ບົດລາຍງານປະຈຳໄຕມາດ1 2017

The First Quarter Report



ສຸວັນນີ SOUVANNY Home Center

ບໍລິສັດ ສຸວັນນີ ໂຮມເຊັນເຕີ ມາຫາຊົນ

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ທ່ານ ອຸ່ນ ຫຼ້າສຸກັນ
Mr. Ounh LASOUKANH
ປະທານສະພາບໍລິຫານ/
ປະທານຄະນະກຳມະການກວດກາພາຍໃນ
Chairman/Chairman of Audit Committee



ທ່ານ ວັດດານາ ສຸຄະບັນດິດ
Mr. Waddana SOUKBANDITH
ຮອງສະພາບໍລິຫານ/ຜູ້ອຳນວຍການໃຫຍ່
Vice Chairman/CEO



ທ່ານ ພັນໂນລາ ສຸຄະບັນດິດ
Mr. Phannola SOUKBANDITH
ຜູ້ອຳນວຍການ ຮອງສະພາບໍລິຫານ/
ຮອງຜູ້ອຳນວຍການຝ່າຍການເງິນ
Vice chairman/CFO



ທ່ານ ກິດສະດາ ສຸຄະບັນດິດ
Mr. Kotsada SOUKBANDITH
ຮອງຜູ້ອຳນວຍການຝ່າຍປະຕິບັດການ
Director/COO



ທ່ານ ຄຳກົງ ລ່ຽມພຣະຈັນ
Mr. Khamkong LIEMPHRACHANH
ຜູ້ອຳນວຍການ/ຄະນະກຳມະການກວດກາພາຍໃນ
Director/Audit Committee



ທ່ານ ປະດິດ ວົງເສນາ
Mr. Padith VONGSENA
ຜູ້ອຳນວຍການ/ຄະນະກຳມະການກວດກາພາຍໃນ
Director/Audit Committee



ທ່ານ ວິທູນ ສຸລິຍະວະນາກຸນ
Mr. Witoon SURIYAWANAKUL
ຜູ້ອຳນວຍການ
Director



ທ່ານ ວະຣິດ ຈິນຕະນາວັນ
Mr. Varith CHINTANAVANH
ຜູ້ອຳນວຍການ
Director



ທ່ານ ນາງ ປະພັດສອນ ສຸຄະບັນດິດ
Mrs. Paphatsone SOUKBANDITH
ຜູ້ອຳນວຍການ
Director



The First Quarter Report 2017

Vision

To become a leading modern construction materials and home decoration company in Lao PDR and connecting to ASEAN market.

Mission

To develop products and services to have high quality and keep them modern with the best on services. To train employees to gain their knowledge and to be more professional in order to become more responsibility. To expand the business all over the country in order to get the opportunities to connect with China and ASEAN as a part to support social and economic development of the country.

History of SOUVANNY

SOVANNY Home Center Public Company ("the Company" or "SVN") operates one-stop shopping home center which provides both services and full-ranged products from construction material to home supplies and decoration such as, tile, sanitary ware, paint, home and office decoration material, furniture under the brand "Modernform", and being a sole distributor of Mitsubishi Electric's elevator and escalator in Lao PDR. Moreover, the Company also has services including the products recommendation to customers, interior design for kitchen and restroom, and product delivery. Most of the imported products of the Company are high quality with well-known brands easily recognized. There are over 400 brands with more than 30,000 products, effectively managed by modern computer system, focusing on distribution and warehouse system. The products can be separated into 7 categories (17 groups of products) vary to the customers' need under the slogan that "improving products and services to high quality, delivering full-range products with on time basis, satisfying customers, and continuous development". The Company's distribution channel is to sell through its own modern trade showrooms under the Lao PDR.'s top brand "Souvanny".

Souvanny's shop was established by Mrs. Souvanny SOUKBANDITH (Mrs. Souvanny), Mr. Waddana SOUKBANDITH (Mr. Waddana), and Mr. Phannola SOUKBANDITH (Mr. Phannola). Nowadays, there are 4 branches in Vientiane, Lao PDR, consisting of Phontong branch (Head Office), Thongkhankham branch, Sikhai branch, and Thongtoum branch.

Year	Events
1988	➢ Souvanny shop was established from the vision of Ms. Souvanny seeing economic growth opportunity in Lao PDR, construction and infrastructure industries in particular, together with Mr. Waddana who just graduated in architecture and had a lot of experiences in construction. At this time was also the period of Government support to promote the enomony. As such, they decided to start distribution business of construction materials in a shop house (approximately area 50 sq.m) at Sisawat Village, Chanthabuly District, Vientiane Lao PDR. However, currently it becomes a sub-branch (Thongkhankham branch) with the registered capital LAK 3,250,000.
1993	➢ According to the rapid growth in the construction industry in Lao PDR, need of construction material products was increased, causing higher competition in the industry, leading the Company lost track on cost management. However, the Company eventually found the ways to directly buy the products from the suppliers in a time that the Government promote international trades on Thai-Lao border, leading the Company to be able to overcome its competitors. ➢ To improve the Company structure, the Company was registered as Souvanny Trading Export-Import Sole Company Limited with registered capital LAK 100,000,000.
1995	➢ The Company had changed product strategy from construction materials such as, steel and cement to decoration products such as, tile, sanitary ware, water tap, and others. This was because of slow growth, the high competition as well as inflexibility of product differentiation on construction material. At first, the decoration products were not done well because product trend is fast-changing, hard to manage. However, as the Company management did not give up on the problem, they had change the policy by creating product differentiation and

Year	Events
	improving trend management on styles of products to respond to the customers' need.
2000	➢ This was the beginning point of the Company rapid growth as the need in construction materials has increased, together with Mr. Kotsada Soubandith (Mr. Kotsada) graduating from abroad and coming to help manage the Company business. In this year, the Company opened Phontong branch operating the first one-stop shopping home center which provides both services and full-ranged products from construction materials to home supplies and decorations in modern trade showroom with shopping area of 1,500 sq.m., warehouse space of 2,000 sq.m, and parking space of 20 units. Besides, the head office was moved from Thongkhankham branch to Phongtong branch (currently head office), the Thongkhankham branch become to a shop for the paints and equipments.
2004	➢ During this year, LaoPDRhad opened investment opportunitytoprepare for the host of the 25th Southeast Asian Games in 2009. As such, the Company decided to open Sikhai branch at Nahae Village, Sikhottabong District, Vientiane Lao PDRto operate the biggest one-stop shopping home center which provides both services and full-ranged products from construction materials to home supplies and decoration on the shopping space of 2,000 sq.m., warehouse space of 5,000 sq.m. and parking of 60 units.
2011	➢ In order to handle with the modern lifestyle, product variety of more than 30,000 products, the Company decided to renovate Phontong branch by adding more showroom space from 1,500 sq.m. to 4,320 sq.m., warehouse space from 2,000 sq.m. to 3,053 sq.m. and parking space from 20 units to 60 units, completed in 2013.
2012	➢ During this year, Lao PDR hosted the 9th Asia-Europe Meeting (ASEM) and Lao government approved many investment projects such as, building projects, shopping center projects, and etc. Therefore, the Company signed the agreement with Mitsubishi acting as a dealer and a services provider for elevators and escalators under Mitsubishi's brand, selling at a new branch at Thongtoum Village, Chanthabury District, Vientiane LaoPDR (Thongtoum branch)
2013	➢ The Company renovated Sikhai branch by adding more showroom space from 2,000 sq.m. to 6,520 sq.m., warehouse space from 5,000 sq.m to 12,230 sq.m. and parking space from 60 units to 130 units, completed in 2014. ➢ To prepare for ASEAN Economic Community (AEC) which can intensify competition in Lao PDR and cause an increase in the apartments and office buildings, the Company signed the agreement with Modernform Group Public Company Limited to be a furniture dealer under Modernform's brand.

Year	Events
2015	➢ In 2015, the Company has transformed the business from Souvanny Trading Export-Import Sole Company Limited to Sovanny Trading Export-Import Company Limited with the registered capital LAK 500,000,000. ➢ Extraordinary General Shareholder's Meeting No. 1/2015, on 28th July, 2015 has approved the important issues as follow: ➢ Changing the par value from LAK 50,000 per share to LAK 2,000 per share ➢ Approving an increase in registered capital from LAK 500,000,000 to LAK 280 billion, total 140,000,000 shares. ➢ The Company was invested by Global House International Company Limited, a joint venture company between Siam Global House Public Company Limited and Siam Cement Public Company Limited, who provides both services and full-ranged products from construction materials to home supplies and decoration in Thailand, expecting to obtain business operation know-how to improve the Company business. ➢ Extraordinary General Shareholder's Meeting No. 3/2015, on 13th September, 2015, has agreed on the important issues as follow: ➢ Transforming the Company to public company and changing the company name to Souvanny Home Center Public Company ➢ Approving an increase in registered capital for Initial Public Offering (IPO) LAK 50 billion by issuing 25,000,000 ordinary shares, with par value of LAK 2,000 per share to respond to economic growth and become a listed company in Lao Securities Exchange (LSX). ➢ The Company's share, SVN, was listed in LSX and first trading day on 11 December 2015.
2016	➢ Souvanny Home Center Public Company (SVN) was held the Annual General Shareholders' Meeting for the year 2015 on 22nd April 2016 at 02:00 pm at meeting room, the floor 8 in the Lao Security Exchange Building, phonthan village, Road T4, Sayshetha District ,Vientiane Lao PDR attending with 118 shareholders, at the total of 157 millions of shares equivalent to 95.60% of total shares of company, the meeting considered 9 agendas and the important agenda was dividend Consideration and Payment of 2015 of company with ratio of 45 Lak/share ➢ Souvanny Home Center Public Company has held the Board of directors' meeting time No. 2 on 12 August 2017 at 16:00 – 17:45 PM at meeting room, the floor 4 in SVN Head office, Phonthongsavath villages, Chanthabouly District Vientiane, Lao PDR
2017	➢ Souvanny Home Center Public Company has expanded new branch. On 30 January 2017 has opened a new branch 5 in Vientiane such as Xokyai Branch and Place: Xokyai Village, Saysettha District,Vientiane Capital (450 Year Road). ➢ Souvanny Home Center Public Company has held the Board of directors' meeting time No. 1/2017 last 17 February 2017 at Head office, Phonthongsavath villages, Chanthabouly District Vientiane, Lao PDR, the meeting have considered many topics namely Considering and approval of previous meeting report of Director's board, the 2016 business result report of company, the 2016 financial draft report, business plan for 2017, dividend

Year	Events
	payment for 2016, Appointment of external accounting auditor and member of director board, remuneration for member of director board, addition of company's objectives, modification of enterprise registration, invitation for shareholder meeting and others

Marketing

The Company focused on the marketing tools by selecting and providing the new product categories to be choices for customers and also expanded more product lines of structural materials, home appliances, home decoration, furniture and other to new markets in order to meet the customers' demand in difference and improve the IT system to be high quality and control more branches, besides the company accelerated to improve showroom to be high comfortable and convenient, improve communication tools specified company's website, Facebook, line and other to be more interesting, moreover, the company furthered strategies of marketing as below:

- **Product Strategy**:

The Company chooses to procure products from suppliers with international standard in order to be able to provide high quality and various products to customers. Now, the Company has over 830 brands with 77,222 products, and in 2016 the Company has constantly increased new products in order to respond the customer's need by aiming to be the one stop Shopping center of construction materials and home décor with modern and biggest showroom in Lao PRD as slogan of: Imagination can be realized

- **Place Strategy**

The Company focuses on suitable and convenient places to build showrooms for each branch. For future plan, the Company will expand the branches in big cities and also increased new product lines in the old branches to be more choices for existing customers in order to respond to increase demand of customers and potential growth in construction sector.

- **Promotion Strategy**

The Company had more policies for setting sale promotion to be suitable for each group of product, and the Company focused on the new product, slow-moved product, and the products that had promotion from suppliers, the objectives of promotion's activities were increase awareness, acknowledgement of SOVANNY's brand and making good image of company through 3 main channels as follow:

❖ Advertising:

- Printed media such as: leaflet, Magazines, new paper and others.
- Internal and External signage such as: standee and mobile billboards, Lighting box, Tower, street sign and others….
- Electronic media such as: Website: souvanny.com, Facebook: SOVANNY Home Center, Radio, Television, Social Medias…

❖ Sale Promotion

The company have made the sale promotion through activities namely: discount the special price for the specific events, redeeming, giving out, premium, sweepstake, and new product opening ceremony as COTTO Studio, and kitchen under the brand name of STARMARK from Thailand

❖ Public Relations

SVN helped and supported societies such as: we gave Water Dispenser to Office of XOKYAI village, XOKNOY village, PHONETHONG village and NABIEN village which totaled the value of 4,656,500 LAK. We gave a Water Tank 2000L, 6 Ceiling fan, 10 tables and chairs and a water dispenser to school of XOKYAI village, XOKNOY village, PHONETHONG village and NABIEN village which totaled the value of 8,157,000 LAK and we gave 200 tiles to Police Team and minutes of life item totaled the value of 7,248,000 LAK.

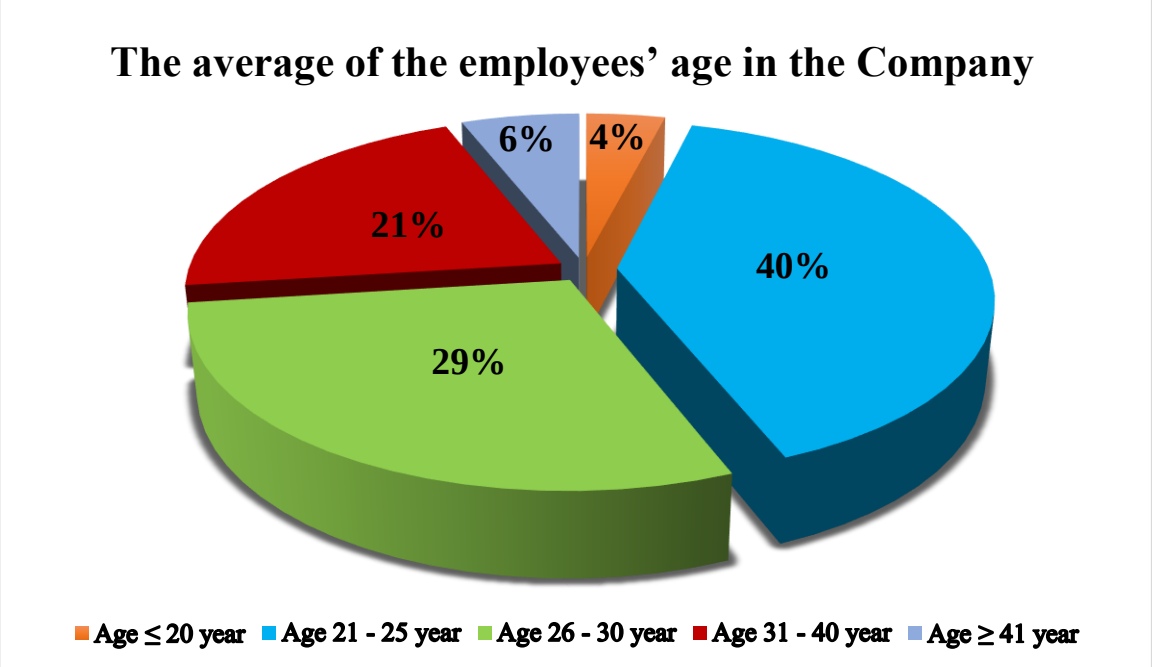
Human Resource

In 2017, the Company also focused on the strategy, and improving the organization by transforming from company limited to public company in order to comply the qualification and condition required by LSX's regulation.

In 2017, the Company had increase welfare by giving a car to manager (XOKYAI branch).

- **Overview of the performance of the first quarter in 2017**

  - As at 31 March 2017 the Company had total employees: 793 people,
  - New employees: 106 people, and replacement 0 people.
  - The Resignation of employee: 34 people or equivalent to %
  - The termination of employee: 0 person
  - The Promotion of employee: 0 people.



- **Salary and welfare**

- Increasing the rate of salary of 5%
- Giving the commission to employees 6 times a year

- Total budget for social security is 44,137,500 LAK
- Total amount of Medical checkup is 0 LAK
- Supporting for new born-baby 0 LAK
- Supporting for employee and employee's relatives dead 15,205,000 LAK

• **Activities for employees**

- Employees' outing 5 times a year
- Playing sport for harmony

• **Special policy**

- The company gave tour packages of group supplier for employees.

Strategy of the Company

For the strategy in 2015, the Company is follow by the slogan that "improving the products and services to high quality, deliver full-range Products with on time basis, satisfying customers, and continuous development". Recently, the Company has received an international certificate from United Kingdom Accreditation Service (UKAS) which is ISO 9001:2008 Quality Management System, and the Company intends to get ISO 2015 every branches of the Company.

TAX

After the company Souvanny Home Center mass registration Stock Exchange Laos late 2015 the company was taken under the law of the Lao P.D.R. particular law Tax strictly seen from the performance bond tax state such as VAT 10% tax salaries tax, profits tax etc.

The state tax in Quarter 1 2017

Item	Details	units	total value(kip)
1	Advance income tax		361,703,154
2	Salaries tax		259,944,384
3	Income tax		815,307,409
	Total		**1,436,954,947**

Summary of Business Operation 2017

Souvanny Home Center Public Company
Statement of financial position
As at 31 March 2017

	Note	31 March 2017 LAK	31 December 2016 LAK
Assets			
Current assets			
Cash and cash equivalents	4	20,463,254,088	26,762,714,091
Trade and other receivables, net	5	17,617,096,098	18,182,486,807
Inventories, net	6	128,796,097,429	109,128,048,651
Other current assets		47,169,366,115	5,108,127,818
Total current assets		214,045,813,730	159,181,377,367
Non-current assets			
Property, plant and equipment, net	7	400,917,615,875	376,208,692,652
Intangible assets, net		595,501,848	514,579,909
Total non-current assets		401,513,117,723	376,723,272,561
Total assets		615,558,931,453	535,904,649,928

Waddana Soukbandith
Managing director
Date: 10 May 2017

Phannola Soukbandith
Deputy manging director
Date: 10 May 2017

The accompanying notes on pages 7 to 15 are an integral part of these financial statements.

Souvanny Home Center Public Company
Statement of financial position
As at 31 March 2017

	Note	31 March 2017 LAK	31 December 2016 LAK
Liabilities and shareholders' equity			
Current liabilities			
Bank overdraft		152,829,357	39,757,131.00
Trade and other accounts payable, net	8	27,773,542,688	36,384,747,898
Current portion of long-term borrowings from financial institutions	9	23,757,088,647	2,607,650,479
Income tax payable	12	832,166,249	333,739,602
Other current liabilities		69,993,322,514	25,029,383,124
Total current liabilities		122,508,949,455	64,395,278,234
Non Current liabilities			
Long-term borrowings from financial institutions	9	549,033,106	849,235,813
Total non current liabilities		549,033,106	849,235,813
Total liabilities		123,057,982,561	65,244,514,047
Shareholders' equity			
Share capital			
Authorised share capital			
Ordinary shares 165 million shares at par value of LAK 2,000 (2014 : no par value and number of shares)		330,000,000,000	330,000,000,000
Issued and paid-up share capital			
Ordinary shares 165 million shares at par value of LAK 2,000 (2014 : no par value and number of shares)		330,000,000,000	330,000,000,000
Premium on share capital		24,735,724,722	24,735,724,722
Retained earnings			
Appropriated - legal reserve	10	2,526,212,479	2,906,968,288
Appropriated - Other reserve	10	2,276,212,479	2,656,968,288
Unappropriated		150,134,341,152	150,388,294,678
Translation adjustments		(17,171,541,939)	(40,027,820,095)
Total shareholders' equity		492,500,948,892	470,660,135,881
Total liabilities and shareholders' equity		615,558,931,453	535,904,649,928

Waddana Soukbandith
Managing director
Date: 10 May 2017

Phannola Soukbandith
Deputy manging director
Date: 10 May 2017

The accompanying notes on pages 7 to 15 are an integral part of these financial statements.

Souvanny Home Center Public Company
Statement of income
For the three - month period end 31 March 2017

	Note	31 March 2017 LAK	31 March 2016 LAK
Revenue from sales		66,894,090,521	88,678,777,184
Revenue from services		449,472,077	377,665,650
Cost of sales		(56,750,173,007)	(78,070,646,325)
Cost of services		(357,498,871)	(326,756,504)
Gross profit		10,235,890,720	10,659,040,005
Other incomes		4,857,774,418	635,988,164
Selling expenses		(698,837,688)	(259,121,495)
Administrative expenses		(8,868,048,798)	(3,630,587,758)
Foreign exchange (loss)/gain, net		(903,913,150)	(789,795,088)
Profit before income tax expense		4,622,865,502	6,615,523,828
Income tax expense	12	(815,307,409)	(1,001,872,333)
Net profit for the period		3,807,558,093	5,613,651,495
Earnings per share			
Basic earnings per share	13	23	111

Waddana Soukbandith
Managing director
Date: 10 May 2017

Phannola Soukbandith
Deputy manging director
Date: 10 May 2017

The accompanying notes on pages 7 to 15 are an integral part of these financial statements.

Souvanny Home Center Public Company
Statement of changes in shareholder's equity
For the period ended 31 March 2017

	Note	Issued and paid-up ordinary shares	Premium on share capital	Legal reserve	Other reserve	Unappropriated retained earnings	Translation adjustments	Total
		Million LAK	Million LAK	Million LAK	Million LAK	Million LAK	Million LAK	Million 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
Proceeds from shares issued		-	-	-	-	-	-	0
Premium on share capital		-	-	-	-		-	0
Legal reserve		-	-	814,148,710		(814,148,710)	-	0
Other reserve					814,148,710	(814,148,710)	-	0
Net profit for the year		-	-	-	-	8,141,487,097	-	8,141,487,097
Dividend paid	11	-	-	-	-	(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		-	-	(380,755,809)	-	(380,755,809)	-	(761,511,619)
Other reserve					(380,755,809)	(380,755,809)	-	(761,511,619)
Net profit for the year		-	-	-	-	3,807,558,093	-	3,807,558,093
Dividend paid	11	-	-	-	-	(3,300,000,000)	-	(3,300,000,000)
Translation adjustments		-	-	-	-	-	22,856,278,156	22,856,278,156
Ending balance 31 March 2017		330,000,000,000	24,735,724,722	2,526,212,479	2,276,212,479	150,134,341,151	(17,171,541,939)	492,500,948,891

Waddana Soukbandith
Managing director
Date: 10 May 2017

Phannola Soukbandith
Deputy manging director
Date: 10 May 2017

The notes to the financial statements on pages 7 to 15 form an integral part of these financial statements.

Souvanny Home Center Public Company
Statement of cash flows
For the period ended 31 March 2017

	Note	31 March 2017 LAK	31 March 2016 LAK
Cash flow from operating activities:			
Net profit before income tax for the period		4,622,865,502	5,613,651,495
Adjustments to reconcile net profit to net cash		0	
Depreciation	7	858,730,776	304,924,049
Amortisation		81,189,398	
Translation Adjustment		3,102,603,318	3,390,744,978
Inventories provision		1,344,275,433	(1,538,542,972)
Trade and other receivable provision		(756,248,706)	(175,339,988)
Operating profit before working capital changes		9,253,415,721	7,595,437,562
Changes in working capital:		0	
- Trade and other receivables		(7,044,959,601)	684,321,322
- Inventories		(16,150,867,006)	(14,345,968,650)
- Other current assets		(41,833,680,441)	(3,090,814,404)
- Trade and other accounts payable		(10,232,079,925)	(1,476,512,927)
- Other current liabilities		46,904,692,704	(21,421,073)
- Income tax payable		916,224,373	(3,159,674,236)
- Repayment for bank overdraft			28,784,395
Income tax paid		(98,925,620)	
Net cash generate from operating activities		(18,286,179,795)	(13,785,848,011)
Cash flows from investing activities :			
Purchases of fixed asssets		(8,659,478,526)	(2,658,058,783)
Intangible assets, net		(162,111,337)	
Net cash used in investing activities		(8,821,589,863)	(2,658,058,783)

Waddana Soukbandith
Managing director
Date: 10 May 2017

Phannola Soukbandith
Deputy manging director
Date: 10 May 2017

The accompanying notes on pages 7 to 15 form part of this interim financial information.

Souvanny Home Center Public Company
Statement of cash flows
For the period ended 31 March 2017

	Note	31 March 2017 LAK	31 March 2016 LAK
Cash flows from financing activities :			
Proceeds from a borrowing from bank		20,869,829,656	
Repayment on a borrowing from bank	9	(61,520,001)	(115,886,730)
Interest paid		0	
Dividend paid		0	-
Net cash from financing activities		20,808,309,655	(115,886,730)
Net increase/(decrease) in cash and cash equivalents		(6,299,460,003)	(16,559,793,524)
Cash and cash equivalent at the beginning of the period		26,762,714,091	96,575,616,427
Effect of exchange rate changes on cash and cash equivalent		0	1,956,511,054
Cash and cash equivalent at the end of the period		**20,463,254,088**	**81,972,333,957**
Significant non cash items			
Other payables from purchases of land and building		169,133,596	228,552,697

Waddana Soukbandith
Managing director
Date: 10 May 2017

Phannola Soukbandith
Deputy manging director
Date: 10 May 2017

The accompanying notes on pages 7 to 15 form 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 engaged trades a full range of goods and materials for construction, addition, refurbishment, renovation and improvement of buildings, houses and residences, and provides related services.

The Company's headquarters' registered address is number 366 Ban Phonetongsavath, Chanthaburi District, Vientiane Capital, Lao PDR. The Company also has five branches in Vientiane Capital, Lao PDR such as: Phonetong branch, Srikai branch, Thong Kun Kham branch, Thong Toom branch and XokYai branch.

On 15 July 2015, the Company changed its status from a sole-shareholding company to a limited company and changed its name from "Souvanny Import-Export Sole Co.,td" to "Souvanny Trading Import-Export Company Limited".
On 21 September 2015, the Company changed its status from a limited company to a public company and changed its name from "Souvanny Trading Import-Export Company Limited" to "Souvanny Home Center Public Company".
The Company was listed on the Lao Securities Exchange market on 11 December 2015.

The Board of Directors authorised this condensed interim financial information for issue on 10 May 2017
This condensed interim financial information has been reviewed, but not audited.

The presentation format of the financial statement is prepared in accordance with the regulation No.017/LSCO as issued by Lao Securities and Exchange Commission Office ("LSCO") dated 22 October 2015 for new listing purpose in Lao PDR. Therefore, the financial statements preparation may not be in line with International practices including no comparative information in certain areas.

2. Basis of preparation

The condensed three-month financial information was prepared in accordance with the Company's accounting policies as described in more details in the annual financial statements for year ended 31 December 2016. The primary financial information (i.e. statement of financial position, statement of income, statement of changes in shareholder's equity and statement of cash flows) are in accordance with the reporting and disclosure regulation No.007/SECO, dated 3 April 2014 issued by Lao Securities and Exchange Commission Office.

The condensed three-month 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 three-month report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

Laos doesn't have a comprehensive set of accounting standards. One is currently being develop by the Lao Chamber of Professional Accountants and Auditors (LCPAA). At the present, companies apply the Laos Accounting Manual (LAM) issued by the Ministry of Finance. LAM is a set of instructions based on accrual accounting. Accordingly, there are significant differences between LAM and International Financial Reporting Standards (IFRS). These are, for examples, property, plant and equipment, leases, employee benefit, income tax and deferred income tax, financial instruments, consolidated and separate financial statements, associates, joint ventures and pre-operation costs. The accounting principles applied may materially differ from generally accepted accounting principles including International Financial Reporting Standards (IFRS) adopted in certain countries and jurisdiction.

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, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the beginning of the year 31 March 2017.

4. Cash and cash equivalents

	31 March 2017 LAK	Audited 31 December 2016 LAK
Cash on hand	432,628,296	260,876,359
Deposits held at call with financial institutions	20,030,625,792	26,501,837,732
Cash and cash equivalents	**20,463,254,088**	**26,762,714,091**

Cash on hand includes petty cash and cash from sales that is for general use.

Deposits held at call with financial institutions represents cash deposited with reputable local banks in three currencies, US dollars, Thai baht and Lao kip, in current accounts.

5. Trade and other receivables, net

	31 March 2017 LAK	Audited 31 December 2016 LAK
Trade accounts receivables	17,340,923,450	17,619,335,378
Less allowance for doubtful debt	(648,646,804)	(1,344,978,916)
Trade accounts receivable, net	16,692,276,646	16,274,356,462
Advance payments for construction		-
Staff borrowings	160,233,604	192,735,412
Accrued income	-	167,626,129
Other receivables	764,585,847	1,547,768,804
	924,819,451	1,908,130,345
Trade and other receivables, net	**17,617,096,097**	**18,182,486,807**

5. Trade and other receivables, net (continued)

The Outstanding trade accounts receivable balance as 31March 2017 is aged as follows:

	31 March 2017 LAK	Audited 31 December 2016 LAK
Not yet due	4,411,898,686	3,286,997,503
Past due:		
1 – 3 months	1,509,953,548	5,971,886,947
3 - 6 months	3,825,553,392	4,644,582,175
6 - 12 months	2,994,724,842	1,753,499,352
Over 12 months	4,598,792,982	1,344,978,916
Trade and other receivables, net	17,340,923,450	17,619,335,378
Less allowance for doubtful debt	(648,646,804)	(1,344,978,916)
Trade accounts receivable, net	16,692,276,646	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 form the remaining accounts receivable balances which were more than 6 months overdue which had not been collected after period ended and also management's evaluate based on recent historical payments of accounts receivables and expectations regarding to the future collectability of account receivable.

6. Inventories, net

	31 March 2017 LAK	Audited 31 December 2016 LAK
Tiles and construction materials	25,560,433,496	15,094,198,097
Sanitary wares, faucets and Kitchenware	22,859,684,900	19,005,801,542
Elevators and escalator parts	23,965,563,197	25,446,500,327
Roofs and decorations	7,422,915,962	6,758,103,770
Paints, tools and electrical equipment	42,126,889,557	43,561,980,136
Others	8,204,885,749	6,455,932,210
Less: Allowance for slow moving and obsolete	(1,344,275,432)	(5,087,243,510)
Allowance for diminution in value of inventories	-	(2,107,223,921)
Inventories, net	128,796,097,429	109,128,048,651

The change in inventories recognised as an expense in cost of sale in this period is LAK 70,870 million (2016: LAK 240,077 million).

7. Property, plant and equipment, net

	31 March 2017 LAK	Audited 31 December 2016 LAK
Opening net book value	376,208,692,652	320,523,942,056
Additions	8,736,417,131	5,676,975,789
Foreign exchange translation difference	16,759,416,868	6,192,737,068
Dispose	71,820,000	-
Depreciation charge	(858,730,776)	(2,494,708,300)
Closing net book value	400,917,615,875	329,898,946,613

Additions during the three-month period ended 30 March 2016 mainly consisted of office equipment and accounting software Total additions of LAK 8,736 million consisted of cash transactions (already paid) of LAK 8,736 million and non-cash transactions (not yet paid) of LAK 0.

8. Trade and other payables

	31 March 2017 LAK	Audited 31 December 2016 LAK
Trade accounts payable	27,756,581,485	33,721,668,911
Trade accounts payable – related parties	16,961,203	2,663,078,987
Amounts due to related parties	-	-
Trade and other payables	27,773,542,688	36,384,747,898

9. Borrowings from a financial institution

	31 March 2017 LAK	Audited 31 December 2016 LAK
Current		
Borrowing from financial institution	23,757,088,647	2,607,650,479
Non-current		
Borrowing from financial institution	549,033,106	849,235,813
Total borrowing from a financial institution	**24,306,121,753**	**3,456,886,292**

Movements in borrowings are analysed as follows:

	31 March 2017 LAK	Audited 31 December 2016 LAK
Opening balance	3,456,886,292	1,138,309,930
Additions	20,756,757,430	2,607,650,436
Repayments	(61,520,001)	(272,832,103)
Translation adjustment	153,998,032	(16,241,971)
Closing balance	**24,306,121,753**	**3,456,886,292**

The principal and interest payments for borrowing from a financial institution have been made since June 2015 with an annual fixed 8.75% interest rate. The borrowing was in LAK currency, and secured with shareholder's land and building.

On 14 June 2016, the Company has entered into a new extended bank overdraft credit limit from LAK 1,200 million to LAK 33,495 million with a foreign financial institution's Lao branch with a base rate of 4% per annum to support their operation. This was secured with a shareholder's land.

10. Reserve

Legal reserve

	31 March 2017 LAK	Audited 31 December 2016 LAK
Opening balance	2,906,968,288	2,092,819,578
Additional	(380,755,809)	814,148,710
Ending balance	**2,526,212,479**	**2,906,968,288**

The legal reserve was set up as required by Article 156 under the Enterprise Law of the Lao PDR. It requires that at least 10% of the annual net profit be set aside as a legal reserve until such reserve reaches 50% of the authorised share capital.

Other reserve

	31 March 2017 LAK	Audited 31 December 2016 LAK
Opening balance	2,656,968,288	1,842,819,578
Additional	(380,755,809)	814,148,710
Ending balance	**2,276,212,479**	**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 registered with the Ministry of Finance, Lao PDR, dated 22 September 2015. The other reserve is for unforeseeable events such as natural disasters. The Company will only use this reserve to if such an event occurs.

11. Dividend

At the Extraordinary General Meeting of Shareholders held on 07 April 2017, the shareholders approved a resolution to declare a dividend payment from unappropriated retained earnings after legal reserve and other reserve allocation from the net profit of 1 January 2016 to 31 December 2016 of LAK 20 per share totalling LAK 3,256,594,838.

12. 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.

For the three-month period ended 31 March 2017, the Company recorded accrued income tax at the current rate of 19% on net profit after the adjustments of non-deductible expenses and others according to Lao Tax Law on an accrual basis amount of LAK 715 million.

13. Basic earnings per share

As at 31 March 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.

	31 March 2017 LAK
Weighted average number of ordinary shares (shares)	165,000,000
Net profit for the period attributable to shareholders (LAK)	3,256,594,838
Basic earnings per shares	20

There was no basic earnings per share calculated for the three month period ended 31 March 2017 due to at the time that the Company registered as a Company, the Government of Lao PDR did not impose any requirement regarding the number of share and par value. Therefore, there was no number of share for the calculation of basic earnings per share.

14. 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. Related parties also include (a) associates and individuals owning, directly or indirectly, a voting interest in the Company that gives them significant influence over the enterprise, (b) key management personnel, including directors and officers of the Company and their close family members, and (c) companies associated with those under (a) and (b).

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

The following material transactions were carried out with related part

14. Related party transactions (continued)

14.1 Purchases of goods and services

	31 March 2017 LAK	31 March 2016 LAK
Purchase of goods from related party	1,725,602,219	3,404,563,309
Interest expense	263,757,332	21,450,502
Rental expense	556,213,748	-
	2,545,573,299	**3,426,013,811**

The purchase of goods mainly purchased from Siam global house public company limited who are related party of the Company. The rental expense is for land and building rented from the major shareholders to support the operation. The rental charge is based on the agreed price between both parties by referring to market prices (Note 15).

14.2 Outstanding related party transactions

	31 March 2017 LAK	Audited 31 December 2016 LAK
Advance payments for construction	-	-
Trade accounts payable – related parties (note8)	16,961,203	-
Amounts due to related parties	-	-

14.3 Key management compensation

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

	Unaudited 31 March 2017 LAK	Unaudited 31 March 2016 LAK
For three-month period ended	446,100,000	387,000,000

15. Commitment and significant transactions

Operating lease commitments - where the Company is the lessee.

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

	31 March 2017 LAK	31 December 2016 LAK
Not later than 1 year	123,502,000	5,308,372,122
1 - 5 years	9,306,862,365	17,753,992,061
More than 5 years		-
Closing balance	**9,430,364,365**	**23,062,364,183**

16. Events after the reporting period

Opening of the Xokyai branch

The Company opened a new branch in Xokyai Village, Saysettha District on 30 January 2017