

EDL-GENERATION PUBLIC COMPANY



CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2020



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF EDL-GENERATION PUBLIC COMPANY

Our opinion

In our opinion, the consolidated financial statements of EDL-Generation Public Company (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company for the year ended 31 December 2020 are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to this consolidated and separate financial statements.

What we have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter - Basis of accounting

We draw attention to Note 2 to the consolidated and separate financial statements, which describes the basis of accounting. The consolidated and separate financial statements have been prepared in accordance with the Group's accounting policies which the accounting basis used in the preparation of these consolidated and separate financial statements may differ from International Financial Reporting Standards (IFRS). The readers should therefore be aware that the accompanying consolidated and separate financial statements are not intended to present the consolidated and separate financial position and its consolidated and separate financial performance and its consolidated and separate cash flows in accordance with IFRS. Our opinion is not modified in respect to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. We determine one key audit matter: Valuation of trade accounts receivable. The 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 the matter.

Key audit matter	How my audit addressed the key audit matter
<i>Valuation of trade accounts receivable</i> As at 31 December 2020, trade and other receivables were stated at LAK 1,509,848 million (2019: LAK 565,802 million), representing 3,97% of total assets (2019: 2,55%). There were significant long-outstanding balances including an overdue balance more than six months of LAK 980,021 million (2019: LAK 219,454 million). Management focused on accounts receivables that were overdue more than twelve months and haven't been collected after the period ended. Management assessed the allowance based on the historical payment of accounts receivable and expectations regarding the collectability of accounts receivable. We focused on this area due to the significance of trade accounts receivable and allowance for doubtful accounts is a management's accounting estimate. The estimates are developed by management based on their judgment on assumptions concerning the customer's ability to repay and other related credit risks.	Our audit procedures in this area include the following: • understanding policies and process, methods and assumptions used to develop the estimate of the allowance for doubtful accounts, and write offs and verifying that the accounting policies were consistent with prior period, • obtaining a detailed analysis supporting the allowance for doubtful accounts, agreeing balances and testing mathematical accuracy, • assessing the reasonableness of management's assumptions used in the detailed analysis supporting the allowance for doubtful accounts, • testing the reliability of the reports accounts receivable detailed listing that would be used to assess the allowance for doubtful accounts, • challenging management on the collectability of these accounts and obtaining additional supporting information to verify that the allowance for doubtful accounts was appropriate at period end, • obtaining the movement schedule of the allowance for doubtful accounts including opening balance, write-offs, additional provision recognised and closing balance, agreeing balances and testing mathematical accuracy, • considering whether any extent of write-offs occurring during the period, and determining whether there were unusually high volumes that might indicate the potential for additional uncollectible amounts, and • testing the subsequent collection of significant accounts receivable up to the date of the auditor's report.

As a result, we found that the management assumption was reasonable and consistent with historical collection data and supporting evidence.



Other information

The directors are 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors is responsible for the preparation of the consolidated and separate financial statements in accordance with accounting policies described in Note 2 to the consolidated and separate financial statements, and for such internal control as the directors determine are 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, the directors are 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 the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group's and the Company's financial reporting process.

Auditor's 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 auditor's 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 the 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 scepticism 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 the directors.
- Conclude on the appropriateness of the directors' 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 auditor's 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 auditor's 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 financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

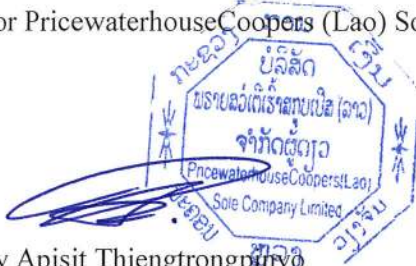
We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters 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.

For PricewaterhouseCoopers (Lao) Sole Company Limited



By Apisit Thiengtrongpanyo
Partner

Vientiane, Lao PDR
Date: 26 March 2021

EDL-GENERATION PUBLIC COMPANY

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		Million LAK	Million LAK	Million LAK	Million LAK
Assets					
Non-current assets					
Investments in subsidiaries	6	-	-	619.680	540.631
Investments in associates	7,1	5.190.681	4.816.844	5.190.681	4.816.844
Interests in joint ventures	7,2	3.010.187	2.773.748	3.010.187	2.773.748
Advance payment for asset under concession and investment	8, 24	1.973.406	2.217.880	1.999.754	2.375.604
Asset under concession, net	9	9.436.044	9.841.857	8.896.788	9.355.851
Intangible assets, net		413	863	413	863
Advance payment for interest rate swap		-	11.963	-	11.963
Swap contract receivable		234.296	178.689	234.296	178.689
Advance to suppliers for construction project		341.075	341.075	-	-
Deposits at financial institution pledged as collateral		63.211	101.581	63.211	101.581
Other non-current assets		49.086	2.461	48.715	2.461
Total non-current assets		20.298.399	20.286.961	20.063.725	20.158.235
Current assets					
Cash and cash equivalents	10	265.554	979.774	247.215	948.847
Short-term investments	11	27.840	26.604	27.840	26.604
Short-term loan to related party	24	280.632	454.042	280.632	454.042
Trade and other receivables	12, 24	1.509.848	565.802	1.529.287	534.595
Current portion of advance payment for interest rate swap		11.867	11.373	11.867	11.373
Spare parts and supplies, net		3.523	4.171	3.523	4.171
Other current assets		2.305.163	1.327.651	2.298.272	1.310.301
Total current assets		4.404.427	3.369.417	4.398.636	3.289.933
Total assets		24.702.826	23.656.378	24.462.361	23.448.168



DUANGSY PHARANHOK

Chief Executive Officer

Date: 26 March 2021

VANHSENG VANNAVONG

Chief Financial Officer

Date: 26 March 2021

The accompanying notes on pages 13 to 49 form an integral part of these consolidated and separate financial statements.

EDL-GENERATION PUBLIC COMPANY

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		Million LAK	Million LAK	Million LAK	Million LAK
Equity and liabilities					
Equity					
Share capital	13	6,717.215	6,717.215	6,717.215	6,717.215
Share premium	13	985.621	985.621	985.621	985.621
Legal reserve	14	565.024	547.147	565.024	547.147
Translation adjustments		34.022	20.220	34.022	20.220
Retained earnings		987.824	1,014.989	1,028.574	1,035.607
Equity attributable to owners of the Company		9,289.706	9,285.192	9,330.456	9,305.810
Non-controlling interests		4,014	5,213	-	-
Total equity		9,293.720	9,290.405	9,330.456	9,305.810
Liabilities					
Non-current liabilities					
Long - term borrowings, net	15	3,121.428	3,361.782	2,924.501	3,184.156
Debentures, net	16	8,343.462	9,370.051	8,343.462	9,370.051
Total non-current liabilities		11,464.890	12,731.833	11,267.963	12,554.207
Current liabilities					
Trade and other payables		178.608	123.328	134.222	92.835
Current portion of long-term borrowings	15	1,091.095	946.856	1,058.644	932.049
Short - term borrowings, net	15	98.505	201.972	98.505	201.972
Current portion of debentures, net	16	1,931.841	-	1,931.841	-
Accrued expenses	17	643.041	360.701	639.604	360.369
Other current liabilities		1.126	1.283	1.126	926
Total current liabilities		3,944.216	1,634.140	3,863.942	1,588.151
Total liabilities		15,409.106	14,365.973	15,131.905	14,142.358
Total equity and liabilities		24,702.826	23,656.378	24,462.361	23,448.168



DUANGSY PHARANHOK
Chief Executive Officer
Date: 26 March 2021

VANHSENG VANNAVONG
Chief Financial Officer
Date: 26 March 2021

EDL-GENERATION PUBLIC COMPANY

CONSOLIDATED AND SEPARATE STATEMENTS INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		Million LAK	Million LAK	Million LAK	Million LAK
Revenue from sale		1.167.375	1.217.530	1.138.180	1.191.545
Cost of sales	18	(567.894)	(582.870)	(553.123)	(568.510)
Gross profit		599.481	634.660	585.057	623.035
Other income		44.092	31.270	38.133	35.422
Operating and administrative expenses	18	(198.319)	(154.849)	(181.978)	(140.443)
Foreign exchange gain/(loss), net		(45.389)	71.524	(20.016)	74.528
Share of profit from investments in associates and joint ventures	7	498.703	339.377	498.703	339.377
Profit before finance costs		898.568	921.982	919.899	931.919
Finance costs	19	(741.125)	(724.366)	(741.125)	(724.366)
Profit before income tax expense		157.443	197.616	178.774	207.553
Income tax expense	20	-	-	-	-
Profit for the year		157.443	197.616	178.774	207.553
Profit attributable to:					
Owners of the parents		158.642	193.079	178.774	207.553
Non-controlling interests		(1.199)	4.537	-	-
		157.443	197.616	178.774	207.553
Earnings per share					
Basic earnings per share (in LAK)	21	94,49	115,00	106,48	123,62



DUANGSY PHARANHOK
Chief Executive Officer
Date: 26 March 2021

VANHSENG VANNAVONG
Chief Financial Officer
Date: 26 March 2021

EDL-GENERATION PUBLIC COMPANY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Consolidated financial statement							
	Attributable to owners of the Company							
	Issued and paid-up ordinary shares	Share premium	Legal reserve	Translation adjustments	Unappropriated retained earnings	Total	Non- controlling interests	
	Million LAK	Million LAK	Million LAK	Million LAK	Million LAK	Million LAK	Million LAK	
For the year ended 31 December 2019								
As at 1 January 2019	6,717,215	985,621	526,392	12,611	1,111,354	9,353,193	676	9,353,869
Profit for the year	-	-	-	-	193,079	193,079	4,537	197,616
Translation adjustments	-	-	-	7,609	-	7,609	-	7,609
Dividend paid	-	-	-	-	(268,689)	(268,689)	-	(268,689)
Transfer to legal reserve	-	-	20,755	-	(20,755)	-	-	-
As at 31 December 2019	6,717,215	985,621	547,147	20,220	1,014,989	9,285,192	5,213	9,290,405
For the year ended 31 December 2020								
As at 1 January 2020	6,717,215	985,621	547,147	20,220	1,014,989	9,285,192	5,213	9,290,405
Profit for the year	-	-	-	-	158,642	158,642	(1,199)	157,443
Translation adjustments	-	-	-	13,802	-	13,802	-	13,802
Dividend paid	-	-	-	-	(167,930)	(167,930)	-	(167,930)
Transfer to legal reserve	-	-	17,877	-	(17,877)	-	-	-
As at 31 December 2020	6,717,215	985,621	565,024	34,022	987,824	9,289,706	4,014	9,293,720



VANHSENG VANNAVONG
Chief Financial Officer
Date: 26 March 2021

EDL-GENERATION PUBLIC COMPANY

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Separate financial statements					
	Issued and paid-up ordinary shares Million LAK	Share premium Million LAK	Legal reserve Million LAK	Translation adjustments Million LAK	Unappropriated retained earnings Million LAK	Total Million LAK
For the year ended 31 December 2019						
As at 1 January 2019	6,717.215	985.621	526.392	12.611	1,117.498	9,359,337
Profit for the year	-	-	-	-	207,553	207,553
Translation adjustments	-	-	-	7,609	-	7,609
Dividend paid	-	-	-	-	(268,689)	(268,689)
Transfer to legal reserve	-	-	20,755	-	(20,755)	-
As at 31 December 2019	6,717.215	985.621	547,147	20,220	1,035,607	9,305,810
For the year ended 31 December 2020						
As at 1 January 2020	6,717.215	985.621	547,147	20,220	1,035,607	9,305,810
Profit for the year	-	-	-	-	178,774	178,774
Translation adjustments	-	-	-	13,802	-	13,802
Dividend paid	-	-	-	-	(167,930)	(167,930)
Transfer to legal reserve	-	-	17,877	-	(17,877)	-
As at 31 December 2020	6,717.215	985.621	565,024	34,022	1,028,574	9,330,456

As at 31 December 2020



ហ្វាន់សង់ វណ្ណាវង់
Fanhseng Vannavong
Chief Executive Officer
Date: 26 March 2021

ហ្វាន់សង់ វណ្ណាវង់
Fanhseng Vannavong
Chief Financial Officer
Date: 26 March 2021

The accompanying notes on pages 13 to 49 form an integral part of these consolidated and separate financial statements.

EDL-GENERATION PUBLIC COMPANY

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		Million LAK	Million LAK	Million LAK	Million LAK
Cash flows from operating activities					
Profit before income tax expenses for the year		157.443	197.616	178.774	207.553
Adjustments for:					
Depreciation and amortisation		515.932	541.644	504.669	530.767
Amortisation of debenture issuance costs		62.761	34.986	62.761	34.986
Loss on disposal of property, plant and equipment		22.657	277	22.657	277
Interest income		(18.012)	22.747	(18.012)	22.747
Finance costs		741.125	724.366	741.125	724.366
Share of profit from investments in associates and joint ventures	7	(498.703)	(339.377)	(498.703)	(339.377)
Changes in working capital:		983.203	1.182.259	993.271	1.181.319
Decrease (increase) in					
Other non-current assets		(46.625)	2.027	(46.254)	2.027
Deposits at financial institution pledged as collateral		41.868	-	41.868	-
Trade and other receivables		(957.587)	(159.110)	(967.765)	(141.818)
Spare parts and supplies		648	(230)	648	(230)
Other current assets		53.772	(150.868)	35.897	(161.666)
Trade and other payables		20.963	(519.378)	25.176	(523.668)
Accrued expenses		67.917	184.205	65.694	184.482
Other current liabilities		(158)	(429)	199	108
Cash generated from operations		164.001	538.476	148.734	540.554
Interest paid		(524.777)	(595.708)	(525.658)	(595.708)
Income tax paid		-	(7.837)	-	(7.837)
Net cash outflow from operating activities		(360.776)	(65.069)	(376.924)	(62.991)
Cash flows used in investing activities					
Advance payment for assets under concession and investments		-	-	(271)	(9.637)
Cash paid for investments in subsidiaries		-	-	(24.417)	-
Cash received from advance payment for subsidiaries		-	-	36.447	214.290
Payments for investments in associates and joint ventures		(7.837)	(124.766)	(7.837)	(124.766)
Payments for purchase of assets under concession		(98.009)	(142.154)	(51.602)	(103.390)
Payments for purchase of intangible asset		-	(557)	-	(557)
Decrease (increase) in short-term investments		-	84.390	-	84.390
Payments for short-term loan to related party		-	(120.832)	-	(120.832)
Cash received from short-term loan to related party		136.183	171.021	136.183	171.021
Dividend received from investment in associates and joint ventures	7	154.540	300.314	154.540	300.314
Dividend received from investment in subsidiaries		-	-	-	6.709
Net cash inflow from investment activities		184.877	167.416	243.043	417.542

The accompanying notes on pages 13 to 49 form an integral part of these consolidated and separate financial statements.

EDL-GENERATION PUBLIC COMPANY

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated financial statements		Separate financial statements	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		Million LAK	Million LAK	Million LAK	Million LAK
Cash flows from financing activities					
Payments for debentures issuance cost		-	(21.659)	-	(21.659)
Dividend paid to shareholders		(167.930)	(268.689)	(167.930)	(268.689)
Proceeds from short-term borrowings	15	98.239	228.389	98.239	228.389
Repayments for short-term borrowings	15	(204.418)	(225.463)	(204.418)	(225.463)
Proceeds from long-term borrowings	15	29.442	192.432	-	-
Repayments for long-term borrowings	15	(268.567)	(306.006)	(268.567)	(306.006)
Proceeds from debentures issuance	16	-	1.063.992	-	1.063.992
Repayments for debentures	16	-	(404.590)	-	(404.590)
Net cash outflow(inflow) from financing activities		(513.234)	258.406	(542.676)	65.974
Net increase (outflow) in cash and cash equivalent		(689.133)	360.753	(676.557)	420.525
Cash and cash equivalent at the beginning of the year		979.774	642.106	948.847	550.978
Effect of exchange rate changes on cash and cash equivalent		(25.087)	(23.085)	(25.075)	(22.656)
Cash and cash equivalent at the end of the year		265.554	979.774	247.215	948.847

None cash transactions:

Payable for purchases of assets under concession		34.317	17.646	16.211	-
Offsetting trade and other receivables with					
- Dividend payment		125.948	201.516	125.948	201.516
- Long-term loan from related party		8.288	39.019	8.288	39.019
- Accrued interest expense		338	-	338	-
Offsetting short-term loan to related parties with loan repayment	15	58.834	-	58.834	-
Offsetting short-term loan to related parties with accrued interest expense		1.926	-	1.926	-
Transfer from advance payment for asset under concessions and investments to					
- Investment in subsidiaries		-	-	-	455.471
- Investment in associates		244.474	3.172.963	244.474	3.172.963
- Investment in joint ventures		-	436.916	-	436.916
- Assets under concession		-	488.810	-	488.810



DUANGSY PHARANHOK
Chief Executive Officer
Date: 26 March 2021

VANHSENG VANNAVONG
Chief Financial Officer
Date: 26 March 2021

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 is a subsidiary of Electricite Du Laos (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.

The principal business operation of the Group is the generation of electricity for sales to EDL.

The Company is listed on the Lao Securities Exchange. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

Company's subsidiaries as at 31 December 2020 and 2019 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2020	2019
Direct subsidiaries				
EDL-GEN Solar Power Co., Ltd	Electricity generation	Lao PDR	60	60
Nam Bi Power Co., Ltd	Electricity generation	Lao PDR	80	80
EDL-GEN Operation and Maintenance Sole Co., Ltd	Electricity generation	Lao PDR	100	100

These consolidated and separate financial statement was authorised for issue by the Board of Directors on 26 March 2021.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below.

2.1 Basis of accounting

The consolidated financial statements were 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 details in the Note 2 (2.2) to the consolidated financial statements.

According to the Accounting Law no. 47/NA issued on 26 December 2013, Public Interest Enterprises (PIEs) are required to apply Financial Reporting Standard (IFRS). However, Ministry of Finance has issued announcement No. 1137/MoF issued on 27 April 2020 and from Lao Securities and Exchange Commission Office (LSCO) dated 25 May 2020, which provided options for PIEs to prepare action plan for adoption IFRS within four-year period. The management is presently preparing action plan for implementation IFRS in accordance with the announcement.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2 Accounting policies (Continued)

2.1 Basis of accounting (Continued)

The accounting principles applied may materially differ from IFRS. These areas of significant differences are, for example, leases, employee benefit, the effects of changes in foreign exchange rate, income tax and deferred income tax, financial instrument and pre-operation cost.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses in the reported periods. Although these estimates are based on management's knowledge of current events and actions, actual results may materially differ from those estimates.

2.2 Group accounting - investments in subsidiaries, associates and joint venture

2.2.1 *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. A list of the Group's subsidiaries is shown in (Note 1).

2.2.2 *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 acquire. Change in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as entity transactions.

2.2.3 *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting. A list of the Company's principal associates is set out in (Note 7).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies (Continued)

2.2 Group accounting - investments in subsidiaries, associates and joint venture (Continued)

2.2.4 Joint ventures

Interests in venture are all entities over which the Group jointly controls, but which it does not control. Interests in joint ventures are accounted for by the equity method of accounting. A list of the Company's principal joint ventures is set out in (Note 7).

2.2.5 Accounting under equity method

Under the equity method, the investment in associates and interest in joint venture are accounted for by the equity method. Under this method share of the post-acquisition statement of income of joint ventures is recognised in the statement of income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses equals or exceeds its investment in associate and interest in the joint venture the Group and the Company do not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates and joint ventures. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.6 Separate financial statements

In the separate financial statements, investments in subsidiaries are accounted at cost less impairment loss, if any, associates and joint ventures are accounted for by the equity method (Note 2.2.5).

2.2.7 General investments

Investments other than investments in subsidiaries, associates, interest in joint ventures and in non-marketable equity are classified into general investment. Investments are initially recognised at historical cost less impairment loss. A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

2.3 Foreign currency translation

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

Foreign currency transactions are translated into LAK using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into LAK at the exchange rates prevailing at the reporting dates.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies (Continued)

2.3 Foreign currency translation (Continued)

Monetary assets and liabilities

All resulting exchange differences unrealised from the translation of Monetary assets and liabilities denominated in foreign currencies are recognised in statement of financial position and will reverse in further year. Realise gain/(loss) on exchange rate from the settlement of foreign currency transaction is recognised in statements of income when payment.

For associates, joint ventures and subsidiary, the results and financial position of those entities that have a presentation currency difference from the presentation currency of the Company are translated into the presentation currency as follows:

- Assets and liabilities 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 income are translated at average exchange rates of the year; and
- All resulting exchange differences are recognised as a separate component of equity.

2.4 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 inventories, 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.

2.5 Assets under concession

Assets under concession comprise mainly building, 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.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2 Accounting policies (Continued)

2.5 Assets under concession (Continued)

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

	<u>Years</u>
Buildings	4-30
Hydroelectric dams	19-30
Plant and machineries	2-30
Motor vehicles	5-15
Office equipment, furniture and fixtures	3-10

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.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in statement of income.

2.6 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.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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2 Accounting policies (Continued)

2.7 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.

2.8 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 statement of income 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.

2.9 Leases - where a Company is the lessee

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.

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.

2.10 Employee benefits

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 statement of income are based on actual amount when it is due at the time of employees' resignation or retirement.

2.11 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 2.10.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies (Continued)

2.12 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.

2.13 Short-term investment

Short-term investment 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.

2.14 Revenue recognition

Revenues mainly comprise revenues from sales of electricity and services which include installation fees and dividend income.

Sales of electricity

The Group accounts for sales when:

- Power Purchase Agreements ("PPA") exists;
- Delivery has taken place;
- A quantifiable price has been established or can be determined;
- Related receivables are likely to be recovered.

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.

2.15 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 statement of income on the straight-line method over the contract period.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2 Accounting policies (Continued)

2.15 Derivatives (Continued)

Interest rate collar contracts

Interest rate collar contracts are accrued using contractual rate and charge to statement of income for the period they are occurred.

2.16 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.

2.17 Operating segments

Operating Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). 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 and Chief Financial Officer that make strategic decisions.

2.18 Intangible assets

Cost 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 recognise as an expense as incurred. Development cost previously recognised as 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.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2 Accounting policies (Continued)

2.19 Taxation

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-taxable income and non-deductible expenses and others transaction under related Lao Tax Law and tax rate.

In Lao PDR, income tax returns are reviewed in detail 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 Classification Investments in associates and joint ventures

According to note 2.1) basic of accounting, the Group is preparing action plan to adopt the IFRS (announced by MOF) until the year 2025, the Group has reclassified type of investment in order to proper present and align with IFRS as below;

Associates and Joint ventures	<u>As previously reported</u>	<u>As newly reported</u>
Nam Thuen 1 Power Co., Ltd.	Associates	Joint ventures
Nam Mang 1 Power Co., Ltd	Joint ventures	Associates
Nam Ou River Basin Hydropower Co., Ltd	Joint ventures	Associates

Comparative figures have been adjusted to confirm with change in presentation in current period as follows:

Item in the Statement of Financial Position (extract)	<u>As previously reported (LAK)</u>	<u>Increase/ (decrease) (LAK)</u>	<u>As newly reported (LAK)</u>
As at 31 December 2019			
Investments in associates	4.901.466	(84.622)	4.816.844
Interests in joint ventures	2.689.126	84.622	2.773.748

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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4 Financial risk management

Financial risk factors

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

The Group operates domestically but is exposed to foreign exchange risk arising from certain currency exposures, primarily with respect to the US dollar (USD) and Japanese YEN and 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 5.000 million (Note 16).

As at 31 December 2020, 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.

Interest rate risk

The interest risk mainly arises from borrowings and debentures.

Borrowings issued at variable rates expose the Company 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 USD with fixed interest rate. Interest rate swap contracts are 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.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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4 Financial risk management (continued)

As at 31 December 2020, the Company has SWAP contracts as below:

Interest rate swap contracts

Series	Principal			Interest rate (per annum)		
	Issued amount (million Baht)	Swapped amount (million USD)	Term of payments	Original rate	Swap rate	Term of payments
1	2.000	60,79	12 December 2021	5,20%	Libor 6 months+ 3,610%	Semi-annually starting from 12 June 2015 to 12 December 2021
2	3.000	91,18	12 December 2024	5,45%	Libor 6 months+ 3,795%	Semi-annually starting from 12 June 2015 to 12 December 2024
Total	5.000	151,97				

Interest rate collar contracts

The Group has interest collar contracts with Thai institutions which the purpose is to manage the risk from fluctuation on interest rate of debentures with notional amount of USD 151,97 million which reference rate is 6-month-LIBOR whereby the Group shall pay and receive interest as specified in the contracts on semi-annual basis. The contract shall be expired from December 2021 to December 2024. A counter party required the Group to deposit advance payment which will be settled on each settlement date.

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.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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5 Segment information

The Group has two reportable segments, as described below, which are the Group's strategic divisions.

The strategic divisions offer difference of 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, an included in the internal management reports that are reviewed by the Group's CODM. Segment of profit is used to measure performance 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.

	For the year ended 31 December 2020			
	Segment 1	Segment 2	Eliminate	Total
	<i>Million LAK</i>			
Revenue from sale	1,167.375	-	-	1,167.375
Cost of sales	(567.894)	-	-	(567.894)
Segment result	599.481	-	-	599.481
Other income	44.092	-	-	44.092
Operating and administrative expenses	(198.319)	-	-	(198.319)
Foreign exchange loss, net	(45.389)	-	-	(45.389)
Share of profit from investments in associate and joint ventures	-	498.703	-	498.703
Operating profit	399.865	498.703	-	898.568
Finance costs	(741.125)	-	-	(741.125)
Profit/(loss)before income tax expense	(341.260)	498.703	-	157.443
Income tax expense	-	-	-	-
Profit/(loss) for the year	(341.260)	498.703	-	157.443

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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5 Segment information (Continued)

For the year ended 31 December 2019				
	Segment 1	Segment 2	Eliminate	Total
	<i>Million LAK</i>			
Revenue from sale	1,217.530	-	-	1,217.530
Cost of sales	(582.870)	-	-	(582.870)
Segment result	634.660	-	-	634.660
Other income	31.270	-	-	31.270
Operating and administrative expenses	(154.849)	-	-	(154.849)
Foreign exchange gain, net	71.524	-	-	71.524
Share of profit from investments in associate and joint ventures	-	339.377	-	339.377
Operating profit	582.605	339.377	-	921.982
Finance costs	(724.366)	-	-	(724.366)
Profit/(loss)before income tax expense	(141.761)	339.377	-	197.616
Income tax expense	-	-	-	-
Profit/(loss) for the year	(141.761)	339.377	-	197.616

6 Investments in subsidiaries

Separate financial statements		
	2020	2019
	<i>Million LAK</i>	
Balance as at 1 January	540.631	85.160
Addition	79.049	455.471
Total	619.680	540.631

During 2020, the additions are from investment in EDL-GEN Solar Power Co., Ltd (Solar) and Nam Bi Power Co., Ltd (Nam Bi) at the amount of LAK 76.938 million and LAK 2.111million (2019: 455.471 million), respectively.

Nam Bi Power Co., Ltd

The project construction has been temporarily halted starting December 2020 until the Company can obtain a new financial support to resume the project construction. This is based on Board of Directors during their meeting on 25 November 2020.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6 Investments in subsidiaries (continued)

Investments in subsidiaries as at 31 December 2020 and 2019, and dividend income for the years ended 31 December 2020 and 2019 were as follows:

Ownership interest		Separate financial statements													
		Paid-up share		Cost		Impairment		Cost – net		Dividend income					
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019				
Type of business		<i>Million LAK</i>													
2020		2019		2020		2019		2020		2019		2020		2019	
2020		2019		2020		2019		2020		2019		2020		2019	
2020		2019		2020		2019		2020		2019		2020		2019	
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2020		2019		2020		2019		2020		2019		2020		2019	
2020		2019		2020		2019		2020		2019		2020		2019	
2020		2019		2020		2019		2020		2019		2020		2019	
2020		2019		2020		2019									

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

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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7 Investments in associates and joint ventures

		Consolidated and separate financial statements	
	<i>Notes</i>	2020	2019
		<i>Million LAK</i>	
Associates			
At 1 January		4.816.844	1.282.676
Share of net profit of associates		173.636	40.383
Dividend income	7.1	(49.735)	(82.682)
Addition		-	-
Transfer from advance payment for assets under concession and investments	7.1	244.474	3.575.199
Currency translation differences		5.462	1.268
Closing amount		5.190.681	4.816.844
Joint ventures			
At 1 January		2.773.748	2.526.598
Share of net profit of joint venture		325.067	298.994
Dividend income	7.2	(104.805)	(217.631)
Addition		7.837	124.766
Transfer from advance payment for assets under concession and investments	7.2	-	34.680
Currency translation differences		8.340	6.341
Closing amount		3.010.187	2.773.748

During the year ended 31 December 2020, there were increases in investment in associates and joint ventures as follow:

Associates;

Nam Tha 1 Lao Power Co., Ltd

On 23 July 2020, the Company has additional investment in Nam Tha 1 Lao Power Co., Ltd (Nam Tha 1) by transfer from advance payment for assets under concession and investment, totalling LAK 244.474 million.

Joint ventures;

Nam Phoun Power Co., Ltd

During the year ended 31 December 2020, the Company has additional investment in Nam Phoun Power Co., Ltd, totalling LAK 3.153 million.

Lower Houay Lamphanh Co., Ltd

During the year ended 31 December 2020, the Company has additional investment in Lower Houay Lamphanh Co., Ltd, totalling LAK 4.684 million.

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7 Investments in associates and joint ventures (Continued)

7.1 Investments in associates

Investments in associates as at 31 December 2020 and 2019, and dividend income for the years ended 31 December 2020 and 2019 were as follows:

Consolidated and separate financial statements												
Ownership interest		Type of Business	Cost		Impairment		Cost – net		Equity		Dividend income	
2020	2019		2020	2019	2020	2020	2019	2020	2019	2020	2019	
Million LAK												
Associates												

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NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7 Investments in associates and joint ventures (Continued)

7.2 Investments in joint ventures

Investments in joint ventures as at 31 December 2020 and 2019, and dividend income for the years ended 31 December 2020 and 2019 were as follows:

Consolidated and separate financial statements												
Ownership interest		Type of Business	Cost		Impairment		Cost – net		Equity		Dividend income	
2020	2019		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
(%)			Million LAK									
Joint ventures												
Theun-Hinboun Power Co., Ltd.	60	Electricity generation	1,120.696	1,120.696	-	-	1,120.696	1,120.696	2,271.757	2,031.605	94,257	204,595
Houay Ho Power Co., Ltd.	20	Electricity generation	1,171	1,171	-	-	1,171	1,171	20,594	23,674	10,548	13,036
Lower Houay Lamphanh Co., Ltd.	60	Electricity generation	24,470	19,785	-	-	24,470	19,785	14,558	12,958	-	-
Nam Dik 1 Hydro Power Co., Ltd.	70	Electricity generation	54,942	54,942	-	-	54,942	54,942	52,129	52,703	-	-
Nam Phoun Power Co., Ltd.	51	Electricity generation	8,964	5,811	-	-	8,964	5,811	4,169	2,485	-	-
E&E Engineering and Service Co., Ltd. (joint venture of O&M)	60	Maintenance Service	-	-	-	-	-	-	(281)	(253)	-	-
EDL-GEN RED CO., LTD	80	Service	123,222	123,222	-	-	123,222	123,222	122,068	122,811	-	-
Nam Thuen 1 Power Co., Ltd.	15	Electricity generation	497,163	497,163	-	-	497,163	497,163	481,943	491,357	-	-
Nam Lik 1 Power Co., Ltd	10	Electricity generation	34,680	34,680	-	-	34,680	34,680	43,250	36,408	-	-
Total joint ventures			1,865,308	1,857,470	-	-	1,865,308	1,857,470	3,010,187	2,773,748	104,805	217,631
Total associates and joint ventures			6,880,700	6,628,388	-	-	6,880,700	6,628,388	8,200,868	7,590,592	154,540	300,313

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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8 Advance payment for assets under concessions and investments

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
At 1 January	2.217.880	6.298.672	2.375.604	7.104.200
Additions	-	-	271	9.637
Decrease	-	-	(131.548)	(214.290)
Transfer to investments in subsidiary, associates, joint ventures and assets	(244.474)	(4.098.688)	(244.474)	(4.554.159)
Finance costs	-	17.896	-	17.896
Currency translation difference	-	-	(99)	12.320
Total	1.973.406	2.217.880	1.999.754	2.375.604

These related to the advance payment paid to EDL for the costs occurred from the project assets under related MOU. The Group has advance payment for investments under MOU as at 31 December 2020 and 2019 were as follows:

		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
	Type	<i>Million LAK</i>			
EDL-Gen Solar	Sub	-	-	14.523	145.434
EDL-GEN O&M	Sub	-	-	11.825	12.290
Nam Khan 3	Assets	348.522	348.522	348.522	348.522
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 Unit 6	Assets	247.374	247.374	247.374	247.374
Nam Ngiep 2	IPP	111.470	111.470	111.470	111.470
Xekamam 3	IPP	232.163	232.163	232.163	232.163
Nam Tha 1	IPP	-	244.474	-	244.474
Total		1.973.406	2.217.880	1.999.754	2.375.604

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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8 Advance payment for assets under concessions and investments (Continued)

During the year ended 31 December 2020, there was a Share Transferred Agreements completed in condition, therefore, these advance payments were transfer to investment in associates in consolidation as below:

Advance payment for	Transfer to	% of investment	Original currency (Million)	Equivalent Million LAK
Nam Tha 1 Lao Power Co., Ltd	Associate	20%	USD 30,1	244.474

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

As at 31 December 2020, the Group has advance payment under MoU with EDL for the transferred assets and shares IPPs as summarised below:

No	Project name	Location	Stake	MW
Assets				
1	Nam Khan 3	Luang Prabang	100%	60
2	Nam Chiean 1	Xiengkouang	100%	104
3	Nam Hinboun	Khammouan	100%	30
4	Xeset 3	Champasack	100%	24
5	Nam Ngum 1 Ext Unit 6	Vientiane	100%	40
	Total			258

No	Project name	Location	Stake	MW
Shares IPPs				
1	Nam Ngiep 2	Xiengkouang	10%	18
2	Xekamam 3	Sekong	15%	37,5
	Total			55,5

Under this MoU, the Group agreed 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 Group 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 Group is required to pay the remaining balance after deduction of related advance to EDL.

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Consolidated financial statements

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**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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	Separate financial statements						
	Buildings	Hydroelectric dams	Plant and machineries	Motor vehicles	Office equipment, furniture and fixtures	Construction in progress	Total
As at 31 December 2019							
Cost	775.612	6,350.111	4,546.546	20.771	18.514	398.491	12,110.045
Accumulated depreciation	(281.620)	(1,241.777)	(1,201.420)	(16.467)	(12.910)	-	(2,754.194)
Net book amount	493.992	5,108.334	3,345.126	4.304	5.604	398.491	9,355.851
As at 31 December 2020							
At 1 January 2020	493.992	5,108.334	3,345.126	4.304	5.604	398.491	9,355.851
Additions	458	30	45,092	20	1,156	21,057	67,813
Transfer from work in process	-	-	-	14	-	(14)	-
Disposal cost	-	-	(22,650)	-	(7)	-	(22,657)
Depreciation charge	(46,099)	(235,273)	(218,408)	(1,995)	(2,444)	-	(504,219)
Net book amount	448.351	4,873.091	3,149.160	2,343	4,309	419,534	8,896,788
As at 31 December 2020							
Cost	774,748	6,350,141	4,565,429	20,600	18,686	419,534	12,149,138
Less: Accumulated depreciation	(326,397)	(1,477,050)	(1,416,269)	(18,257)	(14,377)	-	(3,252,350)
Net book amount	448,351	4,873,091	3,149,160	2,343	4,309	419,534	8,896,788

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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10 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
Cash on hands	254	226	229	181
Cash at bank	265.300	979.548	246.986	948.666
Total	265.554	979.774	247.215	948.847

The currency denomination of cash and cash equivalents as at 31 December 2020 and 2019 were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
U.S.Dollars	107.939	585.754	91.824	562.286
Lao Kip	38.759	378.460	36.569	371.025
Thai Baht	118.856	15.560	118.822	15.536
Total	265.554	979.774	247.215	948.847

11 Short-term investments

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
Fixed deposit	27.840	26.604	27.840	26.604
Short-term deposits	-	-	-	-
Total	27.840	26.604	27.840	26.604

The currency denomination of short-term investments as at 31 December 2020 in U.S Dollar

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12 Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
Trade accounts receivable from related party	1.368.564	536.270	1.351.794	514.539
Other receivables from related parties	123.775	22.415	118.975	12.939
Others	17.509	7.117	58.518	7.117
Total	1.509.848	565.802	1.529.287	534.595

Aging analyses for trade receivables were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
Within credit term	120.254	73.311	115.911	70.701
Overdue				
Less than 3 months	268.289	229.411	261.173	224.384
3 - 6 months	506.173	233.548	500.862	219.454
7 - 12 months	207.393	-	207.393	-
More than 12 months	266.455	-	266.455	-
Total	1.368.564	536.270	1.351.794	514.539

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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13 Share capital and share premium

	Number of shares	Share capital	Share premium	Total share capital
	Share		Million LAK	
At 1 January 2019	1.679.303.697	6.717.215	985.621	7.702.836
Issue of shares	-	-	-	-
At 31 December 2019	1.679.303.697	6.717.215	985.621	7.702.836
At 1 January 2020	1.679.303.697	6.717.215	985.621	7.702.836
Issue of shares	-	-	-	-
At 31 December 2020	1.679.303.697	6.717.215	985.621	7.702.836

The total authorised number of ordinary shares is 1.679.303.697 shares with a par value of LAK 4.000 per share, totally LAK 6.717.215 million. As at 31 December 2020 and 2019, all issued shares were fully paid up and were registered with Ministry of Industry and Commerce.

14 Legal reserve

	Consolidated and separate financial statements	
	2020	2019
	Million LAK	Million LAK
At 1 January	547.147	526.392
Appropriation made during the year	17.877	20.755
At 31 December	565.024	547.147

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

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15	Borrowings, net	<i>Note</i>	Consolidated financial statements		Separate financial statements	
			2020	2019	2020	2019
			<i>Million LAK</i>			
	Short-term borrowing		98.505	201.972	98.505	201.972
	Current portion of long-term borrowings					
	- Long-term borrowing from related party	24	961.173	723.234	961.173	723.234
	- Long-term borrowing from financial institution		129.922	223.622	97.471	208.815
	Total current interest-bearing liabilities		1.189.600	1.148.828	1.157.149	1.134.021
	Non-current portion of long-term borrowings					
	- Long-term borrowing from related party	24	2.818.225	3.062.376	2.818.225	3.062.376
	- Long-term borrowing from financial institution		303.203	299.406	106.276	121.780
	Total non-current interest bearing liabilities		3.121.428	3.361.782	2.924.501	3.184.156
	Total interest-bearing liabilities		4.311.028	4.510.610	4.081.650	4.318.177

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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15 Borrowings, net (Continued)

Movements in interest-bearing liabilities as at 31 December 2020 and 2019 were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
At 1 January	4,510.610	4,462.574	4,318.177	4,462.574
Additions	127.681	420.818	98.239	228.385
Repayments	(531.819)	(531.469)	(531.819)	(531.469)
Amortisation of deferred borrowing costs	1.397	1.426	1.397	1.426
Effect from currency translation	203.159	157.261	195.656	157.261
Total	4,311.028	4,510.610	4,081.650	4,318.177

During the years ended 31 December 2020 and 2019, the Group has entered into significant new borrowing agreements as below:

Credit Loan Agreement

On 21 August 2020, the Group signed credit loan agreement with Vienttin Bank Lao Limited for credit facility amounting of LAK 190.000 million or equivalents of US dollar for the purpose of additional working capital. This borrowing has an interest rate of 5,5% per year for US dollar and 8,5% per year for LAK, in which principal is due in six months after drawdown and interest payable on a quarterly basis.

As at 31 December 2020, the outstanding balance amounted of USD 10,6 million or equivalent to LAK 98.239 million.

The currency denomination of interest-bearing liabilities as at 31 December 2020 and 2019 were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
U.S.Dollar	4,150.917	4,331.726	3,921.539	4,139.293
Euro	141.766	154.021	141.766	154.021
Japanese Yen	18.345	24.863	18.345	24.863
Total	4,311.028	4,510.610	4,081.650	4,318.177

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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15 Borrowings, net (Continued)

The periods to maturity of interest-bearing liabilities as at 31 December 2020 and 2019 were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
Within 1 year	1.209.026	1.148.828	1.157.460	1.134.021
More than 1 year but less than 5 years	1.608.564	1.581.461	1.532.105	1.522.233
More than 5 years	1.494.876	1.783.156	1.393.523	1.664.758
Less: Deferred finance cost	(1.438)	(2.835)	(1.438)	(2.835)
Total	4.311.028	4.510.610	4.081.650	4.318.177

Details of the Group's borrowings from financial institutions as at 31 December 2020 were as follows:

Consolidated and separate financial statements			
Currency	Facilities (in million)	Interest Rates (% p.a.)	Repayment Terms
LAK	190.000 or equivalents to US dollars	5,5% for USD and 8,5% for LAK	Principal is repayable on a quarterly basis, commencing from September 2020
Euro	17	EURIBOR 3 months+3,9%	Principal is repayable on a quarterly basis, commencing from August 2019
U.S. Dollars	40	LIBOR 6 months+3,2%	Principal is repayable on a quarterly basis, commencing from July 2018

Unutilised credit facility

As at 31 December 2020, a subsidiary has unutilized long-term credit facility amounting of USD 234 million or equivalent to LAK 2.086.444 million. The borrowing shall bear interest at LIBOR plus margin and shall be payable on a semi-annual basis for the period of 15 years. This borrowing is guaranteed by the Group.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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16 Debentures, net

	Consolidated and separate financial statements	
	2020	2019
	<i>Million LAK</i>	
Current portion of debentures	1.931.841	-
Non-current portion of debentures	8.343.462	9.370.051
	10.275.303	9.370.051

Movements in debentures for the year ended 31 December 2020 and 2019 were as follows:

	Consolidated and separate financial statements	
	2020	2019
	<i>Million LAK</i>	
At 1 January	9.370.051	7.933.766
Addition – net	-	1.042.333
Repayments	-	(404.590)
Amortisation of deferred finance cost	52.709	19.655
Effect from currency translation	852.543	778.887
Total	10.275.303	9.370.051

On 30 January 2019, the Group has issued and offered unsubordinated and unsecured debentures (the “debentures”) in Thailand to high net worth investors and institution investors, totalling Baht 3.839,6 million or equivalent to LAK 1.042.333 million. The debentures bear fixed-rate interest and shall be paid semi-annually on 30 January and 30 July, principal shall be repaid on maturity date.

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16 Debentures, net (Continued)

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

Series	Amount Million	Interest rate (% p.a)	Years	Interest repayment	Maturity date
2014-series 2	Baht 2.000,0	5,20%	7	Semi-annual basis	12 December 2021
2014-series 3	Baht 3.000,0	5,45%	10	Semi-annual basis	12 December 2024
2016-series 1	USD 51,0	5,00%	7	Semi-annual basis	2 September 2023
2016-series 2	USD 166,0	5,59%	10	Semi-annual basis	2 September 2026
2016-series 3	USD 95,0	5,98%	12	Semi-annual basis	2 September 2028
2018-series 1	Baht 3.810,3	3,90%	3	Semi-annual basis	13 July 2021
2018-series 2	Baht 4.078,1	4,50%	5	Semi-annual basis	13 July 2023
2018-series 3	Baht 1.443,1	4,85%	7	Semi-annual basis	13 July 2025
2018-series 4	Baht 1.897,9	5,50%	10	Semi-annual basis	13 July 2028
2018-series 5	Baht 809,8	6,00%	12	Semi-annual basis	13 July 2030
2018-series 6	Baht 1.621,2	6,25%	15	Semi-annual basis	13 July 2033
2019-series 1	Baht 1.085,5	4,50%	3,5	Semi-annual basis	30 July 2022
2019-series 2	Baht 1.660,7	5,50%	5,5	Semi-annual basis	30 July 2024
2019-series 3	Baht 1.093,4	6,50%	12	Semi-annual basis	30 January 2031

The periods to maturity of debenture as at 31 December 2020 and 2019 were as follows:

	Consolidated and separate financial statements	
	2020	2019
	<i>Million LAK</i>	
Less than 1 year	1.934.481	-
More than 1 year but less than 5 years	4.225.515	5.155.764
More than 5 years	4.231.818	4.383.507
Less: Deferred finance cost	(116.511)	(169.220)
Net	10.275.303	9.370.051

17 Accrued expenses

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
Accrued interest expense	485.765	287.719	484.883	287.655
Accrued royalty fees and other taxes	151.939	67.293	151.459	67.049
Others	5.337	5.689	3.262	5.665
Total	643.041	360.701	639.604	360.369

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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18 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
Depreciation expense (Note 9)	515.483	541.644	504.219	530.767
Personnel expense	70.020	67.297	60.243	60.090
Dividend tax expense	14.944	30.756	14.944	30.756
Repair and maintenance expenses	14.542	10.589	12.269	7.988
Others	151.224	87.433	143.426	79.352
Total	766.213	737.719	735.101	708.953

19 Finance costs

	Consolidated and Separate financial statements	
	2020	2019
	<i>Million LAK</i>	
Interest expense from debentures	530.403	511.174
Interest expense from borrowing from related party	185.436	198.501
Interest expense from borrowing from financial institutions	18.585	31.873
Others	18.495	714
Total	752.919	742.262
<i>Less: interest capitalised to advance payment for assets under concession and investments</i>	<i>(11.794)</i>	<i>(17.896)</i>
Net	741.125	724.366

20 Income tax expense

According to the Concession Agreement with GoL, the Company shall pay taxes on its net taxable income at a rate of ten percent (10%) of net profit after the adjustments for non-taxable income and non-deductible expenses and others according to applicable Tax Law.

The Group does not recognise corporate income tax payable or receivable in the future periods in respect of temporary difference. Income tax expenses recognised base on the result for the related period and the applicable tax rate.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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21 Basic earnings per share

The calculations of basic earnings per share as at 31 December 2020 and 2019 were based on the profit for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Profit attributable to ordinary shareholders of the Company (<i>in million LAK</i>)	158.642	193.079	178.774	207.553
Number of ordinary shares outstanding (<i>in million shares</i>)	1.679	1.679	1.679	1.679
Basic earnings per share (<i>in LAK</i>)	94,49	115,00	106,48	123,62

22 Dividends

2020:

The annual general meeting of shareholders, held on 29 May 2020, approved interim dividend payment respect of net profit for the six-month period from 1 July to 31 December 2019 of LAK 100 per share amounting to a total of LAK 167.930 million. This dividend was paid during 26 June 2020.

The Ordinary Board of Director's Meeting held dated 24 August 2020, approved no dividend payment for the six-month period from 1 January to 30 June 2020, because of the business operating result of the Group for the six-month period from 1 January to 30 June 2020 reports a loss of LAK 15.530 million.

2019:

The Ordinary Board of Director's Meeting, held on 23 August 2019, approved no dividend payment for the six-month period from 1 January to 30 June 2019, because of the business operating result of the Group for the six-month period from 1 January to 30 June 2019 reports a loss of LAK 147.145 million.

The Annual General Meeting of shareholders, held on 24 April 2019, approved interim dividend payment respect of net profit for the six-month period from 1 July to 31 December 2018 of LAK 160 per share amounting to a total of LAK 268.689 million. This dividend was paid during 09 May 2019.

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23 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for:</i>				
Design construction and installment for machinery and equipment and project construction	2.421.717	2.252.652	234.767	161.204
<i>Non-cancellable operating lease commitments</i>				
With one year	1.440	1.376	305	291
After one year but within five years	5.791	5.519	1.250	1.180
After five years	25.558	25.816	6.260	6.288
Total	32.789	32.711	7.815	7.759

Other significant agreements and arrangements

Land lease agreement

The Group leases land being used for their hydropower dams and solar sell under non-cancellable operating lease agreements with. The lease term is generally for 30 years and 25 years respectively.

Concession Agreement ("CA")

On 15 December 2010, the Group entered into the Concession Agreement ("CA") which was subsequently revised on 24 July 2013, with Government of Lao People's Democratic Republic ("GOL") represented by Ministry of Planning and Investment ("MPI"). The CA provides for a term of 30 years, together with a renewal period of 10 years for the Power Plant projects as described in Note 1 (b). At the end of the concession period, the Group must transfer to the GOL or its nominee, free of charge and encumbrances, all the Group's right, title and interest in the projects and all assets held by the Group for operating the projects as agreed under this CA.

Under the CA, the GOL grants to the Group 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 Group 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 Group 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.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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24 Related parties

Significant transactions as at 31 December 2020 and 2019 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
Parent company				
Sales	1.167.375	1.217.530	1.138.180	1.191.545
Interest expense	185.436	198.501	185.436	198.501
Interest income	18.012	22.747	18.012	22.747

Balances as at 31 December 2020 and 2019 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
<i>Advance payment for assets under concession and investments</i>				
Parent company				
EDL	1.973.406	2.217.880	1.973.406	2.217.880
Subsidiaries				
Nam Bi	-	-	-	-
EDL-Gen Solar	-	-	14.523	145.434
EDL-Gen O&M	-	-	11.825	12.290
	1.973.406	2.217.880	1.999.754	2.375.604
<i>Short-term loan to related party</i>				
Parent company				
EDL	280.632	454.042	280.632	454.042

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

24 Related parties (Continued)

Movements of short-term loan to related party as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
At 1 January	454.042	486.666	454.042	486.666
Additions	-	120.832	-	120.832
Repayments	(188.670)	(171.021)	(188.670)	(171.021)
Effect from currency translation	15.260	17.565	15.260	17.565
Total	280.632	454.042	280.632	454.042

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	Million LAK			
Trade and other receivables				
Parent Company				
EDL	1.409.906	549.514	1.393.136	527.301
Subsidiary and others				
Nam Bi	-	-	-	177
Theun-Hinboun Power Co., Ltd.	77.633	-	77.633	-
E&E Engineering and Service Co., Ltd.	4.800	-	-	-
Total	1.492.339	549.514	1.470.769	527.478

Long-term borrowings

Parent Company				
EDL				
- Current portion	961.173	723.234	961.173	723.234
- Long-term portion	2.818.225	3.062.376	2.818.225	3.062.376
Total	3.779.398	3.785.610	3.779.398	3.785.610

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
24 Related parties (Continued)

Movements of long-term borrowings from related party as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>Million LAK</i>			
At 1 January	3.785.610	3.817.417	3.785.610	3.817.417
Additions	-	-	-	-
Repayments	(175.883)	(191.073)	(175.883)	(191.073)
Effect from currency translation	169.671	159.266	169.671	159.266
Total	3.779.398	3.785.610	3.779.398	3.785.610

Significant agreement with related parties*Purchase Power Agreement ("PPA")*

On 15 December 2010 and revised on 9 December 2011, the Group 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 Group'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 Group 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 Group 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 Group 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

24 Related parties (Continued)

Debt Repayment Agreement

The Group entered into the Debt Repayment Agreement (“the Agreement”) with the EDL. 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 Group has agreed with EDL that the Group 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.

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 Group 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.

25 Effect from COVID19

On 5 April 2020, the Ministry of Energy and Mines has ordered to halt the operations temporarily of mining and hydropower projects who is under construction phase, which are vulnerable to the Covid-19 outbreak.

Management reviewed the effect from those instructions to their business, since most of their operation is start production already and sale electricity is continuing as at reporting date. In addition, some of project investment who is under construction phase are get approval from the government to continue their construction. Management considered that according to Lao environment which number of inflections is limited and can controlled then this issue has effect to their business in short term.

As at reporting date, management considered that there is no significant effect from Covid-19.

26 Event after the reporting period

Debenture issuances and/or borrowings from financial institutions

The Extraordinary General Meeting of Shareholder No. 1/2021 held dated 3 March 2021 has approved the capital raising plan through debenture issuances and/or borrowing from financial institutions with the amount of not exceeding USD 500 million or equivalent in any other currency for the purposes of financing investments for the business expansion, refinancing maturing debts including debentures and/or loans, in which the amount for investments or the Company’s general corporate expense purposes in business operation including its working capital is to be agreed by the Board of Directors.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

26 Event after the reporting period (Continued)

Dividend payment

Ordinary Board of Directors' Meeting, held on 19 March 2021, approved the dividend payment from the Company's 2020 business operation result after deducting required legal reserve and from retained earnings from previous years to shareholders listed in the shareholder register book on the book closing date on 23 April 2021 that determines the right to receive the dividend at the rate of LAK 100 per share, with the total dividend to be paid of LAK 167,93 Billion, and the date of dividend payment to shareholders is determined to be on 12 May 2021. This matter shall be proposed to the Annual general meeting 2020 (AGM 2020) for further consideration.

Appointment of an additional Vice Chairman and new Directors of the Board of Directors

Ordinary Board of Directors' Meeting, held on 19 March 2021, approved the appointment of an additional Vice Chairman and new Directors of the Board of Directors, as per details below;

- 1) Appointed Dr. Bounthavy SYSOUPHANTHONG, former Vice Minister of Ministry of Planning and Investment, to be an Independent Director and an additional Vice Chairman.
- 2) Appointed Mr. Phongsavath SENAPHUAN, Chairman of the Board of Directors of Phongsubthavy Road, Building and Irrigation Construction Sole Co., Ltd., to be a Director.
- 3) Appointed Mr. Somlath MEK AKATH, Managing Director of Phongsubthavy Road, Building and Irrigation Construction Sole Co., Ltd., to be a Director.
- 4) Appointed Mr. Kounlaphanh VONGNATHI, Deputy Managing Director of Phongsubthavy Road, Building and Irrigation Construction Sole Co., Ltd., to be an additional Deputy Managing Director.
- 5) Approved Mr. Komonchanh PHET ASA's departure from a Director position in the Company's Board of Directors as a result of his appointment to a new position.

And Directors in the Board of Directors is determined in position not more than two years from AGM 2020 onwards, and this matter shall be proposed to the AGM 2020 for further consideration.

ຜູ້ອຳນວຍການໃຫຍ່
Managing Director



ດວງສີ ພາຣາຍົກ

ຫົວໜ້າພະແນກບັນຊີ
Manager of Accounting Division

ຄຳຫວາງ ສິສິມຫວັງ

ຫົວໜ້າພະແນກກວດສອບພາຍໃນ
Manager of Internal Audit Division

ນິກອນ ແກ້ວວິໄລ