

Prospectus Dated 20 June 2012



No less than 140,470,452 Ordinary Shares
(plus the remaining Capital Increased Shares offered for sale on the rights offering basis)
Par Value of Kip: 4,000 per share

of

EDL-Generation Public Company
(the “Company” or “EDL-Gen”)

(registered in the Lao People’s Democratic Republic (“**Lao PDR**”) as a public company with limited liability on 15 December 2010)



Offering Price and Number of Capital Increased Shares:

Kip 4,800 per share offering to EDL (as defined hereafter) 105,352,839 shares

Kip 4,800 per share offering to the public no less than 35,117,613 shares
(plus the remaining Capital Increased Shares offered for sale on the rights offering basis)

Offering Period for the Offer:

Between 8.30 a.m. to 3.30 p.m., during 4 – 11 July 2012

(except on 11 July 2012, the subscription will be closed at 12.00 noon.)

The Company is offering not less than 140,470,452 capital increased ordinary shares of the Company (plus the remaining Capital Increased Shares offered for sale on the rights offering basis) (the “**Capital Increased Shares**”), in accordance with the regulations of the Securities and Exchange Commission of Lao PDR (the “**Lao SEC**”) relating to the Regulations re: Procedures of Issuance and Offer of Shares to the Public No. 008/SEC, dated 21 July 2010 pursuant to the offer for the capital increased shares to EDL and to the public (the “**Offer**”).

As part of the Offer, the Capital Increased Shares are being offered to EDL and to the public by BCEL-KT Securities Company Limited (the “**Underwriter**”) through Banque Pour Le Commerce Extérieur Lao Public (the “**Selling Agent**”), whereby the Capital Increased Shares will not be registered under the securities laws in any jurisdiction other than the securities laws of Lao PDR.

Warning

This Prospectus is written for the investors who are interested in investing in the capital increased ordinary shares issued by the Company as preliminary information only. The Lao SEC or the Securities and Exchange Commission Office of Lao PDR (the “**Lao SECO**”) does not suggest investing in the offered securities, guarantee on the price or the returns of the offered securities or guarantee on the accuracy or completion of the information in this Prospectus. The accuracy and completion of the information in this Prospectus is the responsibility of the Company.

If the information in this Prospectus is not accurate or if there is omission of the information, the holder of the securities may claim for damages from the Company or the securities’ issuer pursuant to related laws and regulations.

“Investment involves risk. Investors should read the Prospectus carefully before making an investment decision.”

A prospectus originally written in the Lao language has been filed with the Lao SECO (the “**Lao Prospectus**”) and the English translation of which was also prepared (the “**English Prospectus**”).

Although care was taken to render the translation as reliable as possible, it does not carry any legal authority and no representation is made as to its accuracy and the English translation is not a prospectus defined under the Decree of the Prime Minister's Office No. 255/PM. re: the Securities and Exchange, dated 24 May 2010 (the "**SEC Decree**"). Only the original text written in the Lao language has legal force under the SEC Decree and the Lao law requires the distribution of a prospectus that has become effective pursuant to the SEC Decree in connection with the public offering of the Capital Increased Shares.

The Offer will be in compliance with the applicable rules and regulations of the Lao SEC and the Lao Prospectus was prepared specifically for the public offering of the Capital Increased Shares in Lao PDR. **Accordingly, the Capital Increased Shares will not be registered under the securities laws in any jurisdiction other than the securities laws of Lao PDR.** No representation is being given that the form or contents of the English Prospectus are appropriate or sufficient for the Offer. The Lao Prospectus and the English Prospectus should be read together prior to making an investment decision to buy the Capital Increased Shares.

This Offer is the offering of the Company's Capital Increased Shares to EDL and to the public. The Company expects to file the application for registration of the increase in the Company's capital, together with the notification of the change in enterprise registration certificate to the competent department of the Ministry of Industry and Commerce (the "**MOIC**") no later than ten business days after the completion of the Offer. In addition, the Company will file the application for listing of the Capital Increased Shares to the Lao Securities Exchange (the "**LSX**") after the Company receives the amended enterprise registration certificate from the MOIC. The Company expects that its Capital Increased Shares will be approved as listing securities on the LSX no later than seven days after filing the application for listing of the Capital Increased Shares.

The Company expects to receive the payment for the Capital Increased Shares no later than ten business days after the Offering Period, in immediately available funds, and that delivery of the Capital Increased Shares to shareholders will be made through the LSX's depository facility with Securities Depository Centre no later than 15 business days after the Offering Period.

Nonetheless, the Offer to EDL is the offering of Company's capital increased ordinary shares as consideration to EDL for the transfer of portions of EDL's shares in the four independent power producers (the "**IPPs**") namely, (1) Theun-Hinboun Power Co., Ltd., (2) Houay Ho Power Co., Ltd., (3) Nam Lik 1-2 Power Co., Ltd., and (4) Nam Ngum 2 Power Co., Ltd. to the Company. (Please see "Information in relation to the Offer – Subscription Payment Method").

Prior to investment in the Capital Increased Shares, investors should consider risks involved. Please read the sections titled "Risk Factors" prior to investing in the Capital Increased Shares.

SELLING RESTRICTIONS

Dubai International Financial Centre

This document relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on, by any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The Capital Increased Shares to which this document relates may be illiquid and/or subject to restrictions on their re-sale. Prospective purchasers of the Capital Increased Shares should conduct their own due diligence on the Capital Increased Shares. If you do not understand the contents of this document you should consult an authorized financial adviser.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, as defined below, (each, a “Relevant Member State”) an offer to the public of any Capital Increased Shares which are the subject of the Offer contemplated by this document may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Capital Increased Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts;
- by the Selling Agent to fewer than 100 natural or legal person (other than qualified investors as defined in the Prospectus Directive); or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Capital Increased Shares shall result in a requirement for the publication by the Company, the Underwriter or the Selling Agent of a prospectus pursuant to Articles 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any Capital Increased Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Capital Increased Shares to be offered so as to enable an investor to decide to purchase any Capital Increased Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

The Capital Increased Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the *Securities and Futures Ordinance* (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the *Companies Ordinance* (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Capital Increased Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Capital Increased Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the *Securities and Futures Ordinance* (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan

The Capital Increased Shares have not been and will not be registered under the *Financial Instruments and Exchange Act* (Act No. 25 of 1948, as amended) of Japan and the Capital Increased Shares have not been and will not be offered or sold, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to, or for the account or benefit of, any persons for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the *Financial Instruments and Exchange Act* and other relevant laws and regulations of Japan.

Kuwait

The Capital Increased Shares have not been licensed for offering in Kuwait by the Ministry of Commerce and Industry or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. The Offer of the Capital Increased Shares in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with *Decree Law no. 31 of 1990*, as amended, and *Ministerial Order No. 113 of 1992*, as amended. No private or public offering of the Capital Increased Shares is being made in Kuwait, and no agreement relating to the sale of the Capital Increased Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Capital Increased Shares in Kuwait.

Russia

Information set forth in the following document does not constitute an advertisement in Russia of Capital Increased Shares referred to therein and must not be passed on to third parties or made publicly available in Russia. Neither the Capital Increased Shares, nor a securities prospectus in respect of Capital Increased Shares have been, or is intended to be, registered in Russia. The Capital Increased Shares are not intended for “placement” or “public circulation” in Russia. The information provided in the following document is not an offer, or an invitation to make offer, to sell, exchange or otherwise transfer the Capital Increased Shares in the Russian Federation or to or for the benefit of any Russian person or entity, except for the persons who are “qualified investors” in the meaning of Article 51.2 of the *Federal law of the Russian Federation* dated 22 April 1996 No. 39-FZ “On Securities Market” and subordinate regulations.

The Capital Increased Shares will not be offered or sold to or for the benefit of any persons resident, incorporated, established or having their usual residence in Russia or to any person located within the territory of Russia, unless and to the extent permitted by Russian law.

Singapore

This document has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the *Securities and Futures Act, Chapter 289 of Singapore* (the “SFA”). The Capital Increased Shares may not be offered or sold, or made the subject of an invitation for subscription or purchase nor may this document or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Capital Increased Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor under Section 274 of the SFA; (ii) to a relevant person under Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Capital Increased Shares are subscribed or purchased under Section 275 of the SFA by a relevant person who is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Capital Increased Shares under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) pursuant to Section 276(7) of the SFA.

Switzerland

The Capital Increased Shares may not be publicly offered in Switzerland and will not be listed on the Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Capital Increased Shares or the Offer may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Offer, the Company or the Capital Increased Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Offer will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA), and the Offer has not been and will not be authorized under the *Swiss Federal Act on Collective Investment Schemes* ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Capital Increased Shares.

Thailand

The Capital Increased Shares are not offered to the general public in Thailand and the Capital Increased Shares have not been and will not be registered under the *Securities and Exchange Act B.E. 2535, as amended*. The approval of the Thailand Securities and Exchange Commission has not been sought and will not be obtained for the Offering, and any sale of the Capital Increased Shares will only be made if an exemption from the prospectus and registration requirements of the securities laws of Thailand (including the *Securities and Exchange Act B.E. 2535, as amended*) is available and the Offering and sale is made in accordance with the terms of such exemption. This document does not constitute a prospectus or registration statement within the meaning of the *Securities and Exchange Act B.E. 2535, as amended* or any other securities laws of Thailand.

United Arab Emirates

This document has not been approved or licensed by the Central Bank of the United Arab Emirates (the “UAE”), the Securities and Commodities Authority the UAE and/or any other relevant licensing authority in the UAE including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the territory of UAE. The Offer of the Capital Increased Shares does not constitute a public offer of securities in the UAE and/or any other free zone in accordance with the Commercial Companies Law, Federal Law no. 8 of 1984 (as amended) or otherwise. The Capital Increased Shares may not be offered to the public in the UAE and/or any of the UAE free zones.

United Kingdom

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the U.K. *Financial Services and Market Act of 2000* (the “FSMA”) in connection with the issue of sale of any Capital Increased Shares will only be made in a circumstance in which section 21(1) of the FSMA does not apply to the Company.

Financial Advisor: BCEL-KT Securities Company Limited
Underwriter: BCEL-KT Securities Company Limited
Selling Agent: Banque Pour Le Commerce Extérieur Lao Public

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The information in this Prospectus may only be accurate as of the date of this Prospectus. Investors should be aware that since the date of this Prospectus there may have been changes in certain information contained in it, e.g. business, financial conditions, results of operations that could differ from the information herein.

In making an investment decision, investors must rely on their own examination of the Lao Prospectus, the English Prospectus and other documents in connection with the Offer, including its merits and the risks involved. Investors should not construe the contents of this Prospectus or its appendices as legal, business, financial or tax advice. Each investor should consult its own legal counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning an investment in the Capital Increased Shares, as the case may be.

The Offer has not been approved by the authorities in any jurisdiction other than the Lao SECO or disapproved or recommended by the authorities in any jurisdiction. No representation is being given that the form or contents of the Prospectus are appropriate or sufficient by the authorities in any other jurisdiction.

This Prospectus is based on certain information provided by the Company and EDL and on information obtained from other sources. The Underwriter and the Selling Agent are delivering this Prospectus on a confidential basis to investors solely for offering and selling of the Capital Increased Shares and the use in deciding whether or not to proceed with a further investigation of a potential investment in the Capital Increased Shares. This Prospectus does not purport to be all-inclusive or to necessarily contain all the information that an investor may desire in investigating the Company or which is necessary to make an informed investment decision regarding the Capital Increased Shares. The English Prospectus has been prepared for informational purposes relating to the Offer only and upon the express understanding that it will be used for only the purpose set forth above.

None of the Underwriter or any member, employee, counsel, officer, director, representative, agent or affiliate of the Underwriter makes any express or implied representation or warranty as to the adequacy, accuracy, reasonableness or completeness of the information contained in this Prospectus or made available in connection with any further investigation of any investment in the Capital Increased Shares, or that no information or representation has been omitted therefrom which is likely to affect the importance of the information or representations contained therein. The Underwriter and the Selling Agent expressly disclaims any and all liability that may be based on such information, errors therein or omission therefrom. No person is authorized to give any information or to make any representation in connection with this Offer other than as contained in this Prospectus and, if given or made, investors must not rely on such information as having been authorized by the Company, the Underwriter or any affiliate or representative thereof.

This Prospectus contains conversions of certain amounts into US dollars at specified rates solely for the convenience of the reader. Except where otherwise specified, conversions of Kip to Thai Baht and US dollars appeared in the Financial Statements mainly refer to the Kip/Thai Baht/Dollar exchange rate specified in the notes from the Financial Statements prepared by the independent auditors. No representation is made that the Kip, Thai Baht or Dollar amounts referred to herein could have been or could be converted into Dollars, Kip or Thai Baht, as the case may be, at these rates, at any particular or at all. Any discrepancies in the tables included herein between the amounts listed and the total thereof are due to rounding.

In the English Prospectus, all references to:

- “ADB” refers to Asian Development Bank;
- “AOA” refers to the Articles of Association of the Company, included amended versions;

- **“Assets Transferred to the Company on the Incorporation Date”** refers to certain wholly-owned hydropower plants and the assets relating to such hydropower plants transferred to the Company on the Incorporation Date, and **Asset Transferred to the Company on the Incorporation Date** refers to each of them;
- **“Cambodia”** refers to the Kingdom of Cambodia;
- **“Capital Increased Shares”** refers to no less than 140,470,452 ordinary shares of the Company (plus the remaining Capital Increased Shares offered for sale on the rights offering basis), with the par value of Kip 4,000 each, offered for sale by the Company (See “Information in relation to the Offer - Details of Capital Increased Shares and Offering Method”);
- **“CAs”** refers to the Concession Agreements in relation to the power plants between the GOL and the concessionaire and **“CA”** refers to each of them;
- **“China”** refers to the People’s Republic of China;
- **“COD”** refers to Commercial Operation Date;
- **“Company”** or **“EDL-Gen”** refers to EDL-Generation Public Company, registered in Lao PDR as a public company with limited liability;
- **“Debt Repayment Agreements”** refers to the Debt Repayment Agreements between EDL and the Company and **“Debt Repayment Agreement”** refers to each of them;
- **“EDL”** refers to ELECTRICITE DU LAOS;
- **“EDL Construction Period & Planned Generation Assets”** refers to EDL’s wholly-owned hydropower projects which are under-construction or in planning at the date of this Prospectus;
- **“EDL Equity Share Construction Period & Planned IPPs”** refers to IPP projects that are currently under construction or in planning and in which EDL is or will be a shareholder;
- **“EDL Equity Share Operating IPPs”** refers to IPP projects that are operating and in which EDL is a shareholder;
- **“EDL Hydropower Generation Assets”** refers to (i) EDL Construction Period & Planned Generation Assets, (ii) EDL Equity Share Construction Period & Planned IPPs, and (iii) EDL Equity Share Operating IPPs, and **“EDL Hydropower Generation Asset”** refers to each of them;
- **“EDL IPPs”** refers to any IPP projects in which EDL is or may become a shareholder and includes the **“EDL Equity Share Operating IPPs”** and **“EDL Equity Share Construction Period & Planned IPPs”**;
- **“EGAT”** refers to Electricity Generating Authority of Thailand;
- **“Enterprise Law”** refers to the Law on Enterprises No. 11/NA dated 9 November 2005 (as amended);
- **“Financial Advisor”** refers to BCEL-KT Securities Company Limited;
- **“Financial Statements”** refers to the financial statements of the Company for the Fiscal Year 2011 which are audited by PWC;

- **“Fiscal Years”** refers to the Company’s accounting period, starting from 1 January to 31 December and **“Fiscal Year”** refers to each of them;
- **“GMS Countries”** refers to the countries in Greater Mekong Sub-region sharing the Mekong River, comprising six countries which are the Kingdom of Cambodia, Lao PDR, the Republic of the Union of Myanmar, the Kingdom of Thailand, the Socialist Republic of Vietnam and the People’s Republic of China;
- **“GOL”** refers to the Government of Lao PDR;
- **“HHPC”** refers to Houay Ho Power Co., Ltd.;
- **“Hong Kong”** refers to the Special Administrative Region of Hong Kong;
- **“IDA”** refers to the International Development Association, an agency of the World Bank;
- **“Incorporation Date”** refers to 15 December 2010;
- **“IPPs”** refers to independent power producers in Lao PDR and **“IPP”** refers to each of them;
- **“JBIC”** refers to Japan Bank for International Cooperation;
- **“Kip”, “Kips”, “kip” “kips” or “LAK”** refers to the Lao Kip, which is the legal tender currency of Lao PDR;
- **“Korea”** refers to the Republic of Korea;
- **“Lao PDR”** refers to the Lao People’s Democratic Republic;
- **“Lao SEC”** refers to the Securities and Exchange Commission of Lao PDR;
- **“Lao SECO”** refers to the Office of the Securities and Exchange Commission of Lao PDR;
- **“LHSE”** refers to Lao Holding State Enterprise;
- **“LSX”** refers to the Lao Securities Exchange;
- **“MEM”** refers to the Ministry of Energy and Mines;
- **“MOF”** refers to the Ministry of Finance;
- **“MOIC”** refers to the Ministry of Industry and Commerce;
- **“MOU”** refers to the Memorandum of Understanding;
- **“Myanmar” or “Burma”** refers to the Republic of the Union of Myanmar;
- **“NA” or “National Assembly”** refers to the National Assembly of Lao PDR;
- **“NASC”** refers to the National Assembly Standing Committee of Lao PDR;
- **“2010 NASC Resolution re: Securities and Securities Exchange”** refers to the Resolution of the NASC No. 132/SC re: Approval and Exemption of Certain Requirements in relation to Securities and Securities Exchange, dated 13 December 2010, which establishes the policy of restructuring EDL’s generation business and permits EDL to transfer certain assets to the

Company which currently are “**Assets Transferred to the Company on the Incorporation Date**”;

- “**2012 NASC Resolution re: Securities and Securities Exchange**” refers to the Resolution of the NASC No. 051/SC re: Approval and Exemption of Certain Articles of the Laws Particularly in relation to Securities and Securities Exchange, dated 13 June 2012, which approves EDL to sell or transfer its shares held in the four IPPs, namely, (1) Theun-Hinboun Power Co., Ltd., (2) Houay Ho Power Co., Ltd., (3) Nam Lik 1-2 Power Co., Ltd., and (4) Nam Ngum 2 Power Co., Ltd. to the Company. Please see additional details in Part 1, “Future Projects – item No. 3.2 Company’s Investment Plan in EDL Equity Share Operating IPPs Subscription Payment Method”);
- “**NLPC**” refers to Nam Lik 1-2 Power Co., Ltd.;
- “**NN2PC**” refers to Nam Ngum 2 Power Co., Ltd.;
- “**NNG1 HPP**” refers to Nam Ngum 1 Hydropower Plant;’
- “**Non-EDL IPPs**” refers to IPP projects in which EDL has no equity or operating stake;
- “**Offer**” refers to the offering of the Capital Increased Shares to EDL and to the public in accordance with SEC Decision re: Public Offering (as defined hereafter);
- “**PDP 2010-2020 (Revision-1)**” refers to the Power Development Plan for the period of 2010 – 2020 prepared by EDL in August 2011 which have been amended from the Power Development Plan for the period 2007 – 2016;
- “**PM Decision re: Establishment of the Company**” refers to the Decision of the Prime Minister No. 180/PM re: Adopting and Confirming of Certain Requirements for the Establishment of the Company, dated 13 December 2010;
- “**PM Decree re: Fund Raising by the Company**” refers to the Decree of the Prime Minister No. 526/PM re: Exemption of Certain Requirements for the Initial Public Offering and Listing on the LSX by the Company, dated 13 December 2010;
- “**PPAs**” refers to the Power Purchase Agreements and “**PPA**” refers to each of them;
- “**PWC**” refers to PricewaterhouseCoopers (Laos) Ltd.;
- “**Royalty**” refers to the fee for the use of natural resources to be paid to the GOL by the person entitled to use the natural resources, calculated in a percentage based on the total income from the sale of electricity;
- “**SEC Decision re: Public Offering**” refers to the Regulation of the Lao SEC No. 008/SEC re: the Regulation in relation to the Public Offering, dated 21 July 2010;
- “**SEC Decree**” refers to the Decree of the Prime Minister’s Office re: the Securities and Exchange No. 255/PM., dated 24 May 2010;
- “**Selling Agent**” refers to Banque Pour Le Commerce Extérieur Lao Public;
- “**Singapore**” refers to the Republic of Singapore;
- “**Thailand**” refers to the Kingdom of Thailand;
- “**Thai Baht**” refers to the legal tender currency of the Kingdom of Thailand;

- “**THPC**” refers to Theun-Hinboun Power Co., Ltd.;
- “**Underwriter**” refers to BCEL-KT Securities Company Limited;
- “**Underwriting Agreement**” refers to the Underwriting Agreements between the Company and the Underwriter;
- “**USD**”, “**\$**”, “**US\$**”, “**US dollars**”, “**Dollars**” or “**dollars**” refers to the legal tender currency of the United States of America;
- “**Vietnam**” refers to the Socialist Republic of Vietnam;
- “**We**”, or “**our**” refers to the Company where the context requires.

In this Prospectus, the following technical terms have the meaning indicated:

GWh	:	Gigawatt Hour
km	:	Kilometer(s)
km ²	:	Square kilometer(s)
km ³	:	Cubic kilometer(s)
kV	:	Kilovolt
KVA	:	Kilo Volt Amp(s)
KWh	:	Kilowatt Hour
m	:	Meter(s)
m ³	:	Cubic meter(s)
m ³ /s	:	Cubic meter(s) per second
masl	:	Meter(s) above seal level
MCM	:	Thousand circular mils
mm ²	:	Square millimeter(s)
mm ³	:	Cubic millimeter(s)
MW	:	Megawatt

SUMMARY

This following summary may not contain all of the information that may be important to investors. Investors should read this entire Prospectus, including the financial data and related notes and the “Risk Factors” before making an investment decision.

1. COMPANY INFORMATION

The Company was incorporated as a public company with limited liability on 15 December 2010 under the laws of Lao PDR, having its registered address at 7th Floor, EDL Headquarter Building, Lao-Thai Friendship Road, Thongkang Village, Sisattanak District, Vientiane Capital, Lao PDR. The Company was established by EDL in connection with the restructuring of the electricity business of EDL, whereby the Assets Transferred to the Company on the Incorporation Date was made by EDL according to the PM Decision re: Establishment of the Company and the 2010 NASC Resolution re: Securities and Securities Exchange.

Pursuant to the PM Decision re: Establishment of the Company and the 2010 NASC Resolution re: Securities and Securities Exchange, the Prime Minister approved the establishment of the Company and the National Assembly approved the transfer of EDL’s generation assets and other relevant assets to the Company to be the Assets Transferred to the Company on the Incorporation Date, as well as the transfer of EDL’s obligations under loan agreements and other agreements.

On the Incorporation Date, EDL made payment in cash and transferred to the Company the EDL’s generation assets as consideration for EDL’s subscription for 651,448,042 shares of the Company, representing 99.99 percent of the total capital of the Company. The Company became a subsidiary of EDL. The remaining 0.01 percent of the total capital is held by eight individuals.

On the same day, the shareholders’ meeting of the Company approved to increase its capital from Kip 2,605,792,200,000 to Kip 3,474,388,200,000 (registered capital of the Company as of the date of this Prospectus) in order to the initial public offering. After completion of the initial public offering, the Company’s shares were one of the first securities listed on the LSX on 11 January 2011. Since then, EDL has maintained its major shareholder of the Company, holding 75 percent of the total issued shares of the Company.

Thereafter, the Extraordinary General Shareholders’ Meeting No. 1/2011 dated 3 October 2011 had approved the increase of the Company’s registered capital from Kip 3,474,388,200,000, divided into 868,597,050 shares with the par value of 4,000 Kip each, to be the registered capital of 4,904,867,060,000 Kip, divided into 1,226,216,765 shares with the par value of 4,000 Kip each, by issuing 357,619,715 new ordinary shares at the par value of 4,000 each, in order to offer for sale to the existing shareholders of the Company, to EDL and to the public according to the share offering plan as follows:

Part 1: The offering of the new shares to the existing shareholders proportionately to their shareholding (Rights Offering or RO)

The 217,149,263 Capital Increased Shares will be offered on the RO basis at the offering price of 4,300 Kip per share, whereby EDL, which is an existing shareholder of the Company, has the right to subscribe for 162,862,011 shares and will make payment for the subscription by parts of its shares in the IPPs.

Part 2: The offering of the new shares to the public (Public Offering or PO)

Not exceeding 140,470,452 Capital Increased Shares including the remaining Capital Increased Shares offered on the RO basis in Part 1 shall be offered on the PO basis at the offering price of not less than 4,800 Kip per share, whereby EDL will subscribe for the Capital Increased Shares offering to the public in the amount of not exceeding 105,352,839 shares and will make payment for the subscription by parts of its shares in the IPPs.

Details of payments of subscription for the Capital Increased Shares

The increase of the registered capital shall be paid as follows:

- (1) Not exceeding 89,404,865 ordinary shares shall be paid in cash; and
- (2) Not exceeding 268,214,850 ordinary shares shall be paid by the shares held by EDL in the four companies as follows:
 - (2.1) Not exceeding 184,962,489 ordinary shares shall be paid by 489,783 ordinary shares held by EDL in Theun-Hinboun Power Co., Ltd.;
 - (2.2) Not exceeding 2,879,465 ordinary shares shall be paid by 74,209 ordinary shares held by EDL in Houay Ho Power Co., Ltd.;
 - (2.3) Not exceeding 5,321,038 ordinary shares shall be paid by 22,143 ordinary shares held by EDL in Nam Lik 1-2 Power Co., Ltd.; and
 - (2.4) Not exceeding 75,051,858 ordinary shares shall be paid by 163,428,275 ordinary shares held by EDL in Nam Ngum 2 Power Co., Ltd.

The current model Company's business is to own and operate the EDL Hydropower Generation Assets and sells all of the electricity production to EDL. In the future, the Company may operate its business by developing the transmission lines and power stations as necessary, including investing in or joint venture in power generation projects, and providing operating and maintaining services to power generation projects in accordance with the Company's strategy. Since the Incorporation Date, the Company has conducted its power generation business through seven generation plants called the Assets Transferred to the Company on the Incorporation Date which were transferred from EDL on the Incorporation Date.

The operation's result of the Company for the Fiscal Year 2011, the major revenue of the Company was in the total of Kip 881,748 million from the sale of the electricity produced from the Assets Transferred to the Company on the Incorporation Date to EDL pursuant to the PPA.

2. INFORMATION IN RELATION TO THE CAPITAL INCREASED SHARES

The Issuer	EDL-Generation Public Company
Offer	No less than 140,470,452 ordinary shares (plus the remaining Capital Increased Shares offered for sale on the rights offering basis) are being offered to EDL and to the public by the Underwriter through the Selling Agent, consisting of the following: • 105,352,839 shares offering to EDL; and • No less than 35,117,613 shares offering to the public. The Offer has been registered as a public offering with the Lao SECO, whereby the Capital Increased Shares will not be registered under the securities laws in any jurisdiction other than the securities laws of Lao PDR.
Par Value	Kip 4,000 per share
Offering Price in the Offer to EDL	Kip 4,800 per share
Offering Price in the Offer to the Public	Kip 4,800 per share

Voting Rights	Owners of the shares will be entitled to full voting rights. See Part 2 “Description of Shares – Voting Rights”.
Dividends	The owners of the shares will be entitled to receive dividends as may be approved by the shareholders’ meeting at the rate of no less than 50 percent of the available net profits of the Company after deducting for taxes, statutory/legal reserve fund and other reserve funds (if any). See Part 2 “Description of Shares – Dividends”. Dividends in respect to the shares in the companies in Lao PDR are generally subject to the income tax at a rate of ten percent.
Transfer Restriction of the Shares	According to the AOA of the Company, shares of the Company can be freely transferred unless such transfer will cause foreign person(s) or juristic person(s) holding shares in the Company exceeding the number specified in the regulations of the Lao SEC and/or any relevant laws and regulations. Currently, the SEC Decision No. 021/SEC re: the Increase of the Foreign Ownership in EDL-Generation Public Company dated 5 January 2012 allows foreign investors to own the shares in the Company no more than 20 percent of the total shares, of which individual persons must not hold more than one percent of the total shares, and institutional investors or juristic persons must not hold more than five percent of the total shares. Other than for restricted periods after the completion of the Offer pursuant to LSX listing requirements and certain contractual agreements, EDL is restricted from transferring its shares in the Company within two years of the incorporation of the Company pursuant to the Enterprise Law as EDL is a “promoter” of the Company under such Law, provided that EDL and other promoters must jointly hold shares representing at least ten percent of the registered capital during such two years period. However, the Company believes that after the completion of such two year transfer restriction period (i.e. 15 December 2012), EDL will maintain the shareholding proportion at approximately 75 percent of the total issued shares of the Company in order to maintain its status as a major shareholder of the Company. See “Information in relation to the Offer - Transfer Restriction of the Shares”.
Use of Proceeds	The proceeds from the Offer will consist of (i) portions of shares in the IPPs transferred from EDL, namely, (1) Theun-Hinboun Power Co., Ltd., (2) Houay Ho Power Co., Ltd., (3) Nam Lik 1-2 Power Co., Ltd., and (4) Nam Ngum 2 Power Co., Ltd., and (ii) cash in the amount of not less than Kip 168,565 million (plus the proceeds from the offer of the Capital Increased Shares remaining from the offer for sale on the rights offering basis). (Please see “Information in relation to the Offer – Subscription Payment Method”). The net proceeds in cash will be used to purchase portions of shares in the above IPPs within 2012 in accordance with the Company’s strategy. The remaining proceeds from the purchase of the shares in the four IPPs will be used as working capital and for maintenance of the Company’s assets.
No Offer of Existing Shares	The Capital Increased Shares in the Company sold under the Offer will be newly issued shares. No existing shares of the Company are to be sold as part of this Offer.

Certain events in the course of the Offer are summarized below. Certain of the dates are estimates provided by the Company and are subject to change. All references to times in this Prospectus are to local time in Lao PDR (which is Greenwich Mean Time plus seven hours).

Offering Period for the Offer	Between 8.30 a.m. to 3.30 p.m., during 4 – 11 July 2012 (except on 11 July 2012, the subscription will be closed at 12.00 noon.)
Subscription and Payment	Payment to the Company accompanying subscriptions for the Capital Increased Shares offered in the Offer is due on or before subscription date.
Delivery of the Capital Increased Shares	Delivery of the Capital Increased Shares will be made after the payment for the Capital Increased Shares offered. It is expected that delivery of the Capital Increased Shares in the Offer will be made through the LSX's depository facilities by the Securities Depository Centre no later than 15 business days after the Offering Period.
Registration of Increase in Capital and Notification of the Change in Enterprise Registration Certificate	Application for the registration of the increase in the Company's capital is expected to be filed together with the notification of the change in enterprise registration certificate to the competent department of the MOIC no later than ten business days after the completion of the Offer.
Application for Listing of the Capital Increased Shares	The Company will file the application for listing of the Capital Increased Shares to the LSX, which will be made promptly after the Company (i) registers the increase in its share capital with the MOIC and (ii) receives the amended enterprise registration certificate from the MOIC, both of which will take place after the completion of the Offer.
Listing on the LSX	The Company expects that its Capital Increased Shares will be approved as listing securities on the LSX no later than seven days after filing the application for listing of Capital Increased Shares.

PART 1 COMPANY INFORMATION

1. COMPANY INFORMATION

1) General Information

- **General Information of the Company**

Company Name	: EDL-Generation Public Company
Symbol Name	: EDL-Gen
Type of Business	: 1. Wholly sale of the electricity to EDL and construction the transmission lines and power stations as necessary. 2. Investment in EDL Construction Period & Planned Generation Assets or the shares wholly owned or partially owned by EDL in the EDL IPPs. 3. Providing operating and maintaining services to power generation assets in Lao PDR.
Head Office	: 7 th Floor, EDL Headquarter Building, Lao-Thai Friendship Road, Thongkang Village, Sisattanak District, Vientiane Capital, Lao PDR
Telephone Number	: (+856-21) 316-142
Facsimile Number	: (+856-21) 316-141
E-mail	: edlgenhq@edlgen.com.la
Website	: www.edlgen.com.la

- **Use of Proceeds**

The proceeds from the Offer will consist of (i) portions of shares in the IPPs transferred from EDL, namely, (1) Theun-Hinboun Power Co., Ltd., (2) Houay Ho Power Co., Ltd., (3) Nam Lik 1-2 Power Co., Ltd., and (4) Nam Ngum 2 Power Co., Ltd., and (ii) cash in the amount of not less than Kip 168,565 million (plus the proceeds from the offer of the Capital Increased Shares remaining from the offer for sale on the rights offering basis). (Please see “Information in relation to the Offer – Subscription Payment Method”).

The net proceeds in cash will be used to purchase portions of shares in the above IPPs within 2012 in accordance with the Company’s strategy. The remaining proceeds from the purchase of the shares in the four IPPs will be used as working capital and for maintenance of the Company’s assets.

- **Company Background**

From 2008, EDL has implemented the directives of the GOL on the business restructuring of the electricity industry in Lao PDR. EDL, a state enterprise having the function to produce, transmit and sell electricity energy, had engaged advisors to study the feasibility to readjust business structure of the EDL in the purpose that the electricity industry in Lao PDR can grow up and develop in response to the need of the nation.

In 2010, the result from the study certified that the electricity production generating part of EDL can be generated as capital for the creation of the Company and to increase its

capital by selling the 25 percent of its shares to the public, and then listed all shares of the Company on the LSX.

Under the leading of the Lao SEC, the technical committee was set up to prepare the Company's listing on the LSX. This Committee was composed of people from concerned various sectors of the ministries.

This process concerned the ministries and governmental authorities, including the National Assembly and the Prime Minister's Office, especially the exemption of the implementation of some provisions and articles of the Decrees and relevant laws since the stock market is new for Lao PDR and in order to implement within the period of time defined by the GOL setting on 11 January 2011 that is the first trading day of the LSX.

On 13 December 2010, the National Assembly issued the 2010 NASC Resolution re: Securities and Securities Exchange on the approval and exemption in the implementing some laws that are related with the securities and securities exchange. Side by side with the National Assembly, the Prime Minister issued the PM Decree re: Fund Raising by the Company on the exemption of the implementing the initial public offering and listing on the LSX, and also issued the PM Decision re: Establishment of the Company on the approval and confirmation of the establishment of the Company, fund raising and listing on the LSX.

On 15 December 2010, the MOIC issued the enterprise registration certificate No. 4637/ERO to the Company with the registered capital as at the incorporation of Kip 2,605,792,200,000. By implementing the legal and judicial documentation that described above, EDL had subscribed for the Company's shares and made subscription payment by transferring its assets relating to the electricity production to the Company called the Assets Transferred to the Company on the Incorporation Date, which are Nam Ngum 1, Nam Leuk, Nam Mang 3, Nam Song (in construction phase and expected to be commissioned in 2012), Xeset 1, Xeset 2, and Xelabam. The total installed capacity is 387 MW, having average energy capacity per year 1,923.5 GWh.

In December 2010, the Company's shareholders' meeting had approved the increase of the Company's capital to Kip 3,474,388,200,000 for the initial public offering and the Company had completed the increase of its capital by issuing 217,149,000 shares and offering its shares to employees of the Company and EDL, and to the public pursuant to the approval of a public offering according to the Letter No. 002/SECO dated 15 December 2010.

On 11 January 2011, the Company became one of the first public companies in Lao PDR having its securities listed on the LSX and being able to trade according to the laws in Lao PDR.

2. RISK FACTORS

An investment in the Company involves risks. Investors should carefully consider all of the information in this Prospectus and, in particular, the risks described below before deciding to invest. The following describes some of the significant risks that could affect the Company and the value of any investment in the Company. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could actually be material.

In general, investing in “frontier markets” such as Lao PDR with newly established stock exchanges involves risks that may not be found even in many “emerging markets”. Therefore, in addition to issues relating to the Company (quality of assets and management, ability to produce cash flow, financial soundness, regulation of the electricity market), investors should pay careful attention to the issues relating to the new stock exchange, including regulation, taxation, liquidity and transaction costs.

A summary of key risk factors and associated mitigation measures is as follows:

1. Delayed Registration of Increased Capital

Purchasers of the Capital Increased Shares in the Offer will not be entitled to exercise their rights as shareholders and will not be able to settle sales of their Capital Increased Shares until the Company registers the increase in its capital resulting from the Offer with the MOIC and receives the amended enterprise registration certificate from MOIC. During this period, purchasers are likely to be deemed to be unsecured creditors of the Company with respect to the Capital Increased Shares rather than shareholders.

2. Failure to List the Capital Increased Shares

Upon completion of the Offer and registration of the increase in the share capital with the MOIC, the Company will make the application for listing of the Capital Increased Shares on the LSX. Approval of such listing application is expected to be granted, subject to certain standard conditions of the LSX designed to ensure that the shares of listed companies are widely held.

If the Company is unable to list its Capital Increased Shares, shareholders will be unable to trade their Capital Increased Shares on the LSX. In such case, the Underwriter has agreed that they will match buy and sell orders of the Capital Increased Shares on behalf of any shareholders that wish to acquire or dispose of such Shares.

3. Risk relating to the LSX

The LSX is a newly opened market and is evolving its systems and regulations in order to correspond with the expansion of the future economy of Lao PDR. However, in comparison with other developed securities exchange in some countries such as Hong Kong or Singapore, the LSX is less active and the information of the Company publicly available on the newly LSX is less than that is regularly published by or about listed companies in developed exchange. Therefore, investors may find it more difficult to obtain Company’s information on the LSX than information about listed companies on other developed exchange.

4. Operational Risks

4.1 Limited Operating History of the Company

The Assets Transferred to the Company on the Incorporation Date, most of which have been in full commercial operation for many years, are expected to continue to operate as before the transfer of ownership from EDL. However, there can be no assurance that the Assets Transferred to the Company on the Incorporation Date will continue to operate at current levels of dependable capacity, or to the levels which EDL achieved and, therefore, no assurance can be given that projected revenues or operating profits will be achieved. However, certain number of the Company’s

employees transferred from EDL at the Incorporation Date has continued to operate the Assets Transferred to the Company on the Incorporation Date and some of them are skilled and technicians in the Assets Transferred to the Company on the Incorporation Date. Therefore, the Company believes that the operation of the Assets Transferred to the Company on the Incorporation Date will not be affected by the fact of limited operating history of the Company.

4.2 Risk relating to CAs

According to the Law on Electricity No. 03/NA, dated 8 December 2008, the maximum concession period allowed in relation to a generation asset is 30 years, with a renewal period of not more than ten years. Thus, the Company's main source of revenue (which is the sale of electricity to EDL under the PPAs) is subject to such limit. After such period, the Company is required to transfer the relevant generation asset to the GOL according to the CAs. This does not prevent the Company seeking to negotiate a further concession to run after the original concession expires. Nonetheless, the Company expects that the GOL will grant the Company the new concession after the original concession expires subject to conditions to be negotiated with the GOL since the Company has a partly state-owned through EDL.

In addition, the rights granted under each CA and the rights to use the natural resources such as water and land in relation to each Asset Transferred to the Company on the Incorporation Date may be revoked by the GOL if a PPA relating to that project is terminated because of Company insolvency, Company failure to pay Royalty and taxes or Company breach of the CA or PPA amounting to a fundamental breach. While the termination of one CA does not itself base on the termination of all other CAs, if a CA is terminated for any reason, the Company would be unable to or would be restricted from operating the relevant Asset Transferred to the Company on the Incorporation Date within the relevant concession area and the Company's business, financial condition, results of operations and prospects would be materially and adversely affected.

4.3 Risk of Failure to Reach Target Return on Investment

The Company has the responsibility to properly monitor and manage plant operations in order to reach or exceed targeted performance parameters. Typical measures imposed to mitigate such risks are as follows:

- Set up the Company's management and assign such management and personnel to be representatives of the directors and to manage wholly owned hydropower projects and joint ventures.
- Set up the Company's asset management division to regularly monitor operating performances of each facility and its staffs and to analyze and update the actual return on investment against the set target.
- Prepare regular progress reports and exceptional performance report to the executive management and the board of directors so that a timely and appropriate action can be taken.

4.4 Main Customer Risks

Presently, the Company's major source of revenue is the generation and sale of electricity to EDL under PPAs which provide for EDL to purchase electricity energy generated from the Assets Transferred to the Company on the Incorporation Date. Given that EDL is responsible for ensuring a reliable power supply system in Lao PDR, the Company believes that its revenue risk exposure is low. However, the Company's dependence upon a main customer could lead to dramatically reduced revenue in the event of any number of difficulties at EDL. Revenues from the Company will depend on the continued integrity of the PPAs, the Company's ability to perform under them as well as EDL's ability and willingness to make payments under them. Specific risks associated with the PPAs are described below.

Changes in Law. The PPAs provide for compensation to the Company in the event that any changes in law that have an adverse impact on the Company's revenues or costs.

Termination. Upon the occurrence of certain events of default under the PPAs, EDL may terminate the PPAs.

In addition, the GOL may in the future partially or wholly restructure EDL, with the GOL maintaining an interest in EDL. However, there is no assurance that the GOL will restructure EDL in a manner favorable to the Company or that the payment obligations of EDL under the PPAs will continue to be obligations of a state enterprise. The Company believes that the GOL will continue to control and support EDL for foreseeable future because of EDL's continuing importance to electricity transmission and distribution in Lao PDR. However, there is no assurance of this outcome.

4.5 Dependence on EDL for Support and as Electricity Off-taker

As of the date of this Prospectus, EDL is the Company's major shareholder and owns the shares approximately 75 percent of the total issued shares. After the completion of the Offer, EDL will maintain the same proportion of shares and continue to exercise control over the Company. While the Company will have its own board of directors, EDL, acting by itself or together with a small number of other shareholders will have the ability to control the Company and its board of directors and determine the outcome of most actions requiring shareholder approval.

EDL is a state enterprise under supervision and direction of the MOF which owns and operates the country's main electricity transmission and distribution networks, and manages electricity imports into its grids and exports from its substations. EDL also has a project development role and has been the implementing agency for government hydropower power projects. In the case of EDL IPPs, EDL acts as a shareholder. Presently, EDL is the Company's main customer for electricity generated from the Assets Transferred to the Company on the Incorporation Date. EDL is committed to purchase electricity from the Company under the PPAs, each of which is a long-term contract with a term of 30 years, which may be renewed for a period of ten years according to the CA for each Asset Transferred to the Company on the Incorporation Date. PPAs incurred substantial revenues and are critical to the business of the Company.

EDL is a dominant participant in the Lao electricity market, being the single wholesale buyer and controlling all of the wholesale transmission of electricity in Lao PDR. The Company believes that it will benefit from business support and oversight provided by EDL. However, should EDL experience any unexpected financial, operating or other difficulties, the negative consequences to the Company could be material.

As EDL is a "promoter" under the Enterprise Law, EDL is restricted from transferring its shares in the Company within two years of incorporation of the Company, provided that EDL and other promoters must jointly hold shares representing at least ten percent of the registered capital during such two years period (the "**Promoter Lock-up**"). After the Promoter Lock-up (i.e. 15 December 2012), and other than for restricted periods after the closing of the Offer pursuant to LSX listing requirements and certain contractual agreements, EDL is under no obligation to retain its shareholding in the Company, and the Company cannot assure whether and for how long EDL will continue to retain its shareholding. EDL reserves the right to sell any or all of its shares in the Company after the Promoter Lock-up. Indeed, the GOL policy may determine over time that a sell-down by EDL is desirable and instruct EDL accordingly. Any sale by EDL of its shareholding in the Company, or a deterioration of the Company's relationship with EDL for any reason, could have a material adverse effect on the business, results of operations, financial condition and prospects of the Company. However, the Company believes that after the Promoter Lock-up, EDL will maintain its shareholding proportion at approximately 75 percent of the total issued shares of the Company in order to maintain its status as a major shareholder of the Company.

4.6 Policies of GOL as the Company's Ultimate Controlling Shareholder

Following the Offer, EDL will maintain the shareholding proportion approximately 75 percent of the Company's total issued shares and directly control the Company. However, the GOL controls EDL and, at least until the policy changes otherwise, the GOL may affect the appointment of the board of directors. The Company believes that it will be treated as a public company and will be left to make its own business decisions on asset acquisitions, electricity pricing, staffing, etc. Nonetheless, the GOL may in the future decide to impose other policies which affect the Company which may conflict with the interests of the Company's shareholders.

4.7 Plant Performance Risks

(i) Plant, Machinery and Tailrace Canal Damage

The electricity generation operations depend on key plant and machinery, such as turbines and generators. Damage to, failure of, or operational difficulties with any of the Company's plant or machinery or Tailrace canal, could materially and adversely affect the business, financial condition, results of operations and prospects of the Company.

(ii) Plant Efficiency

The Company believes that, given its maintenance track record, the risk of a failure to be able to continue to generate and deliver electricity within the designed parameters of each Asset Transferred to the Company on the Incorporation Date is low. The Company focuses on ensuring that all relevant performance targets are met.

(iii) Water Shortage for Electricity Generating

The operations of the Company's business are mainly subject to a rainy season. If the rain falls normally each year, the volume of water is sufficient to generate the electricity. On the other hand, if there is drought and water shortage in any year, this could reduce the electricity production or result in plant outages and revenue shortfalls. Historically, EDL and the Company have not encountered serious problems with water shortage; thus, the Company deems the risk is low. However, such risk could be out of the Company's control and the occurrence is uncertain. In case of an especially severe drought or dramatic climate change event, it could result in water shortage, which could put the Company's financial health at risk.

(iv) Possible Inadequate Insurance Cover / Safety, Health, Environment ("SHE" Risk)

The Company may suffer a large uninsured loss, the business, financial condition and results of operations may be materially adversely affected.

The Assets Transferred to the Company on the Incorporation Date have a good track record in terms of SHE issues. The Company has taken good care to ensure that its employees and surrounding communities enjoy a safe environment and decent quality of life. Nevertheless, the Company deals with large volumes of water, extensive civil engineering undertakings and large pieces of industrial equipment. An accident caused by human oversight or natural event could result in a situation which threatens lives, property and its business. Lao PDR endures a rainy season each year from June to November which at times can be intense and create an environment in which accidents may occur more easily.

According to the CA, the GOL has required the Company to obtain and maintain effective insurance policies and coverage throughout the concession period. The Company's insurance must at least cover:

- (1) “Workers’ Compensation” insurance that complies with the law of Lao PDR;
- (2) “Third party liability” insurance; and
- (3) subject to the Company being satisfied as to the commercially of the terms on which such insurance is available:
 - (3.1) “All Risks Property Coverage” insurance against damage to the Project Facilities (on a “replacement cost” basis);
 - (3.2) “Machine Breakdown” insurance; and
 - (3.3) “Business Interruption” insurance, if it deems necessary and beneficial to the Company.

The Company believes that it will maintain adequate insurance to protect the Company against the most likely events. However, there can be no assurance that a severe event impacting one or more of the Assets Transferred to the Company on the Incorporation Date will be adequately covered by insurance.

4.8 Corporate Governance Standards

Corporate governance standards in Lao PDR may differ from those applicable in other jurisdictions in significant ways including the independence of the board of directors, the internal audit department, and internal and external reporting standards.

4.9 Availability of Skilled Personnel

The Company’s ability to develop and operate the Assets Transferred to the Company on the Incorporation Date properly as well as to control labor costs associated with operation and maintenance is dependent upon its ability to attract and retain qualified engineers, architects and technicians with sufficient experience in the engineering, design, construction, operation and maintenance of such projects. By offering competitive salaries and benefits, the Company expects to be able to recruit qualified personnel, principally from EDL. There can be no assurance however, that the Company will be able to attract or retain such personnel.

5. Investments in Additional Projects

5.1 Investment in Additional Projects

The Company’s primary business activity involves the acquisition, ownership and operation of the EDL Hydropower Generation Assets which have been developed and constructed by EDL. However, the Company may also from time to time invest in additional generation projects and related businesses which satisfy its investment criteria. See “Company Information – Investment Plans”. The additional projects are expected to involve the investment in large and complex electric power generating plants with high technique with the project participants, the operation of which may be subject to substantial risks. Before investing in any project, the Company will conduct feasibility studies addressing issues relating to financing and other matters. Such project participants may be required to obtain various approvals which are essential for completion of the Company’s investment. Obtaining such approvals could take substantial amount of time. Also, such approvals could contain conditions unacceptable to the Company.

The investment in a new power plant may involve many risks, including the breakdown or failure of equipment or processes and performance below expected levels of output or efficiency. New plants may employ recently developed and technologically complex equipment so that the Company’s employees consume times to understand. The operation of any new electric power generating plant may be adversely affected by other factors, such as inadequacy of competent employees,

natural disasters, high cost and the need to comply with government regulations and various industry standards.

Given the substantial risks involved in development and operation of large hydropower projects, there can be no assurance that the Company will be able successfully to identify, develop, operate and finance any additional projects or related businesses successfully.

5.2 Investment in EDL Hydropower Generation Assets

The Company expects that EDL will transfer the EDL Equity Share Operating IPPs to the Company at a price which is at or around a book value. In addition, the Company believes that EDL will transfer EDL Construction Period & Planned Generation Assets (wholly-owned) and the EDL Equity Share Construction Period & Planned IPPs also at or around a book value.

However, there can be no assurance that the Company's investment plan to acquire future EDL Hydropower Generation Assets will be carried out and that the information relating to such assets will be sufficiently disclosed to the Company during the investigation of the assets. In the latter case, the Company will not be able to investigate until its satisfactory and completion which may impact the Company's investment. Moreover, the transfer of high value assets or key assets must be prior approved by the National Assembly, save for the national assets which have normal value that are required to agree by the GOL. The Company may not guarantee that the transfer of these assets will be granted by the NASC or the GOL. In addition, the MOF who controls and regulates the transfer of the national assets, and the GOL or the NASC may change their policy.

In purchasing of the EDL IPPs, it may involve covenants or conditions under related regulations that require each IPP to obtain approval from the shareholders other than EDL or creditors prior the transfer of EDL equity shares in IPPs to the Company. In such process, the Company depends on the negotiation between EDL and such participants which the Company is unable to guarantee that the negotiation will be successful. These could have an adverse effect on the Company's business and results of operations and prospects due to the failure of the negotiation.

In this connection, EDL has issued the letter No. 1213/EDL dated 6 June 2011 re: Proposal for EDL's Financial Restructure for the Years 2011 to 2015 to the MOF in order to request for approval to improve its financial status and be released from debt and financial obligations by proposing two alternatives which are (i) transfer of rights and obligations in Houay Lamphan Ngai and Nam Khan 2 to the Company and (ii) sale of the shares held by EDL in the four IPPs to the Company. Thereafter, the MOF has issued a letter No. 1528/MOF dated 27 June 2011 to propose such matter to the Prime Minister, whereby the Notice of the Prime Minister's Office No. 111/PMO dated 7 July 2011 subsequently approved the restructure of EDL's financial status pursuant to the MOF's proposal.

Subsequently, on 13 June 2012, the NASC has issued the 2012 NASC Resolution re: Securities and Securities Exchange which approves EDL to sell or transfer its shares held in the four IPPs, namely, (1) Theun-Hinboun Power Co., Ltd., (2) Houay Ho Power Co., Ltd., (3) Nam Lik 1-2 Power Co., Ltd., and (4) Nam Ngum 2 Power Co., Ltd. to the Company and approves EDL to transfer Houay Lamphan Ngai and Nam Khan 2, together with the obligations under loan agreements and other agreements related to such two projects to the Company. Moreover, the NASC certifies that the Company will enjoy the same rights, benefits and protection in operating such IPPs and Houay Lamphan Ngai and Nam Khan 2, which are granted by the GOL, as currently enjoyed by EDL.

Furthermore, even if these assets are transferred to the Company, the price could be higher than the book value or there may be certain conditions unknown to the Company which could impact the Company negatively by reducing future growth as well as potential returns from the power generation business.

5.3 Future Investment Projects, Houay Lamphan Ngai and Nam Khan 2

On 8 July 2011, the Company was entered into an MOU for the Transfer of the Project Assets of Houay Lamphan Ngai and Nam Khan 2 with EDL, of which both parties agreed to transferred the assets after both projects are commercially commissioned which are expected to be in 2015. See “Company Information – Investment Plans”. However, the investment may involve financial risks since the Company agrees to fully reimburse EDL for all costs incurred by EDL relating to financial obligations and relevant contractual project in respect of such two project assets. If the Company would be unable to comply with such MOU and the Company’s business, financial condition, results of operations and prospects would be materially and adversely affected.

In this connection, pursuant to the 2012 NASC Resolution re: Securities and Securities Exchange, the NASC approves EDL to transfer Houay Lamphan Ngai and Nam Khan 2, together with the obligations under loan agreements and other agreements related to such two projects to the Company, whereby the NASC certifies that the Company will enjoy the same rights, benefits and protection in operating Houay Lamphan Ngai and Nam Khan 2, which are granted by the GOL, as currently enjoyed by EDL.

6. Competition for Development of Future Projects

The Company may face competition in pursuing its strategy of investing in and developing new power projects in Lao PDR. Certain of the Company’s competitors may have greater financial resources and experience in the development or financing of power generating plants than the Company. In addition, the GOL’s policy considerations may play a role in decisions regarding the award of projects among the Company and competing private companies. In particular, it is in GOL’s discretion to assign other entities, besides the Company, to operate in power generating plants or to invest in the future IPP projects. Therefore, the Company may confront the competition with present and new IPP companies, including EDL itself since EDL is one of the electricity generators in hydropower plants that have not been transferred to the Company. If the Company loses in the competition, these could adversely effect on the Company’s business, results of operations and financial condition and prospects.

7. Differences in Regulatory, Disclosure and Accounting Practices

Disclosure and accounting standards in Lao PDR are less stringent in certain respects than those in effect in more developed markets such as Hong Kong, Singapore and members of the Organization for Economic, Cooperation and Development (OECD), and there may be less publicly available information about Lao companies than that regularly published by companies in other countries.

In addition, there is a difference between the level of regulation and monitoring of Lao PDR securities markets and the activities of investors, brokers and other participants and that of markets such as Hong Kong, Singapore and the OECD member countries. The Lao SEC and the LSX are responsible for improving disclosure and other regulatory standards for Lao PDR securities markets. The Lao SEC has issued regulations and guidelines on disclosure requirements and other matters. However, there can be no assurance that: (i) these regulations will be adequate to protect investors, (ii) market participants will obey the regulations or (iii) Lao PDR authorities can properly regulate and enforce these regulations.

8. Voting of EDL in Matters that May Have Benefit

Pursuant to the Enterprise Law, a shareholder may be restricted from voting in case where the shareholder has any involvement that could benefit him or a director benefit in connection with the matter to be voted on, provided that the shareholders’ meeting shall determine whether the shareholder falls within the said restriction. In such case, in the event of the Company’s acquisition for future assets from EDL after the Offer, EDL may be restricted from voting in a shareholders’ meeting on the matters relating to the sale of the assets to the Company since EDL will be deemed having a direct benefit on the sale, unless the shareholders agree that EDL may vote on such matters. In the event that the shareholders cannot reach an agreement to allow EDL to vote in a shareholders’ meeting in a matter

that EDL may have benefit, the shareholders may not be able to pass a resolution seeking approval to invest in the future assets from EDL since the resolution of the capital increase requires at least two-thirds of the shareholders or their proxies attending the meeting and representing at least 80 percent of the total issued shares.

9. Foreign Ownership Restriction

According to the AOA of the Company, shares of the Company can be freely transferred unless such transfer will cause foreign person(s) or juristic person(s) holding shares in the Company exceeding the number specified in the regulation of the Lao SEC and/or any relevant regulations. Currently, the SEC Decision No. 021/SEC re: the Increase of the Foreign Ownership in EDL-Generation Public Company dated 5 January 2012 allows foreign investors to own the shares in the Company no more than 20 percent of the total shares, of which individual persons must not hold more than one percent of the total shares, and institutional investors or juristic persons must not hold more than five percent of the total shares. Therefore, foreign investors who subscribe for the Capital Increased Shares may not be fully allocated pursuant to their subscription. In such case, the Company will refund the subscription payment to such investors according to the information given to the Underwriter within two business days pursuant to the SEC Decision re: Public Offering (See “Information in relation to the Offer – Refund of Subscription Payment”).

10. Foreign Exchange Risk

The Company is exposed to foreign exchange risk in a number of respects. Most of the Company’s operating costs are expensed and paid in Lao Kip. However, the Company’s expenses are also in US dollars and other foreign currencies. The Company may not be able to pass the fluctuations in these costs, (including as a result of currency fluctuations) through to EDL in its PPA tariff. In addition, most of EDL’s long term debt, which the Company is obliged to repay under the Debt Repayment Agreements is foreign currency debt, which could further put the Company at risk in the event of a financial crisis, or even a moderate economic dislocation. For these reasons, significant fluctuations in exchange rates could have a material adverse effect on the Company’s business, results of operations, financial condition and prospects.

11. Lao Political and Economic Factors

The Company is subject to political, economic, legal and regulatory conditions in Lao PDR that differ in certain significant respects from those prevailing in other countries with more developed economies. Any downturn in the Lao economy could have a material adverse effect on the Company’s business, financial condition, results of operations and prospects. The GOL’s intervention in the Lao economy can result in significant changes in economy policy and have a negative impact on the Company. The Company’s future prospects and those of EDL and its other future customers may be adversely affected by changes in the GOL’s policies involving electricity pricing, rates of return, exchange controls, tax policies and other matters. Additionally, the GOL’s policy of privatizing the electricity generation industry could change in the future.

12. Uncertainty of Electricity Sector Regulation in Lao PDR

In the future, the GOL could introduce significant legal and regulatory changes to the electricity industry which could affect the Company negatively. While the Company believes the GOL will make every effort to assist the Company and nurture its business, there can be no assurance that future GOL regulation will do so.

13. Enforceability of Foreign Judgments in Lao PDR

The Company is organized under the laws of Lao PDR. Most of the directors and officers of the Company are citizens and residents of Lao PDR, and substantially all of the assets of the Company and such persons are located in Lao PDR. As a result, it may be difficult for investors to effect

service of process upon the Company or such persons inside or outside Lao PDR or to enforce against them judgments obtained in courts outside Lao PDR.

Pursuant to the Law on Civil Procedures No. 02/NA dated 17 May 2004, Lao PDR implements judgments of a foreign court as long as they meet the following conditions:

- Decisions of those countries which are signatories to treaties to which Lao PDR is also a signatory or party;
- Cases that do not impact adversely on the sovereignty or contradict the laws of Lao PDR; and
- Decisions that do not violate the regulations on civil procedures and do not contradict the laws and regulations relating to security and social order.

However, as a practical matter, the history of enforcement of foreign judgments in Lao PDR is not substantial and there is likely that the local courts would not interpret and enforce foreign judgments according to the foreign courts.

Under Lao laws as a general principle, in case of disputes parties have the right to decide on their disputes resolution mechanism i.e. negotiation, mediation, arbitration and court proceeding and such mechanism must be specified in the contract. Lao PDR has ratified the New York Convention on the Recognition and Enforcement of Foreign or International Arbitral Award, Year 1958 ("New York Convention").

However, the Law on the Resolution of Economic Disputes No. 06/NA dated 17 December 2010 sets out generally that Lao PDR recognizes and enforces an arbitral award from foreign or international arbitration that is certified by the Lao people's court. The Lao people's court will consider certifying the foreign or international arbitral award as long as they complete the following conditions (i) the dispute party must be national of countries that are parties to the New York Convention; (ii) the decision must not be in conflict with the constitution and the regulations relating to the national security, peace and environment; and (iii) the dispute party who has an obligation to pay indebtedness must have property, business operation, stock, bank deposit or other assets in Lao PDR. In addition, there have been very few precedents of enforcing foreign arbitral awards in Lao PDR.

3. BUSINESS OPERATION

1. Background

The Company is one of Lao PDR's leading domestic power generating companies. The current Company's business is to own and operate the EDL Hydropower Generation Assets and sells of the electricity production to EDL, which is responsible for the transmission and distribution in Lao PDR. Through its six commissioned power plants (the Company wholly owning seven generation plants with the installed capacity in aggregation of 387 MW), the Company currently controls approximately 20 percent of the total installed generation capacity in Lao PDR (including EDL IPPs and Non-EDL IPPs). The table below sets out the Assets Transferred to the Company on the Incorporation Date.

Table 3.1: Assets Transferred to the Company on the Incorporation Date (Wholly-Owned)

Power Plant	Location	Installed Capacity (MW)	Designed Energy Capacity (GWh p.a.)	COD
	Central			
Nam Ngum 1	Vientiane	155.0	1,002.0	1971
Nam Leuk	Vientiane	60.0	218.0	2000
Nam Mang 3	Vientiane	40.0	180.0	2005
Nam Song	Vientiane	6.0	13.5	Expected 2012
	South			
Xeset 1	Saravanh	45.0	180.0	1991
Xeset 2	Saravanh	76.0	309.0	2009
Xelabam	Champasak	5.0	21.0	1969
Total		387.0	1,923.5	-

Source: partially PDP 2010-2020 (Revision-1)

The Company has entered into the Debt Repayment Agreements with EDL (which effectively mirror the loan agreements between EDL and several lenders such as ADB, JBIC, IDA, China Water and Energy Corporation (CWE), and Norinco Company Limited (Norinco), Overseas Economic Cooperation Fund of Japan (OECF), Vientiane Automation and Solution Engineering Company Limited (VASE)). The Debt Repayment Agreements create a debt obligation relating to the Assets Transferred to the Company on the Incorporation Date requiring the Company to make debt servicing and loan repayments to EDL which mirror the payment obligations under the loan facilities under which EDL is the borrower in connection with its previous investment in the Assets Transferred to the Company on the Incorporation Date.

EDL also borrowed funds for certain maintenance and operating works on two of the Assets Transferred to the Company on the Incorporation Date from the contractor performing these works, Vientiane Automation and Solution Engineering Co., Ltd. ("VASE"). Obligations to make all outstanding payments under these loans were assigned to the Company on the Incorporation Date. Table 3.2 below contains a summary of these obligations.

In this regard, the lenders aforementioned refers to ADB, JBIC, IDA, China Water and Energy Corporation (CWE), and Norinco Company Limited (Norinco), Overseas Economic Cooperation Fund of Japan (OECF), Vientiane Automation and Solution Engineering Company Limited (VASE).

Table 3.2: Debt Repayment Agreement Summary

Lenders	Initial Amount (as of the date of agreement) (Million USD)	Remaining Amount (as of 31 Dec 2011) (Million USD)	Maturity	Interest Rate (% p.a.)	Remarks
ADB 846 (Xeset 1)	0.55	-	2011	7.03%	Fully Settled
ADB 1063 (Xeset 1)	0.52	0.40	2015	6.36%	-
ADB 1214 (Nam Song)	12.11	11.00	2022	6.51%	-

Lenders	Initial Amount (as of the date of agreement) (Million USD)	Remaining Amount (as of 31 Dec 2011) (Million USD)	Maturity	Interest Rate (% p.a.)	Remarks
ADB 1456 (Nam Leuk)	29.22	25.10	2020	6.00%	-
CWE (Nam Mang 3)	16.80	11.20	2013	2.00%	-
Norinco (Xeset 2)	93.62	83.70	2020	2.00%	-
OECF (Nam Leuk) (Original currency in Yen)	26.29	23.50	2020	2.30%	-
Loan VASE (Xelabam)	5.41	4.33	2014	6.50%	Loan for Overhaul
Loan VASE (Nam Ngum 1: Gen 5)	4.04	-	2015	5.00%	Fully Settled
Total Debt	188.56	159.23	-	-	-

Note: Exchange rate at 15 December 2010 = 8,060 LAK/USD, = 99.21 LAK/ Yen; and

Exchange rate at 30 December 2011 = 8,043 LAK/USD, = 103.31 LAK/ Yen

Source: Banque Pour Le Commerce Extérieur Lao Public

On 8 July 2011, the Company has entered into the MOU for Shares Transfer with EDL which may result in expansion of the Company's business in the foreseeable future. Pursuant to the MOU, the Company may purchase the shares held by EDL representing EDL's equity shareholdings in each of the IPPs as follows:

1. sixty percent of the total shares of Theun-Hinboun Power Co., Ltd;
2. twenty percent of the total shares of Houay Ho Power Co., Ltd.;
3. ten percent of the total shares of Nam Lik 1-2 Power Co., Ltd.; and
4. twenty five percent of the total shares on Nam Ngum 2 Power Co., Ltd.

The shares to be transferred by EDL to the Company shall be the shares that EDL has legal rights. Nonetheless, such shares to be transferred to the Company may be encumbered with the agreements related to such IPPs projects, such as the shares may be subject to the pledge obligation or the guarantee to the project lenders, etc. The Company and EDL shall enter into the Shares Transfer Agreement to complete the transfer of the shares in the four IPPs prior to the Offer. However, the purchases of the shares in the four IPPs from EDL are subject to a condition that the Company will purchase all shares held by EDL in the four IPPs, not the shares in only one or some of the IPPs and that both parties have fulfilled the essential condition which is to obtain all necessary consents or approvals from the governmental authorities.

In consequence of the transfer of EDL's shares in IPPs: Theun-Hinboun Hydropower Project, Houay Ho Hydropower Project, Nam Lik 1-2 Hydropower Project and Nam Ngum 2 Hydropower Project, the Company may control approximately 35 percent of the total installed generation capacity in Lao PDR.

Historically, hydropower generation assets in Lao PDR have been invested and constructed by both EDL on its own and various IPP developers. Typically, EDL has developed the EDL Hydropower Generation Assets for the domestic market and EDL or LHSE takes a stake in the IPPs for export (as the case may be). This pattern will continue with the Company taking over the EDL's Hydropower Generation Assets at or near the COD or the date mutually agreed between the Company and EDL (as the case may be).

In the future, the Company may operate its business by developing the transmission lines and power stations as necessary, including investing in or joint venture in power generation projects, and providing operating and maintaining services to power generation projects in accordance with the Company's strategy. The Company may also, from the time to time, invest in additional generation projects and related businesses which satisfy its investment criteria, including (i) EDL Construction Period & Planned Generation Assets (wholly-owned), (ii) EDL Equity Share Construction Period & Planned IPPs and (iii) EDL Equity Share Operating IPPs. Upon or near the COD or the date mutually agreed between the Company and EDL (as the case may be) for each EDL Hydropower Generation Asset, the Company will acquire it from EDL in exchange for cash or new shares to be issued by the Company, in each case subject to an approval of the Company's shareholders and approval of governmental

authorities, including relevant parties to consent to the disposition of EDL's assets. Valuation of the transferred assets is expected to be at or around a book value.

The Company's investment in EDL IPPs may be subject to the conditions in the shareholder agreement(s) entered into by EDL (if any), and consents from relevant parties may be necessary for transfer from EDL to the Company. In order to acquire EDL's stakes in the EDL IPPs, the Company will acquire the shares that EDL owns in such IPPs. These IPPs will already have their own contractual structure in place including PPAs, project finance loan arrangements, etc. Therefore, the Company's role will typically be that of a shareholder in the project company owning the IPP; as such in the event that the Company owns the IPP, the relevant contractual framework for the project company's operating role will already be in place.

In order to acquire EDL's wholly owned generation assets, the Company may typically acquire the assets themselves from EDL and a full contractual framework will typically not be in place already. Simultaneous with the acquisition of the wholly owned generation assets from EDL, the Company expects to enter a CA with the GOL and EDL will enter into a PPA with the Company for each of the generation assets on terms consistent with those agreed for IPPs and then purchase power from the Company pursuant to the PPAs.

In the future, the Company also plans to increase its revenues from two sources which are as follows:

(1) Revenue from operation and maintenance services to hydropower projects since almost 90 percent of the staffs of the company work at the project sites and they possess technical skill in management and maintenances. The Company expects that in the future the Company will provide the operation and maintenance services to other hydropower projects.

(2) Revenue from clean development mechanism (CDM or carbon credit) sales, which the Company expects to gain from the following projects:

(2.1) Xeset 2, expecting to obtain within the end of 2012;

(2.2) Houay Lamphan Ngai and Nam Khan 2, of which the Company has signed the MOU with Asai Net Service, expecting to COD in 2015.

However, there are no revenues from these sources at the present time.

2. Performance History

2.1 Company's Historical

As the Company has been established since 15 December 2010, the Company's historical and the financial data are provided with certain degree, except for the seven power plants transferred by EDL.

However, the following table sets forth a summary of certain historical financial and other data of the Company for the Fiscal Year 2011. Investors should read these tables in conjunction with the Company's "Company's Financial Statements", a copy of which is provided in Appendix 2.

Table 3.3: Selected Financial Data

Financial Summary (Million Kip)	Company's Financial Statements
	2011
<u>Balance Sheet</u>	
Cash and cash equivalents	342,795
Current assets	854,140

Financial Summary (Million Kip)	Company's Financial Statements
	2011
Non-current assets	4,384,432
Total assets	5,238,572
Current liabilities	248,832
Non-current liabilities	1,070,276
Total liabilities	1,319,108
Share capital	3,474,388
Retained Earnings	371,091
Total equity	3,919,464
<u>Profit & Loss Statement</u>	
Sales	881,748
Total revenue	891,529
Gross profit	677,077
Gain before expenses	682,963
Administrative expenses	48,013
Earning before financial costs and tax	634,950
Finance costs	41,278
Income tax	30,104
Net profit for the year	563,568
Net profit (share capital)	563,568

2.2 Company Capital Expenditures

The Company expects to incur certain capital expenditures going forward, mostly related to major maintenance and repair of its operating assets. The Company will fund these capital expenditures with the proceeds of this Offer as well as corporate and project finance debt, as appropriate.

EDL currently has various hydropower generation assets under construction or in development. Please see the list of “EDL Construction Period & Planned Generation Assets (wholly-owned)” and “EDL Equity Share Construction Period & Planned IPPs” in this Part. The Company believes that, for the foreseeable future, it will be most efficient for EDL to continue to take responsibility for development and construction of these assets and to transfer them from EDL to the Company upon or near the COD or the date mutually agreed between the Company and EDL (as the case may be).

The Company expects that upon or near the COD or the date mutually agreed between the Company and EDL (as the case may be) of each EDL Hydropower Generation Asset, the Company will acquire ownership from EDL, subject to an approval of the Company's shareholders and approval of governmental authorities, including relevant parties to consent to the disposition of EDL's assets. In consideration for each asset acquired, the Company may pay cash or issue new shares to EDL. Simultaneously, the Company expects to enter into a PPA with EDL and a CA with the GOL for each EDL Hydropower Generation Asset on terms consistent with those agreed for IPPs. The Company expects that the valuation of these assets will be set at or around a book value. On 8 July 2011, the Company was entered into an MOU with EDL for the Transfer of the Project Assets of Houay Lamphan Ngai and Nam Khan 2, provided that the assets will be transferred after both projects are commercially commissioned which are expected to be in 2015. See “Company Information – Investment Plans”.

Below is a summary of the Company's estimated acquisition for assets to be acquired from EDL for the period 2010 – 2020.

Table 3.4: Estimated Acquisition: EDL Construction Period & Planned Generation Assets (Wholly-Owned)

Power Plant	Installed Capacity (MW)	COD
Nam Boun 2	15.0	2014
Nam Khan 2	130.0	2015
Nam Chein	80.0	2015
Nam Phak	30.0	2015
Nam Khan 3	47.0	2016
Nam Sana	14.0	2013
Nam Ngum 1 (Expansion)	40.0	2014
Kengseuaten	54.0	2016
Xeset 3	23.0	2013
Xelabam (Expansion)	7.7	2013
Houay Lamphan Ngai	88.0	2014
Xeset 4	10.0	2015
Nam Hinboun	40.0	2016
Total	578.7	-

Sources: - PDP 2010-2020 (Revision-1)
- Department of Energy Promotion and Development, MEM

Table 3.5: Estimated Acquisition: EDL Equity Share of Construction Period & Planned IPPs

Power Plant	Company Equity Capacity (MW)	COD
EDL Equity Share of Construction Period		
Theun Hinboun (Expansion and Nam Gnuang 8)	132.0	2012
Nam Ngum 5	18.0	2012
Xekaman 3	37.5	2012
Nam Long	1.0	2013
Nam Ngiep 2	18.0	2015
Nam Tha 3	0.1	2011
Mekong Sayaboury	321.3	2019
<u>Total</u>	<u>527.9</u>	
EDL Equity Share of Planned IPPs		
Nam Lik 1	6.0	2014
Nam Ngiou	5.0	2014
Xenamnoy 1	14.8	2014
Nam Beng	6.8	2015
Nam Mo	18.0	2015
Nam Mang 1	12.8	2014
Nam Tha 1	42.0	2015
Nam Phak	9.0	2015
Nam Ou 1-7	115.6	2016
Xekatom	15.3	2016
Nam Sane 3	16.3	2016
Don Sahong	48.0	2017
Dak E Meule	32.5	2016
Nam Ham	0.7	n/a
Nam Mo 1	6.2	n/a
Nam Neun	16.3	n/a
Thermo Kaleum	150.0	2015
Xepon 3 Downstream	7.5	2016
Xepon 3 Upstream	17.5	2016
<u>Total</u>	<u>540</u>	
Total	1,067.9	

Sources: - PDP 2010-2020 (Revision-1)
- Department of Energy Promotion and Development, MEM

3. Electricity Demand Growth – Historical and Future

Demand for electricity in Lao PDR has grown dramatically over the last decade. Lao PDR is typical of rapidly developing countries in that electricity demand is growing at a rate which is a multiple of GDP growth.

Domestic consumption increased from 728 GWh in 2001 to 2,258 GWh in 2009, resulting in a compound annual growth rate of 13 percent for the period. Peak demand during the period 2001-2009 increased from 192 MW to 478 MW. The key growth drivers have been the success of Lao PDR rural electrification expansion program and expanding industrial and commercial loads. Major increases in consumption have come from mining, manufacturing and commercial businesses.

The Company expects that domestic electricity demand growth will continue to be robust. This will occur in part because of GOL's aggressive rural electrification program. As living standards in Lao PDR continue to improve, people will demand electricity supply. The GOL's goal is to have up to 81 percent of total households electrified by 2015, and 92 percent by 2020. However, industrial and commercial growth will have a major impact as well. According to PDP 2010-2020 (Revision-1), domestic average electricity demand (including system losses) and peak load for the period 2010-2020 expected to grow by 22.6 percent and 19.6 percent per annum, respectively.

Table 3.6: Lao Domestic Electricity Demand Forecast 2009 – 2020

Descriptions	Units	Actual		Forecast		Growth Rate (%)	
		2010	2011	2015	2020	2010-2015	2010-2020
Energy Demand (Excluding system losses)	(GWh)	2,548.1	3,645.5	18,545.3	20,663.7	48.7%	23.3%
System Losses	(GWh)	418.6	573.1	2,359.5	2,491.7	-	-
	(%)	14.1%	13.6%	11.3%	10.8%		
Energy Demand (Including system losses)	(GWh)	2,966.8	4,218.6	20,904.7	23,155.4	47.8%	22.8%
Peak Load	(MW)	583.8	786.4	3,173.9	3,561.8	40.3%	19.8%
Load Factor	(%)	58.0%	61.2%	75.2%	74.2%	-	-

Source: PDP 2010-2020 (Revision-1)

3.1 Domestic Energy Consumption by Consumer Type

The Company sells all of its electricity production to EDL, which sells the electricity directly to the domestic market. EDL divides its domestic customers into seven categories: (1) Industry, (2) Agriculture, (3) Enterprises, (4) Entertainment, (5) Government Office, (6) Residential and (7) Embassies. With the success of the GOL's electrification program and general growth in the commercial and industrial sectors, the number of customers in each category increased substantially during 2001-2010. For example, the increase in residential sector customers rose from 254,445 to 737,687 households, an average growth rate of 12.6 percent.

3.2 Company's Current Revenues - Assets Transferred to the Company on the Incorporation Date

(1) Power Purchase & Concession Agreements

Currently, the main source of the Company's revenue is the sale to EDL, pursuant to the PPAs, of the electricity produced by the Assets Transferred to the Company on the Incorporation Date. The electricity sales are based on the tariff agreed with EDL and set out in the PPA for each of the Assets Transferred to the Company on the Incorporation Date. The PPAs and accompanying CAs are modeled on a short form of the standard agreements utilized successfully by EDL. The Company has executed a separate PPA with EDL and CA with the GOL for each of the Assets Transferred to the Company on the Incorporation Date. These agreements provide for a term of 30 years, together with a renewal period of ten years and the requirement to transfer the relevant generation asset back to the GOL at the end of the term or on contract termination.

(2) Tariff Structure for Assets Transferred to the Company on the Incorporation Date

Prior to the establishment of the Company, EDL designed a tariff structure to provide the Company with an attractive, reliable revenue stream. The starting tariff as of the Incorporation Date was 413.89 Kip/KWh (approximately 5.13 US Cents/KWh). This tariff was established after extensive discussions within EDL (between the Generation and Distribution Departments) and is based on tariff rate of comparable IPPs. Key assumptions used to develop the tariff are as follows:

- Escalation of the tariff at one percent per annum;
- Designed to deliver equity Internal Rate of Return (IRR) of approximately 15 percent;
- Tariff structure will apply to EDL's six existing plants (Nam Ngum 1, Nam Leuk, Nam Mang 3, Xeset 1, Xeset 2 and Xelabam) as well as the Nam song expansion (under-construction);
- Constant plant capacity factor of 56.6 percent assumed across the portfolio;
- Royalty fee of one percent and corporate tax of ten percent will apply to the Company, similar to other IPPs (Nam Lik 1-2 and Nam Ngum 5).

The Company expects that, based on the resulting revenue stream and historical operating cost structure, it will post positive results with approximately one percent annual growth in net income and reduction in liabilities. The Company believes that this situation will enable the Company to self finance itself on future power developments.

The financial health of the Company is important to EDL, which will depend heavily on dividends from the Company. The dividend payment policy at the Company calls for no less than 50 percent of the net profit after deducting for tax, statutory/legal reserve fund and other reserve fund (if any).

(3) Domestic and Foreign Sales Mix

In 2009 (before transfer) and 2010, the Assets Transferred to the Company on the Incorporation Date generated electricity approximately 1,638.79 GWh and 1,538.44 GWh, respectively. Some of this production was sold to export markets such as Thailand. See Table 3.7, below.

Table 3.7: Domestic Generation

Year	Generation	
	(GWh)	Growth Rate (%)
2005	1,701.42	21%
2006	1,626.65	-4%
2007	1,382.45	-15%
2008	1,761.11	27%
2009	1,638.79	-7%
2010	1,538.44	-6%

Source: EDL's 2010 Statistic Report

From approximately 2014, the Company expects a dramatic increase in exports from the country. Irrespective of the final sales destination, if the Company sells power to EDL, the Company will receive from EDL the tariff rates set out in the PPAs. Going forward, the Company

expects that it would be free to sell power to foreign buyers (just like the other IPPs) at prices which the Company may freely negotiate. However, the Company would be required to make all of its domestic sales through EDL. The Company would be required to pay a wheeling tariff to EDL for sales to overseas buyers, unless the Company builds its own transmission capacity. While the wheeling tariffs have not yet been finalized, the Company believes that any wheeling tariffs charged by EDL will be set at commercially reasonable levels.

3.3 Company's Future Revenues – Non-Power Sales Revenues

In the future, the Company also plans to increase its revenues from two sources which are as follows:

(1) Revenue from operation and maintenance services to hydropower projects since almost 90 percent of the staffs of the Company work at the project sites and they possess technical skill in management and maintenances. The Company expects that in the future the Company will provide the operation and maintenance services to other hydropower projects.

(2) Revenue from clean development mechanism (CDM or carbon credit) sales, which the Company expects to gain from the following projects:

(2.1) Xeset 2, expecting to obtain within the end of 2012;

(2.2) Houay Lamphan Ngai and Nam Khan 2, of which the Company has signed the MOU with Asai Net Service, expecting to COD in 2015.

However, there are no revenues from these sources at the present time.

3.4 Independent and Profitable Operation

Traditionally, EDL plays an important role in the implementation of the GOL's national energy policy. As an entity formed to serve public policy goals of the GOL, EDL was designated to supply power sometimes at tariffs which were unprofitable. Since the Company is incorporated and becomes a public company, the Company does not have a management supportive policy. Rather, the Company is free to pursue electricity production as a profit without interference by the GOL.

3.5 Optimize the Company's Capital and Asset Base Through Project Financing

The Assets Transferred to the Company on the Incorporation Date provide reliable, attractive cash flows. Moreover, the combination of robust domestic market and export market growth will provide the Company with a reliably expanding revenue stream. This situation positions the Company well to tap a variety of project finance debt sources for its project developments. Project finance debt is available to the Company from commercial banks in China, Thailand, Vietnam, export credit agencies and multilateral and bilateral funding agencies.

The Company intends to use project finance debt prudently in order to maximize equity returns on the Company's projects going forward. In addition, the Company intends to target its debt to equity ratio in order to provide the Company with the necessary financial flexibility and to maintain a prudent stance.

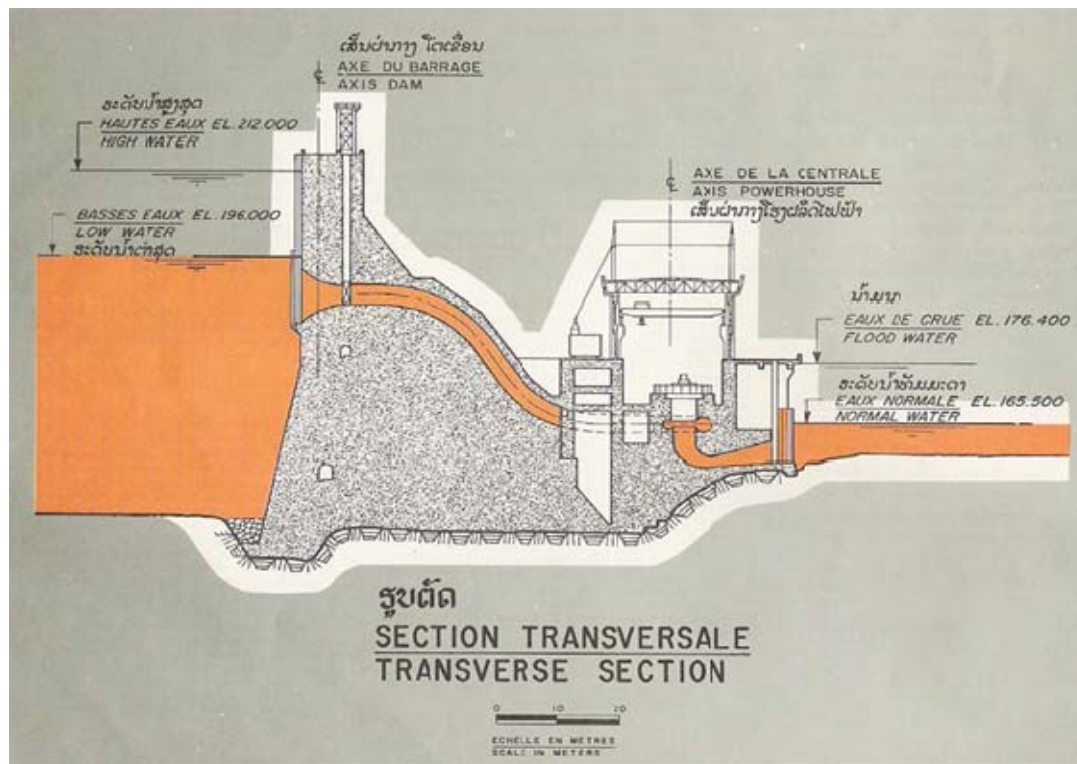
4. Production Process

Lao PDR is a country that has great natural resources such as water, forest, and mineral. Water normally flows from canals to river network, i.e. from Mekong tributaries to Mekong river basin. The Mekong tributaries have been feasibilities studied for the necessary for construction of the small and mega hydropower projects. There are two types of the hydropower projects which are the projects with and without reservoir.

The energy component from the water in hydropower projects are potential energy, kinetic energy, dynamic energy and electric energy. The energy is caused when connecting to generation system.

Water in reservoir stored above the dam facility is carried down through the pipelines and penstock by guide vane to turbines. The force of the water turns the turbines that simultaneously magnetize the rotor as the turbines and the rotor are attached. When circulating the direct current on the rotor, it energizes the electric field which will cut through the air to the stator of a three-phase alternative current motor that produces the voltage at the power transformer. When the power transformer diverts the energy from each generating unit to another circuit, the electricity is ready to supply for users in Lao PDR.

Figure 3.1: Hydropower Production Process



Source: EDL-Gen

5. Operation and Maintenance

The maintenance of the Company production facilities is a critical aspect of the Company's business. Proper maintenance allows the Company to operate more efficiently and generate more electricity.

The Company manages the maintenance of its plants to minimize disruption to its generation. This includes coordinating the maintenance outages with the requirements of the customers, EDL and planning and scheduling the maintenance to achieve maximum efficiency and minimize the time that the Company's facilities are not operating.

The Company's PPAs provide allowances for scheduled maintenance outages and the Company works to ensure that it falls within these parameters. The Company maintains a large staff of technicians and engineers to provide day-to-day operation and maintenance services. The Company typically maintains key components and spare parts in order to handle any outage situation. The

Company's regular maintenance program focuses on ensuring that all relevant performance targets are met. These services include the following:

(1) Daily, monthly and yearly maintenance of the following machines by employees in generation department:

- Generator;
- Cooling water system;
- Inlet-outlet air aspirator;
- Excitation system;
- Main transformer;
- Medium voltage switch gear;
- High voltage switch gear;
- Gas insulation switch gear;
- Spillway gate control cubicle;
- Line protection system;
- Private automatic branch exchange (PABX);
- Intake gate control cubicle;
- Air conditioner for room;
- Diesel engine generator;
- Motor for water pump cubicle control;
- Galleries and galleries charger;
- Generator protection system;
- Crane control system;
- Low voltage switch gear.

(2) Daily, monthly and yearly maintenance of the machines and plants by construction department as follows:

(2.1) Plants maintenance

- Maintain penstock to machines;
- Inspect and record water pressure, water drainage and water level in gallery;
- Inspect and record sedimentation;
- Inspect and record deflection;
- Inspect water leakage;
- Maintain log boom.

(2.2) Residence and road maintenance

- Repair and maintain employees and workers' dwelling;
- Repair and maintain offices, machinery houses, security shelters and houses, main housing club;
- Repair and maintain excess road to each employees and workers' residence.

(3) Daily, monthly and yearly maintenance of the following machines by quality control department as follows:

- Review and inspect functions of equipment;
- Inspect water level at upstream and downstream;
- Clean controller room

- Halt and operate machines at annual maintenance; Lock servomotor and fuel gear; Change selectors of water controller, cool down water controller; Turn off direct current lights of machine controller.

In addition, the Company has arranged for major overhaul maintenance which is conducted every ten years, emphasizing inspection of the main equipment including electrical equipment and relay equipment (i.e. generators, turbines, guide vanes, transformers, switch yard equipment, etc.). This inspection also includes repairing and replacing such equipment, as the case may be.

6. Insurance

According to the CA, the GOL has required the Company to obtain and maintain effective insurance policies and coverage throughout the concession period. The Company's insurance must at least cover:

- (1) "Workers' Compensation" insurance that complies with the law of Lao PDR;
- (2) "Third party liability" insurance; and
- (3) subject to the Company being satisfied as to the commerciality of the terms on which such insurance is available:
 - (3.1) "All Risks Property Coverage" insurance against damage to the Project Facilities (on a "replacement cost" basis);
 - (3.2) "Machine Breakdown" insurance; and
 - (3.3) "Business Interruption" insurance, if it deems necessary and beneficial to the Company.

The Company believes that it will maintain adequate insurance to protect the Company against the most likely events. However, there can be no assurance that a severe event impacting one or more of the Assets Transferred to the Company on the Incorporation Date will be adequately covered by insurance.

7. Environmental, health and safety matters (SHE)

Although all the Assets Transferred to the Company on the Incorporation Date may impact on the safety, environment and quality of life of surrounding communities, if any, should have been settled during construction stage. The Company still has taken the following actions to reduce potential impacts and likelihood of risks on safety, environment and quality of life of surrounding communities:

- Implement the measures specified in the SHE management manual. The manual contains SHE policy, work plans, and practices, including review process to ensure that the operations, waste treatment and related work processes are efficient from a SHE standpoint.
- Prepare the work manuals and emergency plan, implement training plan and testing of plan, equipment, and warning system while ensuring strict compliance with the manual.
- Develop a list of governing laws and regulations and designate responsible person to monitor the compliance with such list.
- Monitor and ensure the compliance with SHE manual

8. Human Resources

Since the Incorporation Date, the Company's businesses have not been interrupted by any work stoppages or strikes. The Company considers the relations with the Company's employees to be good.

The employees are one of the most strategic and valuable assets of the Company, and are the foundation of its success and growth. The Company's philosophy in human resources management aims to create work environment where its people can grow their careers and develop themselves as well as enabling them to perform at their best. All highly skilled technical employees and engineers involved in power generation were transferred to the Company; meaning that, the Company has the benefit of the best pool of human capital in the field of power generation in the country. This is the Company's strategic advantage which we believe that it will ensure future growth, strong positioning in the power generation industry and the opportunity to expand into other related businesses.

In addition to technical competencies, the Company also aims to develop business competency, and competency in investor relations, and to enhance employees' knowledge of capital markets in order to understand how the Company plays its role, impacts on the securities market and interacts with its shareholders. Integrity and ethics are reinforced as part of the Company's core values to ensure commitment and responsibility to shareholders.

The Company intends to create a performance based culture through its performance management system which will assess performance results and competencies as well as identify areas for development of employees. Reward will be managed according to employees' performance. Training needs are defined based on competency assessment and area for development. Human resources development is planned to support business direction and manpower planning.

4. OPERATING ASSETS

1. Assets Transferred to the Company on the Incorporation Date

Currently, the Assets Transferred to the Company on the Incorporation Date aggregating to 387 MW, all of which are hydropower plants. A summary of the Assets Transferred to the Company on the Incorporation Date is set out in Table 4.1 below, followed by a more detailed description of each of these assets.

Table 4.1: Assets Transferred to the Company on the Incorporation Date (Wholly-Owned)

Power Plant	Location	Installed Capacity (MW)	Designed Energy Capacity (GWh p.a.)	COD
	Central			
Nam Ngum 1	Vientiane	155.0	1,002.0	1971
Nam Leuk	Vientiane	60.0	218.0	2000
Nam Mang 3	Vientiane	40.0	180.0	2005
Nam Song	Vientiane	6.0	13.5	Expected 2012
	South			
Xeset 1	Saravanh	45.0	180.0	1991
Xeset 2	Saravanh	76.0	309.0	2009
Xelabam	Champasak	5.0	21.0	1969
Total		387.0	1,923.5	-

Source: partially PDP 2010-2020 (Revision-1)

1.1 Nam Ngum 1

The Nam Ngum River is one of the major rivers in Lao PDR. It offers a hydropower potential up to 1,600 MW from various possible sites. NNG1 HPP commenced its COD since 1971 and had an installed capacity of 150 MW. In the year 2003-2004, a rehabilitation project was implemented on machines units No. 1 and 2 in NNG1 HPP and it has increased the installed capacity of 25 MW each unit. At present, the NNG1 HPP has installed capacity of 155 MW. The NNG1 HPP is located about 90 km to the north of Vientiane Capital City. NNG1 HPP construction project has been developed into three phases as follows:

Phase I

Phase I of NNG1 HPP was commenced in 1968 and was commissioned in 1971 at the cost of USD 28 million. The facilities in this phase include a gravity concrete dam, a power plant at the base of the dam with two 15 MW generating units and provisions for three additional units. The generation units supply to EDL's single circuit high voltage transmission line, with transmission capacity of 115 kV, from Nam Ngum site through Vientiane Capital City at Phonetong Substation to EGAT's grid at Nongkhai (Thailand) Substation.

Phase II

Phase II of NNG1 HPP began its activities in 1976 and was successfully commissioned in 1978 at the cost of USD 49 million. The facilities in this phase includes installation of spillway gates, new penstocks and intake gates, an extension of the powerhouse to accommodate three new generating units of 40 MW each, connecting to EDL's double circuit high voltage transmission lines, with transmission capacity of 115 kV, from NNG1 HPP site through Vientiane Capital City at Phonetong Substation to EGAT's grid at Udone 1 and 2 (Thailand) Substations.

Phase III

Phase III of NNG1 HPP began its activities in 1983 and was successfully commissioned in 1984 at the cost of USD 20 million. The 40 MW generating unit was installed in order to fully utilize the hydro potential and facilities which are already installed. After the completion of this phase, the average annual energy production is 865 GWh.

Nam Song Diversion and Nam Leuk Hydropower Plant

The addition of Nam Song Diversion Project to NNG1 HPP reservoir in 1996 has increased the average annual energy production of NNG1 HPP up to 995 GWh. Moreover, the completion of Nam Leuk Hydropower Plant has increased the average annual energy production of NNG1 HPP up to 1,025 GWh.

Summary of Principal Technical Data of NNG1 HPP

1. Capacity

Total installed capacity	: 155 MW
Number of Units	: 5 units; 2 units x 17.5 MW 3 units x 40 MW
Average energy production	: 1,025 GWh/year

2. Storage

Catchment area	: 8,460 km ²
Full water level	: 212.30 masl
Low water level	: 196.0 masl
Normal maximum water level	: 213.0 masl
Reservoir surface (at El. 212.00)	: 370 km ²
Storage capacity	: 7,030 x 10 ⁶ m ³
Active storage	: 4,700 x 10 ⁶ m ³

3. Tailrace

Minimum tail water level (Q=0)	: 164.0 masl
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4. Dam

Type	: concrete gravity
Length	: 468 m
Height	: 70 m
Width	: 6 m

5. Spillway

Type of gate	: Radial
Number	: 4
Width x Height	: 12.5 m x 10.0 m

1.2 Nam Song

The Nam Song Diversion was completed by 1996 to divert water from Nam Song River to NNG1 HPP reservoir and has help increasing the energy production in NNG1 HPP. Currently, hydropower equipment is being installed in the diversion canal in order to develop Nam Song Diversion into a hydropower plant. The project cost is approximately USD 13 million. Upon completion, the installed capacity is expected to be approximately six MW and annual energy generation of 25 GWh/year. The energy generating from Nam Song Hydropower Plant will be sent to 22 kV EDL system. The project is expected to be fully completed by 2012.

1.3 Nam Leuk

Nam Leuk Hydropower Plant was completed in 2000, having capacity of 60 MW and two generator units with capacity 30 MW each. The project is located approximately ten km upstream of the dam, has a 2,830 m long pressured tunnel, a surge tank and a 458 m long open-air penstock from the tunnel outlet to power house. The open-air penstock has a diameter of 3.40 m. From the Nam Poun diversion weir, water is transferred to the reservoir through a 2,600 m long and 3.30 m diameter tunnel.

The spillway

The main spillway of the free overspill type is located on the left bank of the dam. It is 60 m wide and able to accommodate 2,100 m³/s. The secondary spillway, located on the nearest saddle on the left bank, is designed to supplement the main spillway for floods, with a peak discharge higher than 1,500 m³/s.

The transmission line

From the switchyard located next to the power house, electricity is conveyed by three single circuit 115 kV transmission lines, all owned and operated by EDL. The first line, 85 km long, joins Nam Leuk to Pakxan, where a 115 kV substation is located. The second 115 kV line, 55 km long follows the Nam Ngum lake shore, linking Nam Leuk to Nam Ngum power house. The third 115 kV line, 187 km long, travels from Nam Leuk to Phonsavan substation in Xiengkhuang province.

The project in figures

The dam is of the rock fill type with an earth fill core. It rises to a total height of 45.5 m above the riverbed, with a crest length of 800 m and a fill volume of about 1.2 mm³.

1. Storage

Full supply level	:	405 m
Minimum operating level	:	388 m
Reservoir area (full supply level)	:	12.8 km ²
Reservoir active storage	:	154 x 10 ⁶ mm ³
Reservoir dead storage	:	31 x 10 ⁶ mm ³
Annual runoff	:	517 x 10 ⁶ mm ³
Net head	:	182.9 m

2. Dam

Height	:	45.5 m
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3. Operation Discharge System

Headrace tunnel length	:	2,830 m
Headrace tunnel diameter	:	4.90 m
Steel lining	:	305 m
Penstock (open air)	:	458 m
Power station rated output	:	60 MW
Maximum operation discharge	:	39 m ³ /s

1.4 Nam Mang 3

Nam Mang 3 Hydropower Plant is a multi-purpose project. It does not only provide electricity, it is also helpful regarding water irrigation. Nam Mang 3 Hydropower Plant is located at Phou Khao Khouay Mountain, 60 km north of Vientiane Capital City, 15 km south west of Nam Leuk Hydropower Plant. Nam Mang 3 Hydropower Plant is a run-of-river scheme. The water from Nam Yong River (750 masl) which is one of the Nam Mang River's tributaries comes from a point substantially

higher than the reservoir (200 masl). The 550 m of height difference is able to provide a hydropower potential up to 40 MW, with an average energy production of 138 to 140 GWh/year.

The preliminary feasibility study in 1992, proposed a bigger reservoir which would include the reservoir from another dam with an installed capacity of 35 MW. In 1994, another feasibility study, which had more information regarding the geographic of Lao PDR proposed various options. However, the conclusion from the feasibility study in 2001, which considered more thoroughly environmental impacts, was a proposal for a smaller reservoir and only one dam with a height of 28 m, located near the confluence of the Nam Yong River with the Nam Mang River. The proposed dam has a the catchment area of 68 km² and the water is diverted from Huay Kwang, which is a branch of Nam Yong River, through a water intake, tunnel and penstock, to Nam Mang 3 reservoir, which has a catchment area of 14 km², reservoir area (full supply level) of 10.2 km², average discharge of 4.19 m³/s and total discharge of 132 km³/year.

Nam Mang 3 Hydropower Plant construction is divided into two phases. The total construction cost of the first phase is USD 63 million and the second phase is USD 27 million. In both phases, 80 percent of the fund came from a loan from the Export-Import Bank of China and the other 20 percent came from EDL.

Main features of the project

- 1. Storage:**

Catchment area	:	68 km ²
Full water level	:	750 masl
Low water level	:	742 masl
Storage capacity	:	59 x 10 ⁶ m ³
Active storage	:	44.5 x 10 ⁶ m ³
Reservoir area (full supply level)	:	10.20 km ²
- 2. Dam:**

Type	:	reinforced cement concrete
Height	:	28 m
Length	:	150.93 m
Reservoir level	:	754 masl
Over spillway	:	1,030 m ³ /s
- 3. Saddle Dam:**

Height	:	19.9 m
Reservoir level	:	755 masl
Length	:	435.8 m
- 4. Operation Discharge System**

Tunnel :		
Size	:	1.8 x 2.2 m
Length	:	512 m
Penstock :		
Headrace tunnel diameter	:	0.95 – 1.8 m
Headrace tunnel length	:	3,152 m
Maximum operation discharge	:	9.14 m ³ /s
Power station rated output	:	40 MW

1.5 Xeset 1

Xeset 1 Hydropower Plant has been supplying electricity to the provinces of Saravan and Champasak, and surplus power has been exported to Thailand.

Lao PDR received a loan from ADB, and grants from UNDP, the Swedish government and the Norwegian Government to finance the project. The Xeset 1 Hydropower Plant is a run-of-river scheme utilizing about 1.5 km of the river with a drop of 157 m. As this type of scheme has limited storage capacity, the energy production will in general vary with the river discharge from day to day. The intake pond is created by a ten m high gravity dam. From the intake pond to the power house, the water is conveyed through underground tunnels, which are partly steel lined to withstand the high water pressure. The power house is built in the open air with five generating units, three with 13 MW capacity each, and two units with three MW capacity each. All works were carried out in one stage and completed in 1991 after two and a half years of construction.

Main Features of the Scheme

1. Storage:

Catchment area	:	325 km ²
Reservoir dead storage	:	0.3 x 10 ⁶ m ³
Full water level	:	482 masl
Low water level	:	478 masl

2. Dam

Height	:	10 m
Length	:	91 m

3. Operation Discharge System

Headrace tunnel length	:	436 m
Headrace tunnel diameter	:	3.2 m
Maximum operation discharge No. 1 or 2	:	2.25 m ³ /s
Maximum operation discharge No. 3, 4 or 5	:	9.5 m ³ /s

1.6 Xeset 2

Xeset 2 Hydropower Plant is located in the province of Saravan and Champasak in southern Lao PDR, approximately 35 km from Saravan city and five km from Xeset 1 Hydropower Plant.

An MOU on the development of Xeset 2 Hydropower Plant was signed in August 2001 between EDL and Norinco Company Limited (China). In October 2003, the basic design report was submitted to EDL and in January 2004, EDL invited consultants from Norway to review the basic design report. The final design report was accomplished in September 2005. The project started construction in 2005 and was completed in 2009.

The Xeset 2 Hydropower Plant has two generating units, having the installed capacity of 38 MW each, and an average production of approximately 309 GWh. In addition, the Xeset 2 Hydropower Plant is a run-of-river scheme, diverting water from Houay Tapoung to Xeset reservoir.

The project total cost was approximately USD 135.5 million. Eighty percent or approximately USD 108 million came from a seller credit from the Export-Import Bank of China and the other 20 percent or approximately USD 27 million came from EDL local component.

Indices of Hydrologic and Reservoir Characteristics

• Xeset 2 Dam Area

Catchments area	:	392 km ²
Mean annual precipitation	:	2066 mm
Mean annual evaporation	:	1188 mm
Normal storage level of the reservoir	:	813 masl
Design flood level of the reservoir	:	816 masl
Total storage capacity	:	800,000 m ³

Installed capacity : 2 x 38 MW

- **Houay Tapoung Dam Area**

Normal storage level of the reservoir : 824 masl

Design flood level of the reservoir : 826 masl

1.7 **Xelabam**

Xelabam Hydropower Plant is located in Champasak province, 35 km north of Pakse city. The Xelabam Hydropower Plant which is the first hydropower plant in Lao PDR is a small hydropower plant with an installed capacity of 5.04 MW, average energy capacity of 25 GWh per annum. Xelabam Hydropower Plant has a role of producing and supplying electricity to the development of socio-economy in accordance with the policy of GOL.

The construction can be divided into two phases as follows:

Phase I: Construction started in 1966 and completed in 1970 with three units and installed capacity of 850 KVA per unit, and

Phase II: Construction started in 1990 and completed in 1994 with one unit and installed capacity of 3,530 KVA per unit.

Summary of Principal Technical Data of Xelabam Hydropower Plant

1. Storage

Catchment area : 6,360 km²
Full water level : 120.70 masl
Low water level : 118.80 masl

2. Dam

Height : 23 m
Length : 435 m

3. Operation Discharge System

Headrace tunnel diameter (No. 1, 2 and 3) : 2 m
Headrace tunnel diameter (No. 4) : 3.2 m
Maximum operation discharge (No. 1, 2, 3) : 15 m³/s
Maximum operation discharge (No. 4) : 25 m³/s

5. FUTURE PROJECTS

1. Company's Business Strategy

The Company intends to maintain its position as the leading domestic power generation company. The Company expects to expand to meet the rapidly growing domestic demand for electricity. However, upon the grant of the GOL, the Company expects to develop the key foreign markets on the doorsteps of Lao PDR: Thailand, China, Vietnam and Cambodia.

The Company believes that the domestic and foreign markets offer substantial growth opportunities. However, the Company will pursue additional revenue sources which it sees as particularly suited to the Company's skill-set and positioning: carbon credit, project development services and operation and maintenance services.

This combination of core revenues and new businesses should enable the Company to achieve its aim of being one of Asia's fastest growing and most profitable generating businesses. To achieve these aims, the Company intends to:

(1) Grow its Core Domestic Lao Generation Business

Electricity demand in the domestic market grew at approximately 18 percent per year during the period 2001-2009. The PDP 2010-2020 (Revision-1) forecasts that this market will grow at a Compound Annual Growth Rate (CAGR) of 18 percent during the period 2010-2020. Per capita consumption of electricity in Lao PDR is still very low compared to its Asian neighbors and this represents a significant growth opportunity for the Company.

While Lao PDR is a relatively small country, the growth potential of the Company's domestic opportunity is considerable. The Company may utilize its close relationships with both EDL and the GOL in order to optimize its growth. Moreover, EDL itself is highly dependent on dividends from the Company and has every incentive to ensure a steady flow of attractive projects to the Company.

Restructuring of the Electricity Industry in Lao PDR

Background to the Restructuring

In recent years Lao PDR has experienced substantial demand growth, averaging 18 percent in the period 2001-2009. This growth has been driven by demand from the mining industry, manufacturing, expansion of business activity and the GOL's rural electrification plan.

Table 5.1: Lao PDR Domestic Growth Profile

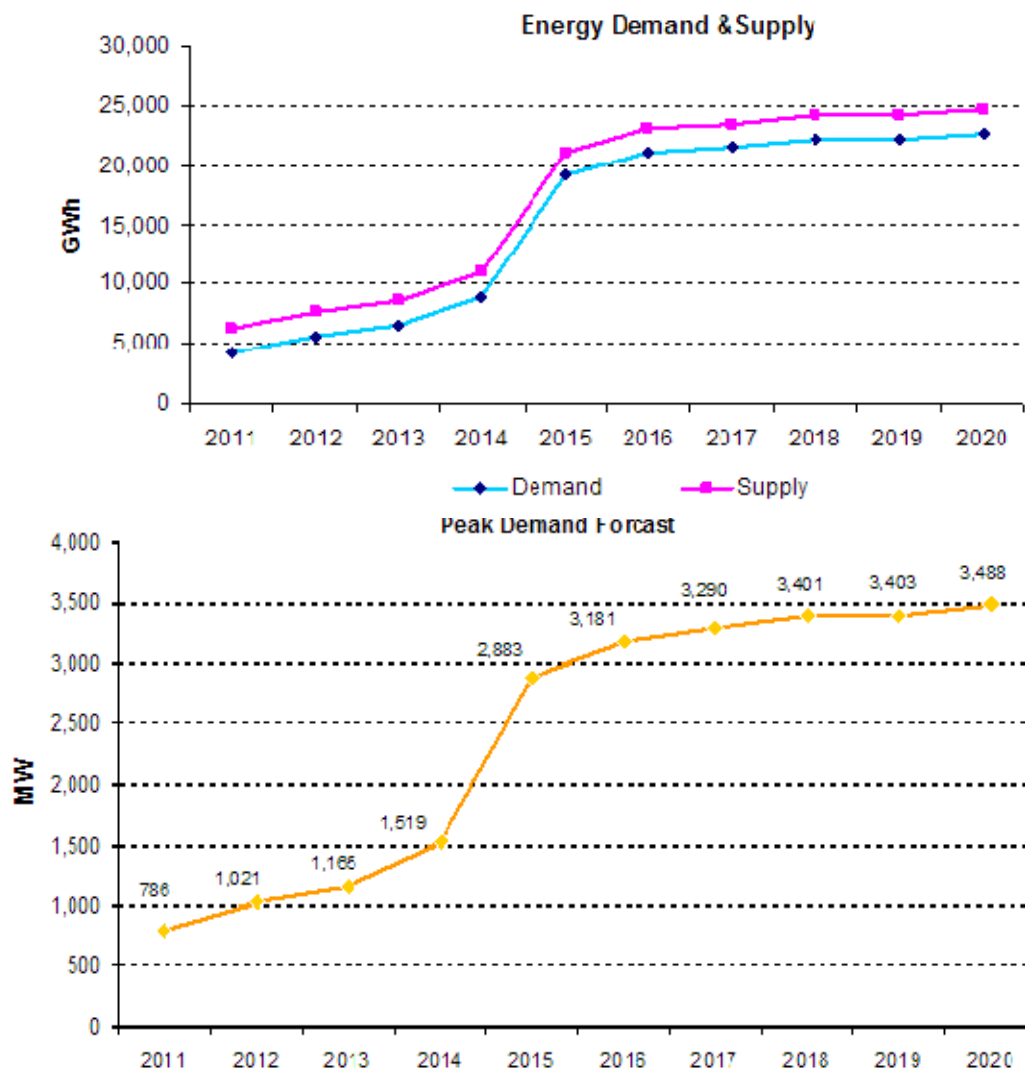
	2005	2006	2007	2008	2009	2010
Domestic demand growth	12.00%	10.02%	16.72%	21.52%	20.50%	17.19%
Domestic sales (GWh)	1,011.06	1,112.40	1,298.41	1,577.86	1,901.29	2,228.15

Source: EDL's 2010 Statistic Report

In PDP 2010-2020 (Revision-1), EDL has projected total domestic energy demand growth (including system losses) averaging 18 percent per year for the 2010 to 2020 period. The Lao domestic peak demand is projected to increase from 786 MW in 2011 to 3,488 MW by 2020. The average forecast growth rate of peak demand over the period of 2010-2020 is 18 percent. Notwithstanding the recent disruptions in the global economy, it is likely that electricity demand growth in Lao PDR will remain robust.

The chart below summarizes the forecast of domestic demand from the PDP 2010 – 2020 (Revision-1). The projected growth in domestic peak demand from the present 786 MW to 3,488 MW in 2020 would represent a CAGR of approximately 18 percent over this period.

Figure 5.1: Lao 2010-2020 Domestic Energy Demand & Supply and Domestic Peak Load Forecast



Source: PDP 2010-2020 (Revision-1)

The expected rapid demand growth has presented a considerable challenge to EDL and the GOL. The PDP 2010-2020 (Revision-1) has proposed various alternatives to meet the domestic demand requirements in the future, as well as the substantial export demand expected from Thailand, Vietnam and China going forward to 2020. The total Lao generation capacity is expected to grow from 2,560 MW in 2011 to 22,675 MW by 2020. The proposed supply options include EDL's new generation capacity, purchase from IPPs, import from abroad and inter-regional exchange. Table 5.3 below details new power projects under construction and planned for the period 2010–2020 as per the PDP 2010-2020 (Revision-1). This list includes EDL Construction Period & Planned Generation Assets (wholly-owned) and EDL Equity Share Construction Period & Planned IPPs, as well as Non-EDL IPPs.

Table 5.2: Lao PDR's New Generation as per the PDP 2010-2020 (Revision-1)

Project	Province	EDL Offtake Capacity (MW)	Annual Energy (GWh p.a.)	Plant Factor	Project Period	Ownership	Source of Funding	Status
Northern Area								
Nam Nhon	Bokeo	2.4	12.0	57%	2006-11	IPP (d)	Nam Nhon	Construction
Nam Tha 3	Luangnamtha	1.3	5.5	50%	2010-11	IPP (d)	Lao Company	Repair
Nam Ngum 5	Xieng Khuang	120.0	507.0	48%	2007-12	IPP (d)	China	Construction
Nam Long	Luangnamtha	5.0	37.0	84%	2009-13	IPP (d)	Luangpasurt Company	Construction
Nam Ham 2	Sayaboury	5.0	16.0	37%	2011-13	IPP (d)	Cobri/PEA	Study
Nam Boun 2	Phongsaly	15.0	80.0	61%	2011-14	EDL	India and EDL	FS
Nam Ngiew	Xieng Khuang	20.0	63.0	36%	2010-14	IPP (d)	EDL+Right Engineering	Study
Nam Beng	Oudomxai	34.0	137.0	46%	2010-15	IPP (d)	China	Study
Nam Khan 2	Luangprabang	130.0	558.0	49%	2010-15	EDL	Exim Bank China and EDL	Construction
Nam Sim	Huaphanh	8.6	32.6	43%	2011-15	IPP (d)	NORAD	FS
Nam Pot	Xieng Khuang	15.0	70.5	54%	2010-15	IPP (d)	Lao Company	FS
Nam Chein	Xieng Khuang	80.0	330.0	47%	2010-15	EDL	China	MOU
Nam Phak	Oudomxai	30.0	170.0	65%	2009-15	EDL	India	FS
Hongsa (Lignite)	Sayaboury	100.0	700.8	80%	2008-15	IPP (e)	Hongsa Power	Construction
Nam Ngiep 2	Xieng Khuang	180.0	723.0	46%	2010-15	IPP (d)	Exim Bank China (CWE) and EDL	Prepare Construction
Nam Pha	Luangnamtha	130.0	720.0	63%	2010-15	IPP (d)	Malaysia	Study FS
Nam Tha 1	Luangnamtha	168.0	721.0	49%	2009-16	IPP (d)	Exim Bank China and EDL	PPA Negotiation
Nam Ngum 4	Xieng Khuang	33.0	165.0	55%	2010-19	IPP (d)	Vietnam	Study
Nam Ou 2	Luangprabang	120.0	545.8	52%	2008-16	IPP (d)	China	FS
Nam Ou 6	Phongsaly	180.0	817.9	52%	2008-16	IPP (d)	China	FS
Nam Ou 5	Phongsaly	240.0	1,156.3	55%	2011-16	IPP (d)	China	FS
Nam Khan 3	Luangprabang	47.0	222.0	54%	2011-16	EDL	Exim Bank China and EDL	FS
Nam Xam 1 (off take)	Huaphanh	47.0	143.0	35%	2009-16	IPP (e)	Vietnam	Prepare PPA Negotiation
Nam Seung 1	Luangprabang	42.0	167.0	45%	2010-17	IPP (d)	Thai	FS
Nam Seung 2	Luangprabang	134.0	621.0	53%	2010-17	IPP (d)	Thai	FS
Nam Ou 1	Luangprabang	160.0	798.9	57%	2010-18	IPP (d)	China	Study
Nam Ou 3	Luangprabang	150.0	709.6	54%	2010-18	IPP (d)	China	Study
Nam Ou 4	Phongsaly	116.0	569.0	56%	2010-18	IPP (d)	China	Study
Nam Ou 7	Phongsaly	190.0	915.0	55%	2010-18	IPP (d)	China	Study
Nam Ma 1,2,3,4,5	Huaphanh	22.4	75.8	55%	2010-19	IPP (d)	Vietnam	FS
Mekong Sayaboury (off take)	Sayaboury	60.0	420.0	80%	2008-19	IPP (d)	Thai	Study
Mekong Luangprabang (off take)	Luangprabang	114.0	598.0	60%	2008-20	IPP (e)	Vietnam	FS
Mekong Pakbeng	Luangprabang	150.0	660.0	50%	2010-20	IPP (e)	China	Study
Central Area								
Nam Lik 1/2	Vientiane	100.0	435.0	50%	2008-10	IPP (d)	China	Completed 100%
Nam Ngum 2	Vientiane	615.0	2,218.0	41%	2006-10	IPP (e)	Thai	Completed 100%
Nam Song (Expansion)	Vientiane	6.0	25.0	48%	2008-11	EDL	India and EDL	Construction
Nam Phao	Bolikhamxai	1.6	8.5	61%	2008-12	IPP (d)	Lao Company /SMG	MOU, PPA
Theun Hinboun (Expansion)	Bolikhamxai	220.0	946.0	49%	2008-12	IPP (e)	EDL	Construction
Nam Gnuang 8	Bolikhamxai	60.0	316.0	60%	2009-12	IPP (d)	THPC	Construction
Nam Sana	Vientiane	14.0	49.6	40%	2010-13	EDL	EDL & Krungthai Bank	Prepare EPC Sign
Nam Ngum 1 (Expansion)	Vientiane	40.0	88.0	25%	2010-14	EDL	JBIC	FS
Nam Lik 1	Vientiane	60.0	256.0	49%	2011-14	IPP (d)	Exim Thai	CA / PPA Negotiation
Nam Kane	Vientiane	5.0	19.7	45%	2010-14	IPP (d)	Lao Company	FS

Project	Province	EDL Offtake Capacity (MW)	Annual Energy (GWh p.a.)	Plant Factor	Project Period	Ownership	Source of Funding	Status
Nam Mang 1	Bolikhamxai	64.0	224.0	40%	2010-15	IPP (d)	China	FS
Nam Bak	Vientiane	160.0	744.0	53%	2010-15	IPP (d)	Thai	FS
Nam Phouan	Vientiane	30.0	140.0	53%	2010-15	IPP (d)	Malaysia	FS
Nam Phai	Vientiane	60.0	280.0	53%	2010-15	IPP (d)	China, Norinco	Study
Nam San 3	Xieng Khuang	48.0	324.9	77%	2010-15	IPP (d)	Malaysia	FS Report
Kengseuaten	Bolikhamxai	54.0	213.0	45%	2009-16	EDL	Thai	MOU
Nam Theun 1 (off take)	Bolikhamxai	50.0	250.0	57%	2008-18	IPP (e)	Malaysia	CA / PPA Negotiation
Nam San 3 (Down)	Xieng Khuang	30.0	120.0	46%	2010-18	IPP (d)	China	Study
Nam Ngum (Down)	Vientiane Capital	60.0	300.0	57%	2010-18	IPP (d)	China	Study
Nam Ngeip 1 (off take)	Bolikhamxai	22.0	122.0	63%	2010-18	IPP (e)	Japan	FS
Southern Area								
Xekaman 3 (off take)	Sekong	25.0	96.0	44%	2008-12	IPP (e)	Viet - Lao Company and EDL	Construction
Tadsalen	Savannakhet	3.2	17.0	61%	2008-13	IPP (d)	Exim Thai	Construction
Xeset 3	Champasak	23.0	86.1	43%	2010-13	EDL	China	Study
Xelabam (Expansion)	Champasak	7.7	37.1	55%	2008-13	EDL	JBIC	FS
Xenamnoy 1	Sekong	15.0	100.0	76%	2008-13	IPP (d)	Lao Company	PPA Negotiation
Xekaman 1 (off take)	Attapeu	64.0	240.0	43%	2011-14	IPP (e)	Vietnam	Construction
Houay Lamphan Ngai	Sekong	88.0	495.0	64%	2010-14	EDL	Exim Bank China and EDL	Construction
Houaykaper	Saravan	5.0	21.0	48%	2010-14	IPP (d)	Lao Company	Study
Houaychampi	Champasak	5.0	27.3	62%	2010-14	IPP (d)	Lao Company	Study
M. Kalum (Lignite)	Sekong	300.0	2,100.0	80%	2010-14	IPP (d)	Lao Company	Study
Nam Kong 2	Attapeu	66.0	263.0	45%	2010-15	IPP (d)	Vietnam	Study
Nam Kong 3	Attapeu	42.0	157.5	43%	2010-15	IPP (d)	Vietnam	Study
Nam Phak / Houaykatam	Champasak	45.0	307.0	78%	2010-16	IPP (d)	Japan	FS
Xeset 4	Champasak	10.0	40.0	46%	2009-15	EDL	China	MOU
Tha kho (Mekong)	Champasak	50.0	360.0	82%	2009-16	IPP (d)	France	Study
Xepon 3 (Down)	Saravan	30.0	150.0	57%	2008-16	IPP (d)	China	FS
Xepon 3 (Up)	Saravan	70.0	280.0	46%	2008-16	IPP (d)	China	FS
Nam Hinboun	Khammouan	45.0	220.0	63%	2009-16	EDL	Thai and EDL	Study
Sekong 4 (off take)	Sekong	60.0	318.0	61%	2009-16	IPP (e)	Region Oil Russia	FS, Tariff MOU
Sepian-Xenamnoy	Champasak	40.0	178.8	51%	2010-16	IPP (e)	Korea and Thai	CA / PPA Negotiation
Xekatom	Champasak	75.0	381.0	58%	2009-17	IPP (d)	Japan	FS
Donesahong	Champasak	240.0	1,750.0	83%	2010-17	IPP (d)	Malaysia	FS Report
Xe Neua	Khammouan	53.0	209.0	45%	2008-18	IPP (d)	Thai	FS
Xelanong 1	Savannakhet	60.0	300.0	57%	2010-18	IPP (d)	Norway	Study
Xelanong 2	Saravan	45.0	170.0	43%	2010-18	IPP (d)	Japan	Study
Xedon 2	Saravan	20.0	80.0	46%	2010-18	IPP (d)	Korea	Study
Small hydropower plants	5 -10 Sites	40.0	122.6	35%	2010-19	EDL	-	Study
Solars	-	15.63	27.4	20%	2010-19	EDL	-	Study
Xebanghieng 1	Savannakhet	60.0	357.0	68%	2010-19	IPP (d)	Vietnam	FS

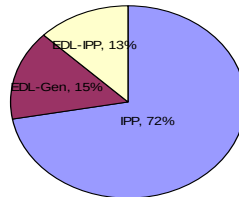
Note: IPP (d) refers to domestic IPP; and IPP (e) refers to exporting IPP.

Source: PDP 2010 – 2020 (Revision-1)

The capital for building out the Lao electricity sector has historically represented a considerable burden to EDL. In recent years, because of inadequate financing sources, EDL and the GOL have been able to self-finance only a portion of the generation capacity expansions. Indeed, foreign financing sources such as IPPs, development banks, etc., have provided a major portion of the required debt and equity financing. Thus, EDL and the GOL have been to a great extent dependent on foreign IPP developers and foreign sources of capital in order to continue both Lao's domestic electricity development efforts as well as the electricity export business.

This situation is illustrated by Figure 5.2 below. Total installed generating capacity in Lao PDR is currently 2,560 MW. While seven of the Company's Assets Transferred to the Company on the Incorporation Date (six commissioned and one under-construction) aggregate to 387 MW, the other 2,175 MW of installed capacity is comprised of EDL Equity Share Operating IPPs (326 MWs) and Non-EDL IPPs (1,849 MW). The two IPPs of which had COD in 2010, Nam Lik 1-2 (100 MW) and Nam Theun 2 (1,088 MW) and one of which has initial operation on 26 March 2011, Nam Ngum 2 (615 MW). EDL owns a ten percent stake in Nam Lik 1-2 and a 25 percent stake in Nam Ngum 2 but has no ownership position in Nam Theun 2 (LHSE owns 25 percent).

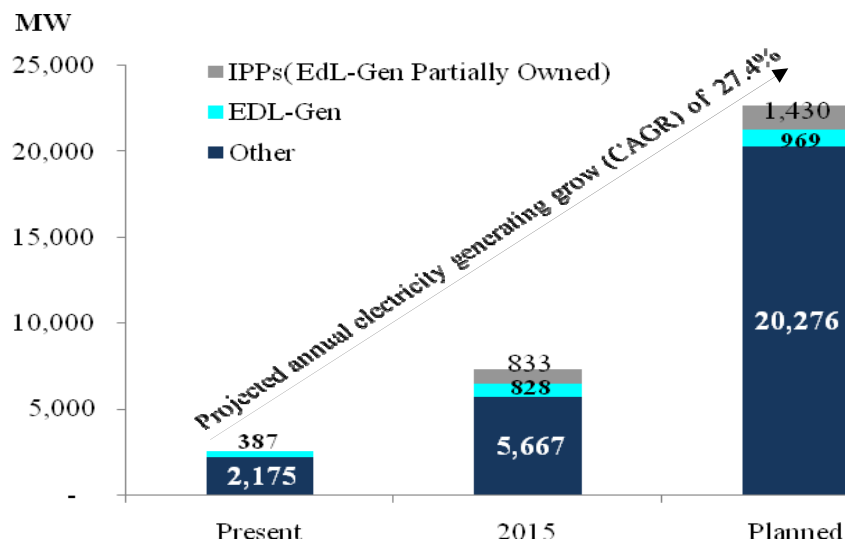
Figure 5.2: Power Installed Capacity by Ownership



Sources: - PDP 2010 – 2020 (Revision-1)
- Department of Energy Promotion and Development, MEM

EDL estimates that new – build capital expenditure (“Cap-Ex”) requirements for Lao power generation sector (for the ten year period to 2020) for EDL alone (excluding all IPPs) will reach approximately USD 1.29 billion. Figure 5.3 illustrates the Lao power expansion plan from 2010 to 2020.

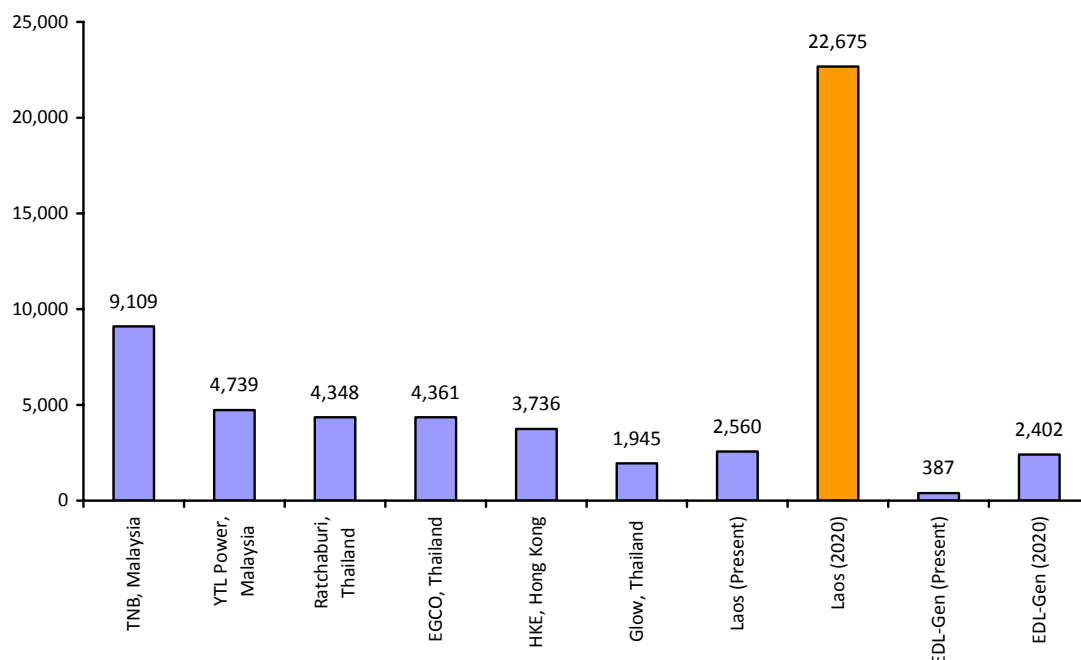
Figure 5.3: Lao Power Expansion Plan 2010 - 2020



Sources: - PDP 2010 - 2020 (Revision-1);
- Department of Energy Promotion and Development, MEM

The Lao power generation sector represents a considerable opportunity for the Company to become a large generating business with attractive export sales and small, but rapidly growing domestic sales. EDL has estimated that the exploitable hydropower potential in Lao PDR in 2020 is about 22,675 MW, excluding the Mekong River main stream itself. Lao PDR is positioned to become an energy source in the GMS countries with substantial national revenue potential.

Figure 5.4: Lao PDR Power Sector Opportunity (As of November 2010)



Sources: - PDP 2010 – 2020 (Revision-1)
 - Bloomberg
 - Department of Energy Promotion and Development, MEM

In 2009, EDL began to examine restructuring and financing alternatives which could enable EDL to self-finance more of its growth. This self-financing would permit the people of Lao PDR to retain more of the benefits from the country’s substantial hydro resource. Accordingly, in 2008 EDL established a special Financial Task Force (the “FTF”) to liaise with GOL authorities in order “to solve its financial problems systematically” (2008 Annual Report of EDL). As part of this effort, EDL retained its financial advisor in order to (i) study the Lao power industry, EDL’s current situation and future potential and (ii) make recommendations to EDL regarding possible restructuring of EDL and the Laos power industry, specifically concerning privatization and fund raising options available to EDL.

(2) *Seek Growth or Jointly Invest in IPPs for Electricity Sales to its Energy Hungry Neighbors*

The power sector, and especially hydropower, is an important contributor to Lao PDR’s economic growth. Historically, power generation assets in Lao PDR have been developed and constructed by both EDL on its own and various IPP developers. Typically, EDL developed power generation assets for the domestic market and EDL or LHSE takes a stake in these IPPs for export. This pattern will continue with the Company acquiring EDL Hydropower Generation Assets from EDL upon or near the COD or the date mutually agreed between the Company and EDL (as the case may be). However, while EDL previously lacked funding to target more than a minority of the foreign power sales markets, in the future, the Company intends to adopt a more aggressive strategy toward this market.

EDL currently owns stakes in four IPPs which it is expected to be transferred to the Company: (i) Theun Hinboun Hydropower Project (including expansion and Nam Gnuang) (capacity of 500 MW, owned 60 percent by EDL, COD 1998), (ii) Houay Ho Hydropower Project (capacity of 152 MW, owned 20 percent by EDL, COD 1999), (iii) Nam Lik 1-2 Hydropower Project (capacity of 100 MW, owned ten percent by EDL, COD 2010), and (iv) Nam Ngum 2 Hydropower Project (capacity of 615 MW, owned 25 percent by EDL, initial operation date on 26 March 2011).

In addition to the IPPs, the Assets Transferred to the Company on the Incorporation Date also sell surplus power across borders (through EDL). For example, Nam Ngum 1, Nam Leuk and Nam Mang 3 (255 MW in total) provide power to the Central-1 area and to some parts of the Northern area, while Xeset 1 and Xelabam (50 MW in total) supply energy to the Southern area. Surplus energy of the Central-1 and Southern area systems is exported to Thailand through a 115 kV line from Phonetong to Thanaleng substations (Vientiane Capital) and Pakxan substation (Bolikhamxai province) to Bang Yo substation (Pakse).

In the future, the Company will seek to maximize its opportunities to gain exposure to the export sector, either through sales to EDL or direct exports through ownership of IPPs. The power development plans of major importing countries such as China, Thailand and Vietnam indicate substantial plans for electric power imports over the next two decades, as illustrated by Table 5.3 below.

Table 5.3: Forecast Imports by China, Thailand & Vietnam

Country	Forecast Import 2015 (MW)	Forecast Import 2020 (MW)	Forecast Import 2025 (MW)	% of Peak Demand in 2025
China	2,200	8,000	19,000	13%
Thailand	4,100	5,400	7,700, of which, Lao: 5,500 Myanmar: 1,900 Malaysia: 300	15%
Vietnam	2,200	4,800	4,800	7%

Note: China refers to only Yunnan and Guangxi provinces.

Source: ADB, Final workshop, October 2010

The export of electric power is a relatively recent development in Lao PDR. Lao PDR now has MOUs with both Thailand and Vietnam, and is also cooperating with Cambodia and China on the supply of power through IPPs base in Lao PDR. Not all of the IPPs will be undertaken by the Company. However, a number of these IPPs will involve the Company.

(2.1) Plans to Supply to Thailand

In June 1993, the GOL and the Government of Thailand signed the first MOU to support the development of power projects in Lao PDR through the supply of up to 1,500 MW of electricity to Thailand. To accommodate the steady increase in demand for electricity in Thailand, the two Governments have expanded the MOU several times. In December 2007 the most recent agreement saw the power purchase scheme expanded to cover the potential supply of 7,000 MW of electric power to Thailand by 2020.

(2.2) Plans to Supply to Vietnam

In 1998, the GOL also signed an MOU with the Government of Vietnam covering the supply from Lao PDR of 2,000 MW to Vietnam. In December 2006, the two Governments signed a second MOU that resulted in the agreed supply being increased from 2,000 MW to 3,000 MW by 2015. Then, in January 2008, a further increase, from 3,000 MW to 5,000 MW for the supply of electricity by 2020, was agreed in principle.

A number of hydropower projects such as the Sekong Hydropower Project 3A and 3B, with installed capacities of 152 MW and 96 MW respectively, are under study. A further study, of the Dak E Meule Hydropower Project having an installed capacity of 138 MW, is due to be finalized by the end of 2010. There are 20 projects in the pipeline to supply electricity under the 5,000 MW MOU which was signed between the two governments.

(2.3) Plans to Supply to Cambodia

In December 2009, EDL started delivering around ten MW from its southern grid to meet small load demand centers in Cambodia. In the meantime, there was an agreement in place between the two governments for the supply of 200 MW from Lao PDR to the Kingdom of Cambodia by 2020. Dore Sahong on the main stream of the Mekong River is the first hydropower project to supply electricity to the northern grid of Cambodia.

(2.4) Controlling and Managing the Efficiency of the Load Dispatch

Key to the ability to take advantage of both domestic and export opportunities is proper load dispatch and coordination. Therefore, EDL is developing a new National Load Dispatch Centre (NLDC). The main objectives of NLDC are to control the system in order to keep it reliable, stable in terms of technical and economic aspects and to efficiently manage power trading between EDL and IPPs. In addition, NLDC has a plan to control four Regional Control Centres (RCC) as follows:

1. Central Regional Control Centre located at Phontong substation, Vientiane Capital;
2. Northern Regional Control Centre located at Sansouk substation, Luang Prabang province;
3. Southern Regional Control Centre located at Thakhek substation, Khammouan province; and
4. Southern Regional Control Centre located at Bangyao substation, Champasak province.

Also, NLDC has a plan to control two Hydropower Plant Control Centres (HPCC) as follows:

1. Hydropower Plant Control Centre for the Northern and Central areas, located at Nam Ngum 1 Hydropower Plant, Vientiane province and
2. Southern Hydropower Plant Control Centre located at Xeset 1 Hydropower Plant, Saravan province;

(3) Enter New Markets where the Company is Well-Positioned

The Company intends to seek out opportunities, where appropriate, to leverage existing technical expertise, local knowledge and its assets to add to the Company's operating revenues from non-power sales businesses. For example, the Company may seek clean development mechanism (carbon credit) revenues from existing hydropower assets. Lao PDR's neighboring countries maintain relatively high carbon-intensive electricity production systems. Lao PDR was once thought to be off-limits to clean development mechanism (carbon credit) revenue because of the near 100 percent hydro nature of the system. However, pursuant to the United Nation Executive Board Decision "EB28", carbon credits are now available to projects in Lao PDR. The Company is aware of at least three projects which may be pursuing carbon credit revenues in Lao PDR.

A key feature of the Kyoto Protocol is that it sets binding targets for 37 industrialized countries and the European community for reducing greenhouse gas (GHG) emissions. Recognizing that developed countries are principally responsible for the current high levels of GHG emissions in the atmosphere as a result of more than 150 years of industrial activity, the Protocol places a heavier burden on developed nations under the principle of "common but differentiated responsibilities."

The Clean Development Mechanism (CDM), defined in Article 12 of the Protocol, allows a country with an emission-reduction or emission-limitation commitment under the

Kyoto Protocol (“Annex B Party”) to implement an emission-reduction project in developing countries. Such projects can earn saleable certified emission reduction (CER) credits, each equivalent to one tonne of CO₂, which can be counted towards meeting Kyoto targets.

While the majority of power generated in Lao PDR is from a renewable resource – namely hydropower – the Lao grid is part of a broader grid covering Lao PDR, Thailand, Cambodia and Vietnam. Under the Clean Development Mechanism of the United Nations Framework Convention of Climate Change (UNFCCC), the project boundary can be defined as this wider grid network. The Executive Board of the UNFCCC has already approved projects where the project boundary crosses national borders.

It was made clear in the text of EB28 that grids which cross national boundaries can be regarded as a single project, and this was confirmed by the approval of Project 2746: Dagachhu Hydropower Project, Bhutan, in March 2010. Three key factors influenced the Executive Board, which were

- The Bhutanese grid is fully integrated with the eastern grid of India and exports 90 percent of the electricity generation of Bhutan to the eastern grid of India.
- Most of the high voltage transmission lines in Bhutan have been built mainly for the purpose of exporting electricity to India.
- The concept of trans-national electricity between India and Bhutan can also be verified from the umbrella agreement signed on 28 July 2006 between government of India and government of Bhutan.

Lao PDR and Thailand enjoy a similar position to Bhutan and India in all three of the above aspects. Consequently, based on the current Energy Mix of the Thai and Lao grids, for each 100 GWh of power generated in Lao PDR, the carbon credits earned would be USD 55,000 per year. These credits can be sold on an exchange such as the European Climate Exchange (ECX) or a forward contract, known as an Emissions Purchase Reductions Agreement (ERPA) can be signed for a period of seven or ten years, which fixes the revenue at the commencement of generation. These ERPAs can be renewed for up to 21 years. When reviewing projects, carbon credit revenues can become a material factor which significantly improves the internal rate of return on each project.

The Company may also look at providing project development services to IPP developers and operation and maintenance services to IPPs. The Company’s engineering staffs are highly capable and will be in a position to provide operation and maintenance services to IPPs in the future. Moreover, the Company’s development teams will be in a much better position to deal with local siting, permitting issues than teams seconded from overseas.

2. Company’s Generation Build-Out Plan

In order to meet Lao PDR’s domestic power demand as well as some future export demand, EDL has developed a generation supply plan (which is set out the PDP 2010-2020 (Revision-1). This plan calls for a combination of the Company’s future wholly-owned generation plants as well as IPPs. Table 5.4 below summarizes this plan.

Table 5.4: Company’s Generation Build-Out Plan

Year	Total Additional Capacity (MW)	EDL Wholly-Owned Assets (MW)	EDL - IPPs (MW)
2011 – 2015	1,277	444 (35%)	833 (65%)
2016 – 2020	738	141 (23%)	597 (77%)
Total 2011 - 2020	2,015	585 (29%)	1,430 (71%)

Source: PDP 2010 – 2020 (Revision-1)

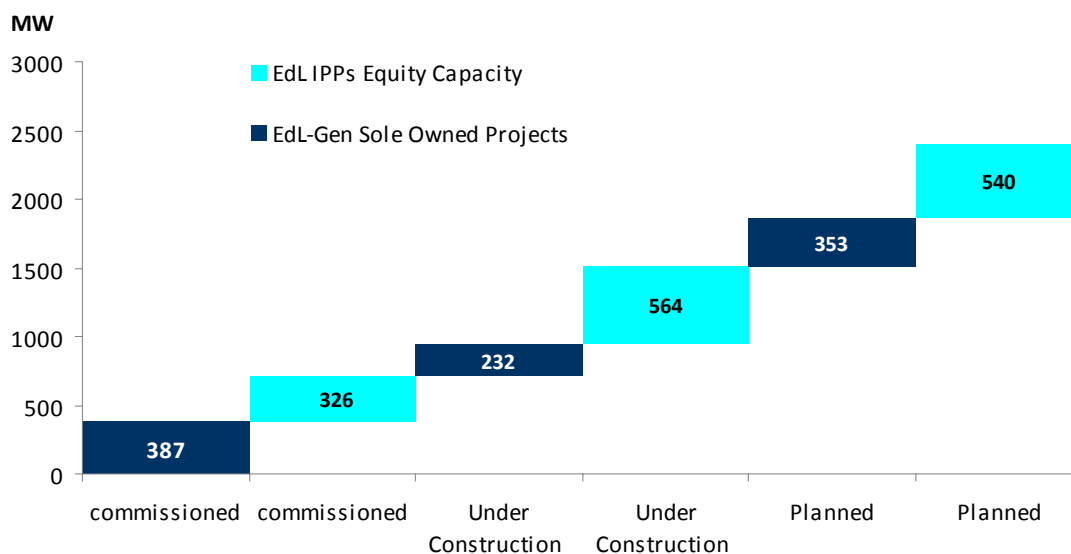
The Company's build-out plan excludes Non-EDL IPPs, which aggregate to another 5,667 MW by end 2015 and perhaps an additional 14,608 MW in the 2016-2020 period if the PDP 2010-2020 (Revision-1) plan is realized. The Company may have the opportunity to participate in some of the Non-EDL IPPs, but assumes nothing at the present time.

3. Investment Plans

Based on the future policy of the GOL, the Company may, from time to time, invest in additional generation projects and related businesses which satisfy its investment criteria, including the following:

- (i) EDL Construction Period & Planned Generation Assets (wholly-owned) (232 MW and 353 MW, respectively);
- (ii) EDL Equity Share Operating IPPs (326 MW);
- (iii) EDL Equity Share Construction Period & Planned IPPs (564 MW and 540 MW, respectively).

Figure 5.5: Summary of Asset Growth of the Company: 2010 – 2020



Sources: - PDP 2010 – 2020 (Revision-1)
- Department of Energy Promotion and Development, MEM

Based on ownership of the Assets Transferred to the Company on the Incorporation Date and steady injection of EDL's additional generation assets (Please see Tables 5.5, 5.6 and 5.7), the Company envisions that it will have a growing mix of high quality domestic and export sale generation assets. The Company would own, control and operate these generation assets, thus making it the largest domestic generator in Lao PDR and also be positioned to sell power across borders to the growing markets of GMS Countries.

The Company's Future Growth & GOL Policy

The Company believes that it is well positioned to grow rapidly for the following reasons.

First, the Company has been structured with an asset base, cash flows and balance sheet to enable financial flexibility and growth.

Second, the Company acquired the Assets Transferred to the Company on the Incorporation Date from EDL at a book value, and expects that this same formula will apply to the additional assets described above.

Third, EDL established an attractive power pricing mechanism along with a series of long-term PPAs with the Company on commercial terms similar to EDL's PPAs.

3.1 Company's Investment Plan in EDL Construction Period & Planned Generation Assets (Wholly-Owned)

In addition to the Nam Song expansion, which has already been transferred to the Company as one of the Assets Transferred to the Company on the Incorporation Date, EDL currently has a number of wholly-owned generation assets under construction or at the planning stage, a summary of which is set out in Table 5.5 below. The Company believes that, for the foreseeable future, it will be most efficient for EDL to continue to take responsibility for development and construction of these assets and to transfer upon or near the COD or the date mutually agreed between the Company and EDL (as the case may be).

The Company expects to acquire the EDL Construction Period & Planned Generation Assets (wholly-owned) upon or near the COD or the date mutually agreed between the Company and EDL (as the case may be) of each of the assets described in Table 5.5. In consideration for each asset transfer, the Company may make the payment in cash or issue new shares to EDL and also enter into a PPA with EDL and CA with the GOL on terms consistent with those agreed for IPPs. The Company expects that the valuation of these assets will be set at or around a book value. The transfer of the EDL Hydropower Generation Assets may be subject to an approval from the Company's shareholders, as well as all necessary conditions such as consent or approval from the governmental authorities and from relevant parties.

Given to the expansion of the Company's business, EDL will transfer Houay Lamphan Ngai and Nam Khan 2 to the Company after both projects are commercially commissioned according to the MOU between the Company and EDL for the transfer of the project assets dated 8 July 2011.

Once each asset transfer takes place, the Company will own and operate the relevant asset and receive revenue pursuant to the applicable PPA.

Table 5.5: EDL Construction Period & Planned Generation Assets (Wholly – Owned)

Power Plant	Location	Capacity (MW)	Annual Energy (GWh p.a.)	COD
Nam Boun 2	Phongsaly	15.0	80	2014
Nam Khan 2	Luangprabang	130.0	558	2015
Nam Chein	Xieng Khuang	80.0	330	2015
Nam Phak	Oudomxai	30.0	170	2015
Nam Khan 3	Luangprabang	47.0	222	2016
Nam Sana	Vientiane	14.0	49.6	2013
Nam Ngum 1 (Expansion)	Vientiane	40.0	88	2014
Kengseuaten	Bolikhamxai	54.0	213	2016
Xeset 3	Champasak	23.0	86.1	2013
Xelabam (Expansion)	Champasak	7.7	37.1	2013
Houay Lamphan Ngai	Sekong	88.0	495	2014
Xeset 4	Champasak	10.0	40	2015
Nam Hinboun	Khammouan	40.0	220	2016
Total		578.7	2,588.8	

Source: PDP 2010 – 2020 (Revision-1)

According to the MOU for the Transfer of the Project Assets of Houay Lamphan Ngai and Nam Khan 2 between the Company and EDL dated 8 July 2011, the Company may purchase the assets in Houay Lamphan Ngai Hydropower Project and Nam Khan 2 Hydropower Project (altogether called “Project Assets”) from EDL after both Projects commercially commission. The Projects Assets will be transferred to the Company free from any and all encumbrances, and are capable of generating electricity as intended. Following the MOU, both EDL and the Company must enter into a project assets transfer agreement in order to complete the transfer of the Project Assets within 30 days after the achievement of the COD of the Project Assets. However, the transfer of the Project Assets is subject to key conditions that are consent from relevant parties or all necessary approvals of the governmental authorities, as well as an approval from the Company’s shareholders and relevant parties of the transfer of such assets.

3.2 Company’s Investment Plan in EDL Equity Share Operating IPPs

The Company expects to acquire EDL’s ordinary shares in each of the project companies holding the EDL Equity Share Operating IPPs, a summary of which is set out in Table 5.6 below. In consideration for these share transfers, the Company may make the payment in cash or issue new shares to EDL. The Company expects that the valuation of the EDL Equity Share Operating IPPs will be set at or around a book value.

Subsequence to this Offer, the Company will purchase the shares held by EDL in the four IPPs: Theun Hinboun Hydropower Project (including expansion and Nam Gnuang), Houay Ho Hydropower Project, Nam Lik 1-2 Hydropower Project, and Nam Ngum 2 Hydropower Project as per the details appeared in this Prospectus.

Table 5.6: EDL Equity Share Operating IPPs

Power Plant	Equity Share	Total (MW)	EDL Equity (MW)	% Export / Country	COD
Theun Hinboun (excluding expansion and Nam Gnuang)	60%	220	132.00	98.9% / Thailand	1998
Houay Ho	20%	152	30.40	98.7 % / Thailand	1999
Nam Lik 1-2	10%	100	10.0	0%	2010
Nam Ngum 2	25%	615	153.75	100% / Thailand	2011
Total		1,087	326.15		

Sources: - PDP 2010 – 2020 (Revision-1)
- Department of Energy Promotion and Development, MEM

The shares to be transferred by EDL to the Company shall be the shares that EDL has legal rights. Nonetheless, such shares to be transferred to the Company may be encumbered with the agreements related to such IPPs projects, such as the shares may be subject to the pledge obligation or the guarantee to the project lenders, etc. The Company and EDL shall enter into the Shares Transfer Agreement to complete the transfer of the shares in the four IPPs prior to the Offer. However, the purchases of the shares in the four IPPs from EDL are subject to a condition that the Company will purchase all shares held by EDL in the four IPPs, not the shares in only one or some of the IPPs and that both parties have fulfilled the essential condition which is to obtain all necessary consent or approvals from the governmental authorities.

In this connection, EDL has issued the letter No. 1213/EDL dated 6 June 2011 re: Proposal for EDL’s Financial Restructure for the Years 2011 to 2015 to the MOF in order to request for approval to improve its financial status and be released from debt and financial obligations by proposing two alternatives which are (i) transfer of rights and obligations in Houay Lamphan Ngai and Nam Khan 2 to the Company and (ii) sale of the shares held by EDL in the four IPPs to the Company. Thereafter, the MOF has issued a letter No. 1528/MOF dated 27 June 2011 to propose such matter to the Prime Minister, whereby the Notice of the Prime Minister’s Office No. 111/PMO dated 7 July 2011 subsequently approved the restructure of EDL’s financial status pursuant to the MOF’s proposal.

Subsequently, on 13 June 2012, the NASC has issued the 2012 NASC Resolution re: Securities and Securities Exchange which approves EDL to sell or transfer its shares held in the four IPPs, namely, (1) Theun-Hinboun Power Co., Ltd., (2) Houay Ho Power Co., Ltd., (3) Nam Lik 1-2 Power Co., Ltd., and (4) Nam Ngum 2 Power Co., Ltd. to the Company and approves EDL to transfer Houay Lamphan Ngai and Nam Khan 2, together with the obligations under loan agreements and other agreements related to such two projects to the Company. Moreover, the NASC certifies that the Company will enjoy the same rights, benefits and protection in operating such IPPs and Houay Lamphan Ngai and Nam Khan 2, which are granted by the GOL, as currently enjoyed by EDL.

After completion of the transfer of all above assets, the Company will receive revenue in the form of regular dividends from these IPPs.

The following information indicates EDL Equity Share Operating IPPs:

1. Theun Hinboun Hydropower Project

Location: The Project is located at the border of Bolikhamxai and Khammouan provinces, Lao PDR.

Theun Hinboun Hydropower Project (excluding expansion project and Nam Gnuang) (220 MW) achieved its commercial operation since 1998. Currently, EDL holds 60 percent of the total share capital while GMS Lao Company Limited and Statkraft SF hold 20 percent of the total share capital each. Moreover, EDL is operating its expansion project in order to increase generating capacity of another 220 MW and expecting to achieve its commercial operation in 2012. In addition to the equity contribution, this Project received loans from many international private banks. Ninety five percent of the power energy generated is supplied to Thailand in accordance with the Take-or-Pay commitment for the period of 27 years under the PPA with EGAT.

The hydropower project of THPC is the 'run-of-river' dam hydropower project which diverts approximately 110 m³/s of water from the Nam Theun through a tunnel into the power plant which is located at the valley 240 meters lower than the dam level. The water will flow to the spillway and reservoir before being released into Hai River which is a part of Hinboun River. This hydropower project uses the modern equipment produced by various international companies, including ABB Generator of Sweden and Kvaener Energy. In addition, international engineering company has designed this power plant and international engineer company was hired to construct the power plant accordingly.

The primary purchaser of THPC is EGAT. Under the PPA for a period of 27 years, EGAT will be supplied at least 95 percent of all the power generated by THPC. In addition, THPC is supplying the power generated to EDL in response to the electricity demand in the local area of Bolikhamxai and Khammouan provinces.

The main capital contributor in this IPP projects the collaboration between the USD loan facilities provided by various international financial institutions for the amount of USD 84 million and THB loan facilities provided by a group of Thai commercial banks for the amount of THB 2.8 billion.

In April 2002, THPC has completed its restructuring to repay its debt in the amount of USD 152 million.

With the consultation with the GOL and project-affected persons from the Project, THPC has already paid the compensation in the amount of more than USD 2.5 million to compensate and mitigate all the environmental and social effects caused by the Project. In addition to its proper performance of its obligations as agreed by the GOL, THPC also contributes its funding to provide financial assistance to other projects arranged by the provincial or district authorities to construct schools, bridges and the ferry connected with the route number one at Bolikhamxai province.

Following its operation for many years, THPC found the additional effects caused by the Project which have been left unsolved. Therefore, at the end of 1999, THPC proposed to ADB to send the committee to study and monitor all the standards that have been implemented at the site and conduct further research for the recommended solutions. Thereafter, at the beginning of 2000, THPC engaged the experienced consultants to seek and prepare the mitigation measures with diligence in order to further its measures to mitigate the effects from the Project. At the end of 2000, the ten-year Mitigation and Compensation Measure (MCM) has been established and subsequently at the beginning of 2001, THPC established its internal Environment Management Unit (EMU) to implement the MCM. The initial implementation plan of the MCM is to designate the scope of work and the budget plan.

The summary of the important technical information of the Theun Hinboun Hydropower Project is as follows:

- 1. Reservoir**
 - Catchment area : 8,937 km²
 - Yearly averaged discharge capacity : 460 m³/s
- 2. Dam**
 - Type : Concrete gravity
 - Crest elevation : 400 masl
 - Height : 25 m
 - Width : 268 m
- 3. Headrace Tunnel**
 - Type : Concrete-lined
 - Width : 5,540 m
 - Cross section : 48.5 m
 - Height (above the penstock) : 390.7 m
 - Discharge capacity as designed : 110 m³/s
- 4. Tailrace Canal**
 - Diameter : 5.2 m
 - Length : 900 m
- 5. Powerhouse**
 - Type and number of units : 2 units of aboveground powerhouse
 - Turbine type : Vertical Francis
 - Water supply for the generation (through turbine) : 2 x 55 m³/s
 - Gross head : 230 m
 - Installed capacity : 2 x 105 MW
 - Yearly averaged power generated : 1,561 GWh
- 6. Downstream Channel**
 - Length : 3,500 m
 - Width : 12 m
 - Depth at the maximum discharge : 4 m
 - Storage volume : 540,000 m³
- 7. Transmission Line**
 - Type : Double circuit (Alternating Current)
 - Voltage : 230 kV
 - Distance from the powerhouse to Thakek switchyard : 86 km

Distance from Thakek switchyard to : 74 km
Sakonnakhon substation

2. Houay Ho Hydropower Project

Location: The Project is located in southern Lao PDR, Bolaven Plateau area, Attapeu province, Lao PDR.

Houay Ho Hydropower Project (152 MW) reached its commercial operation in 1999 having existing shareholders which are Glow Company Limited holding 55 percent of the total share capital, Houay Ho Thai Co., Ltd. holding 25 percent of the total share capital, and EDL holding 20 percent of the total share capital. In addition to the equity contribution, this Project received the loan from many international private banks. Ninety eight percent of the power energy generated is supplied to EGAT in accordance with the Take-or-Pay commitment for the period of 30 years and the remaining power energy is connecting to the EDL Grid for the distribution to the adjacent areas.

This Project has been developed since 1993 by Daewoo Engineering and Construction from Korea who was also the equity contribution to the Project in the sense that this company is the Project construction contractor. Daewoo Corporation entered into the CA with the GOL on 23 September 1993 for the concession period of 30 years commencing from 1999 to 2029. HHPC was incorporated on 27 June 1996 and HHPC entered into the PPA with EGAT for the period of 30 years commencing from 1999 to 2029 at the same period as the CA. The Project of HHPC achieved its official commercial operation on 3 September 1999.

The summary of the important technical information of the Houay Ho Hydropower Project is as follows:

1. Reservoir

Reservoir area	: 37 km ²
Maximum flood level	: 883 masl
Minimum flood level	: 861 masl
Effective volume	: 527 x 10 ⁶ m ³
Maximum flowing volume	: 22 m ³ /s
Yearly averaged rainfall	: 2,300 mm
Catchment area	: 192 km ²

2. Dam

Type	: mixed concrete
Height	: 79 m
Volume	: 1.11 x 10 ⁶ m ³

3. Powerhouse and Transmission Line

Installed capacity	: 150 MW (75 MW x 2) and the small turbine unit of 2.1 MW for the domestic supply
Turbine brand	: Pelton
Gross head	: 775.5 m
Waterway	: 3,540 m (pressured underground tunnel)
Transmission line	: 230 kV x 2 (for the length of more than 161 km to the Thai-Lao border)

3. Nam Lik 1-2 Hydropower Project

Location: The Project is located about 145 km to the north of Vientiane Capital City and 50 km from the north of the Road No. 13 in the town of Hin Heup, Vientiane province.

Nam Lik 1-2 Hydropower Project (100 MW) is established by the joint venture between China Water & Energy, Ltd. holding 90 percent of the total share capital and EDL holding ten percent of the total share capital. According to the PPA between EDL and NLPC executed on 19 November 2006, the power generated is conveyed by 115 kV transmission lines of EDL. All the power generated from the Project is supplied to EDL in accordance with the Take-or-Pay Commitment for the period of 25 years for the domestic consumption. The Project was built in 2007 and completed in 2010 and achieved its commercial operation in 29 August 2011.

The summary of the important technical information of the Nam Lik 1-2 Hydropower Project is as follows:

1. Reservoir

Catchment area	: 1,993 km ²
Estimated long term mean flow	: 883 masl
Total reservoir storage	: 84.9 m ³ /s
Reservoir storage below the normal level	: 1.33 x 10 ⁹ m ³
Regulation reservoir capacity	: 0.97 x 10 ⁹ m ³
Normal storage water level	: 305.0 m
Dead water level	: 275.0 m
Reservoir areas at the normal water level	: 46 km ²

2. Main Dam

Type	: Concrete faced rockfill dam
Maximum height	: 103.0 m
Crest length	: 327.84 m

3. Saddle Dam

Type	: Homogenous earth dam
Maximum height	: 5 m / 10 m / 16 m
Crest length	: 44 m / 81 m / 102.3 m

4. Spillway Tunnel

Type	: WES curved weir / tunnel
Opening dimension	: 13 m (W) x 20 m (H)
Design flood discharge	: 2,513 m ³ /s

5. Flood Discharge Tunnel

Opening dimension	: Radium 6 m/ 10 m x 12 m (pressurized / unpressurized)
Design flood discharge	: 1,371 m ³ /s
Check flood discharge	: 1,390 m ³ /s

6. Headrace Tunnel

Number of tunnel	: 1 unit
Length	: 280.73 m
Diameter	: 8.0 m
Lining	: Reinforced concrete lining

7. Penstock

Length	: 128.94 m
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Inner diameter	: 6.4 m / 4.0 m - trunk / branch
Maximum static head	: 85.71 m

8. Powerhouse

Type	: Surface
Dimension of main hall	: 60 m (l) x 21.6 m (w) x 43.67 m (h)
Dimension of secondary hall	: 21.6 m (L) x 12 m (W)

9. Generating Equipment

Number and type of turbines	: 2 units / HL240-LJ-300 (Francis type)
Rated head	: 72 m
Rated rotation	: 214.3 r/min
Rated discharge	: 80.31 m ³ /s
Total installed capacity	: 2 x 50 MW
Energy output	: 435 GWh per year
Type of generator	: SF50-28 / 6300
Rated capacity	: 50 MW
Rated voltage	: 10.5 kV

10. Interconnection with the EDL's Grid System

Transmission line voltage	: 115 kV
Conductors size	: 240 mm ²
Number of circuits	: 2
Length of transmission line	: 15 km
Transmission destination	: Nam Lik - Ban Don

4. Nam Ngum 2 Hydropower Project

Location: Nam Ngum 2 Hydropower Project is the major power hydropower project in Lao PDR located approximately 90 km north of Vientiane and approximately 35 km upstream of existing Nam Ngum 1 reservoir.

Nam Ngum 2 Hydropower Project (615 MW) achieved its initial operation dated on 26 March 2011 and is expected to complete its commercial operation date at the beginning of January 2013. The Project is established by the joint venture between South East Asia Energy Limited holding 75 percent of the total share capital and EDL holding 25 percent of the total share capital. All the power generated from the Project is supplied to Thailand.

Nam Ngum 2 Hydropower Project has generating capacity of 2,310 GWh per year. All the power generated from Nam Ngum 2 Hydropower Project is distributed to Thailand via EGAT grid which would result in the benefits of both Thailand and Lao PDR.

Nam Ngum 2 Hydropower Project commenced its initial study pursuant to United Nations Development Program (UNDP) in cooperation with the International Bank for Reconstruction and Development (IBRD) since 1986 and conducted the feasibility of the Project from 1986 to 1996. Subsequently, the Project entered into the PPA with EGAT in 2005 and entered into the CA with the GOL on 14 March 2006.

The summary of the important technical information of the Nam Ngum 2 Hydropower Project is as follows:

1. Reservoir

Reservoir Area	: 5,640 km ²
Yearly averaged discharge capacity	: 6,270 MCM
Full supply level	: 378.75 masl

Maximum flood level	: 375 masl
Reservoir area (full supply level)	: 122 km ²
Storage (full supply level)	: 6,774 MCM
Minimum operating level	: 345 masl
Storage (minimum operating level)	: 3,780 MCM
Active storage	: 2,994 MCM

2. Dam

Type	: concrete face rockfill
Crest length	: 485 m
Crest level	: 381 masl
Height from foundation	: 181 m
Width of concrete face	: 0.30 – 0.90 m

3. Headrace Tunnel

Type	: concrete-lined divided into 2 tunnels
Diameter	: 11.7 m
Length of the first tunnel	: 1,141 m
Length of the second tunnel	: 1,263 m
Height (above the penstock)	: 209.1 masl

4. Tailrace Canal

Amount	: 3 units
Diameter	: 5.35 m
Length	: 212 m

3.3 Company's Investment Plan in EDL Equity Share Construction Period & Planned IPPs

In addition to the EDL Equity Share Operating IPPs and EDL Construction Period & Planned Generation Assets (wholly-owned) described above, EDL also has equity stakes (or agreement to take equity stakes in the case of planned IPPs) in a number IPPs known as the “EDL Equity Share Construction Period & Planned IPPs”, a summary of which is set out in Table 5.7 below.

The Company believes that, for the foreseeable future, it will be most efficient for EDL to continue to take responsibility as shareholder in the consortia developing and constructing assets and for EDL to transfer its shares in each IPP upon or near the COD or the date mutually agreed between the Company and EDL (as the case may be). In consideration for this transfer, the Company may make the payment in cash or issue new shares to EDL. The Company expects that the valuation of the EDL Equity Share Construction Period & Planned IPPs will be set at or around a book value.

Once such a transfer takes place, the Company will receive revenue in the form of regular dividends from these IPPs.

Table 5.7: EDL Equity Share Construction Period & Planned IPPs

Power Plant	Location	Equity Share	Equity Capacity (MW)	COD
EDL Equity Share of Construction Period				
Theun Hinboun (Expansion and Nam Gnuang 8)	Bolikhamxai	60%	132.0	2012
Nam Ngum 5	Xieng Khuang	15%	18.0	2012
Xekaman 3	Sekong	15%	37.5	2012
Nam Long	Luangnamtha	20%	1.0	2013
Nam Ngiep 2	Xieng Khuang	10%	18.0	2015

Power Plant	Location	Equity Share	Equity Capacity (MW)	COD
Nam Tha 3	Luangprabang	10%	0.1	2011
Mekong Sayaboury	Sayaboury	25%	321.3	2019
		<u>Total</u>	<u>527.9</u>	
EDL Equity Share of Planned IPPs				
Nam Lik 1	Vientiane	10%	6.0	2014
Nam Ngiou	Xieng Khuang	25%	5.0	2014
Xenamnoy 1	Champasak / Attapeu	10%	14.8	2014
Nam Beng	Oudomxai	20%	6.8	2015
Nam Mo	Xieng Khuang	15%	18.0	2015
Nam Mang 1	Bolikhamxai	20%	12.8	2014
Nam Tha 1	Luangnamtha	25%	42.0	2015
Nam Phak	Champasak	20%	9.0	2015
Nam Ou 1-7	Phongsaly / Luangprabang	10%	115.6	2016
Xekatom	Champasak	25%	15.3	2016
Nam Sane 3	Xieng Khuang	25%	16.3	2016
Don Sahong	Champasak	20%	48.0	2017
Dak E Meule	Sekong	25%	32.5	2016
Nam Ham	Sayaboury	20%	0.7	N/A
Nam Mo 1	Xieng Khuang	10%	6.2	N/A
Nam Neun	Huaphanh	25%	16.3	N/A
Thermo Kaleum	Sekong	25%	150.0	2015
Xepon 3 Downstream	Saravan	25%	7.5	2016
Xepon 3 Upstream	Saravan	25%	17.5	2016
		<u>Total</u>	<u>540</u>	
In Total			1,067.9	

Sources: - PDP 2010-2020 (Revision-1)

- Department of Energy Promotion and Development, MEM

3.4 Company's Investment Plan in Non-EDL IPPs which are Under Construction or in Planning

The Company will seek opportunities to invest in some Non-EDL IPPs which are under construction or in planning in order to supply electricity domestically; however, such investment cannot be determined at the moment.

6. LEGAL DISPUTES

-None-

7. CAPITAL STRUCTURE

The following table shows the cash and assets, i.e. cash, indebtedness and capitalization of the Company as of 31 December 2010 and as of 31 December 2011. In accordance with the PM Decision re: Establishment of the Company and the 2010 NASC Resolution re: Securities and Securities Exchange, the Prime Minister approved the establishment of the Company and the National Assembly approved the transfer of EDL's generation assets and other relevant assets to the Company to be the Assets Transferred to the Company on the Incorporation Date at the book value of the net assets on 15 December 2010. The Company registered its share capital with the MOIC at book value of net assets transferred.

The proceeds from the Offer after underwriting discounts of the Offer, together with any earnings thereon, will be used to acquire portions of shares in the IPPs from EDL, namely, (1) Theun-Hinboun Power Co. Ltd., (2) Houay Ho Power Co., Ltd., (3) Nam Lik 1-2 Power Co., Ltd., and (4) Nam Ngum 2 Power Co., Ltd. The remaining proceeds from the purchase of the shares in the four IPPs will be used as working capital and for maintenance of the Company's assets in accordance with the Company's strategy.

The following table is derived from the Company's financial statements contained in the Prospectus. Investors should read this table in conjunction with:

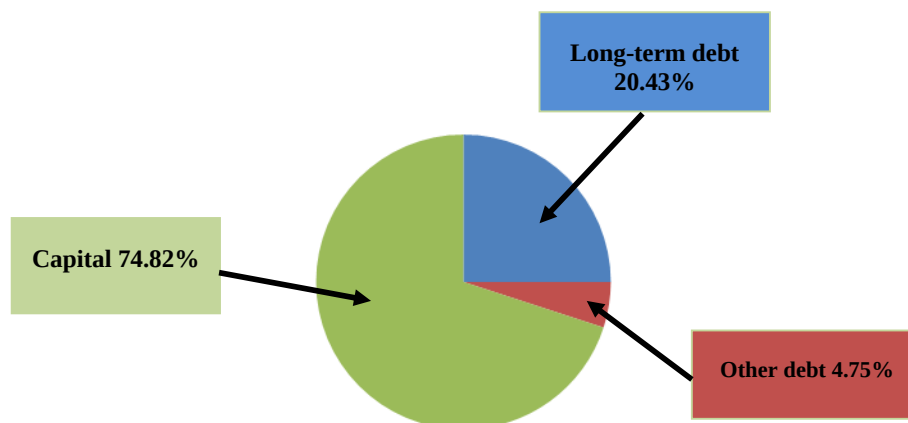
- The Company's financial statements, the related notes and other financial information contained elsewhere in this Prospectus; and
- The sections of the Prospectus entitled Company Information re: "Financial Status and Operating Data - Management's Discussion and Analysis of Financial Condition and Results of Operations".

	As of 31 December 2010 Lao Kip (million)	As of 31 December 2011 Lao Kip (million)
ASSETS		
Non-current assets		
Pre-operating expenses	2,382	1,982
Advance Payment for Investment	-	434,923
Assets under concession, net	3,935,381	3,947,527
Total non-current assets	3,937,763	4,384,432
Current assets		
Cash and cash equivalents	884,782	342,795
Short-term Investment	-	100,000
Trade and other receivable	225,367	402,764
Spare parts and supplies, net	4,625	3,749
Other current assets	-	4,832
Total current assets	1,114,774	854,140
Total assets	5,052,537	5,238,572
EQUITY		
Shareholders' equity		
Share capital	2,605,792	3,474,388
Share premium	-	15,577
Legal reserves	2,051	58,408
Retained earnings	18,461	371,091
Total equity	2,626,304	3,919,464
Liabilities		
Non-current liabilities		
Long-term borrowings, net	1,302,588	1,070,276
Total Non-current liabilities	1,302,588	1,070,276
Current liabilities		
Current portion of long-term borrowings	197,742	211,921
Accrued income tax	2,289	13,786
Accrued expenses	19,184	22,228
Accounts payable	20,258	874

Other current liabilities	884,172	23
Total current liabilities	1,123,645	248,832
Total liabilities	2,426,233	1,319,108
Total equity and liabilities	5,052,537	5,238,572

Figure 7.1: Demonstrating the Capital Structure as of 31 December 2011 and the Equity Structure of the Company as of 3 April 2012

- Capital Structure**



- Equity Structure**

No.	Name of Shareholders	As at 3 April 2012	
		Number of Shares Held	Shareholding Proportion
1	ELECTRICITE DU LAOS	651,448,042	75.00%
2	RATCH-LAO SERVICES COMPANY LIMITED	56,313,871	6.48%
3	RH INTERNATIONAL (SINGAPORE) CORPORATION PTE. LTD	31,532,887	3.63%
4	BANQUE POUR LE COMMERCE EXTERIEUR LAO PUBLIC	23,255,900	2.68%
5	KRUNG THAI BANK PUBLIC COMPANY LIMITED	14,990,000	1.73%
6	DRAGON CAPITAL CLEAN DEVELOPMENT LTD.	6,285,200	0.72%
7	THAVEERAT PROONGPATTANASKUL	4,650,000	0.54%
8	LEOPARD CAMBODIA FUND L.P.	3,474,510	0.40%
9	SATIEN PORNYUENGYONG	1,973,900	0.23%
10	KRITTAPHONG GROUP CO., LTD.	1,869,400	0.22%
11	VISIT PONGHATHAIKUL	1,850,500	0.21%
12	LAO DEVELOPMENT BANK	1,703,499	0.20%
13	OTHER SHAREHOLDERS	69,249,341	7.97%
	Total	868,597,050	100%

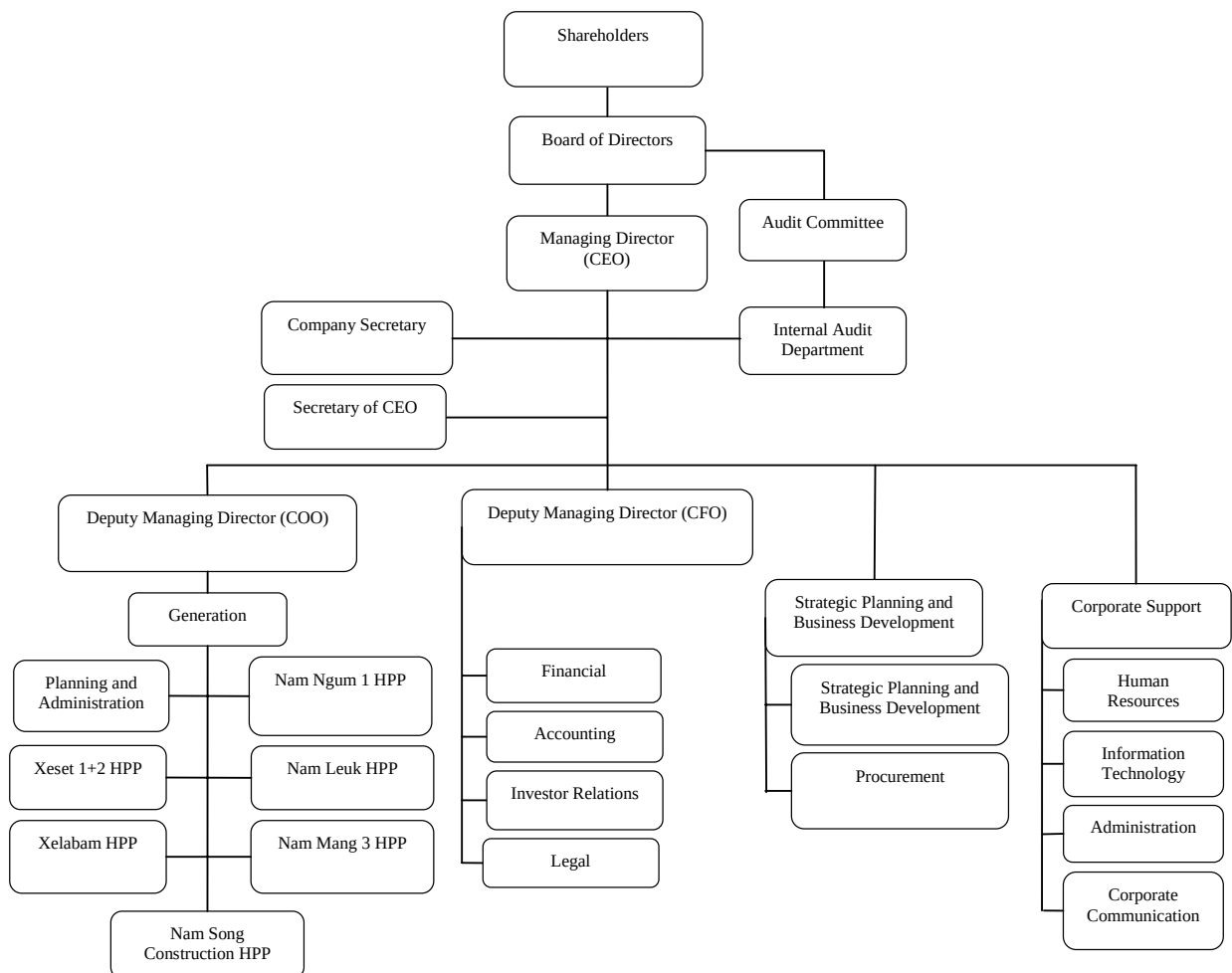
8. ORGANIZATION STRUCTURE

1. Management Structure

For the Company's good governance and efficiency, the Company has the management structure as follows:

- (1) The Board of Directors that is composed of ten directors;
- (2) Director General's Committee that is composed of three directors.

Below is the organization chart of the Company.



1.1 Board of Directors

As at the date of this Prospectus, the Board of Directors of the Company is composed of ten directors who are qualified and have experiences in the management as follows:



Mr. Khammany Inthirath
Chairman



Mr. Sisavath Thiravong
Vice Chairman



Mr. BounOum Syvanpheng
Managing Director
(Chief Executive Officer)



Ms. Rattana Pathoumvan
Director and
Deputy Managing Director
(Chief Operating Officer)



Mr. Bounma Manivong
Director



Ms. Vanida Savaddy
Director



Mr. Sychath Boutsakitirath
Director



Assoc. Prof. Dr. Kongsy Sengmany
Independent Director



Assoc. Prof. Dr. Khamlusa Nouansavanh
Independent Director



Assoc. Prof. Khampheui Phommachanh
Independent Director

No.	Name and Family Name	Title	Terms of Office
1.	Mr. Khammany Inthirath	Chairman	2
2.	Mr. Sisavath Thiravong	Vice Chairman	2
3.	Mr. BounOum Syvanpheng	Managing Director (Chief Executive Officer)	1
4.	Ms. Rattana Pathoumvan	Director and Deputy Managing Director (Chief Operating Officer)	2
5.	Mr. Bounma Manivanh	Director	2
6.	Ms. Vanida Savaddy	Director	2
7.	Mr. Sychath Boutsakitirath	Director	2
8.	Assoc. Prof. Dr. Kongsy Sengmany	Independent Director	2
9.	Assoc. Prof. Dr. Khamlusa Nouansavanh	Independent Director	2
10.	Assoc. Prof. Khampheui Phommachanh	Independent Director	2

1.1.1 Authorization of Directors

Directors who can sign to bind the Company are that

(1) any one of the Chairman of the Board of Directors or the Vice Chairman of the Board of Directors or the Managing Director (Chief Executive Officer) signs alone with the Company's seal affixed; or

(2) any two directors jointly sign together with the Company's seal affixed.

1.1.2 Meeting of the Board of Directors

The Company has planned for annual meetings of the Board of Directors, comprising two types which are (1) the Ordinary Board of Directors' meetings taking place four times a year, and (2) the Extraordinary Board of Directors' meetings taking place as per the request of a director of the Company.

1.1.3 Duties and Responsibilities of the Board of Directors

As the representatives of the shareholders and the Company, the Board of Directors has the duty to oversee the Company and is responsible for all activities of the Company to be in accordance with the resolutions of the meetings of the shareholders and Board of Directors, the AOA and relevant laws and regulations.

Duties and responsibilities of the Board of Directors are as follows:

1) Determining policies, strategies and plans of business operations and budget by examining the strategies, approving important works/activities on the general directives

and policies of the Company; Examining and approving an annual business operation plan and budget to use several kinds of capital expenditures; Examining issues and problems proposed by the Managing Director.

2) Examining with the Managing Director and opining on human resources and management development plans; Examining and approving budget on different compensation policies of the Company based on the performance in order for effectiveness of the employment and to retain qualified staffs. Principally implementing the clear, transparent, accountable, appropriate and useful process of hiring in and dismissing the executives of the Company so that the Company can have management teams that are qualified, appropriately competent and business experienced in effective manner and reaching the gain.

3) Being the center of co-ordination and adjustment of work/activities of the directors.

4) Proposing and approving appointment of a new director replacing a position that is vacant between the two meetings of the shareholders.

5) Determining directives and management plans and proposing to the meeting of the shareholders for their approval.

6) Implementing other rights and duties that are provided in the AOA.

7) Examining and approving short and long term development plans, the six-month operating reports/plans and the annual operating report/plans.

8) Examining and determining salaries and bonus to employees and workers based on Company's regulations and proposing to the meeting of the shareholders for their approval.

9) Examining and making decisions on the use of capital, determining capitalization, ratio of debt to equity, depreciation policy, credit facilities agreements, shareholders agreements, PPA and procurement agreements on high value goods and proposing the meeting of the shareholders for their approval.

10) Proposing to appoint external auditors and fixing remuneration of such auditors in the meeting of the shareholders for their approval.

11) Examining and approving distribution of annual profits after tax deduction in accordance with rules and regulations.

12) The Board of Directors has the power to manage the Company in accordance with the resolutions of the shareholders' meetings, the AOA and laws with honesty and duty of care for the Company's interest.

13) The Board of Directors has duties to determine objectives, directions, policies, plans and budgets of the Company, as well as to control and govern the management and administration or authorized persons in order to ensure that such management and authorized persons has implemented in accordance with the policies defined by the Board of Directors.

14) The Board of Directors has the power to audit and consider or approve directives, policies and action plans for mega-investment projects of the Company.

15) The Board of Directors has the power to appoint and authorize or recommend the Director General's Committee to determine or implement any action deemed appropriated by the Board of Directors.

16) The Board of Directors has the power to monitor operating results in accordance with action plans and operating budgets of the Company.

17) The Board of Directors has duties to direct the Company in order to have an efficient internal control and internal audit by appointment of an internal audit department.

18) The Board of Directors has the power to determine matters that

are necessary and relevant to the Company or deemed appropriate and beneficial to the Company.

The Board of Directors' decision on the following matters can be made only after obtaining the votes of the shareholders not less than two-thirds of the total votes of the shareholders attending the meeting and at least 80 percent of the total issued shares of the Company:

- 1) Amending the AOA or the Contract of Incorporation of the Company;
- 2) Increasing or reducing the capital;
- 3) the merger or dissolution of the Company;
- 4) The sale or transfer of all or a substantial part of the Company's business to other persons;
- 5) The purchase or acceptance of transfer of the business of other enterprises;
- 6) All conditions and/or matters required by the laws and regulations, of which shall be approved by the Board of Directors' meeting and the meeting of the shareholders with the required votes above.

However, any matter that a director has direct benefit or interest with the Company, such director who has direct benefit or interest shall not have the right to vote in such matter.

1.1.4 Remuneration of the Board of Directors

The Board of Directors receives meeting allowance as follows:

- 1) Chairman of the meeting receives meeting allowance equivalent to 100 percent of a two-month salary of the Managing Director (Chief Executive Officer) (before tax deduction);
- 2) Vice Chairman of the meeting receives meeting allowance equivalent to 75 percent of a two-month salary of the Managing Director (Chief Executive Officer) (before tax deduction); and
- 3) Each director receives meeting allowance equivalent to 50 percent of a two-month salary of the Managing Director (Chief Executive Officer) (before tax deduction).

In addition to the Board of Directors' remuneration, each of the member of the secretary department to the Board of Directors and invitees attending the Board of Directors' meeting receives meeting allowance equivalent to 80 percent of meeting allowance of a director.

1.2 Director General's Committee

The Director General's Committee of the Company is composed of three people which are Mr. BounOum Syvanpheng as Managing Director (Chief Executive Officer), Ms. Rattana Pathoumvan as Deputy Managing Director (Chief Operating Officer), and Dr. Bounsalong Southidara as Deputy Managing Director (Chief Financial Officer).



Mr. BounOum Syvanpheng
Managing Director
(Chief Executive Officer)



Ms. Rattana Pathoumvan
Deputy Managing Director
(Chief Operating Officer)



Dr. Bounsalong Southidara
Deputy Managing Director
(Chief Financial Officer)

1.2.1 Duties and Responsibilities of Director General's Committee

The Managing Director as a representative of the Company is a coordinator between the Company, the Board of Directors and the third persons and has duties to perform the business in accordance with the resolutions of the meetings of the shareholders and the Board of Directors, the AOA and relevant laws and regulations.

Duties and Responsibilities of the Managing Director (Chief Executive Officer) are as follows:

- 1) Examining matters relating to human resources and management development plans; Examining budgets on different compensations of the organization based on the performance in order for effectiveness of the employment and to retain qualified and competent staffs, and proposing to the Board of Directors for their approval. Principally implementing the clear, transparent, and useful process of hiring in and dismissing employees so that the Company can have employees that are qualified and appropriately competent;
- 2) Creating business policies, business operation plans, business strategies and annual budget of the Company and proposing to the Board of Directors of the Company for their approval;
- 3) Monitoring business operation of the Company in accordance with the business policies, business operation plans, business strategies and budget approved by the Board of Directors;
- 4) Determining organization structure and management authorities by controlling details of the recruitment, employing, benefits, job rotation, training and employment termination of the Company's employees;

5) Appointing or assigning any person or several to do any act on behalf of the Board of Directors as deemed appropriated. However, the Board of Director may cancel, change or amend such power;

6) Having the power to consider and approve expenditures on normal business operation of the Company such as asset procurement and important capital investment for the Company's interest within limited budget;

7) Implementing any other duties as assigned by the Board of Directors. However, the approval of transactions by the Board of Directors is in exclusive of the transactions that a member of the Director General's Committee or a person, who has conflict of interest, has interest or conflict in the Company's benefit, and the matters that defined by the Board of Director but subject to the prior approval of the meeting of the shareholders, in particular the acquisition and disposition of important assets of the Company in accordance with LSX rules or relevant laws concerning the Company;

8) Managing the Company's operation in accordance with provisions of the Contract of Incorporation, AOA and the resolutions of the meetings of the shareholders;

9) Managing and using the Company's capital in accordance with Objectives and goals that have been set;

10) Setting up an accounting system and keeping all Company's documents in order;

11) Cooperating with auditors on the explanation of sources and correctness of numbers and data appeared in the Balance Sheet prior to proposing to the meeting of the shareholders for their approval;

12) Sending the copy of the Balance Sheet to the shareholders and keeping with the Company for further auditing as requested;

13) Correctly and appropriately distributing profits;

14) Managing and using the personnel and workers of the Company;

15) Informing the Company its direct or indirect interest in any Company's contract, and increasing or decreasing in the number of its shares held in the Company or affiliates during the fiscal year.

The Deputy Managing Directors do the acts assigned by the Managing Director and perform their duties as assigned by the Managing Director on behalf of the Managing Director.

9. INTERNAL CONTROL

Internal audit department is set up with its main duty to look into operating plans approved by the Board of Directors in order to mitigate risks arising from the management and evaluate the operating result of the Company by proposing improvement guidelines and development methods and preparing relevant reports. The Company also realizes the importance of audit, business management, shareholders and employees of the Company as follows:

- **Business management**

The Company takes into consideration and realizes the importance of the efficient, transparent and auditable management system which will create confidence to all parties involved and will lead the business to expand stably. Under the ethical management and compliance with relevant laws, the Company has good corporate governance in order to improve the current management to be more systematic with clearer standard. The Company also distributes work to every level of the employees which creates good working culture and unity in participation. The Company's Board of Directors comprises competent, knowledgeable and experienced persons who are able to create benefits to the Company as they have important roles in laying down overall policy and business operation plans for the organization. Thus, the internal control system is an important system as it creates confidence to the management in mitigating business risks and contributing to efficiency in work performance, whereby the resources are allocated appropriately, the goal is achieved and the personnel properly complies with the relevant regulations.

- **Shareholders' Rights**

The Company takes into consideration and realizes the importance of the basic rights of the shareholders as the investors in securities and as part of the owners of the Company, for example: rights to trade securities, rights to receive dividend, rights to receive adequate information, rights to attend shareholders' meetings, express opinions, suggestions and queries equally and rights to vote at shareholders' meetings in order to decide on matters which are important to the Company, whereby the Company does not do anything to violate or affect the shareholders' rights and the Company promotes its shareholders to exercise their own rights. In this regard, for each shareholders' meeting, the Company will send an invitation and related information for each agenda to the shareholders five business days prior to the meetings date so that the shareholders can study the information before making decision. In addition, the Company also realizes the importance of the accuracy, completeness and transparency of the disclosure of information, including financial, general information and other important information which may affect the price of the Company's securities through the Company's website or public communication system or the disclosure of information through LSX for the information which may affect the decision of the investors or the interested persons of the Company.

- **Employees**

Employees are one of the main resources which are important to the growth and development of the organization. Thus, the Company supports the development of potential of human resources in order for it to be the most beneficial to the Company. Also, the Company encourages more teamwork in order to increase the flexibility in working and promotes development in knowledge and improvement of capability, including arranges for the safe working environment to the employees as well as treats every employees equally and fairly in opportunity, remuneration, appropriate fringe benefits and potential development.

Business Strategy and Investment

- **Vision:**

The Company intends to be the first tier company of Lao PDR in order to effectively and timely guarantee and response to the electricity needs of the social and economic development of Lao

PDR. It will be a company that strongly participates to build Lao PDR the electricity generator of ASEAN and actively participates to build ASEAN region a sustainable region on electricity security.

- **Missions:**

1. Will be the first tier company in dealing with electricity generating business in order to effectively serve Lao PDR and the nations in the region with a rational electricity price and effectively create value added to its shareholders.

2. Will stand up side by side with EDL and strongly coordinate with EDL in order to preserve qualitatively and quantitatively the electricity/energy security and effectively response to the needs of the social and economic development of Lao PDR as well as of the ASEAN regions.

3. Effectively upgrade and develop its staff (all levels) to be capable personnel that can actively participate in the development of the Company with the feeling of proud, responsibility and ownership.

- **Duties/Responsibilities**

The Company will effectively upgrade the capability of the personnel and build up the organizational culture in accordance with the principle of good corporate governance as follows:

1. Fully be responsible to the shareholders and the interested persons in the protection of Company's assets. These assets should be secured in order for them to grow strongly and sustainably.

2. Principally and flexibly act in accordance with the vision and the missions of the Company with the concern of current and future risks.

3. Have transparent and accountable process of decision making and of business operation and implementation.

4. Equally, fairly and justly treat all parties concerned and avoid the situation that will create conflict of interests or duplication of interests

5. Firmly build up the wealth and value for the shareholders in the long run.

6. Use creative thinking/intelligence and modern technology in order to continuously increase the effectiveness of the business management and production and that the company can be competitive with others.

7. Take care of society, water resources and environment.

- **Code of Ethics**

1. The Company will conduct its business with honesty and morality.

2. The Company will strictly and loyally implement all laws, rules and regulations of Lao PDR and other agreements that it participates.

3. The Company will use natural resources effectively.

4. The Company will firmly participate in the protection of water resources and environment.

5. The Company will fully support and promote the development of its organization and of its personnel/staffs in order that they can develop themselves in the capability as well as ability, and be the host to guarantee the solidarity in the organization.

10. RELATED PARTY TRANSACTION

Part of the Company's related party transactions are occurred because the Company was incorporated as a public company on 15 December 2010 under the laws of Lao PDR. The Company was established by EDL in connection with the restructuring of the electricity business of EDL, whereby the Assets Transferred to the Company on the Incorporation Date and EDL's obligations under loan agreements and other relevant agreements were transferred from EDL to the Company pursuant to the PM Decision re: Establishment of the Company and the 2010 NASC Resolution re: Securities and Securities Exchange, and its securities have been listed on the LSX. Since the initial public offering of the Company's securities until present, EDL has the policy to maintain its status as a major shareholder of the Company, holding 75 percent of the total issued shares of the Company.

Therefore, there are related party transactions between the Company and EDL, who is the parent company being the major shareholder of the Company, as well as the purchaser of the electricity which is distributed through the transmission lines to residential, enterprises and public in Lao PDR pursuant to the PPAs and CAs.

The major related party transactions are caused from the transfer of EDL's assets, EDL's obligations under loan agreements and the business of generation and sale of electricity, with the details of the transactions, such as power purchase transactions, accounts receivable and loans. The details of the transactions appear in the Financial Statements of the Company for the Fiscal Year 2011, which can be summarized as follows:

Related Company /Entity	Relationship	Nature of Transactions	Value of the Transactions (Million Kip)	Justification of Transactions
EDL	Company's parent company which holds 75 percent of the Company's shares	The Company sells electricity to EDL.	881,748	Electricity purchase at the price and with the conditions pursuant to the PPAs which is normal business practice of the Company.
EDL	Company's parent company which holds 75 percent of the Company's shares	The Company has other accrued income from EDL.	110,534	Transaction occurs from the PM Decision re: Establishment of the Company, which EDL has to disburse the Company, thus, such transaction tends to end in the future.
EDL	Company's parent company which holds 75 percent of the Company's shares	The Company has account receivable which is EDL.	292,230	Trade account receivable in normal business practice, of which Kip 130,000 million is in normal credit period and Kip 162,230 million has been paid in 2012
EDL	Company's parent company which holds 75 percent of the Company's shares	The Company made advance payment for investment to EDL.	434,923	The money in the amount of Kip 178,635 million is an advance payment to EDL for Houay Lamphan Ngai Hydropower Project and Nam Khan 2 Hydropower Project according to the MOU for the transfer of the assets of the two projects dated 8 July 2011 and the money in the amount of Kip 256,288 million is an advance payment to EDL for the shares held by EDL representing EDL's equity shareholdings in the four IPPs according to the MOU for Share Transfer dated 8 July 2011.

Related Company /Entity	Relationship	Nature of Transactions	Value of the Transactions (Million Kip)	Justification of Transactions
EDL	Company's parent company which holds 75 percent of the Company's shares	Compensation paid to directors and management	585	Compensation paid to directors and management

Policy or tendency of the related party transaction in the future

The Company expected that there might be related party transactions between the Company and its parent Company in the future, mainly from the normal business operation of generation and sale of electricity which are the main business of the Company. However, if the transactions are significant and affect the operation, such transactions will be disclosed and asked for approval from the Company's Board of Directors and/or shareholders in order to review, consider and opine on the appropriateness of price and reasonability of the transactions for the validity and transparency.

11. FINANCIAL STATUS AND OPERATING DATA

1. Summary of Financial Status and Operating Data for the Fiscal Year 2011

Financial Summary (Million Kip)	Company's Financial Statements for the Fiscal Year 2011
<u>Balance Sheet</u>	
Cash and cash equivalents	342,795
Current assets	854,140
Non-current assets	4,384,432
Total assets	5,238,572
Current liabilities	248,832
Non-current liabilities	1,070,276
Total liabilities	1,319,108
Share capital	3,474,388
Retained earnings	371,091
Total equity	3,919,464
<u>Profit & Loss Statement</u>	
Sales	881,748
Total revenue	891,529
Gross profit	677,077
Profit before expenses	682,963
Administrative expenses	48,013
Profit before financial costs and tax	634,950
Finance costs	41,278
Income tax	593,672
Net profit for the year	563,568

2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company was established on 15 December 2010 in accordance with the restructuring of the energy business of EDL by transferring certain generation assets and other related assets to the Company to be the Assets Transferred to the Company on the Incorporation Date. A summary of the Assets Transferred to the Company on the Incorporation Date is set out in the table below.

Assets Transferred to the Company on the Incorporation Date

Power Plant	Location	Installed Capacity (MW)	Designed Energy Capacity (GWh p.a.)	COD
	Central			
Nam Ngum 1	Vientiane	155.0	1,002.0	1971
Nam Leuk	Vientiane	60.0	218.0	2000
Nam Mang 3	Vientiane	40.0	180.0	2005
Nam Song	Vientiane	6.0	13.5	Expected 2012
	South			
Xeset 1	Saravanh	45.0	180.0	1991
Xeset 2	Saravanh	76.0	309.0	2009
Xelabam	Champasak	5.0	21.0	1969
Total		387.0	1,923.5	-

Source: PDP 2010-2020 (Revision-1)

As of 3 April 2012, the Company's shareholding structure comprises EDL as the promoter, currently holding 75 percent shares in the Company, and other 4,124 shareholders.

The discussion and analysis of financial conditions and results of operation of the Company are based on the expectation on the Financial Statements. The Company operates its Assets Transferred to the Company on the Incorporation Date by mainly generating and supplying the electricity to EDL.

1. Report and Analysis of the Operating Results

For the operating results of the year 2011, we recorded the total revenue and the net profit of Kip 891,529 million and Kip 563,568 million, respectively. According to the Financial Statements as at 31 December 2011, our total assets were Kip 5,238,572 million which increased by 3.68 percent from the total assets recorded at the end of 2010, of which there were total liabilities of Kip 1,319,108 million and total equity of Kip 3,919,464 million, equaling 25.18 percent and 74.82 percent of the total assets, respectively.

1.1 Revenues

We derived our revenues primarily from the sales of electricity to EDL, which can be broken down as per the following table:

Revenues	
	as at 31 December 2011
	(Million Kip)
Electricity Sales	881,748
Other Revenues	9,781
Total Revenues	891,529

For the operating results of the year 2011, our revenues from the sales of electricity were Kip 881,748 million, equaling 98.90 percent of the total revenues and our other revenues which mostly came from interest income at approximately Kip 8,733 million. In 2011, our electricity production for sale was at approximately 2,130 GWh with the tariff rate at Kip 413.89 per KWh according to the PPAs. The following table is the detail of electricity production broken down by dams in 2011:

	Total	Nam Ngum 1	Nam Mang 3	Nam Leuk	Xeset 1+2	Xelabam
Electricity Production (KWh)	2,130,403,731	908,956,556	212,858,790	583,035,333	407,800,308	17,752,744

In addition, our operating results were different in each quarter and season due to the main factor for electricity production which depends on the water flow to the reservoir of each dam resulting in the Company increasing its production capacity from the increase of water at the end of the year which is during the rainy season period.

1.2 Operating Expenses

Our total expenses consisted of the cost of sales and the selling and administrative expenses. The following table sets out the details of different components of our expenses:

Expenses	
	as at 31 December 2011
	(Million Kip)
<i>Cost of sales</i>	
Maintenances	32,775
Depreciation and Amortization	152,013
Other	19,883
Total Cost of sales	204,671

Expenses	
	as at 31 December 2011
	(Million Kip)
<i>Selling and Administrative Expenses</i>	
Salary and Welfare	25,862
General and Administrative	18,343
Other	3,808
Total Selling and Administrative Expenses	48,013
Total Expenses	252,684

Expenses

For the operating results of the year in 2011, we had the total expenses of Kip 252,684 million which was equal to 28.34 percent of the total revenues, consisting of the main factors which were the cost of sales and the selling and administrative expenses equaling Kip 204,671 million and Kip 48,013 million, respectively, as per the details below:

- **Cost of sales equaling Kip 204,671 million or 22.96 percent of the total revenues**

The cost of sales consisted mainly of depreciation and amortization according to the concession term under the CAs for a period of 30 years equaling Kip 152,013 million or 74.27 percent of the total cost of sales, and maintenance costs amounting to Kip 32,775 million or 16.01 percent of the total cost of sales. Furthermore, we had the Royalty at one percent of the total sales of electricity, and other expenses, etc.

- **Selling and Administrative expenses equaling Kip 48,013 million or 5.39 percent of the total revenues**

Most of the expenses incurred in selling and administrative expenses were salary and welfare amounting to Kip 25,862 million or 53.86 percent of the total selling and administrative expenses. Other expenses were general and administrative expenses amounting to Kip 18,343 million or 38.20 percent of the total selling and administrative expenses.

1.3 Profit Before Financial Costs and Corporate Income Tax

For the operating results of the 2011, our profit before financial costs and corporate income tax was Kip 634,950 million or equivalent to the profit from the operating results of 71.22 percent of the total revenues.

Profit Before Financial Costs and Corporate Income Tax	
	as at 31 December 2011
	(Million Kip)
Total Revenues	891,529
Total Expenses	252,684
Foreign Exchange Loss, net	(3,895)
Profit before financial costs and corporate income tax	634,950

The Company incurred losses on the exchange rate on the long term borrowings in Yen currency due to the appreciation of the Yen currency against the Kip currency amounting to Kip 8,401 million, but we had gained on the long term borrowings in the USD currency amounting to Kip 4,506 million that led the Company to have a net loss for foreign exchange in the amount of Kip 3,895 million in 2011.

Financial Costs

In 2011, the financial costs of the Company were Kip 41,278 million or 4.63 percent of the total revenues which consisted solely of the interest expenses for the long term borrowing of each dam transferred to the Company, together with the assets and debts. The interest was charged between 2.00 to 6.51 percent per annum.

Corporate Income Tax expenses

In 2011, the corporate income tax was Kip 30,104 million or equaling the tax rate of five percent of the profit before tax. Due to the Company being listed on the LSX, the Company received the privilege of five percent reduction on corporate income tax for a period of four years from 2011 to 2014 from the normal rate of ten percent throughout the term of the CAs; however, if the Company declared loss or had the profit under certain level, the Company had to pay a minimum tax of 0.25 percent of the total revenues.

1.4 Net Profit

Our net profit in 2011 was equal to Kip 563,568 million or 63.21 percent of the total revenues, which is a high rate compared to the other businesses since most of the costs of electricity generation in the hydropower business are for the maintenance and depreciation which are only accounting expenses, not real cash flows. In addition, our financial cost for debt was low and continuously decreased, which gave the Company the opportunity to be highly profitable.

2. Report and Analysis of Financial Position

2.1 Assets Analysis

In 2011, the total value of the assets of the Company was Kip 5,238,572 million, increased by Kip 186,035 million or 3.68 percent compared to the end of 2010. The main reason was the increasing of advance payment for investment to EDL for the purchase of the project assets of Houay Lamphan Ngai and Nam Khan 2 and for the purchase of shares in the four IPPs under the MOU signed on 8 July 2011, and the trade and other receivables as per the details below:

- 1) Cash and cash equivalent amounting to Kip 342,795 million or 6.54 percent of the total assets decreased by Kip 541,987 million or 61.26 percent compared to 2010, due to the advance payment for investment to EDL for the purchase of the project assets of Houay Lamphan Ngai and Nam Khan 2 and for purchase of shares in the four IPPs under the MOU signed on 8 July 2011.
- 2) Trade and other receivables amounting to Kip 402,764 million or 7.69 percent of the total assets increased by Kip 177,397 million or 78.71 percent compared to 2010, due to the increasing of the sales of electricity. Other receivables of which amounting to Kip 110,534 million were the remaining debts incurred from the Assets Transferred to the Company on the Incorporation Date which was on 15 December 2010. The trade receivables amounting to Kip 162,230 million will fully be paid within 2012, and the rests are the receivables on regular credit.
- 3) Spare parts and supplies amounting to Kip 3,749 million or 0.07 percent of the total assets decreased by 18.94 percent compared to 2010.

- 4) Short-term investment amounting to Kip 100,000 million or 1.91 percent of the total assets was the Company's six months fixed deposit with domestic financial institutes starting from 4 July 2011 to 4 January 2012 with the interest rate at five percent.
- 5) Other current assets amounted to Kip 4,832 million or 0.09 percent of the total assets.
- 6) Net assets under the CAs amounting to Kip 3,947,527 or 75.36 percent of the total assets, most of which were hydropower plants with the term of the CAs at 30 years, increased by Kip 12,146 million compared to 2010 due to construction and installation of the power plants.

2.2 Liabilities Analysis

As at 31 December 2011, the Company's total liabilities were in the amount of Kip 1,319,108 million, decreased by Kip 1,107,125 million or 45.63 percent compared to 2010. The main reason was the unregistered capital from the initial public offering at the end of 2010 which the Company had recorded as cash received in advance in liability item, and after the capital was registered with MOIC, all of these were moved to be registered capital in equity item. In addition, the decreasing of liabilities was from the repayment of long-term borrowings amounting to Kip 232,312 million.

Most of the Company's liabilities were the long-term borrowings which amounted to Kip 1,282,197 million or 97.20 percent of the total liabilities, consisting of long-term borrowings repayment within one year amounting to Kip 211,921 million or 16.53 percent, long-term borrowings repayment within one-five years amounting to Kip 570,260 million or 44.48 percent, and long-term borrowings repayment more than five years amounting to Kip 500,016 million or 38.99 percent of the Company's long-term borrowings.

2.3 Shareholders' Equity Analysis

As at 31 December 2011, the shareholders' equity amounted to Kip 3,919,464 million or 74.82 percent of total assets. Most of the shareholders' equity consists of paid up capital after the initial public offering amounted to Kip 3,474,388 million from the initial registered capital on the date of the incorporation which amounted to Kip 2,605,792 million with the par value at Kip 4,000 per share. The retained earnings amounted to Kip 371,091 million increased by Kip 352,630 million, due to the increasing of the net profit which amounted to Kip 563,568 million. In 2011, the shareholders' meeting had approved to pay dividends for the first six month period from 1 January 2011 to 30 June 2011, which amounted to Kip 177.97 per share, totaling Kip 154,581 million and had already been paid to the shareholders in 2011. The debt to equity ratio was 0.34 times, decreasing from 0.92 times in 2010.

3. Remuneration of Company's Auditors

The remuneration of the Company's auditors for the year 2012 is USD 67,000.

12. OTHER RELATED INFORMATION

Name of Independent Accountant, Financial Advisor and Legal Advisor

Independent Accountant	:	PricewaterhouseCoopers (Laos) Ltd. Unit 1, 4 th Floor, ANZ Vientiane Commercial Building 33 Lane Xang Avenue, Ban Hatsady, Chanthaboury, Vientiane, Lao PDR Tel: (+856-21) 222-718 Fax: (+856-21) 222-723
Financial Advisor	:	BCEL-KT Securities Company Limited 7 th Floor, Lao Securities Exchange Building Khamphaengmouang Road, Xaysettha District, Vientiane Capital, Lao PDR Tel: (+856-21) 265-477 Fax: (+856-21) 265-488
Legal Advisor	:	LS Horizon (Lao) Limited Unit 4/1.1, 4 th Floor Simuong Commercial Center, Fa Ngum Road, Phiavat Village, Sisatanak District, Vientiane, Lao PDR Tel: (+856-21) 217-762, 217-768 Fax: (+856-21) 217-590

PART 2
INFORMATION IN RELATION TO THE OFFER

1. DETAILS OF CAPITAL INCREASED SHARES AND OFFERING METHOD

The Capital Increased Shares are being distributed and offered in a public offering in Lao PDR by the Underwriter through the Selling Agent to EDL and to the public, whereby the Capital Increased Shares will not be registered under the securities laws in any jurisdiction other than the securities laws of Lao PDR.

1. Offer

No less than 140,470,452 ordinary shares (plus the remaining Capital Increased Shares offered for sale on the rights offering basis) are being offered in the Offer, consisting of the following:

- 105,352,839 shares offering to EDL; and
- No less than 35,117,613 shares (plus the remaining Capital Increased Shares offered for sale on the rights offering basis) offering to the public.

The Offer has been registered as a public offering with the Lao SECO.

2. Offering Prices in the Offer are as follows:

- Kip 4,800 per share for the Capital Increased Shares offering to EDL; and
- Kip 4,800 per share for the Capital Increased Shares offering to the public.

2. TRANSFER RESTRICTION OF THE SHARES

According to the AOA of the Company, shares of the Company can be freely transferred unless such transfer will cause foreign person(s) or juristic person(s) holding shares in the Company exceeding the number specified in the regulation of the Lao SEC and/or any relevant laws and regulations. Currently, the SEC Decision No. 021/SEC re: the Increase of the Foreign Ownership in EDL-Generation Public Company dated 5 January 2012 allows foreign investors to own the shares in the Company no more than 20 percent of the total shares, of which individual persons must not hold more than one percent of the total shares, and institutional investors or juristic persons must not hold more than five percent of the total shares.

In addition, EDL is restricted from transferring its shares in the Company within two years of the incorporation of the Company pursuant to the Enterprise Law as EDL is a “promoter” of the Company under such Law, provided that EDL and other promoters must jointly hold shares representing at least ten percent of the registered capital during such two years period. However, the Company believes that after the completion of such two year transfer restriction period (i.e. 15 December 2012), EDL will maintain the shareholding proportion at approximately 75 percent of the total issued shares of the Company in order to maintain its status as a major shareholder of the Company.

3. DETERMINATION OF OFFERING PRICE

For the price evaluation and in determination of the Offering Prices of the Capital Increased Shares, the Financial Advisor had recorded the information to find the average share price for a period of 30 days prior to the Board of Directors’ having approval, the meeting of which was held on 30 August 2011. Thus, the Offering Prices are determined, with a discount of approximately 0.5 percent.

4. DETAILS OF UNDERWRITER AND SELLING AGENT

(1) Underwriter

BCEL-KT Securities Company Limited
7th Floor, Lao Securities Exchange Building
Khamphaengmouang Road,
Xaysettha District,
Vientiane Capital, Lao PDR
Tel: (+856-21) 265-477
Fax: (+856-21) 265-488

(2) Selling Agent

- **Four branches inside Vientiane Capital as follows:**

1. BCEL-KT Securities Company Limited
7th Floor, Lao Securities Exchange Building
Khamphaengmouang Road,
Xaysettha District,
Vientiane Capital, Lao PDR
Tel: (+856-21) 265-477
Fax: (+856-21) 265-488
2. Banque Pour Le Commerce Extérieur Lao Public (Head Office)
No 01, Pangkham Street,
Ban Xiengnheun, Chanthabouly District,
Vientiane Capital, Lao PDR
Tel: (+856-21) 213-200, 222-495
Fax: (+856-21) 213-202
3. Banque Pour Le Commerce Extérieur Lao Public (Dong Dok Branch)
Khamhoung Village, Xaythany District,
Vientiane Capital, Lao PDR
Tel: (+856-21) 771-495, 720-344
Fax: (+856-21) 771-496
4. Banque Pour Le Commerce Extérieur Lao Public (Vientiane Capital Branch)
Asian Road,
Vientiane Capital, Lao PDR
Tel: (+856-21) 213-205, 219-763, 219-764
Fax: (+856-21) 219-765

- **16 branches outside Vientiane Capital as follows:**

1. Banque Pour Le Commerce Extérieur Lao Public (Phongsaly Branch)
No. 061 Phou Phah/Jom Mueng Street,
Ban Phou Phah, Phongsaly District,
Phongsaly Province, Lao PDR
Tel: (+856-88) 210-224
Fax: (+856-88) 210-221
2. Banque Pour Le Commerce Extérieur Lao Public (Luangnamtha Branch)
No. 130/6 Numtha Road,
Ban Oudomsin, Numtha District,
Luangnamtha Province, Lao PDR
Tel: (+856-86) 211-316

Fax: (+856-86) 211-319

3. Banque Pour Le Commerce Extérieur Lao Public (Bokeo Branch)
No. 200 Sai Kang Road,
Huaysay North Village, Huaysay District,
Bokeo Province, Lao PDR
Tel: (+856-84) 212-162, 212-169, 212-171
Fax: (+856-84) 212-162, 212-169
4. Banque Pour Le Commerce Extérieur Lao Public (Oudomxay Branch)
North No.13 Road,
Navannoi Village, Xay District,
Oudomxay Province, Lao PDR
Tel: (+856-81) 211-260, 211-261, 211-263
Fax: (+856-81) 211-262, 211-925
5. Banque Pour Le Commerce Extérieur Lao Public (Xayabuly Branch)
Sisaathsomphou Village, Phaklay District ,
Xayabuly Province, Lao PDR
Tel: (+856-74) 550-051
Fax: (+856-74) 550-053
6. Banque Pour Le Commerce Extérieur Lao Public (Luang Prabang Branch)
Phouvao Road,
PhonPheang Village, Laungprabang District,
Laungprabang Province, Lao PDR
Tel: (+856-71) 252-814
Fax: (+856-71) 260-598
7. Banque Pour Le Commerce Extérieur Lao Public (Xiang khoang Branch)
Road KM 7,
Tern Village, Parek District,
Xiengkhaung Province, Lao PDR
Tel: (+856-61) 213-291
Fax: (+856-61) 213-290
8. Banque Pour Le Commerce Extérieur Lao Public (Houaphanh Branch)
Phanxay Village, Samneua District,
Houaphanh Province, Lao PDR
Tel: (+856-64) 312-112
Fax: (+856-64) 312-109
9. Banque Pour Le Commerce Extérieur Lao Public (Vang Vieng Branch)
No. 045 Kang theuang Street,
Sengsavang Village, Vangvieng City,
Vientiane Province, Lao PDR
Tel: (+856-23) 511-434
Fax: (+856-23) 511-433
10. Banque Pour Le Commerce Extérieur Lao Public (Bolikhamsai Branch)
13 South Road,
Ban Sivilay, Paksan District,
Bolikhamsay Province, Lao PDR
Tel: (+856-54) 280-112, 280-113
Fax: (+856-54) 790-919

11. Banque Pour Le Commerce Extérieur Lao Public (Khammouan Branch)
Vientiane Road,
Chomngeun Village, Thakhek District,
Khammouan Province, Lao PDR
Tel: (+856-51) 212-686, 212-689, 250-747
Fax: (+856-51) 212-685
12. Banque Pour Le Commerce Extérieur Lao Public (Savannakhet Branch)
Latsavongseuk Road,
Sunantha Village, Khanthabouly District,
Savannakhet Province, Lao PDR
Tel: (+856-41) 212-261
Fax: (+856-41) 212-723
13. Banque Pour Le Commerce Extérieur Lao Public (Champasak Branch)
No.11
Watluang Village, Pakse District,
Champasak Province, Lao PDR
Tel: (+856-31) 212-770-71
Fax: (+856-31) 212-974
14. Banque Pour Le Commerce Extérieur Lao Public (Attapeu Branch)
Road 18B,
Tanxoum Village, Samakkeuxay District
Attapeu Province, Lao PDR
Tel: (+856-36) 211-919-29, 260-002
Fax: (+856-36) 211-939, 260-003
15. Banque Pour Le Commerce Extérieur Lao Public (Salavan Branch)
Ban Nalek, Salavan District,
Salavan Province, Lao PDR
Tel: (+856-34) 212-063
Fax: (+856-34) 212-038
16. Banque Pour Le Commerce Extérieur Lao Public (Sekong Branch)
Ban Vathlouang, Lamam District,
Sekong Province, Lao PDR
Tel: (+856-38) 211-687
Fax: (+856-38) 211-689

5. CONDITION OF UNDERWRITING

The Company has appointed the Underwriter to procure the subscription of and payment for no less than 140,470,452 Capital Increased Shares (plus the remaining Capital Increased Shares offered for sale on the rights offering basis), with a par value of Kip 4,000 per share, on the firm underwriting basis, subject to the terms and conditions of the Underwriting Agreement.

6. ESTIMATED EXPENSES IN RELATION TO THE OFFER

The Company will pay the Underwriter an underwriting commission for the underwriting of the Capital Increased Shares. The Selling Agent will share in the underwriting commission of the Underwriter. The aggregate expenses of the Offer, not including the Underwriter's underwriting commission will be substantially paid by the Company and are estimated to be approximately USD 600,000.

7. PROCEDURES FOR OBTAINING PROSPECTUS AND SUBSCRIPTION FORM

The Prospectus and the subscription form will be made available for investors at the contact address of the Underwriter and each branch of the Selling Agent in the Offer between 8.30 a.m. to 3.30 p.m., during 4 – 11 July 2012 (the “**Offering Period**”).

8. SUBSCRIPTION METHOD

A subscriber can obtain the Prospectus and subscription form at the Underwriter and Selling Agent, within the Offering Period specified in this Prospectus. The subscriber must fully and clearly fill out the subscription form, sign the same and attach a copy of the ID card, passport or other documents identifying the subscribers as specified by the Underwriter or Selling Agent, and submit all documents as shall be required by the Underwriter or Selling Agent (as the case may be), together with the full payment of the subscription price according to the procedures in this Part to the Underwriter or the Selling Agent, by the end of the Offering Period.

In the Offer, the subscription shall be in the minimum amount of 100 shares and in multiples of 100 shares.

The Underwriter and Selling Agent accepting the subscription shall provide evidence of the subscription for the Capital Increased Shares to the subscriber and make available in good fund within 15 days from the end of the Offering Period. The number of the Capital Increased Shares allocated, will be notified to the subscribers by the Underwriter or the Selling Agent after the end of the Offering Period.

However, the Underwriter and Selling Agent reserve the right to refuse a subscription for the Capital Increased Shares according to the subscription form where the Underwriter or Selling Agent (as the case may be) deems that such subscription does not comply with the subscription method.

9. SUBSCRIPTION PAYMENT METHOD

1. For EDL

EDL will subscribe the Capital Increased Shares offered for sale to the public in the amount of not exceeding 105,352,839 shares and will make payment with the shares held by it in the four companies with the total amount approximately Kip 505,694 million as follows:

(1) 205,373 shares in Theun-Hinboun Power Co. Ltd. held by EDL, with the total value of 348,729,206,400 Kip;

(2) 31,117 shares in Houay Ho Power Co., Ltd. held by EDL, with the total value of 5,428,958,400 Kip;

(3) 9,285 shares in Nam Lik 1-2 Power Co., Ltd. held by EDL, with the total value of 10,032,312,000 Kip; and

(4) 68,527,876 shares in Nam Ngum 2 Power Co., Ltd. held by EDL, with the total value of 141,503,150,400 Kip.

Nonetheless, the Company will proceed with the aforementioned offering for sale of the Capital Increased Shares only after EDL is able to transfer shares in the four companies to the Company.

2. For subscribers other than EDL

Investors who wish to subscribe for the Capital Increased Shares but have not opened a securities account for securities trading shall open such securities account with the Underwriter, whereby each investor shall deposit money in the amount sufficiently for the value of the shares to be subscribed, provided that the system will automatically withdraw the money from the securities account of the subscribers at the time of subscription.

For subscribers who have money in the securities account inadequately for the value of the shares to be subscribed, such subscribers may wire transfer to the securities account of the subscribers to the following account:

Account number: 010-4-19-00-00010
Account name: BCEL- KT Securities Co.,Ltd for Aggregate

In this regard, the subscribers must completely wire transfer the amount sufficiently for the value of the shares to be subscribed and subscribe for the Capital Increased Shares prior to the end of the Offering Period. Otherwise, the system will subscribe for the Capital Increased Shares only in accordance with the money remaining in the securities account.

10. ALLOTMENT IN CASE OF OVER-SUBSCRIPTION

In the event that the aggregate number of the Capital Increased Shares for which valid subscription is received by the Underwriter and Selling Agent exceeds the number of the Capital Increased Shares that the Company has agreed to issue, the Underwriter shall have discretion to allocate the Capital Increased Shares to any or all of the investors according to the Prospectus.

11. REFUND OF SUBSCRIPTION PAYMENT

The Underwriter and Selling Agent shall notify the result of the allotment of the Capital Increased Shares to subscribers who do not receive the allotment of the Capital Increased Shares in whole or in part. The Underwriter or Selling Agent (as the case may be) shall send a refund of subscription payment to the subscribers who do not receive the full allotment of the Capital Increased Shares for which they subscribed by mean of a wire transfer to the securities account of the subscribers within 2 business days from the end of the Offering Period. Such refund shall be made proportionately to the subscription price of unallotted shares. The refund of the unallotted Capital Increased Shares shall be without any interest or compensation for damages provided the payment is made in accordance with the procedures herein, failing which the Underwriter and Selling Agent shall be liable to pay the relevant subscribers default interest at the rate of five percent per annum of the unreturned subscription money until that amount is fully paid.

12. ALLOTMENT OF CAPITAL INCREASED SHARES

The allotment of the Capital Increased Shares will be made by the Underwriter and Selling Agent in the best interests of the Company. However, the allotment of the Capital Increased Shares to subscribers shall be at the discretion of the Underwriter and Selling Agent according to the Prospectus.

13. DELIVERY OF CAPITAL INCREASED SHARES

The share registrar shall deposit the Capital Increased Shares in the securities account of the subscribers through brokers which has been opened with a member company of Securities Depository Centre of the LSX as notified by the subscribers in the subscription forms. However, a shareholder of the Company is entitled to a share certificate upon request subject to relevant procedures.

14. DESCRIPTION OF SHARES

Set forth below is certain general information relating to the shares of the Company, including brief summaries of certain provision of its Contract of Incorporation and the AOA, the Enterprise Law and the SEC Decree, all as currently in effect.

1. General

The Company was established as a public company with limited liability on 15 December 2010 under the law of Lao PDR. On the Incorporation Date, EDL made payment in cash and transferred to the Company the EDL's generation assets as Assets Transferred to the Company on the Incorporation

Date as consideration for EDL's subscription for 651,448,042 shares of the Company, representing 99.99 percent of the total capital of the Company. The Company is a subsidiary of EDL. The remaining 0.01 percent of the total capital is held by eight individuals.

On the same day, the shareholders of the Company approved to increase its capital from Kip 2,605,792,200,000 to Kip 3,474,388,200,000 (current registered capital of the Company as of the date of this Prospectus) for the initial public offering. After completion of the initial public offering, the Company's shares were one of the first securities listed on the LSX on 11 January 2011. Since then, EDL has maintained its major shareholder of the Company, holding 75 percent of the total issued shares of the Company.

Thereafter, the Extraordinary General Shareholders' Meeting No. 1/2011 dated 3 October 2011 resolved a resolution to increase the Company's registered capital from Kip 3,474,388,200,000, divided into 868,597,050 shares with the par value of 4,000 Kip each, to be the registered capital of 4,904,867,060,000 Kip, divided into 1,226,216,765 shares with the par value of 4,000 Kip each, by issuing 357,619,715 new ordinary shares at the par value of 4,000 each, in order to offer for sale to the existing shareholders of the Company, to EDL and to the public according to the share offering plan as follows:

Part 1: The offering of the new shares to the existing shareholders proportionately to their shareholding (Rights Offering or RO)

The 217,149,263 Capital Increased Shares will be offered on the RO basis at the offering price of 4,300 Kip per share, whereby EDL, which is an existing shareholder of the Company, has the right to subscribe for 162,862,011 shares and will make payment for the subscription by parts of its shares in the IPPs.

Part 2: The offering of the new shares to the public (Public Offering or PO)

Not exceeding 140,470,452 Capital Increased Shares including the remaining Capital Increased Shares offered on the RO basis in Part 1 shall be offered on the PO basis at the offering price of not less than 4,800 Kip per share, whereby EDL will subscribe for the Capital Increased Shares offering to the public in the amount of not exceeding 105,352,839 shares and will make payment for the subscription by parts of its shares in the IPPs.

The increase of the registered capital shall be paid as follows:

- (1) Not exceeding 89,404,865 ordinary shares shall be paid in cash; and
- (2) Not exceeding 268,214,850 ordinary shares shall be paid by the shares held by EDL in the four companies as follows:
 - (2.1) Not exceeding 184,962,489 ordinary shares shall be paid by 489,783 ordinary shares held by EDL in Theun-Hinboun Power Co. Ltd.;
 - (2.2) Not exceeding 2,879,465 ordinary shares shall be paid by 74,209 ordinary shares held by EDL in Houay Ho Power Co., Ltd.;
 - (2.3) Not exceeding 5,321,038 ordinary shares shall be paid by 22,143 ordinary shares held by EDL in Nam Lik 1-2 Power Co., Ltd.; and
 - (2.4) Not exceeding 75,051,858 ordinary shares shall be paid by 163,428,275 ordinary shares held by EDL in Nam Ngum 2 Power Co., Ltd.

2. Share Capital

The share capital of the Company as of the date of this Prospectus is Kip 3,474,388,200,000, consisting of 868,597,050 ordinary shares with Kip 4,000 par value each. All of the shares are fully paid and have been delivered pursuant to LSX rules to shareholders in order to be freely traded on the LSX.

After the Offer, the Company will file the application for listing of the Capital Increased Shares to the LSX after the registration of the increase in its share capital with the MOIC and the receipt of the amended enterprise registration certificate from the MOIC. The Company expects the application to be approved, subject to the compliance and qualification of the Company with the LSX rules.

3. Transfer of Shares

Under the Enterprise Law, the transfer of shares of a public company is completed when the transferor has endorsed the share certificate by indicating the name of the transferee, and the share certificate is signed by both parties and the transferor hands over the share certificate to the transferee. The transfer of shares is effective towards the Company when the Company receives a request to register the transfer. Once the transfer is registered by the Company, the transfer of shares is effective towards third parties. Nonetheless, the transfer of shares is subject to the compliance with the LSX rules since all of the Company's issued shares will be traded on the LSX.

4. Limitation on Foreign Ownership of Shares

There are certain businesses in which Lao law maintains restrictions on foreign ownership or requires a certain percentage of shares to be held by Lao citizens. However, the business of electricity generation is a concession business for which the law does not limit the percentage of shares which non-Lao citizens may hold. Moreover, the Enterprise Law does not impose any limitation on the percentage of shares that non-Lao citizens may hold in the Company. In any event, as a practical matter, the GOL is unlikely to allow non-Lao citizens to hold a majority of the common shares of the Company.

According to the AOA of the Company, shares of the Company can be freely transferred unless such transfer will cause foreign person(s) or juristic person(s) holding shares in the Company exceeding the number specified in the regulation of the Lao SEC and/or any relevant laws and regulations. Currently, the SEC Decision No. 021/SEC re: the Increase of the Foreign Ownership in EDL-Generation Public Company dated 5 January 2012 allows foreign investors to own the shares in the Company no more than 20 percent of the total shares, of which individual persons must not hold more than one percent of the total shares, and institutional investors or juristic persons must not hold more than five percent of the total shares.

5. Dividends

The distribution of dividends requires prior approval of the shareholders' meeting of the Company. Dividends are distributed equally on a pro rata basis to every share.

Pursuant to the Enterprise Law, the Company may not distribute dividends when it sustains accumulated losses from previous years. Additionally, the Company is required to convert ten percent of its net profit into a statutory/legal reserve fund and other reserve funds (if any), after deducting its accumulated losses. The Company may suspend converting its net profit to such fund(s) when the reserve fund(s) reaches half of the registered capital of the Company except as otherwise provided by the AOA.

6. General Meetings of the Shareholders

Pursuant to the Enterprise Law and the AOA of the Company, the Board of Directors of the Company will convene an annual general meeting of shareholders within four months from the last day of the Company's fiscal year which ends on 31 December. The Board of Directors of the Company may call an extraordinary meeting of shareholders when it deems necessary, such as when the position of an auditor is vacant, and when more than half of the directors agree to hold the shareholders' meeting, when shareholders file complaints and the court orders the meeting to be convened and when shareholders representing at least 20 percent of the total paid shares make a request in writing by indicating the purpose of the request. After receiving the request, the Board of Directors shall convene the extraordinary meeting within 30 days from the date the request was received.

Notice of any general meeting must be delivered directly or through an appropriate communication system, to all shareholders of the Company at least five business days prior to the meeting.

The quorum for any shareholders' meeting of the Company shall be at least two shareholders representing more than half of the total paid shares.

7. Voting Rights

A shareholder is generally entitled to one vote per share. A resolution may be adopted at a general meeting by a simple majority vote presented at the meeting. There are certain matters which require a special resolution, which shall be passed by a vote of at least two-thirds of the shareholders or their proxies attending the meeting and representing at least 80 percent of the total paid shares, as follows:

- (i) voting on matters specified by the Enterprise Law;
- (ii) amending the AOA or the Contract of Incorporation of the Company;
- (iii) increasing or reducing the capital;
- (iv) the merger or dissolution of the Company;
- (v) the sale or transfer of all or a substantial part of the business of the Company to other persons; and
- (vi) the purchase or acceptance of transfer of the business of other enterprises.

Pursuant to the Enterprise Law, a shareholder may be restricted from voting in case where the shareholder has any involvement that could benefit him or a direct benefit in connection with the matter to be voted on, provided that the shareholders' meeting shall determine whether the shareholder falls within the said restriction. In such case, in the event of the Company's acquisition for future assets from EDL after the Offer, EDL may be restricted from voting in a shareholders' meeting on the matters relating to the sale of the assets to the Company since EDL will be deemed having a direct benefit on the sale, unless the shareholders agree that EDL may vote on such matters. In the event that the shareholders cannot reach an agreement to allow EDL to vote in a shareholders' meeting in a matter that EDL may have benefit, the shareholders may not be able to pass a resolution seeking approval to invest in the future assets from EDL since the resolution of the capital increase requires at least two-thirds of the shareholders or their proxies attending the meeting and representing at least 80 percent of the total paid shares.

8. Pre-Emptive Rights and Issuance of Additional Ordinary Shares

The Enterprise Law provides that any increase of the Company's capital must be approved by shareholders. The shareholders have a pre-emptive right to the additional shares issued from the increase of capital. The additional shares shall be offered to the shareholders in proportion to their shareholding in the first order. The additional shares, which were not acquired within the specified timeframe or where the shareholders refuses to acquire, may then be offered to other shareholders who have an interest in acquiring them. Then, the directors of the Company have the right to purchase the remaining of additional shares and any remaining shares will be offered to third parties.

Pursuant to the 2010 NASC Resolution re: Securities and Securities Exchange, the Company has obtained a waiver from the pre-emptive right of the shareholders of the Company under the Enterprise Law with respect to this Offer, every public offer of the Company's shares and the offer of any company listed on the LSX. In any event, pursuant to the Enterprise Law, the Company is required to call for a shareholders' meeting seeking approval for any increase of the Company's capital.

The Enterprise Law also provides that the Company shall register the increase of capital with the relevant enterprise registration officers within ten business days from the date specified for the

payment of subscribed shares. In addition, after the registration of the increase of capital, the Company will give public notice of the increase at least once within ten business days from the registration date.

9. Financial Statements

The Enterprise Law provides that the Board of Directors must cooperate with the auditors by providing clarifications on the source and accuracy of numbers and information appearing in the balance sheets before submitting them to the shareholders' meeting for adoption. The balance sheet must be certified by the auditors and approved by the shareholders at the annual general meeting.

In addition, the SEC Decree requires the Company to prepare and submit to the Office of the SEC audited annual financial statements and reviewed quarterly financial statements. Moreover, the Company is subject to further requirements of the LSX.

10. Liquidation Rights

In the event of liquidation, the assets remaining after distribution to the creditors in full shall be distributed to the shareholders in proportion to the number of shares held.

11. Acquisition by the Company of its Shares

Pursuant to the Enterprise Law, the Company may not acquire its own shares.

12. Register of Shareholders

The share registrar of the Company will record the name of the shareholders in the register book of the Company. The information regarding the shareholders appears in the register book of the Company and shall be deemed correct evidence concerning the rights in the shares of the Company.

PART 3
CERTIFICATION OF THE ACCURACY OF LAO PROSPECTUS

1. CERTIFICATION OF THE ACCURACY BY THE COMPANY

We have reviewed the information contained herein the Lao Prospectus and with cautious as the position of the Managing Director (Chief Executive Officer) certified that such information is accurate and complete.

IN WITNESS WHEREOF, we also certified that the entire information is the documents certified true and correct as the same set. We hereby authorized Mr. BounOum Syvanpheng to initial every page of the documents. If any documents do not contain such initial of Mr. BounOum Syvanpheng, we will deem that such documents are not the information that we have certified.”

<u>Name</u>	<u>Position</u>	<u>Signature</u>
1. Mr. BounOum Syvanpheng	Managing Director (Chief Executive Officer)	-Signature-

The Execution of the Directors of the Company

<u>Name</u>	<u>Position</u>	<u>Signature</u>
1. Mr. Khammany Inthirath	Chairman	-Signature-
2. Mr. Sisavath Thiravong	Vice Chairman	-Signature-
3. Mr. BounOum Syvanpheng	Managing Director (Chief Executive Officer)	-Signature-
4. Ms. Rattana Pathoumvanh	Director and Deputy Managing Director (Chief Operating Officer)	-Signature-
5. Mr. Bounma Manivanh	Director	-Signature-
6. Ms. Vanida Savaddy	Director	-Signature-
7. Mr. Sychath Boutsakitirath	Director	-Signature-
8. Assoc. Prof. Dr. Kongsy Sengmany	Independent Director	-Signature-
9. Assoc. Prof. Dr. Khamlusa Nouansavanh	Independent Director	-Signature-
10. Assoc. Khampheui Phommachanh	Independent Director	-Signature-

The Execution of the Internal Audit Department

<u>Name</u>	<u>Position</u>	<u>Signature</u>
1. Mr. BounOum Syvanpheng	Managing Director (Chief Executive Officer)	-Signature-

The Execution of the Accounting Department

<u>Name</u>	<u>Position</u>	<u>Signature</u>
1. Dr. Bounsalong Southidara	Deputy Managing Director (Chief Financial Officer)	-Signature-

2. CERTIFICATION OF THE ACCURACY BY THE SECURITIES COMPANY

This Prospectus is a part of the information registration of the issuance of newly issued shares of EDL-Generation Public Company, whereby EDL-Generation Public Company and BCEL-KT Securities Company Limited have prepared based on the Underwriting Agreement.

We hereby certified that analysis, valuation and phrases contained in this Prospectus are true and correct and based on the information provided by EDL-Generation Public Company.

BCEL-KT Securities Company Limited

<u>Name</u>	<u>Position</u>	<u>Signature</u>
1. Mr. Kumpon Suangburanakul	Managing Director	-Signature-

APPENDIX 1
SAMPLE OF SUBSCRIPTION FORM



Subscription Form for New Ordinary Shares of EDL-Generation Public Company

Public offering with par value of Kips **4,000** at the offering price of Kips **4,800** per share
(Each subscriber must subscribe for a minimum of 100 shares, and if more, in multiples of 100 shares)

Subscription Date : ____ / ____ / ____

Subscriber please clearly fill in the spaces below

Name – Last Name _____ BCEL-KT A/c No. _____

() ID Card () Alien Card () Passport () Company Registered No. _____

Nationality _____ Date of Birth ____ / ____ / ____ Occupation _____

Address _____ Country _____

Telephone No. _____ Mobile Phone _____

Fax No. _____ E-Mail : _____

TAX ID. No. _____ Type of tax payment ☐ Non-withholding tax ☐ Withholding tax

Hereby subscribe for and request allotment of new ordinary shares of EDL-Generation Public Company as follows:

No. of Share subscribed	Offering Price (Kips)	Amount Due (Kips)	Amount (Words)
	4,800		

Made payable to : **BCEL- KT Securities Co.,Ltd for Aggregate** Bank Name : **BCEL** Bank Account No. : **010-4-19-00-00010**

If the shares are allotted to me, I/We hereby agree to the Company to issue a share certificate in the name of "Securities Depository Company Limited for Depositors" for the allotted shares and arrange further to **BCEL-KT Securities Company Limited** which I/We have with the said Company. (Name of the subscriber must be the same to the account name.)

If the subscribed shares are not allotted to me, I/we agree that the payment or excess payment will be returned to me/us by deposit into my/our account as the following information. (only 1 alternative)

☐ Deposit to my/our trading account with **BCEL-KT** ☐ Transfer to my/our trading account with **KT ZMICO** (Cash Balance). A/c No. _____

☐ Transfer to the bank account at **Lao Bank** _____ Branch _____ Bank A/c No. _____

(The bank account name must be the same as the subscriber name, please also attach a copy of the bank account book.)

☐ Remit to the **Overseas Bank** _____ Branch _____ Bank A/c No. _____

A/c Name _____ SWIFT Code _____ Currency _____

Address _____ Country _____

(The bank account name must be the same as the subscriber name, please also attach a copy of the bank account book.)

(Note: Bank charges or any other expenses will be deducted from the refund amount of subscriber.)

I/We hereby undertake to subscribe the above ordinary shares as allocated to me and shall not cancel this offering subscription including with acceptance of fund return in case of my subscription is to be refused with the cause of incompleteness of document required by the company or any other reasons.

Signature _____ **Subscriber**

(_____)

**** Please be aware that there is risk involved in stock investment and make sure you have thoroughly studied all information before deciding on the share subscription. ****

Document Required Individual :- Copy of ID Card (Loa nationality) / Copy of Passport (Foreigner) (to be certified for true copy by the holder)

Juristic Person :- Copy of ID Card or Passport of Authorized Person(s) (Certified True copy of the holder)

>>> For officer uses only >>>	Checker : _____ _____ / _____ / _____	Input : _____ _____ / _____ / _____
-------------------------------	--	--



Subscription Receipt for New Ordinary Shares of EDL-Generation Public Company (Subscriber please also fill out this portion)

Subscription Date : ____ / ____ / ____

I/We received money from (name of subscriber) _____ BCEL- KT A/c No. _____

for a subscription of new ordinary shares of **EDL-Generation Public Company** for _____ shares

Amount : Kips _____ Payment Date : ____ / ____ / ____

If the shares are allotted to me, I hereby agree to the Company to issue a share certificate in the name of "Securities Depository Company Limited for Depositors" for the allotted shares and arrange further to **BCEL- KT Securities Company Limited**.

Authorized Officer _____

APPENDIX 2
COMPANY'S FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of EDL-Generation Public Company ("the Company"), which comprises the statement of financial position as of 31 December 2011, and the related statements of income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes (together the "financial statement"). The financial statements have been prepared on the basis set out in Note 2.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



For PricewaterhouseCoopers (Lao) Limited

By Paiboon Tunkoon
Partner
Vientiane, Lao PDR

9 March 2012

EDL-Generation Public Company
Statements of financial position
As at 31 December 2011

		31 December 2011	31 December 2010
	Notes	Million Kip	Million Kip
Assets			
Non-current assets			
Pre-operating expenses, net	4	1,982	2,382
Advance payment for investment	5	434,923	-
Assets under concession, net	6	3,947,527	3,935,381
Total non-current assets		4,384,432	3,937,763
Current assets			
Cash and cash equivalents	7	342,795	884,782
Short-term investment	8	100,000	-
Trade and other receivables	9	402,764	225,367
Spare parts and supplies, net		3,749	4,625
Other current assets		4,832	-
Total current assets		854,140	1,114,774
Total assets		5,238,572	5,052,537



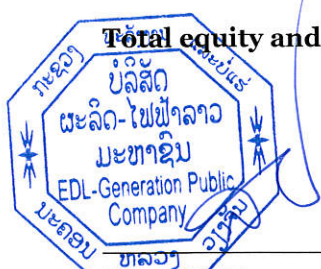
Sisavath Thiravong
Chief Executive Officer
9 March 2012

Bounsalong Southidara
Chief Financial Office
9 March 2012

The notes to the financial statements on pages 8 to 38 form an integral part of these financial statements.

EDL-Generation Public Company
Statements of financial position
As at 31 December 2011

		31 December 2011	31 December 2010
	Notes	Million Kip	Million Kip
Equity			
Shareholder's equity			
Share capital	10	3,474,388	2,605,792
Share premium	10	15,577	-
Legal reserve	11	58,408	2,051
Retained earnings		371,091	18,461
Total equity		<u>3,919,464</u>	<u>2,626,304</u>
Liabilities			
Non-current liabilities			
Long - term borrowings, net	12	<u>1,070,276</u>	<u>1,302,588</u>
Total non-current liabilities		<u>1,070,276</u>	<u>1,302,588</u>
Current liabilities			
Accounts payable		874	20,258
Current portion of long-term borrowings	12	211,921	197,742
Accrued expenses	13	22,228	19,184
Accrued income tax	14	13,786	2,289
Other current liabilities	15	23	884,172
Total current liabilities		<u>248,832</u>	<u>1,123,645</u>
Total liabilities		<u>1,319,108</u>	<u>2,426,233</u>
Total equity and liabilities		<u>5,238,572</u>	<u>5,052,537</u>



Sisavath Thiravong
Chief Executive Officer
9 March 2012


Bounsalong Southidara
Chief Financial Office
9 March 2012

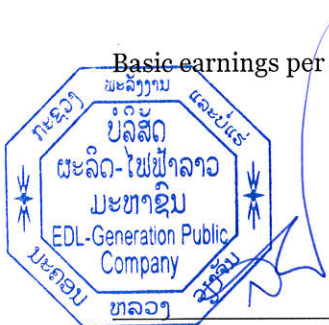
The notes to the financial statements on pages 8 to 38 form an integral part of these financial statements.

EDL-Generation Public Company
Statements of Income
For the year ended 31 December 2011

		For the year ended 31 December 2011 Million Kip	For the period from 16 December to 31 December 2010 Million Kip
	Notes		
Sales		881,748	37,229
Cost of sales		(204,671)	(9,768)
Gross profit		677,077	27,461
Other income		9,781	69
Foreign exchange loss, net		(3,895)	(1,739)
Profit before expense		682,963	25,791
Administrative expenses		(48,013)	(597)
Operating profit before financial costs and corporate income tax	16	634,950	25,194
Financial costs – interest expense	17	(41,278)	(2,393)
Profit before corporate income tax		593,672	22,801
Income tax expense	18	(30,104)	(2,289)
Net profit for the year/ period		563,568	20,512

Earnings per share

Basic earnings per share for the year/period	19	681.76	31.48
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Sisavath Thiravong
Chief Executive Officer
9 March 2012


Bounsalong Southidara
Chief Financial Office
9 March 2012

The notes to the financial statements on pages 8 to 38 form an integral part of these financial statements.

EDL-Generation Public Company
Statement of changes in shareholder's equity
For the year ended 31 December 2011

For the year ended 31 December 2011					
Note	Issued and paid-up ordinary shares (Note 10) Million Kip	Share premium (Note 10) Million Kip	Legal reserve (Note 11) Million Kip	Unappropriated retained earnings Million Kip	Total Million Kip
As at 1 January 2011					
Net profit for the year	2,605,792	-	2,051	18,461	2,626,304
Share issued	-	-	-	563,568	563,568
Dividend paid	868,596	15,577	-	-	884,173
Appropriation	-	-	-	(154,581)	(154,581)
	-	-	56,357	(56,357)	-
As at 31 December 2011	<u>3,474,388</u>	<u>15,577</u>	<u>58,408</u>	<u>371,091</u>	<u>3,919,464</u>

For the period from 16 December to 31 December 2010					
Notes	Issued and paid-up ordinary shares (Note 10) Million Kip	Share premium (Note 10) Million Kip	Legal reserve (Note 11) Million Kip	Unappropriated retained earnings Million Kip	Total Million Kip
	2,605,792	-	-	-	2,605,792
	-	-	-	20,512	20,512
11	-	-	2,051	(2,051)	-
	<u>2,605,792</u>	<u>-</u>	<u>2,051</u>	<u>18,461</u>	<u>2,626,304</u>

As at 15 December 2010

Net profit for the period

Appropriation

As at 31 December 2010

Net profit for the period

Appropriation

As at 31 December 2010

Net profit for the period

Appropriation

As at 31 December 2010

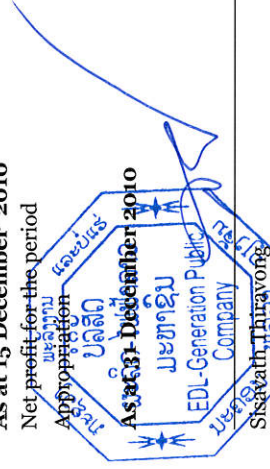
Net profit for the period

Appropriation

As at 31 December 2010

Net profit for the period

Appropriation




Bounsalong Southidara
Chief Financial Officer
9 March 2012

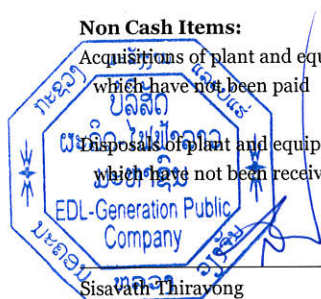
The notes to the financial statements on pages 8 to 38 form an integral part of these financial statements.

EDL-Generation Public Company
Statements of Cash Flows
For the year ended 31 December 2011

		For the year ended 31 December 2011	For the period from 16 December to 31 December 2010
	Notes	Million Kip	Million Kip
Cash flow from operating activities :			
Net profit before income tax for the year/period		593,672	22,801
Adjustments to reconcile net profit to net cash			
Amortisation of pre-operation	4	2,104	51
Depreciation	6	151,951	4,429
Foreign exchange loss		3,895	1,739
Finance cost		10,815	2,393
Operating profit before working capital changes		762,437	31,413
Changes in operating assets and liabilities			
- Trade and other receivables		(177,396)	(4,162)
- Pre-operating expenses		(1,704)	-
- Sparepart and supplies		876	(888)
- Other current assets		(4,832)	-
- Accounts payable		(19,384)	4,542
- Accrued expenses		36,590	485
Cash generated from operations		596,587	31,390
Income tax paid		(18,607)	-
Net cash receipts from operating activities		577,980	31,390
Cash flows from investing activities :			
Advance payment for investment	5	(434,923)	-
Short-term loan to parent company	21	(250,000)	-
Loan repaid from parent company	21	250,000	-
Purchases of assets under concession	6	(164,097)	-
Purchase of short-term investments	8	(100,000)	-
Net cash used by investing activities		(699,020)	-
Cash flows from financing activities :			
Proceeds from the issuance of right to purchase the ordinary shares	7	884,172	884,172
Cash received from issuance of ordinary shares	15	(884,149)	-
Proceeds from long-term borrowings	12	2,574	-
Repayment on borrowing	12	(224,602)	(21,279)
Dividends paid to shareholders	20	(115,936)	-
Dividends paid to non-controlling interests	20	(38,645)	-
Interest payment		(44,361)	(9,501)
Net cash used by financing activities		(420,947)	853,392
Net increase (decrease) in Cash and cash equivalents		(541,987)	884,782
Cash and cash equivalent beginning of the year/period		884,782	-
Cash and cash equivalent ending of the year/period	7	342,795	884,782

Non Cash Items:

Acquisitions of plant and equipment which have not been paid	-	15,621
Disposals of plant and equipment which have not been received	-	69



Sisavath Thirayong
Chief Executive Officer
9 March 2012


Bounsalong Southidara
Chief Financial Office
9 March 2012

The notes to the financial statements on pages 8 to 38 form an integral part of these financial statements.

1. General information

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

On 15 December 2010, it was also the date that EDL GEN commenced its commercial business as it entered into related Assets and liability transfer arrangement, Concession Agreement (“CA”) Power Purchase Agreement (“PPA”) with Electricite Du Laos (“EDL” or “the parent company”).

The Company is engaged in the electricity generation business from the transferred assets from EDL in which the electricity generated is sold back to EDL at agreed terms and conditions. Key assets transferred mainly represent 7 hydro power dams under a 30 years concession. These 7 hydro power dams include Nam Ngum 1, Nam Leuk, Nam Mang 3, Nam Song, Xeset1, Xeset 2 and Xelabam.

The address of the Company’s registered office is as follows:
Nongbone Road, Ban Fai, Saysetha District,
Vientiane Capital, P.O. Box 30901000, Lao PDR.

During January 2012, the Company relocated its office to:

Lao-Thai Road, Thongkang Village, P.O.Box 2392 Vientiane Capital LAO PDR.

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

These financial statements were authorized for issue by the Board of director on 9 March 2012.

a) The Company’s incorporation

The incorporation of the Company was initiated by Electricite Du Laos (“EDL”) in connection with the restructuring of the energy business of EDL by transferring the Existing Generation Assets according to the Prime Minister’s Office (“PMO”) Decision No. 180 dated 13 December 2010. Accordingly, the PMO approved the establishment of the Company to continue the operation of electricity generation and other necessary and relevant operations, as well as the listing of Company’s shares on the Lao Securities Exchange (“LSX”). The PMO also approved the transfer of EDL’s assets in relation to the electricity generation and other relevant assets, as well as relevant obligations under related borrowing agreements and other agreements relating to the transferred assets to the Company as a payment in kind for the shares of the Company. In addition, the PMO has approved the transfer of certain rights and obligations given by the Government of Lao PDR (“GOL”) for the current hydropower projects and approved EDL to sell its shares in the Independent Power Plants (“IPP”) projects to the Company.

1. General information (continued)

a) The Company's incorporation (continued)

In summary, EDL has transferred certain hydropower plants and other assets relating to such hydropower plants which are considered as the Existing Generation Assets to the Company as consideration for the subscription of 651,448,042 shares of the Company at a par value per share of Kip 4,000 totaling Kip 2,605,792 million at the Incorporation Date. These shares represent 99.99 percent of the total capital of the Company. The Company then has become a subsidiary of EDL. The minority shareholders of the Company holding one share each in the Company are eight individuals. The summary of Existing Generation Assets transferred from EDL to the Company is summarised in the below section.

b) Transferred Existing Generation Assets, other assets and related liabilities and nature of the business

On the Incorporation Date, EDL transferred the Existing Generation Assets and related liabilities, based on the net book value as at 20 October 2010, to the Company, while EDL will continue its activities on the transmission and distribution of electricity generated by the Existing Generation Assets to end-users. A summary of the Existing Generation Assets, other assets net of related liabilities is set out below.

Power plant	Location	Installed capacity (MW)	Annual energy (GWh p.a.)	Commercial operating date	Net asset transfer (Million Kip)
	Central-1				
Head office	Vientiane	-	-	-	220,343
Nam Ngum 1	Vientiane	155.00	1,002.0	1971	975,835
Nam Leuk	Vientiane	60.00	218.0	2000	397,351
Nam Mang 3	Vientiane	40.00	180.0	2005	345,009
Nam Song	Vientiane	6.00	13.5	Expected to be operated in 2012	-
	South				
Xeset 1	Saravanh	45.00	180.0	1991	643,909
Xeset 2	Saravanh	76.00	309.0	2009	
Xelabam	Champasak	5.00	21.0	1969	23,345
Total		387.0	1,923.5		2,605,792

Source: Power Development Plan prepared by EDL in August 2010.

1. General information (continued)

b) Transferred Existing Generation Assets and nature of the business (continued)

Details of net transferred assets as at the transfer date or at the Incorporate Date on 15 December 2010 are as follow:

	15 December 2010 Million Kip
Property, plant and equipment, net	3,924,189
Spare parts and supplies, net	3,737
Accounts receivable – others	221,075
Long-term borrowings from parent company	(1,519,761)
Accrued interest expense	(23,352)
Accounts payable	(96)
Book value of net assets	<u>2,605,792</u>

Monetary assets and liabilities denominated in foreign currencies as at Incorporation Date are translated in to Lao Kip (“KIP”) based on Banque Pour Le Commerce Extérieur Lao (“BCEL”) rates on that date which are set out below:

KIP/ USD = 8,060
KIP/ Yen = 99.21
KIP/Bath = 269

The above table discloses related balances at Net Book Value as at 20 October 2010 in EDL books as agreed by EDL and the Company as at the transfer date. The financial performance for the period 21 October 2010 to 14 December 2010 was included and reported in EDL financial statements.

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.

1. General information (continued)

c) Significant agreements and arrangements

Significant agreements and arrangements affecting the business of the Company can be summarised below:

i) Concession Agreement (“CA”)

On 15 December 2010, the Company entered into the Concession Agreement (“CA”) 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 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) right to waive or exempt from Value Added Tax (“VAT”) in respect of supplies of electricity it makes to EDL 5) corporate income tax 10% and 6) pay royalty fee 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.

However, within 1 year from the CA date the Company and GOL will in good faith attempt to enter a more comprehensive agreement.

As at 31 December 2011, the revised CA had not been finalized by both parties. Nevertheless, the existing CA continues to be valid until it can be replaced by a comprehensive CA

ii) Purchase Power Agreement (“PPA”)

On 15 December 2010, the Company entered into the Purchase Power Agreement (“PPA”) with ELECTRICITÉ DU LAOS (“EDL”). The PPA provides for a term of 30 years, together with a renewal period of 10 years which is similar to CA.

The main source of the Company’s revenue is the sale 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.

1. General information (continued)

c) Significant agreements and arrangements (continued)

ii) Purchase Power Agreement (“PPA”) (continued)

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.

As at 9 December 2011, the Company signed a revised PPA with EDL. The purpose of this revised agreement is make certain terms and conditions more comprehensive and clear. However, key terms and conditions remain unchanged from the PPA signed on 15 December 2010 except for but not limited to the followings:

- EDL can make partial payment and off-set unpaid balance with dividend payable announced by the Company in each year.
- Facility shall be made available to supply EDL not less than 90% of its declared availability taking into consideration all outage, force majeure, dispatch failures and the like and EDL agree to purchase from the Company not less than 90% of the net available output.
- Amendment conditions on tariffs including when there are fluctuations of exchange rates as stipulated in the agreement;

The revised PPA has become effective from 9 December 2011 onward.

1. General information (continued)

c) Significant agreements and arrangements (continued)

iii) 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 unsecured borrowing agreements with the Government of Lao PDR (“GOL”) in which the original funds were provided from various lenders and made through the GOL. In addition to the asset transfer, the Company has agreed with EDL that the Company will make payments on the outstanding debts to EDL and EDL will make such payments to the GOL, for the GOL’s further repayments to the lenders pursuant to the original borrowing agreements. Summary of significant borrowings under this agreement is disclosed in Note 12.

iv) 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 under certain terms and conditions to be agreed in related Employee Transfer Agreement in which such agreement is being prepared and finalised.

On 28 February 2011, the transferred employees have signed new employment contracts with the Company in which the benefits to be provided by the Company are still the same as those provided by EDL. For employee costs incurred from their work performed for the Company from 15 December 2010 (Incorporation date) until the signing date of the new employment agreements, these employee costs incurred during such period will be borne by EDL.

v) Land lease agreement

According to Prime Minister’s Office Instruments no.180 on 13 December 2010, the Company has the right to use land for electricity generation operation. Ministry Natural Resources and Environment and the Company are in process of survey and prepare land lease agreement. Rental fee will be recorded when both party can agree related terms and conditions in the land lease agreement. No provision for land lease is made in these financial statements.

As at 31 December 2011, the Company and Ministry of natural Resources and Environment were still in the process of reviewing related terms and conditions.

1. General information (continued)

c) Significant agreements and arrangements (continued)

vi) Memorandum of Understanding (MOU) for the transfer of the project assets of Houay Lamphan Ngai and Nam Khan2 (the Project)

As at 8 July 2011, the Company and EDL signed a MOU for the transfer of the project assets of Houay Lamphan Ngai and Nam Khan2. According to the conditions in this MOU, EDL wish to transfer all assets of those projects 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 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.

As at 31 December 2011, the Company had paid for necessary costs related to the above MOU amounting to Kip 178,635 million. (Note 5).

vii) Memorandum of Understanding (MOU) for share transfer

As at 8 July 2011, the Company and EDL signed an MOU for related shares transfer. According to this MOU, the Company wishes to purchase, all of EDL's equity shareholdings in the following Independent Power Project (IPP) :

- Theun Hinnoun Power Company Limited
- Houay Ho Power Company Limited
- Nam Lik 1-2 Power Company Limited
- Nam Ngum 2 Power Company Limited

Both parties intend to finalise the transfer of EDL's interests in those IPPs no later than 31 December 2012. The Company is required to pay i) an advance payment of Kip 406,534 million ii) the remaining consideration less the advance and less any adjustments to be made at the completion date of the share transfer which is subject to certain terms and conditions including related due diligence work and approvals from key parties concerned including the GoL.

As at 31 December 2011, the Company had paid for necessary costs related to the above MOU amounting to Kip 256,288 million (Note 5).

1. General information (continued)

c) Significant agreements and arrangements (continued)

Viii) Shareholder agreement between the Company and Vientiane Automation and Solution Engineering (VASE)

As at 6 October 2011, the Company signed a shareholder agreement with Vientiane Automation and Solution Engineering (the Agreement). According to the Agreement, the Company and VASE agreed to establish a new company to operate “Lower Houay Lamphan Hydropower Project”, located in Sekong province Lao PDR. Under this agreement, the Company has various commitments including i)each of the shareholders shall be entitled to reimbursement from the new company of all relevant development costs incurred by each of them up on or before financial closing date and ii) relevant shareholder shall provide reasonable assistance to the Company in obtaining source of fund for equity.

As at 31 December 2011, the new company was not yet established. Management expects the establishment of new company to be completed by 2012.

2 Significant accounting policies

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

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Company’s principal accounting policies as described in Note 2 of these financial statements which are generally similar to EDL except assets under concession agreement as described in Note 2.4.

There are no comprehensive set of accounting standards in Laos (“LAS”). LAS is currently under development by the Accounting Department and Laos Institution of Certified Public Accountant (LICPA). At present, companies apply Laos Accounting Manual (LAM) issued by the Ministry of Finance. LAM is a set of instructions based on accrual basis of accounting. Accordingly there are significant difference between LAM and International Financial Reporting Standards (IFRS). These areas of significant difference are, for example, Property, Plant and Equipment, Leases, employee benefit, the effects of changes in foreign exchange rate, income tax and deferred income tax, financial instrument and pre-operation cost (Note 2.12). The accounting principles applied may materially differ from generally accepted accounting principles including International Financial Reporting Standards (“IFRS”) adopted in certain countries and jurisdictions. Consequently, this financial information is addressed only to those who are informed about the Company’s accounting principles, procedures and practices.

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

The financial statements have been generally prepared under the historical cost convention.

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

2.2 Foreign currency translation

Items included in the financial statements are measured using Lao Kip ("KIP") which is a primary economic environment in the country in which the Company makes its primary records.

Foreign currency transactions are translated into Lao Kip ("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 balance sheet 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 income statements.

2.3 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.

2. Accounting policies (continued)

2.4 Assets under concession

Assets under concession consist of assets in relation to the electricity generation transferred from EDL (Note 1 a). According to concession agreement, the Company must transfer all assets for operating the projects as mentioned in the concession held by the Company to GOL at the end of concession period (Note 1 c i).

Assets under concession are stated at cost less accumulated amortisation. Amortisation 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:

	Years
Buildings	1,2, 4-30
Hydroelectric dams	20-30
Plant and machineries	1,4, 10-30
Motor vehicles	1-6
Office equipment	1-9
Furniture and fixtures	1-10

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

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 Company 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.

2.5 Impairment of assets

Assets that are subject to amortisation are reviewed for impairment. Assets that are subject to amortisation 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. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Accounting policies (continued)

2.6 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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.7 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 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.

2.8 Employee benefits

(i) Pension obligations

The Company operates pension scheme. This is a defined contribution scheme under which the Company 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 scheme are as below:

Resignation:

The Company provides for onetime payment to employees who resign and when length of year of service meets the Company'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 Company'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 recognized when incurred.

2. Accounting policies (continued)

2.8 Employee benefits (continued)

Retirement:

At retirement, the Company provides for 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 Company's policy.

Criteria for employee:

- Employee, both male and female who reaches 60 year-old and with more than 25 working years with the Company. 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 Company's policy.

Provisions for employee benefits are not accrued in each year. The liability recognized in balance sheet 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.

(ii) Other employee benefit obligations

The Company also offers other employee benefits such as social security fund as required by local law. The Company and employee are required to contribute at 5% and 4.5% of employee salary to the social security fund respectively. Basis monthly salary for calculation is at the maximum of Kip 1.5 million. The Company recognises related liabilities and expenses when incurred.

2.9 Provisions

Provisions are recognised when the Company 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 as described in Note 2.8.

2.10 Short-term investment

Short-term investment is classified as held to maturity is carried at carrying value and recognize interest income into statements of income base on period in the contract.

2. Accounting policies (continued)

2.11 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 Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company 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.

2.12 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 Revenue recognition

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

(a) Sales of electricity

The Company accounts for sales when:

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

Delivery takes place when the risks and benefits associated with ownership are transferred to the buyer.

2 Accounting policies (continued)

2.13 Revenue recognition (continued)

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

(b) Other services

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

(c) Dividend income

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

2.14 Pre-operating expenses

Expenses associated with establishment of the Company before incorporation date which include pre-operating expenses paid by EDL, related professional fees and other direct fees and expenses related to the listing process of the Company at Lao Stock Exchange are capitalised as pre-operating expenses. Pre-operating expenses are amortized over the period of 2 years or at 50% per annum commencing from 16 December 2010.

This is in accordance with Chapter 6 – Pre-operating expenses under Advanced Lao Accounting practices as issued by Accounting Department in 2009 and Tax Law article 37 concerning depreciation periods of fixed assets.

2.15 Taxation

The Company does not recognise income taxes payable or receivable in future periods with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax expenses for the year are determined on the basis of the profits of the Company calculated under Lao tax accounting rules.

3. Financial risk management

3.1 Financial risk factors

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

Risk management is generally carried out by a central finance department of parent company and management under the supervision from the Board of Directors.

3.1.1 Foreign exchange risk

The Company operates domestically but is exposed to foreign exchange risk arising from certain currency exposures, primarily with respect to the US dollar and Japanese YEN. Foreign exchange risk arises from transferred borrowings denominated in foreign currencies as disclosed in Note 12 and from purchases in foreign currencies such as machineries, equipment and parts.

As at 31 December 2011, management had no formal policies and had not used any financial instruments or derivatives to manage their foreign exchange risk. 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 Company's business, results of operations, financial condition and prospects

3.1.2 Interest rate risk

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

3.1.3 Credit risk

The Company 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.

3. Financial risk management

3.1.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash short term investment. As the Company is still during the early stage, the Company's 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.

3.1.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company'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 Company may borrow new funds, issue new shares, refinance existing borrowings and adjust the amount of dividends paid to shareholders in the future.

4. Pre-operating expenses, net

	<u>Million Kip</u>
Cost:	
As at 1 January 2011	2,433
Additions	1,704
As at 31 December 2011	<u>4,137</u>
Accumulated depreciation:	
As at 1 January 2011	(51)
Charge for the year	(2,104)
As at 31 December 2011	<u>(2,155)</u>
Net book value as at 31 December 2011	<u>1,982</u>

During the year, there are additional professional fees and other expenses occurred prior to the incorporation of the Company and related to the listing process at LSX of USD 211,524 or equivalent Kip 1,704 million which were charged to the Company. These expenses were just agreed and approved by management on 19 and 28 April 2011. These fees are capitalised as pre-operating expenses and amortised over 2 years period as per the Company's accounting policies.

5. Advance payment for investments

Advance payments for investments consist of:

	<u>Million Kip</u>
Advance payment under MoU project transfer (i)	178,635
Advance payment under MoU share transfer (ii)	<u>256,288</u>
	<u>434,923</u>

- i) These relate to the advance payments paid to EDL for the cost occurred in project assets of Houay Lamphan Ngai and Nam Khan² (the Projects) under related MOU signed on 8 July 2011 as disclosed in note 1 c vi). Such advance shall be returned in the event that related MOU is terminated.
- ii) These relate to the advance payments paid to EDL for the purchase of shares in 4 IPP projects under related MOU signed on 8 July 2011 as disclosed in note 1 c vii). Such advance shall be returned in the event that related MOU is terminated.

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6. Assets under concession, net

	Buildings	Hydroelectric dams	Plant and machineries	Motor vehicles	Office equipment	Furniture and fixture	Construction in progress	Total
	Million Kip	Million Kip	Million Kip	Million Kip	Million Kip	Million Kip	Million Kip	Million Kip
At 15 December 2010								
Cost	255,523	2,434,875	1,232,467	769	183	372	-	3,924,189
Accumulated depreciation	-	-	-	-	-	-	-	-
Net book amount	255,523	2,434,875	1,232,467	769	183	372	-	3,924,189
For the period from 16 December to 31 December 2010								
Open net book amount	255,523	2,434,875	1,232,467	769	183	372	-	3,924,189
Additions	12,795	-	-	-	-	-	2,826	15,621
Charge for the period	(617)	(2,346)	(1,095)	(359)	(7)	(5)	-	(4,429)
Net book amount	267,701	2,432,529	1,231,372	410	176	367	2,826	3,935,381
At 31 December 2010								
Cost	268,318	2,434,875	1,232,467	769	183	372	2,826	3,939,810
Accumulated depreciation	(617)	(2,346)	(1,095)	(359)	(7)	(5)	-	(4,429)
Net book amount	267,701	2,432,529	1,231,372	410	176	367	2,826	3,935,381

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6. Assets under concession, net (continued)

	Buildings	Hydroelectric dams	Plant and machineries	Motor vehicles	Office equipment	Furniture and fixture	Construction in progress	Total
	Million Kip	Million Kip	Million Kip	Million Kip	Million Kip	Million Kip	Million Kip	Million Kip
Open net book amount	267,701	2,432,529	1,231,372	410	176	367	2,826	3,935,381
Additions	8	-	41,505	1,196	841	386	120,161	164,097
Charge for the year	(15,908)	(81,372)	(53,906)	(501)	(161)	(103)	-	(151,951)
Net book amount	251,801	2,351,157	1,218,971	1,105	856	650	122,987	3,947,527
At 31 December 2011								
Cost	268,326	2,434,875	1,273,972	1,965	1,024	758	122,987	4,103,907
Accumulated depreciation	(16,525)	(83,718)	(55,001)	(860)	(168)	(108)	-	(156,380)
Net book amount	251,801	2,351,157	1,218,971	1,105	856	650	122,987	3,947,527

As at 31 December 2011, the assets under concession also included the construction in progress of new equipment acquired and installation of Nam Song project.

At 31 December 2010, the cost and net book value of assets under concession mainly represented the cost of property and equipment of 7 transferred hydro power dams under a 30 years concession (Note 1).

7. Cash and cash equivalents

	31 December 2011 Million Kip	31 December 2010 Million Kip
Cash on hand	9	-
Cash at banks	342,786	884,782
	<u>342,795</u>	<u>884,782</u>

Cash on hand is consisting of petty use for general purpose. The Company set up new policy for petty cash in 2011.

Cash at banks held at call with banks represent cash deposited in 2 currencies being USD, and Kip in current accounts at no interest with local reputable banks.

As at 31 December 2010, cash at banks mainly represent cash received from the issuance of right to purchase the ordinary shares amounting to Kip 884,172 (Note 15). Cash have been deposited in current accounts at local banks and carry no interest.

8. Short-term investment

As at 31 December 2011, the Company invested in 6 months short-term deposit start from period 4 July 2011 to 04 January 2012 bearing interest rates at 5% per annum with a local financial institution.

9. Trade and other receivables

	31 December 2011 Million Kip	31 December 2010 Million Kip
Trade receivable – parent company (Note 21 b)	292,230	37,229
Receivable - parent company (Note 21 b)	110,534	188,138
	<u>402,764</u>	<u>225,367</u>

9. Trade and other receivables (continued)

Trade account receivables can be analysed as follows:

	31 December 2011 Million Kip	31 December 2010 Million Kip
Not overdue	130,000	37,229
Overdue less than 3 months	162,230	-
Overdue 3 - 6 months	-	-
Overdue 6 - 12 months	-	-
Overdue over 12 months	-	-
	<u>292,230</u>	<u>37,229</u>
<u>Less</u> Allowance for doubtful Receivables	<u>-</u>	<u>-</u>
Trade account receivables, net	<u>292,230</u>	<u>37,229</u>

10. Share capital and share premium

	Number of Shares (Shares)	Share (Million Kip)	Share premium (Million Kip)	Total (Million Kip)
At 15 December 2010	651,448,050	2,605,792	-	2,605,792
Proceeds from share issued	-	-	-	-
At 31 December 2010	651,448,050	2,605,792	-	2,605,792
Issue of shares	217,149,000	868,596	15,577	884,173
At 31 December 2011	<u>868,597,050</u>	<u>3,474,388</u>	<u>15,577</u>	<u>3,489,965</u>

On 15 December 2010, Securities and Exchange Commission Office approved the Company's share amounting to 217,149,000 shares with a par value of KIP 4,000 per share for trading at the LSX, under code LA-3-00002-000-5, using the trading name as "EDL-GEN".

The Company offered 217,149,000 shares with par value of Kip 4,000 per share, totaling Kip 868,596 million under an Initial Public Offering ("IPO") with sales price of Kip 4,000 and Kip 4,300 for investors inside and outside Lao PDR respectively. The Company has premium on share capital totaling Kip 63,402 million and shares offering cost of Kip 47,825 million which is charged against the premium on share capital. Then net premium on share capital is Kip 15,577 million.

10. Share capital and share premium (continued)

The Company's shares were firstly traded at the LSX on 11 January 2011.

As at 31 December 2011 the total authorised number of ordinary shares is 868,597,050 shares (31 December 2010: 651,448,050 shares) with a par value of Kip 4,000 per share (31 December 2010: Kip 4,000 per share). All issued shares are fully paid.

11. Legal reserve

	31 December 2011 Million Kip	31 December 2010 Million Kip
At 1 January 2011 and 15 December 2010	2,051	-
Appropriation during the year/period	56,357	2,051
At 31 December	<u>58,408</u>	<u>2,051</u>

Legal reserve is set-up in accordance with the Article 151 of 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 until such reserve reaches 50% of authorised share capital.

12. Long-term borrowings

	31 December 2011 Million Kip	31 December 2010 Million Kip
Total long-term borrowings	1,282,197	1,500,330
Less: current portion for long-term borrowings	(211,921)	(197,742)
Long-term borrowings, net	<u>1,070,276</u>	<u>1,302,588</u>

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

	Million Kip
As at 31 December 2010	1,500,330
Addition during the year	2,574
Less: payment during the year	(224,602)
Loss on exchange rate	3,895
As at 31 December 2011	<u>1,282,197</u>

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12. Long-term borrowings (continued)

According to the PMO Decision No. 180 dated 13 December 2010, the PMO approved the transfer of EDL's assets and related borrowings for electricity generation and other relevant assets and other liabilities as well as obligations under the borrowing agreements and other agreements to the Company as a payment in kind for the shares of the Company as discussed in Note 10.

The Company entered into the Debt Repayment Agreement ("the Agreement") with the EDL on 15 December 2010. The Company has agreed with EDL pursuant to the Debt Repayment Agreements that the Company will make payment of the outstanding debts to EDL and EDL will make such payment to the GOL, for the GOL's further repayment to the lenders pursuant to the borrowing agreements that GOL or BOL has with the lenders (Note 1 c iii)

Summary long-term borrowings due to EDL under the Agreement are as below:

Original lender	Original principal (original currency)	Payment period	Repayment term	Interest rate (per annum)	Outstanding balance (original currency)	Outstanding balance (Million Kip)
Asian Development Bank	USD 32 million	15 January 1998 to 15 July 2022	semi-annually on 15 January and 15 July	6.51 %	USD 11.0 million	89,265
Asian Development Bank	USD 36 million	1 June 2001 to 1 December 2020	semi-annually on 1 June and 1 December	6%	USD 25.1 million	201,487
Asian Development Bank	YEN 3,903 million	1 June 2001 to 1 December 2020	semi-annually on 1 June and 1 December	2.3%	Yen 1,831 million	189,148
Asian Development Bank	USD 15 million	1 February 1993 to 1 August 2011	semi-annually on 1 Feb and 1 August	7.03%	-	-
Asian Development Bank	USD 3 million	1 May 1993 to 1 May 2015	semi-annually on 1 May and 1 November	6.36%	USD 0.4 million	3,267
China International Water & Electric Corp.	USD 27 million	1 January 2005 to 10 July 2013.	semi-annually on 10 January and 10 July	2%	USD 11.20 million	90,082
Norinco International Cooperation	USD 108 million	7 August 2009 to 7 February 2020	semi-annually on 7 August to 7 February	2%	USD 83.7 million	673,723
Vientiane Automation and Solution Engineering	USD 4 million	2 June 2011 to 2 December 2014	semi-annually on 2 June to 2 December	6.5%	USD 4.33 million	35,225

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12. Long-term borrowings (continued)

Original lender	Original principal (original currency)	Payment period	Repayment term	Interest rate (per annum)	Outstanding balance (original currency)	Outstanding balance (Million Kip)
Vientiane Automation and Solution Engineering	USD 5.4 million	18 February 2011 to 18 August 2015	semi-annually on 18 Feb to 18 Aug	5%	-	-
					Total	1,282,197

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

	31 December 2011	31 December 2010
US dollar (million)	135	161
Yen (million)	1,831	2,034

The aging analysis of these borrowings is as follows:

	31 December 2011 Million Kip	31 December 2010 Million Kip
Less than one year	211,921	197,742
One year but not over 5 years	570,260	674,182
Over 5 years	500,016	628,406
	1,282,197	1,500,330

13. Accrued expenses

Accrued interest expenses comprise of:

	31 December 2011 Million Kip	31 December 2010 Million Kip
Accrued interest expense	10,472	16,265
Accrued royalty fee and others tax i)	6,108	372
Accrued for pre-operating expenses	-	2,433
Others	5,648	114
	22,228	19,184

13. Accrued expenses (continued)

- i) This mainly comprises accrued royalty fee amounting to Kip 5,735 million. According to concession agreement dated 15 December 2010 (Note 1 ci), the Company has obligations to pay royalty fee to GoL base on 1% of gross sale on semi-annual basis. Accrued royalty fee was subsequently paid on 10 January 2012.

14. Accrued income tax

	31 December 2010 Million Kip	31 December 2010 Million Kip
Beginning balance	2,289	-
Payment during the year/period	(18,607)	-
Income tax expense for the year/period (Note 18)	<u>30,104</u>	<u>2,289</u>
	<u>13,786</u>	<u>2,289</u>

15. Other current liabilities

Other current liabilities comprise of:

	31 December 2010 Million Kip	31 December 2010 Million Kip
Advance received from the issuance of right to purchase the ordinary shares (Note 7)	-	884,172
Others	<u>23</u>	<u>-</u>
	<u>23</u>	<u>884,172</u>

Advances received from the issuance of right to purchase the ordinary shares represent cash received from BCEL-KT Security Company Limited as advanced booking for share subscription of the Company. These advances were subsequently converted into share capital on 7 January 2011.

16. Expenses by nature

The following significant expenditures, classified by nature, have been charged in arriving at operating profit:

	For the year ended 31 December 2011 Million Kip	For the period from 16 to 31 December 2010 Million Kip
Repair and maintenance	32,775	4,224
Depreciation on assets under concession (Note 6)	151,951	4,429
Amortisation – pre-operating expenses (Note 4)	2,104	51

17. Financial cost

	For the year ended 31 December 2011 Million Kip	For the period from 16 to 31 December 2010 Million Kip
Interest expenses from borrowings	41,278	2,393

Financial cost represents interest expense relevant to transferred borrowings from EDL (Note 1b and 12).

18. Income tax expense

The Company has an obligation to pay Corporate Income Tax of either Tax on Profit at the rate of 5% (which is the reduced rate as applicable for listed companies at the LSX) on taxable profit or Minimum Tax at 0.25% of turnover or revenue, whichever is higher.

The Company records corporate income tax on an accrual basis. The Company does not recognise corporate income tax payable or receivable in future periods in respect of temporary differences. Income tax expense is recognised based on the operating result for the year after adjusted non-deductible expenses and others transaction under Tax Law and tax rate.

18. Income tax expense (continued)

	For the year ended 31 December 2011	For the period from 16 to 31 December 2010
	Million Kip	Million Kip
Current tax – minimum tax computed on 0.25% of annual turnover base	2,229	93
<i>Reconciliation between income tax expense and accounting profit:</i>		
Accounting profit before income tax	593,672	22,801
Non deductible expense for tax purpose	8,406	89
Taxable income	602,078	22,890
Tax calculated at tax rate of 5% (2010: 10%)	30,104	2,289
Income tax expense	30,104	2,289

19. Basic earnings per share

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

	For the year ended 31 December 2011	For the period from 16 to 31 December 2010
Net profit attributable to ordinary shareholders (Million Kip)	563,568	20,512
Weighted average number of ordinary shares in issue (Million shares)	826.64	651.44
Basic earnings per share (Kip)	681.76	31.48

20. Dividends per share

Dividends payable are not accounted for until they have been approved at the Annual General Meeting.

However, an interim dividend in respect of net profit for the six-month period from 1 January to 30 June 2011 of Kip 177.97 per share (31 December 2010: nil) amounting to a total of Kip 154,581 million (31 December 2010: nil) was approved by the Board of Directors and was paid during the year.

20. Dividends per share (continued)

At the Board of Directors' meeting held on 9 March 2012, the Board of Directors approved a dividend in respect of net profit for the six-month period from 1 July to 31 December 2011 of Kip 320 per share (31 December 2010 : Kip nil) amounting to a total of Kip 277,951 million (31 December 2010: Kip nil). This dividend will pay on 9 April 2012. These financial statements do not reflect this dividend payable as of 31 December 2011 as it will be accounted for in the period when related approval is obtained or in the year ending 31 December 2012 (Note 24).

21. Related party transactions

The major shareholders of the Company are the Electricite Du Laos, holding 75%. The remaining shares in the Company are widely held.

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

a) Sales of goods

	For the year ended 31 December 2011 Million Kip	For the period from 16 to 31 December 2010 Million Kip
Sales of electricity to EDL	881,748	37,299

Sales of electricity to EDL are based on agreed terms and conditions in the Power Purchase Agreement ("PPA") dated 15 December 2010 and revised in 9 December 2011 (Note 1 c ii).

b) Interest from short-term loan to parent company

Short-term loan to parent company of Kip 250,000 million (31 December 2010: nil) was secured by the investment in 4 hydro power dams as owned by EDL and was due for repayment within 180 days after the drawdown date. This loan carries an interest rate at 9% per annum. Both party agreed to off-set this balance and interest receivable Kip 6,287 million with advance payment for purchase of shares in 4 IPP projects under related MOU signed on 8 July 2011 as disclosed in note 1 c vii).

21. Related party transactions (continued)

c) Outstanding balances from related party transaction

	31 December 2011 Million Kip	31 December 2010 Million Kip
Accounts receivable-others (Note 9)	110,534	188,138
Trade account receivable (Note 9) ,	292,230	37,229
Pre-operating expenses – advance by EDL	-	192
Accounts payable-other	-	12,795

d) Directors and managements remuneration

Key management includes directors (executive and non-executive), Chief Executive Officer and Chief Financial Officer. The compensation paid or payable to key management for employee services is shown below:

For the years ended 31 December	31 December 2011 Million Kip	31 December 2010 Million Kip
Short-term employee benefits	585	-

e) Significant agreements with EDL

The Company signed certain significant agreements with EDL as explained in Note 1 C (ii), (iii), (iv), (vi), (vii) and Note 12.

22. Contingencies

Sale electricity to EDL

As at 19 October 2011, EDL issued a letter to the Company disputing to pay for some invoices charged from Nam Mang3 and Nam Leuk for the period from December 2010 to March 2011 totally Kip 36,122 million because of the variances arisen from related sale meters. The Company is still investigating related differences as claimed by EDL and has not yet finalized the process. However, management believe that it can defend and thus this will not cause any significant effects to what the Company has recorded or recognised in its book and thus related adjustments has not been made to the financial statements for the year ended 31 December 2011.

22. Contingencies (continued)

Land lease agreement

As disclosed in notes 1 C and 1 V, the Company is in discussion with the Ministry of Natural Resources and Environment about the compensation from the use of the land by Company for its electricity generation operation including the terms and conditions of the land lease contract. The Company's management believes that land lease expense will be charged from the date of the contract and thus it will not require for any retrospective charges to the Company.

23. Commitments and significant transactions

As at 31 December 2011

For the year ended 31 December 2011, there were significant transactions and outstanding commitments as follows:

- During the second half of 2011, the Company entered into various maintenance service agreements with respect to the maintenance of hydropower dams with suppliers and had outstanding capital commitments related to the ongoing installation of generation equipments. The Company had commitments under those agreement amounting to Kip 61,805 million in which the balance is due for payments over 1 to 2 years.
- As part of an agreement with the Underwriter, the commission and related professional fees of Kip 47,825 million (USD 5.9 million) was paid in 11 January 2011. These costs were deducted against premium on share capital (Note 10).

As at 31 December 2010

For the year ended 31 December 2010, there were significant transactions and outstanding commitments as follows:

Contract with underwriter/financial advisory

On 28 December 2010, the Company entered into an Underwriting Agreement ("the Agreement") with BCEL-KT Security Company Limited as the Underwriter of EDL GEN shares at Lao Securities Exchange of Lao PDR. The Underwriter is responsible to market the share and provide necessary services until the listing process is completed and the Company's share listing in Lao Security Exchange.

As part of this agreement, the Company is required to pay the Underwriter a commission and other professional service fees of approximately Kip 47,825 million (USD 5.9 million)

23. Commitments and significant transactions (continued)

As at 31 December 2010, the delivery of such services was considered outstanding. The date that the Company has accepted as the completion of such services is on 10 January 2011 which is the date that the Company was successfully listed its shares at the Lao Securities Exchange.

24. Post statement of financial position event

Dividend payment announcement

At the Board of Directors' meeting held on 9 March 2012, the Board of Directors approved a dividend payment in respect of net profit for the 2nd half of the year or for the six-month period from 1 July to 31 December 2011 of Kip 320 per share (31 December 2010 : Kip nil) amounting to a total of Kip 277,951 million (31 December 2011: Kip nil). This dividend will be paid on 9 April 2012. This dividend payment is in addition to the dividend payment for the 1st half of the year as disclosed in Note 20.

Change in key management

At the Board of Directors' meeting held on 9 March 2012, the Board of Directors approved the appointment of Mr. Boun Oum SYVANHPHENG as the new Chief Executive Officer to replace Mr. Sisavath Thiravong.