

Nam Ngum 2 Power Company Limited
Audit report and financial statements
31 December 2022

Independent Auditor's Report

To the Shareholders of Nam Ngum 2 Power Company Limited

Opinion

I have audited the accompanying financial statements of Nam Ngum 2 Power Company Limited ("the Company"), which comprise the statement of financial position as at 31 December 2022, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nam Ngum 2 Power Company Limited as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 my 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am responsible for the audit resulting in this independent auditor's report.

Wilai Sunthornwanee

Certified Public Accountant (Thailand) No. 7356

EY Office Limited

Bangkok: 15 February 2023

Nam Ngum 2 Power Company Limited

Statement of financial position

As at 31 December 2022

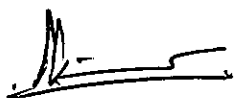
			(Unit: Baht)
	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Assets			
Non-current assets			
Plant and equipment	5	16,118,870,214	17,139,422,133
Intangible assets		24,335,998	29,228,741
Right-of-use assets	6	23,884,926	25,787,871
Finance lease receivable - related party, net of current portion	19	3,591,625,972	3,708,787,981
Long-term restricted bank deposit	7	400,000,000	400,000,000
Other non-current assets		3,000,449	3,064,726
Total non-current assets		<u>20,161,717,559</u>	<u>21,306,291,452</u>
Current assets			
Spare parts and supplies		11,680,711	12,856,594
Trade and other receivables	8, 19	529,581,447	479,960,551
Current portion of finance lease receivable - related party	19	682,365,449	551,577,560
Other current assets	9	29,458,021	32,841,021
Cash and cash equivalents	10	2,758,773,014	1,686,984,401
Total current assets		<u>4,011,858,642</u>	<u>2,764,220,127</u>
Total assets		<u><u>24,173,576,201</u></u>	<u><u>24,070,511,579</u></u>

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

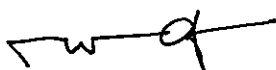
Nam Ngum 2 Power Company Limited
Statement of financial position (continued)
As at 31 December 2022

			(Unit: Baht)
	Notes	2022	2021
Equity and liabilities			
Equity			
Issued capital	11	8,809,000,000	8,809,000,000
Retained earnings		2,213,396,414	1,515,213,110
Statutory reserve	12	88,090,000	88,090,000
Total equity		11,110,486,414	10,412,303,110
Non-current liabilities			
Debentures, net of current portion	13	11,159,764,039	12,347,808,903
Lease liabilities, net of current portion	6, 19	27,175,698	27,992,771
Provision for long-term employee benefits		21,223,777	18,212,670
Total non-current liabilities		11,208,163,514	12,394,014,344
Current liabilities			
Trade and other payables	14, 19	150,503,550	301,672,544
Current portion of debentures	13	1,321,121,096	626,174,247
Current portion of lease liabilities	6, 19	1,656,856	1,580,981
Income tax payable		23,185,803	-
Other current liabilities		3,750,589	3,260,021
Other liabilities - related party	19	354,708,379	331,506,332
Total current liabilities		1,854,926,273	1,264,194,125
Total liabilities		13,063,089,787	13,658,208,469
Total equity and liabilities		24,173,576,201	24,070,511,579

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



Mr. Thanawat Trivisvavet



Mr. Wisate Chungwatana

Directors



Nam Ngum 2 Power Company Limited
Statement of comprehensive income
For the year ended 31 December 2022

			(Unit: Baht)
	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Profit or loss:			
Income			
Revenue from sales of electricity	19	3,273,588,329	3,414,343,887
Other income			
Interest income	19	333,412,570	353,689,850
Gain on exchange		24,120,991	38,398,140
Others		<u>18,659,869</u>	<u>5,566,941</u>
Total income		<u>3,649,781,759</u>	<u>3,811,998,818</u>
Expenses			
Cost of sales of electricity		(1,771,072,104)	(1,822,823,924)
Administrative expenses		<u>(207,260,434)</u>	<u>(202,634,063)</u>
Total expenses		<u>(1,978,332,538)</u>	<u>(2,025,457,987)</u>
Profit before finance cost and income tax expenses		1,671,449,221	1,786,540,831
Finance cost	16	<u>(501,047,589)</u>	<u>(531,541,261)</u>
Profit before income tax expenses		1,170,401,632	1,254,999,570
Income tax expenses	17	<u>(31,768,328)</u>	<u>(27,266,173)</u>
Profit for the year		<u>1,138,633,304</u>	<u>1,227,733,397</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>1,138,633,304</u></u>	<u><u>1,227,733,397</u></u>
Basic earnings per share	18	<u>1.29</u>	<u>1.39</u>

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

Nam Ngum 2 Power Company Limited

Statement of changes in equity

For the year ended 31 December 2022

(Unit: Baht)

	Issued capital	Retained earnings	Statutory reserve	Total
As at 1 January 2021	8,809,000,000	948,154,713	88,090,000	9,845,244,713
Profit for the year	-	1,227,733,397	-	1,227,733,397
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	1,227,733,397	-	1,227,733,397
Dividend payment (Note 20)	-	(660,675,000)	-	(660,675,000)
As at 31 December 2021	<u>8,809,000,000</u>	<u>1,515,213,110</u>	<u>88,090,000</u>	<u>10,412,303,110</u>
As at 1 January 2022	8,809,000,000	1,515,213,110	88,090,000	10,412,303,110
Profit for the year	-	1,138,633,304	-	1,138,633,304
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	1,138,633,304	-	1,138,633,304
Dividend payment (Note 20)	-	(440,450,000)	-	(440,450,000)
As at 31 December 2022	<u>8,809,000,000</u>	<u>2,213,396,414</u>	<u>88,090,000</u>	<u>11,110,486,414</u>

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

Nam Ngum 2 Power Company Limited

Statement of cash flows

For the year ended 31 December 2022

	(Unit: Baht)	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Profit before tax	1,170,401,632	1,254,999,570
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	1,054,951,502	1,053,841,827
Unrealised loss on exchange	1,131,560	3,688,521
Gain on sales/write-off of equipment	(395,120)	(567,973)
Provision for long-term employee benefits	3,011,107	2,857,392
Interest income	(333,412,570)	(353,689,850)
Interest expenses	484,198,558	508,496,442
Amortisation of deferred transaction costs on issuance of debentures	11,955,136	17,715,736
Operating profit before working capital changes	2,391,841,805	2,487,341,665
(Increase)/decrease in:		
Other non-current assets	64,277	(64,277)
Spare parts and supplies	1,175,883	(4,422,623)
Trade and other receivables	(51,359,167)	(148,666,664)
Other current assets	967,426	(7,187,117)
Increase/(decrease) in:		
Trade and other payables	150,167,267	193,424,159
Other current liabilities	490,568	317,263
Cash flows from operating activities	2,493,348,059	2,520,742,406
Corporate income tax paid	(6,166,951)	(8,292,040)
Net cash flows from operating activities	<u>2,487,181,108</u>	<u>2,512,450,366</u>
Cash flows from investing activities		
Cash receipt from finance lease receivable - related party, principal	2,638,937	9,960,517
Cash receipt from finance lease receivable - related party, interest	8,528,357	36,647,005
Increase of plant and equipment	(27,244,955)	(13,898,897)
Proceed from sales of equipment	395,181	604,724
Interest received	8,935,686	5,170,686
Net cash flows from (used in) investing activities	<u>(6,746,794)</u>	<u>38,484,035</u>

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

Nam Ngum 2 Power Company Limited**Statement of cash flows (continued)****For the year ended 31 December 2022**

	(Unit: Baht)	
	<u>2022</u>	<u>2021</u>
Cash flows from financing activities		
Payment of principal portion of lease liabilities	(1,520,581)	(951,448)
Payment of interest on lease liabilities	(813,771)	(753,559)
Repayment of debentures	(500,000,000)	(1,000,000,000)
Interest paid	(465,235,889)	(496,200,271)
Dividend paid	<u>(440,450,000)</u>	<u>(660,675,000)</u>
Net cash flows used in financing activities	<u>(1,408,020,241)</u>	<u>(2,158,580,278)</u>
Net increase in cash and cash equivalents	1,072,414,073	392,354,123
Effect of exchange rate changes on cash and cash equivalents	(625,460)	309,849
Cash and cash equivalents at beginning of year	<u>1,686,984,401</u>	<u>1,294,320,429</u>
Cash and cash equivalents at end of year	<u><u>2,758,773,014</u></u>	<u><u>1,686,984,401</u></u>
 Supplemental disclosures cash flows information		
Non-cash transactions		
Increase in equipment from other payables	359,001	296,119
Increase in right-of-use assets from lease liabilities	-	2,630,355
Offsetting of finance lease receivable - related party with trade payable	299,681,546	-

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

Nam Ngum 2 Power Company Limited

Notes to financial statements

For the year ended 31 December 2022

1. Corporate information

- a) Nam Ngum 2 Power Company Limited ("the Company") is a limited company incorporated under the laws of the Lao People's Democratic Republic. The major shareholder of the Company is SouthEast Asia Energy Limited ("the Parent Company"), which was incorporated in Thailand. The major shareholder of SouthEast Asia Energy Limited is CK Power Public Company Limited ("the Parent Company of the Group"), which has control over the Company through SouthEast Asia Energy Limited.

The Company is principally engaged in the generation and sale of electricity from the Nam Ngum 2 Hydroelectric Power Project in the Lao People's Democratic Republic. On 26 March 2011, the Company has commenced the Initial Operation Date (IOD) as specified in the Power Purchase Agreement with the Electricity Generating Authority of Thailand.

The Company's registered office is located at 215 Lanexang Avenue, Baan Chiengyuen, Muang Chantaburi, Kamphaeng Nakorn, Vientiane, Lao People's Democratic Republic.

The financial statements of Nam Ngum 2 Power Company Limited for the year ended 31 December 2022 were authorised for issue by the Company's Board of Directors on 15 February 2023.

- b) On 26 May 2006, the Company and the branch of the Parent Company mutually entered into a service agreement with a related company for consultancy services relating to operation of machinery and maintenance for the Nam Ngum 2 Hydroelectric Power Project at the rate specified in the agreement. The first payment of the service fee will be made in the year in which the Initial Operation Date takes place.
- c) On 27 December 2007, the Company entered into an agreement to transfer all rights and obligations under the Power Purchase Agreement ("PPA") with the Electricity Generating Authority of Thailand ("EGAT") from the branch of the Parent Company to the Company at the energy tariff rate specified in the PPA for a period of 25 years commencing from the Commercial Operation Date.
- d) On 9 January 2008, the branch of the Parent Company entered into novation agreements to transfer all rights and obligations under the Concession Agreement and other agreements relating to the Nam Ngum 2 Hydroelectric Power Project to the Company.

The Nam Ngum 2 Hydroelectric Power Project's Concession Agreement, transferred from the branch of the Parent Company to the Company, is the agreement made with the Government of the Lao People's Democratic Republic on a BOOT basis (Build-Own-Operate and Transfer) to design, develop, construct and operate the Nam Ngum 2 Hydroelectric Power Project for a period of 25 years commencing from the Commercial Operation Date (1 September 2013) to sell electricity to EGAT. At the end of the concession period, the Company shall transfer the Nam Ngum 2 Hydroelectric Power Project to the Government of the Lao People's Democratic Republic. However, the Company has the right to a contract period extension under terms and conditions as may then be agreed by the parties.

Under the Concession Agreement, the Company has commitment to pay royalty fees and taxes to the Government of the Lao People's Democratic Republic for a certain period and at the rates specified under such Concession Agreement.

- e) On 25 June 2009, the Company entered into an Agreement on Operation and Maintenance of Dam and Powerhouse for Nam Ngum 2 Hydroelectric Power Project with a related company at the rates specified in the agreement. The period of this agreement is valid until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.

Subsequently, on 1 April 2016, the Company entered into an Agreement to transfer rights on Operation and Maintenance of Dam and Powerhouse for Nam Ngum 2 Hydroelectric Power Project from the related company to a related party at the rates specified in the agreement. The period of this agreement is valid until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.

- f) On 15 January 2010, the Company entered into an Agreement on Operation and Maintenance of Transmission Systems for Nam Ngum 2 Hydroelectric Power Project with a related party at the rates specified in the agreement. The period of this agreement is valid until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.
- g) On 1 August 2019, the Company entered into the agreement on the Nabong substation upgrading and lease with the Government of the Lao People's Democratic Republic ("the GOL"), whereby the GOL is to lease assets of Nabong substation from the Company at rental rates as specified in the agreement. The contractual period of this agreement commences from 1 January 2019 to the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.

In the same day, the Company entered into the Nabong interconnection and transmission agreement with the GOL at charge rates as specified in the agreement. The contractual period of this agreement commences from 1 January 2019 to the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Thai Baht ("Baht").

2.2 Standards that became effective in the current year

Below is a summary of new and revised accounting standards that became effective in the current accounting year.

- Amendments to IFRS 3: Reference to the Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts - Costs of Fulfilling a Contract
- IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture - Taxation in fair value measurements

These amendments do not have any significant impact on the financial statements.

2.3 Summary of significant accounting policies

(a) Foreign currency translation

The financial statements are presented in Baht, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies outstanding on the reporting date are retranslated into Baht at the rates ruling on the reporting date. All differences are taken to profit or loss in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(b) Revenues and expenses recognition

Revenue from sale of electricity

Revenue from sales of electricity is recognised on the basis of actual electricity sales to EGAT, referring to the number of units sold and the applicable tariff rates.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

Other revenues and expenses

Other revenues and expenses are recognised on an accrual basis.

(c) Financial instruments

Financial assets

Financial assets are classified, at initial recognition and subsequently measured, at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets at amortised cost

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes cash and cash equivalents, long-term restricted bank deposit, and trade and other receivables.

Financial liabilities

All interest-bearing loans / debentures are initially recognised at the fair value of the consideration received net of directly attributable transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss in statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in profit or loss.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss in statement of comprehensive income.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Company considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables and finance lease receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The carrying amount of the asset is reduced through the use of an allowance account. The amount of the impairment loss shall be recognised in profit or loss in statement of comprehensive income.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Plant and equipment/depreciation

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These costs include the cost of replacing part of such equipment when that cost is incurred if the recognition criteria are met.

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Nam Ngum 2 Hydroelectric Power Project	6, 27 years
Leased asset improvements	10 to 24 years
Equipment, furniture and office equipment	3, 5, 6, 10, 20 years
Motor vehicles	5, 8, 10 years

No depreciation is provided on assets under construction.

The carrying values of the plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in statement of comprehensive income in the year the asset is derecognised.

The residual values, useful lives and depreciation methods of the assets are reviewed, and adjusted if appropriate, at each financial year end.

(e) Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at the end of each reporting period. The amortisation expense is charged to profit or loss.

Intangible assets of the Company with finite useful lives comprise computer software, and have useful lives of 3 and 10 years.

(f) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for public traded companies or other available fair value indicators.

(g) Spare parts and supplies

Spare parts and supplies are valued at the lower of cost (under the weighted average method) and net realisable value and are charged to production costs whenever consumed.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less and no subject to withdrawal restrictions.

(i) **Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and land improvement	19 years
Motor vehicles	5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases.

The Company considers that the arrangement under the Power Purchase Agreement (“PPA”) with EGAT contains a lease. Since the Company retains the principal risks and rewards from its ownership in the power plant, the arrangement is considered to be an operating lease.

The power plant is capitalised as plant and equipment and depreciated over its useful life.

There is no future minimum payment by EGAT under the terms of the PPA, it is deemed appropriate to recognise revenue on the basis of actual electricity sales, referring to the number of units sold and the applicable tariff rates.

The Nabong substation upgrading and lease with the Government of the Lao People's Democratic Republic (“the GOL”) is a lease under which the Company transfers the risks and rewards of ownership to the lessee, excluding legal ownership and is deemed finance lease. The Company recognises income from financial lease by using EIR method over the lease term.

(j) Employee benefits

Short-term employee benefits

Salaries, annual rewards and related employment welfare are recognised as expenses when incurred.

Post-employment benefits - Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

(k) Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Concession Agreement. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(I) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3. Significant accounting judgements

The preparation of the Company's financial statements requires management to make judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

Judgements

Concession Agreement

The Company's management considers the arrangement under the Concession Agreement with the Government of the Lao People's Democratic Republic to be outside the scope of IFRIC 12, and recorded all expenditures and other related costs incurred during the construction of the hydroelectric power plant as plant and equipment in the statement of financial position.

Power Purchase Agreement

The Company's management considers the arrangement under the Power Purchase Agreement with EGAT to constitute a lease. Further details are contained in note 2.3 (i).

Functional Currency

The Company's management considers the Company's functional currency to be Baht, since this is the currency that will mainly influence the selling price of electricity, and the costs of the Company's sales. It is also the currency in which, in comparison with the US dollar, funds from financing activities are more likely to be generated, and in which receipts from operating activities are more likely to be retained.

4. Standards issued but not yet effective

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these standards, if applicable, when they become effective.

Standards are effective for fiscal years beginning on or after 1 January 2023

- IFRS 17 Insurance Contracts
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Standard is effective for fiscal years beginning on or after 1 January 2024

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

At present, the management of the Company is evaluating the impact of these standards to the financial statements in the period of initial application.

5. Plant and equipment

(Unit: Thousand Baht)

	Nam Ngum 2		Equipment, furniture and office equipment	Motor vehicles	Assets under construction	Total
	Hydroelectric Power Project	Leased asset improvements				
Cost						
1 January 2021	28,086,877	35,822	96,922	55,056	5,134	28,279,811
Additions	-	2,156	4,931	5,913	1,195	14,195
Transfer in (out)	-	6,329	-	-	(6,329)	-
Disposals / write off	-	-	(5,065)	(1,828)	-	(6,893)
31 December 2021	28,086,877	44,307	96,788	59,141	-	28,287,113
Additions	-	1,764	7,448	4,630	13,762	27,604
Disposals / write off	-	-	(1,529)	(1,262)	-	(2,791)
31 December 2022	28,086,877	46,071	102,707	62,509	13,762	28,311,926
Accumulated depreciation						
1 January 2021	10,004,271	12,256	52,757	37,921	-	10,107,205
Depreciation for the year	1,025,793	2,493	13,206	5,850	-	1,047,342
Disposals / write off	-	-	(5,028)	(1,828)	-	(6,856)
31 December 2021	11,030,064	14,749	60,935	41,943	-	11,147,691
Depreciation for the year	1,025,793	2,676	13,709	5,978	-	1,048,156
Disposals / write off	-	-	(1,529)	(1,262)	-	(2,791)
31 December 2022	12,055,857	17,425	73,115	46,659	-	12,193,056
Net book value						
31 December 2021	17,056,813	29,558	35,853	17,198	-	17,139,422
31 December 2022	16,031,020	28,646	29,592	15,850	13,762	16,118,870
Depreciation for the year						
2021 (Baht 1,037 million included in cost of sales of electricity and the remaining balance in administrative expenses)						1,047,342
2022 (Baht 1,038 million included in cost of sales of electricity and the remaining balance in administrative expenses)						1,048,156

As at 31 December 2022, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 52.6 million (2021: Baht 43.6 million).

6. Leases

The Company as a lessee

The Company has lease contracts for various items of plant and equipment used in its operations. Leases generally have lease terms between 5 - 19 years.

Movements in the carrying amounts of right-of-use assets during the years ended 31 December 2022 and 2021 are summarised below.

	(Unit: Thousand Baht)		
	Office building	Motor vehicles	Total
As at 1 January 2021	24,784	-	24,784
Additions	-	2,630	2,630
Depreciation for the year	(1,377)	(249)	(1,626)
As at 31 December 2021	23,407	2,381	25,788
Depreciation for the year	(1,377)	(526)	(1,903)
As at 31 December 2022	22,030	1,855	23,885

Movements in the carrying amounts of lease liabilities during the years ended 31 December 2022 and 2021 are summarised below.

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
As at 1 January	29,574	25,161
Additions	-	2,630
Accretion of interest	814	754
Payments	(2,334)	(1,705)
Unrealised loss on exchange	779	2,734
As at 31 December	28,833	29,574
Current	1,657	1,581
Non-current	27,176	27,993

The following are the amounts recognised in profit or loss:

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Depreciation expense of right-of-use assets	1,903	1,626
Interest expense on lease liabilities	814	754
Expense relating to short-term leases and leases of low-value assets	543	1,126
Total amount recognised in profit or loss	<u>3,260</u>	<u>3,506</u>

The Company had total cash outflows for leases of Baht 2.8 million in 2022 (Baht 2.8 million in 2021).

7. Long-term restricted bank deposit

The Company has a bank account at the total amount of Baht 400 million to secure bank guarantee of the Company. The deposit can be withdrawn in accordance with the terms and conditions stipulated in the bank guarantee agreement.

8. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Trade receivable - related party (Note 19)	485,598	456,200
Other receivable - related parties (Note 19)	43,302	23,082
Interest receivable	681	679
Total trade and other receivables	<u>529,581</u>	<u>479,961</u>

9. Other current assets

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Prepaid expenses	29,336	30,304
Others	122	2,537
Total	<u>29,458</u>	<u>32,841</u>

10. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Cash	536	518
Bank deposits	2,758,237	1,686,466
Total	<u>2,758,773</u>	<u>1,686,984</u>

11. Issued capital

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Authorised shares:		
880,900,000 ordinary shares of Baht 10 each	<u>8,809,000</u>	<u>8,809,000</u>
Issued and fully paid up:		
880,900,000 ordinary shares of Baht 10 each	8,809,000	8,809,000

12. Statutory reserve

Pursuant to the Articles of Association of the Company, the Company is required to annually appropriate 10 percent of its net income to a statutory reserve until the statutory reserve reaches 1 percent of the registered capital. Furthermore, the Board of Directors may propose to the Annual General Meeting to appropriate net income for other reserves as it deemed useful for the Company's business operations. At present, the statutory reserve has been fully set aside.

13. Debentures

						(Unit: Thousand Baht)	
Debentures	No.	Life	Date of issue	Maturity date	Interest rate	2022	2021
						(% per annum)	
1	1/2017	7 Years	5 October 2017	5 October 2024	3.48	1,400,000	1,400,000
2	1/2017	10 Years	5 October 2017	5 October 2027	3.69	3,600,000	3,600,000
3	1/2018	12 Years	30 March 2018	30 March 2030	3.98	3,000,000	3,000,000
4	1/2019	3 Years	7 March 2019	7 March 2022	3.18	-	500,000
5	1/2019	4 Years	7 March 2019	7 March 2023	3.44	800,000	800,000
6	1/2019	8 Years	7 March 2019	7 March 2027	3.88	2,000,000	2,000,000
7	1/2020	5 Years	5 March 2020	5 March 2025	2.45	600,000	600,000
8	2/2020	3 Years	30 September 2020	30 September 2023	3.20	400,000	400,000
9	2/2020	5 Years	30 September 2020	30 September 2025	3.60	600,000	600,000
Total debentures						12,400,000	12,900,000
Less: Deferred transaction costs on issuance of debentures						(40,236)	(52,191)
Add: Accrued interest expenses						121,121	126,174
Total						12,480,885	12,973,983
Less: Current portion						(1,321,121)	(626,174)
Debentures, net of current portion						11,159,764	12,347,809

Movements in the debentures account during the years ended 31 December 2022 and 2021 are summarised below.

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Balance as at 1 January	12,900,000	13,900,000
Add: Issuance of debentures during the year	-	-
Less: Repayment of debentures during the year	<u>(500,000)</u>	<u>(1,000,000)</u>
	12,400,000	12,900,000
Accrued interest expenses	121,121	126,174
Deferred transaction costs on issuance of debentures	<u>(40,236)</u>	<u>(52,191)</u>
Balance as at 31 December	<u>12,480,885</u>	<u>12,973,983</u>

All debentures of the Company are name-registered, unsecured, and unsubordinated debentures with the debentureholders' representative and with a par value of Baht 1,000 each. The interest is payable every 6 months throughout the life of the debentures.

The principals of the debentures presented in the above table are to be paid in the amounts stipulated in the prospectus as follows:

For debentures presented in item 2 of the above table : principal is to be paid in 8th - 10th year, with the first payment due on October 2025.

For debentures presented in item 3 of the above table : principal is to be paid in 10th - 12th year, with the first payment due on March 2028 and

For debentures presented in item 6 of the above table : principal is to be paid in 6th - 8th year, with the first payment due on March 2025.

The conditions of the debentures include covenants that, among other things, the Company shall not sell or transfer or otherwise dispose of the whole or part of its material operating assets with certain permissions; and the Company is required to maintain a certain net interest-bearing debt to equity ratio. The Company is in compliance with the covenants.

14. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Trade payables - related parties (Note 19)	127,791	271,166
Trade payables - unrelated parties	11,401	18,123
Other payables - related parties (Note 19)	407	376
Other payables - unrelated parties	1,369	1,704
Accrued expenses	9,536	10,304
Total trade and other payables	<u>150,504</u>	<u>301,673</u>

15. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Depreciation and amortisation	1,054,952	1,053,842
Operation and maintenance of power plant and transmission systems	236,794	212,790
Royalty	116,020	120,109
Salary and other employee benefits	57,773	52,468
Directors' remuneration	11,228	12,317
Traveling expenses	14,796	4,275
Consultant expenses	42,882	43,875
Management fee charged by the Parent Company of the Group	169,579	157,916
Insurance expenses	80,629	77,854
Wheeling charge	145,805	229,664

16. Finance cost

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Interest expenses on debentures	458,012	484,758
Interest expenses on other liabilities - related party (Note 19)	23,202	21,649
Interest expenses on lease liabilities	814	754
Amortisation of deferred transaction costs on issuance of debentures	11,955	17,716
Other finance cost	7,065	6,664
Total	<u>501,048</u>	<u>531,541</u>

17. Income tax

Income tax expenses for the years ended 31 December 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Current income tax:		
Current income tax charge	31,768	7,213
Deferred tax:		
Relating to origination and reversal of temporary differences	-	20,053
Income tax expenses reported in profit or loss	<u>31,768</u>	<u>27,266</u>

Reconciliation of tax expenses and the accounting profit multiplied by the Government of the Lao People's Democratic Republic's domestic tax rate for 2022 and 2021:

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Accounting profit before tax	1,170,402	1,255,000
Applicable tax rate	4%	3%, 4%
Accounting profit before tax multiplied by income tax rate	46,816	47,678
Utilisation of unused tax loss	-	(5,470)
Exemption of income	(15,048)	(14,942)
At the effective income tax rate of 2.7% (2021: 2.2%)	<u>31,768</u>	<u>27,266</u>

Income tax expenses of the Company is calculated by multiplying taxable profits by the tax rate as specified in the Concession Agreement for each period commencing from the Initial Operation Date (26 March 2011) to the end of the concession period. The corporate income tax rate from January 2021 to March 2021 was 3 percent, which changed to 4 percent in April 2021 as stipulated in the Concession Agreement.

18. Earnings per share

Basic earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue during the year.

The following reflects the profit and share data used in the basic earnings per share computation:

	<u>2022</u>	<u>2021</u>
Profit (Baht)	1,138,633,304	1,227,733,397
Weighted average number of ordinary shares for		
basic earnings per share (shares)	880,900,000	880,900,000
Basic earnings per share	1.29	1.39

19. Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, and directors and officers with authority in the planning and direction of the Company's operations.

During the years, the Company had significant business transactions with related parties: related via shareholding, as well as through common shareholders and/or common directors. These transactions were concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those related parties. Below is a summary of those transactions:

	(Unit: Million Baht)	
	<u>2022</u>	<u>2021</u>
<u>Transactions with the Parent Company of the Group</u>		
Management fee	185	173
<u>Transactions with related parties</u>		
Revenue from sales of electricity	3,274	3,414
Interest income	324	349
Other income	10	5
Cost of sales of electricity	486	563

The balances of the accounts as at 31 December 2022 and 2021 between the Company and those related parties are as follows:

		(Unit: Thousand Baht)	
<u>Relationship</u>		<u>2022</u>	<u>2021</u>
<u>Trade and other receivables - related parties (Note 8)</u>			
<u>Trade receivable - related party</u>			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	485,598	456,200
		<u>485,598</u>	<u>456,200</u>

		(Unit: Thousand Baht)	
	<u>Relationship</u>	<u>2022</u>	<u>2021</u>
Other receivable - related parties			
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	195	98
- Nam Theun 1 Power Company Limited	Common shareholder of the Company	-	1,185
- The Government of the Lao People's Democratic Republic	A group of shareholder of the Company	43,107	21,799
		<u>43,302</u>	<u>23,082</u>
Trade and other receivables - related parties		<u>528,900</u>	<u>479,282</u>

Finance lease receivable - related party

The outstanding balance of finance lease receivable net of unearned income between the Company and the related party is as follows:

		(Unit: Thousand Baht)	
		<u>2022</u>	<u>2021</u>
Related party			
The Government of the Lao People's Democratic Republic			
(A group of shareholder of the Company)			
		4,273,991	4,260,366
Less: Current portion		<u>(682,365)</u>	<u>(551,578)</u>
Finance lease receivable - related party, net of current portion		<u>3,591,626</u>	<u>3,708,788</u>

The balance of finance lease receivable - related party was the construction cost of Nabong Substation Project, which the Government of the Lao People's Democratic Republic ("the GOL") is responsible for the construction cost as stipulated in the Concession Agreement. On 1 August 2019, the Company entered into the agreement on the Nabong substation upgrading and lease with the GOL, effective on 1 January 2019. The Company therefore recorded the transfer of this substation cost to "Finance lease receivable - related party".

As at 31 December 2022 and 2021, the Company had receivable under the lease agreement on Nabong substation upgrading and 500 kV transmission lines. This agreement is valid until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project. Interest is charged at effective interest rate over the lease term as follows:

(Unit: Thousand Baht)

31 December 2022				
Amounts of installments due under the contract				
Within				
	1 year	2 - 5 years	Over 5 years	Total
Finance lease receivable	997,203	1,728,000	4,608,000	7,333,203
Unearned interest income	(314,838)	(1,144,508)	(1,599,866)	(3,059,212)
Finance lease receivable - net	682,365	583,492	3,008,134	4,273,991

(Unit: Thousand Baht)

31 December 2021				
Amounts of installments due under the contract				
Within				
	1 year	2 - 5 years	Over 5 years	Total
Finance lease receivable	876,052	1,728,000	5,040,000	7,644,052
Unearned interest income	(324,474)	(1,192,501)	(1,866,711)	(3,383,686)
Finance lease receivable - net	551,578	535,499	3,173,289	4,260,366

(Unit: Thousand Baht)

		Relationship	2022	2021
Trade and other payables - related parties (Note 14)				
Trade payables - related parties				
- CK Power Public Company Limited	Parent Company of the Group		16,265	15,344
- PT Sole Company Limited	Common director		17,706	22,216
- Electricité du Laos	Major shareholder of a shareholder of the Company		3,552	1,699
- The Government of the Lao People's Democratic Republic	A group of shareholder of the Company		64,246	214,428
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company		26,022	17,479
			127,791	271,166

		(Unit: Thousand Baht)	
	<u>Relationship</u>	<u>2022</u>	<u>2021</u>
Other payables - related parties			
- CK Power Public Company Limited	Parent Company of the Group	407	328
- PT Sole Company Limited	Common director	-	48
		<u>407</u>	<u>376</u>
Total trade and other payables - related parties		<u>128,198</u>	<u>271,542</u>

Lease liabilities - related party (Note 6)

		(Unit: Thousand Baht)	
	<u>Relationship</u>	<u>2022</u>	<u>2021</u>
- The Government of the Lao People's Democratic Republic	A group of shareholder of the Company	26,967	27,197
Less: Current portion of lease liabilities		<u>(1,136)</u>	<u>(1,070)</u>
Lease liabilities - related party, net of current portion		<u>25,831</u>	<u>26,127</u>

Other liabilities - related party

		(Unit: Thousand Baht)	
	<u>Relationship</u>	<u>2022</u>	<u>2021</u>
- Electricity Generating Authority of Thailand	Major shareholder of a shareholder of the Parent Company	<u>354,708</u>	<u>331,506</u>

The balance of other liabilities is the cash that the Company received from sales of electricity as excess energy in the Nam Ngum 2 Hydroelectric Power Project to EGAT and has the obligations to repay to EGAT in December 2022, in accordance with a condition in the Power Purchase Agreement. The Company initially records such liabilities at the present value of the amounts to be repaid. In addition, the carrying amount of the liabilities increases in each period to reflect the passage of time, with the Company recognising this increase as a finance cost.

As at 31 December 2022, the Company has not received invoice from EGAT. The invoice is billed according to normal credit term.

Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Company had employee benefit expenses of its directors and management as below:

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	26,465	26,025
Long-term employee benefits	836	1,452
Total	<u>27,301</u>	<u>27,477</u>

20. Dividend payment

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends 2020	2021 Annual General Meeting of the shareholders on 18 March 2021	220.2	0.25
Interim dividends 2021	The Board of Directors Meeting on 22 September 2021	440.5	0.50
Total dividend for the year 2021		<u>660.7</u>	<u>0.75</u>
Final dividends 2021	2022 Annual General Meeting of the shareholders on 17 March 2022	220.2	0.25
Interim dividends 2022	The Board of Directors Meeting on 21 September 2022	220.2	0.25
Total dividend for the year 2022		<u>440.4</u>	<u>0.50</u>

21. Financial instruments

Financial risk management and policies

The Company's principal financial instruments comprise lease liabilities, debentures, other liabilities - related party, trade and other payables, finance lease receivable - related party, long-term restricted bank deposits, trade and other receivables and cash at banks.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. The Company will use derivative instruments, as and when it considers appropriate, to manage these risks. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

21.1 Credit risk

Credit risk is the risk that counterparties will not meet their obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk associated with operating activities and financing activities of the Company and how they are managed is described below:

Bank deposits

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors and may be updated throughout the year subject to approval of the Company's Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Trade receivable

The Company has no significant credit risk with respect to trade receivable from sales of electricity. Although the Company has only one customer under the Power Purchase Agreement ("PPA") entered into between the Company and the Electricity Generating Authority of Thailand ("EGAT"), EGAT has a strong financial position as it is a state enterprise of Thailand. In addition, there has been no receivable from sale of electricity that is past due or impaired.

Finance lease receivable

The Company has no significant credit risk in relation to the finance lease receivable - related party as the counterparty of this receivable has capability to service the obligation. Additionally, the Company further mitigates the credit risk by structuring lease agreement to include strict cash flows management requirement.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due of the customers, along with assessment of the customers' ability to repay, their repayment plan, their contractual obligation, discounted future repayment cash flow and other methodology as appropriate. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current condition and forecast of future economic condition. In addition, there has been no receivable from lease that is impaired.

21.2 Liquidity risk

Liquidity risk arises in the general funding of the Company's activities and in the management of positions. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

To manage the liquidity risk, the Company's management considers and monitors the forecasting of its liquidity reserve with undrawn loans, cash from sales of electricity and the balance of cash and cash equivalents on the basis of estimated cash flows, which are maintained at appropriate level to meet the Company's expenditure, budget and short-term operational needs.

The table below summarises the maturity profile of the Company's non-derivative financial liabilities as at 31 December 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	As at 31 December 2022			
	Within 1 year	2 - 5 years	Over 5 years	Total
Financial liabilities				
Trade and other payables	151	-	-	151
Debentures and expected interest payment	1,750	9,314	3,149	14,213
Lease liabilities	2	9	24	35
Other liabilities - related party	355	-	-	355
Total	2,258	9,323	3,173	14,754

(Unit: Million Baht)

	As at 31 December 2021			
	Within 1 year	2 - 5 years	Over 5 years	Total
Financial liabilities				
Trade and other payables	302	-	-	302
Debentures and expected interest payment	958	8,784	5,308	15,050
Lease liabilities	2	9	26	37
Other liabilities - related party	355	-	-	355
Total	1,617	8,793	5,334	15,744

21.3 Market risk

There are two types of market risks as follow:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company manages its interest rate risk by maintaining fixed rate debentures. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank deposits with floating interest rates.

Significant financial assets and liabilities as at 31 December 2022 and 2021 classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

	As at 31 December 2022				
	Fixed interest rates	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets					
Finance lease receivable	4,274	-	-	4,274	Interest rate implicit in the lease
Long-term restricted bank deposit	400	-	-	400	0.38
Trade and other receivables	-	-	530	530	
Cash and cash equivalents	6	2,752	1	2,759	0.05 - 0.60
	<u>4,680</u>	<u>2,752</u>	<u>531</u>	<u>7,963</u>	
Financial liabilities					
Debentures	12,360	-	-	12,360	2.45 - 3.98
Accrued interest expenses	-	-	121	121	
Lease liabilities	29	-	-	29	1.85 - 2.71
Other liabilities - related party	-	-	355	355	
Trade and other payables	-	-	151	151	
	<u>12,389</u>	<u>-</u>	<u>627</u>	<u>13,016</u>	

(Unit: Million Baht)

As at 31 December 2021				
	Fixed	Floating	Non-interest	Effective
	interest rates	interest rate	bearing	interest rate
				(% p.a.)
Financial assets				
Finance lease receivable	4,260	-	-	4,260
				Interest rate implicit in the lease
Long-term restricted bank deposit	400	-	-	400
				0.38
Trade and other receivables	-	-	480	480
Cash and cash equivalents	5	1,681	1	1,687
	4,665	1,681	481	6,827
Financial liabilities				
Debentures	12,848	-	-	12,848
				2.45 - 3.98
Accrued interest expenses	-	-	126	126
Lease liabilities	30	-	-	30
				1.85 - 2.71
Other liabilities - related party	-	-	332	332
Trade and other payables	-	-	302	302
	12,878	-	760	13,638

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk related primarily to its trade and other payables and trade and other receivables.

The Company manages its exposure to foreign currency risk by balancing net position of receipt and payment of the foreign currency transactions in each period. The Company will use derivative financial instruments, as and when it considers appropriate, to manage this risk.

The balances of financial assets and liabilities denominated in foreign currency as at 31 December 2022 and 2021 are summarised below.

Foreign currency	Financial assets/liabilities		Average exchange rate as at 31 December	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Million)		(Baht per 1 foreign currency unit)	
US Dollar			34.5624	33.4199
Financial assets				
- Trade and other receivables	6.6	6.3		
- Cash and cash equivalents	1.0	0.5		
	<u>7.6</u>	<u>6.8</u>		
Financial liabilities				
- Trade and other payables	2.0	0.8		
	<u>2.0</u>	<u>0.8</u>		

As at 31 December 2022, the Company does not utilise any derivative contracts to hedge foreign exchange rate risk.

For the foreign currency sensitivity of the net balance of financial assets and liabilities as at 31 December 2022, if Thai Baht had strengthened/(weakened) 5 percent against the US dollar, with all other variables held constant, profit would have decreased/(increased) by Baht 9.7 million (2021: profit would have decreased/(increased) by Baht 10.0 million).

21.4 Fair value

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair values are not expected to be materially different from the amounts presented in the statement of financial position.

22. Capital management

Capital includes ordinary shares and equity attributable to the equity holders of the Company.

The primary objective of the Company's capital management is to ensure that it maintains its ability to continue as a going concern and maintains an appropriate capital structure as stipulated in the condition of debentures.

The Company monitors its capital structure using net interest-bearing debt to equity ratio, which is the interest-bearing debt less cash and cash equivalents, short-term and long-term restricted bank deposits divided by the equity. The Company intends to maintain the net interest-bearing debt to equity at no more than 3.0 times.

As at 31 December 2022, the Company's net interest-bearing debt to equity ratio is at 0.84 times (2021: 1.05 times).

23. Commitments and contingent liabilities

23.1 Capital commitments

As at 31 December 2022, the Company has capital commitments under the contract to design, supply, remove, install and test the control system of the Nam Ngum 2 Hydroelectric Power Project with a company, amounting to approximately USD 3.6 million.

23.2 Management service agreements

As at 31 December 2022, the Company has commitments in respect of consultancy, administration and other service agreements with the Parent Company of the Group and other companies for the Nam Ngum 2 Hydroelectric Power Project totalling Baht 19.5 million and Baht 15.3 million per month (2021: Baht 20.6 million and Baht 14.3 million per month), respectively.

23.3 Operation and maintenance agreements

- a) The Company has commitment in respect of the Agreement on Operation and Maintenance of Dam and Powerhouse for Nam Ngum 2 Hydroelectric Power Project with a related party until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project with the service fee as specified in the agreement and subject to increase on an annual basis at the rate specified in the agreement. The service fee for 2023 is approximately Baht 10.3 million per month (2022: Baht 10.0 million per month).
- b) The Company has commitment in respect of the Agreement on Operation and Maintenance of Transmission Systems for Nam Ngum 2 Hydroelectric Power Project with a related party until the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project with the service fee as specified in the agreement and subject to increase on an annual basis at the rate specified in the agreement. The service fee for 2023 is approximately USD 0.03 million per month (2022: USD 0.03 million per month).
- c) The Company has commitment amounting to approximately Baht 25.0 million per year in respect of the Service Agreement with a related company for consultancy services relating to operation and maintenance of the Nam Ngum 2 Hydroelectric Power Project.
- d) The Company has commitments to pay wheeling charges to the Government of the Lao People's Democratic Republic from 1 January 2019 to the end of the concession date of the Nam Ngum 2 Hydroelectric Power Project, calculated by multiplying the dispatched electricity energy from Nabong substation by the wheeling charge rates for each period as specified under the Nabong interconnection and transmission agreement.

- e) The Company has commitment in respect of the Agreement on Major Maintenance of Dam and Powerhouse for the Nam Ngum 2 Hydroelectric Power Project with a related party until December 2026 with the service fee as specified in the agreement and subject to increase on an annual basis at the rate specified in the agreement. The service fee for 2023 is approximately Baht 4.5 million per month (2022: Baht 3.9 million per month).

23.4 Royalty

The Company has a commitment to pay a royalty for a period of 25 years to the Government of the Lao People's Democratic Republic commencing from the Initial Operation Date (26 March 2011) to the end of the concession period of the Nam Ngum 2 Hydroelectric Power Project, which will be calculated by multiplying revenue from sales of electricity by the royalty rate for each period as specified under Concession Agreement.

23.5 Bank guarantees

As at 31 December 2022, there were outstanding bank guarantees of USD 25 million issued by a bank on behalf of the Company in respect of the guarantee required under the Power Purchase Agreement with the Electricity Generating Authority of Thailand (2021: USD 25 million).

24. Events after the reporting period

Dividend payment

On 15 February 2023, the Board of Directors' Meeting of the Company No. 1/2023 passed a resolution to pay a dividend of Baht 0.25 per share, or a total of Baht 220.2 million, to the shareholders of the Company in respect of the profit from July to December 2022 and retained earnings. The resolution will be proposed to the Annual General Meeting of Shareholders of the Company for the year 2023 for approval.