
Statement of Cash Flows
For the year ended 2017

	Notes	2017 LAK	2016 LAK
Cash flow from operating activities:			
Net profit before income tax for the period		4,649,330,333	10,037,995,312
Adjustments for:			
Depreciation	10	10,233,280,643	4,556,807,988
Amortisation	11	307,144,234	187,823,082
Gain from disposes of property, plant and equipment		(124,663,895)	-
Loss from foreign exchange rate		585,264,942	807,460,049
Interest expense		2,018,210,494	143,155,729
Inventories allowance (reversal)		5,049,327,928	(5,197,585,906)
Trade and other receivables provision (reversal)		76,041,109	(802,136,192)
Operating profit before working capital changes		22,793,935,788	9,733,520,062
Changes in operating assets and liabilities			
- Trade and other receivables		2,558,437,576	11,731,979,338
- Inventories		(32,873,201,469)	(29,194,366,255)
- Other current assets		(2,086,613,552)	(2,037,952,718)
- Trade and other accounts payable		1,212,871,358	9,991,159,200
- Deposits from customers		(1,014,620,323)	1,749,945,597
- Other current liabilities		5,904,313,474	(2,449,853,531)
Cash generated from operations		(3,504,877,148)	(475,568,307)
Interest paid		(2,018,210,494)	(143,155,729)
Income tax paid	14	(774,688,240)	(5,734,718,115)
Net cash used in operating activities		(6,297,775,882)	(6,353,442,151)
Cash flows from investing activities :			
Purchases of plant and equipment		(52,614,172,047)	(56,929,193,759)
Purchases of computer software		(232,340,357)	(702,402,991)
Proceeds from disposals of property, plant and equipment		124,896,100	-
Net cash used in investing activities		(52,721,616,304)	(57,631,596,750)

The accompanying notes on pages 12 to 30 are an integral part of this interim financial information.

Souvanny Home Center Public Company
Statement of Cash Flows
For the year ended 2017

	Notes	2017 LAK	2016 LAK
Cash flows from financing activities :			
Proceeds from borrowings from bank		93,260,470,052	2,647,407,567
Repayments on borrowings from bank	10	(52,357,670,944)	(272,832,103)
Dividend paid	12	(3,300,000,000)	(7,425,000,000)
Net cash used in financing activities		37,602,799,108	(5,050,424,536)
Long-term borrowings			
Net decrease in cash and cash equivalents		(21,416,593,079)	(69,035,463,437)
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		2,479,442,822	(777,438,899)
Cash and cash equivalents at the end of the period		**7,825,563,835**	**26,762,714,091**
Significant non-cash items			
Other payables from purchases of plant and equipment		233,080,100	20,374,991

Waddana Soukabandith
Chief Executive Officer
Date: 2 March 2018

Phannola Soukabandith
Chief Financial Officer
Date: 2 March 2018

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1. General information

Souvanny Home Center Public Company is a public company which is listed on the Lao Securities Exchange (LSX) and is incorporated and domiciled in Lao PDR. The Company principally 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 has four branches in Vientiane Capital, Lao PDR; Thong Kun Kham, Srikai, Thong Toom, Xokyai.

On 30 September 2017, The Company opened the new branch in Paksan district, Bolikhamsai Province.

These financial statements were authorised for issue by the board of directors on 2 March 2018.

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 below and have been prepared generally under the historical cost convention.

According to the Accounting Law and Regulation on accounting and auditing in securities sector under Securities Commission Office in Lao PDR, 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.

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. Accounting policies (continued)

2.2 Foreign currency translation

(a) Functional and presentation currency

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

The 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 rates used are from Banque pour le Commerce Exterieur Lao Public (BCEL).

2.3 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statements of financial position, bank overdrafts are shown in current liabilities.

2.4 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. Accounting policies (continued)

2.5 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.

2.6 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.

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.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, to their residual values over their estimated useful lives, as follows:

	Years
Buildings	20
Office equipment	3-5
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 gains (losses) – net' in the statement of income.

2.7 Intangible assets

2.7.1 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives 3 years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2. Accounting policies (continued)

2.8 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.

2.9 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 2.12.

2.10 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 is 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.

2.11 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 in respect of temporary differences. Income tax expense is recognised based on the operating result for the year after adjusted non-deductible expenses and other transactions under the related Lao Tax Law and tax rate. Under Lao Tax Law, Lao Accounting Law and related privileges as a LSX listed company , tax expenses for the year are determined on the basis of the profit the Company calculated (Note 19).

In Lao PDR, income tax returns are regularly reviewed in detail by the relevant authorities. In addition, tax issues raised in the reviews may require substantive judgements and interpretation by the parties concerned. The reviews could therefore potentially result in additional tax payments or refunds being necessary which maybe significant. This would result in the payment or refund being recognised as income tax expense in the year in which the reviews are completed.

2. Accounting policies (continued)

2.12 Employee benefits

The Company makes contributions to the Social Security Fund as required by the Lao Labour Law dated 24 December 2013 and the Notification date 25 April 2016. 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 and contributions are capped at LAK 4.5 million.

According to the Lao Labour Law, when staff retire and meet the criteria outlined in the Law, the Company has obligation to pay the staff a retirement pension.

Provisions for employee retirement 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 terms of payment and the collection terms are not significantly different.

As at 31 December 2017, management hadn't established formal policies. Also management doesn't use any financial instruments or derivatives to manage the foreign exchange risk from trading and borrowing 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.

3.2 Credit risk

The Company has no significant concentrations of credit risk as it operates in retailing business. The Company has policies in place to ensure that the 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. But, interest rate risk arises from borrowings which are issued at floating rates as these expose the Company to cash flow interest rate risk. The company mitigated the risk with short-term borrowings. Management believes that the effect of interest rate fluctuation will not affect the Company significantly

3. Financial risk management (continued)

3.4 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and short-term investments. Management plans to, but doesn't currently, 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. 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 year ended 31 December 2016 have been reclassified to conform with the current year'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 year ended 31 December 2016

	Prior year's reclassifications LAK	Reclassification LAK	Current year reclassifications LAK
Cost of sales	(240,415,013,104)	(10,230,982,947)	(230,184,030,157)
Selling expenses	(1,461,789,440)	19,254,005,996	(20,715,795,436)
Administrative expenses	(25,184,033,914)	(9,023,023,049)	(16,161,010,865)
	(267,060,836,458)	-	(267,060,836,458)

5. 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

5.1 Impairment of trade receivables

The Company has established the allowance for doubtful account to reflect the impairment of trade receivables, related to the provision of loss from unbillable customers. The allowance for doubtful account is the effect of the Company's estimation of future cash inflow, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends..

5.2 Allowance for decrease in value of inventories

The Company has established the allowance for decrease in value of inventories to reflect the net realisable value from inventories. The allowance for decrease in value of inventories is the effect of the Company's analysis of obsoleted inventories and forecasts of future sales. The balance of inventories will be written-off once the inventories are obsoleted and unable to be sold.

5.3 Property, plant and equipment

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

6. Cash and cash equivalents

	2017 LAK	2016 LAK
Cash on hand	1,841,487,603	260,876,359
Deposits held at call with financial institutions	5,984,076,232	26,501,837,732
Cash and cash equivalents	7,825,563,835	26,762,714,091

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 1.5%-2.5% per annum (2016: 0% -2% per annum).

7. Trade and other receivables, net

	2017 LAK	2016 LAK
Trade accounts receivable	17,135,409,288	17,619,335,378
Less Allowance for doubtful debts	(1,237,731,102)	(1,344,978,916)
Trade accounts receivable, net	15,897,678,186	16,274,356,462
Staff borrowings	72,341,226	192,735,412
Accrued income	-	167,626,129
Other receivables	1,668,511,668	1,547,768,804
	1,740,852,893	1,908,130,345
Trade and other receivables, net	17,638,531,080	18,182,486,807

The outstanding trade accounts receivable balance as at 31 December 2017 is aged as follows:

	2017 LAK	2016 LAK
Not yet due	8,800,028,753	3,286,997,503
Overdue:		
1–3 months	5,950,058,870	5,971,886,947
3-6 months	1,113,741,345	4,644,582,175
6-12 months	124,260,914	1,753,499,352
Over 12 months	1,147,319,406	1,962,369,401
Trade and other receivables, net	17,135,409,288	17,619,335,378
Less Allowance for doubtful debts	(1,237,731,102)	(1,344,978,916)
Trade accounts receivable, net	15,897,678,186	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 remaining accounts receivable balances which were more than 6 months overdue which had not been collected after period ended and also management's evaluation based on recent historical payments of accounts receivable and expectations regarding to the future collectability of accounts receivable.

8. Inventories, net

	2017 LAK	2016 LAK
Tiles and construction materials	32,901,696,573	15,094,198,097
Sanitary wares and faucets	28,873,162,188	19,005,801,542
Elevators and escalator parts	32,863,605,736	25,446,500,327
Roofs and decorations	12,715,720,806	6,758,103,770
Paints, tools and electrical equipment	45,405,249,089	43,561,980,136
Others	1,478,784,403	6,455,932,210
Less: Allowance for slow moving and obsolete	(2,460,191,459)	(5,087,243,510)
Allowance for diminution in value of inventories	(2,589,136,469)	(2,107,223,921)
Inventories, net	149,188,890,866	109,128,048,651

The change in inventories recognised as an expense in cost of sales in this period is LAK 249,508 million (2016: LAK 240,077 million).

As at 31 December 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.

9. Other current assets

	2017 LAK	2016 LAK
Advance payments to suppliers	5,088,565,200	1,273,017,669
Prepaid insurance premium	89,167,259	47,519,904
Accrued rebate from suppliers (i)	2,311,856,526	3,118,971,412
Others (ii)	277,947,380	668,618,833
Other current assets	7,767,536,365	5,108,127,818

(i) Rebate from suppliers represents a confirmed amount of rebate to be received from suppliers and is settled by netting with the invoices when the Company makes payments to suppliers. Most of the accrued rebate from suppliers as of 31 December 2017 were settled during the first quarter of 2018

(ii) Others mainly consist of tax receivables from the Revenue department.

10. Property, plant and equipment, net

	Land LAK	Buildings LAK	Machineries and Office equipment LAK	Furniture and fixtures LAK	Motor vehicles LAK	Construction in progress LAK	Total LAK
As at 1 January 2016							
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
For the year ended 31 December 2016							
Opening 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
Foreign exchange translation difference	2,587,016,836	671,598,079	5,791,547	15,233,944	4,354,399	7,994,492	3,291,989,297
Additions	-	642,699,975	1,297,845,242	830,372,928	3,037,866,849	51,140,783,755	56,949,568,749
Transfer in(out)	-	505,886,723	-	-	-	(505,886,723)	-
Disposal – cost	-	-	-	-	(980,245,630)	-	(980,245,630)
Disposal – depreciation	-	-	-	-	980,245,630	-	980,245,630
Depreciation charge	-	(3,523,238,227)	(280,767,538)	(472,740,005)	(280,061,680)	-	(4,556,807,450)
Closing net book amount	254,471,409,557	63,686,979,143	1,586,765,933	1,856,115,605	3,186,126,296	51,421,296,118	376,208,692,652
As at 31 December 2016							
Cost	267,896,239,572	73,711,298,190	4,047,911,075	5,694,072,221	7,054,981,839	51,413,301,626	409,817,804,523
Foreign exchange translation difference	(13,424,830,015)	671,598,079	(77,212,174)	(99,040,731)	(9,966,776)	7,994,492	(12,931,457,125)
Less Accumulated depreciation	-	(10,695,917,126)	(2,383,932,968)	(3,738,915,885)	(3,858,888,767)	-	(20,677,654,746)
Net book amount	254,471,409,557	63,686,979,143	1,586,765,933	1,856,115,605	3,186,126,296	51,421,296,118	376,208,692,652

10. Property, plant and equipment, net (continued)

	Land LAK	Buildings LAK	Machineries and Office equipment LAK	Furniture and fixtures LAK	Motor vehicles LAK	Construction in progress LAK	Total LAK
As at 1 January 2017							
Cost	267,896,239,572	73,711,298,190	4,047,911,075	5,694,072,221	7,054,981,839	51,413,301,626	409,817,804,523
Foreign exchange translation difference	(13,424,830,015)	671,598,079	(77,212,174)	(99,040,731)	(9,966,776)	7,994,492	(12,931,457,125)
Less Accumulated depreciation	-	(10,695,917,126)	(2,383,932,968)	(3,738,915,885)	(3,858,888,767)	-	(20,677,654,746)
Net book amount	254,471,409,557	63,686,979,143	1,586,765,933	1,856,115,605	3,186,126,296	51,421,296,118	376,208,692,652
For the year ended 31 December 2017							
Opening net book amount	254,471,409,557	63,686,979,143	1,586,765,933	1,856,115,605	3,186,126,296	51,421,296,118	376,208,692,652
Foreign exchange translation difference	28,534,906,587	7,141,477,330	177,930,572	208,133,745	357,273,428	5,766,077,642	42,185,799,304
Additions	-	-	662,783,075	602,187,821	3,001,203,325	47,922,835,698	52,189,009,919
Transfer in(out)	-	50,788,774,252	-	12,469,271,307	4,788,999,491	(68,047,045,050)	-
Disposal – cost	-	-	(260,498)	(834,510)	(344,101,500)	-	(345,196,508)
Disposal – depreciation	-	-	28,293	834,510	344,101,500	-	344,964,303
Depreciation charge	-	(5,622,384,521)	(497,701,782)	(2,019,636,208)	(2,093,558,132)	-	(10,233,280,643)
Closing net book amount	283,006,316,144	115,994,846,204	1,929,545,593	13,116,072,270	9,240,044,408	37,063,164,408	460,349,989,027
As at 31 December 2017							
Cost	267,896,239,572	124,880,995,861	4,710,433,652	18,764,696,839	14,501,083,155	31,289,092,274	461,661,617,934
Foreign exchange translation difference	15,110,076,572	7,813,075,409	100,718,398	109,093,014	347,306,652	5,774,072,134	29,254,342,179
Less Accumulated depreciation	-	(16,318,301,647)	(2,881,606,457)	(5,757,717,583)	(5,608,345,399)	-	(30,565,971,086)
Net book amount	283,006,316,144	115,994,846,204	1,929,545,593	13,116,072,270	9,240,044,408	37,063,164,408	460,349,989,027

10. Property, plant equipment, net (continued)

In 2017, total additions of LAK 52,189 million consisted of cash transactions of LAK 51,956 million and non-cash transactions of LAK 233 million. All construction in progress was for the construction of new branches. Xokyai was completed and started operation on 30 January 2017 and Paksan was completed and started operation on 30 September 2017 (Note 24).

Land amount of LAK 283,006 million has used to security against short-term borrowing with foreign bank in Lao (Note 13).

11. Intangible assets, net

For the year ended 31 December 2016	**LAK**
Opening net book amount	-
Additions	702,402,991
Amortisation charge	(187,823,082)
Closing net book amount	514,579,909
As at 31 December 2016	
Cost	702,402,991
Less Accumulated amortisation	(187,823,082)
Net book amount	514,579,909

For the year ended 31 December 2017	**LAK**
Opening net book amount	514,579,909
Foreign exchange translation difference	57,701,964
Additions	174,638,393
Amortisation charge	(307,144,234)
Closing net book amount	439,776,032
As at 31 December 2017	
Cost	877,041,384
Foreign exchange translation difference	57,701,964
Less Accumulated amortisation	(494,967,316)
Net book amount	439,776,032

Additions during the year ended 31 December 2017 was mainly from accounting software.

12. Trade and other accounts payables

	2017 LAK	2016 LAK
Trade accounts payable – third parties	32,032,832,751	33,721,668,911
Trade accounts payable – related parties (Note 23)	9,644,755,182	2,663,078,987
Trade and other accounts payable	41,677,587,933	36,384,747,898

13. Borrowings

	2017 LAK	2016 LAK
Current		
Bank overdraft	2,153,521,478	39,757,131
Short-term borrowings	41,639,110,963	2,607,650,479
Current portion of long-term borrowings	252,010,000	252,010,000
Non-current		
Long-term borrowings	354,800,090	597,225,813
Borrowings	44,399,442,531	3,496,643,423

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

	2017 LAK	2016 LAK
Borrowings		
At fixed rates	13,018,780,107	888,992,944
At floating rates	31,380,662,424	2,607,650,479
Borrowings	44,399,442,531	3,496,643,423

The Company extended its bank overdraft credit limit on 14 June 2016 from LAK 1,200 million to LAK 33,495 million with a foreign financial institution's Lao branch. The overdraft was secured by a shareholder's land. And the interest rate is Low Rate Limit (LRL) plus a percentage of margin per annum.

On 12 December 2017, the Company entered into a new short-term borrowing for THB 145 million with foreign banks in Lao at fixed interest rates at 6.5%-7.5%. The repayments are required within 12 months after drawdown. The facilities are secured by the Company's land.

A long-term borrowing from a financial institution was made in June 2016 and this is due in October 2020. The borrowing is secured by the same shareholder's land with overdraft.

14. Profit tax payable

The movement of profit tax payable for 2017 is as below:

	LAK
Profit tax payable as at 1 January 2017	333,739,602
Paid during the year	(781,103,536)
Profit tax expense for the year (Note 20)	389,301,333
Profit tax payable (receivable) as at 31 December 2017	(58,062,601)

The Company paid corporate income tax for the year ended 2017 exceed the actual income tax that occurred during the year. As a result, the company has recorded this as prepaid corporate income tax in the Other current assets amount of LAK 58,062,601. And it will be used to offset with corporate income tax expense in the next period.

15. Deposits from customers

Deposits are normally settled and cleared within 6 - 12 months when the customers accept the delivery of the elevator and escalator and the related installation and inspection are completed.

16. Other current liabilities

	2017 LAK	2016 LAK
Accrued expenses	7,996,658,217	1,881,378,209
Other current liabilities	7,996,658,217	1,881,378,209

Accrued expenses mainly consist of accrued land rental expense.

17. Share capital

	Number of shares (Shares)	Ordinary Shares (LAK)	Share Premium (LAK)	Total (LAK)
At 1 January 2016	165,000,000	330,000,000,000	24,735,724,722	354,735,724,722
Issue of shares	-	-	-	-
At 31 December 2016	165,000,000	330,000,000,000	24,735,724,722	354,735,724,722
Issue of shares	-	-	-	-
At 31 December 2017	165,000,000	330,000,000,000	24,735,724,722	354,735,724,722

As at 31 December 2017, the Company had a share capital of 165,000,000 authorised ordinary shares with a par value of LAK 2,000 per share, which were fully paid.

18. Reserves

Legal reserve

	2017 LAK	2016 LAK
At 1 January 2017	2,906,968,288	2,092,819,578
Additions	426,002,899	814,148,710
At 31 December 2017	3,332,971,187	2,906,968,288

The legal reserve is set up in accordance with the requirements in Article 156 of the Lao Enterprise Law. It is required that at least 10% of the annual net profit is set aside as a legal reserve until such reserve reaches 50% of the authorised share capital.

Other reserve

As well as the legal reserve, the Company also set aside 10% of net profit for the year as other reserve. This is in accordance with the Company's policies registered with the Ministry of Finance and dated 22 September 2016. The Other reserve is for unforeseeable events such as natural disasters. The Company will only use the reserve to recover its businesses unforeseeable events.

19. Expenses by nature

Significant expenses classified by nature are as follows:

	2017 LAK	2016 LAK
Change in inventories	249,508,001,162	240,077,492,681
Salary, wages and other employee benefits	27,930,253,074	20,768,804,340
Inventory impairment (reversal) based on net realisable value	(2,174,786,214)	(5,996,157,563)
Depreciation (Note 10)	10,233,280,643	4,744,768,921
Sales promotion and operation support expenses	1,143,696,903	736,294,523
Rental fees – offices and showrooms	2,744,918,886	992,599,899
Fuel expense	1,060,828,532	747,857,696
Repair and maintenance expense	923,703,557	1,363,238,682
Utilities	2,494,784,740	1,697,982,541
Professional fees	1,882,381,591	1,696,545,975
Others	2,446,506,615	640,156,721
	298,193,569,489	267,469,584,416

20. Profit tax expense

Due to the tax privileges given to LSX listed companies, The Company is entitled to a further reduction from 24% to 19% during the initial 4 year period. This rate is to be applied from 2015 to 2018. This is in accordance with the Enactment of the President of Lao PDR regarding Corporate Income Tax and Fee for Securities and Exchange, No. 1/ President, dated 28 December 2010 and the Tax Law issued on 15 December 2015.

The Company does not recognize corporate income tax payable or receivable in future periods in respect of temporary differences. Income tax expense is recognized based on the operating result for the related period and the applicable tax rate.

	2017 LAK
Reconciliation between income tax expense and accounting profit:	
Accounting profit before income tax	4,649,330,333
Non-deductible and reversal items for tax purpose (1)	(2,600,375,948)
Taxable income	2,048,954,385
Tax calculated at the tax rate of 19 %	389,301,333

(1) Non-deductible and reversal items for tax purpose mainly comprise of unrealised losses from revaluation of assets and liabilities in foreign currencies on a closing date.

21. Basic earnings per share

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.

	2017	2016
Net profit for the year attributable to shareholders (LAK)	4,260,029,000	8,141,487,097
Weighted average number of ordinary shares (shares)	165,000,000	165,000,000
Basic earnings per share (LAK)	25	49

22. Dividends

At the Annual General Meeting of Shareholders held on 7 April 2017, it was resolved that dividend be paid to shareholders in respect of 2016 operating results at LAK 20 per share (2015 LAK 45 per share), totalling of LAK 3,300 million (2015: LAK 7,425 million). The dividend was paid in May 2017 to the shareholders.

23. 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 of 15% of the shares is widely held.

The nature and amounts of significant related-party transactions for the year ended 31 December 2017 are summarised below.

23.1 Income and expenses

	2017 LAK	2016 LAK
Purchases of goods from related party	4,161,534,834	6,582,882,785
Rental expense	7,236,364,422	903,108,661

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.

23.2 Outstanding balances arising from related party transactions

	2017 LAK	2016 LAK
Trade accounts receivables - Shareholders	-	1,331,360,938
Prepaid rental expense	-	21,298,973
Accrued rental expense	1,906,443,893	-
Trade accounts payable – Global House	41,064,818	3,315,267,281

23.3 Key management compensation

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

	2017 LAK	2016 LAK
Salaries and other short-term employee benefits	1,784,400,000	1,548,000,000

24. 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.

	2017 LAK	2016 LAK
No later than 1 year	9,325,478,909	5,308,372,122
1-5 years	24,413,546,063	17,753,992,061
	33,739,024,972	23,062,364,183

25. Events after the reporting period

25.1 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 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 first quarter of 2018.

The Company's revenue from Mitsubishi elevators and escalators represented 6% of the total revenue for the twelve-month period ended 31 December 2017. Related working capitals for such business as of 31 December 2017 were as follows.

	2017 LAK
Trade and other receivables	6,303,081,321
Inventories	19,416,530,375
Deposit from customers	23,355,066,120
Trade payables - Mitsubishi	515,995,493

25. Events after the reporting period (continued)

25.2 Approvals by Board of Directors' meeting

At the Board of Directors' meeting No.1/2018, held on 16 February 2018, the Board of Directors approved the following significant transactions:

- *Ex-dividend date*

The Company will distribute profits by paying out Cash Dividends to its shareholders. The Ex-dividend date is 7 March 2018 and the recording date is 9 March 2018. The shareholders whose names appear in the shareholders' register book on the recording date are entitled to receive dividends.

- *Dividend payment approval*

The Board of Directors approved a dividend payment in respect of net profit for 2017 of LAK 10 per share (31 December 2016: LAK 20 per share) amounting to a total of LAK 1,650 million (31 December 2016: LAK 3,300 million). This payment is subject to further approval at the Annual General Meeting of shareholders on 6 April 2018.

- *Closure of Thoungkhankham branch*

The Board of Directors approved the closure of SVN's Thoungkhankham branch because of a low profit margin and the limited physical area, which is an obstacle to expanding the business.

- *Closure of elevator and escalator business unit*

The Board of Directors approved the closure of the elevator and escalator business unit because its operation has to rely on resources and expertise from the other companies. And, it is not Souvanny's core business.