



EDL-Generation Public Company

The Third Quarter Report

30 September 2015



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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). Shareholders structure of EDL-Gen contained EDL 75% and public investors 25%.

On August 2012, EDL-Gen 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. Moreover, EDL-Gen issued ordinary share under Rights Offering (RO) and Public Offering (PO). The registered capital of the company increased to 4,904,867,060,000 kip and the total share grew up to 1,226,216,765 shares. The shareholders structure remained the same.

On February 2015, EDL-Gen has successfully transferred shares of Nam Ngum 5 Hydropower plant (15%) from EDL which increased the total installed capacity of the company to 899 MW. Moreover, EDL-Gen issued ordinary share under RO and PO. The registered capital of the company increased to 6,717,214,788,000 kip and the total share grew up to 1,679,303,697 shares. The shareholders structure remained the same.

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.

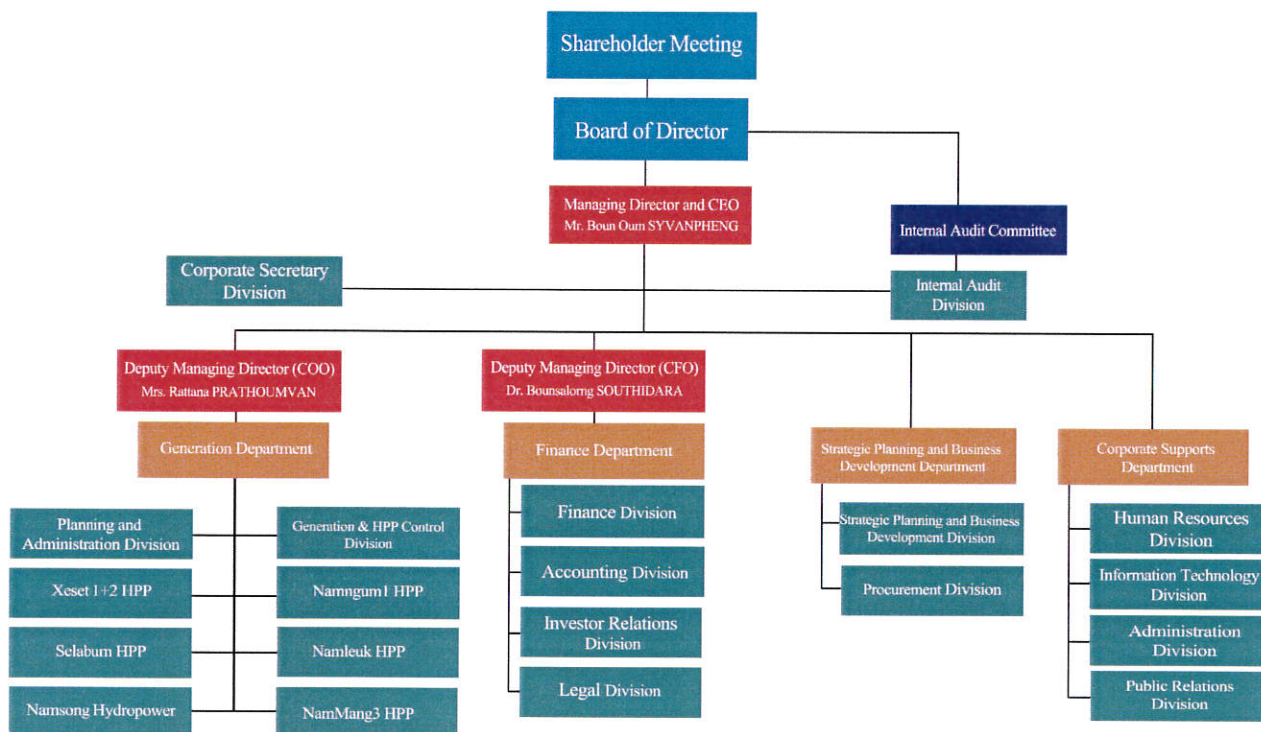
3. To upgrade and train its staff, so that they can actively participate in the development of the company with pride, responsibility and ownership.

3. Organization

3.1 Organization Chart

The organization chart of EDL-Gen consists of general meeting of shareholders, the board of directors consist of 10 directors (herein are 3 independent directors), 3 managing directors, 4 departments, 14 offices, and 7 hydropower plants.

Organization Chart of EDL - Generation Public Company



EDL-Gen Staffs

EDL-Gen consists of 653 staffs, 124 of whom are females. This number includes 457 officers, 81 of whom are females and 196 temporary workers, 44 of whom are females

Details	Permanent staff					Temporary staff				
Head office	77	staff	Female	25	staff	5	staff	Female	1	staff
Nam Ngum 1	124	staff	Female	28	staff	51	staff	Female	13	staff
Num Leuk	42	staff	Female	4	staff	27	staff	Female	8	staff
Num Mung 3	56	staff	Female	5	staff	18	staff	Female	7	staff
Xe set 1-2	79	staff	Female	15	staff	63	staff	Female	9	staff
Selabam	41	staff	Female	3	staff	20	staff	Female	3	staff
Nam Song	20	staff	Female	1	staff	7	staff	Female	2	staff
Nam Sana	18	staff	Female	0	staff	5	staff	Female	1	staff
Total	457	staff	Female	81	staff	196	staff	Female	44	staff

Board of Directors



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
SENGMAHY**
Independent Member



**Prof. Dr. 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)

4. Internal Committee

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

4.1 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 25/05/2013. IAC's role is to inspect and monitor the incomes and expenses, analyse 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 1 time in the third quarter 2015 in 19/08/2015. The main issues of the meeting was discussing on the future work and review of the first semi-annual financial statement year 2015.

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

CASAPPAC had 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 third quarter 2015, the committee has been working as detail below:

1. Prepared a draft of Concession Agreement on Nam Khan 2 and Houay Lamphan Ngai hydropower project for negotiation with the government.
2. Prepared a draft of Power Purchase Agreement of Nam Sana Hydropower Project, Nam Khan 2 and Houay Lamphan Ngai Hydropower Project for negotiation with provincial authority.
3. Continued discussion on the shareholder agreement of Nam Phoun Hydropower Project with SOK Corporation.

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

PESC had 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 third quarter 2015, the PESC has been working as following: held 1 meeting on 27/08/2015. The main issues of the meetings can be summarized as follows:

1. Continued hiring external auditor of year 2015.
2. Continued the insurance company selection for providing insurance service for EDL-Gen hydropower plants year 2015-2016.
3. Provision of Quality Assurance Review over internal Audit Function

Moreover PESC negotiated contracts with suppliers on several contracts as follows:

1. 01 contract of supply of electrical and mechanical equipments
2. 01 contract of electrical and mechanical overhaul
3. 01 contract of construction and renovation of building and irrigation
4. 01 contract of insurance service for EDL-Gen hydropower plants year 2015-2016

4.4 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 third quarter 2015, the HPDC held 2 meetings. The main issues of the meetings can be summarized as follows:

1. Adjusted the EDL-Gen obligation and policies of employee regarding on new version of labor law
2. Reviewed the EDL-Gen obligation on level of technical expertise
3. Review the reward system for 5 years anniversary of EDL-Gen
4. Continued reviewing a draft of EDL-Gen obligation on policies and regulation of EDL-Gen employee who work in companies that EDL-Gen partly invested.

5. Business Operation and Productivity.

It has been the fifth 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 quarter 2015 are as follows:

5.1 Generation

In the third quarter 2015, the company owned seven hydropower plants, with a combined installed capacity of 387 MW. Since the weather condition in 2015 was supportive, enabling company's generation reached 713.01 GWh (91.38% of the plan).

Power Generation Third Quarter 2015								(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	Xe Set-1	Nam Mang-3	Se Labum	Nam Song	
Plan	330.72	140.16	124.00	89.93	82.00	9.29	4.20	780.30
Actual	333.15	108.77	113.70	70.71	74.07	10.04	2.57	713.01
Compared to the Plan (%)	100.73%	77.61%	91.69%	78.63%	90.33%	108.11%	61.22%	91.38%

5.2 Revenue

In the third quarter 2015, the total revenue of EDL-Generation mainly came from electricity sale and equaled to 306,782 million Kip, which equaled to 91.86 % of the plan(the plan was 333,972 million Kip) including revenue from electricity sale totally 303,607 million Kip, equaled to 98.97% of total revenue and other revenue equaled to 1.03% of total revenue.

Revenue Generated from selling electricity Third Quarter 2015								(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	Xe Set-1	Nam Mang-3	Se Labum	Nam Song	
Third Quarter Plan	141,586	59,473	52,955	38,092	34,657	3,900	1,750	332,411
Actual	142,205	46,275	48,485	29,977	31,351	4,238	1,076	303,607
Compared to Third Quarter Plan (%)	100.44%	77.81%	91.56%	78.70%	90.46%	108.67%	61.48%	91.33%

5.3 Expenses

In the third quarter 2015, EDL-Gen has the total expenses in the amount of 151,780 million Kip, equivalent to 49.47% of total revenue.

Total Expenses			
No.	Details	Million Kip	% of revenue
1	Cost of Sales	80,896	26.37%
2	Operating Cost	30,030	9.79%
3	Interest	17,244	5.62%
4	Foreign Exchange loss, net	16,754	5.46%
5	Corporate Tax	6,856	2.23%
Total		151,780	49.47%

5.4 Net Profits

The total Net Profits of EDL-Gen for the third quarter 2015 came from 2 main sources as follows:

1. Profit from business operation of EDL-Gen, amounted to 155,002 million Kip.
2. Profit from share of associates and joint ventures, amounted to 119,153 million Kip

The total Net Profits of EDL-Gen for the third quarter 2015 was 274,155 million Kip.

5.5 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 (10% of net profit), Incentive Tax and Meeting Premium Tax. The total amount of tax for the third quarter 2015 was 69,632 million kip and represents as below:

Tax		
No.	Details	Million Kip
1	Advance Income Tax	34,777
2	Profit Tax	22,696
3	Dividend Tax	9,600
4	Royalty fee	1,792
5	Personal income tax- salary	750
6	Meeting Premium Tax	18
Total		69,632

The Third Quarter Financial Report

September 30, 2015

EDL-GENERATION PUBLIC COMPANY

**3rd QUARTER FINANCIAL INFORMATION
(UNAUDITED)**

30 September 2015

EDL-Generation Public Company
Statement of financial position
As at 30 September 2015

		Unaudited 30 September 2015 Million LAK	Audited 31 December 2014 Million LAK
	Notes		
Assets			
Non-current assets			
Investments in associates	4	683,300	610,357
Interests in joint ventures	4	1,581,951	1,498,609
Advance payments for investments	5	1,164,995	779,005
Assets under concession, net	6	4,306,839	4,145,851
Deposits at financial institution pledged as collateral		38,636	-
Other non-current assets		2,075,535	1,885
Total non-current assets		9,851,256	7,035,707
Current assets			
Cash and cash equivalents		1,320,702	1,251,534
Short-term investments		20,000	20,000
Trade and other receivables		779,099	502,382
Spare parts and supplies, net		4,622	4,043
Other current assets		9,239	7,595
Total current assets		2,133,662	1,785,554
Total assets		11,984,918	8,821,261



Boun Oum SYVANPHENG
 Chief Executive Officer
 Date: 13 November 2015

Bounsalong SOUTHIDARA
 Chief Financial Officer
 Date: 13 November 2015

EDL-Generation Public Company
Statement of financial position
As at 30 September 2015

		Unaudited	Audited
		30 September	31 December
		2015	2014
	Notes	Million LAK	Million LAK
Shareholders' equity			
Share capital	11	6,717,215	4,904,867
Share premium	11	989,126	142,229
Legal reserve		297,210	297,210
Translation adjustments		793	(1,476)
Retained earnings		998,182	978,811
Total shareholders' equity		9,002,526	6,321,641
Liabilities			
Non-current liabilities			
Long - term borrowings, net	7	849,121	499,263
Debentures, net	8	1,449,617	1,575,862
Swap contract payables, net	9	159,480	11,105
Total non-current liabilities		2,458,218	2,086,230
Current liabilities			
Trade and other payables		84,338	174,589
Current portion of long-term borrowings	7	178,184	99,519
Accrued expenses		76,903	134,936
Accrued dividend	10	184,723	-
Accrued income tax		-	4,306
Other current liabilities		26	40
Total current liabilities		524,174	413,390
Total liabilities		2,982,392	2,499,620
Total shareholders' equity and liabilities		11,984,918	8,821,261



Boun Oum SYVANPHENG
 Chief Executive Officer
 Date: 13 November 2015

Bounsalong SOUTHIDARA
 Chief Financial Officer
 Date: 13 November 2015

EDL-Generation Public Company

Statement of income

For the three-month period ended 30 September 2015

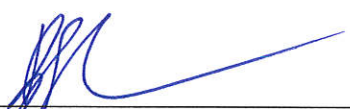
		Three-month ended	
		Unaudited 30 September 2015 Million LAK	Unaudited 30 September 2014 Million LAK
	Notes		
Sales		303,607	345,452
Cost of sales		(80,896)	(57,225)
Gross profit		222,711	288,227
Other income		3,175	2,118
Operating and administrative expenses		(30,030)	(36,445)
Foreign exchange (loss)/gain, net		(6,856)	7,205
Interest expense		(16,754)	(6,472)
Share of profit of associates and joints ventures		119,153	132,901
Profit before income tax expense		291,399	387,534
Income tax expense	12	(17,244)	(12,698)
Net profit for the period		274,155	374,836
Earnings per share			
Basic earning per share for the period	13	185.62	305.74



Boun Oum SYVANPHENG

Chief Executive Officer

Date: 13 November 2015



Bounsalong SOUTHIDARA

Chief Financial Officer

Date: 13 November 2015

EDL-Generation Public Company
Statement of changes in shareholder's equity
For the three-month period ended 30 September 2015

For the three-month period ended 30 September 2015						
	Issued and paid-up ordinary shares	Share premium	Legal reserve	Translation adjustments	Unappropriated retained earnings	Total
Note	Million LAK	Million LAK	Million LAK	Million LAK	Million LAK	Million LAK
As at 1 July 2015 - Unaudited	4,904,867	142,229	297,210	(2,023)	908,750	6,251,033
Net profit for the period	-	-	-	-	274,155	274,155
Share issued 11	1,812,348	846,897	-	-	-	2,659,245
Translation adjustments	-	-	-	2,816	-	2,816
Dividend paid 10	-	-	-	-	(184,723)	(184,723)
As at 30 September 2015 - Unaudited	6,717,215	989,126	297,210	793	998,182	9,002,526

For the three-month period ended 30 September 2014						
	Issued and paid-up ordinary shares	Share premium	Legal reserve	Translation adjustments	Unappropriated retained earnings	Total
	Million LAK	Million LAK	Million LAK	Million LAK	Million LAK	Million LAK
As at 1 July 2014 - Unaudited	4,904,867	142,229	206,442	7,309	712,046	5,972,893
Net profit for the period	-	-	-	-	374,836	374,836
Translation adjustments	-	-	-	(93)	-	(93)
Dividend paid	-	-	-	-	(223,171)	(223,171)
As at 30 September 2014 - Unaudited	4,904,867	142,229	206,442	7,216	863,711	6,124,465



Boun Oum SYVANPHENG
Chief Executive Officer
Date: 13 November 2015


Bounsalong SOUTHIDARA
Chief Financial Officer
Date: 13 November 2015

EDL-Generation Public Company
Statement of cash flows
For the three-month period ended 30 September 2015

	Three-month ended	
	Unaudited 30 September 2015 Million LAK	Unaudited 30 September 2014 Million LAK
Notes		
Cash flow from operating activities:		
Net profit before income tax for the period	291,399	387,534
Adjustments to reconcile net profit to net cash		
Amortisation of cost of issuance debenture	3,822	-
Depreciation	69,606	41,850
Foreign exchange (gain)/ loss	7,609	(7,158)
Share of profit of associates and joint ventures	(119,153)	(132,901)
Finance cost	16,755	-
Operating profit before working capital changes	270,038	289,325
Changes in operating assets and liabilities		
- Trade and other receivables	(325,656)	(171,062)
- Spare part and supplies	(336)	532
- Other current assets	(305)	(1,515)
- Accounts payable	(41,134)	(17,247)
- Other assets	432	433
- Other current liabilities	13	3
- Accrued expenses	7,627	35,933
Cash generated from operations	(89,321)	136,402
Income tax paid	(22,696)	(13,541)
Net cash generate from operating activities	(112,017)	122,861
Cash flows from investing activities :		
Advance payment for investments	(11,619)	(304,594)
Purchases of assets under concession	(239,339)	5,059
Proceeds from short-term loan to a related party	202,475	-
Dividends received	6,515	193,735
Net cash (used in) /from investing activities	(41,968)	(105,800)

EDL-Generation Public Company
Statement of cash flows (continued)
For the three-month period ended 30 September 2015

		Three-month ended	
		Unaudited 30 September 2015 Million LAK	Unaudited 30 September 2014 Million LAK
Notes			
Cash flows from financing activities :			
	7	307,137	-
Proceeds from long-term borrowings			
Proceeds from short-term borrowing		-	160,000
Repayment on borrowing	7	(82,368)	(46,714)
Cash received from issuance of ordinary share	11	593,747	-
Cash pledged as collateral		(21,295)	-
Interest paid		(9,128)	-
Net cash from (used in) financing activities		788,093	113,286
Net increase/(decrease) in cash and cash equivalents			
		634,108	130,347
Cash and cash equivalent at the beginning of the period		687,517	60,081
Effect of exchange rate changes on cash and cash equivalent		(923)	-
Cash and cash equivalent at the end of the period		1,320,702	190,428

Significant non cash items

Dividend payable	184,723	223,171
Other payables from purchases of assets under construction	11,018	-
Other receivable from dividend income	117,572	-

Boun Oum SYVANPHENG

Chief Executive Officer

Date: 13 November 2015

Bounsalong SOUTHIDARA

Chief Financial Officer

Date: 13 November 2015

EDL-Generation Public Company
Unaudited condensed notes to the quarterly financial information
For the three-month period ended 30 September 2015

1. General information

EDL- Generation Public Company (the “Company” or “EDL GEN”) is a public company which is listed in 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 Headquarters 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 3rd quarter financial information was authorised for issue by the Board of Directors on 13 November 2015.

This 3rd 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 2014. The primary financial information (i.e. statement of financial position, statement of income, statement of cash flows and statement of changes in shareholders' equity) 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 2014.

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 is no comprehensive set of accounting standards in Laos (“LAS”). LAS is currently under development by the Accounting Department and Lao Chamber of Professional Accountants and Auditors (LCPAA). At present, companies apply Lao 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 the 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 the generally accepted accounting principles including the International Financial Reporting Standards (“IFRS”) adopted in certain countries and jurisdictions.

3. New significant agreement during the 3-month period ended 30 September 2015

i) Short-term Lending Agreement

The company signed a short-term lending agreement with EDL on 19 March 2015 for an amount USD 50 million at an interest rate of 9% per annum. EDL fully repaid the amount borrowed to the Company on 5 August 2015.

ii) Long-term Borrowing Agreement with Thai Military Bank (TMB)

On 17 March 2015, the Company signed an agreement with TMB, which allows the Company to access Facility I of the borrowing which amounted to USD 30.64 Million on 2 April 2015 (the first drawdown date). This borrowing has a total amount of USD 68 Million. On 31 July 2015, the Company received the second drawdown from TMB for facility II and III totalling USD 37.36 million or equivalent to LAK 307,137 Million (note 7).

This borrowing has an interest rate of LIBOR 3 months + 3.50% per annum and is payable on a quarterly basis. The Company is required to repay the principal within 7 years after the first drawdown date on a semi-annual basis. The Company also required to place cash deposit of 7% of the principal as a guarantee for this borrowing (note 7).

iii) Memorandum of Understanding (MoU) for Investments in Solar Power Project

At the Board of Director's extraordinary meeting No.4/2015 held on 21 September 2015, the Board of Directors approved the Company to sign MoU with Pattana Energy Absolute Sole Company Limited so as to establish a company to study and develop solar power project.

iv) Joint Arrangement Agreement and Establishment of Nam Phoun Power Company Limited

At the Board of Director's extraordinary meeting No.4/2015 held on 21 September 2015, the Board of Directors approved the Company to sign MoU with SOK Corporation Company Limited and to establish Nam Phoun Power Company Limited.

EDL-Generation Public Company
Unaudited condensed notes to the quarterly financial information
For the three-month period ended 30 September 2015

4. Investments in associates and interests in joint ventures

	Unaudited 30 September 2015 Million LAK	Audited 31 December 2014 Million LAK
Beginning balance	2,108,966	1,869,992
Additions	80,022	-
Share of profit of associates	18,683	75,550
Share of profit of interest in joint ventures	244,677	398,917
Dividend received	(189,366)	(227,016)
Exchange differences	2,269	(8,477)
Ending balance	<u>2,265,251</u>	<u>2,108,966</u>

4.1 Investments in associates

The associate entities are:

						Unaudited 30 September 2015 (Million LAK)
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	538,291	(19,940)
NamLik 1-2 Power Company Limited	Lao PDR	Electricity generation	10	32,240	60,506	(7,820)
Nam Ngum 5 Power Company Limited	Lao PDR	Electricity generation	15	80,022	84,503	-
Total investment in associates				567,004	683,300	(27,760)

On 15 June 2015, the Board of Directors of Nam Lik 1-2 Power Company Limited approved a dividend payment totalling USD 9.65 million or equivalent to LAK 78,205 million. The Company therefore recognised dividend income based on its % of interest totalling USD 0.96 million or equivalent to LAK 7,820 million in the condensed interim financial information for the six-month period ended 30 June 2015.

On 25 September 2015, management of Nam Ngum 2 Power Company Limited agreed to pay dividend to shareholders totalling THB 352 million. The company recognised dividend income based on its % of interest totalling THB 88 million, equivalent to LAK 19,940 million in its financial statements for the three month period ended 30 September 2015. The Company received this dividend income on 8 October 2015.

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

4.2 Interests in joint ventures

The jointly controlled entities are:

						Unaudited 30 September 2015 (Million LAK)
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	1,555,907	(146,484)
Houay Ho Power Company Limited	Lao PDR	Electricity generation	20	17,447	22,663	(15,122)
Lower HouayLamphanh Company Limited	Lao PDR	Electricity generation	60	3,381	3,381	-
Total investment in joint ventures				1,141,524	1,581,951	(161,606)

On 20 March 2015, Board of Directors of Houay Ho Power Company Limited approved a dividend payment totalling USD 5.3 million or equivalent to LAK 43,036 million. The Company therefore recognised dividend income based on its % of interest totalling USD 1.06 million or equivalent to LAK 8,607 million in the condensed interim financial information for the six-month period ended 30 June 2015.

On 10 August 2015, management of Houay Ho Power Company Limited agreed to pay dividend to shareholders totalling USD 4 million. The company received the dividend on 25 September 2015 based on its % of interest totalling USD 0.8 million, equivalent to LAK 6,515 million.

On 16 March 2015, Board of Directors of Theun-Hinboun Power Company Limited approved a dividend payment totalling USD 10.02 million or equivalent to LAK 81,421 million. The Company therefore recognised dividend income based on its % of interest totalling USD 6 million or equivalent to LAK 48,852 million in the condensed interim financial information for the six-month period ended 30 June 2015.

On 18 September 2015, management of Theun-Hinboun Power Company Limited agreed to pay dividend to shareholders totalling USD 20 million. The company recognised dividend income based on its % of interest totalling USD 12 million, equivalent to LAK 97,632 million in its financial statements for the three month period ended 30 September 2015. The Company received this dividend income on 1 October 2015.

5. Advance payment for investments

	Million LAK
Opening net book amount as at 1 January 2015 – Audited	779,005
Additions	429,653
Finance cost of investments	36,359
Transferred to investment in associates (Note 4)	<u>(80,022)</u>
Closing net book value as at 30 September 2015 - Unaudited	<u><u>1,164,995</u></u>

As at 30 September 2015, the advance payment for costs occurred in project assets are as follows:

- Houay Lamphan Ngai and Nam Khan 2 amounting to LAK 631,236 million.
- Nam Sana amounting to LAK 16,689 million.
- Nam Khan 3 amounting to LAK 156,752 million.
- Nam Ou 2, 5 and 6 amounting to USD 40,000,000 or equivalent to LAK 323,960 million.
- Nam Ngum 5 Power Company Limited (NNG5) amounting to USD 9,940,000 or equivalent to LAK 80,022 million. This advance payment was transferred to investments in associates on 10 February 2015.

6. Assets under concession, net

	Million LAK
Opening net book amount as at 1 January 2015 - Audited	4,145,851
Addition	325,955
Depreciation charge	<u>(164,967)</u>
Closing net book value as at 30 September 2015 - Unaudited	<u><u>4,306,839</u></u>

7. Long-term borrowings, net

- i) The Company entered into the Debt Repayment Agreement ("the Agreement") with EDL on 15 December 2010 and also on 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.
- ii) On 17 March 2015, the Company signed an agreement with TMB, for a long-term borrowing of an amount totalling USD 68 Million. This borrowing has an interest rate of LIBOR 3 months + 3.50% per annum and is payable on a quarterly basis. The Company is required to repay the principal within 7 years after the first drawdown date on a semi-annual basis. The Company also required to place cash deposit of 7% of the principal as a guarantee for this borrowing (note 3 (ii)).

	Unaudited 30 September 2015 Million LAK	Audited 31 December 2014 Million LAK
Current	178,184	99,519
Non-current	849,121	499,263
	<u>1,027,305</u>	<u>598,782</u>

Movement of long-term borrowing can be analysed as below:

	Million LAK
As at 1 January 2015 - Audited	598,782
Additions	556,179
Repayments	(131,658)
(Gain)/ loss on exchange rate	4,002
As at 30 September 2015 - Unaudited	<u>1,027,305</u>

On 31 July 2015, the Company received the second drawdown from Thai Military Bank (TMB), which includes Facility II and III totalling USD 37.36 million.

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 2.30% per annum.

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7. Long-term borrowings, net (continued)

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

	Unaudited 30 September 2015	Audited 31 December 2014
USD (million)	116	64
Yen (million)	1,119	1,221

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

	Unaudited 30 September 2015 Million LAK	Audited 31 December 2014 Million LAK
Less than one year	178,184	99,519
One year but not over 5 years	672,506	398,074
Over 5 years	176,615	101,189
	<u>1,027,305</u>	<u>598,782</u>

8. Debentures, net

	Unaudited 30 September 2015 Million LAK	Audited 31 December 2014 Million LAK
Debenutres	1,478,425	1,610,310
Less: transaction costs	(28,808)	(34,448)
	<u>1,449,617</u>	<u>1,575,862</u>
Less: current portion of debenture	-	-
	<u>1,449,617</u>	<u>1,575,862</u>

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8. Debentures, net (continued)

Movements in debentures for the three month period ended 30 September 2015 are as follows:

	Unaudited 30 September 2015 Million LAK
As at 1 January 2015 - Audited	1,575,862
Additions	-
Transaction cost	-
Amortised deferred financing fee	5,640
(Gain)/loss on exchange rate	(131,885)
	<u>1,449,617</u>

9. Swap contract, net

	Unaudited 30 September 2015 Million LAK	Audited 31 December 2014 Million LAK
Payables-swap contract	(1,613,146)	(1,601,884)
Receivables- swap contract	1,471,340	1,610,310
Deferred gain on swap contract	(17,674)	(19,531)
Receivables/(payables)-swap contract	<u>(159,480)</u>	<u>(11,105)</u>

10. Accrued Dividend

At the Board of Director's extraordinary meeting No.4/2015 held on 21 September 2015, the Board of Directors approved an interim dividend payment from the net profit of the six-month period from 1 January to 30 June 2015 at LAK 110 per share, totalling LAK 184,723 million. This dividend was paid on 16 October 2015 to the shareholders whose names shown in the shareholder's registration on 09 October 2015.

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11. Share capital and share premium

	Number of Shares (Shares)	Share Capital (Million LAK)	Share Premium (Million LAK)	Total (Million LAK)
As at 1 January 2015 – audited	1,226,216,765	4,904,867	142,229	5,047,096
Issue of shares	453,086,932	1,812,348	846,897	2,659,245
As at 30 September 2015 - unaudited	<u>1,679,303,697</u>	<u>6,717,215</u>	<u>989,126</u>	<u>7,706,341</u>

During the three-month period ended 30 September 2015, the Company offered 453,086,932 ordinary shares with par value of LAK 4,000 per share totalling LAK 1,812,348 million to investors inside and outside of the Lao PDR.

408,738,922 shares were offered to existing shareholders under rights offering (RO) with sales price of LAK 6,000 per share.

44,348,010 shares were offered to the public through public offering (PO) with sales price of LAK 6,800 per share.

The Company has premium on share capital totalling LAK 941,652 million and share offering cost of LAK 94,755 million which is charged against the premium on share capital. Then, the net premium on share capital is LAK 846,897 million.

12. Income tax expenses

According to the Concession Agreement with GoL, the Company shall pay taxes on its net taxable income at a 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.

From the 1st quarter of 2015 onwards, the Company records corporate income tax at the current rate of 10% on net profit after the adjustments for non-deductible expenses and others according to the 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 difference. Income tax expense is recognised based on the operating result for the related period and the applicable tax rate.

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13. Basic Earnings per Share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares issued during the period.

	Unaudited 30 September 2015	Unaudited 30 September 2014
Net profit attributable to ordinary shareholders (Million LAK)	274,155	374,836
Weighted average number of ordinary shares on issue (Million Shares)	1,477	1,226
Basic earnings per share (LAK)	185.62	305.74

14. Related party transactions

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

a) Sales of goods

For the 3rd quarter period	Unaudited 30 September 2015 Million LAK	Unaudited 30 September 2014 Million LAK
Sales of electricity to EDL	303,607	345,452

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

b) Outstanding balances from related party transactions

	Unaudited 30 September 2015 Million LAK	Audited 31 December 2014 Million LAK
Advance payment for investments (Note 5)	1,164,995	779,005
Accounts receivable-others	65,944	65,944
Interest receivable	10,131	-
Trade account receivable – EDL (i)	584,847	436,120
Long-term borrowings (Note 7)	510,951	598,782

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14. Related party transactions (continued)

b. Outstanding balances from related party transactions (continued)

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

	Unaudited 30 September 2015 Million LAK	Audited 31 December 2014 Million LAK
Not yet due	246,020	112,851
Overdue less than 3 months	338,827	323,269
Overdue 3 - 6 months	-	-
Overdue 6 - 12 months	-	-
Overdue over 12 months	-	-
	<u>584,847</u>	<u>436,120</u>
<u>Less</u> Allowance for doubtful receivables	<u>-</u>	<u>-</u>
Trade accounts receivable, net	<u>584,847</u>	<u>436,120</u>

15. Events occurring after the reporting date

i. Joint Arrangement Agreement and Establishment of Nam Bi Power Company Limited

At the Board of Director's meeting No.4/2015 held on 13 November 2015, the Board of Directors approved the Company to sign MoU with Chanthavone Road and Bridge Construction and Maintenance Company Limited and to establish Nam Bi Power Company Limited.

Managing Director: (Signature) Boun Oum SYVANPHENG

Accounting Division Director: (Signature) Vanhseng VANNAVONG

Internal Audit Division Director: (Signature) Manivanh NHOTKONGMY