EDL-Generation Public Company and its subsidiaries

Financial statements for the year ended
31 December 2018
and
Independent auditors' report

KPMG Lao Co.,Ltd.
10th Floor, Royal Square Office Building,
Samsenthai Road, Nongduong Nua Village,
Sikhotabong District, P.O.Box 6978,
Vientiane, Lao PDR
Tel +856 (21) 454240-7

ບໍລິສັດ ເຄພີເອັມຈີລາວ ຈຳກັດ
ຊັ້ນ 10, ອາຄານ ໂຣໂຢລສະແຄລ
ຖະໜົນ ສາມແສນໄທ, ບ້ານ ໜອງດ້ວງເໜືອ,
ເມືອງ ສີໂຄດຕະບອງ, ຕູ້ ປ.ນ. 6978,
ນະຄອນຫຼວງວຽງຈັນ, ສປປ ລາວ
ໂທ : +856 (21) 454240-7

Independent auditors' report

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

Opinion

We have audited the consolidated and separate financial statements of EDL-Generation Public Company and of its subsidiaries (the "Group") and EDL-Generation Public Company (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, and the consolidated and separate statements of income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements of the Group and the Company, respectively, for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the accounting policies as described in Notes 2 to the financial statements.

Basis of Opinion

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

Key Audit Matter

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

KPMG Lao Co.,Ltd. a Company licensed under the Foreign Investment Law of Lao PDR, is a member of KPMG International, a Swiss cooperative.

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

Emphasis of Matter - Basis of Accounting

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

Other Information

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

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

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

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When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

KPMG Tax Co., Ltd., a company incorporated under the Foreign Investment Law of Tax (FIL), is a member of KPMG International Limited, a private English company limited by guarantee.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG Lao Co., Ltd.

KPMG Lao Co., Ltd.
Vientiane
18 March 2019

EDL-Generation Public Company and its subsidiaries

Statement of financial position

	Note	Consolidated financial statements 31 December 2018	Consolidated financial statements 31 December 2017	Separate financial statements 31 December 2018	Separate financial statements 31 December 2017
			(in million Kip)		
Assets					
Investments in subsidiaries	*4*	-	-	85.160	82.760
Investments in associates and joint ventures	*5*	3.705.289	2.606.394	3.705.289	2.606.394
Advance payment for assets under concession and investments	*6, 23*	6.298.672	4.436.159	7.104.200	5.101.121
Advance payment for interest rate collar contracts		22.455	36.058	22.455	36.058
Assets under concession	*7*	9.735.008	9.790.198	9.294.535	9.408.829
Swap contract receivables		26.617	-	26.617	-
Advance to suppliers for construction project		341.075	183.680	-	-
Other non-current assets		102.289	72.872	102.289	72.872
Total non-current assets		**20.231.405**	**17.125.361**	**20.340.545**	**17.308.034**
Cash and cash equivalents	*8*	642.106	756.738	550.978	678.322
Current investments	*9*	110.994	955.301	110.994	955.301
Short-term loan to related party	*23*	486.666	463.392	486.666	463.392
Trade and other receivables	*10, 23*	429.439	149.452	415.524	144.598
Current portion of advance payment for interest rate collar contract		14.785	14.581	14.785	14.581
Spare parts and supplies		3.941	4.458	3.941	4.458
Other current assets		76.192	149.910	74.594	35.594
Total current assets		**1.764.123**	**2.493.832**	**1.657.482**	**2.296.246**
Total assets		**21.995.528**	**19.619.193**	**21.998.027**	**19.604.280**

RATTANA PRATHOUMVAN
Chief Executive Officer
Date: 18 March 2019

BOUNSALONG SOUTHIDARA
Chief Financial Officer
Date: 18 March 2019

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

EDL-Generation Public Company and its subsidiaries

Statement of financial position

	Note	Consolidated financial statements 31 December 2018	Consolidated financial statements 31 December 2017	Separate financial statements 31 December 2018	Separate financial statements 31 December 2017
			(in million Kip)		
Equity					
Share capital	*11*	6.717.215	6.717.215	6.717.215	6.717.215
Share premium	*11*	985.621	985.621	985.621	985.621
Legal reserve	*12*	471.423	463.944	471.423	463.944
Translation reserve		11.758	2.302	11.758	2.302
Retained earnings		612.482	1.040.000	622.768	1.042.447
Equity attributable to owners of the Company		8.798.499	9.209.082	8.808.785	9.211.529
Non-controlling interests		(2.273)	(263)	-	-
Total shareholders' equity		**8.796.226**	**9.208.819**	**8.808.785**	**9.211.529**
Liabilities					
Long-term borrowings	*13, 23*	3.678.445	4.206.348	3.678.445	4.206.348
Debentures	*14*	7.532.621	4.152.882	7.532.621	4.152.882
Swap contract payables		-	3.856	-	3.856
Total non-current liabilities		**11.211.066**	**8.363.086**	**11.211.066**	**8.363.086**
Short-term borrowings	*13*	195.843	870.573	195.843	870.573
Current portion of long-term borrowings	*13, 23*	588.286	529.912	588.286	529.912
Current portion of debentures	*14*	401.145	-	401.145	-
Trade and other payables		624.754	535.079	616.197	517.911
Accrued expenses	*15*	176.496	111.222	175.887	110.767
Other current liabilities		1.712	502	818	502
Total current liabilities		**1.988.236**	**2.047.288**	**1.978.176**	**2.029.665**
Total liabilities		**13.199.302**	**10.410.374**	**13.189.242**	**10.392.751**
Total equity and liabilities		**21.995.528**	**19.619.193**	**21.998.027**	**19.604.280**

RATTANA PRATHOUMVAN
Chief Executive Officer
Date: 18 March 2019

BOUNSALONG SOUTHIDARA
Chief Financial Officer
Date: 18 March 2019

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EDL-Generation Public Company and its subsidiaries

Statement of income

	Note	Consolidated financial statements For the year ended 31 December 2018	2017	Separate financial statements For the year ended 31 December 2018	2017
			(in million Kip)		
Continuing operation					
Sales	*23*	1.137.430	1.219.825	1.116.867	1.215.414
Costs of sales	*16*	(532.735)	(489.057)	(520.271)	(485.871)
Gross profit		604.695	730.768	596.596	729.543
Other income		26.476	25.710	26.476	25.710
Operating and administrative expenses	*16*	(169.215)	(140.850)	(162.360)	(136.226)
Net foreign exchange loss		(429.012)	(47.301)	(417.919)	(49.738)
Share of profit from investments in associates and joint ventures	*5*	620.558	410.703	620.558	410.703
Operating profit		**653.502**	**979.030**	**663.351**	**979.992**
Finance costs	*17*	(588.553)	(491.902)	(588.553)	(491.902)
Profit before income tax expense		**64.949**	**487.128**	**74.798**	**488.090**
Income tax expense	*18*	-	(15.943)	-	(15.943)
Profit for the year		**64.949**	**471.185**	**74.798**	**472.147**
Profit attributable to:					
Owners of parent		66.959	472.448	74.798	472.147
Non-controlling interests		(2.010)	(1.263)	-	-
Profit for the year		**64.949**	**471.185**	**74.798**	**472.147**
Earning per share					
Basis earning per share *(in Kip)*	*19*	39,87	281,34	44,54	281,16

RATTANA PRATHOUMVAN
Chief Executive Officer
Date: 18 March 2019

BOUNSALONG SOUTHIDARA
Chief Financial Officer
Date: 18 March 2019

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EDL-Generation Public Company and its subsidiaries

Statement of changes in equity

	Note	Consolidated financial statements							
		Attributable to owners of the Company							
		Share capital	Share premium	Legal reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		(in million Kip)							
For the year ended 31 December 2017									
Balance at 1 January 2017		6.717.215	985.621	416.729	(1.342)	1.068.179	9.186.402	-	9.186.402
Acquisition of subsidiary's non-controlling interest		-	-	-	-	-	-	1.000	1.000
Profit for the year		-	-	-	-	472.448	472.448	(1.263)	471.185
Currency translation differences		-	-	-	3.644	-	3.644	-	3.644
Dividends paid	*20*	-	-	-	-	(453.412)	(453.412)	-	(453.412)
Transfer to legal reserve	*12*	-	-	47.215	-	(47.215)	-	-	-
Balance at 31 December 2017		**6.717.215**	**985.621**	**463.944**	**2.302**	**1.040.000**	**9.209.082**	**(263)**	**9.208.819**
For the year ended 31 December 2018		6.717.215	985.621	463.944	2.302	1.040.000	9.209.082	(263)	9.208.819
Balance at 1 January 2018									
Profit for the year		-	-	-	-	66.959	66.959	(2.010)	64.949
Currency translation differences		-	-	-	9.456	-	9.456	-	9.456
Dividends paid	*20*	-	-	-	-	(486.998)	(486.998)	-	(486.998)
Transfer to legal reserve	*12*	-	-	7.479	-	(7.479)	-	-	-
Balance at 31 December 2018		**6.717.215**	**985.621**	**471.423**	**11.758**	**612.482**	**8.798.499**	**(2.273)**	**8.796.226**

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

EDL-Generation Public Company and its subsidiaries

Statement of changes in equity

		Separate financial statements					
	Note	**Share capital**	**Share premium**	**Legal reserve**	**Translation reserve**	**Retained earnings**	**Total equity**
				(in million Kip)			
For the year ended 31 December 2017							
Balance at 1 January 2017		6.717.215	985.621	416.729	(1.342)	1.070.927	9.189.150
Profit for the year		-	-	-	-	472.147	472.147
Translation reserve		-	-	-	3.644	-	3.644
Dividend paid	*20*	-	-	-	-	(453.412)	(453.412)
Transfer to legal reserve	*12*	-	-	47.215	-	(47.215)	-
Balance at 31 December 2017		**6.717.215**	**985.621**	**463.944**	**2.302**	**1.042.447**	**9.211.529**
For the year ended 31 December 2018							
Balance at 1 January 2018		6.717.215	985.621	463.944	2.302	1.042.447	9.211.529
Profit for the year		-	-	-	-	74.798	74.798
Translation reserve		-	-	-	9.456	-	9.456
Dividend paid	*20*	-	-	-	-	(486.998)	(486.998)
Transfer to legal reserve	*12*	-	-	7.479	-	(7.479)	-
Balance at 31 December 2018		**6.717.215**	**985.621**	**471.423**	**11.758**	**622.768**	**8.808.785**

RATTANA PRATHOUMVAN
Chief Executive Officer
Date: 18 March 2019

BOUNSALONG SOUTHIDARA
Chief Financial Officer
Date: 18 March 2019

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

EDL-Generation Public Company and its subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2018	2017	2018	2017
		(in million Kip)			
Cash flows from operating activities					
Profit for the year		64.949	471.185	74.798	472.147
Adjustments :					
Depreciation and amortisation	7	483.929	434.274	474.511	431.919
Loss on diposal of assets under concession		40	59	40	59
Finance costs		588.553	491.902	588.553	491.902
Unrealise loss on foreign exchange		357.398	86.675	344.900	86.675
Share of profit of associates and joint ventures	5	(620.558)	(410.703)	(620.558)	(410.703)
Income tax expense		-	15.943	-	15.943
		874.311	**1.089.335**	**862.244**	**1.087.942**
Changes in:					
Other non-current assets		(183.524)	(165.943)	(26.129)	5.416
Trade and other receivables		(411.077)	161.387	(378.041)	166.738
Spare parts and supplies		517	307	517	307
Other current assets		73.718	(51.126)	(39.000)	(2.731)
Trade and other payables		(27.244)	505.050	(18.633)	487.882
Accrued expenses		(7.382)	(79.906)	(7.537)	(79.894)
Other current liabilities		1.210	127	316	127
Cash used in operating activities		320.529	1.459.231	393.737	1.665.787
Income tax paid		-	(52.218)	-	(52.218)
Net cash from operating activities		**320.529**	**1.407.013**	**393.737**	**1.613.569**
Cash flows from investing activities					
Advance payment for assets under concession and investments		(2.428.251)	(1.288.980)	(2.580.293)	(1.917.988)
Cash paid for investments in subsidiaries		-	-	(2.400)	(1.500)
Cash proceed from non-controlling interest		-	1.000	-	-
Cash paid for investment in associates and joint-ventures	5	(332.282)	(234.115)	(332.282)	(234.115)
Cash paid for assets under concession		(226.917)	(987.895)	(158.395)	(627.004)
Cash paid for short-term loan to related party	23	(296.598)	(463.784)	(296.598)	(463.784)
Decrease (Increase) in current investments		847.700	(24.803)	847.700	(24.803)
Dividend received from investment in associates and joint-ventures	5	492.116	339.234	492.116	339.234
Net cash used in investing activities		**(1.944.232)**	**(2.659.343)**	**(2.030.152)**	**(2.929.960)**

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

EDL-Generation Public Company and its subsidiaries

Statement of cash flows

	Note	Consolidated financial statements For the year ended 31 December 2018	Consolidated financial statements For the year ended 31 December 2017	Separate financial statements For the year ended 31 December 2018	Separate financial statements For the year ended 31 December 2017
		(in million Kip)			
Cash flows from financing activities					
Finance costs paid		(508.471)	(520.139)	(508.471)	(520.139)
Cash paid for debentures issuance cost		(66.163)	-	(66.163)	-
Dividends paid		(208.466)	(257.681)	(208.466)	(257.681)
Proceeds from short-term borrowings	*13*	302.621	870.090	302.621	870.090
Proceeds from long-term borrowings	*13*	332.440	177.022	332.440	177.022
Proceeds from debenture	*13*	3.532.989	-	3.532.989	-
Repayment of short-term borrowings	*13*	(995.875)	-	(995.875)	-
Repayment of long-term borrowings	*13*	(917.517)	(512.820)	(917.517)	(512.820)
Net cash from (use in) financing activities		**1.471.558**	**(243.528)**	**1.471.558**	**(243.528)**
Net decrease in cash and cash equivalents		(152.145)	(1.495.858)	(164.857)	(1.559.919)
Effect of exchange rate change on balance held in foreign currencies at end of year		37.513	2.961	37.513	2.961
Cash and cash equivalents at beginning of the year		756.738	2.249.635	678.322	2.235.280
Cash and cash equivalents at end of year	*8*	**642.106**	**756.738**	**550.978**	**678.322**
Non-cash transctions					
Payable on investment in Nam Long		5.537	-	5.537	-
Offsetting advance payment for assets under concession and investments with					
- short-term loan to related party		42.230	-	42.230	-
- dividend payment		23.976	-	23.976	-
Payables on purchase of assets under concession		602.819	427.431	602.819	427.431
Offsetting trade and other receivables with					
- dividend payment		116.000	195.731	116.000	195.731
- long-term loan from related party		11.027	19.364	11.027	19.364
Offsetting short-term loan to related party with dividend payment		253.012	-	253.012	-
Offsetting payables on purchase of assets under concession with long-term borrowing from related party		-	3.995.884	-	3.995.884

RATTANA PRATHOUMVAN
Chief Executive Officer
Date: 18 March 2019

BOUNSALONG SOUTHIDARA
Chief Financial Officer
Date: 18 March 2019

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

EDL-Generation Public Company and its subsidiaries
Notes to financial statements
For the year ended 31 December 2018

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1 Reporting entity

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

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

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

The principal businesses of EDL-Generation Public Company ("the Company") is electricity generation and distribution. Details of the Company's subsidiaries as at 31 December 2018 and 2017 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%) 2018	2017
Direct subsidiaries				
EDL-Gen Solar Power Co., Ltd.	Electricity generation	Lao PDR	60	60
Nam Bi Power Co., Ltd.	Electricity generation	Lao PDR	80	80
EDL-Gen Operation and Maintenance Sole Co., Ltd.	Maintenance Service	Lao PDR	100	100

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

These financial statements was authorised for issue by the Board of Directors on 18 March 2019.

2 Basis of accounting

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

There are significant differences between the Group's accounting policies and the International Financial Reporting Standards ("IFRS"). These areas of significant differences are, for example property, plant and equipment, leases, employee benefit, the effects of changes in foreign exchange rate, income tax and deferred income tax, financial instrument, associates, joint ventures and pre-operation cost. The accounting principles applied may materially differ from the generally accepted accounting principles including the International Financial Reporting Standards adopted in certain countries and jurisdictions.

According to the Law on accounting no. 47/NA issued on 26 December 2013, Public Interest Enterprises ("PIEs") are require to apply IFRS. However, Ministry of Finance has issued announcement No. 697/MoF.Cab applying on 20 March 2017 ("the announcement") which provided options for PIEs to prepare action plan for adoption IFRS within four-year period. The Group management is presently preparing action plan for implementation IFRS in accordance with the announcement.

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

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

The accounting policies of the Group are as follow:

(a) Basis of consolidation

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

Subsidiaries

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

Non-controlling interests

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

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

Loss of control

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

Transactions eliminated on consolidation

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

Associates

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

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

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

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

Joint ventures

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

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

(b) Foreign currency translation

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

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

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

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

(c) Spare parts and supplies

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

(d) Assets under concession

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

Recognition

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

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

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

Assets under concession are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over its expected useful life but not over than the concession period under related concession agreement. When assets start operation before completion of concession agreement, management shall estimate useful life based on historical information of similar assets.

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

Buildings	4 - 30 years
Hydroelectric dams	19 - 30 years
Plant and machineries	2 - 30 years
Motor vehicles	5 - 15 years
Office equipment, furniture and fixtures	3 - 10 years

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

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

(e) Impairment of assets

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

(f) Borrowings

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

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

(g) Debentures

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

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

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

(h) Leases

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

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

(i) Employee benefits

Pension obligations

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

Resignation

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

Criteria for employee:

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

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

Retirement

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

Criteria for employee:

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

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

Other employee benefit obligations

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

(j) Provisions

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

(k) Current investments

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

(l) Related parties

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

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

(m) Cash and cash equivalents

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

(n) Revenue

Sales

The Group account for sales when:

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

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

Other services

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

Dividend income

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

(o) Derivatives

Cross currency

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

Interest rate collar contracts

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

(p) Operating segments

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

(q) Intangible assets

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

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

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

(r) Income tax

The Group records corporate income tax on an accrual basis. The Group does not recognise corporate income tax payable or receivable in future periods in respect of temporary differences. Income tax expense is recognised based on the operating result for the year after adjusted non-deductible expenses and others transaction under related Lao Tax Law and tax rate. Under Lao Tax Law and Accounting Law and related privileges as a listed company at LSX, tax expenses for the year are determined on the basis of the profit of the Group calculated.

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

3 Segment information

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

- Segment 1 Electricity generation
- Segment 2 Other businesses

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

For the year ended 31 December 2018

	Segment 1	Segment 2	Elimination	Total
		(in million Kip)		
Sales	1.137.430	-	-	1.137.430
Costs of sales	(532.735)	-	-	(532.735)
Segment result	604.695	-	-	604.695
Other income	26.476	-	-	26.476
Operating and administrative expenses	(169.215)	-	-	(169.215)
Net foreign exchange loss	(429.012)	-	-	(429.012)
Share of profit from investment in associates and joint ventures	-	620.558	-	620.558
Operating profit	32.944	620.558	-	653.502
Interest expenses	(588.553)	-	-	(588.553)
Net profit (loss) before income tax expense	(555.609)	620.558	-	64.949
Income tax expense	-	-	-	-
Profit (loss) for the year	**(555.609)**	**620.558**	**-**	**64.949**

For the year ended 31 December 2017

	Segment 1	Segment 2	Elimination	Total
		(in million Kip)		
Sales	1.219.825	-	-	1.219.825
Costs of sales	(489.057)	-	-	(489.057)
Segment result	730.768	-	-	730.768
Other income	25.710	-	-	25.710
Operating and administrative expenses	(140.850)	-	-	(140.850)
Net foreign exchange loss	(47.301)	-	-	(47.301)
Share of profit from investment in associates and joint ventures	-	410.703	-	410.703
Operating profit	568.327	410.703	-	979.030
Interest expenses	(491.902)	-	-	(491.902)
Net profit before income tax expense	76.425	410.703	-	487.128
Income tax expense	(15.943)	-	-	(15.943)
Profit for the year	**60.482**	**410.703**	**-**	**471.185**

4 Investments in subsidiaries

	Separate financial statements	
	2018	2017
	(in million Kip)	
Balance as at 1 January	82.760	81.260
Addition	2.400	1.500
Balance as at 31 December	**85.160**	**82.760**

During the years ended 31 December 2018 and 2017, there were increasing in investment in subsidiaries as follow:

Nam Bi Power Co., Ltd.

During 2018, the Company has additional investments in Nam Bi Power Co., Ltd. ("the Subsidiary"), incorporated in Lao PDR, totalling Kip 91.803 million, which has not yet been registered and presented in advance payment for assets under concession and investments, in Note 6 *(2017: Kip 363.668 million).*

EDL-Gen Solar Power Co., Ltd.

During 2018, the Company has additional investments in EDL-Gen Solar Power Co., Ltd. ("the Subsidiary"), incorporated in Lao PDR, totalling Kip 33.612 million, which has not yet been registered and presented in advance payment for assets under concession and investments, in Note 6.

During 2017, the Company has invested in the Subsidiary. The cash consideration is of Kip 265.340 million, in which Kip 1.500 million has been registered as paid-in capital and the remaining 263.840 has not yet been registered and presented in advance payment for assets under concession and investments in Note 6.

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

On 2 April 2018, the Company has paid for investment in share capital of EDL-Gen Operation and Maintenance Service Sole Co., Ltd. ("the Subsidiary"), incorporated in Lao PDR, at the amount of Kip 5.053 million, in which Kip 2.400 million has been registered as paid-in capital and the remaining Kip 2.653 million has not yet been registered and presented in advance payment for assets under concession and investment in Note 6.

Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income for the years ended 31 December 2018 and 2017 were as follows:

	Separate financial statement											
	Ownership interest		Type of	Paid-up capital		Cost		Impairment		Cost - net		Dividend income	
	2018	2017	business	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)					*(in million Kip)*							
EDL-Gen Solar Power Co., Ltd. ("EDL-Gen Solar")	60	60	Electricity generation	2.500	2.500	1.500	1.500	-	-	1.500	1.500	-	-
Nam Bi Power Co., Ltd. ("Nam Bi")	80	80	Electricity generation	80.000	80.000	81.260	81.260	-	-	81.260	81.260	-	-
EDL-Gen Operation and Maintenance Sole Co., Ltd. ("EDL-GEN O&M")	100	100	Maintenance service	2.400	-	2.400	-	-	-	2.400	-	-	-
Total						**85.160**	**82.760**	**-**	**-**	**85.160**	**82.760**	**-**	**-**

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

5 Investments in associates and joint ventures

	Note	Consolidated and Separate financial statements 2018	2017
		(in million Kip)	
Associates			
At 1 January		769.492	606.728
Share of net profit of associates		109.151	47.456
Dividend income		(55.913)	(64.170)
Addition		324.764	177.936
Transfer from advance payment for assets under concession and investments	*6*	623.178	-
Currency translation differences		1.152	1.542
At 31 December		**1.771.824**	**769.492**
Joint ventures			
At 1 January		1.836.902	1.690.438
Share of net profit of joint ventures		511.407	363.247
Dividend income		(436.203)	(275.064)
Addition		13.055	56.179
Currency translation differences		8.304	2.102
At 31 December		**1.933.465**	**1.836.902**
Total			
At 1 January		2.606.394	2.297.166
Share of net profit of associates and joint ventures		620.558	410.703
Dividend income		(492.116)	(339.234)
Addition		337.819	234.115
Transfer from advance payment for assets under concession and investments	*6*	623.178	-
Currency translation differences		9.456	3.644
At 31 December		**3.705.289**	**2.606.394**

During the years ended 31 December 2018 and 2017, there were increasing in investments in associates and joint ventures as follow:

Nam Thuen 1 Power Co., Ltd.

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

During 2018, The Company has additional investment in the associate totalling USD 38,59 million or equivalent to Kip 319.227 million. The Company's interest in this associate remains the same.

Don Sahong Power Co., Ltd.

During 2018, 20% of shares in Don Sahong Power Co., Ltd. (the "associate") has been transferred to the Company for cash consideration of USD 72 million or equivalent to Kip 605.016 million, refer to Share Transfer Agreement as disclosed in Note 4. Don Sahong Power Co., Ltd. is a hydropower plant under construction.

Nam Beng Power Co., Ltd.

During 2018, 10% of shares in Nam Beng Power Co., Ltd. (the "associate") has been transferred to the Company at the amount of Kip 18.162 million. The associate business is producing and distribution of electricity.

Nam Long Power Co., Ltd.

During 2018, the Company acquired 20% shareholding in Nam Long Power Co., Ltd. (the "associate") from its parent company with consideration paid at USD 0,65 million or equivalent to Kip 5.537 million. The associate business is producing and distribution of electricity.

Lower Houay Lamphanh Power Co., Ltd.

During 2018, Lower Houay Lamphanh Power Co., Ltd. (the "joint venture") has increased its share capital and the Company paid addition investment totalling USD 1,19 million or equivalent to Kip 10.025 million. The Company's interest in this joint venture remains the same.

Nam Dik 1 Hydro Power Co., Ltd.

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

Nam Phoun Power Co., Ltd.

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

During 2018, The Company has additional investment in the joint venture, totalling Kip 3.030 million. The Company's interest in the joint venture remains the same.

E&E Engineering and Service Co., Ltd.

On 2 October 2018, a subsidiary, EDL-Gen Operation and Maintenance Service Sole Co., Ltd. has established E&E Engineering and Service Co., Ltd. (the "joint venture") with registered capital at Kip 8.000 million. As at 31 December 2018, there is no paid-in capital.

Investments in associates and joint ventures as at 31 December 2018 and 2017, and dividend income for the years ended 31 December 2018 and 2017 were as follows:

	Ownership interest		Type of	Cost		Impairment		Cost - net		Equity		Dividend income	
	2018	2017	business	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)							(in million Kip)					
Associates													
Nam Ngum 2 Power Co., Ltd. ("Nam Ngum 2")	25	25	Electricity generation	454.742	454.742	-	-	454.742	454.742	464.621	422.953	55.913	64.170
Nam Lik 1-2 Power Co., Ltd. ("Nam Lik 1-2")	10	10	Electricity generation	32.240	32.240	-	-	32.240	32.240	84.664	75.675	-	-
Nam Ngum 5 Power Co., Ltd. ("Nam Ngum 5")	15	15	Electricity generation	80.022	80.022	-	-	80.022	80.022	100.137	95.299	-	-
Nam Thuen 1 Power Co., Ltd. ("Nam Thuen 1")	15	15	Electricity generation	497.163	177.936	-	-	497.163	177.936	492.144	175.565	-	-
Don Sahong Power Co., Ltd. ("DSPC")	20	-	Electricity generation	605.016	-	-	-	605.016	-	602.617	-	-	-
Nam Beng Power Co., Ltd. ("NBPC")	10	-	Electricity generation	18.162	-	-	-	18.162	-	22.032	-	-	-
Nam Long Power Co., Ltd. ("NL")	20	-	Electricity generation	5.537	-	-	-	5.537	-	5.609	-	-	-
Total				**1.692.882**	**744.940**	**-**	**-**	**1.692.882**	**744.940**	**1.771.824**	**769.492**	**55.913**	**64.170**

	Ownership interest		Type of	Cost		Impairment		Cost - net		Equity		Dividend income	
	2018	2017	business	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)							(in million Kip)					
Joint ventures													
Theun-Hinboun Power Co., Ltd. ("THPC")	60	60	Electricity generation	1.120.696	1.120.696	-	-	1.120.696	1.120.696	1.845.015	1.758.512	424.425	265.207
Houay Ho Power Co., Ltd. ("HHPC")	20	20	Electricity generation	1.171	1.171	-	-	1.171	1.171	17.922	16.972	11.778	9.857
Lower Houay Lamphanh Co., Ltd. ("LHPC")	60	60	Electricity generation	19.785	9.760	-	-	19.785	9.760	14.909	6.448	-	-
Nam Dik 1 Hydro Power Co., Ltd. ("Nam Dik 1")	70	70	Electricity generation	54.942	54.942	-	-	54.942	54.942	53.265	54.130	-	-
Nam Phoun Hydro Power Co., Ltd. ("NPPC")	51	51	Electricity generation	4.267	1.237	-	-	4.267	1.237	2.354	840	-	-
E&E Engineering and Service Co., Ltd. ("E&E")	60	-	Maintenance service	-	-	-	-	-	-	-	-	-	-
Total				**1.200.861**	**1.187.806**	**-**	**-**	**1.200.861**	**1.187.806**	**1.933.465**	**1.836.902**	**436.203**	**275.064**
Total associates and joint-ventures				**2.893.743**	**1.932.746**	**-**	**-**	**2.893.743**	**1.932.746**	**3.705.289**	**2.606.394**	**492.116**	**339.234**

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

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

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

6 Advance payment for assets under concessions and investments

		Consolidated financial statement		Separate financial statement	
	Note	2018	2017	2018	2017
		(in million Kip)		*(in million Kip)*	
At 1 January		4.436.159	3.133.596	5.101.121	3.169.551
Additions		2.494.457	1.288.980	2.622.525	1.917.987
Decrease		(23.976)	-	(23.976)	-
Transfer to investments in associates and joint ventures	*5*	(623.178)	-	(623.178)	-
Finance costs	*17*	15.210	13.583	15.210	13.583
Currency translation difference		-	-	12.498	-
At 31 December		**6.298.672**	**4.436.159**	**7.104.200**	**5.101.121**

The Company has advance payment for investments as at 31 December as follows:

	Type	Consolidated financial statement		Separate financial statement	
		2018	2017	2018	2017
		(in million Kip)		*(in million Kip)*	
Nam Bi	Subsidiary	-	-	455.471	363.668
EDL-Gen Solar	Subsidiary	-	-	347.404	301.294
EDL-GEN O&M	Subsidiary	-	-	2.653	-
Nam Khan 3	Assets	330.626	315.416	330.626	315.416
Nam Chiean 1	Assets	678.504	678.504	678.504	678.504
Nam Hinboun	Assets	205.955	205.955	205.955	205.955
Xeset 3	Assets	149.418	149.418	149.418	149.418
Nam Ngum 1 Ext DFE	Assets	488.809	488.494	488.809	488.494
Nam Ngum 1 Ext Unit 6	Assets	247.374	242.231	247.374	242.231
Nam Ou 2,5,6	IPP	364.640	364.640	364.640	364.640
Nam Ngiep 2	IPP	111.470	111.470	111.470	111.470
Nam Beng	IPP	-	42.138	-	42.138
Xekamam 3	IPP	232.163	232.163	232.163	232.163
Nam Lik 1	IPP	34.680	34.680	34.680	34.680
Nam Mang 1	IPP	37.596	37.596	37.596	37.596
Nam Tha 1	IPP	244.474	244.474	244.474	244.474
Xayaburi	IPP	3.172.963	683.964	3.172.963	683.964
DSPC	IPP	-	605.016	-	605.016
Total		**6.298.672**	**4.436.159**	**7.104.200**	**5.101.121**

Share Transfer Agreement ("Agreement") of Nam Beng Power Co., Ltd.

On 26 March 2018, the Company and EDL signed an agreement for the transfer of equity shareholdings of Nam Beng Power Co., Ltd.

Under this agreement, EDL agrees to transfer 10% of shareholding in Nam Beng Power Co., Ltd. to the Company at the amount of USD 2,3 million or equivalent to Kip 18.162 million, in which after deduction of advance payment for investment, EDL shall return USD 2,9 million, equivalent to Kip 23.976 million to the Company. As at 31 December 2018, investment in Nam Beng Power Co., Ltd. has been transferred to investment in associates and joint ventures as disclosed in Note 5.

Share Transfer Agreement ("Agreement") of Xayaburi Power Co., Ltd. and Don Sahong Power Co., Ltd.

On 11 June 2018, the Company and EDL signed an agreement for the transfer of equity shareholdings of Xayaburi Power Co., Ltd. and Don Sahong Power Co., Ltd.

Under this agreement, EDL agreed to transfer 20% of shareholding in Xayaburi Power Co., Ltd. and 20% of shareholding Don Sahong Power Co., Ltd. to the Company at the amount of USD 450 million. During 2018, shareholding in Don Sahong Power Co., Ltd. has been transferred to the Company as disclosed in Note 5. The remaining balance at USD 378 million or equivalent to Kip 3.172.963 million is presented as advance payment for investment in Xayaburi Power Co., Ltd. Which is in process of transferring as at 31 December 2018.

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

On 17 February 2014, the Company and EDL signed a MOU for the transfer of the project assets of Nam Khan 3 Hydro Project. According to the conditions in this MOU, EDL wish to transfer all assets of the project to the Company after the Commercial Operation Date ("COD") or at any other date as each party agree, under the conditions that i) if it is successful, the Company shall agree to fully reimburse EDL for all costs incurred by EDL up to the completion date and, on a continuing or recurring basis, up to and through the time of completion of transfer of ownership of the respective projects and ii) the Company shall be responsible to repay to EDL or to advance to EDL, on a continuing or recurring basis as both parties agreed, all of EDL's further financial obligations with respect to the Project as may be contractually required iii) Both parties intend to finalise relating documents and negation within 31 December 2018 iv) the total consideration to be paid by the Company to EDL is not overpay than USD 18,13 million. If there will be additional payment more than above incurred by EDL, the Company will pay this additional amount to EDL with under condition mentioned in this MOU.

Memorandum of Understanding ("MOU") for the share transfer of project assets of Nam Ou River Basin Hydropower Co.,Ltd.

On 19 January 2015, the Company and EDL signed MOU for the transfer of equity shareholding in Nam Ou River Basin Hydropower Co.,Ltd. This includes the project assets of Nam Ou 2, 5 and 6.

Under this MOU, the Company agree to fully reimburse EDL for all costs incurred by EDL up to the completion date and, on a continuing or recurring basis, up to and through the time of completion of transfer of ownership of the respective projects. In addition, the Company is responsible to repay to EDL or to pay in advance to EDL, on a continuing or recurring basis as both parties agreed, all of EDL's further financial obligations with respect to the project as may be contractually required. Both parties agree the selling price at the time of project transfer. The Company is required to pay the remaining balance after deduction of related advance to EDL. As at 31 December 2018, this investment is in process of transferring.

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

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

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

Under this MOU, the Company agree to fully reimburse EDL for all costs incurred by EDL up to the completion date and, on a continuing or recurring basis, up to and through the time of completion of transfer of ownership of the respective projects. In addition, the Company is responsible to repay to EDL or to pay in advance to EDL, on a continuing or recurring basis as both parties agreed, all of EDL's further financial obligations with respect to the Project as may be contractually required. Both parties agree the selling price at the time of project transferred project transfer, the Company is required to pay the remaining balance after deduction of related advance to EDL.

7 Assets under concession

	Consolidated financial statement						
	Buildings	Hydroelectric dams	Plant and machineries	Motor vehicles	Office equipment, furniture and fixtures	Construction in progress	Total
				(in million Kip)			
Cost							
At 1 January 2017	759.847	5.859.109	3.716.626	20.218	16.893	382.668	10.755.361
Additions	590	1.891	515.562	2.389	1.476	267.286	789.194
Disposals	(7)	-	-	(374)	(375)	-	(756)
Transfer	9.617	-	305.197	-	-	(314.814)	-
At 31 December 2017 and 1 January 2018	**770.047**	**5.861.000**	**4.537.385**	**22.233**	**17.994**	**335.140**	**11.543.799**
Additions	809	301	92.895	1.594	1.175	332.019	428.793
Disposals	(185)	-	-	(458)	(249)	-	(892)
Transfer	-	-	143.776	-	-	(143.776)	-
At 31 December 2018	**770.671**	**5.861.301**	**4.774.056**	**23.369**	**18.920**	**523.383**	**11.971.700**
Depreciation							
At 1 January 2017	142.982	629.221	532.717	8.405	6.699	-	1.320.024
Depreciation charged for the year	45.507	161.586	220.742	3.614	2.825	-	434.274
Disposals	(7)	-	-	(374)	(316)	-	(697)
At 31 December 2017 and 1 January 2018	**188.482**	**790.807**	**753.459**	**11.645**	**9.208**	-	**1.753.601**
Depreciation charged for the year	46.340	162.626	268.562	3.977	2.424	-	483.929
Disposals	(185)	-	-	(404)	(249)	-	(838)
At 31 December 2018	**234.637**	**953.433**	**1.022.021**	**15.218**	**11.383**	-	**2.236.692**
Net book value							
At 1 January 2017	**616.865**	**5.229.888**	**3.183.909**	**11.813**	**10.194**	**382.668**	**9.435.337**
At 31 December 2017 and 1 January 2018	**581.565**	**5.070.193**	**3.783.926**	**10.588**	**8.786**	**335.140**	**9.790.198**
At 31 December 2018	**536.034**	**4.907.868**	**3.752.035**	**8.151**	**7.537**	**523.383**	**9.735.008**

	Separate financial statement						
	Buildings	Hydroelectric dams	Plant and machineries	Motor vehicles	Office equipment, furniture and fixtures	Construction in progress	Total
				(in million Kip)			
Cost							
At 1 January 2017	759.847	5.859.109	3.716.626	19.460	16.794	360.634	10.732.470
Additions	590	1.891	404.920	2.389	1.244	17.269	428.303
Disposals	(7)	-	-	(374)	(375)	-	(756)
Transfer	9.617	-	305.197	-	-	(314.814)	-
At 31 December 2017 and 1 January 2018	**770.047**	**5.861.000**	**4.426.743**	**21.475**	**17.663**	**63.089**	**11.160.017**
Additions	809	301	92.895	711	788	264.767	360.271
Disposals	(185)	-	-	(458)	(249)	-	(892)
At 31 December 2018	**770.671**	**5.861.301**	**4.519.638**	**21.728**	**18.202**	**327.856**	**11.519.396**
Depreciation							
At 1 January 2017	142.982	629.221	532.717	8.351	6.695	-	1.319.966
Depreciation charged for the year	45.507	161.586	218.557	3.484	2.785	-	431.919
Disposals	(7)	-	-	(374)	(316)	-	(697)
At 31 December 2017 and 1 January 2018	**188.482**	**790.807**	**751.274**	**11.461**	**9.164**	-	**1.751.188**
Depreciation charged for the year	46.340	162.626	259.512	3.700	2.333	-	474.511
Disposals	(185)	-	-	(404)	(249)	-	(838)
At 31 December 2018	**234.637**	**953.433**	**1.010.786**	**14.757**	**11.248**	-	**2.224.861**
Net book value							
At 1 January 2017	**616.865**	**5.229.888**	**3.183.909**	**11.109**	**10.099**	**360.634**	**9.412.504**
At 31 December 2017 and 1 January 2018	**581.565**	**5.070.193**	**3.675.469**	**10.014**	**8.499**	**63.089**	**9.408.829**
At 31 December 2018	**536.034**	**4.907.868**	**3.508.852**	**6.971**	**6.954**	**327.856**	**9.294.535**

8 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
Cash on hands	231	189	187	180
Cash at banks	641.875	756.549	550.791	678.142
Total	**642.106**	**756.738**	**550.978**	**678.322**

The currency denomination of cash and cash equivalents as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
U.S. Dollars	481.211	556.379	403.721	485.255
Lao Kip	125.193	173.607	111.581	166.344
Thai Baht	35.702	26.752	35.676	26.723
Total	**642.106**	**756.738**	**550.978**	**678.322**

9 Current investments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
Cash at banks - fixed deposit	85.380	102.770	85.380	102.770
Short-term deposits	25.614	852.531	25.614	852.531
Total	**110.994**	**955.301**	**110.994**	**955.301**

The currency denomination of current investments as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
U.S. Dollars	110.994	935.301	110.994	935.301
Lao Kip	-	20.000	-	20.000
Total	**110.994**	**955.301**	**110.994**	**955.301**

10 Trade and other receivables

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in million Kip)			
Trade accounts receivable from related party	*23*	418.333	142.172	408.783	137.316
Other receivables from related parties	*23*	4.043	2.140	4.531	2.142
Others		7.063	5.140	2.210	5.140
Total		**429.439**	**149.452**	**415.524**	**144.598**

Aging analyses for trade receivables were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
Within credit term	182.751	103.908	173.201	99.052
Overdue				
Less than 3 months	135.209	38.264	135.209	38.264
3 - 6 months	100.373	-	100.373	-
Total	**418.333**	**142.172**	**408.783**	**137.316**

The currency denomination of trade and other receivables as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
U.S. Dollars	253.517	95.228	247.787	90.374
Lao Kip	175.922	54.224	167.737	54.224
Total	**429.439**	**149.452**	**415.524**	**144.598**

11 Share capital and share premium

		2018		2017	
	Par value per share (in Kip)	Number of shares	Amount	Number of shares	Amount
			(million shares/million Kip)		
Authorised					
At 1 January					
- Ordinary shares	*4.000*	1.679	6.717.215	1.679	6.717.215
At 31 December					
- Ordinary shares	*4.000*	**1.679**	**6.717.215**	**1.679**	**6.717.215**
Issued and paid-up					
At 1 January					
- Ordinary shares	*4.000*	1.679	6.717.215	1.679	6.717.215
At 31 December					
- Ordinary shares	*4.000*	**1.679**	**6.717.215**	**1.679**	**6.717.215**

Share premium

The Company incurs premium on share capital and related issuance share costs which is charged against the premium on share capital. As at 31 December 2018 and 2017, the net premium on share capital is Kip 985.621 million.

12 Legal reserve

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

13 Borrowings

		Consolidated and Separate financial statements	
	Note	2018	2017
		(in million Kip)	
Short-term borrowing		195.843	870.573
Current portion of long-term borrowings			
- Long-term borrowing from related party	*23*	458.951	442.848
- Long-term borrowing from financial institution		129.335	87.064
Total current interest-bearing liabilities		**784.129**	**1.400.485**
Non-current portion of long-term borrowings			
- Long-term borrowing from related party	*23*	3.358.466	3.710.946
- Long-term borrowing from financial institution		324.241	499.590
Less: deferred borrowing costs		(4.262)	(4.188)
Total non-current interest-bearing liabilities		**3.678.445**	**4.206.348**
Total interest-bearing liabilities		**4.462.574**	**5.606.833**

Movements in interest-bearing liabilities for the years ended 31 December 2018 and 2017 were as follow:

	Consolidated and Separate financial statements	
	2018	2017
	(in million Kip)	
At 1 January	5.606.833	1.053.453
Additions	635.061	5.005.960
Repayments	(1.924.419)	(528.419)
Amortisation of deferred borrowing costs	3.239	1.141
Effect from currency translation	141.860	74.698
At 31 December	**4.462.574**	**5.606.833**

During the years ended 31 December 2018 and 2017, there were increasing in interest, the Group has entered into significant new borrowing agreements as below:

Revolving Loan

On 22 December 2017, the Company signed revolving credit facility agreement with Vietin Bank Lao Limited for credit facility amounting to USD 23 million for the purpose of additional working capital. This borrowing has an interest rate of 4,5% per year, in which principal is due in six months after drawdown and interest is payable on a monthly basis. The Company received first drawdown amounting USD 5 million on 27 December 2017.

As at 31 December 2018, the outstanding balance amounted of USD 22,9 million or equivalent to Kip 195.843 million.

Debt Repayment Agreement

On 3 February 2017, the Company entered into the additional Debt Repayment Agreement ("the Agreement") totalling USD 482 million or equivalent to Kip 3.957.400 million with the EDL. EDL is a borrower pursuant to Nam Khan 2 and Houay Lamphanh Ngai Power Project under Sub-Loan Agreement No. 0227/EDL and 0220/EDL, dated 21 January 2013 with the Government of Lao PDR ("GOL") in which the original fund is provided from Export-Import Bank of China (the lender) and made through the GOL. In addition to the assets transfer, both parties agreed that the Company will make payments to EDL equal to payments due by EDL to the GOL, for the GOL's further repayments to the lender pursuant to the original borrowing agreements. These borrowings are unsecured and no other obligations other than the repayments required as per agreed schedules.

Long-term Borrowing Agreements

On 31 July 2017, the Company signed credit facility with The Banque Franco Lao Limited ("BFL") for credit facility amounting to EUR 17,20 million for working capital. This borrowing has an interest rate of EUR LIBOR 3 months+3,9% and is payable on a quarterly basis. The borrowing has been fully drawn down in 2017. The Company is required to comply with certain terms and conditions; for examples, debt service coverage ratio, gearing ratio and dividend payment.

On 20 December 2017, the Company signed credit facility agreement with Industrial and Commercial Bank of China Vientiane branch ("ICBC") for credit facility amounting to USD 40 million for the purpose of additional working capital. This borrowing has an interest rate of LIBOR 6 months+3,20%, which consist of Tranche A Facility amounting to USD 30 million and Tranche B Facility amounting to USD 10 million. The Company received both facilities A and B totalling USD 40 million, equivalent to Kip 332.440 million, on 2 January 2018 and the borrowing shall be due in 3 year after the drawdown. In addition, the Company is required to comply with certain terms and conditions; for examples, debt service coverage ratio, gearing ratio and dividend payment.

The periods to maturity of interest-bearing liabilities as at 31 December 2018 and 2017 were as follows:

	Consolidated and Separate financial statements	
	2018	2017
	(in million Kip)	
Within one year	784.129	1.400.485
After one year but within five years	1.750.121	1.964.412
After five years	1.928.324	2.241.936
Total	**4.462.574**	**5.606.833**

The currency denomination of interest-bearing liabilities as at 31 December 2018 and 2017 were as follows:

	Consolidated and Separate financial statements	
	2018	2017
	(in million Kip)	
U.S. Dollars	4.264.661	5.393.810
Euro	166.483	168.185
Japanese Yen	31.430	44.838
Total	**4.462.574**	**5.606.833**

Details of the Company's borrowings from financial institutions as at 31 December 2018 were as follows:

Currency	**Facilities** *(in million)*	**Interest Rates** *(% p.a.)*	**Repayment Terms**
USD	23	4,5%	Principal is repayable within one year.
EUR	17	EURIBOR 3 months+3,9%	Principal is repayable on a quarterly basis, commencing from August 2019.
USD	40	LIBOR 6 months+3,2%	Principal is repayable on a quarterly basis, commencing from July 2018.

Unutilised credit facility

As at 31 December 2018, a subsidiary has unutilised long-term credit facility amounting to USD 234 million or equivalent to Kip 2.086.444 million. The borrowing shall bear interest at LIBOR plus margin and shall be payable on a semi-annual basis for the period of 15 years. This borrowing is guaranteed by the Company.

14 Debentures

	Consolidated and Separate financial statements	
	2018	2017
	(in million Kip)	
Current portion of debentures	401.145	-
Non-current portion of debentures	7.658.263	4.222.933
Deferred finance costs	(125.642)	(70.051)
Net	**7.933.766**	**4.152.882**

Movements in debentures for the years ended 31 December 2018 and 2017 were as follow:

	Consolidated and Separate financial statements	
	2018	2017
	(in million Kip)	
At 1 January	4.152.882	3.985.936
Addition - net	3.532.989	-
Amortisation of deferred finance cost	10.292	4.186
Effect from currency translation	237.603	162.760
At 31 December	**7.933.766**	**4.152.882**

On 13 July 2018, the Company has issued and offered unsubordinated and unsecured debentures (the "debentures") in Thailand to high net worth investors and institution investors, totalling Baht 13.660,4 million or equivalent to Kip 3.532.989 million. The debentures bear fixed-rate interest and shall be paid semi-annually on 13 January and 13 July, principle shall be repaid on maturity date.

Summary key terms and conditions of unsubordinated and unsecured debentures as at 31 December 2018 are as below:

	Amount *(in million)*	Interest rate *(% p.a.)*	Years	Interest payment	Maturity date
2014-Series 1	Baht 1.500,0	4,95%	5	Semi-annual basis	12 December 2019
2014-Series 2	Baht 2.000,0	5,20%	7	Semi-annual basis	12 December 2021
2014-Series 3	Baht 3.000,0	5,45%	10	Semi-annual basis	12 December 2024
2016-Series 1	USD 51,0	5,00%	7	Semi-annual basis	2 September 2023
2016-Series 2	USD 166,0	5,59%	10	Semi-annual basis	2 September 2026
2016-Series 3	USD 95,0	5,98%	12	Semi-annual basis	2 September 2028
2018-Series 1	Baht 3.810,3	3,90%	3	Semi-annual basis	13 July 2021
2018-Series 2	Baht 4.078,1	4,50%	5	Semi-annual basis	13 July 2023
2018-Series 3	Baht 1.443,1	4,85%	7	Semi-annual basis	13 July 2025
2018-Series 4	Baht 1.897,9	5,50%	10	Semi-annual basis	13 July 2028
2018-Series 5	Baht 809,8	6,00%	12	Semi-annual basis	13 July 2030
2018-Series 6	Baht 1.621,2	6,25%	15	Semi-annual basis	13 July 2033

The periods to maturity of debentures as at 31 December 2018 and 2017 were as follows:

	Consolidated and Separate financial statements	
	2018	2017
	(in million Kip)	
Within one year	401.145	-
After one year but within five years	3.080.556	877.135
After five years	4.577.707	3.345.798
Less: Deferred finance cost	(125.642)	(70.051)
Net	**7.933.766**	**4.152.882**

15 Accrued expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
Accrued interest expense	158.997	87.160	158.997	87.160
Accrued royalty fees and other tax	10.889	16.489	10.280	16.151
Others	6.610	7.573	6.610	7.456
Total	**176.496**	**111.222**	**175.887**	**110.767**

16 Expenses by natures

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
Depreciation expense	483.929	434.274	474.511	431.919
Personnel expense	62.988	58.557	61.018	57.413
Dividend tax expense	49.222	33.322	49.222	33.322
Repair and maintenance expenses	15.320	21.262	13.978	21.105
Others	90.491	82.492	83.902	78.338
Total	**701.950**	**629.907**	**682.631**	**622.097**

17 Finance costs

	Consolidated and Separate financial statements	
	2018	2017
	(in million Kip)	
Interest expense from debentures	332.101	262.228
Interest expense from borrowing from related party	198.116	211.836
Interest expense from borrowing from financial institutions	41.757	19.743
Others	31.789	11.678
Total	**603.763**	**505.485**
Less: interest capitalised to advance payment for assets under concession and investments	(15.210)	(13.583)
Net	**588.553**	**491.902**

18 Income tax

According to the Concession Agreement with the Government of Lao PDR, the Company shall pay taxes on its net taxable income at a rate of ten percent (10%) in accordance with applicable Laws, subject to further reduction to the rate of five percent (5%) during an initial period of four (4) years from the date of Company registration in accordance with the Enactment of the President of Lao PDR regarding Corporate Income Tax and Fee for Securities and Exchange, No. 1/ President, date 28 December 2010.

From the 1st quarter of 2015 onwards, the Company records corporate income tax at the current rate of 10% on net profit after the adjustments for non-deductible expenses and others according to the Tax Law effective on 1 October 2012 on an accrual basis.

The Company does not recognise corporate income tax payable or receivable in future periods in respect of temporary difference. Income tax expense is recognised based on the operating result for the related period and the applicable tax rate.

The Group's effective tax rate for the year ended 31 December 2018 and 2017 were 0,0% and 3,2%. The difference between effective tax rate and the rate prescribed in Concession Agreements was mainly caused by income that is not subjected to tax.

19 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements		**Separate financial statements**	
	2018	2017	2018	2017
	(in million Kip)			
Profit attributable to ordinary shareholders of the Company	66.959	472.448	74.798	472.147
Number of shares outstanding *(in million shares)*	1.679	1.679	1.679	1.679
Basic earnings per share *(in Kip)*	**39,87**	**281,34**	**44,54**	**281,16**

20 Dividends

The Ordinary Board of Director's Meeting, held on 22 August 2018, has approved interim dividend payment in respect of net profit for the six-month period from 1 January to 30 June 2018 of Kip 110 per share amounting to a total of Kip 184.723 million. This dividend was paid during October 2018.

The annual general meeting of Shareholders, held on 6 April 2018, has approved interim dividend payment in respect of net profit for the six-month period from 1 July to 31 December 2017 of Kip 180 per share amounting to a total of Kip 302.275 million. This dividend was paid during May 2018.

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

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

21 Financial instruments

Financial risk management policies

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

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

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

Foreign currency risk

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

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

As at 31 December 2018, except for the above, management had no formal policies and had not used any financial instruments or derivatives to manage their foreign exchange risk from borrowings. However, management has monitored the movements of foreign exchange rates on a timely basis and may use financial instruments or derivatives to manage this risk if management sees that it is necessary. Consequently, significant fluctuations in exchange rates could have a material adverse effect on the Group's business, results of operations, financial conditions and prospects.

Interest rate risk

The interest risk mainly arises from borrowings and debentures.

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

Debentures issued in Baht and U.S. Dollars with fixed interest rate. Derivative instruments are entered into to manage related interest rates risk.

As at 31 December 2018, the Company has derivative contracts as below:

(a) Interest rate swap contracts

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

(b) Interest rate collar contracts

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

Credit risk

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

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

Liquidity risk

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

Capital risk management

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

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

22 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
Capital commitments				
Contracted but not provided for:				
Design, construction and installment for machinery and equipment and project construction	2.195.241	2.500.879	203.667	483.555
Non-cancellable operating lease commitments				
Within one year	8.963	262	7.919	262
After one year but within five years	5.313	1.100	1.136	1.100
After five years	26.483	6.506	6.409	6.506
Total	**40.759**	**7.868**	**15.464**	**7.868**

Other significant agreements and arrangements

Concession Agreement ("CA")

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

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

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

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

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

Cooperation Agreement for Pak Beng Hydro Power Project

On 7 September 2016, the Company signed a Cooperation Agreement with China Datang Overseas Investment Co., Ltd. to establish Pak Beng Hydroelectric Power Project. As at 31 December 2018, certain condition precedents according to the agreement are in process, therefore the establishment is not yet finalised.

23 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Name of entities	Country of incorporation/ nationality	Nature of relationships
Electricite Du Laos	Lao PDR	Parent company
Nam Bi Power Co., Ltd.	Lao PDR	Subsidiary
EDL-Gen Solar Power Co., Ltd.	Lao PDR	Subsidiary
EDL-Gen Operation and Maintenance Sole Co., Ltd.	Lao PDR	Subsidiary

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

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

Significant transactions for the years ended 31 December 2018 and 2017 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
Parent company				
Sales	1.137.430	1.219.825	1.116.867	1.215.414
Interest expense	198.116	211.836	198.116	211.836
Interest income	20.379	526	20.379	526

As at 31 December 2018, certain assets and IPPs which are Nam Ngum 1 Ext DFE, Nam Ngum 1 Ext unit 6, Nam Ngiep 2 and Nam Mang 1 are in process of transferring from EDL to the Company, in which Nam Ngum 1 Ext DFE has generated electricity totalling 357.750.118 kwh during 2018. However, Power Purchase Agreement is not yet finalised and the relevant cost of production cannot be reliably estimated, the Company has not yet recognised revenue and costs from the production in profit or loss.

Balances as at 31 December 2018 and 2017 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
Advance payment for assets under concession and investments				
Parent company				
Electricite Du Laos	6.245.960	4.398.656	6.245.960	4.398.656
Subsidiary				
Nam Bi Power Co., Ltd.	-	-	455.471	363.668
EDL-Gen Solar Power Co., Ltd.	-	-	347.404	301.295
EDL-Gen Operation and Maintenance Sole Co., Ltd.	-	-	2.653	-
	6.245.960	**4.398.656**	**7.051.488**	**5.063.619**
Short-term loan to related party				
Parent company				
Electricite Du Laos	486.666	463.392	486.666	463.392

Movements of short-term loan to related party during the years ended 31 December 2018 and 2017 were as follows:

	Consolidated and Separate financail statements	
	2018	2017
	(in million Kip)	
At 1 January	463.392	-
Additions	296.917	463.784
Repayments	(295.242)	-
Effect from currency translation	21.599	(392)
At 31 December	**486.666**	**463.392**

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
Trade and other receivables				
Parent company				
Electricite Du Laos	422.376	144.312	412.826	138.970
Subsidiary				
Nam Bi Power Company Limited	-	-	488	488
Total	**422.376**	**144.312**	**413.314**	**139.458**

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in million Kip)			
Long-term borrowings				
Parent company				
Electricite Du Laos				
- Current portion	458.951	442.848	458.951	442.848
- Long-term portion	3.358.466	3.710.946	3.358.466	3.710.946
Total	**3.817.417**	**4.153.794**	**3.817.417**	**4.153.794**

Movements of long-term borrowings from related party during the years ended 31 December 2018 and 2017 were as follows:

	Consolidated and Separate financail statements	
	2018	2017
	(in million Kip)	
At 1 January	4.153.794	576.824
Additions	-	3.958.365
Repayments	(451.446)	(441.852)
Effect from currency translation	115.069	60.457
At 31 December	**3.817.417**	**4.153.794**

Significant agreements with related parties

Power Purchase Agreement ("PPA")

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

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

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

Employees transferred from EDL

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

Debt Repayment Agreement

The Company entered into the Debt Repayment Agreement ("the Agreement") with the EDL. EDL is a borrower pursuant to several borrowing agreements with the Government of the Lao PDR ("GOL") in which the original funds were provided from various lenders and made through the GOL. In addition to the asset transfer, the Company has agreed with EDL that the Company will make payments on the outstanding debts to EDL and EDL will make such payments to the GOL, for the GOL's further repayments to the lenders pursuant to the original borrowing agreements. These borrowings are unsecured and no other obligations other than the repayments required as per agreed schedules.

24 Events after the reporting period

Dividend

At the meeting of the Board of Directors of the Company held on 18 March 2019, the Company's Board of Directors approved the submission for approval at the annual general meeting of the shareholders of the Company the appropriation of dividends for the six-month period from 1 July 2018 to 31 December 2018 at Kip 160 per share, totalling Kip 268.689 million. This dividend is subject to the approval of the Company's shareholders at the annual general meeting to be held on in April 2019.

Issuance of unsubordinated and unsecured debentures

On 30 January 2019, the Company has issued additional unsubordinated and unsecured debentures in Thailand to high net worth investors and institution investors, totalling Baht 3.840 million or to equivalent Kip 1.064.102 million. The debentures bear fixed-rate interest rate from 4,5% to 6,5% and shall be paid semi-annually, the principle shall be repaid on maturity dates.

Short-term loan to related party

On 11 February 2019, the Company entered into secured Short-term Loan Agreement ("the agreement") with EDL whereby the Company shall lend USD 10 million or equivalent to Kip 85.640 million to EDL with interest rate as agreed by both parties. The loan will be due in May 2019.

Transferring investment in assets under concession and investments to investment in associate

On 29 January 2019, 20% of shares in Xayaburi Power Co., Ltd. (the "associate") has been transferred to the Company in which the Company has paid cash consideration at USD 378 million or equivalent to Kip 3.172.963 million in advance as presented as advance payment for assets under concession and investment in Note 6. Xayaburi Power Co., Ltd. is hydropower plant under construction.

25 Supplementary information

The Group presents the unaudited statement of income for the three-month period ended 31 December 2018 under this note to the financial statements for the year ended 31 December 2018. This is in accordance with the reporting and disclosure regulation issued by Lao Securities and Exchange Commission Office.

Summary of statement of income (Unaudited)
For the three-month period ended 31 December 2018

	Consolidated financial statement	**Separate financial statement**
	(in million Kip)	
Sales	249.452	243.173
Cost of sales	(174.819)	(171.418)
Gross profit	74.633	71.755
Other income	(2.358)	(2.358)
Operating and administrative expenses	(33.992)	(30.926)
Foreign exchange loss	(13.830)	(12.534)
Share of profit from investments in associates and joints ventures	200.787	200.787
Operating profit	**225.240**	**226.724**
Finance costs	(169.343)	(169.343)
Profit for the period	**55.897**	**57.381**