

EDL-GENERATION PUBLIC COMPANY

**1st QUARTER FINANCIAL INFORMATION
(UNAUDITED)**

31 March 2014

EDL-Generation Public Company
Statements of financial position
As at 31 March 2014

		Unaudited 31 March 2014 Million Kip	Unaudited 31 March 2013 Million Kip
	Notes		
Assets			
Non-current assets			
Pre-operating expenses, net		-	-
Interests in associates	4	589,988	562,993
Interests in joint ventures	4	1,324,669	1,179,921
Advance payment for investment	5	474,411	379,001
Assets under concession, net	6	4,006,991	4,003,931
Other non-current assets		3,032	5,197
Total non-current assets		6,399,091	6,131,043
Current assets			
Cash and cash equivalents		144,567	297,557
Short-term investment		20,000	40,000
Trade and other receivables	9	605,114	346,728
Spare parts and supplies, net		4,117	3,404
Other current assets		5,454	2,044
Total current assets		779,252	689,733
Total assets		7,178,343	6,820,776



Boun Oum SYVANPHENG
 Chief Executive Officer
 30 April 2014

Bounsalong SOUTHIDARA
 Chief Financial Officer
 30 April 2014

EDL-Generation Public Company
Statements of financial position
As at 31 March 2014

	Notes	Unaudited 31 March 2014 Million Kip	Unaudited 31 March 2013 Million Kip
Equity			
Share capital		4,904,867	4,904,867
Share premium		142,229	142,229
Legal reserve		206,442	109,268
Translating financial statements		7,109	(364)
Retained earnings		883,971	602,216
Total equity		6,144,618	5,758,216
Liabilities			
Non-current liabilities			
Long - term borrowings, net	7	762,833	873,118
Total non-current liabilities		762,833	873,118
Current liabilities			
Accounts payable		9,593	3,704
Current portion of long-term borrowings	7	132,710	153,932
Accrued expenses		103,525	18,499
Accrued income tax		6,253	8,481
Other current liabilities		18,811	4,826
Total current liabilities		270,892	189,442
Total liabilities		1,033,725	1,062,560
Total equity and liabilities		7,178,343	6,820,776



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EDL-Generation Public Company
Statements of Income
For the three-month period ended 31 March 2014

	Notes	Unaudited 31 March 2014 Million Kip	Unaudited 31 March 2013 Million Kip
Sales	9	147,543	141,348
Cost of sales		(44,069)	(47,705)
Gross profit		103,474	93,643
Other income		872	896
Administrative expenses		(19,192)	(15,117)
Foreign exchange gain, net		(2,157)	45,739
Interest expenses		(8,251)	(8,963)
Share of profit of associates and joint ventures	4	68,632	55,918
Profit before corporate income tax		143,378	172,116
Income tax expense	8	(3,755)	(6,192)
Net profit for the period		139,623	165,924



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EDL-Generation Public Company
Statements of Cash Flows
For the three-month period ended 31 March 2014

		Unaudited 31 March 2014 Million Kip	Unaudited 31 March 2013 Million Kip
	Notes		
Cash flow from operating activities :			
Net profit before income tax for the period		143,378	172,116
Adjustments to reconcile net profit to net cash			
Amortisation of pre-operating expenses		-	-
Depreciation	6	41,881	40,713
Foreign exchange (gain)/ loss		4,881	(45,739)
Share of profit from investment	4	(68,632)	(55,918)
Operating profit before working capital changes		121,508	111,172
Changes in operating assets and liabilities			
- Trade and other receivables		(85,759)	66,905
- Spare part and supplies		(1,097)	(276)
- Other current assets		451	(239)
- Accounts payable		(21,230)	3,251
- Other non-current assets		433	-
- Other current liabilities		3	1,555
- Accrued expenses		37,448	(4,484)
Cash generated from operations		51,757	177,884
Income tax paid		(6,781)	(4,540)
Net cash receipts from operating activities		44,976	173,344
Cash flows from investing activities :			
Advance payment for investment		-	-
Investment in Joint Ventures and Associates		-	-
Purchases of assets under concession	6	(37,763)	(99,744)
Dividends received	4	24,075	35,012
Purchase of short-term investments		-	-
Proceeds from short term investment		-	-
Net cash used in investing activities		(13,688)	(64,732)

EDL-Generation Public Company
Statements of Cash Flows
For the three-month period ended 31 March 2014

		Unaudited 31 March 2014 Million Kip	Unaudited 31 March 2013 Million Kip
	Notes		
Cash flows from financing activities :			
Proceeds from issue of ordinary shares		-	-
Proceeds from long-term borrowings		-	90,113
Repayment on borrowings	7	(46,635)	(65,679)
Dividends paid to shareholders		-	-
Net cash used in financing activities		(46,635)	24,434
Net decrease in cash and cash equivalents		(15,347)	133,046
Cash and cash equivalent beginning of the period		159,914	164,511
Cash and cash equivalent ending of the period		<u>144,567</u>	<u>297,557</u>



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EDL-Generation Public Company
Unaudited condensed notes to the quarterly financial information
For the three-month period ended 31 March 2014

1. General information

EDL- Generation Public Company (the “Company” or “EDL GEN”) is a public company which is listed at the Lao Securities Exchange (“LSX”). The Company 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”).

The Company's registered office address is:

7th Floor, EDL Headquarter Building,
Lao-Thai Friendship Road, Thongkang Village, Sisattanak District,
Vientiane Capital, P.O.Box 2392, Lao PDR

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

This 1st quarter financial information was authorised for issue by the Board of Directors on 29 April 2014.

This 1st quarter financial information has been unaudited.

2. Basis of preparation

The interim financial information was prepared in accordance with the Company's accounting policies as described in more detail in the annual financial statements for the year ended 31 December 2013. The primary financial information (i.e. statement of financial position, statement of income, changes in equity and cash flows) are prepared in the full format. The notes to the financial information are prepared in a condensed format.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013.

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.

There are no comprehensive set of accounting standards in Laos (“LAS”). LAS is currently under development by the Accounting Department and Laos Institution of Certified Public Accountant (LICPA). At present, companies apply Laos Accounting Manual (LAM) issued by the Ministry of Finance. LAM is a set of instructions based on accrual basis of accounting. Accordingly there are significant difference between LAM and International Financial Reporting Standards (IFRS). These areas of significant differences are, for example, Property, plant and equipment, Leases, employee benefit, the effects of changes in foreign exchange rate, income tax and deferred income tax, financial instrument, consolidated and separate financial statements, associates, joint ventures and pre-operation cost. The accounting principles applied may materially differ from generally accepted accounting principles including International Financial Reporting Standards (“IFRS”) adopted in certain countries and jurisdictions.

EDL-Generation Public Company
Unaudited condensed notes to the quarterly financial information
For the three-month period ended 31 March 2014

3. New significant agreement during the 3-month period ended 31 March 2014

i) Debt Repayment Agreement

The Company entered into the Debt Repayment Agreement (“the Agreement”) with the EDL on 28 February 2013. EDL is a borrower pursuant to Nam Song 7.5 MW Hydro Power Project under Sub-Loan Agreement No. 0229/EDL, dated 21 January 2013 with the Government of Lao PDR (“GOL”) in which the original fund is provided from Export-Import Bank of India (the lender) and made through the GOL. In addition to the asset transfer, both party agreed that the Company will make payments to EDL equal to payments due by EDL to the GoL, for the GOL’s further repayments to the lender pursuant to the original borrowing agreements. These borrowings are unsecured and no other obligations other than the repayments required as per agreed schedules.

During the three-month period ended 31 March 2014, there is no additional on Repayment Agreement.

ii) Memorandum of Understanding (MOU) for share transfer

As 20 February 2012, the Company and EDL signed an MOU for the transfer of the equity shareholdings in Nam Ngum 5 Power Company Limited (“NNG5”).

Both parties intend to finalise the transfer of EDL’s interests in NNG5 no later than 31 December 2012. The Company is required to pay i) an advance payment of USD 2,000,000 ii) the remaining balance of the total consideration, additional advance, or any adjustment to be made or paid in accordance with the Share Transfer Agreement.

During the three-month period ended 31 December 2014, on the 28 February 2014, the EXIM Bank of China, the lender to the NNG5 project, has granted the acceptance letter to transfer the interest of EDL in NNG5 to EDL GEN. Currently, NNG5 is in the process of formulating the share transfer agreement and expect to be finalised by the end of June 2014.

Until this three-month period ended 31 March 2014, the Company paid for necessary costs related to the above MOU amounting to USD 5,250,000 or equivalent to Kip 40,687 million.

4. Investments in associates and interests in joint ventures

	31 March 2014 Million KIP	31 March 2013 Million KIP
Beginning balance	1,869,992	1,722,049
Share of profit of associates	18,202	28,585
Share of profit of interest in joint ventures	50,430	27,333
Dividend received	(24,075)	(35,012)
Exchange differences	108	(40)
Ending balance	<u>1,914,657</u>	<u>1,742,915</u>

EDL-Generation Public Company
Unaudited condensed notes to the quarterly financial information
For the three-month period ended 31 March 2014

4. Investments in associates and interests in joint ventures (continued)

4.1 Associates

The associate entities are:

31 March 2014 (Million Kip)						
Name	Country of Incorporation	Business	Portion of Investment (%)	Cost Method	Equity Method	Dividend
Nam Ngum 2 Power Company Limited	Lao PDR	Electricity generation	25	454,742	515,751	-
NamLik 1-2 Power Company Limited	Lao PDR	Electricity generation	10	32,240	74,237	-
Total investment in associates				486,982	589,988	-

4.2 Interests in joint ventures

The jointly controlled entities are:

31 March 2014 (Million Kip)						
Name	Country of Incorporation	Business	Portion of Investment (%)	Cost Method	Equity Method	Dividend
Theun-Hinboun Power Company Limited	Lao PDR	Electricity generation	60	1,120,696	1,302,027	(24,075)
Houay Ho Power Company Limited	Lao PDR	Electricity generation	20	17,447	19,261	-
Lower Houay Lamphanh Company Limited	Lao PDR	Electricity generation	60	3,381	3,381	-
Total investment in joint ventures				1,141,524	1,324,669	(24,075)

On 14 March 2014, the Theun-Hinboun Power Company Limited approved a dividend payment totalling USD 5 million and value date on 31 March 2014. The Company therefore recognized dividend income based on its % of interest totalling USD 3 million or equivalent to Kip 24,075 million in the condensed 1st quarter financial information for the three-month period ended 31 March 2014.

EDL-Generation Public Company
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For the three-month period ended 31 March 2014

5. Advance payment for investments

	<u>Million Kip</u>
Opening net book amount as at 1 January 2014	474,411
Additions	-
Closing net book value as at 31 March 2014 - Unaudited	<u>474,411</u>

During the three-month period ended 31 March 2014, the Company has not paid any additional advance to EDL for the costs occurred in any project assets.

6. Assets under concession, net

	<u>Million Kip</u>
Opening net book amount as at 1 January 2014	4,011,109
Additions	37,763
Depreciation charge	(41,881)
Closing net book value as at 31 March 2014 - Unaudited	<u>4,006,991</u>

7. Long-term borrowings, net

The Company entered into the Debt Repayment Agreement ("the Agreement") with the EDL on 15 December 2010 and also in 28 February 2013 (Note 3(i)). EDL is a borrower pursuant to several unsecured borrowing agreements with the Government of Lao PDR ("GOL") in which the original funds were provided from various lenders and made through the GOL. In addition to the asset transfer, the Company has agreed with EDL that the Company will make payments on the outstanding debts to EDL and EDL will then make such payments due to the GOL, for the GOL's further repayments to the lenders pursuant to the original borrowing agreements.

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Unaudited condensed notes to the quarterly financial information
For the three-month period ended 31 March 2014

7. Long-term borrowings, net (continued)

	Unaudited 31 March 2014 Million KIP	Unaudited 31 March 2013 Million KIP
Current	132,710	153,932
Non-current	762,833	873,118
	<u>895,543</u>	<u>1,027,050</u>

	Million Kip
As at 1 January 2014	937,298
Additions	-
Repayments	(46,635)
Loss on exchange rate	4,880
As at 31 March 2014 - Unaudited	<u>895,543</u>

Borrowings mainly represent unsecured borrowings denominated in US dollars and Japanese Yen which are due over 1 - 20 years. Borrowings generally carry interest rates at 1.75% to 6.5% per annum (31 December 2013: 2.0 % to 6.5% per annum).

The carrying amounts of the Company's borrowings are denominated in the following:

	Unaudited 31 March 2014	Unaudited 31 March 2013
US dollars (million)	97	115
Yen (million)	1,424	1,627

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7. Long-term borrowings, net (continued)

The aging analysis on maturity of these borrowings is as follows:

	Unaudited 31 March 2014 Million Kip	Unaudited 31 March 2013 Million Kip
Less than one year	132,710	153,932
One year but not over 5 years	527,564	515,079
Over 5 years	235,269	358,039
	<u>895,543</u>	<u>1,027,050</u>

8. Income tax expenses

According to Concession Agreement with GoL, the Company shall pay taxes on its net taxable income at the rate of ten percent (10%) in accordance with applicable Laws, subject to further reduction to the rate of five percent (5%) during an initial period of four (4) years from the date of Company registration 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.

The Company records corporate income tax at the current rate of 5% on net profit after adjusts non deductible expense and others according to Tax Law effective on 1 October 2012 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.

9. Related party transactions

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

a) Sales of goods

For the 1st quarter period	Unaudited 31 March 2014 Million Kip	Unaudited 31 March 2013 Million Kip
Sales of electricity to EDL	147,543	141,348

Sales of electricity to EDL are based on agreed terms and conditions in the Power Purchase Agreement ("PPA") – dated 9 December 2011.

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Unaudited condensed notes to the quarterly financial information
For the three-month period ended 31 March 2014

9. Related party transactions (continued)

b) Outstanding balances from related party transactions

	Unaudited 31 March 2014 Million KIP	Unaudited 31 March 2013 Million KIP
Advance payments for investment (Note 5)	473,000	379,001
Accounts receivable-others	65,925	121,930
Trade account receivable – EDL (i)	538,951	224,798
Long-term borrowings (Note 7)	895,543	1,027,050

i) Trade accounts receivable - EDL can be analysed as follows.

	Unaudited 31 March 2014 Million KIP	Unaudited 31 March 2013 Million KIP
Not yet due	105,303	141,348
Overdue less than 3 months	292,398	83,450
Overdue 3 - 6 months	141,250	-
Overdue 6 - 12 months	-	-
Overdue over 12 months	-	-
	<u>538,951</u>	<u>224,798</u>
<u>Less</u> Allowance for doubtful receivables	<u>-</u>	<u>-</u>
Trade accounts receivable, net	<u>538,951</u>	<u>224,798</u>