SOUVANNY HOME CENTER PUBLIC COMPANY

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INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022



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AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

We have reviewed the interim financial information of Souvanny Home Center Public Company which comprises the of financial position as at 30 June 2022, the related statements of income, changes in equity, and cash flows for the six-month period then ended, and the condensed notes to the interim financial information. The directors are responsible for the preparation and presentation of this interim financial information in accordance with the accounting policies as described in Note 2 to the interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

For PricewaterhouseCoopers (Lao) Sole Company Limited

By: Apisit Thiengtrongpinyo
Partner

Date: 19 August 2022

SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Assets			
Current assets			
Cash and cash equivalents	5	7,274,288,062	3,285,274,048
Trade and other receivables, net	6	10,316,831,087	12,497,867,185
Inventories, net	7	407,621,554,691	289,175,467,358
Other current assets	8	43,020,941,117	7,159,850,423
Total current assets		**468,233,614,957**	**312,118,459,014**
Non-current assets			
Property, plant and equipment, net	9	830,412,711,643	637,484,068,573
Intangible assets, net		70,453,499	41,679,842
Total non-current assets		**830,483,165,142**	**637,525,748,415**
Total assets		**1,298,716,780,099**	**949,644,207,429**

Waddana SOUKHABANDITH
Chief Executive Officer
Date: 19 August 2022

Phannola SOUKHABANDITH
Chief Financial Officer
Date: 19 August 2022

The accompanying notes on pages 8 to 14 are an integral part of this six-month financial information.

SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Liabilities and equity			
Liabilities			
Current liabilities			
Bank overdraft and short-term borrowings	11	108,719,592,413	85,686,567,355
Trade and other payables	10	55,561,273,994	59,803,233,466
Current portion of long-term borrowings	11	17,234,619,687	13,820,250,486
Profit tax payable		5,968,562,193	4,066,651,565
Deposits from customers		2,057,933,453	2,129,487,607
Other current liabilities		20,161,301,326	14,747,214,631
Total current liabilities		**209,703,283,066**	**180,253,405,110**
Non Current liabilities			
Long-term borrowings from financial institution	11	62,723,955,800	9,671,632,212
Total non current liabilities		**62,723,955,800**	**9,671,632,212**
Total liabilities		**272,427,238,866**	**189,925,037,322**
Equity			
Share capital		330,000,000,000	330,000,000,000
Premium on share capital		24,735,724,722	24,735,724,722
Retained earnings			
Appropriated - legal reserve		8,440,875,640	8,440,875,640
Appropriated - Other reserve		8,190,875,640	8,190,875,640
Unappropriated		207,294,541,825	180,915,608,468
Translation adjustments		447,627,523,406	207,436,085,637
Total equity		**1,026,289,541,233**	**759,719,170,107**
Total liabilities and equity		**1,298,716,780,099**	**949,644,207,429**

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Chief Executive Officer
Date: 19 August 2022

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SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAK	Unaudited 30 June 2021 LAK
Revenue from sales		309,590,328,996	223,383,997,621
Cost of sales		(232,739,863,495)	(179,426,893,260)
Gross profit		**76,850,465,501**	**43,957,104,361**
Other incomes		1,079,393,896	801,411,549
Selling expenses		(23,666,872,610)	(17,189,832,524)
Administrative expenses		(18,015,109,414)	(16,017,274,616)
Finance costs		(3,314,613,586)	(2,181,315,864)
Foreign exchange gain/(loss), net		6,817,081,000	64,925,993
Profit before income tax expense		**39,750,344,787**	**9,435,018,899**
Profit tax expense	13	(5,121,411,430)	(1,389,297,459)
Net profit for the period		**34,628,933,357**	**8,045,721,440**
Earnings per share			
Basic earnings per share	14	210	49

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SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	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
		330,000,000,000	**24,735,724,722**	**5,973,926,973**		**164,542,719,132**	**172,891,823,494**	**698,144,194,321**
Net profit for the period		-	-	-	-	8,045,721,440	-	8,045,721,440
Dividend paid	12	-	-	-	-	(3,362,700,000)	-	(3,362,700,000)
Translation adjustments		-	-	-	-	-	2,200,214,013	2,200,214,013
Ending balance 30 June 2021 - Unaudited		**330,000,000,000**	**24,735,724,722**	**5,973,926,973**	**0**	**169,225,740,572**	**175,092,037,507**	**705,027,429,774**
Opening balance 1 January 2022 - Audited		**330,000,000,000**	**24,735,724,722**	**8,440,875,640**	**8,190,875,640**	**180,915,608,468**	**207,436,085,637**	**759,719,170,107**
Net profit for the period		-	-	-	-	34,628,933,357	-	34,628,933,357
Dividend paid	12	-	-	-	-	(8,250,000,000)	-	(8,250,000,000)
Translation adjustments		-	-	-	-	-	240,191,437,769	240,191,437,769
Ending balance 30 June 2022 - Unaudited		**330,000,000,000**	**24,735,724,722**	**8,440,875,640**	**8,190,875,640**	**207,294,541,825**	**447,627,523,406**	**1,026,289,541,233**

Waddana SOUKHABANDITH
Chief Executive Officer
Date: 19 August 2022

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Chief Financial Officer
Date: 19 August 2022

SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAK	Unaudited 30 June 2021 LAK
Cash flow from operating activities:			
Net profit before income tax for the period		39,750,344,787	9,435,018,899
Adjustments for:			
	9	10,366,687,095	8,983,229,584
Amortisation charge		4,049,649	22,628,383
Gain/(loss) from disposes of property, plant and equipment		26,322,379	(41,877,787)
Gain/(loss) on exchange rate		5,705,419,779	272,773,049
Interest expense		3,314,613,586	2,181,315,864
Allowance for slow moving and obsolete inventories		839,444,514	213,888,535
Allowance for doubtful debts/(reversal)		(28,280,838)	835,740,635
Allowance for sale return of trade receivable		463,800,083	218,422,981
Operating profit/(loss) before working capital changes		60,442,401,034	22,121,140,143
Changes in working capital: decrease/(increase) in;			
- Trade and other receivables		5,627,511,836	326,916,844
- Inventories		(29,463,988,923)	8,769,319,559
- Other current assets		(34,175,707,012)	847,438,126
- Trade and other accounts payable		(23,128,105,649)	(2,157,182,139)
- Deposits from customers		(732,999,830)	195,945,129
- Other current liabilities		1,590,625,726	(7,956,959,871)
Cash generated from/ (used in) operations		**(19,840,262,818)**	**22,146,617,791**
Interest paid		(3,350,063,845)	(2,196,380,760)
Profit tax paid		(3,941,260,210)	(697,394,936)
Net cash generated from/ (used in) operating activities		**(27,131,586,873)**	**19,252,842,095**
Cash flows from investing activities :			
Purchases of plant and equipments		(5,721,869,378)	(8,602,910,615)
Purchases of computer software		(20,546,889)	(13,309,060)
Proceeds from disposals of property, plant and equipments		-	120,497,667
Net cash used in investing activities		**(5,742,416,267)**	**(8,495,722,008)**

Waddana SOUKHABANDITH
Chief Executive Officer
Date: 19 August 2022

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Chief Financial Officer
Date: 19 August 2022

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SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Notes	Unaudited 30 June 2022 LAK	Unaudited 30 June 2021 LAK
Cash flows from financing activities :			
Proceeds from borrowings	11	272,686,142,899	219,871,942,235
Repayment on borrowings from bank	11	(226,560,070,913)	(228,167,879,859)
Dividend paid	12	(8,250,000,000)	(3,362,700,000)
Net cash generated from/ (used in) financing activities		**37,876,071,986**	**(11,658,637,624)**
Net increase/(decrease) in cash and cash equivalents		5,002,068,846	(901,517,537)
Cash and cash equivalent at the beginning of the period	5	3,285,274,048	3,734,536,186
Effect of exchange rate changes on cash and cash equivalents		(1,013,054,832)	148,306,933
Cash and cash equivalent at the end of the period	5	**7,274,288,062**	**2,981,325,582**
Significant non cash items :			
Other payables from purchases of plant and equipments		310,508,518	226,711,420
Interest payable		35,450,259	15,064,896

Waddana SOUKHABANDITH
Chief Executive Officer
Date: 19 August 2022

Phannola SOUKHABANDITH
Chief Financial Officer
Date: 19 August 2022

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1. General information

Souvanny Home Center Public Company (the Company) is a public company which is listed on the Lao Securities Exchange (LSX) and is incorporated and domiciled in Lao PDR. The Company principally engages in the trading of a full range of goods and materials for construction, additions, refurbishment, renovation and improvement of buildings, houses and residences, and provides related services.

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

This interim financial information was authorised for issue by the Board of Directors on 19 August 2022.

2. Accounting policies

2.1 Basis of preparation

The interim financial information has been prepared in accordance with the Company's accounting policies as described in more details in the annual financial statements for the year ended 31 December 2021. The primary financial information (i.e. statement of financial position, statement of income, statement of changes in equity and statement of cash flows) is presented in a format consistent with the annual financial statements complying with the reporting and disclosure regulation issued by Lao Securities and Exchange Commission Office.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021.

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.

4. Significant events during the current period

The COVID-19 infections in Laos, the number of cases has declined since the end of April 2022, in addition, the number of deaths reported decreased when compared to prior year. Laos fully reopened to tourism on 9 May 2022. All foreign tourists can now visit, some COVID-19 requirements remain in place.

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

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

5. Cash and cash equivalents

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Cash on hand	699,762,439	637,529,904
Deposits held at call with financial institutions	6,574,525,623	2,647,744,144
Total	**7,274,288,062**	**3,285,274,048**

Cash on hand includes petty cash.

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

6. Trade and other receivables, net

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Trade receivables	10,487,164,000	10,628,677,359
Less: Allowance for doubtful accounts	(1,796,574,010)	(1,395,937,031)
Total trade receivables, net	**8,690,589,990**	**9,232,740,328**
Staff borrowings	207,509,831	196,184,144
Other receivables	1,418,731,266	3,068,942,713
	1,626,241,097	3,265,126,857
Total	**10,316,831,087**	**12,497,867,185**

Outstanding trade receivables balance can be analysed as follows:

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Not yet due	3,058,402,379	4,074,416,366
Overdue:		
Within 3 months	1,244,274,801	1,845,543,058
3 - 6 months	519,444,000	141,087,731
6 - 12 months	220,382,198	101,794,992
Over 12 months	5,444,660,622	4,465,835,212
Trade and other receivables, net	10,487,164,000	10,628,677,359
Less: Allowance for doubtful accounts	(1,796,574,010)	(1,395,937,031)
Total trade receivables, net	**8,690,589,990**	**9,232,740,328**

6. Trade and other receivables, net (continued)

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

7. Inventories, net

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Tiles and construction materials	150,110,356,793	109,890,212,695
Sanitary wares and faucets	49,233,123,437	29,025,548,974
Elevators and escalator parts	902,185,874	688,369,603
Roofs and decorations	49,672,913,330	33,803,249,621
Paints, tools and electrical equipment	156,499,466,729	116,282,368,939
Others	8,176,166,026	3,176,132,886
Total inventory	**414,594,212,189**	**292,865,882,718**
Less: Allowance for slow moving and obsolete inventories	(5,676,149,529)	(3,500,789,509)
Allowance for decrease in value of inventories	(1,296,507,969)	(189,625,851)
Total inventories, net	**407,621,554,691**	**289,175,467,358**

The change in inventories recognised as an expense in the cost of sales in this period is LAK 232,019 million (2021: LAK 179,427 million).

During the period, management reassessed and reviewed related allowance for slow moving and obsoleted inventories. Related allowance for slow moving and increase in value of inventories has been revised up to LAK 6,972 million (2021: LAK 3,690 million) as increase in value of inventories has been improved. As a result, related allowance and cost of goods sold has been adjusted up to be consistent with recent facts and analysis.

8. Other current assets

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Advance payment to suppliers	779,312,165	2,936,838,606
Accrued rebate from suppliers	5,507,210,146	2,228,267,751
Prepaid insurance premium	222,509,196	150,125,591
Others	36,511,909,610	1,844,618,475
Total	**43,020,941,117**	**7,159,850,423**

9. Property, plant and equipment, net

	Unaudited 30 June 2022 LAK
Opening net book value – audited	637,484,068,573
Additions	6,032,377,896
Disposal	(26,322,379)
Depreciation charge	(10,366,687,095)
Foreign exchange translation difference	197,289,274,648
Closing net book value – unaudited	**830,412,711,643**

Additions during the period mainly consisted of buildings and office equipment for branch at provinces.

10. Trade and other payables

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Trade payables – third parties	40,255,135,542	47,745,460,523
Trade payables – related parties (Note 15, ii)	13,385,568,928	10,943,297,126
Other payables	1,920,569,524	1,114,475,817
Total	**55,561,273,994**	**59,803,233,466**

11. Borrowings

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Current		
Borrowings from financial institutions	125,954,212,100	99,506,817,841
Non-current		
Borrowings from financial institutions	62,723,955,800	9,671,632,212
Total	**188,678,167,900**	**109,178,450,053**

11. Borrowings (continued)

Movements of borrowings are as follows:

	Unaudited 30 June 2021 LAK
Opening balance as at 1 January 2022 – audited	109,178,450,053
Additions*	272,686,142,899
Repayments	(226,560,070,913)
Less: Deferred financing service fee	(538,556,053)
Translation adjustments	33,912,201,914
Closing net book value – unaudited	**188,678,167,900**

* During the period, the Company entered into a long-term loan from KASIKORN THAI BANK Limited for contract amount of THB 145 million with an annual fixed interest of 5% per annum which is due on 31 May 2027. The borrowing is secured by the shareholder's land.

12. Dividend

At the Annual General Meeting of Shareholders held on 5 April 2022, the shareholders approved a resolution to declare a dividend payment from unappropriated retained earnings after legal reserve and other reserve allocation and from the net profit from 1 January 2021 to 31 December 2021 of LAK 50 per share totalling LAK 8,250 million (2021: LAK 3,362 million). The dividend was paid in May 2022 to the shareholders.

13. Profit tax expense

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

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

14. Basic earnings per share

As at 30 June 2022, basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	Unaudited 30 June 2022	Unaudited 30 June 2021
Net profit for the period attributable to shareholders (LAK)	34,628,933,357	8,045,721,440
Weighted average number of ordinary shares (shares)	165,000,000	165,000,000
Basic earnings per share	210	49

15. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Individuals owning, directly or indirectly, an interest in the voting rights in the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company, and their immediate family members, and companies associated with these individuals, also constitute related parties.

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

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

The following significant transactions were carried out with related parties.

i) Purchases of goods and services

	Unaudited 30 June 2022 LAK	Unaudited 30 June 2021 LAK
Purchases of goods from related party	55,577,406,852	37,925,968,542
Rental expense	5,291,388,215	3,110,282,930

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

15. Related party transactions (continued)

ii) Outstanding balances arising from related party transactions

	Unaudited 30 June 2022 LAK	Audited 31 December 2021 LAK
Accrued rental expenses	269,562,044	2,594,224,397
Trade account payable – Related party	13,385,568,928	10,943,297,126

iii) Key management compensation

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

	Unaudited 30 June 2022 LAK	Unaudited 30 June 2021 LAK
Key management compensation	1,312,874,011	1,059,843,324

16. Commitments and significant agreements

Operating lease commitments - where the Company is the lessee

The Company leases land and offices under non-cancellable operating lease agreements from the shareholders. The lease terms are two to five years, and the majority of the lease agreements are renewable at the end of the lease period after the revaluation.

	30 June 2022 LAK	31 December 2021 LAK
Not later than 1 year	1,164,777,694	1,250,349,754
1 - 5 years	2,345,184,298	2,504,125,123
Total	**3,509,961,992**	**3,754,474,877**

17. Event after the reporting period

There are no significant events occurring after the period end requiring adjustments or disclosures to the financial information for the period ended 30 June 2022.