fea

energising our nation

ANNUAL REPORT 2013

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Vision

'Energising our Nation.'

Mission

'We aim to provide clean and affordable energy solutions to Fiji with at least 90% of the energy requirements through renewable sources by 2015.'

Values

Customer focus

Honesty

Courage to do what is right for FEA

Team work

Individual accountability

Transparency

Innovativeness

CONSTITUTION & FUNCTIONS

The Fiji Electricity Authority was established, incorporated and constituted under the provisions of the Electricity Act of 1966 and began operating from the 1st August of that year.

The Board Members of the Authority are appointed by the Government. The Chief Executive Officer is an ex-officio Member of the Board and is responsible to the Members for the Authority's management and for the execution of its policies. The powers, functions and duties of the Authority under the Electricity Act are for the basic purpose of providing and maintaining a power supply that is financially viable, economically sound and consistent with the required standards of safety, security and quality.

A uniform tariff rate is charged for electricity used by each consumer group. The tariffs are determined according to government policy and are designed to meet specified targets while achieving a reasonable rate of return for the Shareholder.

The Authority is entrusted with enforcing the Electricity Act and regulations, setting standards, examining and registering electricians, and is empowered to approve and license suppliers to serve certain areas.

The Authority is also governed by the requirements under the Public Enterprises Act.

The front and back cover images portray the constuction of the Wainisavulevu Weir Raising Project. When completed it will produce additional 10 million units of electricity per year. FEA is investing around $40M to increase the height of the existing Wainisavulevu Weir. The project is on target and is expected to be completed in early 2015.

Letter to the Minister

29 May 2014

The Honourable Minister for Works,Transport & Public Utilities
Level 4, Nasilivata House
Ratu Mara Road
Samabula
Suva.

Dear Minister,

Annual Report 2013

I am pleased to present the Fiji Electricity Authority's Annual Report for 2013. The report provides a detailed summary of FEA's performance in accordance with Section 25 of the Electricity Act Cap 180.

2013 has been another challenging year for the Authority. The Government announced a reduction in the electricity tariff rates by 5% across all tariff bands effective from 1st January 2013, which resulted in a $16M revenue reduction.

The Nadarivatu Hydro-electric Scheme performed as expected in 2013 and produced 98.6 million units of electricity. This is equivalent to a fuel savings of $43M at the average monthly diesel price recorded for 2013. Without the Nadarivatu Hydro fuel savings of $43M, FEA would have recorded a loss before tax of around $2M.

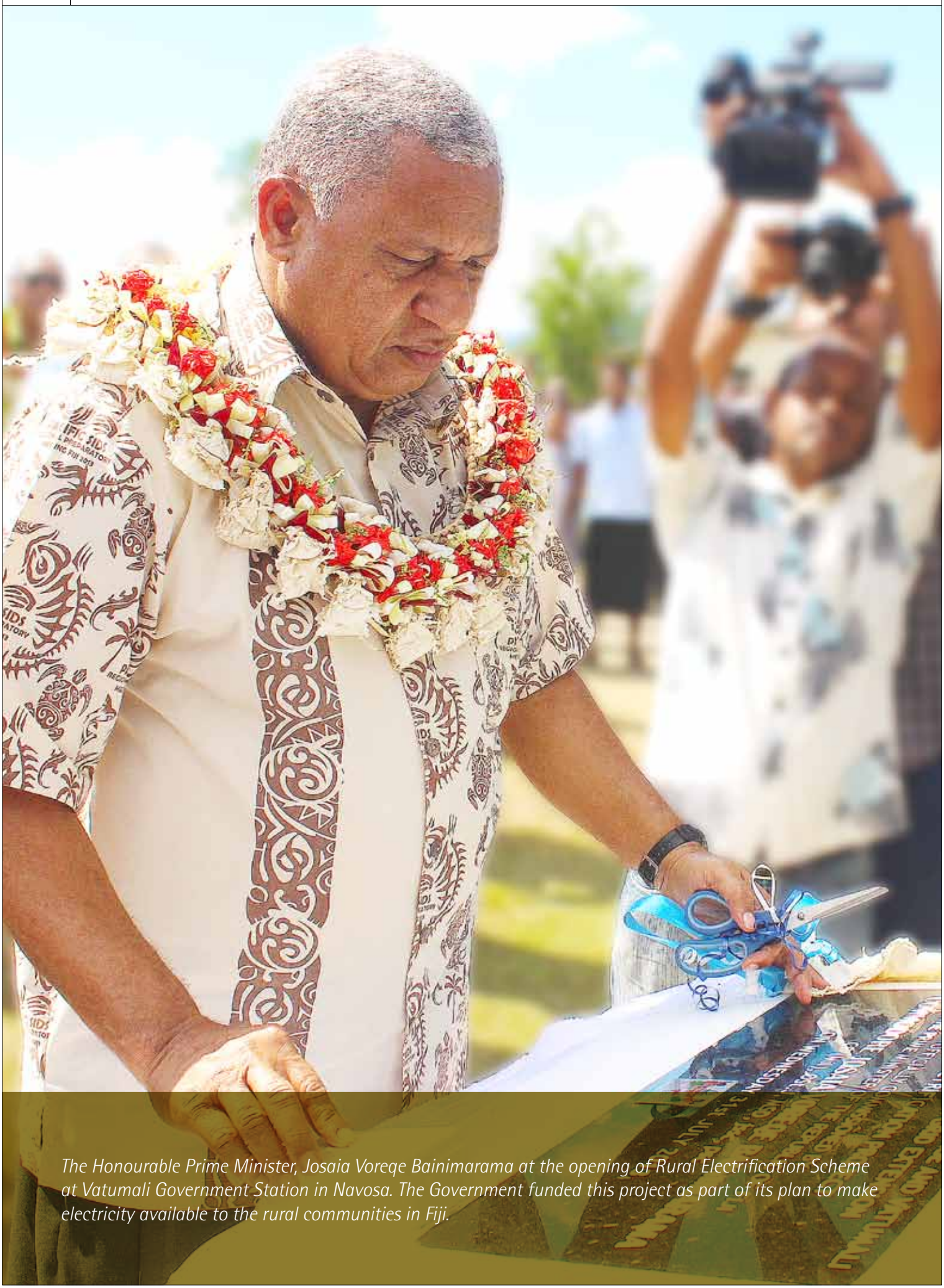
Construction of a 33kV transmission line from Cawaira power station in Labasa to Dreketi and establishment of zone substations at Seaqaqa, Dreketi and Cawaira progressed according to the work plan for 2013. This is a joint effort by the Government and FEA and this project is expected to be officially opened in early January 2014. Further, the construction of the Wainisavulevu Weir Raising Project progressed according to the work schedule for 2013.

The Authority continued to meet all its obligations and fulfil all its responsibilities whilst also continuing with the efficient operation of the power system.

On behalf of the Members of the Authority, I take this opportunity to thank the Government for its continued support and look forward to the same in 2014 and beyond.

Sincerely,

Nizam-ud-Dean
Chairman



The Honourable Prime Minister, Josaia Voreqe Bainimarama at the opening of Rural Electrification Scheme at Vatumali Government Station in Navosa. The Government funded this project as part of its plan to make electricity available to the rural communities in Fiji.

Key Outcomes 2013

- FEA achieved a positive financial result in 2013 recording a profit of $32.5M after tax. The profit declined as compared to 2012 due to three reasons. Firstly the tariff reduction by five percent as from 1st January 2013 resulted in a sales reduction of around $16M as at the end of December 2013. Secondly an increase in fuel cost of around $17.5M due to increase in thermal generation to complement the reduction in hydro generation as compared to 2012 and to cater for the increase in demand of electricity. Lastly, $13.5M of tax benefit recorded in 2012 as a result of the one-off tax concession approved by Government for the Nadarivatu Hydro Project contributed towards the overall profit in 2012.
- The shareholder value of FEA increased from $552M as at the end of 2012 to $588M at the end of 2013. The total loans & bonds as at 31st December 2013 was $303M.
- The positive financial result enabled FEA to carry out Capex work totalling around $38M in 2013, repayment of matured bonds and loans aggregating to F$39M and fund a total of around F$12.3M for the Monasavu Hydro Project half-life repairs & maintenance work.
- FEA achieved all the Financial Covenants signed with its lenders; China Development Bank (CDB), ANZ, WBC and BSP banks. This ensured that Government, being the sovereign Guarantor of the FEA Loans, was not exposed.
- FEA successfully refinanced US$30M of the China Development Bank (CDB) loan with WBC in March 2013 at a lower interest rate resulting in interest savings to FEA and contributing towards its profitability for 2013.
- FEA's total asset value exceeded F$1B. FEA has added significant shareholder value in recent years.
- FEA's gearing ratio at the end of December 2013 was 29.5% (at end of 2012 it was 34.3%) which is within the international benchmark for power utilities of not more than 45%. This reduction in gearing was largely due to repayments of the matured bonds and loans of around $39M in 2013. As a result, FEA will be able to borrow in future to partially fund its capital expenditure programme.
- Successfully renewed the Government Guarantee facility for all FEA borrowings with the Ministry of Finance.
- Sought Cabinet approval on the purchase and installation of 35MW of Heavy Fuel Oil (HFO) Generator Sets at Kinoya Power Station at a total cost of around $60M.
- FEA tendered the supply and installation of the 35MW Heavy Fuel Oil Generator Sets in 2013. Competitive tenders were received from local and international bidders. After comprehensive evaluation, the tender was awarded to Pernix (Fiji) Limited.
- FEA awarded the tender to fund the Supply and Installation of 35MW Heavy Fuel Oil (HFO) Generator sets at Kinoya power station to FNPF for a total amount of $60M.
- The 40MW Nadarivatu Renewable Hydro-electric Scheme performed admirably in 2013 and produced 98.6GWH of energy against an annual target of 100GWH despite most of the months in 2013 receiving below average rainfall. This is approximately 12% of the energy requirement of Viti Levu.
- The Nadarivatu Hydro–electric Scheme was registered as a CDM Project with the United Nations Framework Convention on Climate Change (UNFCCC) in August 2013. The 40MW Nadarivatu Hydropower Station also won the 2013 New Zealand Engineering Excellence Award under the Energy and Resources category. This proves that the Nadarivatu Hydro Project was designed at an international best in class standard.
- The construction work for the $40M Wainisavulevu Weir Raising Project progressed according to work schedule for 2013 with the work on the Southern and Northern Embankment continuing and good progress was achieved during the spate of good weather on site in 2013. The project is expected to be commissioned in early 2015. This project when completed will increase the energy outputs from the two existing hydro schemes, namely Wainikasou and Monasavu Hydro-electric Schemes.
- The Phase 1 of the upgrading works for the new Supervisory Control And Data Acquisition (SCADA) System was completed by year end. This will assist in improving the daily operation of the entire power system from the Authority's National Control Centre in Vuda. The entire project will be completed in 2014 at a total cost of $2.1M.
- The construction of the 33kV transmission line from Cawaira power station in Labasa to Dreketi and the establishment of 3 x 33kV/11kV zone substations at Seaqaqa, Dreketi and Cawaira progressed according to the work schedule for 2013. The project is scheduled to be officially opened in January 2014. The total cost of the project is around $14.3M and this cost was equally shared by the Government and FEA.
- FEA spent a sum of around $10.1M for rural, commercial/industrial, system reinforcement/improvement projects and contract works. Of this amount $4.6M was spent on the construction of forty-nine (49) rural electrification projects, $4.8M was spent on the construction of fifty-five (55) commercial/industrial projects and $0.7M was utilized for eighteen (18) contract jobs.
- FEA installed and commissioned 4 x 25MVA generator transformers at the Wailoa Power Station as part of its half-life repair & maintenance work. The old transformers that were replaced have served the Monasavu Hydro Scheme for some 30 years. The new transformers will bring about reliability and security of power supply to Viti Levu.
- The tender for the construction of the 132,000 volt Transmission Towers (Tower 9 and Tower 98) was awarded to EPC Fiji Limited. EPC commenced work on both the towers and completed the construction of Tower 9 by year end. Tower 98 could not be completed in 2013 due to adverse weather conditions which delayed the construction of the access road and as a result will be completed in 2014.
- FEA spent $2.1M to replace two x 20 MVA transformers at its Zone Substation in Suva. The old transformers have been in operation for around 30 years and have served their maximum life. The new transformers will improve the reliability and security of power supply in the Suva city and surrounding areas.
- Achieved a System Average Interruption Duration Index (SAIDI) for controllable unplanned power outages of 511 minutes against a target of 700 minutes.
- Achieved a System Average Interruption Frequency Index (SAIFI) for customers' power supply interruption of 11 times against a target of 15 times.
- Achieved a record high ICT up-time system performance of 99.94% against a target of 99.8%.
- FEA successfully renewed its 2013/2014 Insurance Policy for Material Damage & Business Interruption and Sundry Insurance at a cost of $8.4M in 2013 despite the volatile insurance market. The insurance renewal also included the newly established Nadarivatu Hydro-electric Scheme.
- Completed a comprehensive review of the Organisation's Top Business Risks and implemented formulated strategies to mitigate the risks. This reduced the ratings of our top 20 business risks by 20%.
- FEA Team received Gold and Bronze Awards at the NTPC's 18th National Convention on Quality in 2013.

Members of the Authority

Nizam-ud-Dean
Chairman

Gardiner Whiteside
Deputy Chairman

Francis Kean
Member

Aseri Radrodro
Member

Akosita Drova
Member (Resigned Nov 2013)

Isikeli Voceduadua
Member (Appointed Nov 2013)

Hasmukh Patel
Chief Executive Officer
Ex-Officio Member

Executive Management Team

Hasmukh Patel
Chief Executive Officer

Bobby Naimawi
Chief Financial Officer/ Board Secretary/ Acting CIO (IT)

Om Dutt Sharma
General Manager System Planning & Control/ Acting CIO (Telecom)

Eparama Tawake
General Manager Generation

Fatiaki Gibson
General Manager Major Projects

Tuvitu Delairewa
General Manager Commercial

Jitendra V. Kumar
General Manager Network

Annabel Ducia
General Manager Customer Services

Naveen Lakshmaiya
General Manager Human Resources

Attorney-General, and Minister for Justice, Anti-Corruption, Public Enterprises, Communications, Civil Aviation, Tourism, Local Government, Urban Development, Housing and Environment, Industry and Trade, Mr Aiyaz Sayed-Khaiyum at the launching of FEA's 2012 Annual Report at the FEA Head office in 2013.

Corporate Governance

Overview

The Board is committed to maintain high standards of corporate governance by overseeing a sound and effective governance framework for the management and conduct of FEA's business.

Our governance practices comply with statutory requirements and assist staff to deliver on the expectations of the stakeholders by promoting accountability, transparency, integrity and stewardship across the Authority.

Important corporate governance initiatives were implemented while focusing on delivery of our operational priorities.

FEA's Governance Framework

Board of Directors

The Board is governed by the principles set out in the Board Charter. The Board Charter clearly describes the functions and duties of the Board as a whole.

The principal role of the Board is to determine the Authority's strategic direction to ensure the long term sustainability of the Authority and to cater for the energy requirements of the nation.

The Board has a balanced mix of skills, knowledge and experience necessary to govern the Authority and to meet the challenges that the Authority faces. The Government as the sole shareholder ensures that the Board membership represents an appropriate balance between Directors with experience and knowledge of the Authority and Directors with an external perspective. The Shareholder ensures that the Board composition will result in effective discussions and decision making.

As at the date of this annual report, the Board composition is as follows:

Nizam-ud-Dean	Board Chairman
Gardiner Whiteside	Deputy Chairman
Francis Kean	Member - Permanent Secretary for Works, Transport and Public Utilities
Akosita Drova/ Isikeli Voceduadua	Member - Representative from the Ministry of Finance
Aseri Radrodro	Member - Private Sector
Hasmukh Patel	Ex-Officio Member - Chief Executive Officer

Board Meetings

The Board meetings are conducted on a monthly basis. The Board discusses the Authority's results, prospects, short and long term strategies as well as other matters including operational performance, governance and compliance issues.

The Authority's Management provides monthly reports to the Board detailing current financial information and additional information on matters of interest to the Board including operational performance, major initiatives, and the Authority's risk profile.

The Board's duties have been delegated to three sub-committees namely, the Audit & Finance Sub-Committee, the Major Projects Sub-Committee and the Human Resources Sub-Committee. These Sub-Committees of the Board also met monthly in 2013 to fulfill their fiduciary duties.

The draft minutes of all Board meetings and all Board Sub-Committee meetings are taken by the Company Secretary and thereafter circulated to all Members for their comments within a reasonable time after the meetings. The Minutes are then finalised and signed-off at the next Board meeting of the Directors.

In 2013, Board meetings were held 12 times and the attendance of each member was as follows:

Director	Number of Meetings Attended
Nizam-ud-Dean	12
Gardiner Whiteside	12
Francis Kean	12
Akosita Drova/Isikeli Voceduadua	10
Aseri Radrodro	11
CEO/Acting CEO	12

Board Sub-Committees

Audit & Finance Sub-Committee

The principal function of the Audit & Finance Sub-Committee (AFSC) is to provide assistance to the Board in fulfilling its corporate governance and financial responsibilities in relation to the Authority's financial reporting, internal control structure, risk management systems, internal audit function and external audit.

The Audit & Finance Sub-Committee is chaired by the Deputy Chairman, Mr Gardiner Whiteside. The Committee has three independent members, Mr Nizam-ud Dean, Mr Isikeli Voceduadua and Mr Aseri Radrodro. The Chief Executive Officer is also the member of AFSC. The Chief Financial Officer as the Secretary participates in all meetings and other members of Executive Management Team occasionally participate in the meetings as and when required.

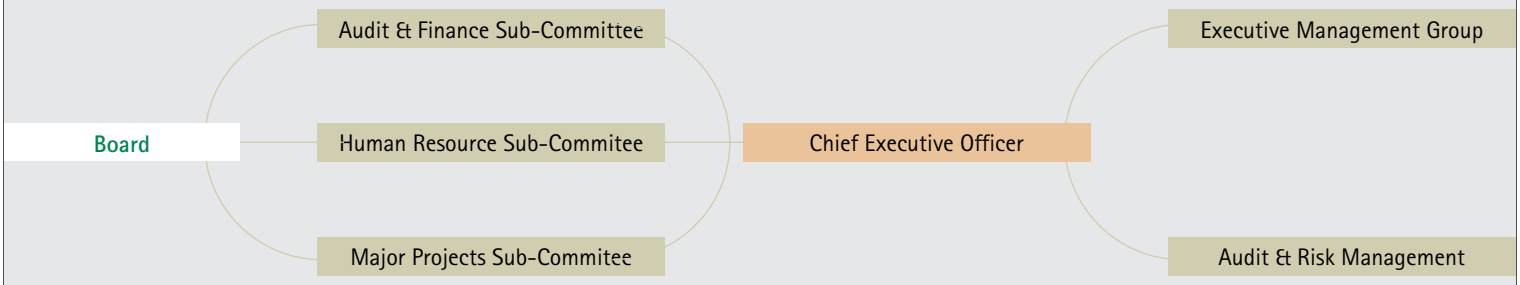
In 2013, the Sub-Committee discussed and endorsed the Authority's financial reports on a monthly basis, endorsed the Authority's 3 year Corporate Plan for the period 2014-2016 and the Internal Audit plan for 2014 and evaluated the effectiveness of the Authority's internal control practices. It also monitored the Authority's risk management practices and results as well as endorsed the renewal of the major insurance policies for 2014.

The Committee met 12 times in 2013.

Major Projects Sub-Committee

The key role of this sub-committee is to assist the Board in fulfilling its responsibilities by overseeing the delivery of all major infrastructure projects being undertaken by the Authority in a timely, efficient and cost effective manner including making decisions in relation to the project as and when required.

FEA's Governance Framework



The Members of the Authority, the Board Secretary and an observer from the Ministry of Public Enterprises during one of the monthly Board meetings at the FEA Head Office.

In 2013 the Sub-Committee monitored progress on all the major capital projects undertaken by the Authority including the Monasavu Hydro Scheme repair and maintenance works, Dreketi Electrification, 33kV sub-transmission network projects, Wainisavulevu Weir Raising project together with other capital developments.

The Committee chaired by the deputy chairman, Mr Gardiner Whiteside met 12 times in 2013.

Human Resources Sub-Committee

The Human Resources Sub-Committee is responsible for providing strategic advice on human resources development, taking into account contemporary ideas and approaches in delivering successful human resources function.

The Committee ensures alignment with the Corporate Plan, Strategic Human Resources Development Plan, Employment & Industrial Relations Plan and Training & Development Plan. It also identifies future human resource challenges and opportunities that may affect the delivery of the Authority's objectives as articulated in the above plans.

The focus of the Human Resource Sub-Committee in 2013 was the implementation of the human resource strategies which included:

- Enhancing better health and safety work strategies
- Facilitating Job Evaluation for Engineers to maintain market relativity
- Enhancing workforce diversity through recruitment and selection
- Developing employees through targeted training programs

Chaired by the Board Chairman, Mr Nizam-Ud-Dean, the Human Resources Sub-Committee met 12 times in 2013.

Ethical Standards

FEA recognizes the need for directors and employees to perform to the highest standards of behaviour and business ethics. The Board and the employees have adopted a code of conduct that sets out the principles and standards which the Board members and employees are expected to comply with as they perform their respective functions. The members of the Board are issued the Board Code of Conduct at the beginning of each financial year and the Board Chairman carries out a briefing on the same. The employees of the Authority also received training on the Code of Conduct upon recruitment as part of the induction process.

Continuous Disclosure

Members of the Board are required to sign a disclosure and confidentiality agreement on an annual basis. The members are also required to declare their conflicts of interest if any. The disclosure and Confidentiality Agreements are reviewed from time to time to take into consideration changes in legislation and the business environment. Also the employees of the Authority sign a declaration of Interests to declare any conflict of interest that they may have on an on-going basis.

Captain (N) Timoci Lesi Natuva, the Honourable Minister for Works, Transport and Public Utilities at the opening of the Rural ELectrification Scheme at Namuka, Nakoroivau in Tailevu. The Government funded this project as part of its plan to make electricity available to rural communities in Fiji.

Construction of the Wainisavulevu Weir Raising Project in progress according to work schedule for 2013. When completed it will produce additional 10 million units of electricity per year. FEA is investing around $40M to increase the height of the existing Wainisavulevu Weir.

Mr Nizam-ud-Dean | **Chairman**

To ensure that FEA remains financially sustainable in the short, medium and long term, its business model had to be reviewed to incorporate the reduction in the electricity tariff rate by five (5) percent. The following key strategic areas of its business were reviewed:

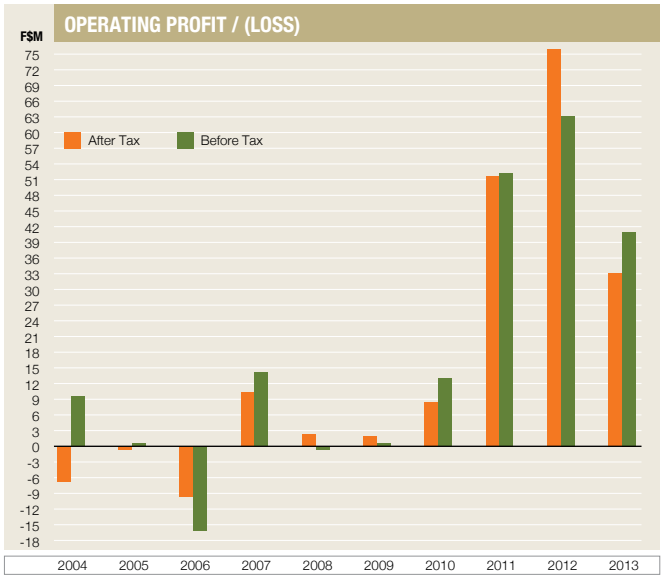
- **Capability of FEA to implement its 10 year power development plan by 2020 valued at around $1.5 Billion.**
- **The impact the tariff reduction will have on the energy fee that FEA will be able to offer to the private sector to invest in the development of the power generation sector;**
- **FEA's ability to continue meeting its bonds and loans repayments totaling $303M when they fall due without defaulting and not to expose Government being the sovereign guarantor of FEA's borrowings; and**
- **Continue to maintain critical assets considered its "strategic assets" (like the Monasavu Half Life Repair and Maintenance Works) when they are due for maintenance to ensure reliability and security of power supply.**

Chairman's Report

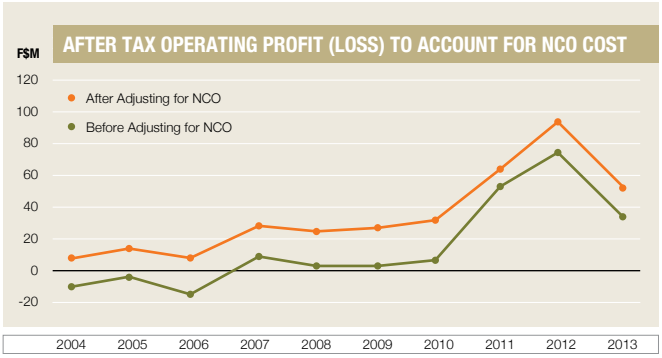
2013 Profitability

FEA made a financial profit of $32.5M after tax in 2013.This equates to a Return on Shareholder Funds (ROSF) of positive 5.4%.The profit recorded for 2013 was largely due to the commissioning of the Nadarivatu Hydro Project which produced some 98.6 million units of energy in 2013 and stringent measures implemented to control operational expenditure. Had the Nadarivatu Scheme not performed well and produced 98.6 million units of energy in 2013, FEA would have recorded a loss of around $2.1M after tax.

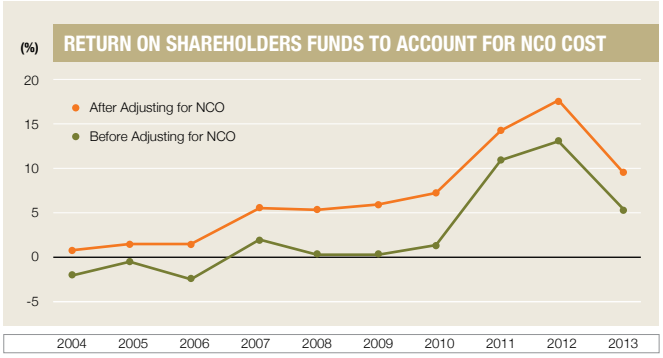
The profitability of FEA for the period 2004 to 2013 is illustrated in the graph shown below.



FEA recorded a fuel cost of $122.6M in 2013 as compared to $105.1M for 2012. The fuel cost of 2013 is equivalent to 41% of the total revenue for 2013. The 5% tariff reduction across all tariff bands further reduced the revenue for the entire year by around $16M. FEA incurs significant non-commercial obligation (NCO) cost each year when supplying subsidised electricity to rural Viti Levu and to the whole of Vanua Levu and Ovalau. FEA incurred around $25M of NCO cost after tax when fulfilling its social obligations in 2013. Although the Public Enterprises Act requires the Government to reimburse the NCO cost to FEA, such cost is not refunded. Instead, the Government has accepted, via Cabinet decision CP2002 18th Meeting dated 10th September 2002 that FEA's non-commercial contribution to social and community services through its electricity subsidies to be recognised as its annual dividend to the Government. Therefore, the deemed dividend paid to the Government by FEA for 2013 is a notional adjustment to account for the NCO cost which would have resulted in an after tax financial profit of $57.5M and a ROSF of positive 9.78% for the year. The adjusted profitability numbers and ROSF are shown below for the period 2004 to 2013.



FEA Board Chairman Mr Nizam-ud-Dean at the contract signing ceremony with Total Fiji Limited for the supply of Industrial Diesel Oil (IDO) to FEA.



FEA appreciates the support provided by the Government through granting of duty concessions for its Renewable Energy Projects and guaranteeing FEA's borrowings. It is essential that the Government continues to support FEA to ensure the long term financial sustainability of the organisation and achievement of its Power Development Plan.

Financial Strength

FEA's gearing ratio, as measured by Debt to Debt plus Capital and Reserves excluding cash-in-hand, was 29.5% as at 31st December 2013, which is well within the international benchmark for power utilities of about 45%, despite spending $37.8M on Capital Expenditure projects in 2013. The gearing has reduced substantially when compared with 2012 of 34.3%. This provides opportunities for additional borrowing by FEA to fund its long term Power Development Plan. The reduction in gearing level is due to the good profit recorded in 2013 and also FEA repaying matured bonds & loans of around $39M.

The shareholder value of FEA was $588M at the end of 2013 which increased from $552M at the end of 2012 and $324.9M at the end of 2002. FEA's total assets are worth $1.04B, an increase from $1.03B in 2012 and $456.7M in 2002. This shows that it has added significant shareholder value over the last 10 years since the implementation of organisational reforms.

FEA Restructure

The restructure process for the Initial Public Offering (IPO) of the Fiji Electricity Authority with the intention to partially privatize the Company continued in 2013. The Ministry of Public Enterprises with the assistance of FEA progressed with the restructure process. Further, the Government in it's 2014 budget have announced the diversement of FEA's shares.

The 40MW Nadarivatu Renewable Hydro Power Project was registered for carbon credits under the Clean Development Mechanism (CDM) with the UNFCCC in August 2013. Furthermore this project was awarded the New Zealand Engineering Excellence Award 2013 under the Energy and Resources category.

Progress on Renewable Energy Projects

The 40MW Nadarivatu Renewable Hydro Power Project which was fully commissioned by June 2012 and officially opened by the Honourable Prime Minister on 14 September 2012 produced 98.6 million units of energy in 2013. This is approximately 12% of the energy requirements of Viti Levu.

This has greatly assisted FEA to move towards achieving its renewable energy target of 90% from renewable energy sources by 2015.

In addition, the project was registered for carbon credits under the Clean Development Mechanism (CDM) with the UNFCCC in August 2013. Furthermore this project was awarded the New Zealand Engineering Excellence Award 2013 under the Energy and Resources category. This prove that the Nadarivatu Hydro Project was designed at an international best-in-class standard.

A full feasibility study report on Hydropower Opportunities in Viti Levu was completed by FEA and Expressions of Interest were called for the development of two hydro schemes namely, the Qaliwana/Upper Wailoa Scheme and the Wailoa Downstream Scheme. Two parties were shortlisted and they are currently being assessed with a decision to be made in 2014.

The Wainisavulevu Weir Raising Project construction is in progress and when completed in early 2015 will provide an additional 10 million units of energy.

Thermal Power Generation Expansion Plan

FEA also awarded a tender for the purchase of 35MW of Heavy Fuel Oil (HFO) Generators to be installed at Kinoya Power Station. These HFO Generators will be operated to replace energy output from the Industrial Diesel Oil (IDO) Generators to reduce overall fuel cost as the HFO fuel is cheaper than the IDO fuel. Furthermore, this HFO Generators will serve as security for the Central Division in the event that power supply from the Hydro Stations located in the interior of Viti Levu was disrupted for any reason. This project will be completed by mid 2015.

Productivity Improvements

FEA has achieved significant productivity improvements since 2000. The number of employees has been reduced by 23%, from 960 in 2000 to 736 in 2013, at a time when:

- Number of customers have increased by around 39%, from 117,315 in 2000 to 162,656 in 2013
- Generation output has increased by around 67%, from 523 gigawatt-hours (GWh) in 2000 to 872GWh in 2013;
- Length of power lines and underground cables has increased by around 33%, from 7,124 km in 2000 to 9,442km in 2013;
- Total assets have increased by around 120% from $473M in 2000 to $1,04B in 2013;
- Total shareholder funds have increased by around 86% from $316M in 2000 to $588M in 2013.

As a result, the following productivity improvements have been achieved between 2000 and 2013:

- Customers per employee have increased by 81%;
- Generation output per employee has increased by 118%;
- Length of power lines and underground cables per employee has increased by 73%; and
- Asset value per employee has increased by 190%.

Acknowledgement

I would like to convey my sincere appreciation and thanks to the fellow Board Members for their continuous support and contribution throughout the year. Their commitment and direction was instrumental in ensuring that FEA remained focused and on-track to achieve its strategic goals and objectives.

I would like to thank the Cabinet, especially the Honourable Minister for Works, Transport & Public Utilities and the Honourable Minister for Public Enterprises, for their invaluable support provided to FEA during the year.

To our valued customers, we will continue to explore and implement ways in which we can further improve our services to meet or exceed your expectations.

To our Management Team and employees, I am highly appreciative of your efforts and contribution during the year. The level of dedication and commitment that you and our outsourced service providers showed throughout the year has enabled us to energise our nation under very challenging conditions.

Nizam-ud-Dean
Chairman

Achievement of Board Key Perfomance Indicators

The FEA Board developed eight Key Performance Indicators (KPIs) for 2013 to enable the Government to measure the performance of the FEA Board. The KPIs were included as part of FEA's Statement of Corporate Intent (SCI) for 2013. The actual achievement of the KPIs is detailed below:

Key Perfomance Indicators	Final Outcome
1 Achieve a ROSF of at least 10% subject to assumptions outlined in the Corporate Plan becoming a reality and is inclusive of Non Commercial Obligation (NCO) costs for 2013 after tax.	**ACHIEVED.** The ROSF was 12.2% taking into account the notional adjustments for assumptions in the Corporate Plan 2013 not becoming a reality and is inclusive of the Non Commercial Obligation (NCO) costs for 2013 after tax.
2 Fully comply with the following statutory requirements:	
Submission of 2014 to 2016 Corporate Plan, SCI and EIRP by 30 September 2013	**ACHIEVED.** Submitted on 30th September, 2013.
Submission of half-year report for 2013 financial year by 1 August 2013	**ACHIEVED.** Submitted on 31st July, 2013.
Submission of draft un-audited financial accounts for 2012 by 31 January 2013	**ACHIEVED.** Submitted on 31st January, 2013.
Submission of draft 2012 annual report by 31 March 2013	**ACHIEVED.** Submitted on 28th March 2013.
Submission of the annual report and audited financial accounts for 2012 by 31 May 2013	**ACHIEVED.** Submitted on 29th May 2013.
3 Ensure the construction of the 33kV transmission line from Vuda to Waqadra and the associated sub-station development at Vuda and Waqadra ends progresses according to the project schedule for the year 2013	**ACHIEVED.** Procurement of Materials, Transmission line construction and Zone Sub-station Augmentation progressed according to work schedule for 2013.
4 Sign Power Purchase Agreement (PPA) with Fiji Sugar Corporation (FSC) for supply of electricity in Labasa throughout the year	**ACHIEVED.** Signed PPA with FSC Labasa on 18th June 2013.
5 Ensure that the construction of the Dreketi Electrification Scheme progresses according to the project schedule for the year 2013.	**ACHIEVED.** The Project was completed and commissioned by mid December 2013 within budget.
6 Ensure that the construction of the Wainisavulevu Weir Raising Project progresses according to the project schedule for the year 2013.	**ACHIEVED.** Project progressed according to work schedule for 2013. Completion of the project is expected by early 2015.
7 Execute the Monasavu Hydro Scheme Half-Life repairs and maintenance program as per plan for 2013.	**70% ACHIEVED.** Some activities could not be completed due to funding and operational constraints.
8 Proceed with the appropriate Renewable Energy Scheme after ranking the prospective schemes in terms of the scheme that is the most feasible and economical to FEA.	**ACHIEVED.** Expressions of Interest (EOI) were called for the development of Wailoa Down Stream Hydro Project and Qaliwana Hydro Project and the EOIs were analysed and the most appropriate way forward was approved by the Board with the successful bidder.

For customer convenience, FEA has formed partnerships with 23 MH outlets Fiji wide where customers are able to pay their electricity bills.

Hasmukh Patel | **Chief Executive Officer**

2013 was a challenging year for the Authority. Despite implementing the five (5) percent tariff reduction across all tariff bands effective from 1st January 2013 resulting in the reduction of FEA's revenue by $16M and the Monasavu Hydro-Electric Scheme receiving below average rainfall for some seven (7) months of the year in 2013, it still managed to achieve the following:

- **Repay matured bonds and loans aggregating to $39M to ensure that Government being the sovereign guarantor of FEA's borrowings was not exposed;**
- **Fund critical capital expenditure projects to the tune of around $38M;**
- **Continued with the repairs and maintenance programme for the Monasavu Hydro-electric Scheme and spent a total of around $12.3M in 2013; and**
- **Met all the debt covenants signed with Lenders.**

It was again a tribute to the robust business model that FEA has in place that enabled the achievements of the above key targets.

Chief Executive Officer's Report

FEA made appropriate adjustments to its business model after the Government announced the five percent reduction in the electricity tariff from 1st January 2013. FEA performed admirably well even though it experienced many operational constraints throughout the year. Prudent measures taken to contain expenditure through cost cutting measures contributed towards overall perfomance of the Authority.

The $32.5M profit after tax recorded for 2013 was largely due to the timely construction and commissioning of the Nadarivatu Hydro Project which produced some 98.6 million units of energy in 2013 against an expected output of 100 million units. The positive financial result enabled FEA to carry out Capital Expenditure work totalling $38M in 2013, repay matured bonds and loans aggregating to F$39M in 2013, refund $10M in capital contribution received in the past years for general extension work and complete seventy percent of the programmed work on the Monasavu Hydro-electric Scheme Project half-life repairs & maintenance (Phase 2) by spending around F$12.3M in 2013.

The next three years will bring a lot of challenges to the Authority. FEA's focus over the next three years will be to maintain its ageing assets that have been in service for some 30 plus years. FEA will continue with the Phase 3 of the repair and maintenance of the Monasavu Hydro-electric Scheme and repair of other FEA power network assets to ensure reliability and security of power supply to our valued customers. FEA will be investing around $60M to purchase and install 35MW of Heavy Fuel Oil (HFO) generating plant at Kinoya Power Station for reasons stated earlier in this report. FEA will be installing new 33kV underground cables in Suva CBD and construct a new 33kV Zone Substation off Knolly Street to improve reliability of power supply and meet the future demand of electricity in the Suva CBD and surrounding areas. This investment is expected to cost around $16M which is projected to be internally funded by FEA. This will be another huge investment by FEA. Therefore, it is imperative that FEA adopts a business model that will achieve the desired profitability level to ensure that it is able to fund these critical projects and remain financially sustainable. However, this will depend on a large extent to the amount of rainfall received at Monasavu and Nadarivatu in 2014, the global fuel prices for IDO and HFO and the electricity tariff as we go forward.

Finally, I thank the Chairman and the Board Members for their valuable guidance and constructive support throughout the year. I wish to record my thanks and appreciation to my colleagues in the Executive Management team and to all the employees of our organisation and other external service providers for their continuing support, dedication and patience throughout 2013.

I also record my sincere thanks and appreciation to the Honourable Prime Minister and his Cabinet Ministers, Permanent Secretaries and Government officials, the Reserve Bank of Fiji, the Fiji Commerce Commission, the Fiji Revenue & Customs Authority and the executives of the FEA Bargaining Units for their kind assistance, support and cooperation rendered in 2013.The invaluable contribution of one and all mentioned above made it easier for FEA to rise above the challenges it faced during the year and perform exceptionally well.

I look forward to their continued support in delivering increased value to our Shareholder and Stakeholders in the coming year.

Hasmukh Patel
Chief Executive Officer

The newly established 11kV/33kV Zone Sub-station at Cawaira Power Station in Labasa which was constructed as part of the Dreketi Electrification Project.

The newly established 33kV/11kV Zone Sub-station at Dreketi which was constructed as part of the Dreketi Electrification Project.

The installation of the 2x20/25MVA 33kV/11kV power transformers at the Suva City Zone Sub-station in progress. FEA replaced the old transformers which were in service for some 30 years with these new ones at a cost of around $2.1M. This will improve the reliability and security of power supply to customers in the Suva CBD and surrounding areas.

2013 | Year in Review

CUSTOMERS

Customer Service

The number of customer accounts increased by 2.29% from 159,018 in December 2012 to 162,656 in December 2013. The customer accounts are made up of: Industrial 100 (0.06%); Commercial 15,444 (9.50%) and Domestic and Institutional 147,112 (90.44%). The increase in customer accounts was mostly in the Domestic Sector recording a growth of 2.09%, most of which were in remote rural areas as a result of the Rural Electrification projects funded by the Government and FEA. There was an increase in demand for electricity by an overall 6.62% from 731.63M units in 2012 to 780.07M units in 2013.The main increase in electricity consumption was in the Domestic sector, with demand increasing by 7.08% from 213.6M units in 2012 to 228.8M units in 2013. Demand also increased by 7% in the Commercial sector and increased by 5.4% in the Industrial (Maximum Demand) sector. The increase in electricity consumption in the Domestic, Commercial and Industrial sectors is attributed to the growth in the electricity demand. Furthermore, the power supply in the Central, Western and Northern divisions were not affected by any disturbance or cyclone in 2013.

Contact Centre

The Contact Centre continued its good performance in 2013. The Grade of Service (GOS) achieved for the year was 90.4% with Calls Abandoned at 5.8%. This was a good result in a challenging year where the Contact Centre was required to manage information flow to customers on the review in consumer security deposit, disconnection and reconnection of electricity accounts, prepayment issues, planned and unplanned power outages. Total calls received as at 31st December 2013 were 377,445, an average of 31,454 calls a month. This was a decrease of around 12% from 2012 when a total of 428,756 calls were received. The decrease in call volume was the result of fewer enquiries made regarding power restoration as no natural disasters were experienced in 2013. With a concentrated and coordinated approach in 2014, it is anticipated that the call volume will further decrease. The focus continues to be on the quality of service delivered to the individual customers by Contact Centre staff when answering the calls. The Contact Centre continues to operate 24hours, 7days a week with the main Contact Centre in Suva closing at 9.00pm and the services then taken over by Contact Centre staff at the National Control Centre in Vuda. Usage of the emergency 913 number for non-emergency calls by customers continues to be a concern with a total of 26,242 calls received on this number of which only 6,135 were genuine emergency calls.

For the 2013 Customer Services Survey, six survey questions were prepared and survey forms sent out to customers with their electricity bills in December 2013. The forms were received and analysed.

Whilst FEA was pleased with the improvement in its overall customer satisfaction level for domestic customers, it wishes to improve on its level of service to commercial and industrial customers. Accordingly, it will put in place appropriate action plans to address the areas for improvement highlighted in the survey. In the meantime, FEA is also investigating how it could improve the reliability of customer survey in future years to obtain views from a majority of its customers.

FEA Contact Centre located at the Head Office in Suva continues to address the concerns of customers with urgency Fiji wide.

Prepay Customers

The on-line Syntel prepayment vending system is now being used by all prepayment vendors and there are a total of 36 such vendors located in the Central, Western and Northern divisions. Prepay customers can buy their tokens from any of these vendors. Through this online vending system, the Authority is able to manage its prepay customers better. Most of the rural customers are metered using prepayment meters with installation of more than 1,989 prepayment meters in 2013.

Product Awareness

Awareness on energy savings and electrical safety tips were the main focus of FEA's communication activities to its customers. Presentations were carried out in schools and communities to create awareness on energy savings and electrical safety. FEA made full use of its billing network to maximise the exposure of its safety messages by printing messages on the electricity bill itself and bill inserts.

Visits were made to prospective rural customers in villages to complete customer documentation, provide information on energy conservation and electrical safety and training on how to use the prepayment meter prior to connection.

Television interviews and participation in radio talkback shows were carried out for creating public awareness and dissemination of information regarding the Authority's operations.

FEA Metering Team carrying out metering system re-calibration at Future Farms in Ba.

Demand Side Management

FEA carried out energy meter re-calibration of its second lot of top 150 customers and scanned 1,049 current transformer metered customers to ensure that the Customer's meters were functioning properly and recording correct consumption.

FEA also replaced 6,412 old energy meters installed at customers' premises and will continue with this replacement of old energy meters during the next 4 years to ensure correct recording and billing of electricity consumption.

FEA continues to assist its customers to become more energy efficient by providing technical advice and billing data to those customers who request for such data.

FEA's Reactive Metering Policy was strictly monitored during 2013 with reactive energy metered for those customers using excessive reactive energy and not complying with the power factor requirements as stipulated in the Electricity Act. Customers' excessive reactive energy usage decreased by around 2.59% in 2013 when compared to 2012.

Electricity Tariff

There was a reduction in the electricity tariff by 5% across all tariff bands effective from 1st January 2013. This is equivalent to a revenue reduction of around $16M per annum. All domestic customers who used less than 75 units per month (daily average < = 2.47 units) were given the Government subsidy of 17.64 cents per unit and this subsidy was given through their monthly bills. For schools, the government subsidy of 14.25 cents per unit was given for the first 200 units they used in a month.

Due to tariff changes in April 2011 and January 2013, an ongoing review of all consumers' security deposits became necessary under the Electricity Act. Customers had the option of paying the additional consumer security deposit in cash or by providing a Bank Guarantee.

HUMAN RESOURCES, TRAINING & DEVELOPMENT, HEALTH, SAFETY & ENVIRONMENT

Key Initiatives: Leading the Way - Best Practice

Best practice Human Resources initiatives are something that emerging Human Resources practitioners aspire to develop and implement. To explore this further, there is absolutely no doubt that 2013 saw some positive outcome of our various initiatives and processes implemented which were attained successfully. There were 35 initiatives introduced as part of the major improvement processes. Out of the 35 initiatives, some of the major initiatives were the hosting of 1st - 4th Employee of the Quarter awards based on the business excellence framework, launch of the i-QC Times for dissemination of information to employees, launch of HR uniforms, making human resource services more accessible to the Team FEA and winning Gold (Team Kinetics from Kinoya) and Bronze (Team Lions from Labasa) medals at the NTPC's 18th National Convention on Quality.

Key Challenges

We needed to embrace total cost reduction and enhance quality competitiveness across the organization, as well as optimize our customer service internally. We aspire to be the most innovative SBA with our corporate vision. It was important to generate effective results by developing and researching on new products that immediately satisfied organizational needs and improved our own cost competitiveness. Finally, the challenge was to secure and nurture human resources crucial to our organizational need. In order to meet these challenges we rejuvenated the Team HR through enhanced training to establish a culture of creativity and innovation.

Our Expectations

What is most important is for each one of us to grow as individuals. It is crucial above all for each individual not just to enhance his or her knowledge and skills but also to work with spirit and a proud sense of ethics, taking a more elevated gaze and a broader perspective than before. Our growth as individuals leads to growth of our organization, thereby making it possible for not only Human Resources SBA but Fiji Electricity Authority to "Be the Best, Be the One." This makes it even more important for HR to grasp the big trends by taking a bird's-eye view of the whole scene from a medium-to-long-term perspective. In order to be an organization that constantly stays a step ahead in dealing with change and create new value, we must first recognize our own strengths and capabilities. This will lead to the perspective of creating value that will contribute not only to the individual but to the society.

TRAINING & DEVELOPMENT

The mission of the Fiji Electricity Authority Training Centre is based on building partnerships with various institutions in our human resources development and support development programs. We always prioritize to treat the workforce of our growing economy in a remarkable and unique way. Our distinctive training programs will always thrive to provide with exceptional experiences to both our customers in the field and our Staff in training and development.

A total of 285 Training Courses were conducted in 2013 with a total number of 39,118 training hours as compared to 2012 which conducted 158 Training Courses with a total number of 18,443 training hours.

The FEA Team received Gold and Bronze Awards at the NTPC's 18th National Convention on Quality in 2013.

Finally, the challenge is to nurture our human resources who are crucial in attaining the organisational objectives. We have embarked on this exercise through a very enhanced training and development programme and implementing a more diversified recruitment process thereby creating a culture of creativity and initiative with the estblishment of small project teams such as Quality Circles and Business Process Champion Teams.

In 2013, the main focus on training and development was on Mandatory Authorisation and Refresher training including Contractor Management and Safety Awareness Training and In House Management Development Training on Quality Circles and Succession Planning.

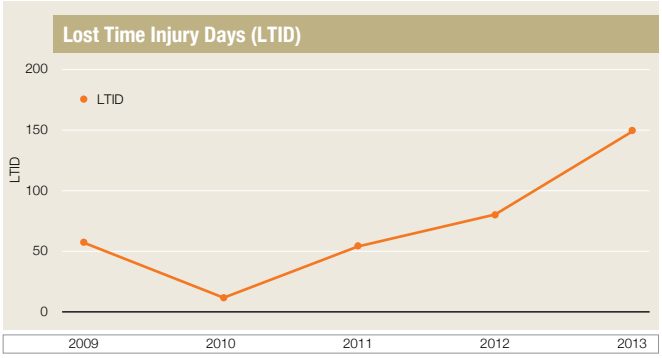
The Authority continues to engage practical attachés from the Fiji National University, University of the South Pacific and University of Fiji as part of their program requirement so that they are able to graduate. This is an opportunity for the Authority to ensure that these practical attachés receive the relevant practical training and development in house in preparation for employment opportunities that may arise. The Authority recruited 99 new employees including 43 Trainee Line Mechanics, 1 Trainee Cable Jointer, 3 Graduate Electrical Engineers and other technical skilled workers ranging from meter attendants, heavy goods drivers, electricians and technicians to ensure security and reliability of power supply to our valued customers. The recruitment process is a step forward to ensure that skilled and competent employees are readily available to replace employees who leave the Authority over a period of time.

The Authority accepts that the staff turnover in the technical areas will continue due to employment opportunities abroad. The Authority also accepts that it will never be able to compete with overseas employers in the terms and conditions of employment offered to the Authority's employees.

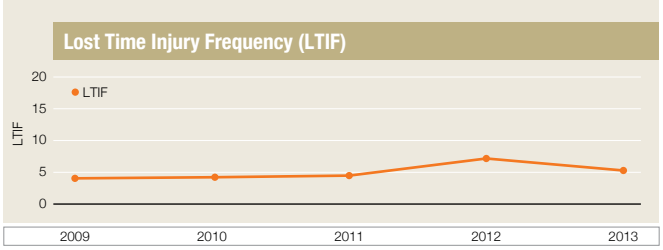
The Authority would consider the recruitment of additional apprentices and cadets subject to positive financial performance of the organization. The Training Department has completed the On Line Training records of its staff and is awaiting the result of its submission to register with the Fiji Higher Education Commission (FHEC) pursuant to Higher Education Promulgation 2008. This submission is still with the FHEC Registration Committee for assessment in 2014.

HEALTH, SAFETY & ENVIRONMENT (HSE)

The year 2013 recorded one of the worst years for HSE with a record total of 150 Days Lost due to 8 Lost Time Injuries (LTI) in the past five years.



While the number of LTIs have not increased substantially, the increase in Days Lost reflects on the severity of the injuries that were sustained.



The above LTIs and Days Lost resulted in a Lost Time Injury Frequency (LTIF) of 5.64 against a target of 5 and a Best Practice benchmark of 5.4.

In 2013 the focus on training and development revolved around Mandatory Authorisation, Refresher training including Contractor Management, Safety Awareness Training, In-House Training, Technical Management Development Training and On-the-Job Training at Wainisavulevu Weir Project

Extensive Education and Training are essential to the operations of FEA as illustrated above.

Lost Time Injury Duration (LTID) recorded was 18.75 against a target of 4 and a Best Practice benchmark of 1.

The FEA Board, Management and Staff fully appreciates the need to arrest these alarming figures and have put in place strategies to address the problems going forward.

There was a total of 1,040 corrective actions completed in 2013 where improvements were made against reported unsafe conditions to make the workplaces safer. These action items were registered and followed through until confirmed completed.

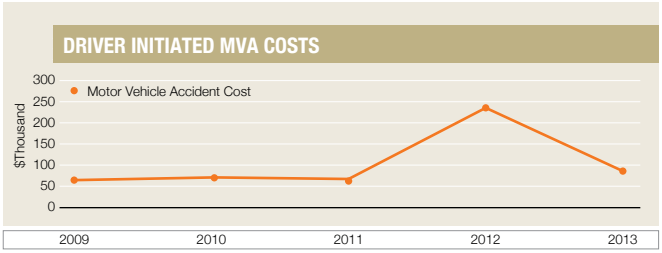
The HSE Team spent 678 hours conducting safety audits and visiting teams out in the field while 581 hours were spent conducting HSE Training, including HSE Committee Training.

A team consisting of HR, HSE and Fleet personnel were deployed on a quarterly basis visiting every location in FEA and conducting a two hour road show to raise awareness on FEA progressive performance in terms of accident prevention and update the workers on their performance with respect to incidents, motor vehicle accidents and excessive sick leave.

A review of the existing FEA Fleet Policy Manual was also carried out followed by awareness training conducted to all FEA authorised drivers on the revised Fleet Policy Manual.

Arrangements were made with the Land Transport Authority to conduct FEA in-house Defensive Driver Certification (DDC) programs which all FEA authorised drivers were required to attend.

In comparison to 2012, there was a 153% improvement in the driver initiated Motor Vehicle Accident (MVA) cost as it reduced from $249,378 to $98,256.



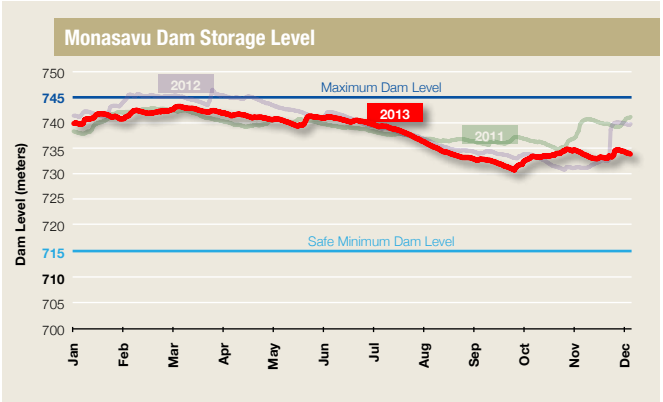
An in-house training program was developed for HSE Representatives and Committee members. A three days committee training was conducted in-house which was attended by a total of 97 representatives.

A lot of effort was put in to strengthen the accident prevention strategies including carrying out a lot of awareness training amongst employees to live the vision of Safe Production and Zero Injuries. This momentum has carried over to 2014, with a focus on monitoring and reviewing existing programs to set a platform for a more effective and efficient accident prevention and loss control program.

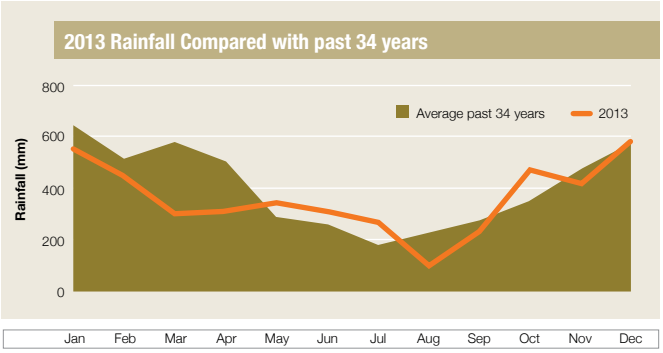
PRODUCTION OF ELECTRICITY

Water Management

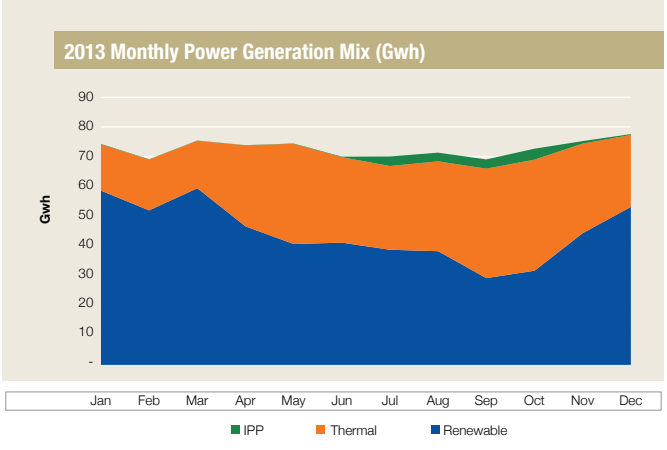
The storage level at the Monasavu Dam at the beginning of January 2013 was 739.88 metres above sea level (masl), which was 24.88 metres above the minimum safe operating level of 715 metres above sea level. At the end of December 2013 the water level was 733.66masl which was 18.66 metres above the minimum safe operating level.



The months of January, February, March, April, August, September and November received below long term average rainfall while May, June, July, October and December received long term average rainfall. The seven (7) months below average rainfall resulted in a low storage level of 733.66 metres above sea level at the end of the year and thus resulted in low power generation from Wailoa Power Station in 2013 as compared to 2012.

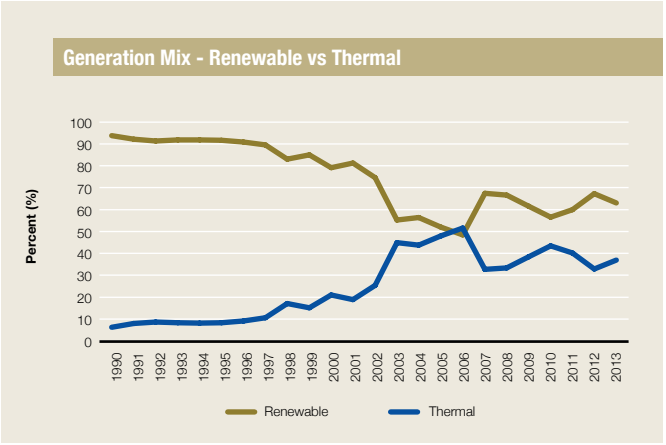


Total rainfall received at Monasavu in 2013 was 4,212mm compared with 5,617 mm in 2012. The lowest ever rainfall recorded was 3,540 mm in 2004.



The average power generation mix for 2013 was 60% hydro, 37% diesel and heavy fuel oil, 1% wind with the remaining 2% provided by the Independent Power Producers (IPPs), namely Tropik Wood Industries Limited (TWIL) and FSC. FEA replaced the shortfall in the annual deemed supply from TWIL by burning expensive thermal fuel. In comparison, 64% was generated from hydro in 2012, 33% from diesel and heavy fuel oil, 1% from wind with the remaining 2% from TWIL and FSC.

In 2013, the FEA renewable power stations generated 532,744 Mega Watt-hours (MWh) of electricity (61%), thermal power stations 324,754 MWh of electricity (37%) and Independent Power Producers (IPPs) generated 14,719 MWh of electricity (2%).



Power System Reliability

Three internationally accepted performance indicators are used each year to measure FEA's power system reliability:

- The average total length of time that a customer is without power over a year is measured by the System Average Interruption Duration Index (SAIDI). Against a target of maximum 700 minutes, the Authority achieved a SAIDI of 511 minutes in 2013.
- The average number of times that a customer's power supply is interrupted in a year is measured by the System Average Interruption Frequency Index (SAIFI). Against a target of 15 times, the Authority achieved a SAIFI of 11 times in 2013.
- The average time that a customer is without power per interruption is measured by the Customer Average Interruption Duration Index (CAIDI). This index was 46 minutes in 2013.

The main reasons for the power interruptions that occurred in 2013 were:

- Planned maintenance works on overhead power lines and underground cables;
- Natural disasters e.g. flood, lightning, landslides, etc;
- Faults on power line hardware;
- Vegetation interfering with power lines and
- Transient faults.

FEA needs to spend a substantial amount of funds to reinforce its power system in order to improve the reliability of power supply to be in line with international benchmarks for power utilities of similar size and nature. Furthermore, most of the power distribution system are old and obsolete which has been in service for more than 30 years and urgently require upgrading and repair works. FEA has incorporated these upgrades and repair works in its future plan.

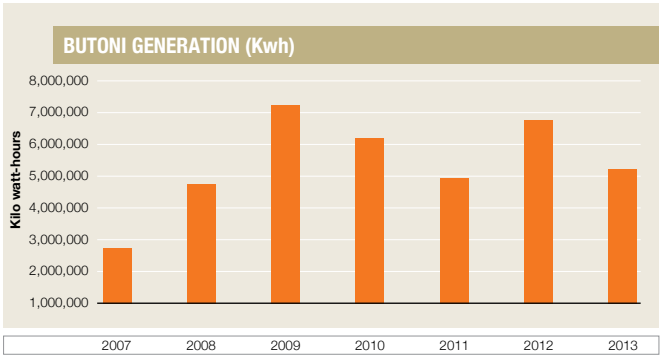
The initiatives FEA are currently pursuing include:

- Live-line maintenance of its power lines at all voltage levels;
- Effective vegetation management program;
- Use of appropriate technology to detect defects that can be fixed on time and equipment that can restore power supply quickly;
- Ensuring that adequate supply capacity is available to meet the demand for electricity at all times; and
- Ongoing program to replace ageing assets.

Butoni Wind Farm

Butoni wind farm generated 5.3 million units of electricity in 2013. This is equivalent to a fuel cost saving of around $2.3M in 2013.

Graphically depicted below is the energy output from Butoni Wind Farm since commissioning in 2007:



Butoni Generation (Kwh)

Statistics for the wind farm from the commencement of its operations in June 2007 are given below:

- Total Generation Output = 38.7 million units of electricity
- Total Diesel Fuel Cost Savings = F$14.33M
- Total Foreign Exchange Savings = USD$8.71M
- Total Diesel Fuel Saved = 8,144 tonnes of diesel
- Total Emission Reduction = 25,301 tonnes of Carbon Dioxide

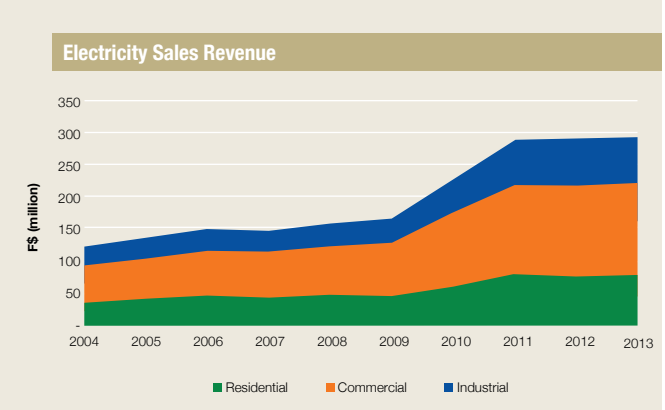
FINANCIAL PERFORMANCE

Profitability

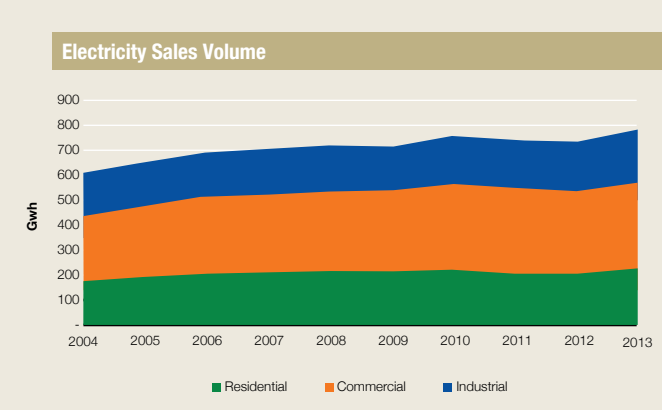
FEA made a financial profit of $32.5M after tax in 2013. Additionally, FEA incurred $25M of Non-Commercial Obligation Cost (NCO) after tax when fulfilling its social obligation in 2013. Taking into account the NCO cost for 2013, this results in a ROSF of positive 9.78%. The profit recorded for 2013 was largely due to the commissioning of the Nadarivatu Hydro Scheme which produced some 98.6 million units of energy in 2013 and stringent measures implemented to control operational expenditure.

Earnings before interest, tax, depreciation and amortization (EBITDA) for 2013 was $97.9M. This provided an EBITDA net interest coverage ratio of 5.5 times.

Revenue from electricity sales for 2013 was $292.9M compared to $290.4M in 2012, an increase of $2.5M. This was a result of the increase in electricity demand for domestic, commercial and industrial customers recorded in 2013.



Other operating revenue of $5M in 2013 was lower by $0.8M compared to the $5.8M earned in 2012 due to the reductions in the contract income and insurance proceeds received for business interruptions in 2013.

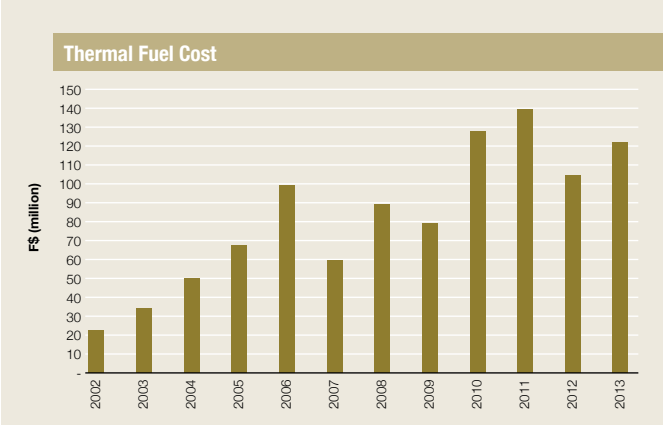


The total operating expenses of FEA excluding fuel costs, depreciation and amortization was $77.4M. This decreased by $0.5M when compared with the $77.9M incurred in 2012. The $77.9M for 2012 included two floods and Cyclone Evan restoration costs incurred by FEA.

Depreciation and amortisation expense increased by $1.7M in 2013 due to the additional depreciation incurred for the newly built Nadarivatu Hydro Scheme (NHS) which was commissioned in May 2012. The 2013 depreciation expense includes the full year depreciation for NHS where as 2012 depreciation for NHS was only for 7 months.

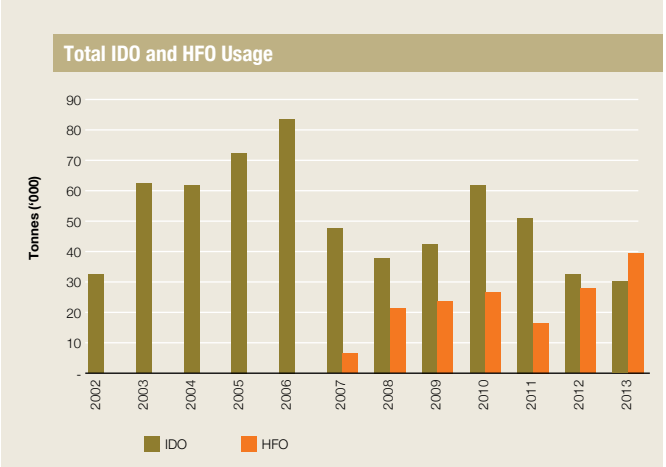
The net thermal fuel cost increased substantially by $17.5M in 2013, from $105.1M in 2012 to $122.6M in 2013. This was due

to the increase in demand of electricity by 6.6% in 2013 resulting in an increase in fuel quantities used from 58,996 tonnes in 2012 to 70,277 tonnes in 2013. The thermal fuel cost accounted for around 52% of FEA's total operating expenses of $237M in 2013 compared with 48% in 2012.



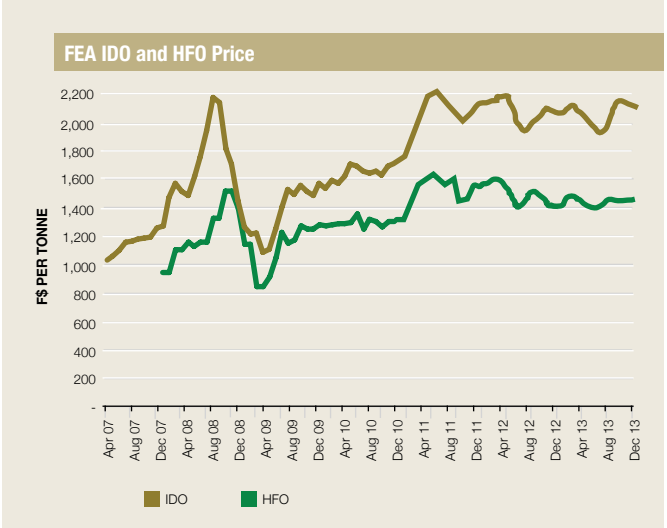
Electricity generated from the thermal power stations increased significantly by 53.4GWh in 2013. This was due to the increase in demand for electricity and below average rainfall received for seven months in 2013.

The Wailoa hydro power station generated 420GWh of energy in 2013, lower than the 467GWh that was recorded in 2012. Total quantity of Industrial Diesel Oil (IDO) fuel burnt in 2013 was 30,015 tonnes and Heavy Fuel Oil (HFO) fuel burnt was 40,262 tonnes, aggregating to 70,277 tonnes. In comparison, the total quantity of IDO fuel burnt in 2012 was 30,694 tonnes and HFO was 28,302 tonnes, aggregating to 58,996 tonnes.



The average price of IDO fuel was $2,089VEP per tonne in 2013 compared to an average price of $2,057 VEP per tonne in 2012. The IDO price peaked at $2,158 VEP per tonne in October 2013. The average price for HFO was $1,460 VEP per tonne in 2013 compared with an average price of $1,483 VEP per tonne in 2012.

Net financing costs decreased by around $1M in 2013 from $18.4M to $17.4M in 2012. This was due to refinancing the USD $30M China Development Bank loan with WBC at a lower interest rate. This brought about interest savings of some $2M per annum to FEA.



Financial Strength

FEA's gearing ratio, as measured by Debt to Debt plus Capital and Reserves excluding cash-in-hand, was 29.5% as at 31st December 2013, which was well within the international benchmark for power utilities of about 45%, despite spending around $38M on Capital Expenditure for 2013.

The shareholder value of FEA was $587.9M at the end of 2013 which increased from $551.9M at the end of 2012 and $324.9M at the end of 2002. FEA's total assets are worth $1.05B, increasing from $1.03B in 2012 and $456.7M in 2002. This shows that it has added significant shareholder value over the last 10 years since the implementation of organisational reforms.

Capital Expenditure & Funding

FEA spent a total of around $38M on capital projects in 2013. FEA budgeted $131M as its Capital expenditure for 2013. It had to defer a number of capital expenditures to 2014 due to the reduction in the electricity tariff rate by 5% effective from 1 January 2013. The Capex of around $38M was made up of the Telecom & SCADA infrastructure upgrade, power system reinforcement projects, Nadarivatu Hydro Project retention, Wainisavulevu Weir Raising Project, Network Augmentation Projects, purchase of energy meters and new vehicles, and other assets acquired by FEA in 2013. FEA provided funding for these projects through borrowings and through its internal cash surplus.

All the debt covenants imposed by lenders were satisfactorily met in 2013. This is essential to ensure that Government being the sovereign guarantor of the FEA loans is not exposed. FEA had a total debt portfolio of around $303M as at 31st December 2013. This debt has to be serviced and repaid over the next 15 years. Around $27M of the total debt is due in 2014, $39M in 2015 and $32M in 2016 in addition to FEA's CAPEX plan of $94M for 2014, $57M in 2015 and $59M in 2016. These commitments are tabulated over-leaf and shows that FEA will have to make handsome profits to be able to honour these financial commitments over this period.

	2014 $M	2015 $M	2016 $M
Debt	27	39	32
CAPEX	94	57	59
Total Cash	**121**	**96**	**91**

As shown in the table above, FEA's financial performance over the next 3 years will be critical in determining how successfully it can fund the above commitments. It will have to keep aside cash surplus of at least $40M a year and this means that FEA has to record reasonable levels of profits to generate the necessary cash reserves required. Therefore, it is imperative that FEA adopt a business model that will achieve the desired profitability level to ensure that it remains financially sustainable over this period to fund the above commitments.

In view of FEA's huge capital expenditure plan, the Ministry of Finance has approved the extension of the Government guarantee facility to the end of December 2014. FEA utilised around $298M of the government guarantee as at end of 2013.

FEA was able to successfully refinance its USD$30M of the China Development Bank (CDB) loan with WBC in March 2013 at a lower interest rate. FEA also obtained approval from Cabinet for the purchase of the 35MW HFO Generator Sets and the associated Government Guarantee to enable FEA to borrow funds locally to purchase these gensets. FEA obtained approval from the Cabinet in July 2013 to purchase 35MW of New Heavy Fuel Oil Generator sets for Kinoya power station with a total capital expenditure of $60M. The new HFO generator sets will improve the security and reliability of power supply in the central region of Viti Levu. FEA's average cost of borrowing was 5.7% per annum as at end of 2013 compared to 6.8% per annum for 2012. FEA secured the funding for this project by calling for tender bids from the local financial institutions to take advantage of the prevailing high liquidity and low interest rates. Competitive bids were received from local financial institutions to fund the above capital expenditure. The bids were evaluated by the year end and thereafter an award will be made in early January 2014.

FEA's Power Development Plan for 2010 to 2020 has identified some Power Generation, Transmission and Distribution Projects that have to be developed to meet the increasing demand of electricity which is expected to grow rapidly over the years. The total investment required will be in excess of $1.5Billion over a period of 10 years. FEA's contribution is estimated to be around F$1.15Billion with around $0.35Billion coming from private investors interested in developing the power generation sector. FEA will be reviewing its Power Development Plan in 2014.

The key enabler in achieving this plan is to have the right electricity tariff rate to ensure the financial sustainability of FEA.

Audit & Risk Management

Internal Audit

The internal audit function provides independent and objective reviews and advisory services, providing assurance to the Executive Management, the Audit & Finance Sub- Committee and the Board that key business controls are operating in an efficient, effective and ethical manner. Internal audit also assists in improving the strategic business units in their performance by strengthening the internal control mechanisms.

The Annual Audit Work plan for 2013 developed by the Manager Risk & Audit in consultation with the Executive management and the Board provided internal audit coverage for the financial year. The internal audit plan covers the department's programs and activities and encompasses both financial and non-financial policies and operations. The audit plan is risk based and aligned with the Authority's strategic business risks objectives.

The Risk & Audit department reports directly to the Chief Executive Officer and provides monthly reports to the Audit & Finance Sub-Committee and the FEA Board on the internal audit findings. The internal audit department's role is governed by the Risk & Audit Charter and internal audits are conducted in accordance with the relevant auditing and accounting standards.

In 2013, the Internal Audit Department conducted reviews of operational areas such as Fleet Management, Human Resources, Customer Services, Financial, Capital Projects, Fuel Management and other areas. The detailed reports were discussed at the Audit & Finance Sub-Committee and audit recommendations were endorsed for implementation.

Risk Management

The Fiji Electricity Authority is exposed to a broad range of risks in carrying out its responsibilities. The major business risks that the Authority faces are adverse weather conditions, low water level at Monasavu, failure of machines, breakdown of aging assets, brain drain of skilled technicians and engineers and fluctuations in the exchange rate and global market conditions.

The Authority has implemented an enterprise risk management system to manage its risk profile carefully, with the Audit & Finance Sub- Committee providing oversight of the risk management process. However, the Board is ultimately responsible for ensuring that the Authority's risk management practices are sufficient to mitigate, as cost-effectively as possible, the risks present in FEA's business.

The Risk & Audit department reports directly to the Chief Executive Officer and to the Audit & Finance Sub- Committee on the risk management practices.

A six monthly update on the implementation of risk mitigation strategies and an update on the risk ratings were submitted to the Board by the Risk & Audit Manager. Reduction of the top business risks is a corporate key performance indicator of the Authority.

The Authority has a risk management policy which is designed to ensure that risks are identified, evaluated, monitored and mitigated to facilitate the achievement of the Authority's business objectives and the risk management practice of the Authority is governed by the Risk & Audit Charter and other relevant risk management standards.

The Authority's management jointly with the Authority's Broker and Risk Consultants carry out a review of the Risk Register once every two years, the last one being carried out in 2012 and plans to implement risk mitigation action items through the next financial year. In 2013, the Management continued implementation of appropriate risk mitigation strategies identified to address the risks identified in the 2012 review and at the end of the financial year, we managed to reduce the ratings of our top 20 business risks by 20%.

FEA carried out phase 2 of the Monasavu Hydro Scheme Half-Life repair and maintenance works. The total expenditure incurred to date for the Monasavu Hydro Scheme Half-Life repair and maintenance programs is $24.9M. This amount was funded from FEA's internal cash surplus.

The Health & Safety Unit of the Authority also assisted in the mitigation of operational risks through vigilant monitoring and regular risk inspections.

Furthermore, we also carried out external risk inspections for our power stations which were conducted by an independent third party and recommendations were implemented to ensure FEA's risk profile, specifically for its most critical assets, improves. Significant improvements were noted in the risk scores of the power stations where the risk scores had improved by at least 12%.

For the first time since the introduction of the external risk inspections, FEA went through an internal review of the risk standards and introduced new standards for risk monitoring of the power stations which came into effect in 2013.

To further enhance FEA's risk profile, FEA's off-shore insurer, AIG, every year carries out an independent risk inspection of the Power Stations and we are happy to say that the 2013 review noted some improvements in the risk management of FEA's critical assets.

POWER DEVELOPMENT PROGRAMME

FEA's Power Generation Projects

The 40MW Nadarivatu Renewable HydroPower Project which was fully commissioned in 2012 and officially opened by the Honourable Prime Minister on 14 September 2012, produced 98.6M units of energy in 2013. This is approximately 12% of the energy requirements of Viti Levu.

This has greatly assisted FEA to move towards achieving its renewable energy target of producing 90% of FEA's total energy requirement from renewable energy sources by 2015.

In addition, the project was registered for carbon credits under the Clean Development Mechanism (CDM) with the UNFCCC in August 2013.

A full feasibility study report on Hydropower Opportunities in Viti Levu was completed by FEA and Expressions of Interest were called for the development of two hydro schemes namely, the Qaliwana/Upper Wailoa Scheme and the Wailoa Downstream Scheme. Two parties were shortlisted and they are currently being assessed with a decision to be made in 2014.

The Wainisavulevu Weir Raising Project construction is in progress and when completed in early 2015 will provide an additional 10 million units of energy per annum.

The FEA has also awarded the purchase of 35MW of Heavy Fuel Oil Generators to be installed in Kinoya Power Station as security for the Central Division in the event that power supply from the Hydro Stations located in the interior of Viti Levu was disrupted in any way. This will be completed in July 2015.

Augmentation of the Transmission Grid

An Electrical Protection Review Study of the entire FEA power system was carried out to ensure safe and reliable system operation and Phase 2 of the recommendations were implemented at the Suva, Hibiscus Park and Sawani zone substations

Rural, Urban and Contract Projects

At the end of 2013, a total sum of $10,158,871 was authorized for rural, commercial/industrial, system reinforcement projects and contract works. Of this amount $4,643,766 was authorized for the construction of forty-nine (49) rural electrification projects, $4,787,856 was authorized for the construction of fifty-five (55) commercial/industrial projects and $727,249 was utilized for eighteen (18) contract jobs.

Monasavu Hydro Scheme (MHS) Half-Life Repair & Maintenance

The following works were completed for the MHS Half- Life repair & maintenance works in the year 2013 at a cost of $12.3M:

- Installed and commissioned 4 x 11/132kV Generator transformers at the Wailoa Power Station to replace the old transformers.
- Installed and commissioned 12 x 132kV Current Transformers at Vuda and Wailoa Zone Substations.
- 70% Rust treatment of steel structures at 132kV zone substations was completed at the Wailoa Substation against a target of 50% completion.
- Manufacturing of 32 x 145kV Disconnector/Isolators, Earth Switch and control marshalling panels commenced at Siemens' manufacturing plant.

The Honourable Prime Minister, Cabinet Ministers, delegates from the government and residents of Navosa making their way to the official opening of the Rural Electrification Scheme at Keyasi in Navosa.

- Replaced and commissioned 2 X 110V DC battery banks and charger with N +1 switch mode at the 132kV Vuda Substation.
- Refurbished Vuda 132/33kV T1 Tap Changer Divertor Switch Unit with the assistance of engineers from MR Reinhausen.
- Completed the refurbishment of the Wailoa 132kV Substation Building.
- Replaced 132KV Transmission Line Insulators & Hardware on 54 towers along the Wailoa – Cunningham and Wailoa – Nadarivatu – Vuda 132kV Transmission lines.

Other Zone Substations

- Installed and commissioned 2 x 20/25MVA 33/11kV transformers at the Suva Substation to replace the old transformers.
- Completed the commissioning of 22 X 11kV Switchgear panels at Labasa Power Station.
- Installed and commissioned 3 X 33kV circuit breakers at Wailekutu Zone Substation. The project has greatly improved the reliability of the power supply with removal of old GEC bulk oil and solenoid operated circuit breakers.
- Completed design works for the establishment of a 33kV/11kV zone substation at Kalabu.
- Civil work commenced at the Vuda and Waqadra Zone substations to accommodate the new 33kV double circuit transmission line from Vuda to Waqadra.
- Awarded tender for the turnkey development of the new 33kV Zone substation off Knolly Street in Suva to cater for future growth and improvement in the security of power supply.
- Awarded tender for the replacement of 33kV switchgear at the Hibiscus Park Zone substation.

Power Supply to Dreketi in Vanua Levu

The Dreketi Electrification Project which comprised of the construction of a 33kV transmission line from Cawaira power station in Labasa to Dreketi and establishment of zone substations at Cawaira, Seaqaqa and Dreketi was successfully commissioned in 2013.

Power is being transmitted from Cawaira Power Station to Seaqaqa and Dreketi at 33,000 kilo-Volts (33kV). The zone substations step down the voltage at Seaqaqa and Dreketi to 11kV and power then is supplied to the customers via the 11kV/415Volts distribution network that already exists in Seaqaqa and was constructed as part of this project in Dreketi. This project provides capacity to enable further electrification of the greater Seaqaqa and Dreketi areas.

INFORMATION & COMMUNICATION TECHNOLOGY

This year has seen the implementation of the ICT SBA's strategy to extend the coverage of its communications network with Radio Towers in Nadarivatu, Nasinu (Tailevu) and Dreketi and these repeater stations were commissioned in 2013. Not only has this extension greatly reduced the "Radio Dark Spots" in the existing FEA service areas but it has also enabled the Authority to extend the electricity grid to further reinforce Government's Initiative to supply electricity to the Rural Areas.

In a bid to standardise and consolidate the SCADA System, the Authority had embarked on a major Upgrade of the existing SCADA Master Station. This upgrade will mean that the existing 3 unique master stations will be monitored and controlled from one Major Master Station. The entire project is scheduled to be completed in July 2014, and is well on course with the successful completion of Phase One in December 2013, which was the integration of the Northern Systems with the Butoni Wind Farm. Phase Two will see the remaining Major Viti Levu System integrated to operate alongside those integrated in Phase One.

The ICT system uptime for 2013 was 99.94%, which was within the corporate Key Perfomance Indicator (KPI) of 99.8%.

The overall ICT performance was excellent enabling the superior performance of FEA as a whole in terms of delivering reliable electricity to the customers.

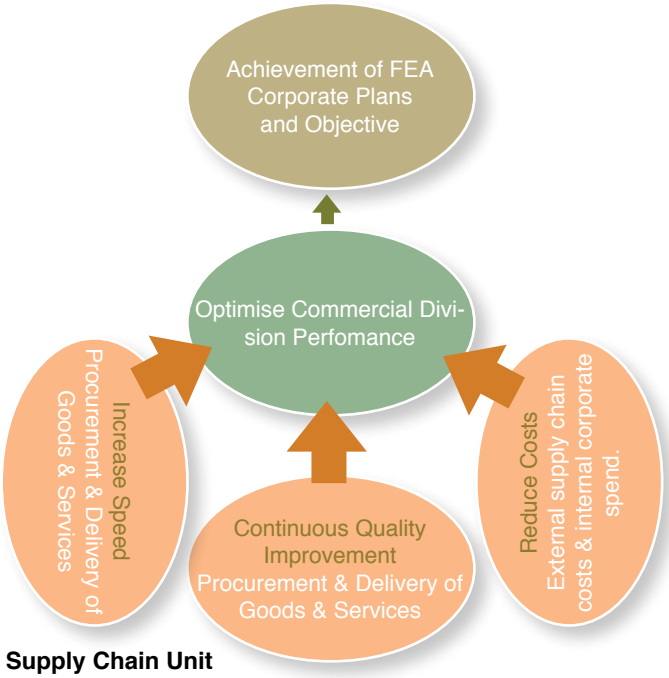
COMMERCIAL

The FEA's Commercial division consists of three operational portfolio units of Supply Chain, Regulatory and Registry and has a total manpower of seventy seven (77) staff.

The 2013 operational performance drivers for all Commercial operational units were based on the following simple but effective strategies:

- **Increase Speed** of delivery of goods & services rendered to internal & external customers
- **Improve Quality** of goods delivered & services rendered to internal & external customers and
- **Reduce Costs** of providing goods & services to internal & external customers.

These key operational strategies shown in diagram above were aligned to enhance the achievement of the Corporate Plan targets set for the Commercial Division as well as for other divisions.



Supply Chain Unit

In 2013, the Supply Chain unit has continued its ongoing focus on optimizing its performance in the critical result areas of procurement of goods & services, just in time inventory management, as well as customer focus Fleet & Property Services.

Major Supply Chain outcomes as at 31st December 2013 are detailed below;

A) Timely Tender Process & Procurement of Goods & Services

	CORPORATE & SBA KPIs	TARGET	PERFORMANCE OUTCOME	COMMENTS
1	Average tender turnaround time for medium tenders valued to > = $10k AND < = $100k.	6 weeks	5.8weeks	ACHIEVED
2	Tender Negotiation Savings	$1M	FJD$1.74M	ACHIEVED
3	Procurement of Govt Rural Electrification Projects materials.	17 village schemes	All 17 Village schemes completed in 2013 as required.	ACHIEVED

B) Sound Inventory Management, & Best Practices

	CORPORATE & SBA KPIs	TARGET	PERFORMANCE OUTCOME	COMMENTS
1	Stock Level	$13M	FJD$11.9M	ACHIEVED
2	Stock Turns	>= 6%	8.8%	ACHIEVED
3	Stock takes	4 quarterly stock takes	4 stock takes Carried out	ACHIEVED
4	2013 Stocktake Variance	0.01%	0.0159%	NOT ACHIEVED

C) Property /Fleet Services Projects

	COMMERCIAL SBA KPI	TARGET	PERFORMANCE OUTCOME	COMMENTS
1	Disposal of Savusavu Quarters	Disposal of Savusavu Quarters	2x quarters and 1 x empty land lot were tendered and awarded to successful bidders	ACHIEVED
2	Fleet accidents (driver Initiated)	20 driver initiated accidents	29	NOT ACHIEVED

In 2013, FEA reveiwed its Fleet Manual Policy and conducted various trainings on Fleet Manual Policy. Also it carried out various driver counselling sessions with all FEA authorised drivers to reduce vehicle accidents going forward.

Regulatory Unit

The Fiji Electricity Authority Regulatory unit's core function is to facilitate technical regulation and compliance enforcement of the Electricity Act for all stakeholders in the Electricity sector. Its other functions include but are not limited to the following:

- registration and licensing of electricians & electrical contractors;
- licensing of electrical generation equipment and retailers including licensing of new Independent Power Producers (IPPs);
- ensuring industry compliance, in accordance with the Electricity Act and AS/NZS Wiring standards;
- electrical testing of imported electrical appliances and fittings used in Fiji upon request.

Major outcomes achieved by this Unit as at 31st December 2013 are:

A) Administration & Maintenance of Electrician/Electrical Contractor Registers and Public Awareness.

- The importance of engaging only valid license holders for both registered electricians and registered electrical contractors was disseminated via publication on FEA website and also advertised six monthly in the Fiji Sun. Additionally, public awareness presentations were carried in various schools on the dangers of electricity, tips on proper usage of electrical appliances and equipment, general electrical hazards etc.

	Administration Activity Description	Total Number Registered	Total Registered and with Valid licenses.
1	Registration of Licensed Electricians	1,844	1,427
2	Registration of Licensed Electrical Contractors	290	205

	Administration Activity Description	TARGET	PERFORMANCE OUTCOME	OUTCOME
1	Public Safety Awareness	4 Presentations	4 Presentations	ACHIEVED

	COMMERCIAL SBA KPI	TARGET	PERFORMANCE OUTCOME	COMMENTS
1	Fixing 90 per cent of the power line faults in urban areas(3hours) and rural areas(4 hours)	90 %(urban); 90% (rural)	90% (urban); 94% (rural)	ACHIEVED ACHIEVED
2	No of New Customers Inspected/Connected	4,500 new customers	5,388 new customers	ACHIEVED
3	No of meters Tested	8,000 meters	19,303 meters	ACHIEVED

Work in progress on the Double Circuit 33kV Network extension from Vuda to Waqadra. The total estimated cost of this project is $7.45M and is fully funded by FEA. The project once completed will provide reliability and security of power supply to customers in the Western Division of Viti Levu from Nadi to Korolevu.

FEA replaced 4x11kV/132kV generator transformers at Wailoa Power Station. These ageing assets have been in service for some thirty plus years. This will improve the reliability and security of power supply to customers in Viti Levu.

Financial Statements
for the year ended 31 December 2013







STATEMENT BY MEMBERS OF THE AUTHORITY

for the Year Ended 31 December 2013

In accordance with a resolution of the Members of the Fiji Electricity Authority, in the opinion of the Members:

1. the financial statements and accompanying notes show a true and fair view of the financial position, results of operations, changes in capital and reserves and cash flows of the Fiji Electricity Authority as at and for the year ended 31 December 2013;

2. the statements have been prepared in accordance with the provisions of the Electricity Act 1966 (Cap 180) and International Financial Reporting Standards;

3. the basis of preparation of the financial statements and the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate;

4. at the date of this statement there are reasonable grounds to believe that the Authority will be able to pay its debts as when they fall due; and

5. all related party transactions have been adequately recorded in the books of the Authority.

24th April 2014, Suva

Nizam-ud-Dean
CHAIRMAN

Gardiner Whiteside
DEPUTY CHAIRMAN

INDEPENDENT AUDIT REPORT

I have audited the accompanying financial statements of Fiji Electricity Authority (Authority), which comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in capital and reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 35 to 62.

Directors' and Management's Responsibility for the Financial Statements

Directors' and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Electricity Act 1966. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence that I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Audit Opinion

In my opinion:

a) proper books of account have been kept by the Fiji Electricity Authority, so far as it appears from my examination of those books, and

b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards:

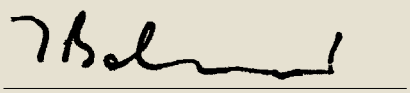
   (i) are in agreement with the books of accounts and

   (ii) to the best of my information and according to the explanations given to me:

      a) give a true and fair view of the state of affairs of the Fiji Electricity Authority as at 31 December 2013 and of the results, movement in reserves and cash flows of the Authority for the year ended on that date; and

      b) give the information required by the Electricity Act 1966 (Cap 180) in the manner so required.

I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purposes of my audit.



Tevita Bolanavanua
AUDITOR GENERAL

Suva, Fiji
28th April 2014

STATEMENT OF COMPREHENSIVE INCOME

for the Year Ended 31 December 2013

	Notes	2013 $'000	2012 $'000
Revenue - electricity sales	5	292,916	290,451
Other operating revenue	5	4,983	5,852
Total revenue		**297,899**	**296,303**
Personnel costs		(17,960)	(17,377)
Fuel costs		(122,606)	(105,136)
Electricity purchases		(9,334)	(10,045)
Lease and rent expenses		(1,319)	(1,375)
Depreciation on property, plant and equipment		(36,312)	(34,522)
Amortisation of intangible assets		(434)	(522)
Cyclone Evan - restoration costs		-	(5,013)
Losses due to flooding		-	(1,314)
Other operating expenses		(48,776)	(42,788)
Total expenses		**(236,741)**	**(218,092)**
Profit before finance costs and income tax		**61,158**	**78,211**
Finance cost:			
Finance cost		(17,718)	(18,649)
Interest income		330	242
Unrealised foreign exchange (loss)/gain, net		(2,746)	2,032
Profit before income tax	**6**	**41,024**	**61,836**
Income tax (expense) / benefit	7(a)	(8,443)	13,509
Profit after income tax		**32,581**	**75,345**
Other comprehensive income		-	-
Total comprehensive income for the year		**32,581**	**75,345**

The above statement of comprehensive income has been prepared in accordance with the International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Notes	2013 $'000	2012 $'000
CAPITAL AND RESERVES			
Retained profits		511,337	478,756
Capital contribution		76,604	73,138
		587,941	**551,894**
Represented by:			
CURRENT ASSETS			
Cash on hand and at bank	8	45,308	28,781
Held to maturity financial assets	12	11,115	11,883
Receivables and prepayments	9	39,255	33,732
Inventories	10	18,618	18,454
Tax refund due		68	6,197
		114,364	**99,047**
NON-CURRENT ASSETS			
Property, plant and equipment	11	916,382	912,929
Intangible assets	13(b)	1,352	1,786
Deferred tax assets	7(b)	10,160	17,720
		927,894	**932,435**
TOTAL ASSETS		**1,042,258**	**1,031,482**
CURRENT LIABILITIES			
Trade and other payables	14	36,102	40,851
Provision for employee entitlements	15	2,302	2,355
Interest bearing borrowings	16	26,632	35,778
		65,036	**78,984**
NON-CURRENT LIABILITIES			
Trade and other payables	14	60,737	55,573
Interest bearing borrowings	16	276,487	293,000
Deferred income	17	8,993	9,850
Deferred tax liabilities	7(c)	43,064	42,181
		389,281	**400,604**
TOTAL LIABILITIES		**454,317**	**479,588**
NET ASSETS		**587,941**	**551,894**

The above statement of financial position has been prepared in accordance with the International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

for the Year Ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers		294,104	299,427
Payments to suppliers and employees		(204,353)	(195,458)
Interest received		325	247
Interest paid		(19,497)	(24,554)
Insurance proceeds for business interruption		229	8,037
Net income tax and withholding taxes received/(paid)		2,386	(7,507)
Net cash flows from operating activities		**73,194**	**80,192**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(37,816)	(37,991)
Acquisition of intangible assets		-	(46)
Net redemption from held to maturity financial assets		1,414	11,309
Proceeds from capital contribution for rural electrification, net		3,466	4,560
Proceeds/(repayments) from refundable contribution for general extension, net		4,237	(4,961)
Proceeds from disposal of plant and equipment		507	288
Net cash flows used in investing activities		**(28,192)**	**(26,841)**
Cash flows from financing activities			
Repayment of bonds and loans		(39,890)	(41,342)
Proceeds from loans - local		10,814	13,042
Net cash flows used in financing activities		**(29,076)**	**(28,300)**
Net increase in cash held		**15,926**	**25,051**
Effect of exchange rate movement on cash and cash equivalents		601	90
Cash and cash equivalents - at the beginning of the year		28,781	3,640
Cash and cash equivalents - at the end of the year	**8**	**45,308**	**28,781**

The above statement of cash flows has been prepared in accordance with the International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying note.

STATEMENT OF CHANGES IN CAPITAL AND RESERVES

for the Year Ended 31 December 2013

	Capital Contributions $'000	Retained Profits $'000	Total $'000
Balance as at 31 December 2011	**68,641**	**403,411**	**472,052**
Movement in reserves	4,497	-	4,497
Total comprehensive income for the year ended 31 December 2012	-	75,345	75,345
Balance as at 31 December 2012	**73,138**	**478,756**	**551,894**
Movement in reserves	3,466	-	3,466
Total comprehensive income for the year ended 31 December 2013	-	32,581	32,581
Balance as at 31 December 2013	**76,604**	**511,337**	**587,941**

The above statement of changes in capital and reserves has been prepared in accordance with the International Financial Reporting Standards (IFRS) and should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2013

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with the Electricity Act 1966 (Cap 180) and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB).

Issue of financial statements

The financial statements were approved for issue by the Authority's Board of Directors at its meeting held on 24th April 2014.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Standards, amendments and interpretations issued but not yet effective

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the accounting periods beginning on or after 1 January 2014 or later periods, but the Authority has not early adopted them. No significant impact is expected to arise out of these standards, amendments and interpretations.

- IFRS 9 (Amendment), 'Financial Instruments - Classification and measurement'. (1 January 2015)
- IAS 32 (Amendment), 'Offsetting Financial Assets and Financial Liabilities'. (1 January 2014)
- IAS 36 (Amendment) 'Impairment of Assets'. (1 January 2014)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Allowance for doubtful debts

The Authority establishes an allowance for any doubtful debts based on a review of all outstanding amounts at year-end. Bad debts are written off during the period in which they are identified.

(b) Bond instruments

Bonds issued are recorded at cost which reflects the face value of these instruments. Transaction costs on the issue of bond instruments are capitalised and amortised to the statement of comprehensive income over the currency life of the bond instruments. Transaction costs are the costs that are incurred directly in connection with the issue of those bond instruments and which would not have been incurred had those instruments not been issued.

(c) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

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

(d) Borrowing costs

Borrowing costs that are directly attributable to major capital expenditures and projects under construction are capitalized as part of the cost of these assets. Other borrowing costs are recognized as an expense in the year in which they are incurred.

Government guarantee fees on loans drawdown specifically for capital projects are capitalised. Other guarantee fees paid are expensed.

(e) Capital contribution

A 100% refundable capital contribution represents the cost of the extension, received from the developer or a prospective consumer. The cost of the extension is the estimated cost incurred from the Authority's nearest mains supply point capable of providing the assessed load required. The developer or a prospective consumer applying for a general extension provides a 100% refundable capital contribution in relation to the cost of the extension which is credited to trade and other payables and is refunded to the customer over a period of 5 and 8 years. This is in accordance with the determination by the Fiji Commerce Commission.

(f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash on hand, short term deposits held with banks and bank overdrafts. Bank overdrafts are shown within borrowings under current liabilities in the statement of financial position.

(g) Comparative figures

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

(h) Deferred income

Government grant in aid and assets acquired at no cost to the Authority are capitalised and systematically recognised as other income on the basis of the expected lives of the assets to which the grants relate.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Employee benefits

i) Annual leave

Provision for annual leave represents the amount which the Authority has a present obligation to pay for employees' services provided up to the balance date. The provision has been calculated on the current wage and salary rate.

ii) Performance pay

The Authority maintains a Performance Management System which is used to remunerate employees based on the achievement of some Key Performance Indicators (KPI's). These KPI's are established based on predetermined objectives of the Authority. The liability is measured at the wage or salary rates prevailing during the year.

(j) Foreign currency translation

Transactions denominated in a foreign currency are translated to Fiji currency at the exchange rate at the date of the transaction.

Foreign currency receivables and payables at balance date are translated to Fiji currency at exchange rates current at balance date.

All gains and losses arising there-from (realised and unrealised) are brought to account in determining the profit or loss for the year.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average cost principle and includes expenditure incurred in acquiring the stock and bringing it to its existing condition and location. Consumables are valued at cost plus the associated delivery charges.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of assets

At each balance date, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that the carrying amounts may not be recovered. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

(m) Intangible assets

a) Investments in movie productions:

Investment in movie productions have been valued at cost and reduced by an impairment charge to arrive at a carrying amount the Authority expects to recover from the exploitation of the copyright in accordance with the Production Investment Agreement.

b) Computer software:

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Authority, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

(n) Leased assets

The Fiji Electricity Authority, the Monasavu landowners and the iTaukei Land Trust Board (iTLTB) in 2005 signed an agreement to lease approximately 23,000 acres of the Monasavu catchment area for a period of 99 years in return for specified payments. These lease commitments are disclosed in Note 19.

(o) Payables

Trade payables and other accounts payable are recognised when the Authority becomes obliged to make future payments resulting from the purchase of goods and services.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisition of the item. Cost of leasehold land includes initial premium payment or price paid to acquire leasehold land including acquisition costs.

Additions

While expenditure on assets with a value of less than $1,000 is generally not capitalised, physical control is maintained over all items regardless of cost.

Depreciation rates

Depreciation is calculated using the straight line method to write off the cost of each asset over their estimated useful lives as follows:

	Rates
Leasehold land	0.50% - 1.25%
Buildings - Concrete	1.25%
Buildings - Others	1.25%
Hydro Assets - Dams	1.33% - 2.50%
Hydro Assets - Tunnels	1.33% - 2.44%
Hydro Assets - Plant and Machinery	2.50% - 3.00%
Thermal assets	4.00% - 7.00%
Transmission	2.50%
Communication system and control	2.86%
Reticulation	4.00%
Wind Mill	5.00%
Furniture and fittings	7.00% - 24.00%
Motor vehicles	20.00%
Computers	33.30%

Other fixed assets except for capital spares, are depreciated when they are brought into service.

Freehold land is not depreciated. Leasehold land is amortised over the remaining lease period.

Capital spares

Capital spares represent items held primarily for use in thermal stations in the event of a breakdown. In recognition of the increased risk of obsolescence over a protracted period, capital spares are amortised in line with the depreciation rates applicable to the related plant and machinery. Capital spares are reported as part of Authority's fixed assets.

Disposals

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of comprehensive income.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Property, plant and equipment (Cont'd)

Repairs and maintenance

Repairs and maintenance is charged to the statement of comprehensive income during the financial period in which it is incurred. The cost of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Authority. Major renovations are depreciated over the remaining useful life of the related asset.

(q) Provisions

Provisions are recognised:

- When the Authority has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(r) Reporting currency

All figures are reported in Fiji currency.

(s) Revenue recognition

Electricity income

Electricity income is recorded in the statement of comprehensive income on an accrual basis by estimating the usage for customers to balance date.

Other income

Rental income earned from leasing FEA properties is recorded in the statement of comprehensive income on an accrual basis.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(t) Rounding off amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars unless specifically stated to be otherwise.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Taxation

Current tax:

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Current tax for the current and prior years is recognised as a liability or asset to the extent that it is unpaid or refundable.

Deferred tax:

Deferred tax is accounted for using the liability method on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Authority expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Authority intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period:

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(v) Segment information

The Authority is not required to report segment information as it is not applicable to the nature of the Authority's operations. Whilst electricity revenue is distinguished by key operating segments, this is done purely for information purposes. The Authority has only one product in electricity, and costs associated with this product are totally common to all operating segments, and it is not possible nor practical to attempt to allocate costs across the operating segments. The Authority's power generating system and distribution are operated on a fully integrated basis.

(w) Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of value added tax (VAT), except:

i) Where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for trade receivables and trade payables which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

2. FINANCIAL RISK MANAGEMENT

2.1 Financial risk factors

The Authority's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance. The Authority does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Authority's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(a) Market risk

(i) Foreign exchange risk

The Authority undertakes various transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are closely managed within approved policy parameters.

As at year end, US $10.65 million are the only assets denominated in foreign currencies. Hence, changes in the US dollars by 10% (increase or decrease) is expected to have significant impact on the net profit and equity balances currently reflected in the Authority's financial statements.

	Financial assets (US$'000)	Average exchange rate (USD)	Financial assets (F$'000)
31 December 2013 (Actual)	US$ 10,653	0.5269	20,218
Exchange rates - strengthen by 10%	US$ 10,653	0.5796	18,380
Exchange rates - weaken by 10%	US$ 10,653	0.4742	22,465

Based on the above, if exchange rates strengthen by 10% the Authority's investments in financial assets would decrease by $1.84 million and if the exchange rates weaken by 10% the Authority's investments in financial assets would increase by $2.25 million.

However, a risk arises on the Authority's obligation with respect to the foreign currency loan of US$28.33 million (2012: US$64.17 million) which remains outstanding as at year end. For the year ended 31 December 2013, the restatement of the Authority's foreign currency loans has resulted in an unrealised foreign currency loss of $3.13 million. Further sensitivities are provided to establish the impact to the profit before tax if foreign currency exchange rate differs by 10% (increase or decrease) from that used at balance date:

	Foreign currency borrowings (US$'000)	Average exchange rate (USD)	Foreign currency borrowings (F$000)
31 December 2013 (Actual)	US$ 28,333	0.5269	53,774
Exchange rates - strengthen by 10%	US$ 28,333	0.5796	48,884
Exchange rates - weaken by 10%	US$ 28,333	0.4742	59,749

Based on the above, if exchange rates strengthen by 10% the Authority's foreign currency borrowings would decrease by $4.89 million and if the exchange rates weaken by 10% the Authority's foreign currency borrowings would increase by $5.98 million. The Authority has tendered to refinance US$28.33 million of the above loan balance locally in Fijian Dollars. This will reduce the impact of any foreign currency fluctuations attached to the above foreign currency loan.

As at balance date the Authority has paid US$115 million of the total contract amount of US$124.8 million to Sinohydro Corporation Limited for the construction of the Nadarivatu Renewable Hydro Project. Therefore, changes in the US dollars by 10% (increase or decrease) will not have significant impact to the Authority.

The Authority enters into forward foreign exchange contracts on a selective basis to manage its exposure to foreign exchange rate risk.

Forward exchange contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently restated to their fair value at each reporting date. These forward exchange contracts do not qualify for hedge accounting. However, there were no outstanding forward foreign exchange contracts as at 31 December 2013.

2. FINANCIAL RISK MANAGEMENT (CONT'D)

2.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Price risk

The Authority does not have investments in equity securities and hence is not exposed to equity securities price risk. However, the Authority is exposed to commodity price risk in the form of fuel purchased through a local agent from offshore. The volatility on international fuel prices and its impact on FEA's profitability is given below considering two scenarios based on price, quantity mix, demand growth and hydro availability:

	Average Fuel Price (F$/Metric Tonne)	Consumption (Metric Tonne)	Fuel costs $'000
31 December 2013 (Actual)	1,730.28	70,859	122,606
Fuel price-increase by 10%	1,903.31	70,859	134,867
Fuel price-decrease by 10%	1,557.25	70,859	110,345

Based on the above, if fuel price increase or decrease by 10%, the fuel costs to the Authority would increase or decrease by $12.3 million annually. The above sensitivity calculation is based on the 2013 fuel consumption levels.

(iii) Regulatory risk

The Authority's profitability can be significantly impacted by regulatory agencies established which govern and control the electricity sector in Fiji. Specifically, fuel surcharges, regulatory fees and electricity tariffs are regulated by the Fiji Commerce Commission.

(iv) Interest rate risk

The Authority has significant interest-bearing assets in the form of short-term cash deposits. These are at fixed interest rates and hence there are no interest rate risks during the period of investment. For re-investment of short and long term cash deposits, the Authority negotiates an appropriate interest rate with the banks and invests with the bank which offers the highest interest return.

Given the fixed nature of interest rates described above, the Authority has a high level of certainty over the impact on cash flows arising from interest income. Accordingly, the Authority does not require simulations to be performed over impact on net profits arising from changes in interest rates.

All debts of the Authority raised through bond issues bear fixed interest rates. Therefore, the Authority is not exposed to interest rate risk.

In relation to the borrowings from Suva City Council, the Authority is not exposed to interest rate risk as the borrowed fund is at fixed interest rate.

In relation to the borrowings from other commercial banks, the Authority to certain extent is not exposed to interest rate risk as certain borrowed funds are at fixed interest rates, for the agreed term. Thereafter, the interest rates are re-negotiated and new interest rates are agreed upon. The risk is managed closely within the approved policy parameters.

The Authority did not enter into any interest swap contracts.

(b) Credit risk

Credit risk arises from deposits with banks, as well as credit exposures to customers, including outstanding receivables. For deposits with banks, only reputable parties with known sound financial standing are accepted. Trade accounts receivable consist of a large number of customers, residential, industrial and commercial. The Authority does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Authority's maximum exposure to credit risk.

2. FINANCIAL RISK MANAGEMENT (CONT'D)

2.1 Financial risk factors (Cont'd)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to ensure availability of funding. The Authority monitors liquidity through rolling forecasts of the Authority's cash flow position. Overall, the Authority does not see liquidity risk as high given that a reasonable portion of revenues are billed and collected.

The table below analyses the Authority's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying values of financial liabilities and financial assets and provisions are estimated to approximate their fair values.

Financial assets:	Less than one year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
Held to maturity financial assets	11,115	-	-	11,115
Receivables and prepayments	39,255	-	-	39,255
Total	**50,370**	**-**	**-**	**50,370**
Financial liabilities:				
Trade and other payables	36,102	20,331	40,406	96,839
Bonds payable	-	38,250	37,250	75,500
Interest bearing borrowings	26,632	103,831	97,156	227,619
Total	**62,734**	**162,412**	**174,812**	**399,958**

3 CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

Estimates and assumptions 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.

The Authority 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 financial year are discussed below.

(a) Impairment of property, plant and equipment

The Authority assesses whether there are any indicators of impairment for all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, reasonable provision for impairment are created. As at balance date, no provision for impairment has been made as the Authority reasonably believes that no indicators for impairment exist.

(b) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual level and impairment tests are performed on a more specific basis. All receivable balances relating to the closed customer accounts are estimated to have been impaired and are accordingly provided for.

3 CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

(c) Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that taxable profits will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely level of future taxable profits together with future planning strategies.

(d) Provision for stock obsolescence

Provision for stock obsolescence is assessed and raised on a specific basis based on a review of inventories. Inventories considered obsolete or un-serviceable are written off in the year in which they are identified.

(e) Customer security deposit

The customer security deposits are classified as current and non current based on the Authority's past experience with the refund of the deposit to customers.

4 CAPITAL RISK MANAGEMENT

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern in order to provide returns and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Authority monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents and short term deposits. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2013 and 2012 were as follows:

	2013 $'000	2012 $'000
Total borrowings (Note 16)	303,119	328,778
Less: Held to maturity financial assets (Note 12)	(11,115)	(11,883)
Less: Cash and cash equivalents (Note 8)	(45,308)	(28,781)
Net debt	246,696	288,114
Total capital and reserves	587,941	551,894
Total capital (total capital and reserves plus net debt)	834,637	840,008
Gearing ratio (net debt / total capital and reserves x 100)	29.56%	34.30%

The improvement in the gearing ratio during 2013 resulted primarily from the net repayments of borrowings of $29.1 million and the increase in capital and reserves as a result of the profit recorded during the year.

5. OPERATING REVENUE

	2013 $'000	2012 $'000
ELECTRICITY SALES		
Commercial	140,541	138,831
Industrial	73,814	74,303
Domestic	72,244	70,458
Others	6,317	6,859
Total electricity sales	**292,916**	**290,451**
OTHER OPERATING REVENUE		
Bad debts recovered	16	28
Business interruption insurance claims received	229	874
Contract sales	1,048	1,555
Deferred income	856	856
Gain on disposal of plant and equipment	472	229
Lease rental - fibre optic	149	149
Power pole rentals	579	682
Rentals	17	34
Realised exchange gain, net	583	639
Sales and commissions	336	202
Service and licence fees	649	536
Training revenue	49	68
Total other operating revenue	**4,983**	**5,852**
Total revenue	**297,899**	**296,303**

6. PROFIT BEFORE INCOME TAX

Profit before income tax has been determined after charging the following expenses:

Allowance for doubtful debts	101	98
Amortisation of intangible assets	434	522
Auditors' remuneration for auditing services	22	22
Bad debts written off	85	31
Depreciation on property, plant and equipment	36,312	34,522
Directors' fees	52	52
Government guarantee fees	852	499
Insurance	8,180	6,147
Personnel costs	17,960	17,377
Professional fees for other services	293	343
Unrealised foreign exchange loss	3,998	217

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the Year Ended 31 December 2013

7. INCOME TAX

	2013 $'000	2012 $'000
(a) INCOME TAX EXPENSE/ (BENEFIT)		
The prima facie income tax on the pre-tax profit reconciles to the income tax expense/ (benefit) as follows:		
Profit before income tax	41,024	61,836
Prima facie income tax payable at 20%	8,205	12,367
Tax effect of amounts which are not taxable in calculating taxable income:		
- Employee taxation scheme	(19)	(13)
- Deferred income	(171)	(171)
- Fuel economy investment allowance	-	(24,770)
- 50% FNPF not dedcutible for tax purpose	170	-
Under/ (over) provision in prior year	258	(922)
Income tax expense / (benefit) attributable to profit	**8,443**	**(13,509)**
(b) DEFERRED TAX ASSETS		
The deferred tax assets consist of the following at future tax rates:		
Tax losses	8,157	16,536
Provision for doubtful debts	82	62
Unrealised exchange losses	1,921	1,122
	10,160	**17,720**
(c) DEFERRED TAX LIABILITIES		
The deferred tax liabilities consist of the following taxable temporary differences at future tax rates:		
Property, plant and equipment	40,789	40,156
Unrealised exchange gain	2,275	2,025
	43,064	**42,181**
Income tax expense / (benefit) comprises movements in:		
Deferred tax assets	7,560	(15,704)
Deferred tax liabilities	883	5,420
Current tax liability/provision for income tax	-	(3,225)
	8,443	**(13,509)**

8. CASH AND CASH EQUIVALENTS

	2013 $'000	2012 $'000
Short term deposits	35,000	20,000
Cash at bank and on hand	10,308	8,781
Total cash and cash equivalents	**45,308**	**28,781**

9. RECEIVABLES AND PREPAYMENTS

Electricity debtors	30,881	29,007
Other debtors	5,024	1,060
Prepayments and deposits	3,761	3,975
	39,666	**34,042**
Allowance for doubtful debts		
- Electricity debtors	(378)	(277)
- Other debtors	(33)	(33)
Total receivables and prepayments (net)	**39,255**	**33,732**

The terms of trade for electricity debtors are 14 days from the date of billing.

Electricity debtors that are less than 3 months past due are not considered impaired. As at 31 December 2013, electricity debtors of $22,424,883 (2012: $24,478,466) were not considered impaired.

As of 31 December 2013, the amount of electricity debtors impaired was $377,599 (2012: $276,609) net off deposits held. The individual receivables are mainly customers, who have defaulted in payments. It was assessed that a portion of the receivables are expected to be recovered.

Movements in the provision for impairment of electricity debtors and other debtors are as follows:

Balance as at 1 January	310	212
Amounts allowed during the year	101	98
Balance as at 31 December	411	310

The creation and releasing of provision for impaired receivables has been included in "Other operating expenses" in the statement of comprehensive income (Note 6). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering the debt.

The other classes within receivables and prepayments do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each classes of receivables mentioned above less electricity deposits. The Authority generally obtains security deposits in the form of bank guarantees and cash deposits from all electricity customers which is estimated based on two months electricity consumptions. The total carrying amount of security deposits in relation to the above trade receivables carried by the Authority is $34,844,921 (2012: $34,248,056). The rest are secured through bank guarantees maintained by the Authority. A portion of this security deposit is refunded to customers on a daily basis.

10. INVENTORIES

	2013 $'000	2012 $'000
Consumables - at cost	18,402	18,044
Goods in transit	216	410
Total inventories	**18,618**	**18,454**

11. PROPERTY, PLANT AND EQUIPMENT

Freehold land		
At cost	**28,635**	**28,635**
Leasehold land		
At cost	13,910	13,866
Accumulated depreciation	(1,614)	(1,467)
	12,296	**12,399**
Buildings and improvements		
At cost	82,122	82,114
Accumulated depreciation	(16,175)	(15,114)
	65,947	**67,000**
Dam, tunnels and water conductor		
At cost	494,024	495,960
Accumulated depreciation	(46,743)	(37,485)
	447,281	**458,475**
Plant, equipment and transmission assets		
At cost	445,901	433,059
Accumulated depreciation	(171,044)	(150,215)
	274,857	**282,844**
Furniture and fittings		
At cost	23,933	22,595
Accumulated depreciation	(14,680)	(13,669)
	9,253	**8,926**
Wind mill		
At cost	34,393	34,393
Accumulated depreciation	(11,098)	(9,358)
	23,295	**25,035**
Motor vehicles		
At cost	17,864	17,276
Accumulated depreciation	(13,681)	(12,803)
	4,183	**4,473**
Capital spares		
At cost	**4,740**	**4,938**

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	2013 $'000	2012 $'000
Capital works in progress		
- Wainisavulevu Weir Raising Project	25,233	9,569
- Rural and Urban Reticulation Project	1,759	1,342
- Vuda Waqadra 33kV Double Circuit Line	3,419	-
- Others	15,484	9,293
	45,895	**20,204**
Total		
- At cost	1,191,417	1,153,040
- Accumulated depreciation	(275,035)	(240,111)
Closing net book value	**916,382**	**912,929**

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year is set out as follows:

	Freehold land $'000	Leasehold land $'000	Buildings and improvements $'000	Dam, tunnels and water conductor $'000	Plant, equipment & transmission assets $'000	Furniture and fittings $'000	Wind mill $'000	Motor vehicles $'000	Capital spares $'000	Capital work in progress $'000	Total $'000
Balance as at 31 December 2011	**28,635**	**12,164**	**60,680**	**156,354**	**276,996**	**9,006**	**26,782**	**4,735**	**4,571**	**310,799**	**890,722**
Additions	-	-	-	-	-	-	-	-	1,678	55,257	56,935
Disposals	-	-	-	-	-	-	-	(59)	(147)	-	(206)
Transfers	-	379	7,359	309,625	26,472	975	-	1,957	(915)	(345,852)	-
Depreciation charge	-	(144)	(1,039)	(7,504)	(20,624)	(1,055)	(1,747)	(2,160)	(249)	-	(34,522)
Balance as at 31 December 2012	**28,635**	**12,399**	**67,000**	**458,475**	**282,844**	**8,926**	**25,035**	**4,473**	**4,938**	**20,204**	**912,929**
Additions	-	-	-	-	-	-	-	-	424	39,749	40,173
Disposals	-	-	-	-	-	-	-	(35)	-	-	(35)
Transfers	-	43	8	(1,936)	12,842	1,338	-	1,764	(374)	(14,058)	(373)
Depreciation charge	-	(146)	(1,061)	(9,258)	(20,829)	(1,011)	(1,740)	(2,019)	(248)	-	(36,312)
Balance as at 31 December 2013	**28,635**	**12,296**	**65,947**	**447,281**	**274,857**	**9,253**	**23,295**	**4,183**	**4,740**	**45,895**	**916,382**

During the year, borrowing costs of $377,103 were capitalised to the cost of the Wainisavulevu Weir raising project.

12. FINANCIAL ASSETS

	2013 $'000	2012 $'000
Held-to-maturity financial assets		
Term deposits with banks	**11,115**	**11,883**

During the year, the Authority reinvested US$5.86 million as term deposits with ANZ bank at an interest rate of 0.25% per annum. This term deposit will be used to repay the balance of the Sinohydro Corporation offshore contract in US dollars for the construction of Nadarivatu Renewable Hydro Power Project. This amount is held in retention to cover for the defects liability period of the project.

13. INTANGIBLE ASSETS

a) Movie production		
Gross carrying amount:		
Balance as at 1 January	1,614	1,614
Additions	-	-
Disposal	-	-
Balance as at 31 December	**1,614**	**1,614**
Accumulated impairment allowance:		
Balance as at 1 January	(1,614)	(1,614)
Impairment allowance	-	-
Disposal	-	-
Balance as at 31 December	**(1,614)**	**(1,614)**
Net book amount	**-**	**-**

Investment in movie production comprises of investment in "Pirate Islands 2" movie project. The movie project has been granted F1 Provisional Certificate by the Fiji Audio Visual Commission and thereby incentive by way of 150% tax deduction is available. The investment has been valued at cost and reduced by an impairment charge to arrive at a carrying amount which is an amount the Authority expects to recover from the exploitation of the copyright in accordance with the Production Investment Agreement.

13. INTANGIBLE ASSETS (CONT'D)

	2013 $'000	2012 $'000
b) Software License		
Gross carrying amount:		
Balance as at 1 January	6,490	6,444
Additions	-	46
Balance at 31 December	**6,490**	**6,490**
Accumulated amortisation:		
Balance as at 1 January	(4,704)	(4,182)
Amortisation for the year	(434)	(522)
Balance at 31 December	**(5,138)**	**(4,704)**
Net book amount	**1,352**	**1,786**

Software license are made up of the Authority's Financial Management Information System, Billing System and other specialized Energy Monitoring Information System. The software license is valued at cost and amortised by an impairment charge over its remaining life to arrive at the carrying amounts.

14. TRADE AND OTHER PAYABLES

Current		
Trade creditors	5,685	1,517
Other creditors and accruals	24,425	31,987
VAT payable	1,486	1,082
Accrued interest	2,610	4,369
Customer security deposits	1,896	1,896
Total current trade and other payables	**36,102**	**40,851**
Non-Current		
Other creditors and accruals	12,746	12,338
Customer security deposits	32,949	32,352
General Extension refundable deposits	15,042	10,883
Total non-current trade and other payables	**60,737**	**55,573**

The fair value of trade and other payables equals their carrying amount, as the impact of discounting is not significant. The customer security deposits relates to the mandatory cash deposit which is equivalent to two months electricity consumptions in accordance with the Elelctricity Act. This is refunded to the customer when the electricity account is permanently closed. The general extension refundable deposits are the capital contribution from prospective customers or developer for the supply of electricity from FEA's nearest grid in accordance with the General Extension Policy. The amount is refunded to the customer over a period of 5 and 8 years.

15. PROVISION FOR EMPLOYEE ENTITLEMENTS

	2013 $'000	2012 $'000
Annual leave	943	883
Performance pay	1,359	1,472
Total provision for employee entitlements	**2,302**	**2,355**
Balance as at 1 January	2,355	6,584
Provisions utilised during the year, net	(53)	(4,229)
Carrying amount as at 31 December	**2,302**	**2,355**

Employee numbers	**2013**	**2012**
Number of full-time equivalent employees as at 31 December	**736**	**703**

16. INTEREST BEARING BORROWINGS

	2013 $'000	2012 $'000
Current		
Bonds (a)	-	15,500
Term loans - ANZ Bank (b)	8,633	5,810
Term loan - BSP (c)	4,000	4,000
Term loan - Suva City Council (d)	43	42
Term loan - CDB (e)	11,071	10,426
Term loan - WBC (f)	2,885	-
Total current interest bearing borrowings	**26,632**	**35,778**
Non-Current		
Bonds (a)	75,500	75,500
Term loans - ANZ Bank (b)	96,463	96,007
Term loan - BSP (c)	8,000	12,000
Term loan - Suva City Council (d)	5,190	5,233
Term loan - CDB (e)	42,703	104,260
Term loan - WBC (f)	48,631	-
Total non-current interest bearing borrowings	**276,487**	**293,000**
Total interest bearing borrowings	**303,119**	**328,778**

(a) Bonds

The Reserve Bank of Fiji offers, manages and carries out registry services on behalf of the Authority. The Authority's bonds are issued in competitive tenders. The bonds are recorded at cost which reflects the face value of the bonds. Bonds worth $15.5 million were repaid during the year.

The maturing terms of the bonds range from 2 to 10 years, whilst the interest rates vary from 5.90% to 7.19% per annum. The bonds are guaranteed by the Government of Fiji.

16. INTEREST BEARING BORROWINGS (CONT'D)

(b) Term loans - Australia and New Zealand Banking Group Limited (ANZ)

The interest bearing borrowings from ANZ Bank are at an agreed interest rate ranging from 3.20% to 3.48% and are repayable on monthly instalments.

The term loans from ANZ Bank are secured by a guarantee given by the Government of Fiji.

(c) Term loan - Bank of South Pacific (BSP)

The term loan of $12 million from BSP is subject to interest at the rate of 4.0% per annum and is secured by a Guarantee given by the Government of Fiji.

(d) Term loan - Suva City Council (SCC)

The term loan from SCC is subject to interest at the rate of 3.0% per annum and is unsecured. The loan is repayable over a period of 86 years in equal instalments of $200,000 on 25th July each year until July 2065.

(e) Term loan - China Development Bank (CDB)

The term loan from CDB is subject to interest rate of 7.15% per annum for 60 months from the date of agreement and after 60 months the rate would be LIBOR rate plus a margin of 3.20% per annum. Despite refinancing US$30 million of the CDB loan during the year, the semi-annual instalments will remain at US$2.9 million. The Authority also paid two loan repayments in accordance with the Loan Agreement in 2013.

The term loan is secured by a guarantee given by the Ministry of Finance on behalf of the Government of Fiji.

(f) Term loan - Westpac Banking Corporation (WBC)

During the year the Authority refinancied US$30 million of the CDB loan with WBC in Fijian Dollars at an interest rate of 3.25% per annum. The term loan is secured by a guarantee given by Ministry of Finance on behalf of the Government of Fiji.

17. DEFERRED INCOME

	2013 $'000	2012 $'000
EEC Grant In Aid		
EEC Grant in Aid	12,330	12,330
Less: accumulated amortisation	(7,261)	(6,777)
Closing balance - 31 December	**5,069**	**5,553**
Government Grant For Rural Electrification		
Government Grant for Rural Electrification	9,342	9,342
Less: accumulated amortisation	(5,418)	(5,045)
Closing balance - 31 December	**3,924**	**4,297**
Total deferred income, net	**8,993**	**9,850**

18. CONTINGENT LIABILITIES

(a) Miscellaneous claims

No provision has been recorded in the accounts for unsecured contingent liabilities mainly in respect of sundry court actions against the Authority. The Authority estimates such liability, if any, to be immaterial.

(b) Contingent liabilities exist with respect to the following:

	2013 $'000	2012 $'000
Letter of credit	33	646
Immigration bond	25	25
Litigation claims - others	781	838
	839	**1,509**

19. COMMITMENTS

Estimated amounts of lease expenditure committed at balance date but not provided for in the financial statements:

a) Native and Crown leasehold land and other premises

Payable no later than one year;	1,260	1,260
Payable later than one year but not later than two years;	1,167	1,179
Payable later than two years but not later than five years;	3,500	3,500
Payable later than five years.	88,633	91,635
Total commitments	**94,560**	**97,574**

The Native and Crown leasehold land includes the lease obtained for Monasavu land. The settlement signed with Monasavu land owners and the iTaukei Land Trust Board commits FEA to the following future payments:

Payable no later than one year;	620	620
Payable later than one year but not later than two years;	620	620
Payable later than two years but not later than five years;	1,860	1,860
Payable later than five years.	51,020	51,640

20. CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure contracted for at balance date but not otherwise provided for in the financial statements	34,836	42,377
Projects approved by the Board but not contracted for at balance date	108,513	57,636

The Capital expenditure contracted for at balance date but not otherwise provided for in the financial statements include the Wainisavulevu Weir Raising project, Dreketi - Seaqaqa 33kV ovehead reticulation, construction of Tower 9 and Tower 98 at Wailoa,Vuda-Waqadra 33kV double circuit line,Suva 33/11kV tramsformer upgrade and SCADA upgrade.

21. EVENTS OCCURRING AFTER BALANCE DATE

a) On 16th January 2014, the Authority officially commissioned the $14 million Dreketi Electrification Project. This project was jointly funded by the Government and the Authority and is expected to supply power to around 5,000 residents along the Dreketi Seaqaqa highway.

b) On 24th February 2014, the Authority signed a $60 million Loan Agreement with Fiji National Provident Fund (FNPF) to fund for the design, supply and installation of the 35MW Heavy Fuel Oil (HFO) generator sets at Kinoya power station.

c) On 3rd March 2014, the Authority signed a Loan Agreement with ANZ Banking Corporation for the refinancing of the CDB US$28 million loan. The Authority also refinancied its existing loans with ANZ as well as existing loans with BSP and WBC banks.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2013

21. EVENTS OCCURRING AFTER BALANCE DATE (CONT'D)

d) As announced by the Government of Fiji during the 2014 National Budget, the Authority and Government will equally fund the extension of the power grid from Korovou to Tavua at a cost of around $19 million. This project will commence construction in 2014.

Apart from the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Authority, the results of those operations, or the state of affairs of the Authority in future financial years.

22. SIGNIFICANT EVENTS DURING THE YEAR

a) As announced by the Government of Fiji during the 2013 National Budget, the Authority reduced the tariff rates by 5% across all tariff bands effective from 1st January 2013. This has reduced the electricity sales income of the Authority by around $16 million per annum.

b) On 5th March 2013, the Authority signed a loan agreement with Westpac Banking Corporation for the refinancing of the China Development Bank US$30 million loan in Fijian Dollars. Subsequently, on 20th March 2013 the CDB's US$30 million was repaid by WBC and the loan was brought on-shore in Fijian Dollars. This has assisted the Authority in terms of managing its risk of exchange rate fluctuations.

c) The Authority invited written tenders from local financial institutions for the financing of $60 million for the design, supply and installation of the 35MW HFO generator sets at Kinoya power station. The tender for this loan was awarded to FNPF.

d) The Authority also invited written tenders from local financial institutions for the refinancing of the remaining balance of the CDB Loan in US dollars in Fijian dollars. The tender for this loan was awarded in 2014.

23. PRINCIPAL ACTIVITIES AND PRINCIPAL PLACE OF BUSINESS

The principal activities of the Authority are the generation, transmission, distribution and sale of electricity on Viti Levu, Vanua Levu and Ovalau as governed by the Electricity Act and Regulations. The address of Fiji Electricity Authority registered office and principal place of business is 2 Marlow Street, Suva, Fiji Islands.

24. RELATED PARTY TRANSACTIONS

a) The Authority is a statutory body constituted by an Act of Parliament and the transactions with the Government of Fiji during the year are as follows:

	2013 $'000	2012 $'000
Government guarantee fee expenses incurred during the year	852	499

The Government of Fiji also provides guarantees on the bonds issued by the Authority. As at balance date, the Authority had borrowed funds amounting to $298M under this guarantee.

b) Directors

The names of persons who were directors of the Authority during the year 2013 are as follows:

Nizam-ud-Dean (Chairman)	Gardiner Whiteside (Deputy Chairman)
Akosita Drova (Resigned November 2013)	Aseri Radrodro
Isikeli Voceduadua (Appointed November 2013)	Hasmukh Patel (Ex-officio Member)
Francis Kean	

The directors fees paid during the year were $52,333

24. RELATED PARTY TRANSACTIONS (CONT'D)

c) Key Management Compensation

The aggregate remuneration and compensation paid to the Key management personnel, for the financial year ended 31 December 2013 and 2012 were:

	2013 $'000	2012 $'000
Salary, performance pay and allowances	1,344	1,033
Superannuation	106	94
Other benefits	26	33
Total	**1,476**	**1,160**

d) During the year, the Authority has supplied electricity to the Government of Fiji, other Government owned entities, directors, related entities and to executives at normal commercial rates, terms and conditions.

e) Year-end balances arising from electricity sales

Receivable from related parties: (Note 9)

Government of Fiji	**3,149**	**3,527**

TRANSMISSION & SUB-TRANSMISSION CENTRAL

DISTRICT	132kV O/H Line (km)		33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Wailoa - Cunningham	62	62					1	1	120	120
Cunningham - Kinoya 'A'					3	3	1	1		
Cunningham - Kinoya 'B'					3	3	1	1	54	54
Cunningham - Vatuwaqa					4	4	1	1	19	19
Cunningham - Hibiscus Park 'A'					7	7	1	1	26.6	26.6
Cunningham - Hibiscus Park 'B'					5	5				
Cunningham - Sawani			10	10	1	1			15	15
Vatuwaqa - Suva					5	5	1	1	45.6	69
Kinoya - Vatuwaqa					4	4				
Kinoya – Nausori			12	12	2	2	1	1	15	15
Nausori – Sawani			6	6	2	2	1	1		
Hibiscus Park - Wailekutu					6	6	1	1	6.25	6.25
Hibiscus Park - Suva					3	3				
Wailekutu - Deuba			38	38			1	1	6.25	6.25
Cunningham - Komo					6	6	1	1	30	30
Komo – Hibiscus Park					3	3				
TOTAL	**62**	**62**	**66**	**66**	**54**	**54**	**10**	**10**	**337.7**	**361.1**

TRANSMISSION & SUB-TRANSMISSION NORTHERN

DISTRICT	132kV O/H Line (km)		33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Labasa								1		8.5
Labasa - Seaqaqa				33.78				1		2.5
Seaqaqa - Dreketi				34.33				1		6.25
TOTAL	**0**	**0**	**0**	**68.11**	**0**	**0**	**0**	**3**	**0**	**17.25**

TRANSMISSION & SUB-TRANSMISSION WESTERN

DISTRICT	132kV O/H Line (km)		33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Wailoa							1	1	110.5	110.5
Wailoa - Nadarivatu	23.4	23.4					2	2	98	98
Nadarivatu - Vuda	56.6	56.6								
Nadarivatu SS to PS	5.2	5.2							56	56
Vuda - Pineapple Corner A			8	8	1	1	1	1	30	30
Vuda - Rarawai			32	32			1	1	12.5	12.5
Rarawai - Vatukoula			19	19			1	1	10	10
Vatukoula - Tavua			4	4	2	2	1	1	6.25	6.25
Vuda - Waqadra A			16	16			1	1	40	40
Vuda - Waqadra B			11	11	2	2				
Waqadra - Sigatoka			59	59			1	1	5	5
Qeleloa					1	1	1	1	15	15
Maro							1	1	2	2
Sigatoka - Nocolevu			29	29			1	1	5	5
Nocolevu-Korolevu							1	1	6.25	6.25
Vuda - Rarawai Tee-off to Pineapple Corner			2	2	1	1				
Wailoa - Wainikasou			29	29			1	1	10	10
Nagado - Sabeto			10	10			1	1	3	3
Maro-Natadola					5	5	1	1	10	10
TOTAL	**85.2**	**85.2**	**219**	**219**	**12**	**12**	**16**	**16**	**419.5**	**419.5**

DISTRIBUTION NETWORK CENTRAL

DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATIONS		INSTALLED KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Deuba	168.532	170.939	128.288	128.876	16.764	16.815	41.306	41.306	210	213	19582	21772
Lami	52.4639	54.5869	65.8337	66.1017	45.27	45.53	4	4	164	168	46430	47976
Suva	16.877	16.877	146.347	146.659	218.087	218.557	43.03	43.03	196	201	109432	111532
Kinoya	134.427	134.679	197.48	197.704	59.983	60.128	33.33	33.33	299	303	83785	86101
Nausori	288.458	289.804	334.766	336.005	19.385	19.885	1.523	1.523	486	492	44676	45883
Korovou	284.212	286.75	235.663	239.875	2.758	2.758	0.08	0.08	303	312	5236	5443
Levuka	58.305	60.2	44.012	44.522	1.18	1.18	0	0	59	61	5756	5777
Wailoa	11	11	6	6	0	0	0	0	12	12	206	206
TOTAL	**1014.2749**	**1024.8359**	**1158.3897**	**1165.7427**	**363.427**	**364.853**	**123.269**	**123.269**	**1729**	**1762**	**315103**	**324690**
Increase	10.561		7.353		1.426		0		33		9587	
% Increase	1%		1%		0.4%		0%		2%		3%	

DISTRIBUTION NETWORK - NORTHERN

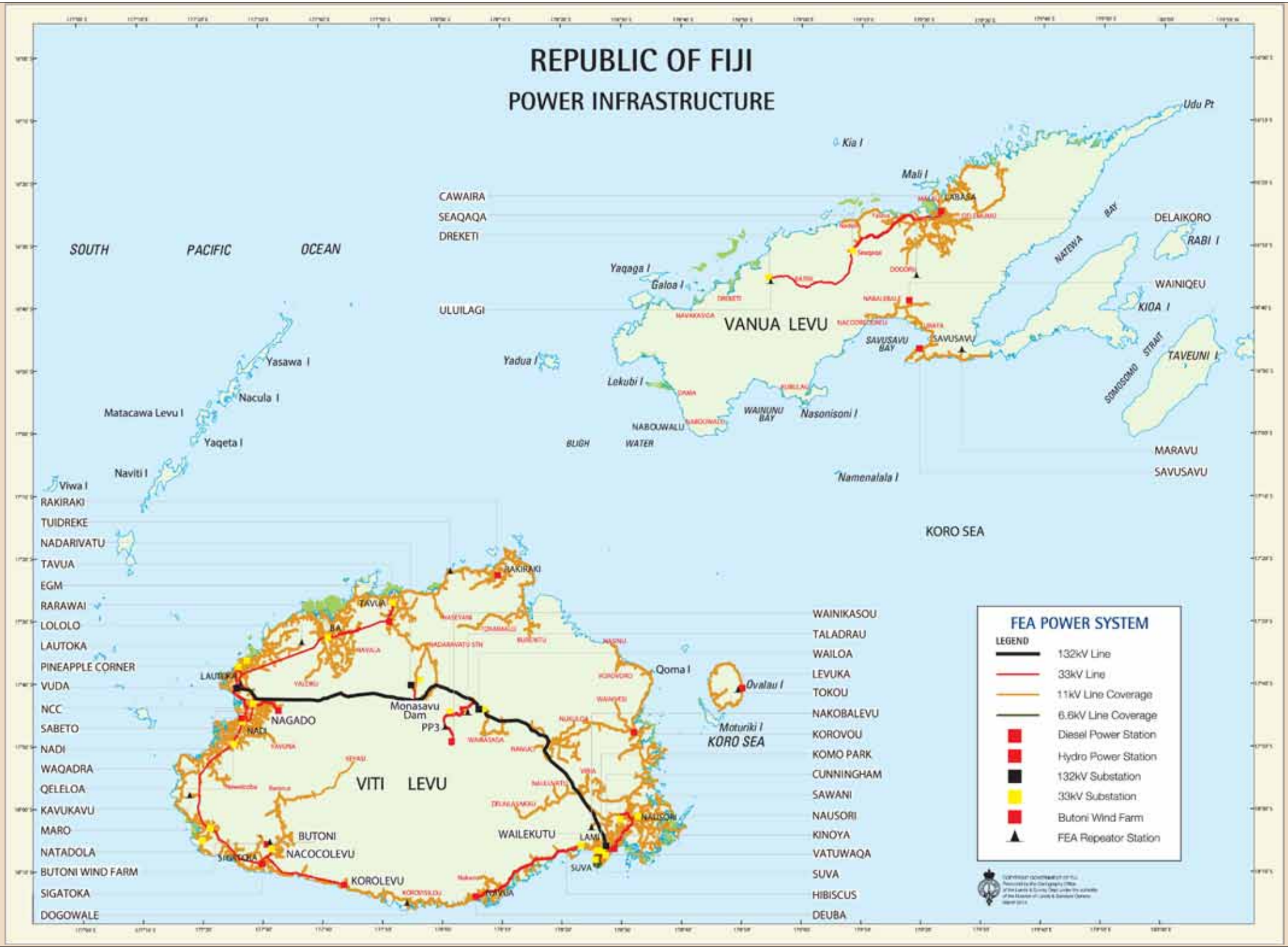
DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATION		INSTALLED kVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Labasa	399.062	406.62	721.335	733.302	12	12	4	4	390	398	22,700	22,870
Seaqaqa		2.25		0.771		0.05		0.025		2		46
Dreketi		37.19		6.982		0.05		0.025		7		247
Savusavu	109.883	119.503	84.2	94.362	7.038	7.416	1	1.474	119	130	7,158	8,449
TOTAL	**508.945**	**565.563**	**805.535**	**835.417**	**19.038**	**19.516**	**5**	**5.524**	**509**	**537**	**29858**	**31612**
Increase	56.618		29.882		0.478		0.524		28		1754	
% Increase	11%		4%		3%		10%		6%		6%	

DISTRIBUTION NETWORK - WESTERN

DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATION		INSTALLED kVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Sigatoka	353.396	361.462	517.562	521.516	6.2	6.2	9.51	9.903	428	441	26460	27494
Nadi - Tavua	1342.913	1345.606	1839.308	1843.7	163.235	163.765	73.325	75.435	1900	1919	159949	162912
Rakiraki	218.32	220.757	214.687	217.43	4	4	1	1	195	199	8111	8175
TOTAL	**1914.629**	**1927.825**	**2571.557**	**2582.646**	**173.435**	**173.965**	**83.835**	**86.338**	**2523**	**2559**	**194520**	**198581**
Increase	13.196		11.089		0.53		2.503		36		4061	
% Increase	0.7%		0.4%		0.3%		3.0%		1.4%		2.1%	

GENERATION STATISTICS (EXCLUDING INDEPENDENT POWER PRODUCERS)

Years	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Units Generated Wailoa Hydro Mwh	343,655	357,279	322,489	315,569	481,098	462,986	436,081	382,963	424,818	466,765	420,195
Units Generated Wainiqeu Hydro Mwh	74	1,159	1,099	1,329	1,387	688	63	898	1,968	1,027	2,056
Units Generated Wainikasou Hydro Mwh		8,919	15,151	18,272	21,079	18,420	16,058	19,238	19,404	18,721	5,935
Units Generated Nagado Hydro Mwh				6,085	4,922	12,996	7,990	10,520	10,279	8,856	611
Units Generatied Nadarivatu Hydro Mwh										29,892	98,600
Total Generated Hydro MWh	**343,729**	**367,357**	**338,739**	**341,255**	**508,486**	**495,090**	**460,192**	**413,619**	**456,469**	**525,261**	**527,397**
Units Generated in VLIS Diesels MWh	244,848	241,084	304,863	354,174	183,329	162,760	153,990	236,356	211,767	94,215	94,425
Units Generated Diesel Others MWh	39,773	41,110	41,169	40,189	41,740	46,178	43,670	52,537	44,453	48,187	46,971
Units Generated HFO Kinoya & Vuda					30,920	60,807	112,264	126,237	83,540	128,881	183,359
Total Generated Thermal MWh	**284,621**	**282,194**	**346,032**	**394,363**	**255,989**	**269,745**	**309,924**	**415,130**	**339,760**	**271,283**	**324,755**
Unit Generated from Butoni Wind Farm					3,351	4,604	7,211	6,420	4,977	6,809	5,348
Units Generated from Solar panel Mwh	9	6	2	4	1						
Total Generated Wind & Solar MWh	9	6	2	4	3,352	4,604	7,211	6,420	4,977	6,809	5,348
Total FEA Generation (MWh)	**628,359**	**649,557**	**684,773**	**735,622**	**767,827**	**769,439**	**777,327**	**835,169**	**801,206**	**803,353**	**857,500**
Made up of											
Total VLIS Generation (MWh)	**588,512**	**607,288**	**642,505**	**694,104**	**724,700**	**722,573**	**733,594**	**781,734**	**754,785**	**754,139**	**808,473**
Total Other Generation (MWh)	**39,847**	**42,269**	**42,268**	**41,518**	**43,127**	**46,866**	**43,733**	**53,435**	**46,421**	**49,214**	**49,027**
Station Auxilliary usage MWh	6,777	6,144	7,294	6,375	7,865	9,139	9,050	9,268	8,952	8,343	9,196
Auxilliaries as % of Generation	1.08%	0.95%	1.07%	0.87%	1.02%	1.19%	1.16%	1.11%	1.12%	1.04%	1.07%
% contribution from Hydro	54.70%	56.56%	49.47%	46.39%	66.22%	64.34%	59.20%	49.53%	56.97%	65.38%	61.50%
% contribution from Thermal	45.30%	43.44%	50.53%	53.61%	33.34%	35.06%	39.87%	49.71%	42.41%	33.77%	37.87%
% contribution from Wind & Solar	0.00%	0.00%	0.00%	0.00%	0.44%	0.60%	0.93%	0.77%	0.62%	0.85%	0.62%
% increase / (decrease) in Hydro Generation	-24%	7%	-8%	1%	49%	-3%	-7%	-10%	10%	15%	0.4%
% increase / (decrease) in Thermal VLIS Generation	108%	-2%	26%	16%	-40%	4%	19%	36%	-19%	-24%	24.5%
% increase / (decrease) in Total Thermal Generation	85%	-1%	23%	14%	-35%	5%	15%	34%	-18%	-20%	20%
% increase / (decrease) in Total Generation	4%	3%	5%	7%	4%	0%	1%	7%	-4%	0%	7%
Maximum Dam Level (AMSL)	**733**	**737**	**735**	**735**	**746**	**746**	**742**	**739**	**743**	**747**	**743**
Minimum Dam level (AMSL)	**714**	**719**	**721**	**721**	**728**	**728**	**723**	**727**	**735**	**731**	**730**


REPUBLIC OF FIJI
POWER INFRASTRUCTURE
SOUTH PACIFIC OCEAN
CAWAIRA
SEAQAQA
DREKETI
ULUILAGI
Udu Pt
Kia I
Mali I
LABASA
BAY
NATEWA
DELAIKORO
RABI I
Yaqaga I
Galoa I
WAINIQEU
KIOA I
VANUA LEVU
SAVUSAVU BAY
SAVUSAVU
STRAIT
TAVEUNI I
SOMOSOMO
Yadua I
Lekubi I
WAINUNU BAY
Nasonisoni I
NABOUWALU
BLIGH WATER
MARAVU
SAVUSAVU
Namenalala I
KORO SEA
Yasawa I
Nacula I
Matacawa Levu I
Yaqeta I
Naviti I
Viwa I
RAKIRAKI
TUIDREKE
NADARIVATU
TAVUA
EGM
RARAWAI
LOLOLO
LAUTOKA
PINEAPPLE CORNER
VUDA
NCC
SABETO
NADI
WAQADRA
QELELOA
KAVUKAVU
MARO
NATADOLA
BUTONI WIND FARM
SIGATOKA
DOGOWALE
VITI LEVU
NAGADO
NADI
LAUTOKA
TAVUA
BA
RAKIRAKI
Monasavu Dam
PP3
Qoma I
Ovalau I
Moturiki I
KORO SEA
BUTONI
NACOCOLEVU
SIGATOKA
KOROLEVU
WAILEKUTU
LAMI
SUVA
NAUSORI
KINOYA
VATUWAQA
SUVA
HIBISCUS
DEUBA
WAINIKASOU
TALADRAU
WAILOA
LEVUKA
TOKOU
NAKOBALEVU
KOROVOU
KOMO PARK
CUNNINGHAM
SAWANI
NAUSORI
KINOYA
VATUWAQA
SUVA
HIBISCUS
DEUBA
FEA POWER SYSTEM
LEGEND
132kV Line
33kV Line
11kV Line Coverage
6.6kV Line Coverage
Diesel Power Station
Hydro Power Station
132kV Substation
33kV Substation
Butoni Wind Farm
FEA Repeator Station