

Contents

<i>Letter to the Minister</i>	1
<i>Key Outcomes for 2010</i>	3
<i>Members of the Authority</i>	4
<i>Executive Management Team</i>	5
<i>Chairman's Report</i>	7
<i>Chief Executive Officer's Report</i>	13
<i>Review of 2010</i>	15
<i>Financial Statements</i>	29
<i>Statistics</i>	59

TY AUTHORITY

Vision

'Energising our People and our Nation.'

Mission

'We will provide clean and affordable energy solutions to Fiji and the Pacific.'

We aim to provide 90% of the energy requirements through renewable energy sources by 2015.'

Values

Customer focus

Honesty

Courage to do what is right for FEA

Team work

Individual accountability

Transparency

Innovativeness



Cover



Construction work on FEA's Nadarivatu Renewable Hydro Power Project is progressing smoothly and is expected to be commissioned by the end of 2011. It will add 40MW of additional power capacity, generate 101 million of units of electricity in an average rainfall year, and reduce carbon dioxide emissions by 66,000 tonnes each year.

Constitution and 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 Members of the Authority are appointed by the Government. The Chief Executive Officer is an ex-officio Member 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 fixed 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.



Letter to the Minister

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

Dear Minister,

Annual Report 2010

I am pleased to present the Fiji Electricity Authority's Annual Report for 2010. The report provides a detailed summary of FEA's performance in accordance with Section 25 of the Electricity Act Cap 180.

FEA made a financial profit of \$8.4m after tax in 2010, which includes an unrealized foreign exchange gain of \$7.5 million arising from restating the foreign currency loan of FEA at 31 December 2010.

Construction of the US\$150M Nadarivatu Renewable Hydro Power Project progressed positively in 2010 and approximately 50 per cent of the construction work has been completed at the year end. The project is expected to be fully completed by the end of 2011.

This project is a major step towards achieving the Authority's renewable energy target of generating 90% of its energy through renewable resources by 2015.

The Authority continued to meet all its obligations and fulfill 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 2011 and beyond.

Sincerely,

Nizam-ud-Dean
Chairman



The Honourable Prime Minister, Commodore Josaia Voreqe Bainimarama, at the opening of the Rural Electrification Scheme at Natoaika, Naitasiri.

Key Outcomes for 2010

- FEA made a financial profit of \$8.4M after tax in 2010 including an unrealized foreign exchange gain of \$7.5M. This is equivalent to a return on shareholder funds of 2.0%. This result was achieved despite three unplanned contingency events being Cyclone Tomas incurring an unbudgeted expenditure of \$1.4M for restoration works, El Nino weather pattern causing a severe drought for most part of 2010 resulting in lower output from the Monasavu Hydro Scheme and the exorbitant cost of fuel of \$126.8M recorded for the year against the budgeted amount of \$69.2M.
- The Authority faced some financial challenges during the year. However, FEA's gearing ratio, as measured by Debt to Debt plus Capital and Reserves, was 41.6% as at 31st December 2010, well within the international benchmark for power utilities of about 45%. The shareholder value of FEA was \$414.7 million at the end of 2010 which increased from \$402 million at the end of 2009. FEA's total assets were worth \$925.6 million, a substantial increase from \$880.3 million in 2009.
- FEA completed a comprehensive tariff study in 2010. A Tariff Proposal, based on this study, was then submitted to the Cabinet and the Fiji Commerce Commission for their consideration and approval. The Cabinet and the Fiji Commerce Commission approved FEA's proposal to implement the proposed Tariff as outlined below:
 - Phase 1 from 10 June 2010
 - Phase 2 from 7 November 2010 and
 - Phase 3 from 1 April 2011.
- Work on the US\$150M Nadarivatu renewable Hydro Power Project progressed well in 2010. Approximately 50% of the project work was completed by the year end.
- FEA acquired the joint venture Sustainable Energy Limited (SEL) assets for Nagado and Wainikasou Hydro Power Stations in February 2010. The assets are now fully owned by FEA.
- FEA completed the peer design review and awarded the tender for the construction of the Wainisavulevu Weir Raising Project in 2010. Construction work on this project will commence in 2011.
- Progressed the completion of the Network Augmentation Projects as follows: Kinoya – fully commissioned, Qeleloa – 95% complete (commissioning by April 2011), Komo Park – 94% complete (commissioning by May 2011), Nausori – 70% complete (commissioning by June 2011).
- FEA purchased 3x1.6MW new diesel generator sets which were installed and officially commissioned in March 2010 at Labasa Power Station at a cost of \$4.5M to cater for the demand and improve system reliability in the North.
- FEA completed and commissioned 45 Rural Electrification Projects funded by the Government in 2010.
- FEA received the remaining China Development Bank loan of US\$11.2M in March 2010 to fund the Nadarivatu Hydro Power Project after satisfying all the three debt covenants essential to ensure the loan draw-down in March 2010.
- FEA also successfully rolled over the ANZ US\$30M loan with the option to progressively convert this loan into a Fijian dollar loan by 31 December 2011. This loan will be used to fund the offshore component of the Nadarivatu Hydro Power Project.
- FEA obtained Cabinet approval to increase its Government Guarantee facility by an additional F\$101M to enable the funding of its Power Development Plan, particularly the Nadarivatu Hydro Power Project in 2011.
- FEA incurs significant non-commercial obligation (NCO) costs each year when supplying subsidised electricity to rural Viti Levu and to the whole of Vanua Levu and Ovalau. FEA incurred about \$30M of NCO costs when fulfilling its social obligations in 2010, which is deemed to be the dividend paid to the Government by FEA for 2010.
- Butoni wind farm performed satisfactorily in 2010 with a total generation output of 6.42M units of electricity, resulting in thermal fuel cost savings of about \$2.06M and reducing greenhouse gas emissions by about 4,211 tonnes in 2010 alone.
- Based on the feasibility study for the Qaliwana Hydro Scheme and Wailoa Hydro Downstream Project, FEA carried out a comprehensive economic and financial evaluation of the two potential hydro projects in 2010. Expressions of Interest for the development of the two hydro projects will be called for in 2011.
- Power system reliability within the control of FEA improved positively in 2010 as measured by two world-class reliability benchmarks. The controllable System Average Interruption Duration Index (SAIDI) improved from 920 minutes in 2009 to 794 minutes in 2010 and the controllable System Average Interruption Frequency Index (SAIFI) improved from 15.6 times in 2009 to 15 times in 2010.
- FEA's Customer Contact Centre performed admirably in 2010, with 89.9% of calls answered within 20 seconds and abandoned calls limited to 5.5%.
- FEA was successful in the dissemination of information in 2010 regarding the FEA operations utilising all forms of media, presentations to schools, settlements and communities and to other bodies such as the Fiji Institute of Accountants, Chambers of Commerce, Fiji Hotel Association, Fiji Employers Federation etc.
- FEA achieved a record high ICT up time system performance of 99.951% in 2010.
- FEA completed the review and compilation of the Power Development Plan 2020. This was also presented to key stakeholders in Government for their input.
- Maintained harmonious relationship with the three Unions. Signed Agreements with all the Unions on the Performance Management System (PMS) Framework and Quantum of Performance Pay. The entire Organisation is now on PMS.
- Completed a comprehensive review of the Organisation's Top Business Risks and formulated strategies to mitigate the risks.
- FEA spent a total sum of \$9.6M on rural, commercial/industrial and system reinforcement projects. A total of 5,233 domestic customers and commercial/industrial customers were approved for connection in 2010.
- Achieved the following HSE Performance when compared to set targets:

Fatality	- Nil	- Target Nil
Lost Time Injury Duration (LTID)	- 3.58 days	- Target 4 days
Lost Time Injury Frequency (LTIF)	- 4.48	- Target 5
- Completed a comprehensive HR Development Plan and have started to implement retention strategies, training and succession planning. All positions in FEA now has two or three possible successors.



Members of the Authority



Nizam-ud-Dean
Chairman



Gardiner Whiteside
Deputy Chairman



John Low
Member



Cama Tuiloma
Member



Hasmukh Patel
Ex-officio Member



Isikeli Vocedua
Member



Bhuwan Dutt
Member
(Resigned September 2010)



Ratu Napolioni Delasau
Member
(Resigned July 2010)



Executive Management Team



Hasmukh Patel
Chief Executive Officer



Bobby Naimawi
Acting Chief Financial
Officer



Om Dutt Sharma
General Manager Network



John O'Connor
General Manager
Human Resources



Filipe Nainoca
General Manager Customer
Services



Eparama Tawake
General Manager Generation



Anand Nanjangud
Chief Information Officer



Fatiaki Gibson
Project Director
Nadarivatu



Tuvitu Delairewa
General Manager
Commercial



Saumen Bandyopadhyay
General Manager System
Planning & Control



Captain (N) Timoci Lesi Natuva, the Honourable Minister for Works, Transport and Public Utilities, during his visit to the Nadarivatu Hydro Project site with the Board Members of FEA.

Chairman's Report

FEA's performance in 2010 has been exemplary. Firstly, it stood one of the toughest tests in its history by overcoming a financial crunch which contributed to a massive fuel cost of \$126.8M against a budget of \$69.2M, the highest ever in its history. Secondly it made significant progress towards achieving its stated renewable energy target with the Nadarivatu Hydro project which was 50% complete by the year end.

FEA's strategy is to replace most of the diesel burn with renewable energy sources by 2015. This requires substantial capital investment to fund new power and transmission capacity expansions which are estimated to cost in excess of \$1.5 billion over the next 10 years to meet the country's power needs.

Government has supported FEA in this course by granting an average tariff of 39.4 cents per unit. FEA is confident that the implementation of this tariff rate will enable the achievement of its objectives.

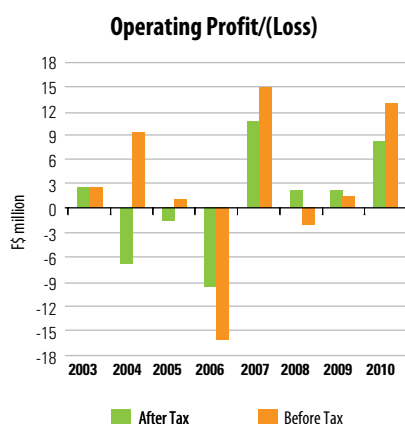


2010 PROFITABILITY

FEA made a financial profit of \$8.4 million after tax in 2010, after booking an unrealized foreign exchange gain of \$7.5 million arising from restating the foreign currency loans of FEA at the end of the year. This equates to a Return on Shareholder Funds (ROSF) of positive 2.0%.

This result was achieved despite three unplanned contingency events being Cyclone Tomas incurring an unbudgeted expenditure of \$1.4M for restoration works, El Nino weather pattern causing a severe drought for most part of 2010 resulting in a lower output from the Monasavu Hydro Scheme and the exorbitant cost of fuel experienced during the year against budget.

The profitability of FEA for the period 2003 to 2010 is illustrated in the graph shown below:



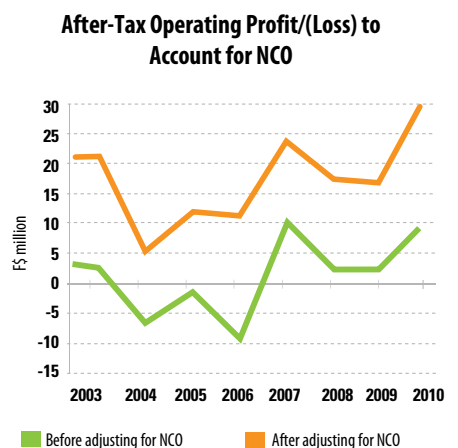
FEA recorded an all time high fuel cost of \$126.8 million in 2010 against a budget of \$69.2 million for its thermal fuel expenditure (\$77.3 million in 2009). This is equivalent to 71% of the total revenue for 2009 if the tariff increase for 2010 were not considered and could have resulted in substantial losses to FEA in 2010.

However, Fiji Commerce Commission approved two tariff increases in 2010. The first being an increase in tariff of 8.82 cents per unit effective from 10 June 2010 and the second was implemented from 7 November 2010 resulting in an average tariff of 36 cents per unit. These tariff increases assisted FEA to recover some of the financial losses it incurred throughout the year due to the exorbitant fuel cost.

FEA incurs significant non-commercial obligation (NCO) costs each year when supplying subsidised electricity to rural Viti Levu and to the whole of Vanua Levu and Ovalau. If FEA is reimbursed by the Government for the NCO costs, the profitability and return on shareholder funds would have been better. It is estimated that FEA incurred about \$30 million of NCO costs when fulfilling its social obligations in 2010. Although the Public Enterprises Act requires the Government to reimburse the NCO costs to FEA, such costs are 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

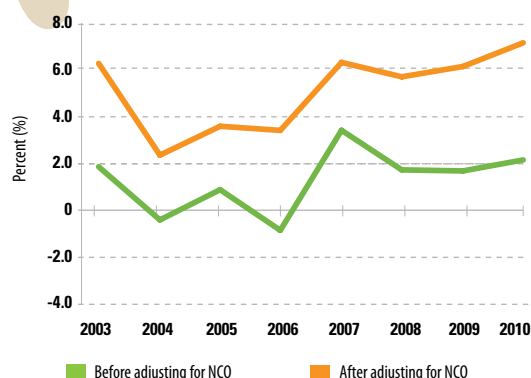
subsidies be recognised as its annual dividend to the Government. Therefore the deemed dividend paid to the Government by FEA for 2010 is about \$30 million.

A notional adjustment to account for the NCO costs would result in an after-tax financial profit of \$30 million and a ROSF of positive 6.9% for the year. The adjusted profitability numbers and ROSF are shown below for the period 2003 to 2010.

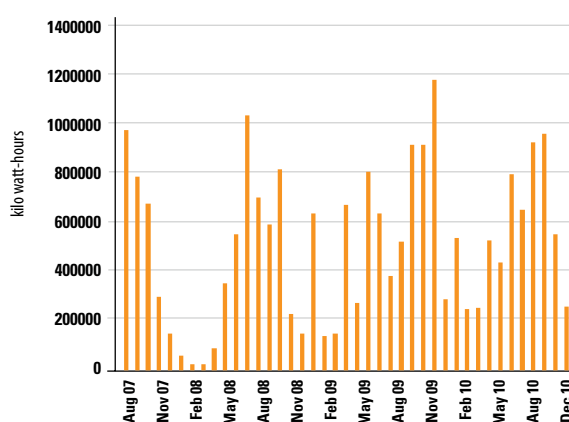


FEA appreciates the support provided by the Government through granting partial duty concessions for imported thermal fuel and guaranteeing FEA's borrowings. It is very important that the Government continues to support FEA to ensure that the long term financial sustainability of FEA is maintained.

Return on Shareholder Funds to Account for NCO



Butoni Wind Farm Generation kWh



FINANCIAL STRENGTH

The Authority faced some financial challenges during the year. However, FEA's gearing ratio, as measured by Debt to Debt plus Capital and Reserves excluding cash-in-hand, was 41.6% as at 31st December 2010, well within the international benchmark for power utilities of about 45%.

The shareholder value of FEA was \$414.7 million at the end of 2010 which increased from \$402 million at the end of 2009 and \$324.9 million at the end of 2002. FEA's total assets were worth \$925.6 million, a substantial increase from \$880.3 million in 2009 and \$456.7 million in 2002. This shows that FEA has added significant shareholder value over the last eight years since the implementation of organisational reforms.

BUTONI WIND FARM

Butoni wind farm generated 6.42 million units of electricity in 2010. This is equivalent to a fuel cost savings of around \$2.06 million in 2010.

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

• Total Generation output	=	20.7 million units of electricity
• Total diesel fuel cost savings	=	F\$6.46 million
• Total foreign exchange savings	=	F\$4.6 million
• Total diesel fuel saved	=	4,359 tonnes of diesel
• Total emission reduction	=	13,556 tonnes of carbon dioxide

One of the main factors that affected the operation of the wind farm in 2010 was the Cyclone Tomas in January 2010. The cyclone caused the wind farm to be closed down for precautionary measures. It is a credit to the innovative design used for Butoni wind farm that it did not suffer any damage, because the wind turbines were able to be lowered to the ground before the cyclone winds took effect. FEA used this as an opportunity to carry out maintenance of the wind farm soon after the cyclone had passed away.

PROGRESS ON RENEWABLE ENERGY PROJECTS

Work on the US\$150M Nadarivatu Renewable Hydro Power Project progressed well in 2010. Excavation work on the surge shaft and tunnel was completed in July and October respectively. The Weir was 85% complete and the Power Station building was 80% complete by the year end. Major Turbine and Generator equipment has been shipped from China and is expected to arrive in February 2011. Penstock fabrication work commenced in October and installation of the same is scheduled to commence in February 2011. Approximately 50% of the overall project work was completed by the year-end. The power station has a power generation capacity of 40 MW and is able to generate about 101 million units of electricity in a normal hydro inflow year, saving thermal fuel costs and foreign currency leakage estimated in excess of F\$40 million per year at the current fuel price (F\$2,200/MT). The project is expected to be commissioned by the end of 2011.

The balance of the US\$70 million loan approved by China Development Bank on 19th January 2009 of US\$11.2 million was drawn down in March 2010 after satisfying all the three debt covenants essential to ensure the loan draw down. FEA has secured all the necessary funding essential to complete the Nadarivatu Hydro Power Project in 2011.

On 12 October 2010, the Cabinet approved an additional Government Guarantee of F\$101M for FEA to enable the funding of the current major projects especially the funding of the Nadarivatu Hydro Power Project which is a project of national importance considering that electricity is an essential commodity which stimulates the socio-economic development of the nation.

FEA also awarded the tender for the construction of the Wainisavulevu Weir Raising Project to Sino Hydro Corporation of China in 2010. This project is expected to commence in 2011. When completed, is expected to bring about improvements in the water storage capacity of the existing Wainikasou and Monasavu hydro schemes and will result in increased energy output from the two power stations.

FEA also carried out a detailed economic and financial evaluation of the two potential hydro projects namely Wailoa Downstream and



ACHIEVEMENT OF BOARD KEY PERFORMANCE INDICATORS

The FEA Board developed eight Key Performance Indicators (KPIs) for 2010 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 2010. The actual achievement of the KPIs is detailed below:

1	Achieve a ROSF of at least 2.5% provided that the import duty concessions approved for diesel oil (10 cents per litre) and heavy fuel oil (6 cents per litre) will be continued for the full 2010 year and that the fuel prices will remain at an average of \$1,242/tonne for IDO, \$1042/tonne for HFO, Monasavu generating at least 400 GWh in 2010 and Independent Power Producers (IPPs - Tropik and FSC) generating 73 GWh.	<p>ACHIEVED subject to the notional adjustment for delayed implementation of Tariff increase - Actual ROSF before adjustment is positive 2.0%; ROSF increases to positive 3.8% when adjusted for delay in implementing the Tariff Increase to an average rate of 39.4 cents/unit from 1st October 2010. Furthermore, the targeted ROSF for 2010 was impacted by the following factors which were outside of FEA's control as outlined below:</p> <ul style="list-style-type: none"> Below average rainfall recorded at Monasavu from January to October 2010 as a result of the El Nino weather pattern causing prolonged drought resulting in actual Monasavu generation of 382 GWh. Furthermore, IPP generation (Tropik & FSC) for the entire year was only 20 GWh against a budget of 73 GWh. Both these factors led to exorbitant diesel generation to meet the shortfall. The actual fuel quantity used in 2010 was 87,596 tonnes against budget of 59,703 tonnes. Fuel costs for 2010 was \$126.8M against a budget of F\$69.2M. High fuel price compared to budget. The Average Industrial Diesel Oil (IDO) price for 2010 was \$1,539/MT against a budget price of \$1,242/MT and Heavy Fuel Oil (HFO) was \$1,244/MT against a budget price of \$1,042/MT.
2	<p>Fully comply with the following statutory requirements:</p> <ul style="list-style-type: none"> Submission of 2011 to 2013 Corporate Plan, SCI and EIRP for 2011 by 30th September 2010 Submission of half year report for 2010 financial year by 1st August 2010 Submission of draft annual report and un-audited financial accounts for 2009 by 31st March 2010 Submission of the annual report and audited financial accounts for 2009 by 31st May 2010 	<ul style="list-style-type: none"> ACHIEVED - submitted on 29th September, 2010 ACHIEVED - submitted on 30th July, 2010 ACHIEVED - submitted on 31st March, 2010 ACHIEVED - submitted on 28th May, 2010
3	Limit the volume of diesel generation to 45% or less of total generation in 2010 subject to Monasavu generating at least 400 GWh in 2010 and IPPs (Tropik, FSC) generating 73 GWh.	<p>NOT ACHIEVED (DUE TO FACTORS BEYOND FEA'S CONTROL)</p> <p>The actual diesel generation for the year 2010 was 48.6% of the total generation. This is above the target of 45% of the total generation in 2010 due to factors beyond the control of the Authority as outlined below:</p> <ul style="list-style-type: none"> Below average rainfall recorded at Monasavu from January to October 2010 as a result of the El Nino weather pattern causing prolonged drought resulting in actual Monasavu generation of 382 GWh. Furthermore, IPP generation (FSC & Tropik) for the entire year was only 20 GWh against a budget of 73 GWh. <p>Both these factors caused exorbitant diesel generation to meet the shortfall. The actual fuel quantity used in 2010 was 87,596 tonnes against a budget of 59,703 tonnes.</p>
4	Ensure that Nadarivatu Hydro Project construction work is progressed on time and all 2010 electromechanical installation activities in the Baseline Project Schedule are completed.	<p>NOT ACHIEVED - work progressed with excavation work on the surge shaft and 2km underground tunnel being completed by July and October respectively. The Weir was 85% complete with the Powerhouse building 80% complete. Major Turbine and Generator equipment was shipped from China in late December 2010 and arrived on 5 February 2011 with more shipments expected in Quarter 2 of 2011. Penstock fabrication work commenced in October, however, the installation work was affected by the inclement weather in late 2010. Some constraints such as differing design philosophy and approach to design standards, compliance to safety standards, language issues and manufacturing standards were overcome by vigorous engagement with the Chinese Contractor (Sinohydro) and Equipment Suppliers from China. Approximately 50% of the overall project work was completed by the year end and the scheme is expected to be commissioned by the end of 2011.</p> <p>The project was to be commissioned in September 2011 but will now be commissioned in December 2011 due to some of the factors mentioned above with Project Quality being the dominant factor which FEA undertook not to compromise upon. This included the engagement of further technical expertise in areas deemed necessary to ensure a quality project is delivered.</p>

5	Ensure that all the network augmentation project substations are commissioned by 31st December 2010.	NOT ACHIEVED <ul style="list-style-type: none"> Kinoya sub-station was fully commissioned in May 2010 Qeleloa sub-station was 95% completed. During acceptance tests, certain critical electrical equipment was found to be defective and therefore the contractor was instructed to replace all defective equipment. Commissioning is anticipated in April 2011. Komo Park sub-station was 94% completed. During acceptance tests, certain critical electrical equipment was found to be defective and therefore the contractor was instructed to replace all defective equipment. Commissioning is anticipated by the end of May 2011. Nausori sub-station was 70% completed. Major critical civil engineering issues associated with inclement weather led to a delay in the construction of the substation building which then affected the installation program of the electrical equipment within the building. Commissioning is anticipated by end of June 2011.
6	Award tender for Wainisavulevu Weir Raising Project subject to availability of funds and commence construction.	ACHIEVED <p>Tender was awarded to Sino Hydro Corporation and funding now in place.</p> <p>Construction to commence in 2011.</p>
7	Complete at least 90% of Government Funded Rural Electrification Schemes planned for 2010.	ACHIEVED <p>45 out of 50 projects planned for 2010 were completed. Another 2 projects were also completed by the year end but were commissioned in early January 2011.</p>
8	Establish the optimum organization structure for FEA and put a comprehensive HR Development Plan in place covering retention strategies, training and succession planning.	ACHIEVED <p>The Board approved the optimum organization structure for FEA together with a comprehensive HR Development Plan covering retention strategies, training and succession planning on the 23 September 2010.</p>

Qaliwana Hydro based on the pre-feasibility study reports of the two projects. The results of the evaluation were promising. However, due to funding constraints, FEA had to rank the project it has to undertake as a priority. Both the projects will have to be developed to enable FEA achieve the target of 90% renewable energy by 2015. Therefore, FEA will be calling for expressions of interest in 2011 for the development of the two hydro projects.

The Kinoya 33kV Substation Upgrade Project was commissioned in May 2010. Acceptance testing of Qeleloa & Komo Substations continued and commissioning is expected in April 2011 and May 2011 respectively. 70% of construction work on the Nausori Substation Project was completed by the end of 2010. This substation is scheduled to be commissioned by June 2011.

The 9.3 MW wood-fired co-generation plant of Tropik Woods at its Drasa mill suffered a major failure of its boiler in April 2009. The plant was repaired and resumed operation in October 2010 and supplied electricity to FEA though the shortfall in supply for the period January to September 2010 had to be replaced by burning expensive thermal fuel.

FEA's plans for increased participation of Independent Power Producers (IPPs) in the electricity generation sector are also

progressing well with the revised Initial Electrical Energy Fee (IEEF) approved by the Fiji Commerce Commission. This has brought about a lot of interest from prospective private investors. FEA is working closely with all the prospective IPPs to ensure that they get all the relevant information and support in establishing their power plant in Fiji.

FEA completed the review and compilation of the Power Development Plan up to 2020. The plan was presented to the key stakeholders of Government and showed the road map which will enable the achievement of FEA's target of 90% renewable energy by 2015. The plan incorporates both the generation and transmission capacity building over the next 10 years, and the associated investment level required.

Tariff Study

FEA completed a comprehensive tariff study in 2010. A Tariff Proposal, based on this study, was then submitted to the Cabinet and the Fiji Commerce Commission for their consideration and approval. The Cabinet and the Fiji Commerce Commission approved FEA's proposal to implement the new Tariff as outlined below.

- Phase 1 from 10 June 2010

- Phase 2 from 7 November 2010 and
- Phase 3 from 1 April 2011.

The tariff study was based on the demand and supply of electricity over the next 10 years. It established all the generation and transmission projects that have to be developed over this period to enable the achievement of the 90% renewable energy target and at the same time meet the ever increasing power demand of the nation. A total investment in excess of F\$1.5Billion will be required to develop the generation and transmission projects. Out of this, FEA will be required to invest around F\$1.2Billion for the development of generation and transmission projects while IPPs are required to contribute \$350M to assist in the development of the power generation sector. An average tariff of 39.4 cents per unit has been approved by the Fiji Commerce Commission to enable the implementation of the F\$1.5Billion investments into the energy sector over the next 10 years.

PRODUCTIVITY IMPROVEMENTS

FEA has achieved significant productivity improvements since 2000. The number of employees has been reduced by 30%, from 960 in 2000 to 673 in 2010, at a time when:

- Number of customers increased by 29%, from 117,315 in 2000 to 151,410 in 2010;
- Generation output increased by 60%, from 523 giga-watthours in 2000 to 835 giga-watthours in 2010;
- Length of power lines and underground cables increased by 24%, from 7,124 km in 2000 to 8,808 km in 2010;
- Total assets increased by 96%, from \$473 million in 2000 to \$926 million in 2010; and
- Total shareholder funds increased by 32%, from \$316 million in 2000 to \$416 million in 2010.

As a result, the following productivity improvements have been achieved between 2000 and 2010:

- Customers per employee increased by 84%;
- Generation output per employee increased by 128%;
- Length of power lines and underground cables per employee increased by 76%; and
- Asset value per employee increased by 179%.

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 objectives. My special thanks to Mr Bhuwan Dutt, who left our Board in September 2010, for the constructive contribution made to FEA during his term.

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

I also record my sincere thanks to the Fiji Commerce Commission for their understanding of FEA's difficult position and approving the implementation of the tariff increases in 2010.

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

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



Nizam-Ud-Dean
Chairman



Construction of the Nadarivatu Hydro Power Project progressed positively in 2010 with 50% of the project work completed by the year end. The project is expected to be commissioned by the end of 2011.

Chief Executive Officer's Report

The year 2010 was a difficult and challenging year for the Authority with the El Nino weather pattern causing a prolonged spell of dry weather resulting in the Authority burning excessive thermal fuel at a cost of \$126.8M which is an all time record for the Authority and this had a severe adverse impact on the Authority's financials and its operations.



The Authority had to review its operations and deferred most of its capital expenditure program and implemented cost cutting measures across the business to ensure that the Company remained afloat.

The Management also adopted the strategy to conserve water at the Monasavu dam commencing from June 2010 and burnt expensive diesel fuel instead to enable usage of water at the dam till the end of October 2010 when the rainy season was expected to set in.

FEA had carefully adopted the above strategy considering the worst case scenario if the Monasavu Hydro Scheme had to be shut down and 50MW of diesel generating sets had to be hired to replace the shortfall in the generation capacity to avoid a national and/or rotating black out. If this scenario had arisen, the cost to FEA was expected to be around some \$45 million.

Therefore, FEA was better off continuing with the strategy to burn more diesel to conserve water and incur monthly losses of between \$2 million to \$3M for some 4-5 months rather than incurring the cost of some \$45 million which FEA could not have sustained financially.

2010 was a year when FEA faced the toughest test in the history of its operation. It recorded the highest ever fuel cost of \$126.8M due to burning excessive thermal fuel at exorbitant prices to ensure that the amount of water at the Monasavu dam lasted till the commencement of the rainy season. Furthermore, it also had the responsibility to ensure that the funding for the Nadarivatu Hydro Power Project and Network Augmentation Projects was available to progress these projects smoothly as planned to meet the increasing demand in electricity and improve the reliability of power supply to our valued customers.

Simultaneously, it was imperative that the Authority continued to repay its existing loan portfolio as required and ensured that the financial covenants as imposed by the financial lending institutions continued to be met to avoid the exposure of the Government as the guarantor of FEA's loans.

Through prudent and detailed planning as well as the timely execution of appropriate strategies in all areas of its operations, the FEA team managed to overcome these huge challenges successfully and ensured that the overall corporate performance targets, as set by the Board, were achieved to a great extent.

To meet the future demand of electricity, as well as to ensure that we achieve our renewable energy target of 90% by 2015, two hydro projects, namely the Wailoa Downstream and the Qaliwana Scheme, need to be developed together with the associated high voltage transmission network at an estimated cost of some US\$360M at the earliest. Achievement of

this target will assist the Government in the reduction of its fuel import bill, thereby saving foreign exchange earnings. I look forward to the support of the Government in the development of these projects for the betterment of the national economy.

I thank the Chairman and the Board of Directors for their valuable guidance and constructive support to ensure we faced the adversities of 2010 with diligence.

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 2010.

I also record my sincere thanks and appreciation to the Prime Minister and his Cabinet Ministers, Permanent Secretaries and Government officials, the Reserve Bank of Fiji, the Fiji Commerce Commission, Fiji Revenue & Customs Authority and Trade Union executives for their kind assistance and cooperation rendered in 2010.

Their invaluable contribution made it easier for FEA to rise above the challenges 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



FEA places a very high importance on addressing the concerns of its customers with urgency. FEA Customer Service Representatives provide services to customers on a daily basis at all major locations.

Review of 2010

CUSTOMERS

Customer Service

The number of customer accounts increased by 2.7 per cent, from 147,419 in December 2009 to 151,410 in December 2010. The breakdown in customer accounts are: Industrial 92 (0.06%); Commercial 14,174 (9.36%) and Domestic 137,144 (90.58%). There was also a significant increase in the demand for electricity, increasing by an overall 6.8 per cent, from 715.2 million units in 2009 to 764.2 million units in 2010. The main increase in electricity consumption was in the Industrial sector, with demand increasing by a significant 10.2 per cent, from 172.3 million units in 2009 to 189.9 million units in 2010. Demand in the Residential sector grew by 3% whilst demand in the Commercial sector also grew significantly by 7.7%.

The Contact Centre continued to perform quite satisfactorily. The Grade of Service (GOS) achieved for the year was 89.9% with Calls abandoned at 5.5%. This was a good result for the year. Total calls received by the year end was 376,379, an average of 31,365 calls a month. This was a decrease of 3.7% from 2009 when a total of 390,883 calls were received. The focus continues to be not only on ensuring calls are answered but also on the quality of service delivered to the individual customers by the Contact Centre Staff when answering the calls. The Contact Centre continued to operate 24 hours, 7 days a week. The Suva office closes its operation at 9.00pm and services thereafter are taken over by the Contact Centre Staff at the National Control Centre in Vuda. Use of the emergency 913 number for non-emergency calls continued to be a concern with a total of 19,953 calls received on this number of which 1,436 were genuine emergency calls.

For the 2010 Customer Services Survey, seven questions were prepared and the survey forms sent out to customers with their electricity bills. The forms were received and analysed.

Whilst FEA is pleased with the improvement in its overall customer satisfaction level, it wishes to continually improve its level of service to customers, especially in the commercial/industrial sector. Accordingly, it has 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 more consistent results.

Furthermore, FEA continued to explore technologies that can assist in its service delivery. In 2010 the Metering team worked with FEA's internal GIS team and SOPAC to prepare the Suva/Central Division GIS map. A pilot area was identified and meter readers worked with the GIS team to identify customer installations on the map. This will continue in 2011 with the goal of eventually making this map of customer locations available to Contact Centre Staff and the National Control Centre to assist with operations, customer inquiries and improving customer service delivery.

Prepayment Meters

The focus in 2010 for prepayment meters was to completely replace the old Cashpower prepayment meters. A total of 2,115 Cashpower meters were replaced in 2010. The old Cashpower System is now obsolete and has been completely removed from the Prepayment System. The program for the installation of new prepayment meters continued in 2010 with installation of more than 4,000 meters. With the installation of prepayment meters moving into the interior of Vitilevu, system replication has become more difficult due to communication issues. In 2010 an APN Network was completed and modems installed at all Prepayment vending stations. This network will allow mobile telephone communication with the individual vending stations thus reducing the issues with replication of data from the main prepayment server and also preparing for the introduction of a new on-line prepayment vending system.

Product Awareness

Vegetation management and a heightened awareness on Energy saving and Electrical safety tips continued to be the main focus in FEA's customer communication activities during the year. Presentations were made to Secondary Schools and visitations were made to communities to create awareness on Energy savings and Electrical safety. FEA made full use of its billing network to maximize the exposure of its safety messages, by printing messages on the power bill itself and bill inserts. Information on how to calculate and read power bills were also disseminated with the power bills. Television interviews and participation in radio talk-back shows were also implemented for creating public awareness and dissemination of information regarding the Authority's operations.

In addition, presentations were made in September 2010 to FEA's top business customers in the Central and Western Divisions on FEA's Renewable Energy Power Development plan, FEA's operations and the strategies FEA has in place to continue to meet the power demand from its customers and this included the need for a review of the electricity tariff.

Due to the increase in Rural Electrification Schemes for the year, community visits were conducted to these rural areas, mainly villages, to complete customer documentation, provide information on energy conservation and electrical safety and training on how to use the prepayment meter.

Demand Side Management

FEA continued to assist its customers become more energy efficient, by providing technical advice and billing data to those customers who requested for such data. In 2010, the Demand Side Management Team of FEA completed two energy audits for the Rewa Dairy Factory and the Warwick Hotel on the Coral Coast. The audit reports provided these two customers with an in-depth knowledge of their energy consumption and how they could reduce their energy consumptions. FEA also visited several schools in the Central Division making presentations on Energy Savings and Electrical Safety.

Discussions were held with the Ministry of Education for the introduction of a teaching module on Electrical Safety and Energy Savings into the school's curriculum for primary schools. A proposal was submitted and was well received by the Ministry. This will be further developed with the Ministry in 2011.

FEA's Reactive Energy Metering Policy was strictly monitored during 2010 with reactive energy metered for those customers using excessive reactive energy and with low power factors as against the law. Reactive energy usage increased by 48.3% in 2010 when compared to 2009.

Electricity Tariff

There were two tariff increases implemented for the year approved by the Cabinet and the Fiji Commerce Commission. The first increase came into effect on the 10th of June 2010 and the second increase from the 7th of November 2010. There were increases in all categories - Domestic, Commercial, Industrial, Streetlighting and Institutional.

Together with the November tariff increase, the Government VAT subsidy for Domestic customers was also removed and full vat was charged on all domestic electricity bills from 7th November 2010 onwards.

The June tariff increase reduced the lifeline tariff from 250kWh per month to 130kWh per month for domestic customers. The November tariff increase removed the lifeline tariff completely, however, the Government introduced a subsidy for those customers who use less than or equal to 75kWh per month. For these customers, the Government pays a subsidy of 17.64 cents per unit and the customer pays 17.2 cents per unit. Similarly, the first 200 units of electricity consumed monthly by schools (Primary & Secondary) are also subsidised by the Government.

There were many challenges involved in the introduction of the new electricity tariff due to the complex nature of the new tariff and its application and the fact that the two tariff changes were implemented within a few months of each other. The full impact of each tariff increase came into effect on the third month after implementation. The full impact of the June tariff increase came into effect in August and for the November increase in January 2011. The tariff implementation challenges were met and the tariffs were implemented accurately and on time.

STAFF, INDUSTRIAL RELATIONS AND HEALTH, SAFETY & ENVIRONMENT

Staff Numbers

2010 started off with the nation and FEA trying to recover from the effects of Cyclone Mick which struck the Fiji Islands in December 2009. The majority of our workforce were engaged in the restoration works to restore power supply to all our affected customers in the shortest possible time. Employees had to sacrifice time with their loved ones during the festive season and we are proud of such loyalty, passion and commitment from the staff putting the Nation, Customers and FEA first before self. Power supply was restored to all the customers by the end of January 2010.

Just as the Organization began to settle into its normal operations, the nation was again struck by Cyclone Tomas in March 2010 and as such our workforce had to refocus back to restoration works. Employees were again called upon to restore power supply and with the assistance of the Electrical Contractors, we were able to restore supply to all our customer within a month. While our employees worked tirelessly and were able to restore power to most of the affected areas within a reasonable time frame, the Board and Management had serious concerns about the current manpower levels and our capacity to respond effectively, efficiently and safely to such Natural Disasters.

As such, while we continued to aspire to be an agile and lean organization that is able to adapt quickly to business challenges, the experience in the last few years, especially in times of disasters, had forced the Authority to relook and rethink at its HR strategies.

Therefore our main focus for the year 2010 revolved around "Right Sizing" FEA and determining the optimum level of the organization workforce but at the same time continuing to promote productivity through the implementation of a performance management system for all its employees. FEA focused on rebuilding its workforce in 2010 especially in the technical areas and while we started the year with 643 employees, we ended the year with a total of 673 employees. 15 employees resigned from FEA during the year while 4 employees were officially retired at the end of the year. Most of our employees who resigned included engineers and technical employees who have migrated.

2010 was also a momentous year for FEA. For the first time in the history of the Authority, all the employees were on the Performance Management System after the Authority signed Agreements with the three Unions in relation to the Performance Management System. Payment of COLA and annual merit increments has been abolished. The Board and the Management of FEA acknowledge and wish to thank the three Unions representing the FEA employees, namely the Fiji Electricity Workers Association, Electrical Trades Union and the Construction, Energy and Timber Workers Union of Fiji for their support in the achievement of this milestone.

Staff Training

In 2010, the Training Department focused on internal Training and the provisions of the Mandatory Authorization and Refresher Training. Emphasis was also put into the Contractor Management and Safety Awareness Training. Training was also conducted in relation to the new Human Resource Policy and Procedures Manual and the ICT Policies. During the year there were several projects undertaken by the Authority and the Training Department assisted in providing the necessary training in relation to Power Development Projects and the 132kV Protection Upgrade Project.

There were nine FEA Training Officers and four Training Instructors registered with TPAF. Six Training officers and a Regulatory Inspector also graduated with Certificate IV in Training and Assessment from the Australia Pacific Technical College.



Five Trainee Electrical Fitters completed their training and were upgraded to Electrical Fitter Mechanics. Three Team Leader Line Mechanics and forty-five Line Mechanics were confirmed to their positions after successfully completing their Training and Assessment for the Line Mechanic category. Hydro Power Technology Training was also conducted for the Generation Renewable Trainee Technicians. The Regulatory Inspector Level 'B' Training was also conducted for the new Electrical Installation Inspectors.

FEA's sponsorship of employees to pursue Bachelor of Engineering Degree courses in Electrical & Mechanical Engineering at the Auckland University of Technology (AUT) was successfully completed with the graduation of three officers. This completes the AUT sponsorship programme from 2006 to 2010 whereby ten Officers have successfully completed the programme and have re-joined the workforce as Engineers and Senior Engineers.

Four FEA sponsored employees successfully completed and graduated with Diploma in Electrical Engineering from the Fiji National University.

FEA continued to support and engage industrial student attachments from the various tertiary institutions in 2010.

Apart from the above training programmes, staff also continued with their own development programmes in the various areas of their interest which include Diplomas, Advanced Diplomas, Degrees and Post Graduate studies.

The Navutu Training Centre was also activated as "Power 1000" nerve centre for Emergency Power Restoration Works after Cyclone Mick.

Furthermore, the registration process to register the FEA Training Programmes and the FEA Training Centre has been approved by the Fiji Higher Education Commission.

The Training Department was able to generate an income of \$57k by providing outsourced training to other organizations such as Telecom Fiji, Fiji Water and the Vatukoula Gold Mine.

Employee Development and Succession Planning

FEA recognizes that its people are essentially the drivers of the business systems and processes and to achieve optimum performance, the effective management of people is vital. FEA also recognizes the critical importance of investing in our people and increasing the value to the organization to achieve best industry standards. It is our quality people who provide FEA with our competitive advantage.

In 2010, the FEA Board approved a comprehensive FEA Training and Development Framework that will ensure that all training and development programmes for all employees are aligned to the achievement of the full competencies for each employee appointed to respective position, employee career development plans and the Authority's succession plans.

The FEA Training and Development Framework also clearly identified likely successors to all critical positions from the Permanent Tradesperson, Team Leader level to the Chief Executive Officer

level. Training and development plans for all the identified possible successors for each position have been implemented to ensure that these employees are ready to replace the post holder should they decide to leave FEA.

Inculcating FEA Values

FEA continued to place great importance on inculcating its core values to all its employees. The Board approved a new Human Resources Policy and Procedures Manual including the revised Employee Code of Conduct in 2010. Training on the new HR and Procedures manual and the revised employee Code of Conduct which places great importance and emphasis on the FEA Values has been undertaken and more than 60% of the staff have undergone this training.

Furthermore during 2010, FEA continued to reinforce discipline within the Organization and during the year 11 employees were terminated for serious breaches of FEA policies and procedures. FEA continued to reinforce the Government's policy on zero tolerance on fraudulent activities.

Industrial Relations

FEA continued to foster good relations with the three Unions. FEA's Industrial Relations Strategies for 2010 were focused at ensuring compliance with the requirements of the Employment Relation Promulgation.

In view of the financial difficulties faced by FEA during the year, the Unions and FEA were able to reach Agreements to defer the negotiations on the 2010 Log of Claims to 2011.

Health, Safety and Environment (HSE)

FEA is committed to supporting a total Health, Safety and Environmental improvement culture where all employees have the necessary tools, methods and personal attributes to actively care for the safety of themselves, their co-workers and members of the public.

This commitment and drive, led by the Board and the Executive Management, ensures that FEA continues to achieve best practice in terms of its safety results. FEA is totally focused on a continuous improvement culture to achieve the ultimate goal, which is "SAFE PRODUCTION, ZERO INCIDENTS".

Consolidation and embedding of the Fleet Policy manual continued with all FEA drivers to help them perform their driving safely and professionally in order to protect themselves, other employees and members of the public from risks arising out of fleet operations. Transport Committee sittings were conducted on a monthly basis to hear all motor vehicle accident cases including complaints from members of the public. A total of sixty four (64) drivers appeared before the Committee.

Defensive driver training continued to be conducted for authorized FEA drivers in 2010.

FEA Contractor HSE Management System Training and Refreshers were conducted with new and existing FEA Network Contractors to ensure they met minimum legislative requirements and complied with FEA's policies and standards.



An FEA employee working on the Microwave Tower and SCADA Repeater Link at Nakobalevu, an important site for FEA's Telecommunication.

Workplace audits were conducted by HSE Officers at all locations and identified corrective/improvement actions required. A total of six hundred and fifty five (655) Safety Visits were carried out at all locations to address Safety Issues and raise the safety profile.

Internally, a rigorous hazard identification and corrective/improvement action register continued to be maintained and monitored. A total of nine hundred and fifty (950) corrective actions were identified in 2010 against four hundred and thirty two (432) in 2009. Of these corrective actions, seven hundred and twenty six (726) were completed with two hundred and twenty four (224) pending. HSE System Awareness Training was carried out with 95% of the employees and inductions were conducted with new employees. HSE committees continue to fulfill an important role by performing their functions effectively. A total of thirty two near misses, incidents and accidents were investigated by the HSE team and recommendations tabled and registered as corrective/improvement actions.

Health presentations and basic medical examinations were conducted in 2010 to establish the health risk profiles of FEA employees and raise awareness levels and introduce preventative strategies with regards to non-communicable diseases. Blood tests were carried out for one hundred and eleven (111) staff over the age of forty five (45) to screen for potential high risk medical conditions so that they could be addressed at an early stage.

PRODUCTION

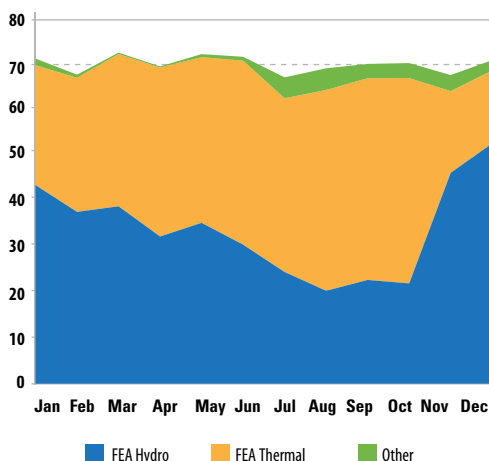
Water Management

The storage level of the Monasavu dam at the beginning of 2010 was at 732 metres above mean sea level (AMSL), which was 17 metres above the minimum safe operating level of 715 metres.

Below-average rainfall recorded from January to September 2010 compelled FEA to reduce the level of hydro generation from the Monasavu Hydro Scheme and replace it with more expensive thermal fuel. Fiji experienced a drought condition from May to October 2010.

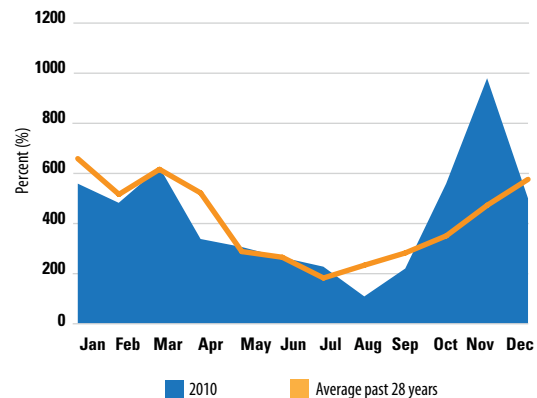
Good rainfall received during November and December 2010 raised the water level to 738 metres AMSL by the end of the year.

2010 MONTHLY GENERATION MIX (GWH)



Total rainfall in 2010 recorded at Monasavu was 5,072 mm compared with 5,328 mm in 2009. The lowest ever rainfall recorded is 3,540 mm in 2004.

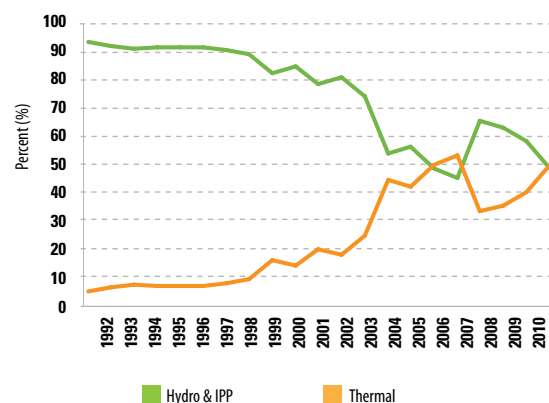
2010 RAINFALL COMPARED WITH PAST YEARS



In 2010, the FEA renewable power stations generated 420 Giga Watt-hours (GWh) of energy, thermal power stations 415 GWh of energy and Independent Power Producers (IPPs) 20 GWh of energy.

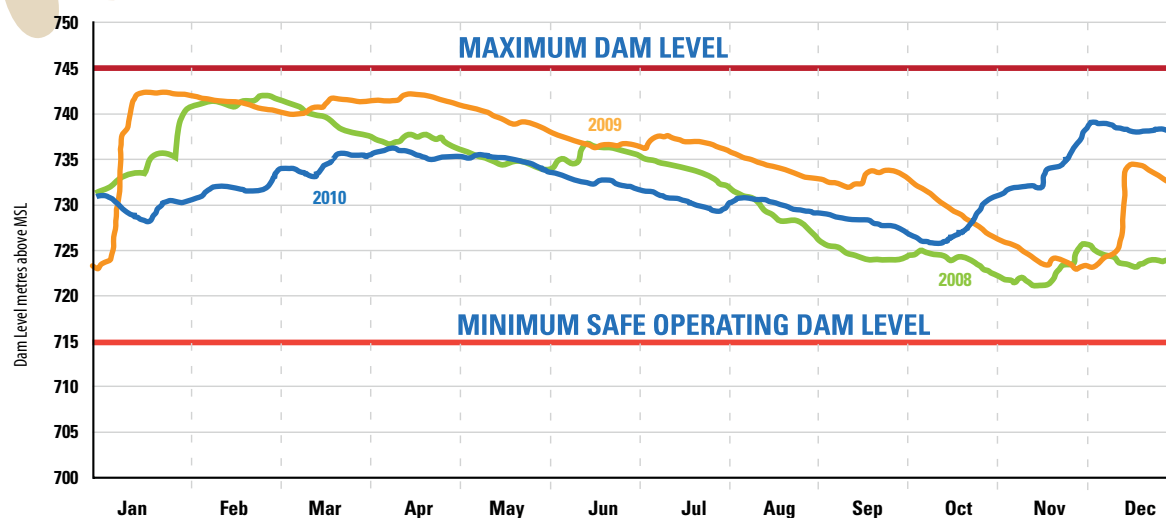
The average generation mix for 2010 was 48 percent hydro, 34 percent from industrial diesel oil (IDO), 15 percent from heavy fuel oil (HFO), 1 percent from wind with the other 2 percent provided by the IPPs, namely Tropik Wood and Fiji Sugar Corporation. In comparison, 58 percent was generated from hydro in 2009, 25 percent from IDO, 15 percent from HFO, 1 percent from wind with the other 2 percent from Tropik Wood and Fiji Sugar Corporation.

HYDRO-THERMAL GENERATION MIX



Butoni wind farm performed well in 2010 with a total generation output of 6.42 million units of electricity. Tropik Wood's 9.3 MW wood-fired co-generation plant at its Drasa timber mill continued to suffer frequent breakdowns and only managed to produce 4.71 million units of electricity and FEA replaced the short fall from the Tropik Wood supply by burning expensive thermal fuel.

MONASAVU DAM STORAGE LEVEL



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). This has improved by 14 per cent, from 920 minutes in 2009 to 794 minutes in 2010.
- 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). This index improved from 15.6 times in 2009 to 15 times in 2010.
- The average time that a customer is without power per interruption is measured by the Customer Average Interruption Duration Index (CAIDI). This index improved from 59 minutes in 2009 to 53 minutes in 2010.

The main reasons for the power interruptions that occurred in 2010 were:

- Planned maintenance works on overhead lines and underground cables (24 percent)
- Natural disasters e.g. flood, lightning, cyclone, etc. (26 percent)
- Faults on power line hardware (45 percent) and
- Vegetation interfering with power lines (5 percent)

FEA needs to spend substantially to reinforce its power system in order to improve the reliability of power supply to be in line with best performing international utility benchmarks of similar size.

The initiatives FEA is 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; and
- Ensuring that adequate supply capacity is available to meet the demand for electricity at all times.

FINANCIAL PERFORMANCE

Profitability

FEA made a financial profit of \$8.4 million after tax in 2010, after booking an unrealized foreign exchange gain of \$7.5 million arising from restating the foreign currency loans of FEA at the end of the year. This equates to a Return on Shareholder Funds (ROSF) of positive 2.0%. The accounting standards require such unrealised foreign exchange gains to be taken directly to the Profit and Loss Statement.

This result was achieved despite three unplanned contingency events being Cyclone Tomas incurring an unbudgeted expenditure of \$1.4M for restoration works, El Nino weather pattern causing a severe drought for most part of 2010 resulting in lower output from the Monasavu Hydro Scheme and the exorbitant cost of fuel experienced during the year against budget.

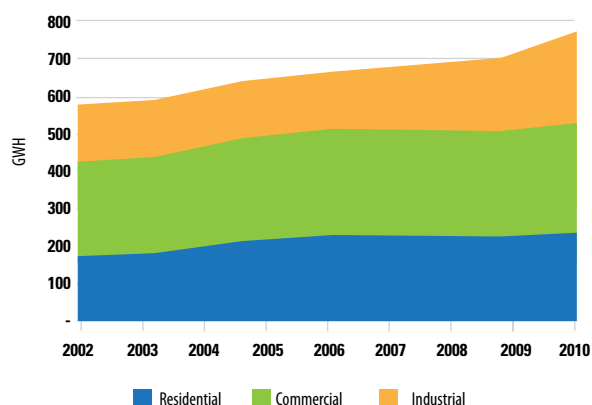
Earnings before interest, tax, depreciation and amortization (EBITDA) for 2010 were \$54.7 million. This provided an EBITDA net interest coverage ratio of 4.82 times.

Revenue from electricity sales for 2010 was \$226.9 million compared to \$169.0 million in 2009, an increase of \$57.9 million. This is due to the implementation of the two electricity tariff increases in 2010.

Other operating revenue of \$4.6 million in 2010 was lower by \$6 million compared to the \$10.6 million earned in 2009. The major cause for the decrease in other income in 2010 was the removal of

the fuel surcharge from 11th March 2009 as instructed by the Fiji Commerce Commission. This fuel surcharge was not applicable in 2010.

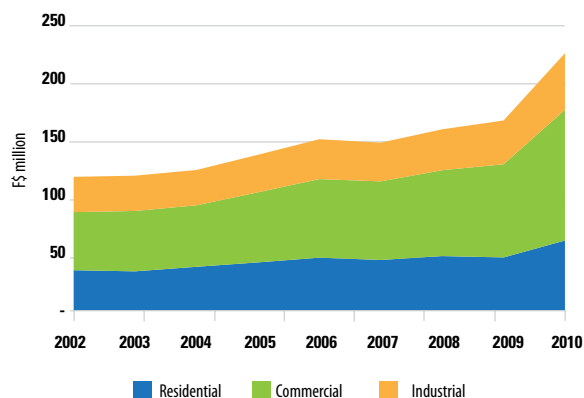
ELECTRICITY SALES VOLUME



The total operating expenses of FEA excluding fuel costs and depreciation was \$57.8 million. This has reduced by \$1.5 million when compared with the \$59.3 million incurred in 2009. This is due to the cost cutting measures put in place by management to combat the high cost of burning thermal fuel as a result of low water level at the Monasavu Hydro Scheme brought about by the El Nino weather pattern experienced for most part of 2010.

The net thermal fuel cost increased substantially by \$49.5 million in 2010, from \$77.3 million in 2009 to \$126.8 million in 2010. This is due to increase in fuel quantities used from 66,409 tonnes in 2009 to 87,596 tonnes in 2010 combined with an increase in average fuel price from \$1,163 per tonne recorded in 2009 to \$1,447 per tonne in 2010. The thermal fuel cost accounted for 59 percent of FEA's total operating expenses of \$215 million in 2010 compared with 46.5 percent in 2009.

ELECTRICITY SALES REVENUE



Depreciation expense increased by \$0.84 million in 2010 due to depreciation for additional assets transferred to the Fixed Assets

Register in 2010. This includes the two power stations (Wainikasou & Nagado Power Stations) acquired by FEA from Sustainable Energy Limited in 2010.

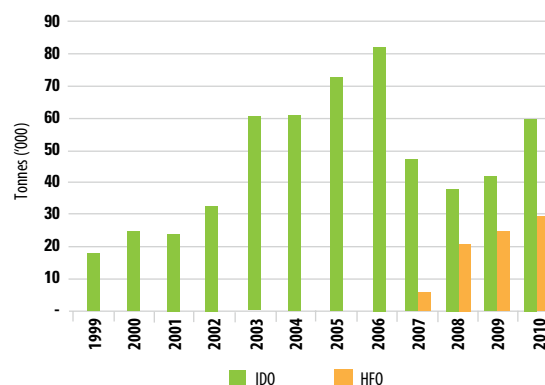
Net financing costs increased by \$3.5 million in 2010, from \$7.9 million in 2009 to \$11.4 million in 2010. This is due to receiving the final China Development Bank loan draw down of US\$11.2 million in March 2010. Interest costs amounting to \$13.2 million were capitalised to the capital projects in 2010, compared with \$11.9 million capitalised in 2009.

The borrowings include a commercial foreign currency loan from the China Development Bank amounting to US\$70 million. The Fiji Government guarantees FEA's loans and the guarantee fees incurred in 2010 was \$0.9 million.

Electricity generated from the thermal power stations increased significantly by 105 GWh in 2010 to cater for growth in electricity of around 6.8% in 2010 and the low water level at Monasavu. The increase was also due to complimenting for the generation shortfall from Tropik Wood Industries which did not resume supply until October 2010 due to plant failure.

The total hydro generation decreased from 460GWh in 2009 to 414GWh in 2010, requiring increased generation using expensive thermal fuel. The Wailoa hydro power station generated 383GWh in 2010, lower than the 436GWh it generated in 2009. Total quantity of IDO burnt in 2010 was 60,113 tonnes and HFO burnt was 27,483 tonnes, aggregating to 87,596 tonnes. In comparison, the total quantity of thermal fuel burnt in 2009 was 41,763 tonnes IDO and HFO was 24,646 tonnes, aggregating to 66,409 tonnes. This is an increase of 21,187 tonnes in 2010.

TOTAL IDO AND HFO FUEL USAGE

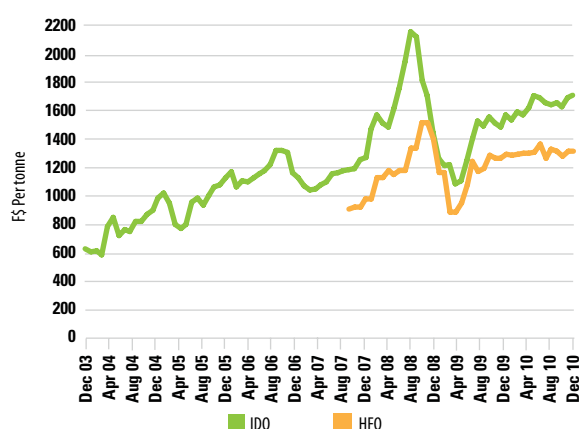


The average price of IDO fuel was \$1,539 per tonne in 2010 (against a budget price \$1,242 per tonne) compared to \$1,234 per tonne in 2009. The IDO price peaked at \$1,690 per tonne in December 2010. The average price for HFO was \$1,244 per tonne in 2010 (against a budget price \$1,042 per tonne) compared with \$993 per tonne in 2009.



FEA employees work continuously around the clock to ensure minimum power disruptions to customers. An FEA tradesman is seen here repairing a faulty underground cable.

IDO AND HFO FUEL PRICES



Financial Strength

The Authority faced serious financial challenges during the year. However, FEA's gearing ratio, as measured by Debt to Debt plus Capital and Reserves, was 41.6% as at 31st December 2010, well within the international benchmark for power utilities of about 45%. The shareholder value of FEA was \$414.7 million as at the end of 2010, increasing from \$402 million at the end of 2009 and \$325 million at the end of 2002. FEA's total assets were worth \$925.6 million, a substantial increase from \$880.3 million in 2009 and \$456.7 million in 2002. This indicates that FEA has added significant value to its shareholder, the Fiji Government, since the start of the reform process in 2002.

Capital Expenditure & Funding

FEA spent \$84.4M on capital projects in 2010, compared with \$47.71M in 2009. Expenditure on major projects include \$75 million on Nadarivatu Hydro Project, \$6M on the Network Augmentation projects, and \$3.4M on rural electrification and urban reticulation projects.

A US\$70M loan agreement was signed on 19th January 2009 with China Development Bank to fund the Nadarivatu renewable hydro power project, and the balance of US\$11.2 million of the loan was drawn-down in March 2010. All the three debt covenants essential to ensure the loan draw-down in March 2010 were satisfied.

FEA also rolled over two existing loans with a local commercial bank amounting to \$40 million to ensure availability of funds to continue with its investment program. It also successfully negotiated with the Reserve Bank of Fiji to convert an existing foreign currency loan of US\$30M into a Fijian Dollar loan gradually in 2011.

In October 2010, the Cabinet approved an increase in the Government Guarantee of FEA by \$101M to cater for the funding requirements to enable FEA to carry out its Power Development projects.

FEA's Power Development Plan for 2010 to 2020 has identified the Generation and Transmission Capital Expenditure Projects that need to be developed to meet the ever increasing demand of electricity which is growing rapidly over the years. The investment required is expected to be in excess of \$1.5 Billion over the next 10 years. FEA's contribution is estimated to be around F\$1.1 Billion with around \$0.4 Billion coming from private investors interested in developing the power generation sector and selling power to the national grid.

Risk Management and Insurance

An Internal Audit Charter was approved by the FEA Board in February 2010 which governs the roles and responsibilities of the Internal Audit Department. The Internal Audit Manager reports to the FEA Board through the Board Audit & Finance Sub-Committee. Internal Audit has greatly assisted the management in identifying opportunities to streamline existing processes and mitigating any deficiencies, thus creating a strong internal control environment.

Moreover, FEA continued its emphasis on the application and implementation of best practice risk management strategies across its business. An annual review of the FEA's Top Business Risks was undertaken which indicated that the risk levels for 13 out of the 21 Top Business risks improved by one level whereas 8 business risks have remained at the same level.

FEA also continued with the external Riscore Programme at its major critical sites namely Wailoa Power Station, Kinoya Power Station, Labasa Power Station, Vuda Power Station and the National Control Centre in its quest to manage the risks at these critical power facilities. All the five stations increased their Riscore scores where the improvement in scores for the five sites ranged from 6% to 8%.

In September 2010, FEA renewed its main insurance programme for another year after the insurers were satisfied with FEA's business operations, including the level of maintenance of the assets and the controls that are in place to minimize or mitigate the risks.

FEA worked closely with the National Fire Authority of Fiji to promote fire safety and reduce fire incidents. Several buildings were inspected in the Central and Western Divisions and reports were prepared recommending improvements to buildings to reduce fire hazards. FEA has successfully implemented all the recommendations to ensure compliance.



As part of FEA's corporate social responsibility, it also provides electricity to the rural areas of Fiji.

POWER DEVELOPMENT PROGRAMME

FEA's Generation Projects

The construction of the 40MW Nadarivatu Renewable Hydro Power Project is progressing well with overall completion of 50% by the year end and the scheme is expected to be commissioned by the end of 2011. This would greatly assist FEA to move towards achieving its renewable energy target of 90% from renewable energy sources by 2015.

Construction of the weir, tunnel and power station for the power project has progressed steadily and the first major shipment of permanent equipment from China is arriving in February 2011. Installation work on the electro-mechanical equipment should commence thereafter.

The Validation Process for carbon credits for the project under the Clean Development Mechanism (CDM) is in progress with the Project Design Document completed and submitted to the relevant Authorities for processing.

A full feasibility study for the Qaliwana Hydro Project has been completed and has been evaluated against other potential hydro projects such as the Wailoa Downstream Hydro Project before the final development plan is drawn up.

The Wainisavulevu Weir raising Project is due to commence construction in Quarter 2 of 2011.

Augmentation of the Transmission Grid

The Kinoya 33kV Substation upgrade Project was commissioned in May 2010. Acceptance testing of Qeleloa & Komo Substations continued and commissioning is expected to be completed by April 2011 and May 2011 respectively. 70% of the construction work on the Nausori Substation Project was completed by the end of 2010. This substation is scheduled to be commissioned by end of June 2011.

The contract for the Environment Impact Assessment (EIA) Study for the construction of 132kV Wailoa-Nacocolevu transmission line was signed in late 2010. The study is scheduled to be completed by 2nd Quarter of 2011.

Independent Power Producers (IPPs)

The Power Development Plan of FEA for the next 10 years up to 2020 has indicated the important role the IPPs play in the power generation sector in order to achieve the 90% renewable energy target by year 2015. It is envisaged that IPPs will invest some F\$350 million into the power generation sector through renewable sources over this period. Currently Fiji Sugar Corporation (FSC) and Tropik Wood Industries Limited (TWIL) are the two IPPs who are supplying electricity to FEA. FSC supplies for 6 months of the year during the crushing season at two locations and TWIL generation plant supplying on a 24x365 days in a year. FEA has consulted the two IPPs on their power generation expansion plans. FSC is showing keen interest in developing their existing power plant to operate continuously for 365 days in a year at two locations. TWIL is also looking at expanding their power generation facilities at other parts of Fiji.

IPPs are now incentivized to participate in the power generation sector with the attractive Initial Electrical Energy Fee approved by the Fiji Commerce Commission during the year. This has generated a lot of interest amongst prospective IPPs or investors. FEA is working closely with key stakeholders like the Fiji Trade and Investment Board (FTIB) to streamline the processes to ensure that investors in the energy sector are supported continuously so that they are confident and committed in establishing their renewable energy sources in Fiji at the earliest possible time. If the IPPs delay the establishment of their renewable power plant, FEA will not meet the target of 90% renewable energy by 2015 and this means FEA will continue to rely on the expensive thermal fuel even more. Therefore, it is important that IPP participation in the power generation sector is supported by all stakeholders so that FEA's power development plan can become a reality in future.

Improvement of the Current Network

In order to improve power system performance the following upgrading works were carried out :

- 132kV Surge Arrestors were replaced at Wailoa, Cunningham Road and Vuda Substations.
- Battery banks were upgraded at Wailoa, Korovou, Deuba and Kinoya Substations.
- 33kV relays were upgraded to SEL state-of-the-art relays at the Cunningham Road Substation.
- 11kV switchgear were replaced at Nadi and Deuba Substations. These new switchgear will improve the safety and operational reliability of the power system.
- Replacement of the Tap changer mechanism for Transformer T2 at Vatuwaqa Substation.
- Introduction of SHARK intelligent transducers for metering and energy management. These transducers are fully compliant to DNP3 communication protocol.

INFORMATION & COMMUNICATION TECHNOLOGY

A robust ICT system performance level of 99.951% was achieved in 2010, very close to international best practice of 99.999%. To pave the way for continuous operations, most of the IT services have been migrated to the Virtual Environment on IBM Blade Servers with Storage Area Network (SAN). This has improved data security, flexibility, scalability and reliability in addition to high-availability and continuous operation.

To enhance the cost-effective management of ICT Network security threats and vulnerabilities which are ever increasing and to improve the overall information security of ICT systems, FEA installed & commissioned the following:



Work on the \$34 million major Network Projects to augment FEA's transmission network progressed with the construction of Komo and Nausori sub-stations in 2010.

- Gateway firewall at Kinoya DRC link using the state-of-the-art Cisco ASA 5500 including content filtering.
- Domain migration to Windows 2008 architecture from the Windows 2003.

In association with Vodafone Fiji Limited, mobile coverage via the Vodafone Network was made available in the Wailoa area for the first time in history. FEA also formalized its co-siting agreement with Communications Fiji Limited at Delaikoro in Vanua Levu.

To further increase the reliability of the SCADA System during national blackouts, Uninterruptible Power Supplies (UPS) with eight (8) hours back-up time were installed at the major zone Substations in Viti Levu. This resulted greatly in improved performance of SCADA system thus helping FEA control the power system effectively at all times.

COMMERCIAL

Supply Chain

In 2010, the Authority continued its ongoing focus on optimizing the FEA Supply Chain performance in the critical result areas of procurement of goods & services as well as inventory management by following the simple operational objectives outlined below:

- Increase Speed of services delivery
- Improve Quality
- Reduce Costs

These key operational objectives are aligned to the Corporate Plan Objective No:2 - " Aim to achieve 2.5% ROSF target set by the Government ". Coupled to these objectives is the Corporate Scorecard Key Performance Indicator requirement for stockholding level which was set at a target of \$13million.

The following key outcomes were achieved as at 31st December 2010:

- In terms of procurement of goods & services, the average tender turnaround time target of 6 weeks was accomplished for the year for tenders valued at equal to or greater than \$10k and less than or equal to \$100k. In addition, savings of around \$0.75 million were derived via tender negotiations and other supply chain initiatives enhanced FEA's financial performance in terms of being able to maintain opex costs within budget.
- Due to sound inventory management practices and vigilance, FEA achieved a stockholding level of \$11.33 million (excluding fuel oil) as at 31st December 2010, against a target of \$13 million. Stock turns KPI was achieved at 18.1 per cent against a target of 6 per cent. This achievement indicated that FEA's stock control and usage has been optimum, and contributed to significant savings in FEA's working capital and opportunity cost.

Regulatory

The Regulatory arm of FEA is responsible for the regulation and enforcement of the Electricity Act for the Electricity Industry in Fiji. The major responsibilities of this Unit include:

- 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 and
- electrical testing of imported electrical appliances and fittings used in Fiji upon request.

An ongoing exercise in validation of the licensing fees revenue for practicing license holders revealed that at the end of December 2010, the total number of registered licensed electricians were 1,145 whilst only 1,074 had valid paid up licences. Similarly, out of a total of 235 registered licensed electrical contractors only 170 had valid paid up licenses. The names of valid license holders for electrical contracting were published quarterly in the daily newspaper.

FEA had a target of fixing 90 per cent of the power line faults in urban areas within 3 hours and for rural areas within 4 hours. The 2010 achievement was 95% for rural customers and 95% for urban customers. A total of 5,712 new connections were made in 2010 of which 5,236 were for domestic customers and 476 commercial customers.

The number of fatalities due to electrocution increased from three electrocutions in 2009 to seven in 2010. It appears that the majority of the public has little or no knowledge of the basic dangers of electricity and need to be educated. As part of its ongoing and proactive Public Safety Awareness campaign, FEA Regulatory Unit had conducted four presentations in 2010 to various communities and schools in Nadi and Ra to ensure life and property are protected and safe.

FEA has over the years continued to support the proposed transfer of the Regulatory function (that it currently administers), to an independent entity within the Government. In order to facilitate and expedite this transfer, the Regulatory Unit has been ring-fenced within FEA's organisation structure for the last four years. FEA held several meetings during 2010 with the Government on their plans and possible timelines for the transfer. In addition, the Government through the Ministry of Public Enterprises had engaged the law firm of Minterellison to coordinate the re-structure of the Authority and arrange for listing of the Authority on the South Pacific Stock Exchange. This exercise includes the transfer of the Regulatory functions from FEA to an appointed Government department.



Because of the inherent danger in dealing with electricity, extensive education and training is essential to ensure the safety of FEA workers.



Financial Statements

Statement by Members of the Authority	30
Independent Audit Report	31
Statement of Comprehensive Income	32
Statement of Financial Position	33
Statement of Cash Flows	34
Statement of changes in Capital and Reserves	35
Notes to and forming part of the Financial Statements	36-58

Statement by Members of the Authority

FOR THE YEAR ENDED 31 DECEMBER 2010

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 2010.
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.

24 May 2011, Suva



Nizam-ud-Dean
CHAIRMAN



Gardiner Whiteside
DEPUTY CHAIRMAN

Independent Audit Report

FOR THE YEAR ENDED 31 DECEMBER 2010

I have audited the accompanying financial statements of Fiji Electricity Authority (Authority), which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in capital and reserves and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 32 to 58.

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 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 my 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 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 account; 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 2010 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 the audit.

Suva, Fiji
25 May 2011



Tevita Bolanavanua
Auditor General

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 \$'000	2009 \$'000
Revenue - electricity sales	5	226,945	169,049
Other operating revenue	5	4,654	10,556
Total revenue		231,599	179,605
Personnel costs		(17,447)	(17,993)
Fuel costs		(126,756)	(77,270)
Electricity purchases		(12,611)	(12,027)
Lease and rent expenses		(1,688)	(1,721)
Depreciation on property, plant and equipment		(29,655)	(28,819)
Amortisation of intangible assets		(528)	(543)
Losses due to floodings		-	(1,140)
Cyclone Mick & Tomas - Restoration costs		(1,445)	(2,157)
Other operating expenses		(24,652)	(24,315)
Total expenses		(214,782)	(165,985)
Profit before finance costs, income tax and interest in joint venture		16,817	13,620
Finance Cost			
Finance cost		(12,631)	(10,176)
Interest income		1,278	2,309
Unrealised foreign exchange gain / (loss), net		7,534	(5,322)
Profit before income tax and interest in joint venture	6	12,998	431
Share of profit of joint venture		192	499
Profit before income tax		13,190	930
Income tax (expense/benefit)	7(a)	(4,786)	1,515
Profit after income tax		8,404	2,445
Other comprehensive income		-	-
Total comprehensive income for the year		8,404	2,445

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

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 \$'000	2009 \$'000
CAPITAL AND RESERVES			
Retained profits		351,501	343,097
Capital contribution		63,199	58,943
		414,700	402,040
Represented by:			
CURRENT ASSETS			
Cash on hand and at bank	8	-	36,490
Held to maturity financial assets	13(b)	55,837	57,859
Receivables and prepayments	9	32,617	27,714
Inventories	10	16,142	15,166
Loans receivable	12	-	621
Withholding income tax recoverable		328	330
		104,924	138,180
NON-CURRENT ASSETS			
Property, plant and equipment	11	809,081	716,537
Loans receivable	12	-	9,735
Available for sale financial assets	13(a)	233	2,270
Intangible assets	14(b)	2,502	2,560
Deferred tax assets	7(b)	8,834	10,997
		820,650	742,099
TOTAL ASSETS		925,574	880,279
CURRENT LIABILITIES			
Bank overdraft	8	276	-
Trade and other payables	15	59,063	23,638
Provision for employee entitlements	16	1,710	1,641
Interest bearing borrowings	17	71,628	116,435
		132,677	141,714
NON-CURRENT LIABILITIES			
Trade and other payables	15	30,610	26,927
Provision for employee entitlements	16	4,670	5,398
Interest bearing borrowings	17	280,181	243,232
Deferred income	18	11,563	12,419
Deferred tax liabilities	7(c)	51,173	48,549
		378,197	336,525
TOTAL LIABILITIES		510,874	478,239
NET ASSETS		414,700	402,040

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 Flow

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Receipts from customers		223,544	182,763
Payments to suppliers and employees		(172,203)	(124,423)
Interest received		1,240	2,258
Interest paid		(24,565)	(19,491)
Insurance proceeds for business interruption		34	333
Withholding taxes paid		2	(329)
Net cash flows from operating activities		28,052	41,111
Cash flows from investing activities			
Acquisition of property, plant, and equipment		(80,807)	(82,985)
Acquisition of intangible assets		(470)	(1,220)
Proceeds from loan advanced to joint venture		10,356	621
Proceeds from repayment of joint venture loan		2,174	-
Net redemption/(payment) for term deposits		(1,310)	(54,635)
Acquisition of Sustainable Energy Limited		(2,270)	-
Proceeds from capital contribution for general extension		4,256	14,778
Proceeds from disposal of plant and equipment		44	58
Net cash flows used in investing activities		(68,027)	(123,383)
Cash flows from financing activities			
Repayment of bonds and loans		(18,576)	(19,575)
Proceeds from bonds and loans - local		-	20,000
Proceeds from loans		22,123	112,700
Net cash flows from financing activities		3,547	113,125
Net increase / (decrease) in cash held		(36,428)	30,853
Effect of exchange rate movement on cash and cash equivalents		(338)	(3,152)
Cash and cash equivalents - at the beginning of the year		36,490	8,789
Cash and cash equivalents - at the end of the year	8	(276)	36,490

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

Statement of Changes in Capital and Reserves

FOR THE YEAR ENDED 31 DECEMBER 2010

	Capital Contributions	Retained Profits	Total
	\$'000	\$'000	\$'000
Balance as at 31 December 2008	43,901	340,652	384,553
Movement in reserves	15,042	-	15,042
Total comprehensive income for the year ended 31 December 2009	-	2,445	2,445
Balance as at 31 December 2009	58,943	343,097	402,040
Movement in reserves	4,256	-	4,256
Total comprehensive income for the year ended 31 December 2010	-	8,404	8,404
Balance as at 31 December 2010	63,199	351,501	414,700

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 2010

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 required by the Fiji Institute of Accountants.

Issue of Financial Statements

The financial statements were approved for issue by the Authority's Board of Directors at its meeting held on 24 May 2011.

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.

On 16 February 2010, the Authority acquired the remaining 50% shares of the joint venture, Sustainable Energy Limited from the joint venture partner Pacific Hydro Limited. Subsequent to acquisition of shares, the Authority entered into an Asset Purchase Agreement with the company for all the assets of the company. The directors of Sustainable Energy Limited have also decided to voluntarily liquidate the company after the sale of all its assets to the Authority. Consequently, the results of Sustainable Energy Limited have not been consolidated with the results of the Authority for the year ended 31 December 2010.

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 2011 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.

- IAS 24 (Amendment), 'Related Party Disclosures'. (effective 1 January 2011)
- IFRS 9 (Amendment), 'Financial Instruments - Classification and measurement'. (1 January 2013)
- IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'. (effective 1 January 2011)

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

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

The 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 sheet date.

(d) Borrowing costs

The 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.

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

(e) Capital contribution

Non 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 of the extension incurred from the Authority's nearest main supply point capable of providing the assessed load required. The developer or a prospective consumer applying for a general extension provides a non refundable capital contribution in relation to the cost of the extension which is credited to capital contribution.

(f) Cash and cash equivalents

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

(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.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

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

(i) Employee benefits

i) Sick leave

The provision is in relation to unutilised sick leave of non contract staff in accordance with their terms and conditions of employment and is calculated on current salary and wage rates.

ii) Annual leave

The 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.

iii) Long service leave

The liability is determined by the conditions of employment, employees' services provided up to the balance date and is calculated and measured at the present value of the estimated future cash outflows to be made by the Authority in respect of services provided by the employees up to the reporting date.

iv) Retirement benefit

The liability is determined by the conditions of employment, employees' services provided up to the balance date and is calculated and measured at the present value of the estimated future cash outflows to be made by the Authority in respect of services provided by the employees up to the reporting date.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Authority in respect of services provided by the employees up to reporting date.

Employee benefits which are not expected to be settled within 12 months are measured and classified as non current liabilities.

(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 therefrom (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.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

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

(l) Impairment of assets

At each balance sheet date, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. 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) Interests in joint venture

Interests in jointly controlled entities are accounted for and reported using the equity method whereby an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post acquisition change in the share of net assets of the jointly controlled entity. The statement of comprehensive income reflects the share of the results of the operations of the jointly controlled entity up to 16 February 2010, being the date the Authority obtained full control of the venture company.

(n) Intangible assets

a) Investment 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.

(o) Leased assets

Fiji Electricity Authority, the Monasavu landowners and the Native Land Trust Board (NLTB) have 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 under note 20 to the financial statements.

(p) 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.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

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

(q) 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 on 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 & control	2.86%
Reticulation	4.00%
Wind Mill	5.00%
Furniture & 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 are not depreciated. Leasehold land are 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.

Repairs and maintenance

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is 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.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

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

(r) 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.

Provisions are not recognised for future operating losses.

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.

(s) Reporting currency

All figures are reported in Fiji currency.

(t) 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.

Fuel surcharge represents a temporary charge applied by the Authority on electricity as determined by the Commerce Commission to recover the incremental costs of diesel fuel and is recognised on an accrual basis.

(u) Rounding off amounts

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

(v) 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 by reporting date. Current tax for current and prior years is recognised as a liability or asset to the extent that it is unpaid or refundable.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

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

(v) Taxation (cont'd)

Deferred tax:

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from 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 by 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.

(w) 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.

(x) 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.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

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\$ 30.7million term deposits 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.

	Held to Maturity financial assets (US\$'000)	Average Exchange Rate (USD)	Held to maturity financial assets (F\$'000)
31 December 2010 (Actual)	US\$ 30,688	0.5496	55,837
Exchange rates - strengthen by 10%	US\$ 30,688	0.6046	50,758
Exchange rates - weakens by 10%	US\$ 30,688	0.4946	62,047

Based on the above, if the average exchange rates strengthen by 10% the Authority's investments in held to maturity financial assets would decrease by \$5.08 million and if the average exchange rates weakens by 10% the Authority's investments in held to maturity financial assets would increase by \$6.21 million.

However, a risk arises on the Authority's obligation with respect to the foreign currency loan of US\$97.5 million (2009: US\$88.8 million) which remains outstanding as at year end for funding of certain major capital projects. For the year ended 31 December 2010, the restatement of the Authority's foreign currency loans has resulted in an unrealised foreign currency gain of \$7.53 million, net. 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 2010 (Actual)	US\$ 97,500	0.5496	177,402
Exchange rates - strengthen by 10%	US\$ 97,500	0.6046	161,264
Exchange rates - weakens by 10%	US\$ 97,500	0.4946	197,129

Based on the above, if the average exchange rates strengthen by 10% the Authority's foreign currency borrowings would decrease by \$16.14 million and if the average exchange rates weakens by 10% the Authority's foreign currency borrowings would increase by \$19.73 million.

Furthermore, the Authority has awarded the Nadarivatu Renewable Hydro Power Project to a contractor based in China namely Sinohydro Corporation Limited for a contract amount of US\$124.8 million. Accordingly, changes in the US dollars by 10% (increase or decrease) is expected to have a significant impact on the cost of the Nadarivatu Renewable Hydro Power Project.

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 remeasured 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 2010.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

2. FINANCIAL RISK MANAGEMENT (CONT'D)

2.1 Financial risk factors (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 2010 (Actual)	1,447.05	87,596	126,756
Fuel price-Increase by 10%	1,591.76	87,596	139,432
Fuel Price-Decrease by 10%	1,302.35	87,596	114,081

Based on the above, if fuel price increase or decrease by 10%, the fuel costs to the Authority would increase or decrease by \$12.7million annually. The above sensitivity calculation is based on the 2010 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 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 borrowings from Suva City Council, the Authority is not exposed to interest rate risk as it borrows funds at fixed interest rates.

In relation to the borrowings from 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.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

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	55,837	-	-	55,837
Withholding income tax recoverable	328	-	-	328
Receivables and prepayments	32,617	-	-	32,617
Total	88,782	-	-	88,782
Financial liabilities:				
Bank overdraft	276	-	-	276
Trade and other payables	59,063	30,610	-	89,673
Bonds payable	17,000	45,000	62,500	124,500
Interest bearing borrowings	54,628	82,625	90,056	227,309
Total	130,967	158,235	152,556	441,758

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

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.

(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 judgment 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.

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 2010 and 2009 were as follows:

	31-Dec-10 (\$'000)	31-Dec-09 (\$'000)
Total borrowings (Note 17)	351,809	359,667
Less: Held to maturity financial assets (Note 13 (b))	(55,837)	(57,859)
Add: Bank Overdraft /(Cash on hand and at bank)	276	(36,490)
Net debt	296,248	265,318
Total capital and reserves	414,700	402,040
Total capital (total capital and reserves plus net debt)	710,948	667,358
Gearing ratio (net debt / total capital and reserves plus net debt x 100)	41.67%	39.76%

The movement in the gearing ratio during 2010 resulted primarily from increased borrowings in relation to the Nadarivatu Renewable Hydro Power Project.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

5. OPERATING REVENUE

	2010 \$'000	2009 \$'000
ELECTRICITY SALES		
Commercial	114,936	82,057
Industrial	49,541	37,716
Domestic	58,149	46,283
Others	4,319	2,993
Total electricity sales	226,945	169,049
OTHER OPERATING REVENUE		
Bad debts recovered	5	7
Business interruption insurance claims received	34	369
Contract sales	448	852
Deferred income	856	856
Freight refund	632	-
Fuel surcharge	6	4,009
Gain on disposal of property, plant and equipment	34	28
Lease rental - fibre optic	149	45
Power pole rentals	663	650
Rentals	45	22
Realised exchange gain, net	471	1,320
Sales and commissions	631	228
Service and licence fees	626	936
Training rebates	54	64
Stale cheque written back	-	453
Liquidated damage compensation claim	-	717
Total other operating revenue	4,654	10,556
Total revenue	231,599	179,605

6. PROFIT BEFORE INCOME TAX

*Profit / (loss) before income tax and interest in joint venture
has been determined after charging the following expenses:*

Allowance/(amounts recovered) for doubtful debts	(95)	44
Auditors' remuneration for auditing services	21	34
Bad debts written off	232	-
Professional fees for other services	415	96
Directors' fees	60	65
Depreciation on property, plant and equipment	29,655	28,819
Amortisation of intangible assets	528	543
Government guarantee fees	900	-
Insurance	3,613	3,627
Personnel costs	17,447	17,993
Unrealised foreign exchange loss / (gain), net	(7,534)	5,322

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

7. a) INCOME TAX BENEFIT

The prima facie income tax on the pre-tax profit /(loss) reconciles to the income tax expense /(benefit) as follows:

	2010 \$'000	2009 \$'000
Profit/(loss) before income tax	13,190	930
Prima facie income tax payable / (benefit) at 28% (2009: 29%)	3,693	270
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Employee taxation scheme	(13)	(9)
- Share of profit of joint venture	(54)	(145)
- Deferred income	(240)	(248)
Temporary difference brought to account	1,400	-
Effect of change in income tax rate	-	(1,341)
Over provision in prior year	-	(42)

Income tax expense / (benefit) attributable to profit or loss

4,786 (1,515)

b) DEFERRED TAX ASSET

The deferred tax assets consist of the following at future tax rates:

Tax losses	5,969	7,901
Provision for employee benefits	1,308	1,512
Allowance for doubtful debts	67	94
Unrealised exchange losses	1,490	1,490
	8,834	10,997

c) DEFERRED TAX LIABILITY

The deferred tax liabilities consist of the following taxable temporary differences at future tax rates:

Property Plant & Equipment	49,063	48,549
Unrealised exchange gain	2,110	-
	51,173	48,549

Income tax benefit comprises movements in:

Deferred tax assets	2,163	420
Deferred tax liabilities	2,623	(1,935)
	4,786	(1,515)

8. CASH AND CASH EQUIVALENTS

Short term deposits	-	25,000
Cash at bank and on hand	342	11,490
Bank overdraft	(618)	-
Total cash and cash equivalents	(276)	36,490

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

9. RECEIVABLES AND PREPAYMENTS

	2010 \$'000	2009 \$'000
Electricity debtors	27,370	20,542
Other debtors	3,642	3,549
Advance to joint venture	-	2,174
Prepayments and deposits	1,847	1,786
	32,859	28,051
Allowance for doubtful debts		
- Electricity debtors	(208)	(322)
- Other debtors	(34)	(15)
Total receivables and prepayments (net)	32,617	27,714

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 2010, electricity debtors of \$18,378,256 (2009: \$14,611,824) were not considered impaired.

As of 31 December 2010, the amount of electricity debtors impaired was \$208,169 (2009: \$322,205) 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	337	293
Provision for impairments of receivables	-	44
Amounts recovered during the year	(95)	-
Balance as at 31 December	242	337

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 cash security deposits in relation to the above trade receivables carried by the Authority is \$17,809,000 (2009: \$16,277,380). The rest are secured through bank guarantees maintained by the Authority.

10. INVENTORIES

Consumables - at cost	15,999	15,155
Goods in transit	143	11
Total inventories	16,142	15,166

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

11. PROPERTY, PLANT AND EQUIPMENT

	2010 \$'000	2009 \$'000
Freehold land		
At cost	16,806	16,780
Leasehold land		
At cost	13,370	13,370
Accumulated depreciation	(1,181)	(1,039)
	12,189	12,331
Buildings and improvements		
At cost	74,745	70,651
Accumulated depreciation	(13,102)	(12,147)
	61,643	58,504
Dam, tunnels, water conductor		
At cost	186,316	171,107
Accumulated depreciation	(25,378)	(20,836)
	160,938	150,271
Plant, equipment and transmission assets		
At cost	350,089	335,606
Accumulated depreciation	(110,560)	(91,879)
	239,529	243,727
Furniture and fittings		
At cost	20,108	18,003
Accumulated depreciation	(11,611)	(10,570)
	8,497	7,433
Wind mill		
At cost	35,349	35,349
Accumulated depreciation	(6,027)	(4,233)
	29,322	31,116
Motor vehicles		
At cost	15,295	14,125
Accumulated depreciation	(9,857)	(7,725)
	5,438	6,400
Capital spares		
At cost	3,775	3,476
Capital works in progress		
- Nadarivatu Renewable Hydro Power Project	223,911	148,592
- Network Augmentation Projects	25,801	20,254
- Rural and Urban Reticulation Projects	10,021	9,637
- Turnkey Projects	-	2,237
- Others	11,211	5,779
	270,944	186,499
Total		
- At cost	986,797	864,966
- Accumulated depreciation	(177,716)	(148,429)
Closing net book value	809,081	716,537

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

12. 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 improvements \$'000	Dam, tunnels and water conductor \$'000	Plant, equipment & transmission assets \$'000	Furniture & fittings \$'000	Wind mill \$'000	Motor vehicles \$'000	Capital spares \$'000	Capital work in progress \$'000	Total \$'000
Balance as at 31 December 2008	2,817	12,470	59,406	154,444	244,764	3,308	32,892	5,428	2,471	138,786	656,786
Additions	-	-	-	-	-	-	-	-	1,725	86,875	88,600
Disposals	-	-	-	-	-	-	-	(30)	-	-	(30)
Transfers	13,963	-	-	-	17,711	4,887	-	3,174	(573)	(39,162)	-
Depreciation charge	-	(139)	(902)	(4,173)	(18,748)	(762)	(1,776)	(2,172)	(147)	-	(28,819)
Balance as at 31 December 2009	16,780	12,331	58,504	150,271	243,727	7,433	31,116	6,400	3,476	186,499	716,537
Additions	-	-	-	-	-	-	-	-	-	1,106	122,209
Disposals	-	-	-	-	-	-	-	(10)	-	-	(10)
Transfers	26	-	4,094	15,209	14,483	2,105	-	1,369	(628)	(36,658)	-
Depreciation charge	-	(142)	(955)	(4,542)	(18,681)	(1,041)	(1,794)	(2,321)	(179)	-	(29,655)
Balance as at 31 December 2010	16,806	12,189	61,643	160,938	239,529	8,497	29,322	5,438	3,775	270,944	809,081

During the year, borrowing costs of \$13,236,600 net of interest income of \$621,937 were capitalised to the cost of the Nadarivatu Renewable Hydro Power Project and Network Augmentation Project.

Land title in respect of the Authority's acquisition of land at Kinoya has not yet been legally transferred to the Authority.

Agreement for the Monasavu lease has been prepared and lease titles will be formally executed and issued once the the land survey is completed.

FEA made substantial progress in 2010 with the construction of the Nadarivatu Renewable Hydro Power Project. Total cost incurred during the year is \$75.32m and this has been capitalised to the project.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

12. LOANS RECEIVABLE

	2010 \$'000	2009 \$'000
Sustainable Energy Limited - secured loan	-	10,356
Classified as:		
Current portion	-	621
Non-current portion	-	9,735
Total loans receivable	-	10,356

The loans to the joint venture company were fully received during the year.

13. FINANCIAL ASSETS

a) Available-for-sale financial assets

Equity accounted investments in joint venture	233	2,270
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On 16 February 2010, the Authority acquired the remaining 50% shares of the joint venture, Sustainable Energy Limited from the Joint venture partner Pacific Hydro Limited for a consideration of \$2.27 million (net). (Refer Note 23). Subsequent to acquisition of shares, the Authority entered into an Asset Purchase Agreement with the company for all the assets of the company. The Directors of Sustainable Energy Limited have also decided to voluntarily liquidate the company after the sale of all its assets to the Authority. Consequently the results of Sustainable Energy Limited have not been consolidated with the results of the Authority for the year ended 31 December 2010.

b) Held-to-maturity financial assets

Short term deposits with banks	55,837	57,859
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During the year, the Authority reinvested US\$ 30.7 million as term deposits with ANZ bank at an interest rate of 1.7%. This term deposit is being held as a security for the balance of the US\$27.5 million obtained from ANZ bank for the construction of Nadarvatu Renewable Hydro Power Project after converting US\$2.5 million into a Fijian Dollar loan at the end of the year.

14. INTANGIBLE ASSETS

a) Movie production

Gross carrying amount:

Balance as at 1 January	1,614	1,614
Additions	-	-
Balance as at 31 December	1,614	1,614

Accumulated impairment allowance:

Balance as at 1 January	1,614	1,614
Impairment allowance	-	-
Balance as at 31 December	1,614	1,614

Net book amount

	-	-
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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.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

14. INTANGIBLE ASSETS (CONT'D)

b) Software License

Gross carrying amount:

Balance as at 1 January	5,690	4,470
Additions	470	1,220
Balance as at 31 December	6,160	5,690

Accumulated amortisation:

Balance as at 1 January	3,130	2,587
Amortisation for the year	528	543
Balance as at 31 December	3,658	3,130

Net book amount

2010 \$'000	2009 \$'000
2,502	2,560

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 has been valued at cost and amortised by an impairment charge over its remaining life to arrive at the carrying amounts.

15. TRADE AND OTHER PAYABLES

Current

Trade creditors	29,675	241
Other creditors and accruals	13,090	9,277
VAT payable	852	403
Accrued interest	4,954	4,756
Customer deposits	10,492	8,961

Total current trade and other payables

59,063	23,638
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Non-Current

Other creditors and accruals	7,402	2,848
Customer deposits	23,208	24,079

Total non-current trade and other payables

30,610	26,927
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The fair value of trade and other payables equals their carrying amount, as the impact of discounting is not significant.

16. PROVISION FOR EMPLOYEE ENTITLEMENTS

Bonus	820	504
Sick leave	71	30
Annual leave	819	1,107
Long service leave	1,317	1,269
Retirement benefits	3,353	4,129

Total provision for employee entitlements

6,380	7,039
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Current

Current	1,710	1,641
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Non-current

4,670	5,398
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Total provision for employee entitlements

6,380	7,039
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Balance as at 1 January

7,039	7,586
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Additional provisions recognised/utilised during the year (net)

(659)	(547)
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Carrying Amount as at 31 December 2010

6,380	7,039
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Employee numbers

2010 Number	2009 Number
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Number of full-time equivalent employees as at 31st December

673	643
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Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

17. INTEREST BEARING BORROWINGS

	2010 \$'000	2009 \$'000
Current		
Bonds (a)	17,000	14,250
Term loans - ANZ Bank (b)	54,589	97,859
Term loan - FNPF (c)	-	4,288
Term loan - Suva City Council (d)	39	38
Total current interest bearing borrowings	71,628	116,435
Non-Current		
Bonds (a)	107,500	124,500
Term loans - ANZ Bank (b)	40,000	-
Term loan - Suva City Council (d)	5,316	5,355
Term Loans - CDB (e)	127,365	113,377
Total non-current interest bearing borrowings	280,181	243,232
Total interest bearing borrowings	351,809	359,667

(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 \$14,250,000 were repaid during the year.

The maturing terms of the bonds range from 1 to 13 years, whilst the interest rates vary from 3.97% to 7.19% per annum. The bonds are guaranteed by the Government of Fiji.

(b) Term loans - ANZ Bank

The interest rates for ANZ Bank term loans range from 6.5% to 7.6% per annum. The Authority successfully negotiated for the rollover of the on-shore loans worth \$40 million, rollover of foreign currency loan of USD\$30 million and conversion of USD\$2.5 million from USD\$30 million to an on-shore loan during the year.

The term loans from ANZ Bank are secured by the following:

- (i) Master Operating Lease Agreement covering motor vehicles; and
- (ii) Guarantee given by the Government of Fiji.
- (iii) Short term deposits placed with ANZ Bank (Refer note 13 (b))

(c) Term loan - FNPF

The balance for the term loan of \$20 million from Fiji National Provident Fund (FNPF) was fully settled off during the year.

(d) Term loan - Suva City Council

The term loan from Suva City Council (SCC) is subject to interest at the rate of 3% 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 3.2% per annum. The loan is repayable over a period of 14 years in 24 equal semi-annual instalments. The first loan repayment will be paid on 20 March 2012 and the final repayment is on 20 September 2023.

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

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

18. DEFERRED INCOME

	2010 \$'000	2009 \$'000
EEC Grant In Aid		
EEC Grant in Aid	12,330	12,330
Less: accumulated amortisation	(5,812)	(5,330)
Closing balance - 31 December	6,518	7,000
Government Grant For Rural Electrification		
Government Grant for Rural Electrification	9,342	9,342
Less: accumulated amortisation	(4,297)	(3,923)
Closing balance - 31 December	5,045	5,419
Total deferred income (net)	11,563	12,419

The treatment of deferred income is in accordance with the policy set out in note 1(h) to the financial statements.

19. 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:

Letter of credit	192	131
Immigration bond	31	31
Litigation claims - others	514	414
	737	576

20. 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;	1,705	1,692
Payable later than one year but not later than two years;	1,624	1,624
Payable later than two years but not later than five years.	4,837	4,837
Payable later than five years	96,256	97,237
Total commitments	104,422	105,390

The Native and Crown leasehold land includes the recent lease obtained for Monasavu land. The settlement signed with Monasavu land owners and the Native 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.	52,880	53,500

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

21. CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure contracted for at balance date but not otherwise provided for in the financial statements.

Projects approved by the Board but not contracted for at balance date

2010 \$'000	2009 \$'000
79,882	141,505
90,076	87,160

The capital commitments include Nadarivatu Renewable Hydro Power Project, the Network Augmentation Projects at Kinoya, Qeleloa, Nausori and Komo Park and Nadi power station upgrade.

22. EVENTS OCCURRING AFTER BALANCE DATE

a) The Government of Fiji approved an increase in Value Added Tax (VAT) from 12.5% to 15% which was to be implemented from 1 January 2011. This is expected to increase the VAT liability of the Authority.

b) On 1 April 2011 the second and final phase of the tariff increase approved by the Fiji Commerce Commission of an average of 39.4c/unit will be implemented.

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.

23. SIGNIFICANT EVENTS DURING THE YEAR

a) On 16 February 2010, the Authority acquired the remaining 50% shares of the joint venture, Sustainable Energy Limited from the Joint venture partner Pacific Hydro Limited for a consideration of \$2.27 million (net).

Subsequently, the Authority entered into an Asset Purchase Agreement with Sustainable Energy Limited (SEL) for the purchase of all SEL fixed assets for a consideration of \$18.4 million (VIP).

b) On 8 March 2010, FEA received the final loan draw-down from China Development bank of US\$11.2 million to fund the Nadarivatu Renewable Hydro Power Project. The funds will be used to pay Sinohydro Corporation the main contractor of the Nadarivatu Renewable Hydro Power Project.

c) The Fiji Commerce Commission approved two tariff increases in 2010, the first increase of an average 8.82 cents per unit was implemented from 10 June 2010 and the second increase to an average tariff of 36 cents per unit was implemented from 7 November 2010.

24. 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 principal place of business for the Fiji Electricity Authority is 2 Marlow Street, Suva or Private Mail Bag, Suva, Fiji Islands.

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

25. 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:

	2010 \$'000	2009 \$'000
Government guarantee fee expenses incurred during the year	900	-
Government guarantee fee expenses incurred during the year and capitalised	-	845

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 \$346.4 million under this guarantee.

On 12 October 2010, the Cabinet approved to increase the Government guarantee on FEA's borrowings by FJ\$101 million primarily to fund the Nadarivatu Renewable Hydro Power Project in 2011.

b) Directors

The names of persons who were directors of the Authority during the year 2010 are as follows:

Nizam-ud-Dean (Chairman)	Gardiner Henry Whiteside (Deputy Chairman)
John Low	Napolioni Delasau (Resigned July 2010)
Bhuwan Dutt (Resigned September 2010)	Isikeli Vuceduadua
Cama Tuiloma	Hasmukh Patel (Ex-officio Member)

The directors fees paid during the year were \$60,400.

(c) Key Management Compensation

The aggregate remuneration and compensation paid to the Key management personnel, for the financial year ended 31 December 2010 and 2009 were:

Salary, bonus and allowances	1,055	920
Superannuation	145	101
Other benefits	337	405
Total	1,537	1,426

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2010

25. RELATED PARTY TRANSACTIONS (CONT'D)

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

(e) Year-end balances arising from sales/purchases of services

	2010 \$'000	2009 \$'000
Receivable from related parties: (Note 9)		
Advance to joint venture	-	2,174
Government of Fiji	1,055	684

(f) Loans to related parties

Loans amounting to \$10,356,577 that was receivable from the joint venture company SEL was received in full at time of the acquisition of SEL by FEA on 16 February 2010 (2009: \$10,356,577).

The Authority earned interest income amounting to \$125,556 (2009: \$819,180) on the above loans for the first two months of the year.

(g) Transactions with Joint Venture before Acquisition on 16 February 2010

Operations & Maintenance fee charged	52	216
Asset licence fee charged	15	90
Project Manager fee charged	7	40
Interest income from loans	126	819
Loans repayments received during the year	10,356	621
Electricity purchased during year	737	3,083

Statistics 2010

TRANSMISSION & SUB-TRANSMISSION CENTRAL										
DISTRICT	132kV O/H Line (km)		33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Wailoa - Cunningham	62	62							120	120
Cunningham - Kinoya 'A'					3	3	1	1		
Cunningham - Kinoya 'B'					3	3	1	1	48	48
Cunningham - Vatuwaga					4	4	1	1	15	15
Cunningham - Hibiscus Park 'A'					7	7	1	1	20	20
Cunningham - Hibiscus Park 'B'					5	5				
Cunningham - Sawani			10	10	1	1				
Vatuwaga - Suva					5	5	1	1	45	48
Kinoya - Vatuwaga					4	4				
Kinoya - Sawani			18	18			1	1	15	15
Hibiscus Park - Wailekutu					6	6	1	1	5	5
Hibiscus Park - Suva					3	3				
Wailekutu - Deuba			38	38			1	1	5	5
TOTAL	62	62	66	66	41	41	8	8	273	276

DISTRIBUTION NETWORK CENTRAL												
DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATIONS		INSTALLED KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Deuba	165.115	167.748	127.167	127.167	16.704	16.704	41.306	41.306	203	206	18286	18916
Lami	51.778	51.798	63.757	63.757	45.120	45.120	4.000	4.000	160	161	45430	45630
Suva	16.227	16.227	146.136	146.347	210.225	211.675	42.930	42.930	185	188	102382	103482
Kinoya	125.761	126.066	194.727	195.137	59.933	59.933	33.330	33.330	290	292	81030	81135
Nausori	233.748	237.938	297.866	303.820	17.055	17.055	1.523	1.523	412	425	41902	42192
Korovou	179.902	270.016	179.919	218.797	2.758	2.758	0.080	0.080	234	279	4072	4856
Levuka	49.063	49.063	39.008	39.008	1.000	1.180	0.000	0.000	49	49	5559	5559
Wailoa	11.000	11.000	6.000	6.000	0.000	0.000	0.000	0.000	11	12	201	206
TOTAL	832.594	929.856	1054.580	1100.033	352.795	354.425	123.169	123.169	1544	1612	298862	301976
Increase		97.262		45.453		1.630		0.000		68		3114
% Increase		12%		4%		0.46%		0%		4%		1%

TRANSMISSION & SUB-TRANSMISSION WESTERN										
DISTRICT	132kV O/H Line (km)		33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Wailoa							1	1	100	100
Wailoa - Wainikasau			29	29					10	10
Wailoa - Vuda	78	78					2	2	98	98
Vuda - Pineapple Corner A			8	8	1	1	1	1	30	30
Vuda - Rarawai			32	32			1	1	10	10
Rarawai - Vatukoula			19	19			1	1	10	10
Vatukoula - Tavua			4	4	2	2	1	1	5	5
Vuda - Waqadra A			16	16			1	1	40	40
Vuda - Waqadra B			11	11	2	2				
Waqadra - Sigatoka			59	59			2	2	7	7
Sigatoka - Nocolevu			29	29			1	1	5	5
Nocolevu-Korolevu										
Vuda - Rarawai Tee-off to Pineapple Corner			2	2	1	1				
Nagado - Sabeto				10						3
Maro-Natadola						5				10
TOTAL	78	78	209	219	6	11	11	11	320	333

DISTRIBUTION NETWORK - WESTERN												
DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATION		INSTALLED kVA	
	High Voltage		Medium/Low Voltage		High Voltage		Medium/Low Voltage					
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Nadi - Tavua	1296	1328.34	1821	1824.7	157	162.8	69	72.71	1795	1848	146403	152454
Sigatoka	319	324.14	498	503.45	5	6.2	9	9	397	408	25024	25407
Rakiraki	168	171.15	178	181.353	4	4	1	1	146	151	7183	7323
TOTAL	1783	1823.63	2497	2509.503	166	173	79	82.71	2338	2407	178610	185184
Increase	24	40.63	149	12.503	2	7	2	3.71	116	69	8905	6574
% Increase	1%	2.23%	7%	0.5%	1%	4.05%	2%	4.49%	4%	2.87%	4%	3.55%

Statistics 2010

GENERATION STATISTICS (EXCLUDING INDEPENDENT POWER PRODUCERS)											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Units Generated - Wailoa Hydro (MWh)	412,097	460,610	448,253	343,655	357,279	322,489	315,569	481,098	462,986	436,081	382,963
Units Generated - Wainiqueu Hydro (MWh)	2,286	2,347	1,945	74	1,159	1,099	1,329	1,387	688	63	898
Units Generated - Wainikasou Hydro (MWh)	Commissioned in 2004				8,919	15,151	18,272	21,079	18,420	16,058	19,238
Units Generated - Nagado Hydro (MWh)	Commissioned in 2006						6,085	4,922	12,996	7,990	10,520
Total Generated - Hydro (MWh)	414,383	462,957	450,198	343,729	367,357	338,739	341,255	508,486	495,090	460,192	413,619
Units Generated - Diesel VLIS (MWh)	75,905	69,638	117,763	244,848	241,084	304,863	354,174	183,329	162,760	153,990	236,356
Units Generated - Diesel Others (MWh)	33,606	36,879	35,738	39,773	41,105	41,169	40,189	41,740	46,178	43,670	52,537
Units Generated - HFO								30,920	60,807	112,264	126,237
Total Generated - Thermal (MWh)	109,511	106,517	153,501	284,621	282,189	346,032	394,363	255,989	269,745	309,924	415,130
Units Generated - Wind Farm (MWh)	-	-	-	-	-	-	-	3,351	4,604	7,211	6,420
Total Generated - Solar Panel (MWh)	11	14	10	9	6	2	4	1	0	0	0
Total Generated - Wind & Solar (MWh)	11	14	10	9	6	2	4	3,352	4604	7,211	6,420
Total FEA Generation (MWh)	523,905	569,488	603,709	628,359	649,552	684,773	735,622	767,827	769,439	777,327	835,169
made up of:											
Total VLIS Generation (MWh)	488,013	530,262	566,026	588,512	607,288	642,505	694,104	724,700	722,573	733,594	619,319
Total Other Generation (MWh)	35,892	39,226	37,683	39,847	42,264	42,268	41,518	43,127	46,866	43,733	209,429
FEA Station Auxilliary Usage (MWh)	12,777	6,473	4,815	6,777	6,144	7,294	10,101	7,865	9,138	9,050	9,268
FEA Auxilliaries as a % of Total Generation	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1.11%
% contribution from Hydro Generation	79%	81%	75%	55%	57%	49%	46%	66%	64%	59%	50%
% contribution from Thermal	21%	19%	25%	45%	43%	51%	54%	33%	35%	40%	50%
% contribution from Wind & Solar	-	-	-	-	-	-	-	1%	1%	1%	1%
% increase/(decrease) in Hydro Generation	-8%	12%	-3%	-24%	7%	-8%	1%	49%	-3%	-7%	-10%
% increase/(decrease) in Diesel VLIS Generation	68%	-8%	69%	108%	-2%	26%	16%	-48%	-11%	-6%	55%
% increase/(decrease) in Total Thermal Generation	39%	-3%	44%	85%	-1%	23%	14%	-35%	5%	13%	34%
% increase/(decrease) in Total Generation	-1%	9%	6%	4%	3%	5%	7%	4%	0.2%	1%	7%
Monasavu Maximum Dam Level (AMSL)	745	745	736	733	737	735	743	746	742	742	739
Monasavu Minimum Dam Level (AMSL)	742	718	718	714	719	721	721	728	723	723	727

Distribution Areas

