

**EDL-Generation Public Company
and its subsidiaries**

Financial statements for the year ended
31 December 2017
and
Independent auditors' report



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ຖະໜົນ 23 ສິງຫາ, ບ້ານໂພນໄຊ,
ເມືອງໄຊເສດຖາ, ຕູ້ ປ.ມ. 6978,
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Independent auditors' report

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

Opinion

We have audited the consolidated and separate financial statements of EDL-Generation Public Company and of its subsidiaries (the "Group") and EDL-Generation Public Company (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2017, and the consolidated and separate statements of income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements of the Group and the Company, respectively, for the year ended 31 December 2017 are prepared, in all material respects, in accordance with the accounting policies as described in Notes 2 to the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in the Lao PDR and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matters that, in our professional judgment, was of most significance in our audit of the consolidated and separate financial statements of the current period. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Recognition of assets under concession and advance payment for assets under concession and investments	
The key audit matter	How the matter was addressed in the audit
The Group continues to invest in various significant projects including its construction of assets under concession and advance payment for assets under concession and investments. The significant level of capital expenditure requires consideration of the nature of costs incurred to ensure that recognition of assets under concession and advance payment for assets under concession and investments meet the specific recognition criteria. The recognition of these areas involve various agreements, business projection plans, logs of construction and maintenance agreements and third party settlement information. This is an area of our focus due to the magnitude of the amounts and information involves.	Our audit procedures in this area included, among others: - understanding and assessing risk of the process of procurement and accounting activities including related internal controls and monitoring activities are in place; - reconciliation between business projection plan which was approved by management, logs of construction and maintenance agreements, actual project and maintenance incurred during the year; - obtaining confirmation of outstanding advance payment for investments, payables and purchase contracts from counter parties; - on a sample basis, inspecting payment documents during the year and subsequent after the reporting date until the date of auditors' report; - consider significant commitment disclosure

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The accounting basis used in the preparation of these consolidated and separate financial statements may differ from generally accepted accounting principles adopted in other countries and jurisdictions. The readers should therefore be aware that the accompanying consolidated and separate financial statements are not intended to present the financial position and results of operations and cash flows in accordance with jurisdictions other than Lao PDR. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation of the consolidated and separate financial statements in accordance with accounting policies described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Group's and the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Ganesan Kolandavelu.

KPMG Lao Co.

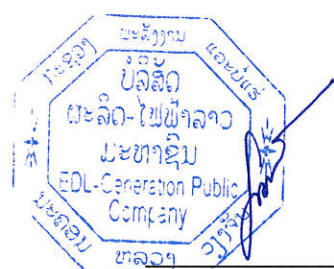
KPMG Lao Co., Ltd.
Vientiane
16 March 2018



EDL-Generation Public Company and its subsidiaries

Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2017	2016	2017	2016
<i>(in million Kip)</i>					
Assets					
Investments in subsidiaries	4	-	-	82.760	81.260
Investments in associates and joint ventures	5	2.606.394	2.297.166	2.606.394	2.297.166
Advance payment for assets under concession and investments	6, 24	4.436.159	3.133.596	5.101.121	3.169.551
Advance payment for interest rate collar contracts	15	36.058	-	36.058	-
Assets under concession	7	9.790.198	9.435.337	9.408.829	9.412.504
Other non-current assets	24	256.552	124.743	72.872	112.422
Total non-current assets		17.125.361	14.990.842	17.308.034	15.072.903
Cash and cash equivalents	8	756.738	2.249.635	678.322	2.235.280
Current investments	9	955.301	918.603	955.301	918.603
Short-term loan to related party	24	463.392	-	463.392	-
Trade and other receivables	10, 24	149.452	490.973	144.598	491.469
Current portion of advance payment for interest rate collar contracts	15	14.581	-	14.581	-
Spare parts and supplies		4.458	4.765	4.458	4.765
Other current assets		149.910	74.747	35.594	8.826
Total current assets		2.493.832	3.738.723	2.296.246	3.658.943
Total assets		19.619.193	18.729.565	19.604.280	18.731.846



RATTANA PRATHOUMVAN

Chief Executive Officer

Date: 16 March 2018

BOUNSA LONG SOUTHIDARA

Chief Financial Officer

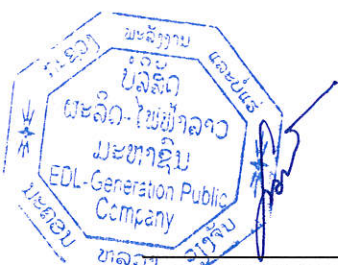
Date: 16 March 2018

The accompanying notes are an integral part of these financial statements.

EDL-Generation Public Company and its subsidiaries

Statement of financial position

		Consolidated financial statements 31 December		Separate financial statements 31 December	
	Note	2017	2016	2017	2016
<i>(in million Kip)</i>					
Equity					
Share capital	11	6.717.215	6.717.215	6.717.215	6.717.215
Share premium	11	985.621	985.621	985.621	985.621
Legal reserve	12	463.944	416.729	463.944	416.729
Translation reserve		2.302	(1.342)	2.302	(1.342)
Retained earnings		1.040.000	1.068.179	1.042.447	1.070.927
Equity attributable to owners of the Company		9.209.082	9.186.402	9.211.529	9.189.150
Non-controlling interests		(263)	-	-	-
Total shareholders' equity		9.208.819	9.186.402	9.211.529	9.189.150
Liabilities					
Long-term borrowings	13, 24	4.206.348	838.969	4.206.348	838.969
Debentures	14	4.152.882	3.985.936	4.152.882	3.985.936
Swap contract payables	15	3.856	145.676	3.856	145.676
Total non-current liabilities		8.363.086	4.970.581	8.363.086	4.970.581
Short-term borrowings	13	870.573	-	870.573	-
Current portion of long-term borrowings	13, 24	529.912	214.484	529.912	214.484
Trade and other payables		535.079	228.730	517.911	228.730
Payables for assets under concession	24	-	3.957.400	-	3.957.400
Income tax payable		-	12.238	-	12.238
Accrued expenses	16	111.222	159.355	110.767	158.888
Other current liabilities		502	375	502	375
Total current liabilities		2.047.288	4.572.582	2.029.665	4.572.115
Total liabilities		10.410.374	9.543.163	10.392.751	9.542.696
Total equity and liabilities		19.619.193	18.729.565	19.604.280	18.731.846



RATTANA PRATHOUMVAN

Chief Executive Officer

Date: 16 March 2018

BOUNSALONG SOUTHIDARA

Chief Financial Officer

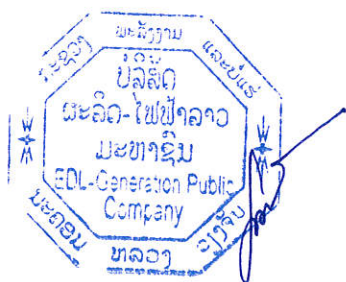
Date: 16 March 2018

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EDL-Generation Public Company and its subsidiaries

Statement of income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2017	2016	2017	2016
<i>(in million Kip)</i>					
Continuing operation					
Sales	24	1.219.825	1.241.181	1.215.414	1.241.181
Costs of sales	17	<u>(489.057)</u>	<u>(486.391)</u>	<u>(485.871)</u>	<u>(486.391)</u>
Gross profit		730.768	754.790	729.543	754.790
Other income		25.710	11.065	25.710	11.065
Operating and administrative expenses	17	<u>(140.850)</u>	<u>(124.265)</u>	<u>(136.226)</u>	<u>(120.729)</u>
Net foreign exchange loss		<u>(47.301)</u>	<u>(64.012)</u>	<u>(49.738)</u>	<u>(64.800)</u>
Share of profit from investments in associates and joint ventures	5	<u>410.703</u>	<u>178.051</u>	<u>410.703</u>	<u>178.051</u>
Operating profit		979.030	755.629	979.992	758.377
Finance costs	18	<u>(491.902)</u>	<u>(154.918)</u>	<u>(491.902)</u>	<u>(154.918)</u>
Profit before income tax expense		487.128	600.711	488.090	603.459
Income tax expense	19	<u>(15.943)</u>	<u>(49.110)</u>	<u>(15.943)</u>	<u>(49.110)</u>
Profit for the year		471.185	551.601	472.147	554.349
Profit attributable to:					
Owners of parent		472.448	551.601	472.147	554.349
Non-controlling interests		<u>(1.263)</u>	-	-	-
Profit for the year		471.185	551.601	472.147	554.349
Earning per share					
Basis earning per share <i>(in Kip)</i>	20	<u>281,34</u>	<u>328,47</u>	<u>281,16</u>	<u>330,11</u>



RATTANA PRATHOUMVAN

Chief Executive Officer

Date: 16 March 2018

BOUNSA LONG SOUTHIDARA

Chief Financial Officer

Date: 16 March 2018

The accompanying notes are an integral part of these financial statements.

EDL-Generation Public Company and its subsidiaries

Statement of changes in equity

Consolidated financial statements									
Attributable to owners of the Company									
		Share capital	Share premium	Legal reserve	Currency translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Note									
(in million Kip)									
For the year ended 31 December 2016									
		6,717,215	985,621	361,294	(2,119)	1,042,217	9,104,228	-	9,104,228
	Profit for the year	-	-	-	-	551,601	551,601	-	551,601
5	Currency translation differences	-	-	-	777	-	777	-	777
21	Dividends paid	-	-	-	-	(470,204)	(470,204)	-	(470,204)
12	Transfer to legal reserve	-	-	55,435	-	(55,435)	-	-	-
	Balance at 31 December 2016	6,717,215	985,621	416,729	(1,342)	1,068,179	9,186,402	-	9,186,402
For the year ended 31 December 2017									
	Balance at 1 January 2017	6,717,215	985,621	416,729	(1,342)	1,068,179	9,186,402	-	9,186,402
	Acquisition of subsidiary's non-controlling interest	-	-	-	-	-	-	1,000	1,000
	Profit for the year	-	-	-	-	472,448	472,448	(1,263)	471,185
5	Currency translation differences	-	-	-	3,644	-	3,644	-	3,644
21	Dividends paid	-	-	-	-	(453,412)	(453,412)	-	(453,412)
12	Transfer to legal reserve	-	-	47,215	-	(47,215)	-	-	-
	Balance at 31 December 2017	6,717,215	985,621	463,944	2,302	1,040,000	9,209,082	(263)	9,208,819

The accompanying notes are an integral part of these financial statements.

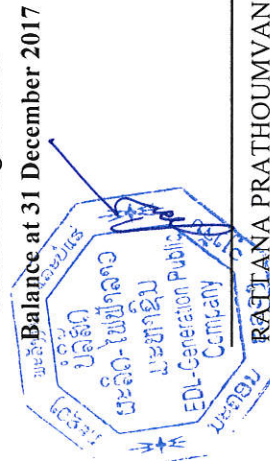
EDL-Generation Public Company and its subsidiaries

Statement of changes in equity

	Note	Share capital	Share premium	Legal reserve (in million Kip)	Translation reserve	Retained earnings	Total equity
For the year ended 31 December 2016							
Balance at 1 January 2016		6,717,215	985,621	361,294	(2,119)	1,042,217	9,104,228
Profit for the year		-	-	-	-	554,349	554,349
Translation reserve	5	-	-	-	777	-	777
Dividend paid	21	-	-	-	-	(470,204)	(470,204)
Transfer to legal reserve	12	-	-	55,435	-	(55,435)	-
Balance at 31 December 2016		6,717,215	985,621	416,729	(1,342)	1,070,927	9,189,150

For the year ended 31 December 2017

Balance at 1 January 2017		6,717,215	985,621	416,729	(1,342)	1,070,927	9,189,150
Profit for the year		-	-	-	-	472,147	472,147
Translation reserve	5	-	-	-	3,644	-	3,644
Dividend paid	21	-	-	-	-	(453,412)	(453,412)
Transfer to legal reserve	12	-	-	47,215	-	(47,215)	-
Balance at 31 December 2017		6,717,215	985,621	463,944	2,302	1,042,447	9,211,529



RAJTANA PRATHOUMVAN

Chief Executive Officer

Date: 16 March 2018

BOUNSALONG SOUTHIDARA

Chief Financial Officer

Date: 16 March 2018

The accompanying notes are an integral part of these financial statements.

EDL-Generation Public Company and its subsidiaries
Statement of cash flows

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2017	2016	2017	2016
		(in million Kip)			
Cash flows from operating activities					
Profit for the year		471.185	551.601	472.147	554.349
<i>Adjustments :</i>					
Depreciation	7	434.274	434.106	431.919	434.047
Loss on diposal of assets under concession		59	-	59	-
Finance costs		491.902	154.918	491.902	154.918
Unrealise loss on foreign exchange		86.675	67.074	86.675	67.074
Share of profit of associates and joint ventures	6	(410.703)	(178.051)	(410.703)	(178.051)
Income tax expense		15.943	49.110	15.943	49.110
		1.089.335	1.078.758	1.087.942	1.081.447
<i>Changes in:</i>					
Other non-current assets		(165.943)	11.067	5.416	(12.567)
Trade and other receivables		161.387	(276.658)	166.738	(277.154)
Spare parts and supplies		307	(676)	307	(676)
Other current assets		(51.126)	(68.061)	(2.731)	(2.140)
Trade and other payables		505.050	120.241	487.882	120.241
Accrued expenses		(79.906)	19.783	(79.894)	19.316
Other current liabilities		127	212	127	212
Cash generated from operating activities		1.459.231	884.666	1.665.787	928.679
Income tax paid		(52.218)	(45.071)	(52.218)	(45.071)
Net cash from operating activities		1.407.013	839.595	1.613.569	883.608

The accompanying notes are an integral part of these financial statements.

EDL-Generation Public Company and its subsidiaries

Statement of cash flows

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
Note		2017	2016	2017	2016
		(in million Kip)			
Cash flows from investing activities					
		(1.288.980)	(41.025)	(1.917.988)	(41.025)
		-	-	(1.500)	(81.260)
		1.000	-	-	-
	6	(234.115)	(6.379)	(234.115)	(6.379)
		(987.895)	(756.108)	(627.004)	(733.216)
	24	(463.784)	-	(463.784)	-
		(24.803)	(890.413)	(24.803)	(890.413)
	6	339.234	156.963	339.234	156.963
Net cash used in investing activities		<u>(2.659.343)</u>	<u>(1.536.962)</u>	<u>(2.929.960)</u>	<u>(1.595.330)</u>
Cash flows from financing activities					
		(520.139)	(99.053)	(520.139)	(99.053)
		-	(50.836)	-	(50.836)
		-	2.520.124	-	2.520.124
		(257.681)	(470.204)	(257.681)	(470.204)
	13	870.090	-	870.090	-
	13	177.022	42.677	177.022	42.677
	13	(512.820)	(193.197)	(512.820)	(193.197)
		-	(26.765)	-	(26.765)
Net cash from (used in) financing activities		<u>(243.528)</u>	<u>1.722.746</u>	<u>(243.528)</u>	<u>1.722.746</u>

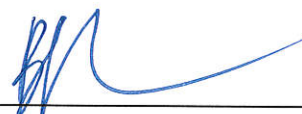
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EDL-Generation Public Company and its subsidiaries
Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
<i>Note</i>	2017	2016	2017	2016
	<i>(in million Kip)</i>			
Net increase (decrease) in cash and cash equivalents	(1.495.858)	1.025.379	(1.559.919)	1.011.024
Effect of exchange rate change on balance held in foreign currencies at end of year	2.961	10.486	2.961	10.486
Cash and cash equivalents at 1 January	2.249.635	1.213.770	2.235.280	1.213.770
Cash and cash equivalents at 31 December	756.738	2.249.635	678.322	2.235.280
Non-cash transactions				
Payables on purchase of assets under concession	427.431	3.995.884	427.431	3.995.884
Settlement of trade accounts receivable and long-term borrowing and interest from related party	19.364	77.264	19.364	77.264
Settlement of trade and other accounts receivable and dividend payment	195.731	-	195.731	-
Acquisition of assets under concession under long-term borrowing agreement with related party	-	185.502	-	185.502
Settlement of payables on purchase of assets under concession with long-term borrowing from related party	3.995.884	-	3.995.884	-



RATTANA PRATHOUMVAN
 Chief Executive Officer
 Date: 16 March 2018


 BOUNSALONG SOUTHIDARA
 Chief Financial Officer
 Date: 16 March 2018

The accompanying notes are an integral part of these financial statements.

EDL-Generation Public Company and its subsidiaries
Notes to financial statements
For the year ended 31 December 2017

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EDL-Generation Public Company and its subsidiaries

Notes to financial statements

For the year ended 31 December 2017

1 Reporting entity

EDL-Generation Public Company ("the Company") is a public company which is listed on the Lao Securities Exchange ("LSX") on 11 January 2011, and is incorporated and domiciled in the Lao Peoples' Democratic Republic ("Lao PDR"). The Company was incorporated and registered with the Ministry of Industry and Commerce on 15 December 2010 ("Incorporation Date"). The Company is a subsidiary of Electricite Du Laos ("EDL") with 75% shareholding.

The incorporation of the Company was initiated by EDL in connection with the restructuring of the energy business of EDL by transferring the Existing Generation Assets and certain rights and obligations to the Company according to the Prime Minister's Office ("PMO") Decision No. 180 dated 13 December 2010. The PMO approved EDL to sell its shares in the Independent Power Plants ("IPP") projects to the Company.

On 15 December 2010, Incorporation Date, EDL transferred the Existing Generation Assets and related liabilities of 7 hydropower dams, Nam Ngum 1, Nam Leuk, Nam Mang 3, Nam Song, Xeset1, Xeset 2, and Xelabam, based on the net book value as at 20 October 2010, to the Company of Kip 2.605.792 million. EDL will continue its activities on the transmission and distribution of electricity generated by the Existing Generation Assets to end-users. Since 15 December 2010, the Company has commenced its electricity generation operation mainly based on such transferred assets to supply the electricity generated back to EDL according to terms and conditions specified in Power Purchase Agreements ("PPA").

Further, the Company has continued acquiring more power projects and establishing new joint venture with counterparties and EDL.

The address of the Company's registered office is 7th Floor, EDL Headquarter Building, Lao-Thai Friendship Road, Thongkang Village, Sisattanak District, Vientiane Capital, P.O.Box 2392, Lao PDR.

These financial statements was authorised for issue by the Board of Directors on 16 March 2018.

2 Basis of accounting

The financial statements was prepared in accordance with the Group's accounting policies which have been prepared under the historical cost convention except investment in associates and joint ventures as described more detail in Note 2(a) to the financial statements.

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 service concession agreements, revenue recognition, property, plant and equipment, leases, employee benefit, the effects of changes in foreign exchange rate, income tax, deferred income tax, financial instruments, investment in associates and 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.

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For the year ended 31 December 2017

In Lao PDR, there are no accounting standards and guidelines applicable for certain areas such as investments in associates and interests in joint ventures. In the absence of the accounting standards concerned, the Group has decided to adopt certain accounting policies e.g. equity accounting method for its investments in which management believe the majority is in line with international practices.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Commencing 1 January 2017, the Group has additionally adopted new accounting policy regarding consolidated financial statements. Therefore, the comparative figure in the consolidated statement of financial position as at 31 December 2016 was prepared by management for comparative purpose.

The accounting policies of the Group are as follow:

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries and the Group's investments in associates and joint ventures.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

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Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its investments in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

Joint ventures

Investments in joint ventures are entities over which the Group jointly controls, but which it does not control. Investments in joint ventures are accounted for by the equity method of accounting in the financial statements. Under this method the Group's share of the post-acquisition profits and losses of joint ventures is recognised in the profit or loss. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an investment in a joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in joint ventures are recognised in the profit or loss.

(b) Foreign currency translation

Items included in the financial statements are measured using Lao Kip ("Kip").

Foreign currency transactions are translated into Kip using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into Kip at the exchange rates prevailing at the reporting date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of income.

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For the year ended 31 December 2017

For Associates and joint ventures, the results and financial position of associates and joint ventures entities (none of which has the currency of a hyper-inflationary economy) that have a presentation currency difference from the presentation currency of the Group are translated into the presentation currency as follows:

- Assets, liabilities and equity for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for statement of comprehensive income are translated at average exchange rates of the year; and
- All resulting exchange differences are recognised as a separate component of equity.

(c) *Spare parts and supplies*

Spare parts and supplies are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchases comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as transportation charges, less all distributable discounts, allowances or rebates. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made, where necessary for obsolete, slow moving and defective spare parts and supplies.

(d) *Assets under concession*

Assets under concession comprise mainly buildings, hydroelectric dams, plant and machines are initially shown at net book value as at the transfer date from EDL and historical cost for assets acquired after 15 December 2010. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Recognition

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use. Ownership over assets under concession shall be transferred to the Group when all relevant contractual agreements are mutual agreed and propose to Department of Energy Resources.

According to the concession agreement, the Group must transfer all assets for operating the projects as mentioned in the concession held by the Group to Government of Lao PDR ("GOL") at the end of concession period.

Subsequent costs are included in the carrying amount, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Assets under concession are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over its expected useful life but not over than the concession period under related concession agreement which is 30 years.

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For the year ended 31 December 2017

The annual rates used for this purpose by category of assets are set out below:

Buildings	4 - 30	years
Hydroelectric dams	20 - 30	years
Plant and machineries	10 - 30	years
Motor vehicles	6	years
Office equipment, furniture and fixtures	9 - 10	years

The Group records depreciation as an expense for the period. When a long-term asset is retired, the Group will write-off both the asset and the related accumulated depreciation from the accounts and recognise any gain or loss from retirement of the asset in the statement of income.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

(e) *Impairment of assets*

Assets that are subject to depreciation are reviewed for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) *Borrowings*

Borrowings are recognised at the original value of proceeds received, net of transaction costs incurred, if any.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(g) *Debentures*

Debentures issued at face value and are recognised at the value of proceeds received, net of transaction costs incurred. Debentures are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Transactions costs are direct cost on issuing debentures which mainly consist of financial advisor fees, lawyer fees and regulator fee. These costs were recorded as deferred assets and will be amortised to statement of income over the term of debentures.

Debentures are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

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For the year ended 31 December 2017

(h) Leases

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(i) Employee benefits

Pension obligations

The Group operates certain pension schemes. These are a defined contribution scheme under which the Group contributes fixed contributions based on employee's basic salary, number of service years and level of education to eligible employees at the time of their resignation or retirement. Key terms and conditions of pension schemes are as below:

Resignation

The Group provides for onetime payment to employees who resign and when length of year of service meets the Group's policies. Length of year of service depends on roles and responsibilities and position. The amount payable is calculated based on the salary of the last working month multiplied by the length of years of services plus any additional position allowance or specials allowance as per the Group's policy.

Criteria for employee:

- Employee who work as expert or specialist should have lengths of years of services more than 5 years;
- Employee who does not meet the above criteria should have lengths of years of services more than 3 years.

Onetime payment paid to employees at resignation date is recognised when paid.

Retirement

At retirement, the Group provides onetime payment to employees who reach the retirement age and meets the below criteria. The amount payable is based on the onetime payment as described in the above resignation section plus three times of salary of the last working month multiplied by the lengths of years of services and any additional position allowance or special allowance as per the Group's policy.

EDL-Generation Public Company and its subsidiaries

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Criteria for employee:

- Employee, both male and female who reaches 60 year-old and with more than 25 working years with the Group. However, for female who reaches 55 year-old and have lengths of years of services not less than 25 years, if requested, is also entitled to a retirement benefit;
- Length of year of service in each position meets the Group's policy.

Provisions for employee benefits are not accrued in each year. The liability recognised in the statement of financial position and related expenses recognised in the income statement are based on actual amount when it is due at the time of employees' resignation or retirement.

Other employee benefit obligations

The Group also offers other employee benefits such as social security fund as required by local law. The Group and employee are required to contribute at 6% and 5,5% of employee salary to the social security fund respectively. Basic monthly salary for calculation is at the maximum of Kip 4,5 million. The Group recognises related liabilities and expenses when paid.

(j) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated, except provision for employee benefit which is described in Note 2(i).

(k) Current investments

Current investments is classified as held to maturity and is carried at carrying value and interest income is recognised into statement of income based on the period as mention in related agreement.

(l) Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks but do not include deposits with banks which are held to maturity, and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

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For the year ended 31 December 2017

(n) Revenue

Sales

The Group account for sales when:

- Power Purchase Agreements (“PPA”) or similar contractual agreements exists;
- Delivery has taken place;
- A quantifiable price has been established or can be determined;
- Related receivables are likely to be recovered; and
- Delivery takes place when the risks and benefits associated with ownership are transferred to the buyer.

Generally, the sales of electricity are measured from the agreed meters at the point of delivery multiplied by the rates as agreed and stipulated in the PPA.

Other services

Other services primarily include installation fee which is recognised at the time of delivery completion.

Dividend income

Dividend income is recognised when the right to receive payment by the Group is established which is normally at the point where the shareholder’s right to receive payment is established.

(o) Derivatives

Cross currency

Cross currency swap contract transactions are recorded as swap contracts receivables using spot rate and swap contracts payables at the rate agreed in swap agreement. The difference will be presented as premium or discount in statements of financial position. Premiums or discounts is amortised in the statements of income on the straight-line method over the contract period.

Interest rate collar contracts

Interest rate collar contracts are accrued using contractual rate and charged to profit or loss for the period they are incurred.

(p) Operating segments

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) that make strategic decisions.

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For the year ended 31 December 2017

(q) Intangible assets

Costs of computer software associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable.

Directly attributable cost that are capitalised as part of the software product include the software development employee costs and appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development cost previously recognised as an expenses are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful life.

(r) Income tax

The Group records corporate income tax on an accrual basis. The Group 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 year after adjusted non-deductible expenses and others transaction under related Lao Tax Law and tax rate. Under Lao Tax Law and Accounting Law and related privileges as a listed company at LSX, tax expenses for the year are determined on the basis of the profit of the Group calculated.

In Lao PDR, income tax returns are reviewed in details by the relevant authorities on a regular basis. In addition, tax issues raised from the reviews may require judgments and interpretation by parties concerned in a number of areas. Such reviews could therefore potentially result in additional tax payments or refunds being necessary. This would result in the payment or refund being recognised as income tax expense in the year in which the reviews are completed.

3 Segment information

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different type of business. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Electricity generation
- Segment 2 Other businesses

Information regarding the results of each reportable segment are included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's CEO and CFO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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For the year ended 31 December 2017

For the year ended 31 December 2017

	Segment 1	Segment 2	Elimination	Total
	<i>(in million Kip)</i>			
Sales	1,219.825	-	-	1,219.825
Costs of sales	<u>(489.057)</u>	<u>-</u>	<u>-</u>	<u>(489.057)</u>
Segment result	730.768	-	-	730.768
Other income	25.710	-	-	25.710
Operating and administrative expenses	(140.850)	-	-	(140.850)
Net foreign exchange loss	(47.301)	-	-	(47.301)
Share of profit from investment in associates and joint ventures	-	410.703	-	410.703
Operating profit	568.327	410.703	-	979.030
Interest expenses	<u>(491.902)</u>	<u>-</u>	<u>-</u>	<u>(491.902)</u>
Net profit before income tax expense	76.425	410.703	-	487.128
Income tax expense	<u>(15.943)</u>	<u>-</u>	<u>-</u>	<u>(15.943)</u>
Net profit for the year	<u>60.482</u>	<u>410.703</u>	<u>-</u>	<u>471.185</u>

For the year ended 31 December 2016

	Segment 1	Segment 2	Elimination	Total
	<i>(in million Kip)</i>			
Sales	1,241.181	-	-	1,241.181
Costs of sales	<u>(486.391)</u>	<u>-</u>	<u>-</u>	<u>(486.391)</u>
Segment result	754.790	-	-	754.790
Other income	11.065	-	-	11.065
Operating and administrative expenses	(124.265)	-	-	(124.265)
Net foreign exchange loss	(64.012)	-	-	(64.012)
Share of profit from investment in associates and joint ventures	-	178.051	-	178.051
Operating profit	577.578	178.051	-	755.629
Interest expenses	<u>(154.918)</u>	<u>-</u>	<u>-</u>	<u>(154.918)</u>
Net profit before income tax expense	422.660	178.051	-	600.711
Income tax expense	<u>(49.110)</u>	<u>-</u>	<u>-</u>	<u>(49.110)</u>
Net profit for the year	<u>373.550</u>	<u>178.051</u>	<u>-</u>	<u>551.601</u>

EDL-Generation Public Company and its subsidiaries
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4 Investments in subsidiaries

	Separate financial statements	
	2017	2016
	<i>(in million Kip)</i>	
Balance as at 1 January	81.260	-
Addition	1.500	81.260
Balance as at 31 December	82.760	81.260

During the year ended 31 December 2017 and 2016, there were increasing in investment in subsidiaries as follow:

Nam Bi Power Company Limited

During 2017, The Company has additional investments in Nam Bi Power Company Limited (“the Subsidiary”), incorporated in Lao PDR, totalling Kip 363.668 million, which has not yet been registered and presented in advance payment for assets under concession and investments, in Note 6.

During 2016, The Company has invested in the Subsidiary, incorporated in Lao PDR, with cash consideration at Kip 81.260 million.

EDL-Gen Solar Power Company Limited

During 2017, the Company has invested in EDL-Gen Solar Power Company Limited (“the Subsidiary”), incorporated in Lao PDR. The cash consideration is of Kip 265.340 million, in which Kip 1.500 million has been registered as paid-in capital and the remaining 263.840 has not yet been registered and presented in advance payment for assets under concessions and investments in Note 6.

During 2016, the Company has invested in the Subsidiary with cash consideration of Kip 35.955 million which has not yet been registered as paid-in capital and presented in advance payment for investment in Note 6.

EDL-Gen Operation and Maintenance Service Sole Co., Ltd.

On 14 December 2017, the Group has established a new subsidiary with registered capital at Kip 2.400 million. As at 31 December 2017, there is no paid-in capital.

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Investments in subsidiaries as at 31 December 2017 and 31 December 2016, and dividend income for the year ended 31 December 2017 and 2016 were as follows:

	Ownership interest 2017 2016 (%)		Type of business	Paid-up capital		Cost		Separate financial statement Impairment		Cost - net		Dividend income	
				2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
								<i>(in million Kip)</i>					
EDL-Gen Solar Power Co., Ltd. ("Solar")	60	60	Electricity generation	2.500	-	1.500	-	-	-	1.500	-	-	-
Nam Bi Power Co., Ltd. ("Nam Bi")	80	80	Electricity generation	80.000	80.000	81.260	81.260	-	-	81.260	81.260	-	-
EDL-Gen Operation and Maintenance Sole Co., Ltd. ("EDL-GEN O&M")	100	-	Maintenance service	-	-	-	-	-	-	-	-	-	-
Total				82.760	81.260	82.760	81.260	-	-	82.760	81.260	-	-

None of the Company's subsidiaries are publicly listed and consequently do not have published price quotations.

EDL-Generation Public Company and its subsidiaries
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5 Investments in associates and joint ventures

	Consolidated/Separate financial statements	
	2017	2016
	<i>(in million Kip)</i>	
Associates		
At 1 January	606.728	710.598
Share of net profit of associates	47.456	53.249
Dividend income	(64.170)	(156.963)
Addition	177.936	-
Currency translation differences	1.542	(156)
At 31 December	<u>769.492</u>	<u>606.728</u>
Joint ventures		
At 1 January	1.690.438	1.558.324
Share of net profit of joint ventures	363.247	124.802
Dividend income	(275.064)	-
Addition	56.179	6.379
Currency translation differences	2.102	933
At 31 December	<u>1.836.902</u>	<u>1.690.438</u>
Total		
At 1 January	2.297.166	2.268.922
Share of net profit of associates and joint ventures	410.703	178.051
Dividend income	(339.234)	(156.963)
Addition	234.115	6.379
Currency translation differences	3.644	777
At 31 December	<u>2.606.394</u>	<u>2.297.166</u>

During the years ended 31 December 2017 and 2016, there were increasing in investment in associates and joint ventures as follow:

Nam Thuen 1 Power Company Limited

During 2017, The Company has invested in Nam Thuen 1 Power Company Limited, an associate which incorporated in Lao PDR, with cash consideration at USD 21,4 million or equivalent to Kip 177.936 million. The associate's businesses are electricity production and distribution.

Nam Dik 1 Hydro Power Company Limited

During 2017, The Company has invested in Nam Dik 1 Hydro Power Company Limited, a joint venture which incorporated in Lao PDR, with cash consideration at USD 6,6 million or equivalent to Kip 54.942 million. The joint venture's businesses are electricity production and distribution.

Nam Phoun Power Company Limited

On 24 July 2017, The Company has invested in Nam Phoun Power Company Limited, a joint venture which incorporated in Lao PDR, with cash consideration at USD 0,15 million or equivalent to Kip 1.237 million. The joint venture's businesses are electricity production and distribution.

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Lower Houay Lamphanh Co., Ltd.

During 2016, Lower Houay Lamphanh Co., Ltd. (“LHPC”) has increased its share capital and the Company paid addition investment totaling USD 0,8 million or equivalent to Kip 6.379 million. The Company’s interest in this joint ventures remains the same.

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For the year ended 31 December 2017

Investments in associates and joint ventures as at 31 December 2017 and 31 December 2016, and dividend income for the years ended 31 December 2017 and 2016 were as follows:

	Ownership interest		Type of business	Cost		Impairment		Cost - net		Equity		Dividend income	
	2017	2016		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(in million Kip)												
Associates													
Nam Ngum 2 Power Co., Ltd. ("Nam Ngum 2")	25	25	Electricity generation	454.742	454.742	-	-	454.742	454.742	422.953	451.954	64.170	149.413
Nam Lik 1-2 Power Co., Ltd. ("Nam Lik 1-2")	10	10	Electricity generation	32.240	32.240	-	-	32.240	32.240	75.675	65.281	-	7.550
Nam Ngum 5 Power Co., Ltd. ("Nam Ngum 5")	15	15	Electricity generation	80.022	80.022	-	-	80.022	80.022	95.299	89.493	-	-
Nam Thuen 1 Power Co., Ltd. ("Nam Thuen 1")	15	-	Electricity generation	177.936	-	-	-	177.936	-	175.565	-	-	-
Total				744.940	567.004	-	-	744.940	567.004	769.492	606.728	64.170	156.963
Joint ventures													
Theun-Hinboun Power Co., Ltd. ("THPC")	60	60	Electricity generation	1.120.696	1.120.696	-	-	1.120.696	1.120.696	1.758.512	1.666.995	265.207	-
Houay Ho Power Co., Ltd. ("HHPC")	20	20	Electricity generation	1.171	1.171	-	-	1.171	1.171	16.972	15.820	9.857	-
Lower Houay Lamphanh Co., Ltd. ("LHPC")	60	60	Electricity generation	9.760	9.760	-	-	9.760	9.760	6.448	7.623	-	-
Nam Dik 1 Hydro Power Co., Ltd. ("Nam Dik 1")	70	-	Electricity generation	54.942	-	-	-	54.942	-	54.130	-	-	-
Nam Phoun Hydro Power Co., Ltd. ("NPPC")	51	-	Electricity generation	1.237	-	-	-	1.237	-	840	-	-	-
Total				1.187.806	1.131.627	-	-	1.187.806	1.131.627	1.836.902	1.690.438	275.064	-
Total associates and joint-ventures				1.932.746	1.698.631	-	-	1.932.746	1.698.631	2.606.394	2.297.166	339.234	156.963

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With respect to THPC, HHPC, LHPC, Nam Dik 1 and NPPC, although the Company has its interest in those companies more or less than 50% but according to the conditions in joint venture agreements the Company has obtained voting rights and Board of Directors' seats and has abilities to make only certain key decisions in finance and operations (but not as much as a controlling party). Management therefore concludes these are joint ventures.

With respect to Nam Ngum 2, Nam Lik 1-2, Nam Ngum 5 and Nam Thuen 1, the Company has obtained voting rights and Board of Directors' seats and has abilities to make certain key decisions in finance and operations (but not as much as a joint controlled party) as stipulated in related shareholders' agreements concerned. Management therefore concludes this investment as associates.

None of the Company's associates and joint-ventures are publicly listed and consequently do not have published price quotations.

6 Advance payment for assets under concessions and investments

	Note	Consolidated financial statement		Separate financial statement	
		2017	2016	2017	2016
		(in million Kip)		(in million Kip)	
At 1 January		3.133.596	3.690.647	3.169.551	3.690.647
Additions		1.288.980	118.254	1.917.987	154.209
Finance costs	18	13.583	11.074	13.583	11.074
Transferred to assets under concession	7	-	(686.379)	-	(686.379)
At 31 December		4.436.159	3.133.596	5.101.121	3.169.551

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For the year ended 31 December 2017

These related to the advance payment paid to EDL for the costs occurred from the project assets under related MOU. The Company has advance payment for investments under MOU as at 31 December as follows:

	Type	Consolidated financial statement		Separate financial statement	
		2017	2016	2017	2016
		(in million Kip)		(in million Kip)	
Nam Bi	Subsidiary	-	-	363.668	-
EDL-Gen Solar	Subsidiary	-	-	301.294	35.955
Nam Khan 3	Assets	315.416	301.833	315.416	301.833
Nam Chiean 1	Assets	678.504	678.504	678.504	678.504
Nam Hinboun	Assets	205.955	205.955	205.955	205.955
Xeset 3	Assets	149.418	149.418	149.418	149.418
Nam Ngum 1 Ext DFE	Assets	488.494	488.494	488.494	488.494
Nam Ngum 1 Ext Unit 6	Assets	242.231	242.231	242.231	242.231
Nam Ou 2.5.6	IPP	364.640	364.640	364.640	364.640
Nam Ngiep 2	IPP	111.470	111.470	111.470	111.470
Nam Beng	IPP	42.138	42.138	42.138	42.138
Xekamam 3	IPP	232.163	232.163	232.163	232.163
Nam Lik 1	IPP	34.680	34.680	34.680	34.680
Nam Mang 1	IPP	37.596	37.596	37.596	37.596
Nam Tha 1	IPP	244.474	244.474	244.474	244.474
Xayaburi and Donsahong	IPP	1.288.980	-	1.288.980	-
Total		4.436.159	3.133.596	5.101.121	3.169.551

Memorandum of Understanding ("MOU") for share transfer of the project asset of Nam Khan 3

On 17 February 2014, the Company and EDL signed a MOU for the transfer of the project assets of Nam Khan 3 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 2018 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.

Memorandum of Understanding ("MOU") for the share transfer of project assets of Nam Ou Power Company Limited

On 19 January 2015, the Company and EDL signed MOU for the transfer of equity shareholding in Nam Ou Power Company Limited. This includes the project assets of Nam Ou 2, 5 and 6.

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Under this MOU, the Company 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. In addition, the Company is responsible to repay to EDL or to pay in 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. Both parties agree the selling price at the time of project transfer. The Company is required to pay the remaining balance after deduction of related advance to EDL.

Memorandum of Understanding ("MOU") for transfer Assets and Shares of IPPs.

On 12 June 2015, the Company signed MOU with EDL for the transferred assets and shares IPPs as summarised below:

Project name	Location	Interests	MW
Assets			
Nam Chiean 1	Xiengkouang	100%	104
Nam Hinboun	Khammouan	100%	30
Xeset 3	Champack	100%	24
Nam Ngum 1 Ext DFE	Vientiane	100%	80
Nam Ngum 1 Ext Unit 6	Vientiane	100%	40
Total			278
IPPs			
Nam Ngiep 2	Xiengkouang	10%	18
Nam Beng	Oudomxay	20%	7
Xekamam 3	Sekong	15%	37
Nam Lik 1	Vientiane	10%	6
Nam Mang 1	Bolikhambay	10%	6
Nam Tha 1	Louangnamtha Bokeo	20%	34
Total			108

Under this MOU, the Company 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. In addition, the Company is responsible to repay to EDL or to pay in 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. Both parties agree the selling price at the time of project transferred project transfer, the Company is required to pay the remaining balance after deduction of related advance to EDL.

Memorandum of Understanding ("MOU") for share transfer of Xayaburi Power Co., Ltd. and Donsahong Power Co., Ltd.

On 21 July 2017, the Company and EDL signed MOU for the transfer of equity shareholding in Xayaburi Power Co., Ltd. and Donsahong Power Company Ltd (IPPs).

Under this MOU, the Company agree to purchase shares in IPPs with cash consideration not exceed USD 450 million or equivalent to Kip 3.741.300 million. The share transferring shall be made on or before 29 June 2018 and the remaining cash consideration after deduction of advance payment shall be transferred to EDL.

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7 Assets under concession

	Consolidated financial statement					
	Buildings	Hydroelectric dams	Plant and machineries	Motor vehicles	Office equipment furniture and fixtures	Construction in progress
						Total
				<i>(in million Kip)</i>		
Cost						
At 1 January 2016	368,181	2,459,260	2,362,734	14,695	12,684	5,230,163
Additions	391,874	3,399,849	1,353,892	6,260	4,375	5,526,309
Disposals	(208)	-	-	(737)	(166)	(1,111)
At 31 December 2016 and 1 January 2017	759,847	5,859,109	3,716,626	20,218	16,893	10,755,361
Additions	590	1,891	515,562	2,389	1,476	789,194
Disposals	(7)	-	-	(374)	(375)	(756)
Transfer	9,617	-	305,197	-	-	(314,814)
At 31 December 2017	770,047	5,861,000	4,537,385	22,233	17,994	11,543,799
Depreciation						
At 1 January 2016	90,577	413,831	369,783	6,632	6,210	887,033
Depreciation charged for the year	52,613	215,390	162,934	2,510	655	434,102
Disposals	(208)	-	-	(737)	(166)	(1,111)
At 31 December 2016 and 1 January 2017	142,982	629,221	532,717	8,405	6,699	1,320,024
Depreciation charged for the year	45,507	161,586	220,742	3,614	2,825	434,274
Disposals	(7)	-	-	(374)	(316)	(697)
At 31 December 2017	188,482	790,807	753,459	11,645	9,208	1,753,601
Net book value						
At 1 January 2016	277,604	2,045,429	1,992,951	8,063	6,474	4,343,130
At 31 December 2016 and 1 January 2017	616,865	5,229,888	3,183,909	11,813	10,194	9,435,337
At 31 December 2017	581,565	5,070,193	3,783,926	10,588	8,786	9,790,198

EDL-Generation Public Company and its subsidiaries
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For the year ended 31 December 2017

Separate financial statement							Total
	Buildings	Hydroelectric dams	Plant and machineries	Motor vehicles	Office equipment furniture and fixtures	Construction in progress	
				(in million Kip)			
Cost							
At 1 January 2016	368.181	2.459.260	2.362.734	14.695	12.684	12.609	5.230.163
Additions	391.874	3.399.849	1.353.892	5.502	4.276	348.025	5.503.418
Disposals	(208)	-	-	(737)	(166)	-	(1.111)
At 31 December 2016 and 1 January 2017	759.847	5.859.109	3.716.626	19.460	16.794	360.634	10.732.470
Additions	590	1.891	404.920	2.389	1.244	17.269	356.177
Disposals	(7)	-	-	(374)	(375)	-	(756)
Transfer	9.617	-	305.197	-	-	(314.814)	-
At 31 December 2017	770.047	5.861.000	4.426.743	21.475	17.663	63.089	11.160.017
Depreciation							
At 1 January 2016	90.577	413.831	369.783	6.632	6.210	-	887.033
Depreciation charged for the year	52.613	215.390	162.934	2.456	651	-	434.044
Disposals	(208)	-	-	(737)	(166)	-	(1.111)
At 31 December 2016 and 1 January 2017	142.982	629.221	532.717	8.351	6.695	-	1.319.966
Depreciation charged for the year	45.507	161.586	218.557	3.484	2.785	-	431.919
Disposals	(7)	-	-	(374)	(316)	-	(697)
At 31 December 2017	188.482	790.827	751.631	11.461	9.164	-	1.751.188
Net book value							
At 1 January 2016	277.604	2.045.429	1.992.951	8.063	6.474	12.609	4.343.130
At 31 December 2016 and 1 January 2017	616.865	5.229.888	3.183.909	11.109	10.099	360.634	9.412.504
At 31 December 2017	581.565	5.070.193	3.675.469	10.014	8.499	63.089	9.408.829

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8 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Kip)</i>			
Cash on hands	189	173	180	148
Cash at banks	756.549	2.249.462	678.142	2.235.132
Total	756.738	2.249.635	678.322	2.235.280

The currency denomination of cash and cash equivalents as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Kip)</i>			
U.S. Dollars	556.379	1.973.138	485.255	1.973.138
Thai Baht	26.752	95.709	26.723	95.677
Lao Kip	173.607	180.788	166.344	166.465
Total	756.738	2.249.635	678.322	2.235.280

9 Current investments

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Kip)</i>			
Cash at banks - fixed deposit	102.770	101.703	102.770	101.703
Short-term deposits	852.531	816.900	852.531	816.900
Total	955.301	918.603	955.301	918.603

The currency denomination of current investments as at 31 December 2017 and 2016 were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Kip)</i>			
U.S. Dollars	935.301	898.592	935.301	898.592
Lao Kip	20.000	20.011	20.000	20.011
Total	955.301	918.603	955.301	918.603

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10 Trade and other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
		<i>(in million Kip)</i>			
Trade accounts receivable					
from related party	24	142.172	476.457	137.316	476.457
Other receivables from					
related parties	24	2.140	10.666	2.142	10.666
Others		5.140	3.256	5.140	4.346
Total		149.452	490.379	144.598	491.469

Aging analyses for trade and other receivables were as follows:

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Kip)</i>			
Within credit term		111.188	190.304	106.334	191.394
Overdue					
Less than 3 months		38.264	159.305	38.264	159.305
3 - 6		-	130.104	-	130.104
6 - 12 months		-	10.666	-	10.666
Total		149.452	490.379	144.598	491.469

The currency denomination of trade and other receivables as at 31 December 2017 and 2016 were as follows:

		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in million Kip)</i>			
U.S. Dollars		95.228	353.488	90.374	353.488
Lao Kip		54.224	136.891	54.224	137.981
Total		149.452	490.379	144.598	491.469

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For the year ended 31 December 2017

11 Share capital and share premium

		2017		2016	
	<i>Par value per share (in Kip)</i>	<i>Number of shares</i>	<i>Amount (million shares/million Kip)</i>	<i>Number of shares</i>	<i>Amount</i>
Authorised					
At 1 January					
- Ordinary shares	4.000	1.679	6.717.215	1.679	6.717.215
At 31 December					
- Ordinary shares	4.000	1.679	6.717.215	1.679	6.717.215
Issued and paid-up					
At 1 January					
- Ordinary shares	4.000	1.679	6.717.215	1.679	6.717.215
At 31 December					
- Ordinary shares	4.000	1.679	6.717.215	1.679	6.717.215

Share premium

The Company incurs premium on share capital and related issuance share costs which is charged against the premium on share capital. As at 31 December 2017 and 2016, the net premium on share capital is Kip 985.621 million.

12 Legal reserve

Legal reserve is set-up in accordance with the Enterprise Law of the Lao PDR which requires the appropriation of net profit as legal reserve of at least 10% of the annual net profit of the Company until such reserve reaches 50% of authorised share capital.

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For the year ended 31 December 2017

13 Interest-bearing liabilities

	Consolidated/Separate financial statements	
	2017	2016
	<i>(in million Kip)</i>	
Short-term borrowing		
Current portion of long-term borrowings	870.573	-
- Long-term borrowing from related party	442.848	132.173
- Long-term borrowing from financial institution	87.064	82.311
Total current interest-bearing liabilities	1.400.485	214.484
Non-current portion of long-term borrowings		
- Long-term borrowing from related party	3.710.946	444.651
- Long-term borrowing from financial institution	499.590	399.648
Less: deferred borrowing costs	(4.188)	(5.330)
Total non-current interest bearing liabilities	4.206.348	838.969
Total interest-bearing liabilities	5.606.833	1.053.453

Movements in interest-bearing liabilities for the years ended 31 December 2017 and 2016 were as follow:

	Consolidated/Separate financial statements	
	2017	2016
	<i>(in million Kip)</i>	
At 1 January	1.053.453	1.019.464
Additions	5.005.960	228.563
Repayments	(528.419)	(193.197)
Effect from currency translation	74.698	3.953
Net change in deferred borrowing costs	1.141	(5.330)
At 31 December	5.606.833	1.053.453

Short-term borrowing

On 27 July 2017, the Company signed credit facility agreement with Kasikorn Bank (“KBANK”) for credit facility amounting to USD 100 million for the purpose of advance payment in the acquisition of the share in Xayaburi and Donsahong Hydro Power Plant. This borrowing has an interest rate of LIBOR 6 months+2.65%, which consists of Tranche A Facility at the amount of USD 85 million from Kasikorn Bank Public Company Limited (Thailand) and Tranche B Facility at the amount of USD 15 million from Kasikornthai Bank Limited (Laos). The Company received facility A and B totalling USD 100 million on 31 July 2017. The borrowing shall be due on 31 July 2018.

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For the year ended 31 December 2017

On 22 December 2017, the Company signed credit facility agreement with Vietin Bank Lao Limited (“Vietin”) for credit facility amounting to USD 23 million for the purpose of additional working capital. This borrowing has an interest rate of 4,5% per year, in which Principal is payable on a quarterly basis and interest is payable on a monthly basis. The Company received first drawdown amounting USD 5 million on 27 December 2017 and the borrowing shall be due on 31 July 2018.

Debt Repayment Agreement

The Company entered into the Debt Repayment Agreement (“the Agreement”) with the EDL on 15 December 2010. EDL is a borrower pursuant to several borrowing agreements with the Government of the 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 make such payments to the GOL, for the GOL’s further repayments to the lenders pursuant to the original borrowing agreements. These borrowings are unsecured and no other obligations other than the repayments required as per agreed schedules.

On 28 February 2013, the Company entered into the additional Debt Repayment Agreement (“the Agreement”) with the EDL. EDL is a borrower pursuant to Nam Song 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 assets transfer, both parties 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.

On 19 January 2016, the Company entered into an additional Debt Repayment Agreement with EDL. EDL is the borrower pursuant to the borrowing agreement dated 19 June 2010 with Krung Thai Bank Public Company Limited. In addition to the transfer of project asset of Nam Sana Hydro Power Project, both parties agreed that the Company will make payment on the outstanding debt to EDL and EDL will make such payment to the lender pursuant to the original repayment agreement.

On 3 February 2017, the Company entered into the additional Debt Repayment Agreement (“the Agreement”) total USD 482 million or equivalent to Kip 3.957.400 million with the EDL. EDL is a borrower pursuant to Nam Khan 2 and Houay Lamphanh Ngai Power Project under Sub-Loan Agreement No. 0227/EDL and 0220/EDL, dated 21 January 2013 with the Government of Lao PDR (“GOL”) in which the original fund is provided from Export-Import Bank of China (“the lender”) and made through the GOL. In addition to the assets transfer, both parties 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.

Long-term loan agreement

On 20 December 2017, the Company signed credit facility agreement with Industrial and Commercial Bank of China Vientiane branch (“ICBC”) for credit facility amounting to USD 40 million for the purpose of additional working capital. This borrowing has an interest rate of LIBOR 6 months+3,20%, which consist of Tranche A Facility amount of USD 30 million and Tranche B Facility amount of USD 10 million. The Company received both facilities A and B totalling USD 40 million on 2 January 2018 and the borrowing shall be due in 3 year after the drawdown.

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On 7 September 2017, a subsidiary signed credit facility agreement with Industrial and Commercial Bank of China Limited for long-term loan facility amounting to USD 244 million or equivalent to Kip 1.950.132 million. The loan shall bear interest at LIBOR plus margin and shall be payable on a semi-annual basis for the period of 15 years. This loan is guaranteed by the Company. As at 31 December 2017, the credit facility has not been utilized.

On 17 March 2015, the Company signed an agreement with Thai Military Bank Public Company Limited (“TMB”). This borrowing has a total amount of USD 68 Million. This borrowing has an interest rate of LIBOR 3 months + 3,50% and is payable on a quarterly basis. The Company will repay this borrowing within 7 years after the first drawn down date on 2 April 2015 the Company to access Facility I of the borrowing which amounts to USD 30,64 million and on 31 July 2015, the Company received the second drawn down for facility II and III totalling USD 37,36 million. In addition, the Company is required to comply with certain terms and conditions; for examples, debt service coverage ratio, gearing ratio, dividend payment and account receivable aging not excess 120 days. Subsequently, during 2016, the Company and TMB agreed to amend the long-term loan agreement which required the Company to comply with certain terms and conditions including maintaining debt service coverage ratio.

On 26 August 2016, the Company has signed addendum to long-term loan agreement for additional credit facility amounting to USD 6,8 million or equivalent to Kip 55.107 million for additional construction project.

On 31 July 2017, the Company signed credit facility with The Banque Franco Lao Limited (“BFL”) for credit facility amounting to EUR 17.20 million for working capital. This borrowing has an interest rate of EUR LIBOR 3 months+3,9% and is payable on a quarterly basis. Grace period is 18 months from the first drawn down date on 21 August 2017, the Company will repay this borrowing within 7 years after the expiration of grace period. The Company to access Facility I totalling EUR 8.6 million and on 21 August 2017, the Company received the second drawn down for facility II of the borrowing which amounts to EUR 8.6 million on 12 September 2017. In addition, the Company is required to comply with certain terms and conditions; for examples, debt service coverage ratio, gearing ratio and dividend payment.

The periods to maturity of interest-bearing liabilities as at 31 December 2017 and 2016 were as follows:

	Consolidated/Separate financial statements	
	2017	2016
	<i>(in million Kip)</i>	
Within one year	529.912	214.484
After one year but within five years	1.965.362	808.888
After five years	2.240.986	30.081
Total	4.736.260	1.053.453

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The currency denomination of interest-bearing liabilities as at 31 December 2017 and 2016 were as follows:

	Consolidated/Separate financial statements	
	2017	2016
	<i>(in million Kip)</i>	
U.S. Dollars	4,523.237	996.061
Euro	168.185	-
Japanese Yen	44.838	57.392
Total	4.736.260	1.053.453

14 Debentures

	Consolidated/Separate financial statements	
	2017	2016
	<i>(in million Kip)</i>	
Debentures	4,222.933	4,060.173
Deferred finance costs	(70.051)	(74.237)
Net	4.152.882	3.985.936

Movements in debentures for the years ended 31 December 2017 and 2016 were as follow:

	Consolidated/Separate financial statements	
	2017	2016
	<i>(in million Kip)</i>	
At 1 January	3,985.936	1,452.163
Addition - net	-	2,469.288
Amortisation of deferred finance cost	4.186	4.011
Effect from currency translation	162.760	60.474
At 31 December	4.152.882	3.985.936

On 2 September 2016, the Company issued its 7-12 years fixed rate unsubordinated and unsecured debentures, at USD 1.000 face value per unit totalling 312.000 units with a total value of USD 312 million (equivalent to Kip 2,535.936 million). The debentures are issued at par value and thus no discount or premium arising from the issuance of debentures. The stated interest rates or coupon rates are fixed and are ranging from 5,00% to 5,98% per annum. Interest is payable semi-annually in March and September and the first interest payment will commencing on 2 March 2017. The debentures were offered through private placement method at the Stock Exchange of Thailand ("SET") to a high network investors and institutional investors including banks, mutual funds, asset management funds and insurance companies. These debentures have received BBB+ risk rating from TRIS Rating Co., Ltd, in Thailand.

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Summary key terms and conditions of the debentures issued during 2016 is outlined in the below table:

Description	Series 1	Series 2	Series 3
Type	Unsubordinated unsecured debentures	Unsubordinated unsecured debentures	Unsubordinated unsecured debentures
Repayment	Principal repayment at the maturity date	Principal repayment at the maturity date	Principal repayment at the maturity date
Total offering price	USD 51.000 million	USD 166.000 million	USD 95.000 million
Issue amount	51.000 units	166.000 units	95.000 units
Interest rate	Fixed rate at 5% per annum	Fixed rate at 5,59% per annum	Fixed rate at 5,98% per annum
Effective interest rate	5,24% per annum	5,85% per annum	6,26% per annum
Interest due	Semi-annually, 2 March and 2 September	Semi-annually, 2 March and 2 September	Semi-annually, 2 March and 2 September
Period	7 years	10 years	12 years
Maturity date	2 September 2023	2 September 2026	2 September 2028

On 12 December 2014, the Company's unsubordinated unsecured debentures of Baht 6.500 million (approximately Kip 1.616.810 million) were issued at the Stock Exchange of Thailand ("SET"). The debentures are offered through Private Placement method to high network investors and institutional investors including banks, mutual funds, asset management funds and insurance company. According to this issuance, the Company is required to comply with several terms and conditions which include but not limited to the submission of financial statements to Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand within the similar submission schedule to local regulators.

Summary key terms and conditions of the debentures issued is outlined in the below table:

Description	Series 1	Series 2	Series 3
Type	Unsubordinated unsecured debentures	Unsubordinated unsecured debentures	Unsubordinated unsecured debentures
Repayment	Principal repayment at the maturity date	Principal repayment at the maturity date	Principal repayment at the maturity date
Total offering price	Baht 1.500 million	Baht 2.000 million	Baht 3.000 million
Issued amount	1.500.000 units	2.000.000 units	3.000.000 units
Interest rate	Fixed rate 4,95% per annum	Fixed rate 5,20% per annum	Fixed rate 5,45% per annum
Effective interest rate	5,26% per annum	5,54% per annum	5,82% per annum
Interest due	Semi-annually, 12 June and 12 December	Semi-annually, 12 June and 12 December	Semi-annually, 12 June and 12 December
Period	5 years	7 years	10 years
Maturity date	12 December 2019	12 December 2021	12 December 2024

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15 Derivatives

(a) Cross currency swap contracts

	Consolidated/Separate financial statements	
	2017	2016
	<i>(in million Kip)</i>	
Swap contract payable	1.642.584	1.620.851
Swap contract receivable	(1.650.805)	(1.489.735)
Deferred gain on swap contract	12.077	14.560
Net	3.856	145.676

On 14 December 2014, the Company entered into a cross currency swap for their debentures issued in Baht into USD and also swap related interest rate from fixed rates to floating rates with Thai financial institutions to protect the risk from fluctuations on exchange rates and interest rates as summary of key term and conditions is as below:

Series	Issued amount (million Baht)	Swap amount (million USD)	Payment term	Original rate	Swap rate	Payment term
		Principle	Interest			
1	1.500	45,59	December 2019	4,95%	Libor 6 months + 3,36%	Semi-annually from June 2015 to December 2019
2	2.000	60,79	December 2021	5,20%	Libor 6 months + 3,61%	Semi-annually from June 2015 to December 2021
3	3.000	91,18	December 2024	5,45%	Libor 6 months + 3,795%	Semi-annually from June 2015 to December 2024

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(b) Interest rate collar contracts

During 2017, the Company entered into interest rate collar contracts with Thai financial institutions. The purpose is to manage the risk from fluctuation on interest rate of debentures. The notional amount is of USD 198 million or equivalent to Kip 1.642.584 million which the reference interest rate is 6 month-LIBOR ("LIBOR") whereby the Company shall pay and receive interest according to conditions specified in the contracts on semi-annual basis. The contracts shall be expired from December 2019 to December 2021. A counter party required the Company to deposit advance payment, which will be settled on settlement date.

As at 31 December 2017, the balance of advance payment for interest rate collar contracts is as below:

	Consolidated and Separate financial statements	
	2017	2016
	<i>(in million Kip)</i>	
Current portion of advance payment for interest rate collar contracts	14.581	-
Non-current portion of advance payment for interest rate collar contracts	36.058	-
Total	50.639	-

16 Accrued expenses

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Kip)</i>			
Accrued royalty fees and other tax	16.489	94.208	16.151	94.208
Accrued interest expense	87.160	55.387	87.160	55.387
Others	7.573	9.760	7.456	9.293
Total	111.222	159.355	110.767	158.888

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17 Expenses by natures

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Kip)</i>			
Depreciation expense	434.274	434.106	431.919	434.047
Personnel expense	58.557	54.479	57.413	54.147
Repair and maintenance expenses	21.262	24.471	21.105	24.471
Dividend tax expense	33.322	14.851	33.322	14.851
Others	82.492	82.749	78.338	79.604
Total	629.907	610.656	622.097	607.120

18 Finance costs

	Consolidated/Separate financial statements	
	2017	2016
	<i>(in million Kip)</i>	
Interest expense from debentures	262.228	121.889
Interest expense from borrowing from related party	211.836	16.576
Interest expense from borrowing from financial institution	19.743	19.916
Others	11.678	7.611
Total	505.485	165.992
Less: interest capitalised to advance payment for investments	(13.583)	(11.074)
Net	491.902	154.918

19 Income tax

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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Reconciliation of effective tax rate

	Rate (%)	Consolidated financial statement		Rate (%)	(in million Kip)
		2017	2016		
Profit before income tax expense		487.128	551.601		
Income tax using the corporation tax rate	10,0	48.713	55.160	10,0	
- Expenses not deductible for tax purposes	1,7	8.300	11.755	2,1	
- Share of profit from associates and joint ventures	(8,5)	(41.070)	(17.805)	(3,2)	
Total	3,2	15.943	49.110	8,9	

	Rate (%)	Separate financial statement		Rate (%)	(in million Kip)
		2017	2016		
Profit before income tax expense		488.090	603.459		
Income tax using the corporation tax rate	10,0	48.809	60.346	10,0	
- Expenses not deductible for tax purposes	1,7	8.204	6.569	1,1	
- Share of profit from associates and joint ventures	(8,4)	(41.070)	(17.805)	(3,0)	
Total	3,3	15.943	49.110	8,1	

20 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2017 and 2016 were based on the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Kip)			
Profit attributable to ordinary shareholders of the Company	472.448	551.601	472.147	554.349
Number of shares outstanding (in million shares)	1.679	1.679	1.679	1.679
Basic earnings per share (in Kip)	281,34	328,47	281,16	330,11

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For the year ended 31 December 2017

21 Dividends

The Board of Directors' meeting held on 23 August 2017, the Board of Directors approved interim dividend payment in respect of net profit for the six-month period from 1 January to 30 June 2017 at Kip 110 per share amounting to a total of Kip 184.723 million. This dividend was paid during October 2017.

The annual general meeting of Shareholders, held on 4 April 2017, has approved interim dividend payment in respect of net profit for the six-month period from 1 July to 31 December 2016 of Kip 160 per share amounting to a total of Kip 268.689 million. This dividend was paid during April 2017.

The Board of Directors' meeting held on 24 August 2016, the Board of Directors approved interim dividend payment in respect of net profit for the six-month period from 1 January to 30 June 2016 at Kip 130 per share amounting to a total of Kip 218.309 million. This dividend was paid during September 2016.

The annual general meeting of Shareholders, held on 25 April 2016, has approved interim dividend payment in respect of net profit for the six-month period from 1 July to 31 December 2015 of Kip 150 per share amounting to a total of Kip 251.890 million. This dividend was paid during May 2016.

22 Financial instruments

Financial risk management policies

The Group's activities expose it to certain financial risks, which are primarily the effects of changes in foreign exchange rates, interest rates, credit risk and liquidity risk.

The Group's overall risk management focuses on how to minimise potential adverse effects on the financial performance of the Group on a cost effective manner.

Risk management is generally carried out by management under the supervision from the Board of Directors.

Foreign currency risk

The Group operates domestically but is exposed to foreign exchange risk arising from certain currency exposures, primarily with respect to the U.S. Dollars, Japanese Yen and Thai Baht. Foreign exchange risk arises from transferred borrowings and debentures denominated in foreign currencies and from purchases in foreign currencies such as machineries, equipment and parts.

The Group uses swap contracts to hedge their exposure to foreign currency risk in connection with the outstanding debentures of Baht 6.500 million.

As at 31 December 2016, except for the above, management had no formal policies and had not used any financial instruments or derivatives to manage their foreign exchange risk from borrowings. However, management has monitored the movements of foreign exchange rates on a timely basis and may use financial instruments or derivatives to manage this risk if management sees that it is necessary. Consequently, significant fluctuations in exchange rates could have a material adverse effect on the Group's business, results of operations, financial conditions and prospects.

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Interest rate risk

The interest risk mainly arises from borrowings and debentures.

Borrowings issued at variable rates expose the Group to interest risk. The Group analyses its interest rate exposure on a timely basis and does not yet decide to use any financial instruments or derivatives to manage this risk.

Debentures issued in Baht and U.S. Dollars with fixed interest rate. Interest rate swap contracts are partially entered into to manage related interest rates risk. The Group entered into interest rate swap contracts by converting fixed rates to floating rates for the total amount of interest arising from debentures.

Credit risk

The Group mainly sells its products to EDL, major shareholder, and EDL is a key state own enterprise operated under the Ministry of Finance ("MOF") and is only a key customer. Although the credit risk is considered as concentrate or dependent to one customer, management considers the credit risk as low and manageable.

Cash and cash equivalents are deposited with reputable banks which have a good credit history.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term investments. Management plans to maintain its cash forecasts to aid in liquidity management and ensures the sufficiency of its liquid funds to meet short term operational needs including borrowing repayments and for its long term investment plan.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern from the ongoing project on hand in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure to facilitate its operation and investment plan, the Group may borrow new funds, issue new shares, refinance existing borrowings and adjust the amount of dividends paid to shareholders in the future.

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23 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Kip)</i>			
Capital commitments				
<i>Contracted but not provided for:</i>				
Design, construction and installment for machinery and equipment and project construction	2.500.879	2.631.791	483.555	372.791
Non-cancellable operating lease commitments				
Within one year	262	1.163	262	256
After one year but within five years	1.100	1.064	1.100	1.064
After five years	6.506	6.628	6.506	6.628
Total	7.868	8.855	7.868	7.948

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.

Other significant agreements and arrangements

Concession Agreement ("CA")

On 15 December 2010, the Company entered into the Concession Agreement ("CA") which was subsequently revised on 24 July 2013, with Government of Lao PDR ("GOL") represented by Ministry of Planning and Investment ("MPI"). The CA provides for a term of 30 years, together with a renewal year of 10 years for the Power Plant projects. At the end of the concession period, the Company must transfer to the GOL or its nominee, free of charge and encumbrances, all the Company's right, title and interest in the projects and all assets held by the Company for operating the projects as agreed under this CA.

Under the CA, the GOL grants to the Company the exclusive rights, during the concession period. Significant exclusive rights under the CA include 1) right to own, operate and maintain the project facilities and any other property or assets which the Company procures 2) right to use dam, divert and river 3) right to sell electricity to EDL 4) corporate income tax of 10% and 5) royalty fee payable at 1% of sale of electricity.

In addition, the Company is required to comply with several terms and conditions which include but not limited to constructions, financing arrangement, royalty fee, health and safety, tax and land rental, Value Added Tax ("VAT") in respect of supplies of electricity it makes to EDL.

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Memorandum of Understanding ("MOU") for Xekong 5 Hydropower Project

On 8 September 2016, the Company signed a Memorandum of Understanding with Inter Rao Engineering, RUSSIA and A-RKSENA Limited Liability Company ("RUSSIA") as to establish of Xekong 5 Hydropower Project.

Cooperation Agreement for Pak Beng Hydro Power Project

On 7 September 2016, the Company signed a Cooperation Agreement with China Datang Overseas Investment Co., Ltd. of Pak Beng Hydroelectric Power Project.

24 Related parties

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Electricite Du Laos	Laos	Parent company
Nam Bi Power Company Limited	Laos	Subsidiary
EDL-Gen Solar Power Company Limited	Laos	Subsidiary
Houay Ho Power Company Limited	Laos	Joint venture

The pricing policies for particular types of transactions are explained further belows:

Transactions	Pricing policies
Sale of goods	Contract price
Interest income / Interest expense	Contract rate

Significant transactions for the years ended 31 December 2017 and 2016 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Kip)</i>			
Parent company				
Sales	1.219.825	1.241.181	1.215.414	1.241.181
Interest expense	211.836	16.576	211.836	16.576

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Balances as at 31 December 2017 and 31 December 2016 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Kip)</i>			
<i>Advance payment for assets under concession and investments</i>				
Parent company				
Electricite Du Laos	4.398.656	3.109.676	4.398.656	3.109.676
Subsidiary				
Nam Bi Power Company Limited	-	-	363.668	-
EDL-Gen Solar Power Company Limited	-	-	301.295	35.955
	<u>4.398.656</u>	<u>3.109.676</u>	<u>5.063.619</u>	<u>3.145.631</u>
<i>Other non-current assets</i>				
Parent company				
Electricite Du Laos	-	35.000	-	35.000
Joint venture				
Houay Ho Power Company Limited	-	-	-	3.232
Total	<u>-</u>	<u>35.000</u>	<u>-</u>	<u>38.232</u>
<i>Short term loan to related party</i>				
Parent company				
Electricite Du Laos	463.392	-	463.392	-
<i>Trade and other receivables</i>				
Parent company				
Electricite Du Laos	144.312	487.123	138.970	486.630
Subsidiary				
Nam Bi Power Company Limited	-	-	488	493
Total	<u>144.312</u>	<u>487.123</u>	<u>139.458</u>	<u>487.123</u>
<i>Payables for assets under concession</i>				
Parent company				
Electricite Du Laos	-	3.957.400	-	3.957.400
<i>Long-term borrowings</i>				
Parent company				
Electricite Du Laos				
- Current portion	442.848	132.173	442.848	132.173
- Long-term portion	3.710.946	444.651	3.710.946	444.651
Total	<u>4.153.794</u>	<u>576.824</u>	<u>4.153.794</u>	<u>576.824</u>

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Movements of long-term borrowings from related party during the years ended 31 December 2017 and 2016 were as follows:

	Consolidated/Separate financial statements	
	2017	2016
	<i>(in million Kip)</i>	
At 1 January	576.824	502.919
Additions	3.958.365	200.362
Repayments	(441.852)	(132.206)
Effect from currency translation	60.457	5.749
At 31 December	4.153.794	576.824

Significant agreements with related parties

Purchase Power Agreement ("PPA")

On 15 December 2010 and revised on 9 December 2011, the Company entered into the Purchase Power Agreement ("PPA") with EDL. The PPA provides for a term of 30 years, together with a renewal period of 10 years which is the same period as the CA.

The main source of the Company's revenue is the sales of electricity to EDL pursuant to the PPA of the electricity produced by the Existing Generation Assets. The electricity sales are based on the tariffs as agreed with EDL which are set out in related PPA for each Existing Generation Asset.

Under the PPA, the Company is required to comply with several terms and conditions include 1) responsibilities in the operation and maintenance of the capacity under normal operation throughout the PPA period 2) prohibits to grant any third party any right to supply or use of electrical energy generated by the facility during the PPA period 3) obligation to agree the planned outages from the facilities or EDL grid system with EDL before each PPA year and 4) collect money from EDL for net electrical output 5) EDL can make partial payment and off-set unpaid balance with dividend payable announced by the Company in each year 6) Facility shall be made available to supply to EDL not less than 90% of its declared availability taking into consideration all outages, force majeure, dispatch failures and the like and EDL agree to purchase from the Company not less than 90% of the net available output 7) Amendment conditions on tariffs including when there are fluctuations of exchange rates as stipulated in the agreement.

Employees transferred from EDL

After the Incorporation Date, certain EDL's employees who mainly operate existing generation assets will be transferred and work for the Company. On 28 February 2011, the transferred employees have signed new employment contracts with the Company and all obligations from EDL to staff were transferred to the Company and the benefits to be provided by the Company are still the same as those provided by EDL.

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25 Events after the reporting period

On 5 January 2018, The Company has additional investment in Nam Thuen 1 Power Company Limited, an associate incorporated in Lao PDR, with cash consideration at USD 38,6 million or equivalent to Kip 319,420 million.

On 5 February 2018, The Company has additional investment in Lower Houay Lamphanh Company Limited, a joint-venture incorporated in Lao PDR, with cash consideration at USD 0,2 million or equivalent to Kip 1.490 million.

At the meeting of the Board of Directors of the Company held on 16 March 2018, the Company's Board of Directors approved the submission for approval at the annual general meeting of the shareholders of the Company the appropriation of dividends for the six-month period from 1 July 2017 to 31 December 2017 at Kip 180 per share, totalling Kip 302.275 million. This dividend is subject to the approval of the Company's shareholders at the annual general meeting to be held on in April 2018.

26 Reclassification of accounts

Certain accounts in the 2016 financial statements have been reclassified to conform to the presentation in the 2017 financial statements as follows:

	Consolidated/Separate financial statements		
	2016		
	Before reclassification	Reclassification (in million Kip)	After reclassification
<i>Statement of financial position</i>			
Advance payment for assets under concession and investments	3.133.596	35.955	3.169.551
Other non-current assets	153.707	(41.285)	112.422
Long-term borrowings	(844.299)	5.330	(838.969)
		-	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group business.

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27 Supplementary information

The Group presents the unaudited statement of income for the three-month period ended 31 December 2017 under this note to the financial statements for the year ended 31 December 2017. This is in accordance with the reporting and disclosure regulation issued by Lao Securities and Exchange Commission Office.

Summary of statement of income (Unaudited) For the three-month period ended 31 December 2017

	Consolidated financial statement	Separate financial statement
	<i>(in million Kip)</i>	
Sales	243.075	240.525
Cost of sales	(143.123)	(141.377)
Gross profit	99.952	99.148
Other income	6.894	6.893
Operating and administrative expenses	(52.135)	(49.718)
Foreign exchange gain (loss)	42.016	39.729
Share of profit from investments in associates and joints ventures	143.441	143.441
Operating profit	240.168	239.493
Finance costs	(132.098)	(132.098)
Profit before income tax expense	108.070	107.395
Income tax expense	5.522	5.522
Net profit for the period	113.592	112.917