

Translation



EDL-Generation Public Company
The First Six-Month Report of 2014

Ending 30 June 2014

1. The EDL-Generation Public Company

The EDL-Generation Public Company (EDL-GEN) was incorporated as a public company with limited liability on 15 December 2010 through a spin off from EDL (Electricité Du Laos) where EDL's generation assets were transferred to the company including Nam Ngum 1, Nam Mang 3, Nam Leuk, Nam Song, Xeset 1, Xeset 2, and Selabam hydropower plants, with a installed capacity of 387 MW. The technical staffs, who are working for the hydropower plants and some employees at EDL headquarter, have been transferred to EDL-GEN.

In the beginning, EDL-GEN has a registered capital with the total of 2,605,792,200,000 Kip or 651,448,050 in shares (4,000 Kip per share). EDL-GEN has approved the increase of its capital to 217,149,000 shares for the initial public offering (IPO). On 7 January 2011, the company had the registered capital with the total of 3,474,388,200,000 Kip, which amounts to 868,597,050 shares. On 11 January 2011, EDL-GEN was officially listed on the Lao Securities Exchange (LSX).

On August 2012, EDL-GEN has successfully purchased shares of four Independence Power Producer (IPPs) from EDL. The four IPPs are 60% of shares in Theun Hinboun, 25% of shares in Nam Ngum 2, 20% of shares in Houay Ho and 10% of shares in Nam Lik 1-2 hydro power plants. The total installed capacity of these four IPPs amount 494 MW, increasing EDL-GEN's installed capacity of 881 MW. At the end of 2012, EDL-GEN has registered capital of 4,904,867,060,000 kip and 1,226,216,765 shares.

2. The Core Business Operation.

1. To generate and sell (wholesale) electricity to EDL as well as construct the transmission lines and substations as necessary.
2. To invest in the generation assets, which are constructed and planned by EDL or the shares wholly owned or partially owned by EDL in the EDL's IPPs.
3. To provide operation and maintenance services to other power generation projects in Lao PDR.

❖ **Vision:**

EDL-Gen has strong desire: (1) to be a number one leading company in Lao PDR in ensuring a reliable electric power supplier for the socio-economic development of Lao PDR. (2) To be a company which strongly contributes to the realization of Lao PDR's vision of being a battery of ASEAN in order to contribute and ensure sustainable and reliable power supplier to ASEAN community.

❖ **Mission:**

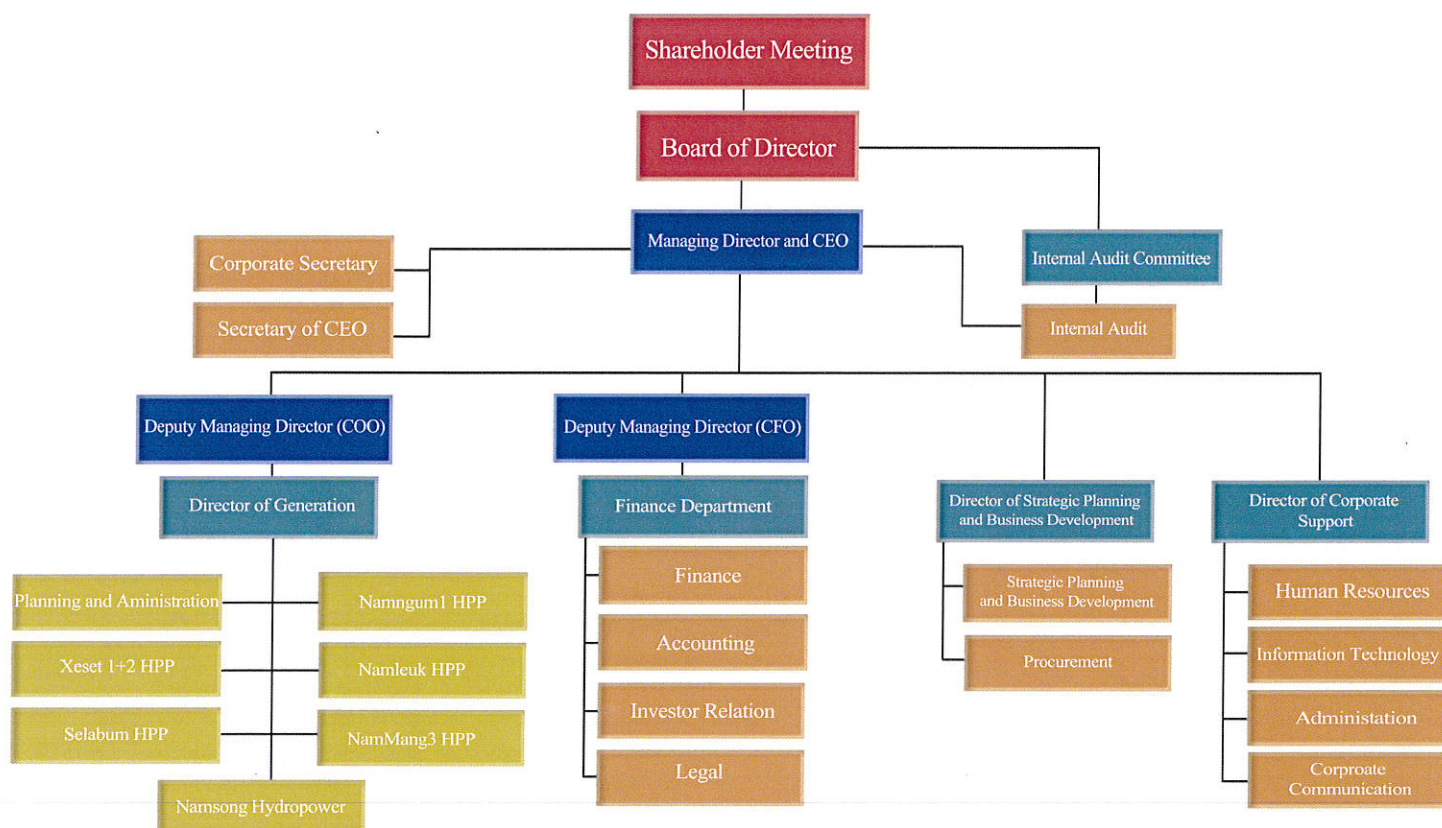
1. To be a number one leading company in electricity generating business to provide Lao PDR and neighboring nations, with sustainable power at a reasonable prices and to create the shareholder's value.
2. To stand side by side with EDL and coordinate closely with EDL in order to maintain power reliability and effectively respond to the needs of the social and economic development of Lao PDR as well as the ASEAN nations.
3. To upgrade and train its staff, so that they can actively participate in the development of the company with pride, responsibility and ownership.

❖ Organization;

1. Organization Chart.

The organization chart of EDL-GEN consists of general meeting of shareholders, the board of director consist of 10 directors (herein are 3 independent directors), 3 managing directors, 4 departments, 13 offices, and 7 hydropower plants.

Organization Chart of EDL - Generation Public Company



❖ EDL-GEN Staffs

EDL-GEN has 622 staffs, of whom 79 are females:

Discription	Total	Female
• Head office	77	25
• Nam Ngum 1 HPP	172	42
• Nam Mang 3 HPP	75	11
• Nuam Leuk HPP	71	12
• Xeset 1-2 HPP	141	23
• Selabum HPP	50	04
• Namsong HPP	27	03
• Tadsaland HPP	09	00
Total:	622	79

Board of Directors of Company is comprised of 10 Members



Dr. Khammany Inthirath
Chairman



Sisavath Thiravong
Vice Chairman



Boun Oum SYVANPHENG
Member



Rattana PRATHOUMVAN
Member



Bounma MANIVONG
Member



Vanida SAVADDY
Member



Sychath BOUTSAKITIRATH
Member



Assoc. Prof. Dr. Kongsy
SENGMAN
Independent Member



Prof. Khamlusa
NOUNSAVAN
Independent Member



Assoc. Prof. Khampheui
PHOMMACHANH
Independent Member

Managing Directors of EDL-GEN



Boun Oum SYVANPHENG
Managing Director & CEO



Rattana PRATHOUMVAN
Deputy Managing Director, COO



Dr. Bounsalong SOUTHIDARA
Deputy Managing Director, CFO

2. Internal Committee

Apart from operating based on the managerial management, the company has also appointed several committees including:

2.1 Internal Audit Committee (IAC)

IAC has been established by Managing Directors of EDL-GEN, according to the Board of Directors of EDL-GEN approval letter, No. 005/EDL-GEN dated 27/05/2013. IAC's role is to inspect and monitor the incomes and expenses, analyses business risks and suggests alternative solutions and reports to the Board of Directors to facilitate decision making. IAC work collaboration with the Internal Audit Division of EDL-GEN.

The meeting of IAC had been held for 4 times in the first semi-annual 2014, including 2 times of ordinary meetings and 2 times of extraordinary meetings, to review, discuss and approve various important topics of the company, namely the financial report, administration report and any business risks.

2.2 The Committee on Negotiation of Concession Agreement, Shareholder Agreement, and Power Purchasing Agreement (CASAPPAC)

CASAPPAC has been established by Managing Directors of EDL-GEN, according to the Board of Directors of EDL-GEN approval letter, No. 002/EDL-GEN dated 21/01/2011. CASAPPAC's works collaboration with the Legal Division of EDL-GEN and Independent Legal Consultant in preparation and negotiation of Concession Agreement, Shareholder Agreement, and Power Purchasing. In the first semi-annual 2014, the Committee completed negotiations as the following:

1. On 30 January 2014, acquired Land Lease Agreements of 7 Hydropower Projects from Government of Lao.
2. On 12 February 2014, signed a Memorandum of Understanding (MOU) for the Transfer of Project Assets of Nam Sana Hydropower Project between EDL and EDL-Generation.
3. On 17 February 2014, signed a Memorandum of Understanding (MOU) for the Transfer of Project Assets of Nam Khan 3 Hydropower Project between EDL and EDL-Generation.
4. On 16 May 2014, signed a Memorandum of Understanding for the joint-development of Nam Bi Cascade Hydropower Project between EDL-Generation and Chantavone Road and Bridge Construction And Maintenance Company.

2.3 Procurement and Equipment's Supply Committee (PESC).

PESC has been established by CEO of EDL-GEN, according to the letter no. 011/EDL-GEN approval letter, dated 7 January 2011. PESC's works collaboration with Procurement and Equipment Division of EDL-GEN, to inspect and approve the bid documents, procurement documents and ensures it abide by the regulations of the company. In the first semi-annual 2014 PESC had held 2 meetings with suppliers and constructions including:

1. Agreement on Road repairing project connects between Powerhouse and reservoir of Xeset 1&2 hydropower plants.
2. Agreement on Landslide mitigation project of Nam Song hydropower plant.
3. Contract extension agreement for the project Supply Equipment and Repairing of Dam Monitoring System of Nam Ngum 1, Nam Mang 3 and Nam Leuk hydropower plants.
4. Contract Extension of Operational Insurance Contract for seven hydropower plants.

5. Agreement on Project Continuous On-Line Partial Discharge of Nam Mang 3, Nam Leuk and Xeset 1 hydropower plants.
6. Agreement on supply and install SCADA System Unit 1,2,3,4&5 of Xeset 1 hydropower project.
7. Agreement on Project Common and Facilities List of Xeset 1 hydropower Plant
8. Agreement on Project Repairing of Upper Divided Wall and Tailrace Divided Wall of Selabum hydropower Plant.

2.4 Honor Policy and Discipline Committee (HPDC)

HPDC has been established by Managing Directors of EDL-GEN, according to the CEO of EDL-GEN approval letter, No. 402/EDL-GEN dated 19/04/2011. HPDC's role is to improve the rules and regulations of EDL-GEN, consider the requirements requested by employees, the retirement and commendation policies and others.

In the first semi-annual 2014 had held one meeting on 20 March 2014 and had concluded the following issues as below:

1. Agreement consider of EDL-GEN rules of recruitment.
2. Determine the purchases of 7 leased cars and 1 disposed car
3. Discuss on the incident of car on 2010
4. Discuss on the payroll for operation managers, acting directors, acting dam directors and division managers.
5. Discuss on the Key Performance Indicator (KPI).
6. Discuss on the timesheets, and the automatically linkage of daily reports to KPI.

II. Business Operation and Productivity.

It has been the fourth year since the company established in December 2010 to operate and wholesale the generating electricity to EDL. Meanwhile, the company had to improve the overall management to suit the laws and regulations of a public company set by the Lao Securities Exchange to ensure a healthy development of EDL-Gen and build trust amongst shareholders and international investors. The outcomes of our business operation in the first semi-annual 2014 are as followed:

1. Generation

The company currently owns seven hydropower plants, with a combined installed capacity of 387 MW. Since the weather condition in 2014 was supportive, enabling company's generation reached 732.31 GWh (5.67% surpasses the plan).

Power Generation Semi-Annual 2014 (Unit: GWh)

Details	Hydro Power Plant	Hydro Power Plant	Hydro Power Plant	Hydro Power Plant	Hydro Power Plant	Hydro Power Plant	Hydro Power Plant	Total
	Nam Ngum-1	Xe Set-2	Nam Leuk	Nam Mang-3	Xe Set-1	Nam Song	Se Labum	
Semi-Annual Plan	464.95	34.88	69.00	82.50	30.14	5.65	5.90	693.02
Actual	509.98	41.48	55.99	66.52	42.84	4.65	10.86	732.31
Compare First Semi-Annual Plan (%)	109.69%	118.92%	81.14%	80.63%	142.14%	82.28%	183.87%	105.67%
Year Plan	1,080.00	233.00	218.00	187.00	150.08	12.00	24.06	1,904.13
Comparison Yearly Plan (%)	47.22%	17.80%	25.68%	35.57%	28.54%	38.74%	45.12%	38.46%

2. Revenue

In the first semi-annual 2014, the total revenue of EDL-Generation was 310.15 billion Kip, which exceeds the plan by 6.29 %. EDL-Generation revenue has mainly come from the sales of electricity, which was 307.66 billion Kip, which exceeds the by 5.44% and equivalent to 99.20% of the total revenue.

Revenue Generated from selling electricity First Semi-annual 2014 (Unit:Million Kip)

Detail	Hydro Power Plant	Hydro Power Plant	Hydro Power Plant	Hydro Power Plant	Hydro Power Plant	Hydro Power Plant	Hydro Power Plant	Total
	Nam Ngum-1	Xe Set-2	Nam Leuk	Nam Mang-3	Xe Set-1	Nam Song	Se Labum	
Semi-annual Plan	197,038	14,442	28,913	34,349	12,311	2,323	2,404	291,781
Actual	215,623	17,304	22,742	27,751	17,758	1,924	4,559	307,662
Compare First Semiannual Plan (%)	109.43%	119.82%	78.66%	80.79%	144.25%	82.82%	189.63%	105.44%
Year Plan	457,689	97,653	91,668	77,976	62,486	4,916	9,985	802,372
Comparison Yearly Plan (%)	47.11%	17.72%	24.81%	35.59%	28.42%	39.15%	45.66%	38.34%

3. Expenses

In the first semi-annual 2014, EDL-Generation has the total expenses in the amount of 175.45 billion Kip, equivalent to 99.46% (Expense plan: 175.96 billion Kip) of the plan or 34.92% of the total revenue, as show in the following:

- Cost of Sales: 108.09 billion Kip, equivalent to 99.23% of the plan (plan 108.76 billion Kip) and equivalent to 66.61% of the total expenses.
- Administrative Expenses: 40.60 billion Kip, equivalent to 87.73% of the plan (plan 46.29 billion Kip) and equivalent to 23.14% of the total expenses.
- Interest Expenses: 13.77 billion Kip, equivalent to 93.23% of the plan (plan 14.77 billion Kip) and equivalent to 7.85% of the total expenses.
- Income Tax Expenses: 7.29 billion Kip, exceed the plan 18.71% (plan 6.17 billion Kip) and equivalent to 4.16% of the total expenses.

4. Net Profits

The total Net Profits of EDL-GEN for the semiannual 2014 was 326.98 billion Kip, which came from two main sources:

1. Net Profit from EDL-Gen itself 134.68 billion Kip, which exceed the plan by 15.36% (plan 116.76 billion Kip).
2. Dividends received from 4 Independent Power Producers was 192.29 billion Kip.

5. Tax

EDL-GEN is the public company and lists in LSX, and operates its business under Lao PDR Law. EDL-GEN obligates to pay tax to the Government of Laos including Advance Income Tax, Royalty Fee (1% of energy production's revenue), Income Tax, Value Added Tax (5% only the first 4 year, then increase to 10%), Incentive Tax and Meeting Premium Tax. The total amount of tax for the first semi-annual 2014 was 22,100 million kip and represents as below:

1. Advance Income Tax	6,893	Million kip
2. Royalty fee	1,623	Million kip
3. Income Tax	1,276	Million kip
4. Value Added Tax	11,490	Million kip
5. Incentive Tax	753	Million kip
6. Meeting Premium Tax	66	Million kip
Total:	22,100	Million kip



AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

We have reviewed the accompanying condensed interim statement of financial position of EDL-Generation Public Company (the Company) as at 30 June 2014 and the related condensed statements of income, changes in shareholders' equity, and cash flows 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 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.

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) Co., Ltd



By Paiboon Tunkoon
Partner

Date: 25 AUG 2014

EDL-Generation Public Company
Statement of financial position
As at 30 June 2014

		Unaudited 30 June 2014 Million Kip	Audited 31 December 2013 Million Kip
	Notes		
Assets			
Non-current assets			
Investments in associates	4	592,164	571,745
Interests in joint ventures	4	1,437,149	1,298,247
Advance payments for investment	5	474,411	474,411
Assets under concession, net	6	3,990,326	4,011,109
Other non-current assets		3,010	3,465
Total non-current assets		<u>6,497,060</u>	<u>6,358,977</u>
Current assets			
Cash and cash equivalents		60,081	159,914
Short-term investments		20,000	20,000
Trade and other receivables	13	412,232	519,355
Spare parts and supplies, net		3,900	3,020
Other current assets	7	3,027	5,905
Total current assets		<u>499,240</u>	<u>708,194</u>
Total assets		<u><u>6,996,300</u></u>	<u><u>7,067,171</u></u>



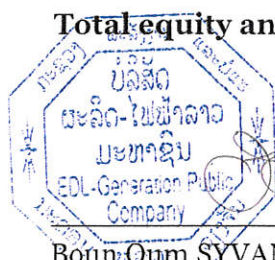
Boun Oum SYVANPHENG
 Chief Executive Officer
 Date: 25 AUG 2014


 Bounsalong SOUTHDARA
 Chief Financial Officer
 Date: 25 AUG 2014

The condensed notes to the interim financial information on pages 8 to 18 form an integral part of these interim financial information.

EDL-Generation Public Company
Statement of financial position
As at 30 June 2014

		Unaudited 30 June 2,014 Million Kip	Audited 31 December 2013 Million Kip
	Notes		
Equity			
Shareholder's equity			
Share capital		4,904,867	4,904,867
Share premium		142,229	142,229
Legal reserve		206,442	206,442
Translation adjustments	4	7,309	7,001
Retained earnings		712,046	744,348
Total equity		5,972,893	6,004,887
Liabilities			
Non-current liabilities			
Long - term borrowings, net	8	744,420	805,295
Total non-current liabilities		744,420	805,295
Current liabilities			
Trade and other payables		57,795	30,823
Current portion of long-term borrowings	8	132,929	132,003
Accrued expenses		82,039	66,077
Accrued income tax		2,446	9,278
Other current liabilities	9	3,778	18,808
Total current liabilities		278,987	256,989
Total liabilities		1,023,407	1,062,284
Total equity and liabilities		6,996,300	7,067,171



Boun Oum SYVANPHENG
 Chief Executive Officer

Date: **25 AUG 2014**

Bounsalong SOUTHIDARA
 Chief Financial Officer
 Date: **25 AUG 2014**

The condensed notes to the interim financial information on pages 8 to 18 form an integral part of these interim financial information.

EDL-Generation Public Company
Statement of Income
For the six-month period ended 30 June 2014

	Notes	Unaudited 30 June 2014 Million Kip	Unaudited 30 June 2013 Million Kip
Sales	13	307,662	314,568
Cost of sales		(108,095)	(98,142)
Gross profit		199,567	216,426
Other income		2,486	2,964
Administrative expenses		(40,605)	(39,558)
Foreign exchange (loss)/gain, net		(5,690)	46,082
Interest expenses		(13,776)	(15,903)
Share of profit of associates and joint ventures	4	192,293	207,256
Profit before corporate income tax		334,275	417,267
Income tax expense	10	(7,295)	(10,598)
Net profit for the period		326,980	406,669

Earnings per share

Basic earnings per share for the period	11	267	332
---	----	-----	-----



Boun Oum SYVANPHENG
 Chief Executive Officer
 Date: 25 AUG 2014

Bounsalong SOUTHDARA
 Chief Financial Officer
 Date: 25 AUG 2014

The condensed notes to the interim financial information on pages 8 to 18 form an integral part of these interim financial information.

EDL-Generation Public Company
Statement of changes in shareholder's equity
For the six-month period ended 30 June 2014

Note	Issued and paid-up ordinary shares Million Kip	Share premium Million Kip	Translation adjustments Million Kip	Legal reserve Million Kip	Unappropriated retained earnings Million Kip	Total Million Kip
As at 1 January 2014 - Audited	4,904,867	142,229	7,001	206,442	744,348	6,004,887
Net profit for the period	-	-	-	-	326,980	326,980
Translation adjustments	-	-	308	-	-	308
Dividend paid	-	-	-	-	(359,282)	(359,282)
As at 30 June 2014 - Unaudited	4,904,867	142,229	7,309	206,442	712,046	5,972,893

Note	Issued and paid-up ordinary shares Million Kip	Share premium Million Kip	Translation adjustments Million Kip	Legal reserve Million Kip	Unappropriated retained earnings Million Kip	Total Million Kip
As at 1 January 2013 - Audited	4,904,867	142,229	(324)	109,268	436,292	5,592,332
Net profit for the period	-	-	-	-	406,669	406,669
Translation adjustments	-	-	(1,444)	-	-	(1,444)
Dividend paid	-	-	-	-	(343,341)	(343,341)
As at 30 June 2013 - Unaudited	4,904,867	142,229	(1,768)	109,268	499,620	5,654,216



Boun Oum SYANPHENG
Chief Executive Officer
Date: **25 AUG 2014**

Bounsalong SOUTHDARA
Chief Financial Officer
Date: **25 AUG 2014**

The condensed notes to the interim financial information on pages 8 to 18 form an integral part of these interim financial information.

EDL-Generation Public Company
Statement of cash flows
For the six-month period ended 30 June 2014

		Unaudited 30 June 2014 Million Kip	Unaudited 30 June 2013 Million Kip
	Notes		
Cash flow from operating activities :			
Net profit before income tax for the period		334,275	417,267
Adjustments to reconcile net profit to net cash			
Depreciation	6	86,214	83,550
Foreign exchange loss/ (gain)		6,248	(49,804)
Share of profit of associates and joint ventures		(192,293)	(207,256)
Finance cost		13,776	-
Operating profit before working capital changes		248,220	243,757
Changes in operating assets and liabilities			
- Trade and other receivables		107,123	88,385
- Spare part and supplies		(880)	22
- Other current assets		2,878	(5,132)
- Accounts payable		(27,205)	-
- Other non-current assets		455	865
- Other current liabilities		(15,030)	33,530
- Accrued expenses		16,509	(1,395)
Cash generated from operations		332,070	360,032
Income tax paid		(14,126)	(11,319)
Net cash receipts from operating activities		317,944	348,713
Cash flows from investing activities :			
Purchases of assets under concession	6	(11,254)	(84,419)
Proceeds from short-term investment		-	20,000
Dividends received	4	33,280	41,533
Net cash used in investing activities		22,026	(22,886)

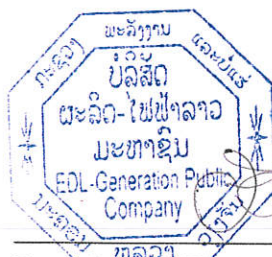
The condensed notes to the interim financial information on pages 8 to 18 form an integral part of these interim financial information.

EDL-Generation Public Company
Statement of cash flows (continued)
For the six-month period ended 30 June 2014

		Unaudited 30 June 2014 Million Kip	Unaudited 30 June 2013 Million Kip
	Notes		
Cash flows from financing activities :			
Repayment on borrowings	8	(66,463)	(84,972)
Dividends paid to shareholders	12	(269,462)	(257,506)
Dividends paid to non-controlling interests	12	(89,820)	(85,835)
Interest payment		(14,323)	-
Net cash used in financing activities		(440,068)	(428,313)
Net decrease in cash and cash equivalents			
Cash and cash equivalent beginning of the period		(100,098)	(102,486)
Effect of exchange rate changes on cash and cash equivalent		159,914	164,511
Cash and cash equivalent ending of the period		265	-
		60,081	62,025

Non Cash Items:

Other payables from purchases of assets under construction	54,177	90,113
--	--------	--------



Boun Oum SYVANPHENG

Chief Executive Officer

Date: 25 AUG 2014

Bounsalong SOUTHIDARA

Chief Financial Officer

Date: 25 AUG 2014

The condensed notes to the interim financial information on pages 8 to 18 form an integral part of these interim financial information.

EDL-Generation Public Company
Unaudited condensed notes to the interim financial information
For the six-month period ended 30 June 2014

1. General information

EDL- Generation Public Company (the Company or EDL GEN) is a public company listed on 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 interim financial information was authorised for issue by the Board of Directors on 25 August 2014.

This interim financial information has been reviewed, not audited.

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, statement changes in shareholder's equity and statement of 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 the 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 differences between LAM and International Financial Reporting Standards (IFRS). These areas of significant differences are, for examples, property, plant and equipment, leases, employee benefit, the effects of changes in foreign exchange rate, income tax and deferred income tax, financial instruments, 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.

3. New significant agreement during the 6-month period ended 30 June 2014

i) Land lease agreement

According to Prime Minister's Office Instruction No.180 on 13 December 2010, the Company has the right to use related land for electricity generation operation. Ministry of Natural Resources and Environment and the Company are in process of survey and preparation of land lease agreement. Rental fee will be recorded when both party can agree related terms and conditions in the land lease agreement.

Subsequently, Ministry of Natural Resources and Environment and the Company signed the land lease agreement (the Agreement) on 30 January 2014. According to the Agreement, the Company has right to use related land over 30 years for its business, commencing from the Agreement date and obligations for land lease fees are disclose in Note 14.

ii) Memorandum of Understanding (MOU) for the transfer of the project assets of Nam Sana Hydro Project (the Project)

As at 12 February 2014, the Company and EDL signed a MOU for the transfer of the project assets of Nam Sana Hydro Project. According to the conditions in this MOU, EDL wish to transfer all assets of the project to the Company after the Commercial Operation Date (COD) or at any other date as each party agree, under the conditions that i) if it is successful, the Company shall agree to fully reimburse EDL for all costs incurred by EDL up to the completion date and, on a continuing or recurring basis, up to and through the time of completion of transfer of ownership of the respective projects and ii) the Company shall be responsible to repay to EDL or to advance to EDL, on a continuing or recurring basis as both parties agreed, all of EDL's further financial obligations with respect to the Project as may be contractually required iii) Both parties intend to finalise relating documents and negation within 31 October 2014 iv) the total consideration to be paid by the Company to EDL is not overpay than USD 2.4 million. If there will be additional payment more than above incurred by EDL, the Company will pay this additional amount to EDL with under condition mentioned in this MoU.

As at 30 June 2014, the Company had not yet paid for any necessary costs related to the above MOU.

3. New significant agreement during the 6-month period ended 30 June 2014
(continued)

iii) Memorandum of Understanding (MOU) for the transfer of the project assets of Nam Khan3 Hydro Project (the Project)

As at 17 February 2014, the Company and EDL signed a MOU for the transfer of the project assets of Nam Khan3 Hydro Project. According to the conditions in this MOU, EDL wish to transfer all assets of the project to the Company after the Commercial Operation Date (COD) or at any other date as each party agree, under the conditions that i) if it is successful, the Company shall agree to fully reimburse EDL for all costs incurred by EDL up to the completion date and, on a continuing or recurring basis, up to and through the time of completion of transfer of ownership of the respective projects and ii) the Company shall be responsible to repay to EDL or to advance to EDL, on a continuing or recurring basis as both parties agreed, all of EDL's further financial obligations with respect to the Project as may be contractually required iii) Both parties intend to finalise relating documents and negation within 31 December 2015 iv) the total consideration to be paid by the Company to EDL is not overpay than USD 18.13 million. If there will be additional payment more than above incurred by EDL, the Company will pay this additional amount to EDL with under condition mentioned in this MoU.

As at 30 June 2014, the Company had not yet paid for any necessary costs related to the above MOU.

iv) Advisory Service Agreement for debenture issuing

On 23 January 2014, the Company entered into an Advisory Service Agreement with Twin Pine Consulting and Bank of Ayudha Public Company Limited as the advisor and arranger for debentures to be issued by the Company in Thailand's debt market.

As part of this agreement the Advisor will provide service to the Company starting from the optimal offering plan until the registration and listing debentures on the Thai Bond Market Association. The Company is required to pay the professional service fees both fixed fee and success fee as agreed in the Agreement.

As at 30 June 2014, the delivery of such services was in process.

v) Credit Risk Rating Service Agreement

On 31 March 2014, the Company entered into a Credit Rating Service Agreement (the Agreement) with TRIS Rating Co., Ltd (the Advisor) as the advisor of the Company to provide the rating assessment services to the Company to support the issuance of the debentures to be issued by the Company in Thailand's debt market.

Professional fee charged for first rating review. If the Company use their rating in the future professional fee will charge as agreed in the Agreement.

As at 30 June 2014, the delivery of such services was in process.

EDL-Generation Public Company
Unaudited condensed notes to the interim financial information
For the six-month period ended 30 June 2014

4. Investments in associates and interests in joint ventures

	2014 Million KIP
Beginning balance	1,869,992
Share of profit of associates	29,414
Share of profit of interest in joint ventures	162,879
Dividend received (see below)	(33,280)
Exchange differences	308
Ending balance	<u>2,029,313</u>

4.1 Associates

The associate entities are:

					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	525,558	-
NamLik 1-2 Power Company Limited	Lao PDR	Electricity generation	10	32,240	66,606	(9,205)
Total investment in associates				<u>486,982</u>	<u>592,164</u>	<u>(9,205)</u>

On 25 March 2014, the Board of Directors of Nam Lik 1-2 Power Company Limited approved a dividend payment totalling USD 11.43 million or equivalent to Kip 92,054 million. The Company therefore recognised dividend income based on its % of interest totalling USD 1.14 million or equivalent to Kip 9,205 million in the condensed interim financial information for the six-month period ended 30 June 2014.

EDL-Generation Public Company
Unaudited condensed notes to the interim financial information
For the six-month period ended 30 June 2014

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

4.2 Interests in joint ventures

The jointly controlled entities are:

						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	1,404,740	(24,075)
Houay Ho Power Company Limited	Lao PDR	Electricity generation	20	17,447	29,028	-
Lower Houay Lamphanh Company Limited	Lao PDR	Electricity generation	60	3,381	3,381	-
Total Interests in joint ventures				<u>1,141,524</u>	<u>1,437,149</u>	<u>(24,075)</u>

On 14 March 2014, Board of Directors of Theun-Hinboun Power Company Limited approved a dividend payment totalling USD 5 million or equivalent to Kip 40,125 million. The Company therefore recognised dividend income based on its % of interest totaling USD 3 million or equivalent to Kip 24,075 million in the condensed interim financial information for the six-month period ended 30 June 2014.

5. Advance payments for investments

These relate to the advance payments under the MoU for share transfer between the Company and EDL on 8 July 2011 and 20 February 2012 for the costs occurred in project assets of Houay Lamphan Ngai, Nam Khan2 (the Projects) amounting to Kip 432,313 million (31 December 2013: Kip 432,313 million) and Nam Ngum 5 Power Company Limited (NNG5) amounting to USD 5,250,000 or equivalent to Kip 42,098 million (31 December 2013: Kip 42,098 million).

EDL-Generation Public Company
Unaudited condensed notes to the interim financial information
For the six-month period ended 30 June 2014

6. Assets under concession, net

	<u>Million Kip</u>
Opening net book amount as at 1 January 2014 - Audited	4,011,109
Additions	65,431
Depreciation charge	<u>(86,214)</u>
Closing net book value as at 30 June 2014 - Unaudited	<u>3,990,326</u>

Additions during the six-month period ended 30 June 2014 mainly consisted of the construction of the expansion project under Nam Ngum, Selabam, Xeset and Nam Song Hydropower Dam totalling Kip 50,113 million, plant and machineries of Kip 14,380 million, new office equipment of Kip 286 million, motor vehicles of Kip 282 million, furniture and fixture of Kip 275 million and construction of building Kip 95 million.

During the six-month period ended 30 June 2014, the total addition of Kip 65,431 million consisted of cash transactions of Kip 11,254 million and non-cash transactions of Kip 54,177 million.

7. Other current assets

Other current assets mainly consist of prepaid office rental of Kip 1,732 million.

8. 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. 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.

	Unaudited 30 June 2014 Million KIP	Audited 31 December 2013 Million KIP
Current	132,929	132,003
Non-current	<u>744,420</u>	<u>805,295</u>
	<u>877,349</u>	<u>937,298</u>

EDL-Generation Public Company
Unaudited condensed notes to the interim financial information
For the six-month period ended 30 June 2014

8. Long-term borrowings, net (Continued)

	Million Kip
As at 1 January 2014 - Audited	937,298
Repayments	(66,463)
Loss on exchange rate	6,514
As at 30 June 2014 - Unaudited	<u>877,349</u>

Borrowings mainly represent unsecured borrowings denominated in US dollars and Japanese Yen which are due over 1 - 13 years. Borrowings generally carry interest rates at 1.75% to 6.5% per annum (31 December 2013: 1.75% to 6.5% per annum).

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

	Unaudited 30 June 2014	Audited 31 December 2013
US dollars (million)	96	103
Yen (million)	1,322	1,424

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

	Unaudited 30 June 2014 Million Kip	Audited 31 December 2013 Million Kip
Less than one year	132,929	132,003
One year but not over 5 years	527,975	524,745
Over 5 years	216,445	280,550
	<u>877,349</u>	<u>937,298</u>

9. Other current liabilities

Other current liabilities mainly consist of the retentions due to related subcontractors for the completed construction project amounting to Kip 3,750 million (31 December 2013: Kip 15,338 million).

EDL-Generation Public Company
Unaudited condensed notes to the interim financial information
For the six-month period ended 30 June 2014

10. Income tax expenses

According to revised Concession Agreement on 24 July 2013, 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 (start from 2011 to 2014 which is then equivalent to 5% from a normal rate of 10%) 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 the adjustment non-deductable expenses 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 related period and applicable tax rate.

11. Basic earnings per share

Basic earnings per share as at 30 June 2014 are calculated by dividing the net profit for the period attributable to shareholders by the number of ordinary shares during the period.

	Unaudited 30 June 2014	Unaudited 30 June 2013
Net profit attributable to ordinary shareholders (Million Kip)	326,980	406,669
Number of ordinary shares issued (Million shares)	1,226	1,226
Basic earnings per share (Kip/share)	267	332

12. Dividend

At the Annual General Shareholders meeting held on 24 April 2014, the shareholders approved a dividend in respect of net profit for the six-month period from 1 July to 31 December 2013 of Kip 293 per share (30 June 2013: Kip 280 per share) amounting to Kip 359,282 million (30 June 2013: Kip 343,341 million). This dividend was paid on 25 April 2014.

EDL-Generation Public Company
Unaudited condensed notes to the interim financial information
For the six-month period ended 30 June 2014

13. Related party transactions

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

a) Sales of goods

	Unaudited 30 June 2014 Million Kip	Unaudited 30 June 2013 Million Kip
For the six-month period		
Sales of electricity to EDL	307,662	314,568

Sales of electricity to EDL are based on agreed terms and conditions in the Power Purchase Agreement (PPA) dated 15 December 2010 and revised on 9 December 2011.

b) Dividend paid

	Unaudited 30 June 2014 Million Kip	Unaudited 30 June 2013 Million Kip
For the six-month period		
Dividend paid to EDL	269,462	257,506

c) Interest expense

	Unaudited 30 June 2014 Million Kip	Unaudited 30 June 2013 Million Kip
For the six-month period		
Interest expense - EDL	13,776	15,903

According to Debt Repayment Agreement between the Company and EDL (Note 8), the Company make payments on the outstanding debts to EDL and EDL will make such payments to the GOL, for the GOL's further repayments to the lenders pursuant to the original borrowing agreements.

EDL-Generation Public Company
Unaudited condensed notes to the interim financial information
For the six-month period ended 30 June 2014

13. Related party transactions (Continued)

d) Outstanding balances from related party transactions (Continued)

	Unaudited 30 June 2014 Million KIP	Audited 31 December 2013 Million KIP
Advance payments for investments (Note 5)	474,411	474,411
Accounts receivable-others	65,914	65,944
Trade account receivable – EDL (i)	345,621	451,654
Long-term borrowings (Note 8)	877,349	937,298

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

	Unaudited 30 June 2014 Million KIP	Audited 31 December 2013 Million KIP
Not yet due	176,131	235,404
Overdue less than 3 months	162,297	216,250
Overdue 3 - 6 months	7,193	-
Overdue 6 - 12 months	-	-
Overdue over 12 months	-	-
	<u>345,621</u>	<u>451,654</u>
<u>Less</u> Allowance for doubtful receivables	-	-
Trade accounts receivable, net	<u>345,621</u>	<u>451,654</u>

14. Commitments and significant transactions

Capital commitment

At 30 June 2014, the Company had outstanding capital commitments related to the ongoing installation of generation equipment at their dam of Kip 747,869 million for which the balance is due for payment over 1 to 5 years (31 December 2013: Kip 633,227 million for which the balance is due for payment over 1 to 5 years).

Operating lease commitments

On 30 January 2014, the Company and the Ministry of Natural Resources and Environment signed the land lease agreement (the Agreement) for the land at each dam. According to the Agreement, the Company has right to use land 30 years from 30 January 2014 to 30 January 2043 for its operation. Land lease fees are based on area with agreed rental rate by both parties. These fees will pay in advance for one year on annual basis. In addition, the Company has obligations to pay the land lease agreement fees as the following:

EDL-Generation Public Company
Unaudited condensed notes to the interim financial information
For the six-month period ended 30 June 2014

14. Commitments and significant transactions (Continued)

Operating lease commitments – where the Company is the lessee.

The Company leases land under non-cancellable operating lease agreements. The lease term is 30 years.

	Unaudited 30 June 2014 USD	Audited 31 December 2013 USD
Not later than 1 year	13,017	28,637
Later than 1 year but not later than 5 years	125,614	124,963
More than 5 year	892,616	908,887
	<u>1,031,247</u>	<u>1,062,487</u>

15. Events occurring after the reporting date

Dividend received

On 18 July 2014, management of Houay Ho Power Company Limited agreed to pay dividend to shareholders totaling USD 4.3 million. The Company received the dividend payment on 6 August 2014 based on its % of interest totaling USD 0.86 million, equivalent to Kip 6,930 Million.

Dividend payment announcement

At the Board of Directors' meeting No.3/2014 held on 15 August 2014, the Board of Directors approved an interim dividend payment from the net profit of the six-month period from 1 January to 30 June 2014 at Kip 182 per share (30 June 2013: Kip 182 per share) totaling Kip 223,171 million (30 June 2013: Kip 223,171 million, as announced on 13 August 2013). This dividend will be paid to the shareholders whose names shown in the shareholders' registration on 29 September 2014 and the dividend will be paid on 10 October 2014.

Managing Director: _____ (Signature) Bounoum SYVANPHENG

Accounting Division Director: _____ (Signature) Vanhseng VANNAVONG

Internal Audit Division Director: _____ (Signature) Maneevanh YORDKORNGMI