

SOUVANNY HOME CENTER PUBLIC COMPANY



**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(UNAUDITED)**

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

We have reviewed the accompanying interim statement of financial position of Souvanny Home Center Public Company as at 30 June 2016 and the related condensed statements of income, changes in shareholders' equity, and cash flows for the six-month period then ended and condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the Company's accounting principles as described in Note 2 in the annual financial statements. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

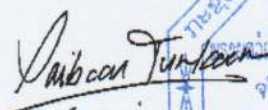
Emphasis of matter

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

Conclusion

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

For PricewaterhouseCoopers (Lao) Sole Company Limited




By Paiboon Tunkoon
Partner

Date: 9 September 2016

Souvanny Home Center Public Company
Statement of financial position
As at 30 June 2016 (Unaudited)

		Unaudited 30 June 2016 LAK	Audited 31 December 2015 LAK
	Notes		
Assets			
Current assets			
Cash and cash equivalents	4	58,264,355,338	96,575,616,427
Trade and other receivables, net	5	42,546,103,320	28,794,539,438
Inventories, net	6	100,259,682,367	73,244,828,356
Other current assets		4,077,829,438	3,070,175,100
Total current assets		<u>205,147,970,463</u>	<u>201,685,159,321</u>
Non-current assets			
Property, plant and equipment, net	7	<u>329,898,946,613</u>	<u>320,523,942,056</u>
Total non-current assets		<u>329,898,946,613</u>	<u>320,523,942,056</u>
Total assets		<u>535,046,917,076</u>	<u>522,209,101,377</u>



Waddana Soukabandith
 Managing director
 Date: 9 September 2016

Phannola Soukabandith
 Deputy managing director
 Date: 9 September 2016

The accompanying notes on pages 8 to 17 are an integral part of this interim financial information.

Souvanny Home Center Public Company
Statement of financial position
As at 30 June 2016 (Unaudited)

		Unaudited 30 June 2016 LAK	Audited 31 December 2015 LAK
	Notes		
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	8	32,783,644,975	26,105,097,350
Current portion of long-term borrowings from financial institution	9	252,010,000	252,957,748
Income tax payable	10	645,142,139	4,171,949,502
Other current liabilities		29,211,304,946	25,729,291,057
Total current liabilities		62,892,102,060	56,259,295,657
Non Current liabilities			
Long-term borrowings from financial institution	9	738,585,987	885,352,182
Total non current liabilities		738,585,987	885,352,182
Total liabilities		63,630,688,047	57,144,647,839
Shareholders' equity			
Share capital			
Authorized share capital			
Ordinary shares 165 million shares at par value of LAK 2,000		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		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	2,535,416,806	2,092,819,578
Appropriated - Other reserve	10	2,285,416,806	1,842,819,578
Unappropriated		147,537,210,486	151,300,105,001
Translation adjustments		(35,677,539,791)	(44,907,015,341)
Total shareholders' equity		471,416,229,029	465,064,453,538
Total liabilities and shareholders' equity		535,046,917,076	522,209,101,377



Waddana Soukabandith
Managing director
Date: 9 September 2016

Phannola Soukabandith
Deputy managing director
Date: 9 September 2016

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Souvanny Home Center Public Company
Statement of income
For the three-month period ended 30 June 2016 (Unaudited)

	30 June 2016 LAK
Revenue from sales	60,229,851,543
Revenue from services	20,449,651
Cost of sales	(52,795,639,193)
Cost of services	(24,386,492)
Gross profit	7,430,275,509
Other incomes	631,848,283
Selling expenses	(607,705,183)
Administrative expenses	(7,141,852,790)
Foreign exchange gain, net	473,884,258
Profit before income tax expense	786,450,077
Income tax expense	(27,180,007)
Net profit for the period	759,270,070
Earnings per share	
Basic earnings per share	5



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 Date: 9 September 2016

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 Deputy managing director
 Date: 9 September 2016

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Souvanny Home Center Public Company
Statement of income
For the six-month period ended 30 June 2016 (Unaudited)

	Notes	30 June 2016 LAK	30 June 2015 LAK
Revenue from sales		141,179,710,374	166,475,180,907
Revenue from services		398,115,301	1,368,229,691
Cost of sales		(124,439,518,062)	(145,932,810,528)
Cost of services		(351,142,996)	(81,605,358)
Gross profit		16,787,164,617	21,828,994,712
Other incomes		1,267,836,447	919,917,340
Selling expenses		(866,826,678)	(601,451,966)
Administrative expenses		(11,803,326,030)	(9,303,333,033)
Foreign exchange loss, net		(315,910,830)	(337,229,306)
Profit before income tax expense		5,068,937,526	12,506,897,747
Income tax expense	12	(642,965,245)	(321,062,908)
Net profit for the period		4,425,972,281	12,185,834,839
Earnings per share			
Basic earnings per share	13	27	-



Waddana Soukabandith
 Managing director
 Date: 9 September 2016

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 Deputy managing director
 Date: 9 September 2016

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Souvanny Home Center Public Company
Statement of changes in shareholder's equity
For the six-month period ended 30 June 2016 (Unaudited)

Note	Issued and paid-up ordinary shares	Premium on share capital	Legal reserve	Other reserve	Unappropriated retained earnings	Translation adjustments	Total
	LAK	LAK	LAK	LAK	LAK	LAK	LAK
Opening balance 1 January 2015 - Audited							
Net profit for the period	500,000,000	-	250,000,000	-	136,557,548,375	(225,706,519)	137,081,841,856
Translation adjustments	-	-	-	-	12,185,834,839	-	12,185,834,839
Ending balance 30 June 2015 - Unaudited	<u>500,000,000</u>	<u>-</u>	<u>250,000,000</u>	<u>-</u>	<u>148,743,383,214</u>	<u>(3,193,137,722)</u>	<u>(3,193,137,722)</u>
Opening balance 1 January 2016 - Audited							
Legal reserve	330,000,000,000	24,735,724,722	2,092,819,578	1,842,819,578	151,300,105,001	(44,907,015,340)	465,064,453,538
Other reserve	-	-	442,597,228	-	(442,597,228)	-	-
Net profit for the period	-	-	-	442,597,228	(442,597,228)	-	-
Dividend paid	-	-	-	-	4,425,972,281	-	4,425,972,281
Translation adjustments	-	-	-	-	(7,303,672,340)	-	(7,303,672,340)
Ending balance 30 June 2016 - Unaudited	<u>330,000,000,000</u>	<u>24,735,724,722</u>	<u>2,535,416,806</u>	<u>2,285,416,806</u>	<u>147,537,210,486</u>	<u>(35,677,539,791)</u>	<u>471,416,229,029</u>

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Waddana Soukabandith
 Managing director
 Date: 9 September 2016


 Phannola Soukabandith
 Deputy managing director
 Date: 9 September 2016

Souvanny Home Center Public Company
Statement of cash flows
For the six month period ended 30 June 2016 (Unaudited)

	Notes	Unaudited 30 June 2016 LAK	Unaudited 30 June 2015 LAK
Cash flow from operating activities:			
Net profit before income tax for the period		5,068,937,526	12,506,897,747
Adjustments to reconcile net profit to net cash			
Depreciation	7	2,494,708,300	2,128,778,352
Translation Adjustment and foreign exchange gains on operating activities		742,475,946	(695,346,958)
Inventories provision		(4,715,733,110)	1,016,467,608
Trade and other receivables provision		1,026,331,501	-
Operating profit before working capital changes		4,616,720,163	14,956,796,749
Changes in working capital:			
- Trade and other receivables		(14,177,533,170)	(4,839,932,136)
- Inventories		(20,883,981,799)	2,347,356,027
- Other current assets		(943,641,607)	1,787,741,942
- Trade and other accounts payable		6,134,259,912	(7,627,474,318)
- Other current liabilities		1,548,737,916	(8,053,704,447)
Cash used in operating activities		(23,705,438,585)	(1,429,216,183)
Income tax paid		(4,171,949,502)	(48,390,000)
Net cash used in operating activities		(27,877,388,087)	(1,477,606,183)
Cash flows from investing activities :			
Purchases of plant and equipments		(4,240,484,038)	(689,772,957)
Net cash used in investing activities		(4,240,484,038)	(689,772,957)
Cash flows from financing activities :			
Proceeds from a short-term borrowing		-	1,219,476,387
Repayment for bank overdraft		-	(1,452,972,060)
Repayment on a borrowing from bank	9	(147,005,833)	(20,324,605)
Interest paid		(39,667,981)	(198,728,000)
Dividend paid	11	(7,303,672,340)	-
Net cash used in financing activities		(7,490,346,154)	(452,548,278)
Net decrease in cash and cash equivalents		(39,608,218,279)	(2,619,927,418)
Cash and cash equivalent at the beginning of the period		96,575,616,427	21,527,701,343
Effect of exchange rate changes on cash and cash equivalents		1,296,957,190	361,069,314
Cash and cash equivalent at the end of the period		58,264,355,338	19,268,843,239

Significant non cash items

Other payables from purchases of plant and equipments	1,436,491,751	98,616,738,090
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Waddana Soukabandith
 Managing director
 Date: 9 September 2016


Phannola Soukabandith
 Deputy managing director
 Date: 9 September 2016

The accompanying notes on pages 8 to 17 are an integral part of this interim financial information.

Souvanny Home Center Public Company
Condensed notes to the interim financial information (Unaudited)
For the six-month period ended 30 June 2016

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 three branches in Vientiane Capital, Lao PDR; Thong Kun Kham, Srikai, and Thong Toom.

The Board of Directors authorised this condensed interim financial information for issue on 9 September 2016.

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

The presentation format of the financial statements 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 interim financial information was 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 2015. 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 interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015.

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

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 jurisdictions.

Souvanny Home Center Public Company
Condensed notes to the interim financial information (Unaudited)
For the six-month period ended 30 June 2016

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 year ended 31 December 2015.

4. Cash and cash equivalents

	Unaudited 30 June 2016 LAK	Audited 31 December 2015 LAK
Cash on hand	103,948,038	725,031,708
Deposits held at call with financial institutions	58,160,407,300	95,850,584,719
Cash and cash equivalents	<u>58,264,355,338</u>	<u>96,575,616,427</u>

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

	Unaudited 30 June 2016 LAK	Audited 31 December 2015 LAK
Trade accounts receivables	21,441,482,128	19,491,904,378
Less trade and other receivables provision	<u>(3,173,446,609)</u>	<u>(2,147,115,108)</u>
Trade accounts receivable, net	18,268,035,519	17,344,789,270
Advance payments for construction (Note 14)	23,811,679,653	11,071,087,192
Staff borrowings	292,135,891	378,662,976
Other receivables	<u>174,252,257</u>	<u>-</u>
	<u>24,278,067,801</u>	<u>11,449,750,168</u>
Trade and other receivables, net	<u>42,546,103,320</u>	<u>28,794,539,438</u>

Souvanny Home Center Public Company
Condensed notes to the interim financial information (Unaudited)
For the six-month period ended 30 June 2016

5. Trade and other receivables, net (continued)

Outstanding trade accounts receivable balance can be analysed as follows:

	Unaudited 30 June 2016 LAK	Audited 31 December 2015 LAK
Not yet due	4,139,168,842	7,926,460,412
Past due:		
1 – 3 months	9,709,932,203	4,582,014,528
3 – 6 months	4,170,537,865	2,416,818,607
6 – 12 months	1,525,453,042	1,558,738,508
Over 12 months	1,896,390,176	3,007,872,323
Trade and other receivables, net	21,441,482,128	19,491,904,378
Less allowance for doubtful debt	(3,173,446,609)	(2,147,115,108)
Trade accounts receivable, net	<u>18,268,035,519</u>	<u>17,344,789,270</u>

The allowance was set up from the remaining accounts receivable balance which has been outstanding for more than six months and hasn't been collected up to the present date.

6. Inventories, net

	Unaudited 30 June 2016 LAK	Audited 31 December 2015 LAK
Tiles and construction materials	28,436,531,435	22,721,725,069
Colours and chemical products	9,900,612,989	5,498,758,857
Sanitary wares and faucets	15,257,279,907	13,914,988,868
Elevators and escalator parts	31,163,029,538	23,145,909,483
Roofs and decorations	1,301,625,217	3,046,465,581
Kitchenware	2,350,623,464	1,302,387,382
Electrical equipment and tool supplies	13,686,652,532	2,962,644,223
Structure	1,575,864,495	3,679,663,075
Others	2,360,344,486	9,364,339,155
Less: allowance for impairment based on net realisable value	<u>(5,772,881,696)</u>	<u>(12,392,053,337)</u>
Inventories, net	<u>100,259,682,367</u>	<u>73,244,828,356</u>

The change in inventories recognised as an expense in cost of sale in this period is LAK 124,440 million (2015: LAK 145,933 million).

Souvanny Home Center Public Company
Condensed notes to the interim financial information (Unaudited)
For the six-month period ended 30 June 2016

7. Property, plant and equipment, net

	Unaudited 30 June 2016 LAK	Audited 31 December 2015 LAK
Opening net book value	320,523,942,056	197,249,169,325
Additions	5,676,975,789	148,064,316,663
Foreign exchange translation difference	6,192,737,068	(16,250,005,998)
Depreciation charge	(2,494,708,300)	(8,539,537,934)
Closing net book value	<u>329,898,946,613</u>	<u>320,523,942,056</u>

Additions during the six-month period ended 30 June 2016 mainly consisted of office equipment and accounting software. Total additions of LAK 5,677 million consisted of cash transactions (already paid) of LAK 4,241 million and non-cash transactions (not yet paid) of LAK 1,436 million.

8. Trade and other payables

	Unaudited 30 June 2016 LAK	Audited 31 December 2015 LAK
Trade accounts payable	24,514,196,601	24,867,145,659
Trade accounts payable – related parties (Note 14)	8,269,448,374	-
Amounts due to related parties (Note 14)	-	1,237,951,691
Trade and other payables	<u>32,783,644,975</u>	<u>26,105,097,350</u>

Souvanny Home Center Public Company
Condensed notes to the interim financial information (Unaudited)
For the six-month period ended 30 June 2016

9. Borrowings from financial institution

	Unaudited 30 June 2016 LAK	Audited 31 December 2015 LAK
Current		
Borrowing from financial institution	252,010,000	252,957,748
Non-current		
Borrowing from financial institution	738,585,987	885,352,182
Total borrowing from a financial institution	<u>990,595,987</u>	<u>1,138,309,930</u>

Movements in borrowings are analysed as follows:

	Unaudited 30 June 2016 LAK	Audited 31 December 2015 LAK
Opening balance	1,138,309,930	-
Additions	-	1,260,050,000
Repayments	(147,005,833)	(126,005,000)
Translation adjustment	<u>(708,110)</u>	<u>4,264,930</u>
Closing balance	<u>990,595,987</u>	<u>1,138,309,930</u>

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 THB 145 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.

Souvanny Home Center Public Company
Condensed notes to the interim financial information (Unaudited)
For the six-month period ended 30 June 2016

10. Reserve

Legal reserve

	Unaudited 30 June 2015 LAK	Audited 31 December 2015 LAK
Opening balance	2,092,819,578	250,000,000
Additional	<u>442,597,228</u>	<u>1,842,819,578</u>
Ending balance	<u>2,535,416,806</u>	<u>2,092,819,578</u>

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

	Unaudited 30 June 2015 LAK	Audited 31 December 2015 LAK
Opening balance	1,842,819,578	-
Additional	<u>442,597,228</u>	<u>1,842,819,578</u>
Ending balance	<u>2,285,416,806</u>	<u>1,842,819,578</u>

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 22 April 2016, 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 2015 to 31 December 2015 of LAK 45 per share totalling LAK 7,304 million.

Souvanny Home Center Public Company
Condensed notes to the interim financial information (Unaudited)
For the six-month period ended 30 June 2016

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 six-month period ended 30 June 2016, 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 642 million.

13. Basic earnings per share

As at 30 June 2016, basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issued during the period.

	Unaudited 30 June 2016 LAK
Weighted average number of ordinary shares (shares)	165,000,000
Net profit for the period attributable to shareholders (LAK)	4,425,972,281
Basic earnings per share	27

There was no basic earnings per share calculated for the six month period ended 30 June 2015 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 parties.

Souvanny Home Center Public Company
Condensed notes to the interim financial information (Unaudited)
For the six-month period ended 30 June 2016

14. Related party transactions (continued)

14.1 Purchases of goods and services

	Unaudited 30 June 2016 LAK	Unaudited 30 June 2015 LAK
Purchase of goods from related party	8,269,448,374	-
Interest expense	-	198,728,000
Rental expense	473,862,900	440,985,000
	<u>8,743,311,274</u>	<u>639,713,000</u>

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

	Unaudited 30 June 2016 LAK	Audited 31 December 2015 LAK
Advance payments for construction (Note 5)	23,811,679,653	11,071,087,192
Trade accounts payable – related parties (note 8)	8,269,448,374	-
Amounts due to related parties (Note 8)	-	1,237,951,691

Advance payments for construction represent an advance payments for construction of a new branches at Ban Sokyai, Xaiseththa, Vientiane Capital that the Company was agreed to purchase the building from shareholder upon completion.

Souvanny Home Center Public Company
Condensed notes to the interim financial information (Unaudited)
For the six-month period ended 30 June 2016

14. Related party transactions (continued)

14.3 Key management compensation

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

	Unaudited 30 June 2016 LAK	Unaudited 30 June 2015 LAK
For three-month period ended	387,000,000	-
For six-month period ended	774,000,000	-

During the period six month ended 30 June 2015, there was no salary and other benefits payment to management.

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.

	30 June 2016 LAK	31 December 2015 LAK
Not later than 1 year	947,725,800	921,715,600
1 - 5 years	2,487,463,200	2,791,538,000
More than 5 years	165,873,600	158,982,400
Closing balance	<u>3,601,062,600</u>	<u>3,872,236,000</u>

Souvanny Home Center Public Company
Condensed notes to the interim financial information (Unaudited)
For the six-month period ended 30 June 2016

16. Events after the reporting period

Business expansion

In the annual general meeting 1/2016 dated 11 March 2016, the Board of Director approved to increase its branches in Vientiane Capital, Khammoun province, Savannakhet province, and Borikhamxay province for a totally five branches; one each in Paksan, Pakse, Sokxai, Savannakhet and Takek; branches then the Ministry of Industry and Trade approved its new Enterprise Registration Certificate on 16 August 2016.

Selling of the right as Mitsubishi-brand elevators and escalators 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 an approval from Lao Securities Commission Committee and Laos Securities Exchange to be a listed company on 11 December 2015 but the response letter from Mitsubishi was only received on 21 June 2016. The response letter states that "the Company must separate Mitsubishi brand for elevators and escalators from its own operations by establishing a new company to operate only the Mitsubishi brand" which the management understand that because of the Company's major shareholders had materially changed it will then affect the technological confidentiality that Mitsubishi want to ensure and keep it by themselves.

Currently, management is negotiating with Mitsubishi regarding future business corporation and arrangement. At this stage, management trust that the Company may still be able to keep the distributor right but not for the design 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, which it will be based on different methods such as 1) book value, 2) adjusted book value, and 3) discounted cash flow. In case of any assets transfer in the future, management believe it will not result in any significant loss to the Company. These matters including the final terms and conditions of this transaction are expected to be finalised within third quarter of 2016.

Further, the Board of Director's meeting No. 2/2559 held on 12 August 2016, approved to include resolution regarding the result of preliminary discussion on business corporation and arrangement with Mitsubishi and its final selling price to be discussed and approved in Annual General Meeting within April 2017.

The Company's revenue from elevator and escalator under Mitsubishi brand represented 7% of total revenue for the six-month period ended 30 June 2016. The key working capitals as of 30 June 2016 are as follows.

	Unaudited As of 30 June 2016 LAK
Trade and other receivables	828,123,161
Inventories	30,586,041,914
Deposit from customers	20,653,393,708