



**ELECTRICIDADE DE TIMOR LESTE, EMPRESA PÚBLICA  
(EDTL, E.P.)**

**GABINETE DO PRESIDENTE DA COMISSÃO EXECUTIVA**  
1º. Andar, Edifício de Caicoli, Av. Mártires da Pátria, Díli, Timor-Leste



**DIRECTOR STATEMENT LETTER  
ON THE FINANCIAL STATEMENTS  
31 DECEMBER 2024**

**We, the undersigned:**

1. Name: DR. Paulo da Silva  
Position: President of EDTL, E.P.
2. Name: Idrisiyah Sagan  
Position: Director of Finance and Commercial EDTL, E.P.

**State that:**

1. Responsible for the preparation of the Financial Statements
2. The Financial Statement have been prepared and presented in accordance with Financial Reporting Standard.
3. Responsible for the internal control system of the Company.
4. The financial statements of the EDTL, EP. entity have been audited by MYT Auditoria e Consultoria, Lda

Dili, 23 May 2025

DR. Paulo da Silva  
President of EDTL, E.P.



Idrisiyah Sagan  
Director of Finance  
and Commercial EDTL, E.P.



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**Schedule 1**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**

**INCOME**

**Revenue**

Government subsidy

Sales of electricity

Customer connection fees

Other revenue

**Total revenue**

**Operating Expenses**

Fuel and lubricants

Maintenance

Fixed asset depreciation

Personnel

Agent commission

Others

**Total Operating expenses**

**Operating profit**

Finance income

Finance Costs

**Profit before tax**

Income tax expenses

**Profit for the year**

Notes

31-12-2024

31-12-2023

(Restated)

13

14

14

15

16

4

17

12

18

10.b

132,439,671

60,959,646

97,021

713,577

194,209,915

(112,217,472)

(14,437,777)

(41,407,791)

(8,169,920)

(1,718,699)

(22,643,567)

(200,595,227)

(6,385,312)

560,825

(8,765)

(5,833,252)

-

(5,833,252)

79,784,434

52,584,154

62,633

470,059

132,901,280

(106,915,812)

(36,644,077)

(25,233,104)

(8,278,791)

(1,671,313)

(17,342,599)

(196,085,696)

(63,184,416)

801,742

(13,777)

(62,396,451)

3,709,351

(58,687,100)

*The accompanying notes form an integral part of these financial statements.*



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**Schedule 2**

**STATEMENT OF FINANCIAL POSITION**

Notes

31-12-2024

31-12-2023

(Restated)

**ASSETS**

**Non current asset**

Fixed asset

4

629,485,868

653,903,040

Contract costs - Non current portion

7,086,624

7,694,592

Intangible asset

441,878

441,878

**Total non current asset**

**637,014,370**

**662,039,510**

**Current asset**

Cash and cash equivalents

5

89,880,920

73,585,509

Trade receivables

6

20,521,650

16,864,004

Inventories

7

9,414,619

9,766,874

Contract costs - current portion

607,968

607,968

Prepaid expenses

-

1,018,021

**Total current asset**

**120,425,157**

**101,842,376**

**TOTAL ASSETS**

**757,439,527**

**763,881,886**

**LIABILITIES AND EQUITY**

**EQUITY**

Statutory capital

8

94,424,461

94,424,461

Additional Paid in Capital

46,716,263

46,716,263

Retained Earnings

476,182,169

534,869,269

Net income

(5,833,252)

(58,687,100)

**Total equity**

**611,489,641**

**617,322,893**

**LIABILITIES**

**Non current Liabilities**

Contract liabilities - non-current portion

1,438,201

1,075,678

Deferred tax liabilities

10.c

59,527,990

59,527,990

Government grant

13

58,593,521

42,541,192

**Total non current liabilities**

**119,559,712**

**103,144,860**

**Current liabilities**

Trade payables

9

8,132,732

16,159,626

Tax payables

10.a

9,352,880

9,591,236

Other payables and accruals

11

3,790,870

14,292,465

Deposit

12

4,538,176

2,819,478

Contract liabilities - current portion

575,513

551,327

**Total current liabilities**

**26,390,171**

**43,414,132**

**TOTAL LIABILITIES**

**145,949,883**

**146,558,992**

**TOTAL LIABILITIES AND EQUITY**

**757,439,524**

**763,881,885**

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**Schedule 3**

	Notes	Issued capital	Initial rights and obligations transferred	Other equity instruments	Retained earnings	Net profit (loss) for the year	Total
Equity as at January 2023		94,424,461	36,922,730	-	81,110,184	-	212,457,375
Corrections from the previous exercises	-	-	36,922,730	46,716,263	453,759,085	-	463,552,618
Profit / (loss) for the period	-	-	-	-	-	58,687,100	58,687,100
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	36,922,730	46,716,263	453,759,085	58,687,100	404,865,518
Equity as at 31 December 2023		94,424,461	-	46,716,263	534,869,269	58,687,100	617,322,893
Application of net result	-	-	-	-	58,687,100	58,687,100	-
	-	-	-	-	58,687,100	58,687,100	-
Profit / (loss) for the period	-	-	-	-	-	5,833,252	5,833,252
Total comprehensive income	-	-	-	-	-	5,833,252	5,833,252
Equity as at 31 December 2024		94,424,461	-	46,716,263	476,182,169	5,833,252	611,489,641

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**Schedule 4**

	Notes	Period 31/12/2024	Period 31/12/2023
Cash flow generated by operating activities			
Received from clients		\$ 58,649,460	\$ 53,514,505
Paid to suppliers		\$ -162,718,173	\$ -167,713,827
Paid to personnel		\$ -7,645,660	\$ -7,907,760
Flows generated by operations		\$ -111,714,373	\$ -122,107,082
Payment of income tax		\$ -	\$ -
Other payments relating to operating activities		\$ -	\$ -83,618
<b>Operating cash flows (1)</b>		<b>\$ -111,714,373</b>	<b>\$ -122,190,700</b>
Cash flow generated by investment activities			
Payments related to:			
Other assets		\$ -21,043,041	\$ -6,551,757
		\$ -21,043,041	\$ -6,551,757
Receivables related to:			
Interest received, net of withholding taxes		\$ 560,825	\$ 625,114
		\$ 560,825	\$ 625,114
<b>Cash flows used in investment activities (2)</b>		<b>\$ -20,482,216</b>	<b>\$ -5,926,643</b>
Cash flow generated by financing activities			
Receipts related to:			
Subsidy from the Government		\$ 148,492,000	\$ 70,000,000
		\$ 148,492,000	\$ 70,000,000
<b>Cash flows used in financing activities (3)</b>		<b>\$ 148,492,000</b>	<b>\$ 70,000,000</b>
Change in cash and cash equivalents (1 + 2 + 3)		\$ 16,295,411	\$ -58,117,343
Cash and cash equivalents at the beginning of the year		\$ 73,585,509	\$ 131,702,852
Cash and cash equivalents at the end of the year		<b>\$ 89,880,920</b>	<b>\$ 73,585,509</b>

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## **1. GENERAL**

Electricidade de Timor-Leste (the "Company") was established based on Decree Law No. 29/2020 of July 22. Under the Decree Law No. 29/2020 of July 22, the Company's main activity is to manage and supervise operation of the electricity sector, through the production, transmission, distribution and sale of electricity in Timor-Leste.

The Company is domiciled at Rua de Av, Martires Da Patria, Centro Da Unidade, Caicoli, Vera Cruz, Dili, Timor-Leste.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **2.4 Basis of preparation of the financial statements and initial application of IFRS**

These are the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies set out below have been applied in preparing the financial statements for the year ended December 31, 2024 and the comparative information presented in these financial statements for the year ended December 31, 2023.

The financial statements have been prepared using the accrual basis of accounting. The presentation currency used in the preparation of the financial statements is the American Dollars ("US Dollars"), which is also the functional currency. The preparation and presentation of the financial statements are based on the going concern assumption and the measurement basis is historical cost, except for certain accounts which are measured on the basis described in the related accounting policies.

The preparation of financial statements in conformity with International Financial accounting Standards ("IFRS") requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Critical Accounting Judgement and Significant Accounting Estimates section.

The Company applied all applicable standards and all applicable interpretations mandatory for the year ending on or before 31 December 2024. The Company did not adopt any standard or interpretation published by the International Accounting Standards Board ("IASB") for which the mandatory application date is on or after 1 January 2025.

### **New and amended accounting standards and interpretations adopted by the Company**

- Amendments to IAS 1, "Presentation of financial statements" on classification of liabilities
- Amendments to IAS 8, "Accounting policies, change in accounting estimates and

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error”

- Amendment to IAS 12, “Deferred tax related to assets and liabilities arising from a single transaction”
- Amendment to IAS 12, “International tax reform - pillar two model rules”

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Company, are as follows:

Effective from January 1, 2024

- Amendment to IFRS 16, “Leases on sale and leaseback”
- Amendment to IAS 1, “Non-current liabilities with covenants”
- Amendments to IAS 7 and IFRS 7, “Supplier finance arrangements”

These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## **2.5 Restatement of financial statements for 2023**

The comparative figures in the financial statements have been restated to reflect:

1. The recognition of a number of assets belonging to the entity, both in relation to the initial recognition of the company's assets and the recognition of acquisitions subsequent to that date; this adjustment had an impact on tangible fixed assets, depreciation for the year and retained earnings;
2. The recognition of contracts with clients that were identified with the help of an external entity; this adjustment had an impact on revenue, clients, contract assets and contract liabilities;
3. The accrual of grants received in line with operating expenses incurred and acquisitions of investment assets; this adjustment had an impact on government subsidies recognised in the income statement and on equity.

The following tables summarise these impacts on the balance sheet and income statement.



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	31-12-2023		
	Audited	Restated	Adjustment
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	\$ 36,578,990	\$ 653,903,040	\$ 617,324,050
Contract costs - non-current portion	\$ -	\$ 7,694,592	\$ 7,694,592
Intangible assets	\$ -	\$ 441,878	\$ 441,878
Deferred tax asset	\$ -	\$ -	\$ -
	<b>\$ 36,578,990</b>	<b>\$ 662,039,510</b>	<b>\$ 625,460,520</b>
<b>Current assets</b>			
Inventory	\$ 8,598,420	\$ 9,766,874	\$ 1,168,454
Subscribed and unpaid capital	\$ 94,424,461	\$ -	\$ -94,424,461
Contract costs - current portion	\$ -	\$ 607,968	\$ 607,968
Trade receivables	\$ 28,605,258	\$ 16,864,004	\$ -11,741,254
Other accounts receivable	\$ 11,326,504	\$ -	\$ -11,326,504
Prepaid expenses	\$ -	\$ 1,018,021	\$ 1,018,021
Cash and bank deposits	\$ 73,669,127	\$ 73,585,509	\$ -83,618
	<b>\$ 216,623,770</b>	<b>\$ 101,842,376</b>	<b>\$ -114,781,394</b>
<b>Total assets</b>	<b>\$ 253,202,760</b>	<b>\$ 763,881,886</b>	<b>\$ 510,679,126</b>
<b>EQUITY</b>			
<b>Equity</b>			
Share capital	\$ 94,424,461	\$ 94,424,461	\$ -
Other equity instruments	\$ -	\$ 46,716,263	\$ 46,716,263
Retained earnings	\$ 36,922,730	\$ 534,869,269	\$ 497,946,539
Initial rights and obligations transferred	\$ 142,583,744	\$ -	\$ -142,583,744
	<b>\$ 273,930,935</b>	<b>\$ 676,009,993</b>	<b>\$ 402,079,058</b>
Net profit (loss) for the year	\$ -50,350,973	\$ -58,687,100	\$ -8,336,127
<b>Total equity</b>	<b>\$ 223,579,962</b>	<b>\$ 617,322,893</b>	<b>\$ 393,742,931</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Contract liabilities - non-current portion	\$ -	\$ 1,075,677	\$ 1,075,677
Deferred tax liabilities	\$ -	\$ 59,527,990	\$ 59,527,990
Government grants	\$ -	\$ 42,541,192	\$ 42,541,192
	<b>\$ -</b>	<b>\$ 103,144,859</b>	<b>\$ 103,144,859</b>
<b>Current liabilities</b>			
Trade payables	\$ 13,049,746	\$ 16,159,626	\$ 3,109,880
State and other public entities	\$ 16,454,523	\$ 9,591,236	\$ -6,863,287
Deposit	\$ -	\$ 2,819,478	\$ 2,819,478
Contract liabilities - current portion	\$ -	\$ 551,327	\$ 551,327
Government grants	\$ -	\$ -	\$ -
Other accounts payable	\$ 118,529	\$ 14,292,467	\$ 14,173,938
	<b>\$ 29,622,798</b>	<b>\$ 43,414,134</b>	<b>\$ 13,791,336</b>
<b>Total liabilities</b>	<b>\$ 29,622,798</b>	<b>\$ 146,558,993</b>	<b>\$ 116,936,195</b>
<b>Total equity and liabilities</b>	<b>\$ 253,202,760</b>	<b>\$ 763,881,886</b>	<b>\$ 510,679,126</b>

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	31-12-2023		
	Audited	Restated	Adjustment
<b>Continuing operations</b>			
Revenue	\$ 53,518,704	\$ 52,584,154	\$ -934,550
Subsidy from the Government	\$ 70,000,000	\$ 79,784,434	\$ 9,784,434
Customer connection fees	\$ -	\$ 62,633	\$ 62,633
Cost of sales	\$ -117,203,429	\$ -106,915,812	\$ 10,287,617
Personnel expenses	\$ -7,868,827	\$ -8,278,791	\$ -409,964
Third party supplies and services	\$ -44,171,465	\$ -36,644,077	\$ 7,527,388
Agent commission	\$ -	\$ -1,671,313	\$ -1,671,313
Other revenue	\$ -	\$ 470,059	\$ 470,059
Other expenses and losses	\$ -	\$ -17,342,599	\$ -17,342,599
<b>Earnings before interests, tax and depreciations</b>	<b>\$ -45,725,017</b>	<b>\$ -37,951,312</b>	<b>\$ 7,773,705</b>
Expenses / reversals of depreciation and amortization	\$ -5,251,070	\$ -25,233,104	\$ -19,982,034
<b>Operating profit</b>	<b>\$ -50,976,087</b>	<b>\$ -63,184,416</b>	<b>\$ -12,208,329</b>
Interest income obtained	\$ 625,114	\$ 801,742	\$ 176,628
Interest and similar expenses incurred	\$ -	\$ -13,777	\$ -13,777
<b>Net finance costs</b>	<b>\$ 625,114</b>	<b>\$ 787,965</b>	<b>\$ 162,851</b>
Share of profit of equity-accounted investees, net of tax	\$ -	\$ -	\$ -
<b>Profit before tax</b>	<b>\$ -50,350,973</b>	<b>\$ -62,396,451</b>	<b>\$ -12,045,478</b>
Income tax for the period	\$ -	\$ 3,709,351	\$ 3,709,351
<b>Profit for the year from continuing operations</b>	<b>\$ -50,350,973</b>	<b>\$ -58,687,100</b>	<b>\$ -8,336,127</b>
Profit for the year from discontinued operations	\$ -	\$ -	\$ -
<b>Net profit (loss) for the year</b>	<b>\$ -50,350,973</b>	<b>\$ -58,687,100</b>	<b>\$ -8,336,127</b>
<b>Other comprehensive income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>\$ -50,350,973</b>	<b>\$ -58,687,100</b>	<b>\$ -8,336,127</b>
<b>Earnings per share for continuing operations</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## 2.6 Foreign currency translation

Items included in the financial statements measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in US Dollars, which is the Company's functional currency and the Company's presentation currency.

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Foreign currency transactions are translated into the functional currency using the exchange rates prevailing as at the date of the transactions. As at the reporting date, monetary assets and liabilities denominated in foreign currency were adjusted to reflect the exchange rates prevailing at this date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## **2.7 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

### **i. Financial assets**

The Company classifies its financial assets into the following categories: financial assets measured at fair value (either through other comprehensive income, or through profit or loss), financial assets measured at amortised cost.

The classification depends on the Company's business model and the contractual terms of the cash flows when determining whether their cash flows are solely payments of principal and interest ("SPPI").

As at December 31, 2024 and 2023, the Company had only financial assets classified as financial assets measured at amortised costs. This financial assets are included in current assets, except for those with maturities more than 12 months after the end of the reporting period. These are classified as non-current assets.

Financial assets at amortised costs are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

The Company's financial assets measured at amortised costs comprise of cash and cash equivalents and trade and other receivables.

The carrying amount of financial assets at amortised cost is adjusted by any expected credit losses ("ECL") allowance recognised and measured. Interest income from these financial assets is included in 'Finance income' using the effective interest rate ("EIR") method.

Financial assets are derecognised when the rights to receive cash flows from the assets have ceased to exist or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

### **ii. Financial liabilities**

The Company classifies its financial liabilities into two categories: financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortised cost.

As at December 31, 2024 and 2023, the Company only had financial liabilities





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measured at amortised cost, which consists of trade payables, and other payables and accruals.

Financial liabilities measured at amortised cost are subsequently measured using the EIR method. The EIR amortisation is included in finance costs in the profit or loss. Gains or losses are recognised in the profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

**iii. Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**2.8 Impairment of financial assets**

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, which is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions, that is indicative of significant increases in credit risk since initial recognition.

The Company applies the “simplified approach” to measure the Expected Credit Loss (“ECL”) which uses a lifetime expected loss allowance on a forward-looking basis for all trade and other receivables and contract assets without significant financing component. Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less (if any).

**2.9 Trade and other receivables**

Trade receivables are amounts due from customers for sales of electricity or services performed in the ordinary course of business. Other receivables include various forms of non-trade receivables which are arising from transactions outside of





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the ordinary course of business.

Trade and other receivables are classified as current assets if collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, if the impact of discounting is significant, less provision for impairment.

## **2.10 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the moving average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated selling expenses.

Provision for impairment of inventory is determined on the basis of estimated future usage or sale of individual inventory items.

## **2.11 Prepayments**

Prepayments are amortised on a straight-line basis over the period benefited.

## **2.12 Property, plant and equipment**

At acquisition date, the Company analyses the facts and circumstances for each type of land and land rights in determining the accounting for each of these land and land rights so that it can accurately represent an underlying economic event or transaction. If the land and land rights do not transfer control of the underlying assets to the Company, but give the rights to use the underlying assets, the Company accounts for these transactions as leases under IFRS 16, "Leases". If the land and land rights are substantially similar to land purchases, the Company applies IAS 16, "Property, plant and equipment" under which land and land rights are recognised at cost and not depreciated.

Property, plant and equipment are initially recognised at cost, which comprises the purchase price and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When applicable, the cost may also comprise the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular year for purposes other than to produce inventories during that year.

Property, plant and equipment are stated at cost of acquisition, less accumulated





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depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated to their residual values using the straight-line method over their expected useful lives as follows:

	Years
Buildings and infrastructure	10 - 40
Installation and power plants	10 - 40
Transmission equipment	40
Distribution equipment	10 - 40
General equipment	5
Motor vehicles	5
Major spareparts	10 - 40

The useful lives, residual values and depreciation methods of property, plant and equipment are reviewed and adjusted if appropriate, at the end of each financial year. The effects of any revisions are recognised in profit or loss, when the changes arise. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The costs of repairs and maintenance are charged to profit or loss as incurred. Subsequent costs incurred to add to, replace part of, or service an item of property, plant and equipment, are recognised as assets if and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Construction in progress represents costs directly attributable to the construction of property, plant and equipment. Construction in progress is stated at cost, which includes borrowing costs during construction on debts incurred to finance the construction and depreciation of property, plant and equipment used in the construction (if any).

Construction in progress is transferred to the respective property, plant and equipment account when completed and ready for use. Depreciation is charged from the date on which the assets are ready for use in the manner intended by management.

## **2.13 Intangible assets**

### **Computer software**

Separately acquired computer software is shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

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



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Company are recognised as intangible assets. Directly attributable costs are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised using the straightline method over their estimated useful lives.

#### **2.14 Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

#### **2.15 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method.

#### **2.16 Provision**

Provisions are recognised when the Company has a present obligation (legal or constructive) where, 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. A provision is not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

#### **2.17 Employee benefits**

Post-employment benefits Pension schemes are classified as either defined contribution plans or defined benefit plans, depending on the economic substance of the plan as derived from its principal terms and conditions. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further





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contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current period and prior years. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation.

For the defined contribution plan, the Company pays contributions in accordance with Social Security Law No. 12/2016. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they become due.

As at December 31, 2024, the Company do not have post-employment benefits plan other than the defined contribution plan above.

## **2.18 Taxation**

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Tax expense comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax expense is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted as at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates the positions taken in annual tax returns with respect to situations in which the applicable tax regulations are subject to interpretation. It establishes a provision where appropriate on the basis of the amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using the tax rates that have been enacted or substantially enacted at the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.





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## **2.19 Revenue and expense recognition**

### **Sale of electricity**

Revenue from the sale of electricity is recognised based on customers' electricity usage (kWh). Generally, customers can buy their own token (prepaid) or are billed monthly (postpaid).

For postpaid customers, revenue from sale of electricity is recognised monthly based on the meter reading result of each customer. For prepaid customers, the Company recognises the revenue based on the estimated usage of the customer during the period.

### **Customer connection fees**

The Company views connection fees received from customers that are used to construct or acquire property, plant and equipment to connect the customers as indirectly related to the promise of providing supply of electricity to the customers. Supply of electricity and connection fees are not distinct because the customers cannot benefit from these two services on their own. The connection infrastructure is to fulfill the obligation to supply electricity to the customers. Both the supply of electricity and connection fees are substantially the same and have the same pattern of transfer to the customers. Therefore, connection fees and the supply of electricity are one performance obligation. As such, connection fees are recognised as deferred revenue and amortised at the rate of 5% per annum starting from the connection date.

Other revenues consist of transformer rental and other administrative services. Revenue from providing services is recognised in the accounting period in which the services are rendered.

## **2.20 Expenses recognition**

Expenses are recognised as incurred on an accrual basis.

## **2.21 Statutory capital**

Incremental costs directly attributable to the statutory capital are shown in equity as a deduction, net of tax, from the proceeds.

## **2.22 Government grants**

The Company receives government subsidy as part of the government support to the Company until the Company reaches financial sustainability. These government grants are recognised in the statement of financial position initially as deferred income under "Government grant". Grants that compensate the Company expenses incurred are recognised in the statement of profit or loss as revenue under "Government subsidy" on a systematic basis in the same periods in which the





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expenses are incurred. Grants that compensate the Company for acquisition of an assets are presented gross as deferred income under "Government Grant" liability.

### **2.23 Transaction with related parties**

The company has transaction with related parties as defined under IAS 24: "Related Party Disclosures".

Significant transaction and balances of the Company with the related parties are disclosed in the notes to the financial statements.

## **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next 12 months are addressed below.

### **Revenue recognition**

Prepaid sales of electricity

Prepaid sales of electricity includes an estimate of electricity consumed by customers between the date of the last token purchased and the financial year end of the Company. An estimate is made by prorating the total days between the date of the last token purchased and the date of the Company's statement using the historical consumption of the customers.

Customer connection fees

A connection service which is provided to the customer does not represent a stand-alone value for that customer. Consequently, the Company recognises connection fees received from customers to connect the customers to its network as revenue over time and amortises it starting from the connection date based on the estimated consumption pattern of the customer. The customers' consumption is estimated based on the average useful life of the distribution assets. Given the wide variety of distribution assets and remaining useful lives, the Company has applied an average life of 20 years, which the Group believes to be representative of the useful lives of the assets. A change in the estimated useful lives of distribution assets would result in a change in the revenue recognised from connection fees.



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**Estimated useful lives of property, plant and equipment**

The useful life of each item of the Company's property, plant, and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of property, plant and equipment would affect the recorded depreciation expense and the carrying values of property, plant and equipment.

**Income taxes**

The Company operates under the tax regulations in Timor Leste. Significant judgement is required in determining the provision for income tax and other taxes, recoverability of claims for tax refunds and recognition of deferred tax assets. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will be recorded in profit or loss in the period in which such a determination is made.

Deferred tax assets, including those arising from unrecouped tax losses, capital allowances and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows.





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#### 4. PROPERTY, PLANT, AND EQUIPMENT

2024				
	Beginning Balance	Additions	Reclassifications	Ending Balance
<b>Acquisition Cost</b>				
Land	14,482,406	-	-	14,482,406
Building and infrastructures	25,193,360	-	-	25,193,360
Installation and powerplants	310,672,465	10,969,785	10,366,476	332,008,726
Transmission equipment	247,407,732	-	-	247,407,732
Distribution equipment	354,213,877	5,064,086	-	359,277,963
Major spareparts	171,491	-	-	171,491
General equipment	2,721,418	72,932	-	2,794,350
Motor Vehicles	1,868,926	883,815	-	2,752,741
Subtotal	956,731,675	16,990,618	10,366,476	984,088,769
Construction in progress	23,500,147	-	10,366,476	13,133,671
Total	980,231,822	16,990,618	0	997,222,440
<b>Accumulated depreciation</b>				
Building and infrastructures	-12,210,946	-4,174,648	-	-16,385,594
Installation and powerplants	-127,142,188	-25,472,707	-	-152,614,895
Transmission equipment	-74,937,240	-5,387,648	-	-80,324,888
Distribution equipment	-110,422,246	-5,904,327	-	-116,326,573
Major spareparts	-171,491	-	-	-171,491
General equipment	-552,433	-99,178	-	-651,611
Motor Vehicles	-892,237	-369,283	-	-1,261,520
Total	-326,328,781	-41,407,791	-	-367,736,572
<b>Net Book Value</b>	<b>653,903,041</b>			<b>629,485,868</b>

*The accompanying notes form an integral part of these financial statements.*



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	2023			
	Beginning Balance	Additions	Reclassifications	Ending Balance
<b>Acquisition Cost</b>				
Land	14,482,406	-	-	14,482,406
Building and infrastructure	25,193,360	-	-	25,193,360
Installation and power plants	310,661,715	10,750	-	310,672,465
Transmission equipment	247,407,732	-	-	247,407,732
Distribution equipment	338,888,527	215,970	15,109,380	354,213,877
Major spareparts	171,491	-	-	171,491
General equipment	461,320	2,260,098	-	2,721,418
Motor Vehicles	1,868,926	-	-	1,868,926
Subtotal	939,135,477	2,486,818	15,109,380	956,731,675
Construction in progress	11,540,374	27,069,153	-15,109,380	23,500,147
Total	950,675,851	29,555,971	-	980,231,822
<b>Accumulated depreciation</b>				
Building and infrastructure	-11,441,140	-769,806	-	-12,210,946
Installation and power plants	-118,060,262	-9,081,926	-	-127,142,188
Transmission equipment	-69,549,592	-5,387,648	-	-74,937,240
Distribution equipment	-101,210,606	-9,211,640	-	-110,422,246
Major spareparts	-171,491	-	-	-171,491
General equipment	-89,755	-462,678	-	-552,433
Motor Vehicles	-572,831	-319,406	-	-892,237
Total	-301,095,677	-25,233,104	-	-326,328,781
<b>Net Book Value</b>	<b>649,580,174</b>			<b>653,903,041</b>

## 5. CASH AND CASH EQUIVALENTS

	2024	2023
Cash on hand	7,000	1,211
Cash in banks	89,873,920	73,584,298
<b>Total</b>	<b>89,880,920</b>	<b>73,585,509</b>

## 6. TRADE RECEIVABLES

	2024	2023
<b>Related parties</b>		
Government- Related Entities	28,373,223	26,641,007
<b>Third Parties</b>		
Public	8,230,378	6,304,948
Allowance for expected credit losses	-16,081,951	-16,081,951
<b>Total, Net</b>	<b>20,521,650</b>	<b>16,864,004</b>

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As at December 31, 2024 and 2023, all carrying amount of the Company's trade receivables were dominated in US Dollars.

Management believes that the provision for the impairment of receivables is adequate to cover possible loss on uncollectible trade receivables.

The aging analysis of trade receivables is as follows:

	2024	2023
Not yet due	1,575,484	1,567,930
Past due:		
Up to 3 months	5,549,543	2,040,799
More than 3 months	29,478,574	29,337,226
Allowance for expected credit losses	-16,081,951	-16,081,951
<b>Total trade receivables</b>	<b>20,521,650</b>	<b>16,864,004</b>

Movements in the Company's provision for the impairment of trade receivables are as follows:

	2024	2023
Beginning balance	16,081,951	3,284,168
Additions	-	12,797,783
Write-off	-	-
<b>Total trade receivables</b>	<b>16,081,951</b>	<b>16,081,951</b>

## 7. INVENTORIES

	2024	2023
Fuel and lubricants	9,322,669	9,674,924
Meter reading devices	91,950	91,950
Others	-	360
<b>Total</b>	<b>9,414,619</b>	<b>9,767,234</b>

Management believes that no allowance for decline in value of inventories and inventory obsolescence is required.

## 8. STATUTORY CAPITAL

The statutory capital was subscribed and paid by appropriation from the General State budget of the Government of the Republic of Timor-Leste amounting to US\$ 94,424,461.



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## 9. TRADE PAYABLES

	2024	2023
Purchase of fuels	7,519,399	15,834,938
Acquisition of property, plant and equipment		-
Others	613,333	324,688
<b>Total</b>	<b>8,132,732</b>	<b>16,159,626</b>

## 10. TAXATION

### a. Taxes payable

	2024	2023
Corporate income tax	9,352,880	9,352,880
Service Income tax	-	212,608
Wages Income tax	-	25,748
<b>Total</b>	<b>9,352,880</b>	<b>9,591,236</b>

### b. Income tax (benefit) / expense

	2024	2023
Current tax expense	-	-
Deferred tax benefit	-	(3,709,351)
<b>Total</b>	<b>-</b>	<b>(3,709,351)</b>

The calculation of corporate income tax expense is as follows:

	2024	2023
(Loss) / Profit before tax	(5,833,252)	(62,396,451)
Depreciation of property, plant and equipment	(41,407,791)	25,233,104
Provision for impairment losses of receivables	-	12,797,783
Realisation of government grants related to assets	(937,363)	(937,363)
<b>Taxable Profits</b>	<b>(48,178,406)</b>	<b>(25,302,927)</b>
Current tax expense	-	-

The reconciliation between income tax expense and the theoretical tax amount on the Company's loss before income tax is as follows:

	2024	2023
(Loss) / Profit before tax	(5,833,252)	(62,396,451)
Income tax expense calculated at applicable tax rates of 10%	-	-

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**c. Deferred tax liabilities**

	2024	
	Beginning Balance	Ending Balance
Depreciation of property, plant and equipment	65,390,306	65,390,306
Provision for impairment losses of receivables	(4,254,120)	(4,254,120)
Realisation of government grants related to assets	(1,608,206)	(1,608,206)
<b>Total</b>	<b>59,527,980</b>	<b>59,527,980</b>

**11. OTHER PAYABLES AND ACCRUALS**

	2024	2023
Operation and maintenance	-	4,503,010
Purchase of property, plant and equipment	3,790,870	4,052,423
Retention	-	3,521,940
Employee social security	-	198,756
Others	-	2,016,338
<b>Total</b>	<b>3,790,870</b>	<b>14,292,467</b>

**12. DEPOSIT**

Deposit represents deposit received from agent. Agent commissions is regulated by Minister of Public Works.

**13. GOVERNMENT GRANTS**

	2024	2023
Beginning Balance	42,541,192	52,325,626
Additions	148,492,000	70,000,000
Released to statement of profit or loss under government subsidy Revenue:		
Grants related to income	- 131,502,308	- 78,847,071
Grants related to assets	- 937,363	- 937,363
<b>Total</b>	<b>58,593,521</b>	<b>42,541,192</b>

**14. SALES OF ELECTRICITY**

	2024	2023
<b>Related Parties</b>		
Government- related entities	-	8,629,231
Third Parties	60,959,646	43,954,923
<b>Total</b>	<b>60,959,646</b>	<b>52,584,154</b>

Revenue is recognised overtime.

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Sales of electricity are based on the Basic Electricity Tariff determined by the Government and Local Government as follows:

- Government Resolution No. 33/2010 dated 28 June 2010 regarding review of the tariff for the supply of electricity;
- Decree Law No. 33/2016 dated 17 August 2016 regarding electricity licensing and tariff regulations.

There is no electricity tariff adjustment during 2024 and 2023.

**Contract liabilities - customer connection fees**

This account represents connection fees received from customers and recognised over time by the Company. Details of the contract liabilities are as follows:

	2024	2023
Beginning Balance	1,148,512	809,767
Additions	483,729	401,378
Recognised as revenue during the year	(97,021)	(62,633)
Ending Balance	1,535,221	1,148,512
Less: Current portion	97,021	72,835
Long-term portion	1,438,201	1,075,678

Connection fees are amortised starting from the connection date based on the estimated consumption pattern of the customer.

**15. FUEL AND LUBRICANTS**

	2024	2023
Fuel consumed for power plants	111,847,472	106,531,893
Fuel consumed for other	370,000	383,919
<b>Total</b>	<b>112,217,472</b>	<b>106,915,812</b>

**16. MAINTENANCE**

	2024	2023
Maintenance for generator	14,012,249	32,257,685
Maintenance for other	425,528	4,386,392
<b>Total</b>	<b>14,437,777</b>	<b>36,644,077</b>

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## 17. PERSONNEL

	2024	2023
Salaries expenses	7,645,660	7,879,797
Travel expenses	512,905	398,634
Others	11,356	360
<b>Total</b>	<b>8,169,920</b>	<b>8,278,791</b>

## 18. OTHER EXPENSES

	2024	2023
Trade receivables expected credit loss provision	-	12,797,783
Street lighth installation	-	1,360,839
Security Services	-	749,157
Amortisation of contract cost	616,550	594,799
Other operational expenses	22,027,017	1,840,021
<b>Total</b>	<b>22,643,567</b>	<b>17,342,599</b>

## 19. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

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

The related parties of the Company are:

(a) Key management personnel ("KMP")

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The KMP of the Company includes Executive Directors and Non-Executive Directors of the Company and may include certain members of senior management of the Company.

Whenever exist, related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members.

Compensation paid to key management personnel made by the Company for the year ended 31 December 2024 represent wages and salaries amounted to US\$ 480,949

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(2023: US\$ 480,949) (unaudited).

**(b) Government-related entities**

The Company and entities directly controlled by the Government of Timor Leste are collectively referred to as government-related entities to the Company

The Government of Timor Leste and entities controlled or jointly controlled by the Government of Timor Leste are related parties of the Company. The Company enter into transactions with many of these entities, which include but are not limited to purchasing of goods, sales of electricity, and placing of bank deposits.

All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group's and of the Company's businesses on negotiated terms or terms comparable to those with other entities that are not government-related, except otherwise disclosed elsewhere in the financial statements.

**(c) Significant balances with related parties**

	2024	2023
<b>Trade receivables</b>		
Government related entities	28,373,223	26,641,007
<b>Subtotal</b>	<b>28,373,223</b>	<b>26,641,007</b>
<b>Trade payables</b>		
Government related entities	-	954,952
<b>Subtotal</b>	<b>-</b>	<b>954,952</b>
<b>Subsidy</b>		
Government related entities	58,593,521	42,541,192
<b>Subtotal</b>	<b>58,593,521</b>	<b>42,541,192</b>

**(d) Significant transactions with related parties**

	2024	2023
<b>Revenues - electricity</b>		
Government related entities	-	8,629,231
<b>Subtotal</b>	<b>-</b>	<b>8,629,231</b>
<b>Purchase of fuel and lubricants</b>		
Government related entities	-	27,356,141
<b>Subtotal</b>	<b>-</b>	<b>27,356,141</b>
<b>Subsidy Received</b>		
Government related entities	148,492,000	70,000,000
<b>Subtotal</b>	<b>148,492,000</b>	<b>70,000,000</b>

The Company are principally involved in the provision of electricity as part of their ordinary operations. These services are carried out generally on commercial terms that are consistently applied to all customers. These transactions

*The accompanying notes form an integral part of these financial statements.*





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have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Apart from the individually significant transactions and balances as disclosed elsewhere in the financial statements, the Company have collectively, but not individually significant transactions with related parties.

## **20. SIGNIFICANT AGREEMENTS AND COMMITMENTS**

### **a. Fuel supply agreements**

The Company and Timor Gap, E.P, entered into a supply of light fuel oil agreement dated 30 March 2021. Based on the agreement, the Company intends to be supplied of light fuel oil to the Betano Power Plant for years 2021 - 2023. The purchase price of the fuel is based on Mean Oil Platts Singapore ("MOPS") plus fixed fees.

The Company and Sacom Energia LDA with Trafigura Pte Ltd, entered into a supply of light fuel oil agreement dated 2 September 2021. Based on the agreement, the

Company intends to be supplied of light fuel oil to the Hera Power Plant for years 2021 - 2024. The purchase price of the fuel is based on MOPS plus fixed fee.

The Company and Esperanca Timor Oan LDA ("ETO"), entered into a supply of light fuel oil agreement dated 8 March 2021. Based on the agreement, the Company intends to be supplied of light fuel oil to the Hera Power Plant for years 2021 - 2024. The purchase price of the fuel is based on MOPS plus fixed fee. On 12 March 2024, the agreement is extended for years 2024 - 2026.

The Company and Mato Unipessoal LDA with Trafigura Pte Ltd, entered into a supply of light fuel oil agreement dated 9 February 2021. Based on the agreement, the Company intends to be supplied of light fuel oil to the Hera Power Plant for years 2021 - 2024. The purchase price of the fuel is based on MOPS plus fixed fee.

### **b. Fuel pipeline and transportation facilities agreement**

The Company and Esperanca Timor Oan LDA entered into a renting jetty and pipeline facilities agreement dated 23 February 2021. Based on the agreement, ETO will provide integrated unloading fuel supply services from the tanker ship to Hera power plant for years 2021 - 2024. The purchase price of the services is based on a fixed fee per liter of fuel supplied. On 29 December 2023, the agreement is extended for years 2024 - 2026.

### **c. Operation and maintenance agreement**

PT Wartsila Indonesia

On 30 May 2017, the Government of the Democratic of Timor Leste and PT Wartsila Indonesia entered into an operation and maintenance agreement. The contract is transferred from the Government of the Democratic of Timor Leste to the Company in 2021 and shall be effective until May 2022. Based on the agreement, PT Wartsila Indonesia provides to the Company operational support, maintenance





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services for Hera and Betano power plants at the amount determined in accordance with the service fee formula. On 23 May 2022, the agreement is extended until May 2025.

China Nuclear Industry 22nd Construction Co.,Ltd

On 4 May 2022, the Company and PT China Nuclear Industry 22ND Construction ("CNI22") entered into an operational and maintenance service agreement for the National Power Grid for 24 months period. The insurance risk including property all risks for equipment, and machinery breakdown covering loss, damage or destruction of the National Power Grid at replacement value were covered under this agreement.

On 30 June 2024, the Company and CNI22 extended the operation and maintenance services agreement for National Power Grid project. The agreement shall be effective until June 2025.

## **21. FINANCIAL ASSETS AND LIABILITIES**

As at December 31, 2024, the Company classified its cash and cash equivalents, trade receivables and other receivables as loans and receivables.

As at December 31, 2024, the Company classified its trade payables, other payables, accrued expenses as financial liabilities carried at amortised cost.

## **22. FINANCIAL RISK MANAGEMENT**

### **Financial risk factors**

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

### **Foreign exchange risk**

The Company's revenue, its costs and operating expenditures are denominated in US Dollars, which is the functional currency of the Company. As such, the Company does not have a significant exposure to fluctuations in foreign exchange rates.

### **Interest risk**

The interest rate risk from cash in banks is not significant. Credit risk

Credit risk refers to the risk that the counterparties will default on their contractual obligations resulting in a loss to the Company. As a company that performs a public service obligation on behalf of the Government of the Democratic Republic of Timor Leste, the Company is obliged to serve all customers regardless of the ability to pay. In minimising the risk of uncollected receivables, the Company will terminate the electricity connection to the customer if a customer does not make payment on time after three-months to minimise the Company credit risk. For cash and cash equivalents, the Company maintains accounts with several banks to avoid significant





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concentration of cash with one institution.

As at December 31, 2024, total maximum exposure from credit risk was US\$ 17,022,739 (2023: US\$ 16,864,004). Credit risk arises from trade receivables.

**(a) Credit quality of trade receivables**

The Company believes that there is no significant concentration of credit quality risk because its trade receivables are spread over a large number of customers across diverse industries covering various types of customers, both retail and industrial, which are spread across a number of geographic areas. The Company also performs ongoing credit evaluation of its trade receivables. See Note 6 for detailed information of the aging of trade receivables and impairment assessment of trade receivables.

**(b) Credit quality of receivables from Government-related entity**

The Company believes that receivables from Government-related entity can be fully recovered in time from the Government of the Democratic Republic of Timor-Leste. The Company believes there is no risk of default by the Government-related entity.

**(c) Credit quality of cash in banks**

The Company places cash in banks with reputable counterparties that have a good credit rating or standing. Consequently, the Company believes that the credit risk of such financial assets is minimal. These counterparties include large financial institutions in Timor-Leste.

**Liquidity risk**

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Ultimate responsibility for liquidity risk management rests with the Directors, which have built an appropriate liquidity risk management framework for the management of the Group short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial liabilities.

As at December 31, 2024, liquidity risk arises from trade payables, other payables and accruals amounted to US\$ 11,923,602 (2023: US\$ 30,452,091) which represent the contractual undiscounted cash flows including estimated interest expense. Management believes that the Company has sufficient liquidity to extinguish its liabilities when they are due which is expected to be within one year.

**Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide benefits for stakeholders.

The Company's operation is mainly financed by Government subsidy. The Directors of the Company periodically reviews and manages its capital structure.



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**Fair value of financial instruments**

The carrying amount for financial assets and liabilities with maturity less than one year, including cash and cash equivalents, trade receivables, other receivables, trade payables, other payables and accrued expenses are considered to approximate their fair values due to their short-term maturity.

**23. EVENTS AFTER THE REPORTING PERIOD**

Government grant budget for period 2025 has been approved under the law No. 8/2024 dated 26 November 2024, which accommodated government grant of US\$ 166,500,000. This government grant was conveyed in the agreement between EDTL and Ministry of Public Works dated February 2025

President of Executive Committee :	Paulo da Silva
Commissioners:	Julio de Jesus Goncalves Roberto Manuel Marcal
President Board of Director:	Marito Ferreira
Vice President Board of Director:	Julio de Jesus Goncalves
Members:	Sitalina Maria da Dores Tilman Marcelino Caetano Noronha Antonio Pedro Belo Bento da Costa Xavier

**24. MANAGEMENT'S RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS**

The preparation and fair presentation of the financial statements is the responsibility of the management and the Directors have