

**EDL-GENERATION PUBLIC COMPANY**

**INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2011**



**EDL-GENERATION PUBLIC COMPANY**

**INTERIM FINANCIAL STATEMENTS**

**30 JUNE 2011**

## Independent auditor's report on review of interim financial statements

### To the Board of Directors and Shareholders of EDL-Generation Public Company

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of EDL-Generation Public Company ("the Company") as at 30 June 2011 and the related condensed statement of income and the statement of changes in shareholders' equity and statement of cash flow for the six-month period then ended. 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 condensed interim financial information based on our review.

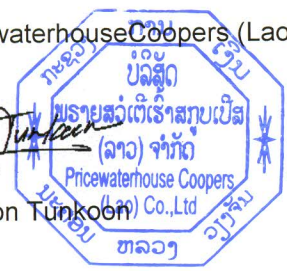
#### Scope of review

We conducted our review in accordance with 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 condensed interim financial information is not prepared, in all material respects, in accordance with the Company's accounting principles as described in Note 2 in the annual financial statements.

For PricewaterhouseCoopers (Lao) Limited

  
  
By Paiboon Tunkoon  
Partner

Date: 12 August 2011

**EDL-Generation Public Company**  
**Statements of financial position**  
**As at 30 June 2011**

|                                         |              | <b>Unaudited<br/>30 June<br/>2011</b> | <b>Audited<br/>31 December<br/>2010</b> |
|-----------------------------------------|--------------|---------------------------------------|-----------------------------------------|
|                                         | <b>Notes</b> | <b>Million Kip</b>                    | <b>Million Kip</b>                      |
| <b>ASSETS</b>                           |              |                                       |                                         |
| <b>Non-current assets</b>               |              |                                       |                                         |
| Pre-operating expenses, net             | 3            | 3,017                                 | 2,382                                   |
| Assets under concession, net            | 4            | 3,964,498                             | 3,935,381                               |
| Total non-current assets                |              | <u>3,967,515</u>                      | <u>3,937,763</u>                        |
| <b>Current assets</b>                   |              |                                       |                                         |
| Cash and cash equivalents               |              | 691,733                               | 884,782                                 |
| Other current assets                    |              | 574                                   | -                                       |
| Trade account receivable                | 11           | 75,404                                | 37,229                                  |
| Spare parts and supplies, net           |              | 4,751                                 | 4,625                                   |
| Short-term loan to parent company       | 11           | 250,000                               | -                                       |
| Account receivable-others               | 5            | 121,616                               | 188,138                                 |
| Total current assets                    |              | <u>1,144,078</u>                      | <u>1,114,774</u>                        |
| <b>Total assets</b>                     |              | <u><u>5,111,593</u></u>               | <u><u>5,052,537</u></u>                 |
| <b>EQUITY</b>                           |              |                                       |                                         |
| <b>Shareholders' equity</b>             |              |                                       |                                         |
| Share capital                           | 8            | 3,474,388                             | 2,605,792                               |
| Share premium                           | 8            | 15,577                                | -                                       |
| Legal reserve                           |              | 2,051                                 | 2,051                                   |
| Retained earnings                       |              | 206,972                               | 18,461                                  |
| <b>Total equity</b>                     |              | <u>3,698,988</u>                      | <u>2,626,304</u>                        |
| <b>LIABILITIES</b>                      |              |                                       |                                         |
| <b>Non-current liabilities</b>          |              |                                       |                                         |
| Long - term borrowings, net             | 6            | 982,494                               | 1,302,588                               |
| Total non-current liabilities           |              | <u>982,494</u>                        | <u>1,302,588</u>                        |
| <b>Current liabilities</b>              |              |                                       |                                         |
| Accounts payable                        |              | 1,394                                 | 20,258                                  |
| Current portion of long-term borrowings | 6            | 403,791                               | 197,742                                 |
| Accrued income tax                      |              | 6,043                                 | 2,289                                   |
| Accrued expenses                        |              | 18,883                                | 19,184                                  |
| Other current liabilities               | 7            | -                                     | 884,172                                 |
| Total current liabilities               |              | <u>430,111</u>                        | <u>1,123,645</u>                        |
| <b>Total liabilities</b>                |              | <u>1,412,605</u>                      | <u>2,426,233</u>                        |
| <b>Total equity and liabilities</b>     |              | <u><u>5,111,593</u></u>               | <u><u>5,052,537</u></u>                 |



**Sisavath Thiravong**  
**Chief Executive Officer**  
**12 August 2011**

**Bounsalong Southidara**  
**Chief Financial Officer**  
**12 August 2011**

The condensed notes on pages 6 to 11 form integral part of these interim financial statements.

**EDL-Generation Public Company**  
**Statement of income**  
**For the six-month period ended 30 June 2011**

|                                                                         | <b>Notes</b> | <b>Unaudited<br/>Million Kip</b> |
|-------------------------------------------------------------------------|--------------|----------------------------------|
| Sales                                                                   | 11           | 308,175                          |
| Cost of sales                                                           |              | (76,740)                         |
| <b>Gross profit</b>                                                     |              | <b>231,435</b>                   |
| Other income                                                            |              | 188                              |
| Foreign exchange loss, net                                              |              | (731)                            |
| <b>Profit before expense</b>                                            |              | <b>230,892</b>                   |
| Administrative expenses                                                 |              | (13,707)                         |
| <b>Operating profit before financial costs and corporate income tax</b> |              | <b>217,185</b>                   |
| Financial costs – interest expense                                      |              | (18,719)                         |
| <b>Profit before corporate income tax</b>                               |              | <b>198,466</b>                   |
| Income tax expense                                                      | 9            | (9,955)                          |
| <b>Net profit for the period</b>                                        |              | <b>188,511</b>                   |

**Earnings per share**

|                          | <b>Notes</b> | <b>Kip</b>        |
|--------------------------|--------------|-------------------|
| Basic earnings per share | 10           | 220 Kip per share |



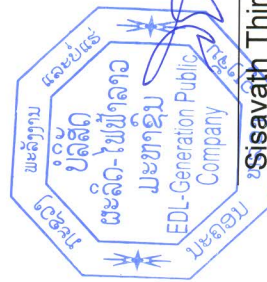
**Sisavath Thiravong**  
**Chief Executive Officer**  
**12 August 2011**

**Bounsalong Southidara**  
**Chief Financial Officer**  
**12 August 2011**

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**EDL-Generation Public Company**  
**Statement of changes in shareholder's equity**  
**For the six-month period ended 30 June 2011**

|                                      | Note | Share capital<br>(Note 8)<br>Million KIP | Share premium<br>(Note 8)<br>Million KIP | Legal reserve<br>Million KIP | Retained earnings<br>Million KIP | Total<br>Million KIP |
|--------------------------------------|------|------------------------------------------|------------------------------------------|------------------------------|----------------------------------|----------------------|
|                                      |      |                                          |                                          |                              |                                  |                      |
| As at 1 January 2011- Audited        |      | 2,605,792                                | -                                        | 2,051                        | 18,461                           | 2,626,304            |
| Net profit for the period            |      | -                                        | -                                        | -                            | 188,511                          | 188,511              |
| Share issued                         | 8    | 868,596                                  | 15,577                                   | -                            | -                                | 884,173              |
| <b>As at 30 June 2011- Unaudited</b> |      | <b>3,474,388</b>                         | <b>15,577</b>                            | <b>2,051</b>                 | <b>206,972</b>                   | <b>3,698,988</b>     |



**Sisavath Thiravong**  
 Chief Executive Officer  
 12 August 2011

  
**Bounsalong Southidara**  
 Chief Financial Officer  
 12 August 2011

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**EDL-Generation Public Company**  
**Statement of cash flow**  
**For the six – month period ended 30 June 2011**

|                                                                           |              | <b>Unaudited<br/>30 June<br/>2011<br/>Million Kip</b> |
|---------------------------------------------------------------------------|--------------|-------------------------------------------------------|
|                                                                           | <b>Notes</b> |                                                       |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                |              |                                                       |
| Profit before income tax                                                  |              | 198,466                                               |
| Adjustments for:                                                          |              |                                                       |
| Amortisation                                                              | 3            | 1,069                                                 |
| Depreciation                                                              | 4            | 63,213                                                |
| Foreign exchange rate losses , net                                        |              | 731                                                   |
| <b>Cash flow from operating activities before working capital changes</b> |              | <b>263,479</b>                                        |
| Decrease in trade and other receivables                                   |              | 28,481                                                |
| Increase in pre-operating expenses                                        | 3            | (1,704)                                               |
| Increase in other current assets                                          |              | (574)                                                 |
| Increase in inventories                                                   |              | (126)                                                 |
| Decrease in trade account payables                                        |              | (18,865)                                              |
| Decrease in accrued expenses                                              |              | (299)                                                 |
| <b>Cash generated from operations</b>                                     |              | <b>270,392</b>                                        |
| Income tax paid                                                           |              | (6,202)                                               |
| <b>Net cash provided by operating activities</b>                          |              | <b>264,190</b>                                        |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                |              |                                                       |
| Purchases of property, plant and equipment                                | 4            | (92,464)                                              |
| Short-term loan to parent company                                         | 11           | (250,000)                                             |
| <b>Net cash used in investing activities</b>                              |              | <b>(342,464)</b>                                      |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                                |              |                                                       |
| Proceeds from issuance of ordinary shares                                 | 8            | 884,173                                               |
| Cash received in advance from issuance of ordinary shares                 | 7            | (884,172)                                             |
| Payment on long-term borrowings                                           | 6            | (114,776)                                             |
| <b>Net cash used from financing activities</b>                            |              | <b>(114,775)</b>                                      |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                          |              | <b>(193,049)</b>                                      |
| Opening balance of cash and cash equivalents                              |              | 884,782                                               |
| <b>Closing balance of cash and cash equivalents</b>                       |              | <b>691,733</b>                                        |



Sisavath Thiravong  
Chief Executive Officer  
12 August 2011

Bounsalong Southidara  
Chief Financial Officer  
12 August 2011

The condensed notes on pages 6 to 12 form integral part of these interim financial statements.

**EDL-Generation Public Company**  
**Unaudited condensed notes to the interim financial statements**  
**For the six – month period ended 30 June 2011**

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**1. General information**

EDL- Generation Public Company (the “Company” or “EDL GEN”) is a public company which is listed at Lao Securities Exchange (“LSX”) and is incorporated and domiciled in the Lao Peoples' Democratic Republic (“Lao PDR”). The Company was incorporated and registered with Ministry of Industry and Commerce on 15 December 2010 (“Incorporation Date”).

On 15 December 2010, it was also the date that the EDL GEN commenced its commercial business as it entered into related Assets and liability transfer arrangement, Concession Agreement (“CA”) Power Purchase Agreement (“PPA”) with Electricite Du Laos (“EDL” or “the parent company”).

The Company is engaged in the electricity generation business from the transferred assets from EDL in which the electricity generated is transferred back to the Government of Lao PDR at agreed terms and conditions. Key assets transferred mainly represent 7 hydro power dams under a 30 years concession. These 7 hydro power dams include Nam Ngum 1, Nam Leuk, Nam Mang 3, Nam Song, Xeset1, Xeset 2 and Xelabam.

The address of the Company’s registered office is as follows:  
Nongbone Road, Ban Fai, Saysetha District,  
Vientiane Capital,  
P.O. Box 30901000,  
Lao PDR.

The Company was listed LSX on 15 December 2010 and its first trading day of the shares was on 11 January 2011.

These interim financial statements were authorized for issue by the director on 12 August 2011.

These interim financial statements have been reviewed, not audited.

**2. Basis of preparation**

These interim financial statements are prepared in accordance with the Company's accounting policies as described in more details in the annual financial statements. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the financial statements for the period from 16 to 31 December 2010.

The primary financial statements (i.e., statement of financial position, statement of, changes in shareholders’ equity and cash flows) are prepared in the full format. The notes to the financial statements are prepared in a condensed format.

Costs that are 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.

**EDL-Generation Public Company**  
**Unaudited condensed notes to the interim financial statements**  
**For the six – month period ended 30 June 2011**

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**3. Pre-operating expenses, net**

**For the six - month period ended 30 June 2011**

|                                       | <b>Unaudited<br/>Million Kip</b> |
|---------------------------------------|----------------------------------|
| <b>Cost:</b>                          |                                  |
| As at 1 January 2011                  | 2,433                            |
| Additions                             | 1,704                            |
| As at 30 June 2011                    | <u><b>4,137</b></u>              |
| <b>Accumulated depreciation:</b>      |                                  |
| As at 1 January 2011                  | (51)                             |
| Charge for the period                 | (1,069)                          |
| As at 30 June 2011                    | <u><b>(1,120)</b></u>            |
| <br>Net book value as at 30 June 2011 | <br><u><u><b>3,017</b></u></u>   |

During the period, there are additional professional fees and other expenses occurred prior to the incorporation of the Company and related to the listing process at LSX of USD 211,524 or equivalent Kip 1,704 million which were charged to the Company. These expenses were just agreed and approved by management on 19 and 28 April 2011. These fees are capitalised as pre-operating expenses and amortised over 2 years period as per the Company's accounting policies.

**4. Assets under concession, net**

**For the six - month periods ended 30 June 2011**

|                                               | <b>Million Kip</b>             |
|-----------------------------------------------|--------------------------------|
| <b>Cost:</b>                                  |                                |
| As at 1 January 2011 - Audited                | 3,939,810                      |
| Disposals                                     | (361)                          |
| Additions                                     | 92,464                         |
| As at 30 June 2011 - Unaudited                | <u><b>4,031,913</b></u>        |
| <b>Accumulated depreciation:</b>              |                                |
| As at 1 January 2011 - Audited                | (4,429)                        |
| Disposals                                     | 227                            |
| Charge for the period                         | (63,213)                       |
| As at 30 June 2011 – Unaudited                | <u><b>(67,415)</b></u>         |
| Net book value as at 30 June 2011 - Unaudited | <u><u><b>3,964,498</b></u></u> |

At 30 June 2011, the cost and net book value of assets under concession mainly represented the cost of property and equipment of 7 transferred hydro power dams under a 30 years concession (Note 1). The assets under concession also included the construction in progress of new equipment acquired and installation of Kip 56,516 million.

**EDL-Generation Public Company**  
**Unaudited condensed notes to the interim financial statements**  
**For the six – month period ended 30 June 2011**

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**5. Account receivable - others**

According to the Prime Minister's Office ("PMO") Decision No. 180 dated 13 December 2010, the PMO approved the establishment of the Company to continue the operation of electricity generation and other necessary and relevant operations. The PMO also approved the transfer of EDL's assets in relation to the electricity generation and other relevant assets which included cash for working capital and payment of interest that due within next payment on schedule. Accordingly, the outstanding cash of approximately Kip 121,616 million was agreed to be transferred from EDL to the Company at a date to be agreed further. The cash subject to such transfer has been slightly adjusted down Kip 66,522 million during the period mainly due to some settled made by EDL.

**6. Long-term borrowings, net**

|                                | <b>Million KIP</b>      |
|--------------------------------|-------------------------|
| As at 1 January 2011 – Audited | 1,500,330               |
| Repayment of borrowings        | (114,776)               |
| Loss on exchange rate          | 731                     |
| As at 30 June 2011 - Unaudited | <b><u>1,386,285</u></b> |

|             | <b>Unaudited<br/>30 June<br/>2011<br/>Million KIP</b> | <b>Audited<br/>31 December<br/>2010<br/>Million KIP</b> |
|-------------|-------------------------------------------------------|---------------------------------------------------------|
| Current     | 403,791                                               | 197,742                                                 |
| Non-current | 982,494                                               | 1,302,588                                               |
|             | <b><u>1,386,285</u></b>                               | <b><u>1,500,330</u></b>                                 |

Borrowings mainly represent unsecured borrowings denominated in US dollar and Yen currency which are due over 1-11 years. Borrowings generally carry interest rates at 2% to 7.03% per annum (31 December 2010: 2% to 7.03% per annum).

**7. Other current liabilities**

These represent cash received in advance from issuance of ordinary shares in which related advances were subsequently converted into share capital at the time of share issuance on 11 January 2011 (Note 8).

## **8. Share capital**

|                                                  | <b>Number of<br/>Shares<br/>(Shares)</b> | <b>Share<br/>(Million Kip)</b> | <b>Share<br/>premium<br/>(Million Kip)</b> | <b>Total<br/>(Million Kip)</b> |
|--------------------------------------------------|------------------------------------------|--------------------------------|--------------------------------------------|--------------------------------|
| Opening amount as at<br>1 January 2011 - Audited | 651,448,050                              | 2,605,792                      | -                                          | 2,605,792                      |
| Issue of shares                                  | 217,149,000                              | 868,596                        | 15,577                                     | 884,173                        |
| Closing amount as at<br>30 June 2011 – Unaudited | <u>868,597,050</u>                       | <u>3,474,388</u>               | <u>15,577</u>                              | <u>3,489,965</u>               |

On 15 December 2010, Securities and Exchange Commission Office approved the Company's share amounting to 217,149,000 shares with a par value of KIP 4,000 per share for trading at the LSX, under code LA-3-00002-000-5, using the trading name as "EDL-GEN".

The Company offered 217,149,000 shares with par value of Kip 4,000 per share, totalling Kip 868,596 million under an Initial Public Offering ("IPO") with sales price of Kip 4,000 and Kip 4,300 for investors inside and outside Lao PDR respectively.

The Company has premium on share capital totalling Kip 63,402 million and shares offering cost of Kip 47,825 million which it charged against the premium on share capital. Then net premium on share capital is Kip 15,577 million.

The Company's shares were firstly traded at the LSX on 11 January 2011.

As at 30 June 2011 the total authorised number of ordinary shares is 868,597,055 shares (31 December 2010: 651,448,050 shares) with a par value of Kip 4,000 per share (31 December 2010: Kip 4,000 per share). All issued shares are fully paid.

## **9. Income tax expenses**

The Company has an obligation to pay Corporate Income Tax of either Tax on Profit at the rate of 5% (which is the reduced rate as applicable for listed companies at the LSX ) on taxable profit or Minimum Tax at 0.25% of turnover or revenue, whichever is higher.

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 period and tax rate.

**EDL-Generation Public Company**  
**Unaudited condensed notes to the interim financial statements**  
**For the six – month period ended 30 June 2011**

**10. Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit for the period attributable to shareholders by the weighted average number of ordinary shares in issue during the period which is 856,599,868 shares (31 December 2010: 651,448,050 shares).

**11. Related party transactions**

Significant related party transactions during the period can be summarized as follows:

**a) Sales of goods**

| For the six-month periods   | Unaudited<br>30 June<br>2011<br>Million Kip |
|-----------------------------|---------------------------------------------|
| Sales of electricity to EDL | 308,175                                     |

Sales of electricity to EDL are based on agreed terms and conditions in the Power Purchase Agreement ("PPA") dated 15 December 2010.

**b) Outstanding balances from related party transaction**

|                                         | Unaudited<br>30 June<br>2011<br>Million Kip | Audited<br>31 December<br>2010<br>Million Kip |
|-----------------------------------------|---------------------------------------------|-----------------------------------------------|
| Accounts receivable-others (Note 5)     | 121,616                                     | 188,138                                       |
| Trade account receivable (i)            | 75,404                                      | 37,229                                        |
| Pre-operating expenses – advance by EDL | 192                                         | 192                                           |
| Accounts payable-other                  | -                                           | 12,795                                        |
| Short-term loan to parent company (ii)  | 250,000                                     | -                                             |

**i) Trade account receivables can be analysed as follows:**

|                                                   | Unaudited<br>30 June<br>2011<br>Million Kip | Audited<br>31 December<br>2010<br>Million Kip |
|---------------------------------------------------|---------------------------------------------|-----------------------------------------------|
| Not overdue                                       | 75,404                                      | 37,229                                        |
| Overdue less than 3 months                        | -                                           | -                                             |
| Overdue 3 - 6 months                              | -                                           | -                                             |
| Overdue 6 - 12 months                             | -                                           | -                                             |
| Overdue over 12 months                            | -                                           | -                                             |
|                                                   | 75,404                                      | 37,229                                        |
| <u>Less</u> Allowance for doubtful<br>receivables | -                                           | -                                             |
| Trade account receivables, net                    | 75,404                                      | 37,229                                        |

**11. Related party transactions (Continued)**

**b) Outstanding balances from related party transaction (Continued)**

- ii) At 30 June 2011, short-term loan to parent company of Kip 250,000 million (31 December 2010: nil) were secured by investment in 4 hydro power dams as owned by EDL and are due for repayment within 180 days after the drawdown date. This loan carries an interest rate at 9% per annum and is due for repayment on 22 December 2011.

**12. Commitments and significant transactions**

For the six-month period ended 30 June 2011, there were significant transactions and outstanding commitments as follows:

- As part of an agreement with the Underwriter, the commission and related professional fees of USD 5.9 million or Kip 47,825 million was paid in 11 January 2011. These costs were deducted against premium on share capital (Note 8).
- During the second half of 2011, The Company entered into various maintenance service agreements with respect to the maintenance of hydropower dams with suppliers. The Company had commitments under those services agreement amounting to Kip 95,440 million in which the balance is due for payments over 1 to 2 years
- At 30 June 2011, the Company had outstanding capital commitments related to the ongoing installation of generation equipments of Kip 9,464 million in which the balance is due for payments over 1 to 3 years.