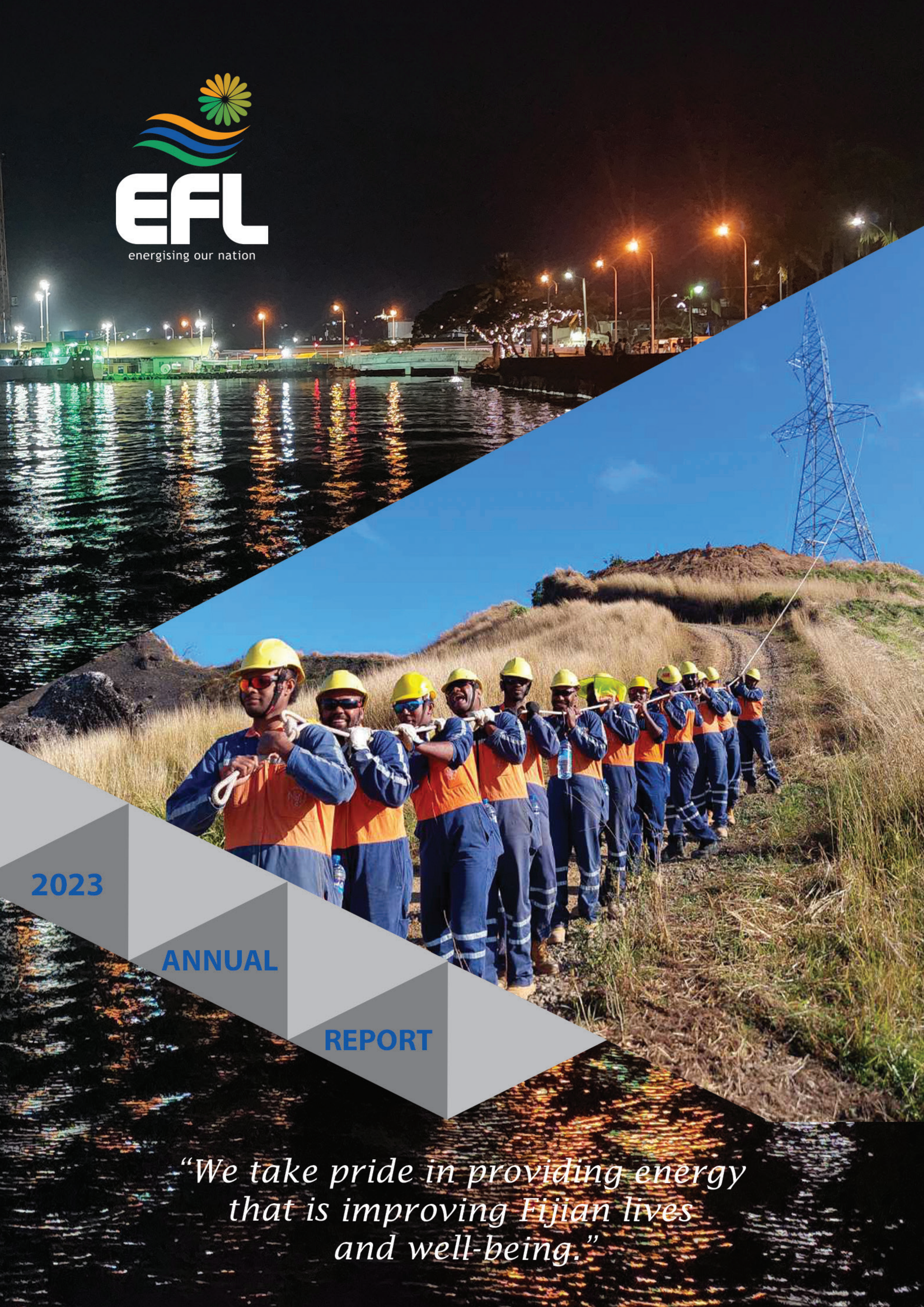
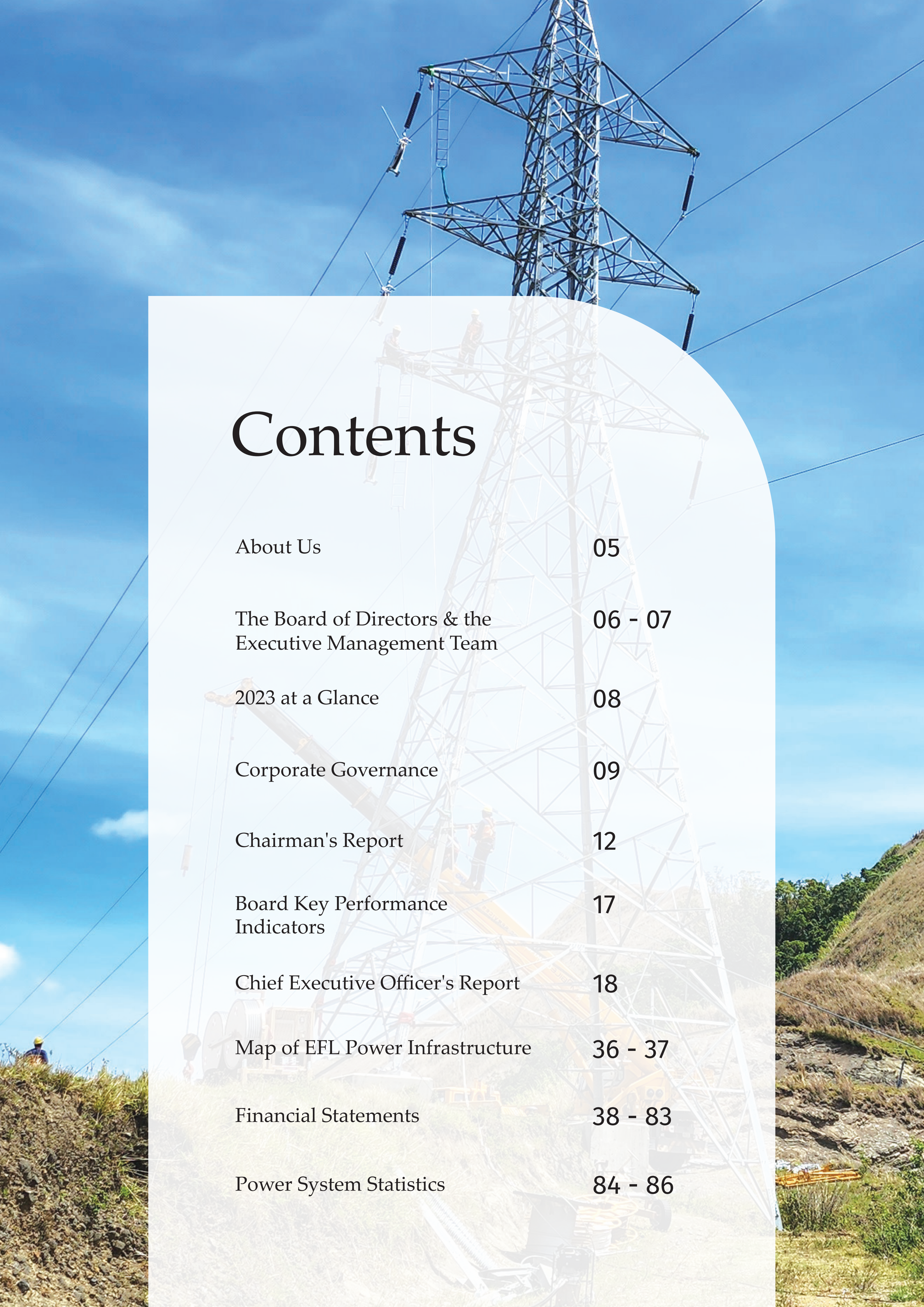


energising our nation

2023 ANNUAL REPORT

"We take pride in providing energy that is improving Fijian lives and well-being."



Contents

Our Vision

Energising our Nation

Our Mission

We aim to provide clean and affordable energy solutions to Fiji with at least 90% of the energy requirements through renewable sources by 2035.

Our Values

Customer focus, Honesty
Do what is right for EFL
Team work, Individual accountability,
Transparency, Innovativeness,
Compliance

ABOUT US

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

The powers, functions and duties of EFL under the Electricity Act are for the basic purpose of providing and maintaining an efficient and cost-effective power supply to the Fijian people in a safe and secure manner that meets high benchmarks in quality. Every consumer group in Fiji is charged a uniform tariff rate to ensure affordability across the socio-economic spectrum. These tariffs are determined by the Regulator, the Fijian Competition and Consumer Commission (FCCC) on submission for a review by Energy Fiji Limited and the tariffs are designed to meet specific objectives while simultaneously achieving a reasonable rate of return for the shareholders.

EFL was entrusted with enforcing the Electricity Act and Regulations, setting standards, examining and registering electricians, and was empowered to approve and license suppliers to serve certain areas until FCCC was appointed as the Regulator on 30th September 2019 when the Electricity Act 2017 was gazetted. However, EFL has signed an MOA with the FCCC to continue to carry out certain regulatory functions until further notice.

Fiji Electricity Authority (FEA) was corporatised into Energy Fiji Limited (EFL) on 16 April 2018, a public company limited by shares, and was registered under the Companies Act. EFL has also been appointed as the successor entity of FEA. One of the key objectives of the corporatisation of FEA is to provide an opportunity for Fijians to share in the economic benefits of FEA and list the newly corporatised entity on the South Pacific Stock Exchange, which will promote the development of Fiji's capital market. In March 2017, a new Electricity Act 2017 was passed by Parliament; however, the new Electricity Act 2017 was gazetted on 1st October 2019 and came into effect from that day.

BOARD OF DIRECTORS

DAKSESH PATEL
Chairman

ROKOSERU NABALARUA
Director
Appointed 7th Sep 2023

GARDINER WHITESIDE
Director

KOICHI TSUNEMATSU
Director

EXECUTIVE MANAGEMENT TEAM

HASMUKH PATEL
Chief Executive Officer

CHITOSHI FUKUDA
Deputy Chief Executive Officer

BOBBY NAIMAWI
Chief Operating Officer

EPELI MALO
Acting General Manager Generation

ANNABEL DUCIA
General Manager Customer Services

SHIRI GOUNDER
Director

CHITOSHI FUKUDA
Director

SO HORIKIRI
Director

HASMUKH PATEL
Resigned 7th Sep 2023

JITENDRA V KUMAR
General Manager Network

NAVEEN LAKSHMAIYA
General Manager Human Resources

OM DUTT SHARMA
General Manager System Planning & Control

UMESH CHANDRA
Chief Information Officer

KRISHNEEL PRASAD
General Manager Special Projects

SHALEN PRASAD
Acting Chief Financial Officer/ Board Secretary

2023 AT A GLANCE

Loss after Tax
$24.80M
From Profit after Tax $58.11M in 2022

Electricity Sales
$387.02M
From $371.39M in 2022

Dividends Declared and Paid
$40.68M
From $46.61M in 2022

Total Loans
$169.50M
From $166.68M in 2022

Fuel Costs
$192.97M
From $138.29M in 2022

Number of Employees
883
From 855 in 2022

Shareholder Value
$886.12M
From $951.56M in 2022

Total Electricity Produced
1,120,981 MWh
From 1,081,461 MWh in 2022

Total Assets
$1.51B
From $1.52B in 2022

Power Line Route
11,692.62 km
From 11,546.31 km in 2022

Total New Connections
5,620 new Connections
From 6,645 in 2022

Total Customers
219,853
From 214,628 in 2022

CORPORATE GOVERNANCE

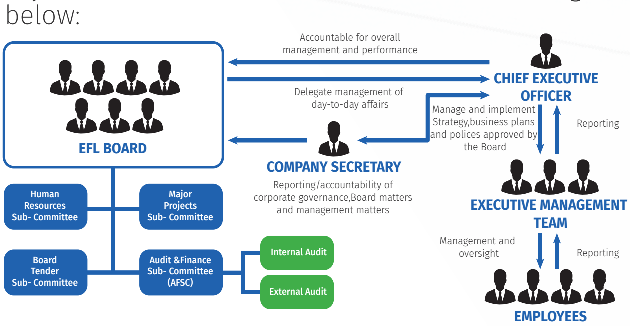
The Energy Fiji Limited's ("EFL") Board believes that good governance underpins strong business performance and is essential in retaining the trust and goodwill of EFL's stakeholders, including shareholders, employees, regulators, customers, and the broader community. EFL is committed to ensuring its governance arrangements are commensurate with the nature and scope of its operations. EFL provides critical infrastructure to the Fijian economy by generating, transmitting, distributing and retailing electricity to approximately 91% of Fiji's population living in Viti Levu, Vanua Levu, Ovalau and Taveuni. EFL's aim is to provide and maintain a power supply that is reliable, financially profitable and economically sound.

The EFL Board and its Sub-committees periodically review EFL's corporate governance arrangements and practices to ensure they continue to be aligned with regulatory requirements, developments in recommended corporate governance practices, stakeholder expectations, and EFL's strategic objectives. At the core of EFL's approach to governance are the eight corporate governance principles promoted by the EFL Board:

1. Lay solid foundations for management and oversight
2. Structure the board to be effective and add value
3. Instill a culture of acting lawfully, ethically and responsibly
4. Safeguard the integrity of corporate reports
5. Make timely and balanced disclosures
6. Respect the rights of shareholders
7. Identify and manage risks
8. Remunerate fairly and responsibly

1. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Clearly delineating the respective roles and responsibilities of the Board of Directors and Management with accompanying accountability is essential to good governance. EFL has established a Corporate Governance Framework (GCF) within and by which authority is exercised and controlled. The key elements of EFL's GCF are set out in the diagram below:



The Board governance layer focuses on the role and responsibilities of the EFL Board and the Board Sub-committees. The Management governance layer focuses on the role and responsibilities of the Chief Executive Officer (CEO) and the Executive Management team. The Employees governance layer focuses on the responsibility of our employees in adhering to the EFL values, the standards of behavior set out in the EFL Code of Conduct and EFL policies and procedures.

2. STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

Board composition

The EFL Board Charter provides that the EFL Board will comprise of directors who are non-executive and have been assessed by the Shareholders as independent. The EFL Board of Directors presently consists of seven (7) members. EFL recognizes that having independent directors helps ensure that the decisions of the Board reflect the best interests of EFL and its shareholders and that those decisions are not biased towards the interest of management or any other group. EFL also considers that having independent directors supports the Board to challenge and hold management to account. In determining whether a director is independent, the Board considers whether the director does not have any conflicts of interest that could be perceived to materially interfere with the independent exercise of the director's judgement and the capacity to act in the best interests of EFL as a whole, rather than of an individual shareholder or other party.

Board Meetings

There were six (6) Board meetings held in 2023 as tabulated below:

Board Directors		
Director	Designation	No. of Board Meetings Attended
Daksesh Patel	Board Chairman – Resigned 28th December 2023.	6
Rokoseru Nabalarua	Director – Appointed 7th September 2023.	2
Gardiner Whiteside	Director	6
Shiri Gounder	Director	1
Koichi Tsunematsu	Director	6
Chitoshi Fukuda	Director	6
So Horikiri	Director	5
Hasmukh Patel	Director – Resigned 7th September 2023	6

3. INSTILL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

EFL is committed to conducting business in an open and accountable way. EFL's mission is: "We aim to provide clean and affordable energy solutions to Fiji with at least 90% of the energy requirements through renewable sources by 2035". EFL's values are behaviours that guide actions and decision-making and reflect EFL's culture. The values are:

1. Customer Focus
2. Honesty
3. Courage to do what's right for EFL
4. Team Work
5. Individual Accountability
6. Transparency
7. Innovativeness
8. Compliance

Management is responsible for instilling the EFL values across the organization. The EFL values are interwoven with the way we work. Each year EFL reviews our peoples' demonstration of the EFL values as part of their performance review process, and this is connected to their rewards. EFL reinforces this through ongoing recognition programs and quarterly awards. EFL measures how employees live the values through HR surveys, the results of which are reviewed by the EFL Board. EFL has policies that clearly set the standards of behaviour expected from all employees. These include EFL's Code of Conduct, Anti-Bribery and Corruption Policy, and Whistleblower Policy. EFL also monitors compliance with EFL policies via a range of processes and controls. These are subject to reviews from an internal audit function, and a whistleblower policy is also in place.

4. SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

The EFL Board is responsible for overseeing the integrity of the EFL's corporate reporting. The Audit and Finance Sub-Committee (AFSC) and Human Resources Sub-Committee (HRSC) assist the EFL Board in discharging this responsibility. AFSC assists the EFL Board in fulfilling their oversight responsibilities in relation to financial and corporate reporting, the internal and external audit functions, risk management and compliance. Their responsibilities include reviewing yearly financial reports and statements with Management and the external auditor, reviewing EFL's corporate reporting and disclosure processes and the outputs of those processes, reviewing audit findings with the external auditor, and monitoring management's response to reviews and recommendations of the internal auditor. The AFSC also provides input to the HRSC in respect of relevant matters that may be considered in assessing the performance of our employees.

5. MAKE TIMELY AND BALANCED DISCLOSURES

EFL is committed to providing the shareholders with full and timely information in compliance with its continuous disclosure obligations. This includes EFL's yearly financial report which provides, among other things, information regarding revenues, operational and capital expenditures, executive remuneration. EFL will not disclose company sensitive information to the public.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

EFL provides information about itself and its governance practices on its website. The governance page of EFL's website includes the Corporate Governance Statement, Electricity Act and key governance policies. EFL also makes available on its website copies of annual reports and major announcements. EFL uses a number of channels and technologies, including social media, to communicate promptly, transparently and widely to its customers and stakeholders. EFL ensures shareholders to participate in shareholder meetings and deals with shareholder enquiries fairly and respectfully. The AGM is held annually and provides opportunity for shareholders to hear from, and put questions to, the EFL Board and external auditors.

7. IDENTIFY AND MANAGE RISKS

The EFL Board recognizes that effective risk management is critical to maintaining EFL's operations, long-term sustainability and reputation.

Risk Management Framework

EFL has a multi-layered approach to the identification, monitoring and management of enterprise risks. Responsibility is held across the EFL Board, Board Sub-Committees, management and other employees. EFL has an established Enterprise Risk Management (ERM) framework that encompasses the EFL risk strategy and appetite, risk culture and behaviours, and supporting frameworks and processes governing risk assessment, monitoring and reporting.
EFL's enterprise risk management function has day-

EFL Board Meeting held at the EFL Head Office in Suva, attended by the Directors and Management.

to-day responsibility for implementation of the enterprise risk management framework. The AFSC reviews the enterprise risk management framework annually. The enterprise risk management framework was approved by the EFL Board.

EFL's risk management strategy is founded on the three Lines of Defence model, which provides a clear organizational structure and clarifies roles and responsibilities for managing risks and controls across the business:

- Line 1 is risk management within the business divisions and functions. The identification, assessment, monitoring, reporting and escalation of risks begins in Line 1. Line 1 is responsible for managing EFL's operations within the Board-approved risk appetite.
- Line 2 is the independent risk management and compliance functions that develop risk and compliance frameworks and policies, and oversee and challenge risk management in Line 1.
- Line 3 is the independent assurance function (including internal and external audit).

Internal Audit

Internal Audit is an independent assurance function. Its role is to provide the EFL's Board, AFSC and Management with assurance that EFL has effective, adequate and efficient internal controls in place to support the achievement of its objectives, including the management of risks. It also provides advice on EFL's internal controls and business processes. Internal Audit has unrestricted access to all functions' records, property and personnel. The AFSC reviews and concurs on the appointment of the Internal Audit Team. The Internal Audit Manager reports to the Chair of the AFSC and for administrative purposes to the Chief Executive Officer (CEO) and has a standing invitation to attend AFSC meetings. The Internal Audit function has its own charter that sets out its objectives, role, responsibilities, authority and accountability.

8. REMUNERATE FAIRLY AND RESPONSIBLY

EFL aims to attract and retain high quality Directors and the Executive and Senior Management Teams as well as ensures to motivate entire work force.The EFL Board/CEO determine the remuneration packages of the Executive Management team while the CEO and the GM Human Resources are involved in the determination of the remuneration packages of the remaining employees of EFL. The Human Resources SBA's role is to assist the EFL Board in ensuring that EFL's people and remuneration policies, frameworks and practices:

- support the realization of the EFL's vision and its strategy to create long-term, sustainable shareholder value;
- are fair and attract and retain a diverse and appropriately skilled workforce to deliver EFL's strategy;
- encourage behaviours that align with the EFL's values and policies; and
- align people to discharging the accountabilities of their role, upholding EFL's risk management framework and supporting EFL's operations.

RISK MANAGEMENT

Risks are not static and as the environment changes, so do risks. Some diminish or increase, while new risks appear. In the ever-evolving business landscape, EFL is committed to ensuring the long-term sustainability and success of the organization.

One critical aspect of this commitment is the effective management of risks that may impact the achievement of our strategic objectives. We continuously review and improve our risk processes to ensure that the Company has the appropriate level of support in meeting its strategic objectives.

Risk management is the responsibility of all employees at EFL. The Risk Management Framework has been designed to apply systematic and consistent risk management methodologies across EFL to identify critical risk issues as well as to focus on improving capabilities for predicting and managing uncertainties.

EFL remains committed to maintaining a proactive and adaptive approach to risk management by fostering a culture of risk awareness and implementing effective mitigation strategies, to safeguard our stakeholders' interests and enhance the resilience of our organization in an ever-changing business environment.

The Minister for Climate Change & Energy, Hon. Chris Bowen (Australia), Minister for Public Works, Transport & Meteorological Services Hon. Ro Filipe Tuisawau, various representatives of other orgnisations and EFL Management post "Energy Sector Roundtable Discussion" at EFL Head Office in Suva.

Chairperson's Report

DAKSESH PATEL - EFL CHAIRMAN

The financial year 2023 has been characterized by a very challenging macroeconomic backdrop. An increasingly volatile and uncertain global operating environment meant business leaders across the world and Fiji have faced tough decisions to ensure the best outcomes for their shareholders, employees and the communities they serve. A multitude of factors contributed to the sharp rise in commodity price inflation, particularly the on-going Russia/Ukraine war and subsequent sanctions and trade blockages imposed by the different actors in this geopolitical fallout. Recent experience has demonstrated that managing complex supply chains in stressed environments require many skills and attributes. These include a strong balance sheet, access to liquidity, agile and experienced teams, and global reach.

EFL has progressed over the years from a wholly owned statutory organization to corporatization, then to a public company limited by shares, which is controlled by the Shareholders who are the Government of Fiji (51 percent shares) and Sevens Pacific Pte Limited (44 percent shares). The remaining 5% of shares are owned by the domestic electricity account holders and these shareholders are non-voting shareholders.

EFL has a very strong balance sheet. EFL is one of the very few government controlled entities that require cash inputs from the government to maintain its operations.

EFL maintained its business diligently during the year though it experienced many challenges such as receiving below average rainfall at its hydro dams in Vitilevu, the rising fuel prices and the exodus of skilled personel to our neighbouring countries. As a result EFL had to implement a Contingency Plan by hiring 65MW of diesel generating sets to ensure that the lights were on for all Fijians and that the economy of Fiji was not impacted adversely as a result of shortage of electricity. Consequently, EFL incured a historical fuel cost of $193M. Though EFL lost many of its skilled personnel, the remaining work force managed to maintain the operations successfully without any major hurdles which was a great achievement.

EFL has been recording good profits over the years and with the macroeconomic backdrop and factors beyond EFL's control as highlighted above, EFL ended the year with a financial loss after tax of $24.80M (which includes the re-statement of the deferred tax liability of $19.5M) compared to a profit after tax of $58.11M in 2022.

EFL remains wholly committed to its basic corporate fundamentals. Our main priority remains our future-facing investment strategy, balancing prudent financial management and thoughtful reinvestment to meet the growing need for clean energy through the expansion and upgrade of Fiji's energy infrastructure.

In 2022, EFL completed a review of its 10-year Power Development Plan (PDP) which spans the period 2022 to 2031. The PDP is reviewed every two years. The next review will be in 2024. A number of projects are therefore planned to be implemented over the next five-year period to enable EFL to meet the increasing power demand, with a key part being the rapid transition to renewables. The total investment required in the power sector to meet the demand of electricity till 2031 is around $4.3 billion, based on an electricity growth rate of 4% annually. With transmission and distribution sector projects estimated to cost around $1.4 billion and this investment required to reinforce the power network system will be funded solely by EFL. The remaining $2.9 billion is required to be invested in the power generation sector over the next 10 year period.

The power generation projects can either be developed by EFL if the project is technically and financially viable, or through a Joint Venture, or via Independent Power Producers. The investment in the transmission and distribution sector projects is also essential to ensure that the energy generated from the new power generation sources, developed by either EFL or IPPs, is successfully evacuated to the load centres to meet the ever-growing demand of electricity and assist Government to grow Fiji's economy.

With Sevens Pacific Pte Limited from Japan, now a strategic partner of EFL, there will be increased collaboration between EFL and Sevens Pacific JV partners, Chugoku Electric Power Co., Inc (CEPCO) and Japan Bank of International Cooperation (JBIC) regarding the development of EFL's future plans.

The significant impact of such hydrology events as experienced in 2023 which place unacceptable demands on EFL's operational costs, plus the urgent need to replace ageing assets and to build new capital-intensive power generation and transmission facilities, has brought home the fact that the EFL's existing electricity tariff is inadequate to address these challenges. The tariff increase is required to ensure it has the financial ability to implement its 10-year Power Development Plan, and that Fiji has an adequate power capability, and a reliable and efficient power supply at reasonable cost to support economic growth and transition to renewable energy. EFL will not be able to embark on the projects identified in the PDP without getting the tariff increase as per the tariff methodology agreed by the Regulator, the FCCC.

The Balance Sheet of EFL as at the end of December 2023 is still in a strong position. The strong balance sheet position as at end of December 2023 is attributed by the good profits recorded in the first four months in 2023 and strong retained earnings carried forward from prior years as well as prudent debt management ensuring debt servicing is carried out in a timely manner without any default. EFL's total assets are more than twice the total liabilities in the ratio 2.5:1 and shows that EFL is in a healthy and strong position.

The Debt-to-Equity ratio has also improved to 67% Equity and 33% Debt as at end of December 2023, and shows that EFL has added significant shareholder value over the years and continues to service its debt obligations conscientiously without defaulting.

The total debt of EFL, as at the end of December 2023, stands at $169.50M. This has increased by $2.82M (net) as compared to the loan balance of around $166.68M reported, as at end of December 2022. The increase in debt level is due to further drawdown of $15M when the new syndicate banking facility was signed in October 2023. EFL also made mandatory loan payment of $18M in 2023. There is no government guaranteed borrowings on EFL's Balance Sheet. EFL made all the mandatory loan repayments in 2023 to comply with the debt covenants signed with the lenders.

FIJI and EFL will move forward with Japanese strategic partners

The Fijian Government entered into an agreement in March 2021 under which a consortium, namely Sevens Pacific Pte Limited, owned by The Chugoku Electric Power Co., Inc., and Japan Bank for International Cooperation ("JBIC") acquired 44% shareholding in Energy Fiji Limited. The investment by ("CEPCO") and JBIC is the culmination of an exhaustive process to identify a highly experienced and credentialed international partner to acquire a stake in EFL.

It was a critical objective of any transaction that the investor not only offers a financial investment to Fiji, but also contributes with its operational expertise and experience in electricity planning and development. As a strategic partner of EFL, CEPCO has been supporting EFL with world-class practices in terms of cost-efficient, reliable operation and maintenance of facility; and well-planned and environment-friendly capacity development especially in the field of renewable energies. With Chugoku's operational capacity and expertise at its disposal, EFL can perform better for the Fijians who rely on our services today, while transforming into the driving force behind Fiji's renewable energy revolution. CEPCO's exceptional track record as an international, integrated electricity utility made them the ideal candidate for the divestment. With CEPCO and JBIC as strategic shareholders, EFL will have the ability to tap into world-leading operational expertise, project delivery experience, technology, and financial capacity to support the company in meeting the growing electricity demand of the nation and its renewable energy targets, while also providing reliable and affordable electricity to all Fijians. Fiji is wholly committed to an ambitious net-zero carbon emission target and plans to transition away from fossil fuels and to utilise exclusively renewable energy sources by 2050. With more than 50% of EFL's electricity already generated by renewable sources, Fiji is well placed to achieve its long-term targets with the expertise and capital of CEPCO and JBIC. EFL has found a reputable partner for change in CEPCO as it prepares to spearhead Fiji's transition to carbon neutrality in future. While the cross-border agreements have had many difficulties during the COVID pandemic, the strategic relationship with the partners has become stronger. The Fijian economy, which has suffered from the pandemic, seems on a recovery track. EFL aims to contribute to the developments of Fiji through its electricity business with the strategic Japanese partners.

Chugoku Electric Power Company (CEPCO)

CEPCO will continue to contribute to the management of EFL including the power generation, transmission and distribution, retail business, and new electric power related business, by leveraging

EFL welcomed Mr. Maeda, Chief Operating Officer from the CEPCO with Director Gardiner Whiteside at EFL Head Office in Suva.

the technologies and experience cultivated in the domestic and overseas electric power business and from the following perspectives:

- Strategic plan;
- Financial Planning, Demand Forecasting, Tariff renewal and Sales Planning, Fuel Procurement and Planning, Recruitment and Education, Human Resources Utilization and Succession Planning to prevent employees from leaving EFL;
- Power and Network Development Plan;
- Development of hydro, solar and network facilities in line with the Power Development Plan;
- Operation and Maintenance Plan;
- Operation and maintenance procedures for hydro, solar and network facilities;
- Information technology; and
- Corporate Governance and Business Compliance.

Japan Bank for International Cooperation (JBIC)

JBIC has built partnership with the United States of America and Australia for potential projects in sectors such as infrastructure and energy, in the Indo-Pacific region to maintain and promote the "Free and Open Indo-Pacific" concept based on the Japanese Government's policy. As part of this, in November 2018, JBIC signed a Memorandum of Understanding with Overseas Private Investment Corporation (OPIC), currently the International Development Finance Corporation (DFC) of the USA, Department of Foreign Affairs and Trade (DFAT), and Export Finance and Insurance Corporation (EFIC), currently Export Finance Australia (EFA). The investment in EFL will lead to a relationship with the Republic of Fiji and further reinforcement of efforts to maintain and promote the "Free and Open Indo-Pacific" concept by developing high quality infrastructure projects in Fiji. JBIC, together with CEPCO, has held several discussions with EFL and relevant bi-lateral / multi-lateral public financial institutions to promote the business of EFL and CEPCO. JBIC will continue to provide support to assist the overseas expansion of CEPCO's business, maintain and improve the international competitiveness of Japanese industry, and would work together with EFL, which has set high targets for introducing renewable energy, to realize a decarbonized society.

The EIB Vice President, Mr. Ambroise Fayolle, after signing a "Letter of Intent" with EFL to further support EFL with renewable energy development projects.

FUTURE RENEWABLE POWER GENERATION PROJECTS

Funding the development of renewable energy requires expertise, innovation and significant financial resources. EFL's commitment towards renewable energy development also includes a significant financial investment. Power generation projects determined to be bankable will be funded via long-term borrowings from commercial banks and reputable financial institutions.

Some of the projects EFL will explore and develop to realise its Renewable Energy Plan are:

1. The feasibility study for Qaliwana hydro-electric scheme with Upper Wailoa Diversion, reached its final stage in 2023, with the feasibility study report being submitted and key findings presented to stakeholders. The potential hydro-electric scheme includes diversion of water from the Upper Wailoa catchment area into Qaliwana river and development of a dam and power-station on Qaliwana river. There is potential to also enhance the existing Nadarivatu hydro-electric scheme, resulting in increased energy production and power generation capacity out of Nadarivatu hydro-power station. The peer review of the feasibility study report has been completed, and the EFL Board will make a decision on way forward for the development of the project in 2024.
2. Detailed feasibility study was undertaken for the Vatutokotoko hydro-electric scheme, which is the first of three in a cascade of hydro-electric schemes on the Ba River, by Studio Pietrangeli of Italy (Consultant appointed by European Investment Bank), through extension of grant funding for the Qaliwana hydro-electric scheme. The peer review of the feasibility study report has been completed, and the EFL Board will make a decision on way forward for the development of the project in 2024.
3. Namosi Hydro-Electric Scheme Development – the Australian Infrastructure Financing Facility for the Pacific ("AIFFP") has agreed to conduct a detailed feasibility study for the Namosi hydro-electric scheme, under a financial grant assistance. AIFFP has progressed towards appointing a consultant for the feasibility study to commence in 2024. EFL has completed installation of hydrometric gauging stations in two out of three rivers under this project.
4. Development of 132kV Transmission Network from Virara Settlement to Rarawai, Ba – The Fijian Government declared the areas between Korovou to Ba in Viti Levu as tax free zone with a certain level of investment. Keeping the above in mind, EFL is developing its high voltage transmission network for sufficient and consistent power supply to the north-western region of Viti Levu by constructing:

- a 30 km, 132kV transmission line from Virara, Ba to Koronubu, Ba; and
- a 132kV switching station at Virara, Ba; and
- a 132kV/33kV substation at Koronubu, Ba; and
- Linking the Koronubu substation to existing Rarawai and Tavua substations

- The transmission line route was initially identified in 2016 and typically, the land is low lying and almost flat for the first 12km route from Koronubu. Steel pole structures have been considered for this section of the line as the land is generally used for sugar cane farming.
- Approximately 6km of the route lies along the Fiji Sugar Corporation tram line, with the remaining 24km of the route is hilly terrain and is generally used for grazing and pine plantation. Steel lattice towers are being considered for this section of the line.
- Sterling and Wilson Pvt. Limited, of India, entered into an Engineer-Procure-Construct ("EPC") contract with EFL in December 2021 for delivery of a significant proportion of the 132kV transmission network development work. This includes the design and construction of the 132kV switching station at Virara, 132kV transmission line from Virara to Koronubu and the 132kV/33kV substation at Koronubu.
- The detailed design for the new 132kV transmission network infrastructure was largely completed in 2022. Construction work has progressed on the new 132kV transmission line and at Koronubu Substation. Due to disruptions in supply concrete, and due to weather related delays, the progress in 2023 was adversely affected.
- Major plant designs for the 132kV switching station at Virara and 132kV/33kV substation at Koronubu were also been finalized and manufacture is progressing. EFL, on its part, is progressing the construction of the 33kV interconnecting lines from Koronubu Substation to existing Rarawai Substation in Ba and Tavua Substation, and also relocating existing overhead 11kV and 415V lines to accommodate the new 132kV transmission line.
- Work on the project is expected to progress in 2024. This new 132kV Transmission Network will be used to evacuate power from the existing Monasavu/Nadarivatu hydros and will be used to evacuate power from the new hydro-projects such as Qaliwana and Lower Ba to the load centres.

5. Dratabu 5MW Grid – Connected Solar Power Plant – EFL executed a Power Purchase Agreement with Sunergise Dratabu Pte Limited for the development of a 5MW grid-connected solar photo-voltaic power plant at Dratabu, Qeleloa in 2021. As part of fulfilling its obligations under the Power Purchase Agreement, Sunergise Dratabu Pte Limited has been working on obtaining regulatory and agency approvals for the development of the 5MW grid-connected solar photo-voltaic power plant. The construction on this project is anticipated to commence in 2024.
6. Development of 1MW Solar PV Farm at Mua, Taveuni – procurement of equipment, construction of the new 1MW solar PV power plant and installation of the equipment progressed with the Engineer-Procure-Construct ("EPC") Contractor for the development of 1MW grid-connected solar photovoltaic plant with battery energy storage at Mua on the island of Taveuni. EFL also progressed the grid-extension works from Weilagi to Mua, and further towards Naselesele as part of rural electrification works funded under the Fijian Government's Rural Electrification Program. The 1MW solar PV power plant is expected to be commissioned by early 2024.
7. Development of Grid – Connected Solar Photovoltaic Power Plants in Viti Levu – as per the Financial Advisory Services Agreement signed with the International Finance Corporation ("IFC") in September 2020, IFC progressed the technical, environmental and social due diligence work for development of grid connected solar photovoltaic power plants in Ba, Tavua and Nadi with a combined capacity of 21MW. Preliminary investigations were also undertaken for a grid-connected solar photovoltaic power plant in Vanua Levu to connect to the EFL grid serving the Labasa – Seaqaqa – Dreketi area. The due diligence was completed in 2023, and as progression to the second phase, request for Expressions of Interest was published in December 2023.
8. 132kV Transmission Network Development – as per the 10-year PDP, significant investment is required in the redundancy development of the existing 132kV transmission network, including new 132kV transmission lines, 132kV switching stations and 132kV/33kV interconnecting substations to improve the reliability of the 132kV transmission network, and provide capacity for power evacuation from new renewable energy power plants. EFL is continuing to liaise with the Asian Development Bank ("ADB") to commence the detailed feasibility study on the development of the 132kV transmission network for Viti Levu.

Mr. Rokoseru Nabalarua, EFL Chairman, warmly receives Mr. Uchida, Executive Managing Officer of Corporate Finance from JBIC , during his visit to the EFL Head Office in Suva.

9. Ovalau Agro-Photovoltaic Solar Power Plant – the Power Purchase Agreement for Bureta 4MW Solar Power Station was signed in 2023 with Ovalau Agro-Solar Pte Ltd. The Korea International Cooperation Agency ("KOICA") has committed to providing the battery energy storage system ("BESS") for this project. The construction work on this project by Ovalau Agro-Solar Pte Ltd is anticipated to commence in 2024, after it has fulfilled the Conditions Precedent.
10. Lautoka Grid-connected solar photovoltaic project – EFL, together with an overseas potential partner, is planning on developing a grid-connected solar photovoltaic power plant outside Lautoka city. EFL has acquired a short term lease of the prospective project site to conduct a feasibility study before the scale of the project is confirmed.
11. Generation Capacity Reinforcement in Viti Levu – work on the development of 20MW thermal power plant at Kinoya and 30MW thermal power plant at Vuda progressed in 2023. Additional land has been acquired at Vuda for this project, and engineering assessment and survey work was also completed. At Kinoya, the engineering assessment and survey work was completed. Tender for turnkey development of the two power stations with a combined capacity of 50MW was also called in 2023. The environment impact assessments required for the development also commenced in 2023.
12. Land acquisition for renewable energy projects – EFL's Land Affairs Unit continue to liaise with key stakeholders, including landowners, iTLTB and the Ministry of Lands for renewal and acquisition of leases required to continue EFL's service delivery, and for development of new projects aligned with EFL's strategic objectives.

ACKNOWLEDGEMENT

I wish 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 EFL remained focused and on-track to achieve its strategic goals and objectives.

I wish to thank the Cabinet, especially the Minister for Public Works, Meteorological Services and Transport, Honourable Ro Filipe Tuisawau and the Deputy Prime Minister and Minister for Finance and Strategic Planning, National Development, and Statistics, Hon. Prof. Biman Prasad for their invaluable support provided to EFL during the year. To our valued customers, we will continue to explore and implement ways in which we can further improve our services to meet or exceed your expectations.

I'm also grateful to the Permanent Secretaries and other key government officials for their support during the year. I thank the Reserve Bank of Fiji, the Fijian Competition and Consumer Commission, the Fiji Revenue and Customs Service and the Executives from the various unions with whom we work with for their continued support and cooperation.

Above all else, I'd like to thank our customers. Our work energizing industries, the retail sector, homes, roads, schools and hospitals across the country is solely in support of our economic well-being. Your interests are at the very centre of every decision we make, and we will continue to innovate, invest and improve our services on your behalf. Thank you for allowing us to serve you.

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

EFL is an exceptional operation and undoubtedly, one of Fiji's leading and successful corporations, supported by the dedicated efforts of Board, Management and employees.

A total dividend of $40.68M was declared and paid out to the EFL Shareholders in 2023.

BOARD KEY PERFORMANCE INDICATORS

The status of the achievement of the ten (10) EFL Board Key Performance Indicators (KPIs) for 2023 is tabulated below.

1. **GOAL:** Ensure that EFL comply with the debt covenants set by Lenders subject to the key assumptions for 2023 becoming a reality.

   OUTCOME. PARTIALLY ACHIEVED. EFL has recorded a financial loss after tax of $24.80M in 2023. Out of the three debt covenants signed with the Lenders, EFL did not achieve the leverage ratio in 2023.

2. Fully comply with the following requirements:
   GOAL: Submission of the 2024 to 2028 Business Plan by 30th November 2023 to the Shareholders.
   OUTCOME. ACHIEVED. Submitted Business Plan by 30th November to the Shareholders.
   GOAL: Submission of EFL's 2022 audited financial accounts by 30th April 2023 to Registrar of Companies.
   OUTCOME. ACHIEVED. Submitted on 28th April 2023.

3. **GOAL:** Ensure that the Shareholders of EFL earn a return on their Investment via declaration and payment of Dividends according to the budget set with Management for 2023.
   OUTCOME. ACHIEVED. A dividend of $40.68M was declared and paid out to the Shareholders in July 2023.

4. **GOAL:** Ensure that the Customer Satisfaction Level for 2023 is achieved as per the Corporate KPI.
   OUTCOME. ACHIEVED. Domestic Target 93.5%, Achieved 93.96% and Commercial/Industrial target 94%, Achieved 95.48% as per the Corporate KPI for 2023.

5. **GOAL:** Sign a Power Purchase Agreement with an Independent Power Producer (IPP) by 31st December 2023 to develop at least one new IPP plant.
   OUTCOME. ACHIEVED. The Power Purchase Agreement with Ovalau Agro-Solar Pte Ltd (fully owned by Envelops Co. Ltd) was signed on 27th November 2023 for development of 4MW grid-connected solar photovoltaic power plan with battery energy storage system in Bureta, Ovalau.

6. **GOAL:** Make a firm recommendation on the way forward for the development of the second 132kV Transmission Network to augment the existing 132kV Network.
   OUTCOME. WORK IN PROGRESS. As per the ten-year power development plan (PDP) , significant investment is required for the redundancy development of the existing 132kV redundancy transmission network, including a new 132kV transmission line, 132kV switching stations and 132kV/33kV interconnecting substations to improve the reliability of the existing 132kV transmission network, and provide additional capacity for power evacuation from new renewable energy power plants. The Asian Development Bank ("ADB") has agreed to conduct the detailed feasibility study on the development of the new 132kV transmission network. EFL is continuing to liaise with the Asian Development Bank ("ADB") to commence the detailed feasibility study on the development of the 132kV transmission network for Viti Levu.

7. **GOAL:** Ensure that the new 132kV Transmission Network from Virara, Ba to Koronubu, Ba progresses according to the project schedule for 2023.
   OUTCOME. WORK IN PROGRESS. Due to disruptions in supply concrete, and due to weather related delays, the progress in 2023 was adversely affected. Major plant designs for the 132kV switching station at Virara and 132kV/33kV substation at Koronubu were finalized and manufacture is progressing. EFL, on its part, is progressing the construction of the 33kV interconnecting lines from Koronubu Substation to existing Rarawai Substation in Ba and Tavua Substation, and also relocating existing overhead 11kV and 415V lines to accommodate the new 132kV transmission line.

8. **GOAL:** Progress the development of Ba & Tavua solar farms with International Finance Corporation ("IFC").
   OUTCOME. WORK IN PROGRESS. The transaction structure report has been approved by EFL, and IFC has now progressed towards tendering for these projects. Tender documents have been received and as per agreed tendering process, a request for Expressions of Interest has been called by EFL in December 2023.

9. **GOAL:** Ensure that the refurbishment of the G4 at Wailoa Power Station progresses according to the work schedule for 2023.
   OUTCOME. ACHIEVED. G4 has been fully refurbished.

10. **GOAL:** Progress the feasibility studies of the Namosi Hydro and Qaliwana Upper Wailoa Diversion Hydro Projects
    OUTCOME. WORK IN PROGRESS. The feasibility study peer review report for the two hydro-electric schemes has been received by EFL in November-23 from Stantec New Zealand. Discussions have been held with European Investment Bank ("EIB") and a joint-workshop is planned in 2024 to discuss the findings and recommendations.

Chief Executive Officer's Report

HASMUKH PATEL - CHIEF EXECUTIVE OFFICER

2023 has been another challenging year for Energy Fiji Limited, once again driven by circumstances outside our control. Throughout the year, the landscape of the electricity business was impacted by multiple factors, with escalating commodity prices, increase in electricity demand, below average rainfall during the rainy season and finally the exodus of skilled personnel, all posing formidable challenges to our operations and business plan. Our commitment to energise our nation remained steadfast, as we continually adapted and innovated to mitigate the challenges. It is testament to our resilience as a business as a result of our careful planning and flexibility that we were able to meet the challenges. Individually and collectively, we have been guided by our Board to operate and serve our customers a little better every day. Electricity is one of the product that we Fijian's take for granted and at times don't appreciate how central it is to our lives, our business, our economy until it's not there. Together, with unwavering determination and a steadfast commitment to excellence, we will continue to illuminate the path forward, empowering our nation and shaping a brighter future for all Fijian's. The 2023 financial year was a challenging time for Energy Fiji Limited (EFL) for a number of reasons.

Firstly, EFL received below average rainfall at our hydro dams during the rainy season. This rang an alarm bell that we may have a drought this year. Historically we have experienced a drought every ten years since the commissioning of the Monasavu Hydro Scheme in 1983. In April 2023, the Management reviewed the Monasavu Dam level, the rainfall forecast for the upcoming months (May – December 2023) and thereafter activated a Contingency Plan to mitigate the shortfall in hydro power generation capacity so that EFL is able to meet the daily electricity demand of Vitilevu. EFL had to recourse to scaling down its hydro operations, which normally supplies about half of the power generation in Viti Levu and increase its diesel generation to meet the ever increasing power demand. The weighted average increase in electricity demand was around positive 8% recorded in 2023 for the first five months of 2023 compared to 2022. The electricity demand in 2023 exceeded the demand of 2022 and 2019 (Pre-Covid year) respectively. The weighted average increase in electricity demand was around positive 4% in 2023 compared to 2022. The key drivers driving the growth in electricity demand was high humidity experienced in the first 5 months of the year, record visitor arrivals, activity growth in other key sectors and the construction of the rural electrification schemes funded by the Government. Furthermore, the increase in electricity demand also increased the fuel cost as a result of more fuel usage to meet the increased electricity demand using expensive diesel.

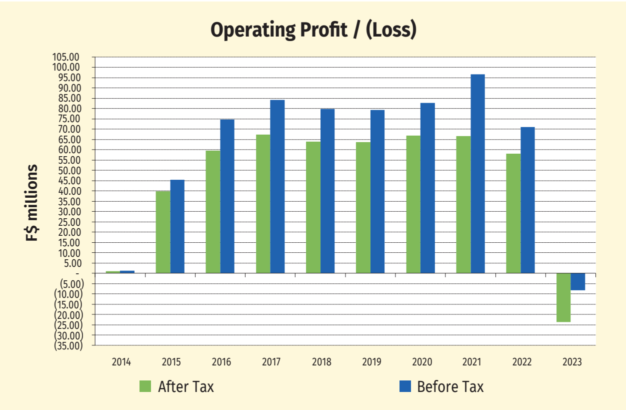
Since there was insufficient diesel power generation capacity to meet the rising electricity demand, some 65MW of containerized diesel generating sets were hired and deployed around Viti Levu from June 2023 till the year-end at a cost of around $21M for this exercise. This also contributed to an all-time high fuel cost of $193M for 2023, the highest ever in EFL's history. This adversely impacted the EFL's financials for 2023.EFL recorded monthly financial losses from May 2023 to December 2023, however, EFL ensured that its critical function of delivering safe and reliable electricity without any major hurdles to its customers and keeping the lights on for thousands of homes and businesses, as well as for vital services including water pumping stations, hospitals and medical facilities that are critical for all Fijians.

Secondly, there has been unprecedented disruption and volatility in global energy markets. Russia's invasion of Ukraine exacerbated this volatility by restricting global energy supplies and constraining supply chains resulting in a spike in global fuel costs. Extremely volatile prices of Industrial Diesel Oil (IDO) and Heavy Fuel Oil (HFO) are very hard to forecast, due to their dependence on many external influences such as global politics, global economics and natural disasters. In 2023, the EFL Management continued with the proactive risk management programme to reduce the risks of rising global oil prices and increased volatility in the foreign exchange market. The Risk Management Committee (RMC) during the weekly meetings reviewed the dam level at Monasavu catchment and took into consideration all macro-economic factors, oil demand/supply and geopolitical factors and made key decisions on the FX and oil hedge ratios and instrument selection. The performance so far via the EFL's hedging programme has been very encouraging and achieving its objectives. EFL's Foreign Exchange (FX) & Brent Oil Hedging Team, together with professional hedging consultants from New Zealand together with the Head of the Execution Team, continued to add value to the hedging programme and via this hedging programme EFL recorded a net realized gain of $2.9M for the year. The actual fuel cost for the year was $192.97M compared to a revised budget fuel cost of $245M (May 2023).

In 2023, the EFL Board approved a 17% salary increment to all EFL employees excluding the Executive Management and Senior Management Teams, effective from 1st January 2023 costing EFL around $7M. Furthermore EFL maintained 10% FNPF contribution for all employees rather than reducing it to 7% as a statutory requirement as declared by the Government in the 2022-2023 national budget.

As a result of the high fuel cost being incurred, the Management had to review its overoll operations by deferring most of its Capital Expenditure program planned for 2023 and implemented cost cutting measures across the business wherever possible to ensure that the company remained afloat. EFL adopted the strategy to conserve water at the Monasavu Dam from Mid-April 2023 by reducing generation output from the Wailoa Power Station to around 25% of the total Viti Levu demand so that the water at the catchment could last till the end of the year in the event we continued to receive below average rainfall till the end of the year. As a result, EFL continued to burn expensive thermal fuel and recorded monthly financial losses from May to December 2023. EFL carefully adopted the above strategy considering the worst case scenario if the Monasavu Hydro Scheme had to be shut down as a result of the dam level reaching below safe operating level. EFL implemented its contingency plan which was approved by EFL Board of installing and commissioning additional 65MW of containerized diesel gensets around Viti Levu from June onwards in stages to supplement the shortfall in the Monasavu and Nadarivatu hydro generation to avoid a rotating black out scenario in Viti Levu. Furthermore, one 18MW hydro generating set was out of service for over three months for half-life refurbishment and this hydro generating capacity was replaced with expensive diesel generating capacity. This further impacted the EFL's financials adversely in 2023.

Despite challenging market conditions and heightened volatility, our FY23 results reflect the strength of the underlying business: our low-cost generation portfolio (renewables), large and loyal customer base, effective risk and prudent management processes. It is a tribute to the robust business model of EFL that it sustained financial losses for some seven months and yet managed it cash-flow position smartly. EFL ended the year with a financial loss of $24.80M after-tax as compared to an audited profit after tax of $58.11M in 2022.



The $24.80M loss after tax recorded for 2023 was due to the following;

- EFL burning huge quantities of expensive thermal fuel to the tune of around $193M which was $55M more than that, incurred in 2022. In 2023, the actual fuel used was 109,573 metric tonnes compared to 88,658 metric tonnes used in 2022. Also, the weighted average fuel price for 2023 was around $1,761 per metric tonne compared to $1,559.84 per metric tonne is 2022;
- Increase in the Operational cost of around $10.3M. This includes the provision of the employee benefit amounting to around $8.8M that was approved by the EFL Board in September 2023 and 17% increase in the salary and allowances during the year as part of the employee retention strategy and to maintain harmonious relations with the staff Unions. This was not budgeted as part of the operational expenditure for the year.
- Re-statement of the Deferred Tax Liability (DTA) due to the change in the corporate tax rate from existing 20% to 25% which has further eroded the profit after tax by around $19.5M: and
- Incurred around $21.3M being the hiring cost for the diesel generating sets as part of the implementation of the contingency plan to meet the electricity demand in 2023.

All the above contributed towards the loss of $24.80M for the year and the above unbudgeted expenditures were funded via its own cash flows.

The next three to five years will bring a lot of challenges to the EFL. EFL's business will continue to be vulnerable to the changing weather pattern as a result of climate change as well as the fluctuating global fuel prices. Despite having two uncontrollable factors directly affecting EFL's day to day business, EFL will continue to adopt a robust business model to ensure that the following key objectives are achieved in the short, medium and long term.

- Repayment of loans on time when they fall due without defaulting;
- EFL meeting its financial debt covenants signed with syndicate bankers namely BSP, ANZ, WBC and HFC;
- Continue with the repairs and maintenance of EFL's ageing assets considered its "strategic assets" when they are due for maintenance/ replacement to ensure reliability and security of power supply;
- Successful implementation of EFL's 10 year Power Development Plan (PDP) involving substantial investment in the transmission network and power generation sector to meet the ever growing demand of electricity;
- Assist achieve Government's social-economic objectives and economic growth; and
- Ensuring that EFL remains financially sustainable in the short, medium and long term.
- Earn returns for the shareholders.

The energy business is highly capital intensive and as such, EFL invests millions of dollars for the upgrade of ageing assets, development and acquisition of new assets. In recognition of the present and future energy demands of the Fijian people, EFL is aggressively investing in the expansion of EFL's national electricity grid.

There are still Fijians waiting to be connected to the enormous benefits of electricity, and our capital expenditure programme include funding to bring those communities online and this funding is provided by the Fijian Government. But looking to the future, as Fiji's position in the Pacific and in the international arena grows further, our nation needs to be ready with a network of energy infrastructure that can support new investments which in turn stimulates the economy.

EFL on an annual basis prepares its 5-year business plan. The current 5-year business plan for the planning period 2024-2028 provides a roadmap to commence implementation of EFL's 10-year Power Development Plan so that EFL has adequate power capacities to ensure reliability and security of power supply. The EFL Board had approved a CAPEX budget of $111.28M for 2023 which was part of the 5-year business plan that is reviewed annually. Against this budget, EFL only spent a total of $68M in 2023. The capex uptake has been low as compared to budget and this was largely due to the following;

- Impact of the ongoing - supply chain disruptions experienced during the year;
- Shortage of electrical equipments required to execute major capital projects;
- Post Covid-19 skilled labour force migration leaving for supposedly greener pastures overseas particularly to Australia and New Zealand that has impacted our technical expertise within EFL as the employees have been trained and acquired great deal of experience.

In August 2023, EFL submitted its electricity tariff proposal to Fijian Competition and Consumer Commission (FCCC) that was due for review and implementation effective 1st October 2023. However, FCCC did not revert to EFL on the outcome of the electricity tariff review by the end of 2023. The successful implementation of EFL's 5-year business plan (2024 - 2028) depends on the outcome of the electricity tariff review by the Regulator, the FCCC which is expected to be delivered in early 2024. The tariff review plays an important role in the timely development of the electricity industry which is the engine for economic growth in the country and is critical in promoting the Fijian economy.

An appropriate electricity tariff is required to ensure EFL has the financial ability to implement its 10-year Power Development Plan which is around $4.3B, and that Fiji has an adequate power capacity, and a reliable and efficient power supply at reasonable cost to support economic growth and transition more importantly from fossil fuel energy to renewable energy. Also an appropriate tariff increase will further enable EFL to attract Independent Power Producers (IPPs) by offering them a reasonable feed-in-tariff. Resultantly, IPPs will invest in the power generation sector and provide some relief to EFL by way of a reduction in its power generation investment portfolio.

In the short-term (over 3 year period), a thermal power plant project will be developed that will allow EFL to meet growing electricity demand in Viti Levu. This will be through a 20MW power plant in Kinoya (in Central Region) and 30MW in Vuda (in Western Region), combined capacity of 50MW, requiring an investment of close to FJD 185M, based on feasibility study conducted in 2022. Once renewable energy power plants are developed, this 50MW thermal power plant will be used as back-up capacity only and as and when required.

CAPITAL EXPENDITURE AND FUNDING

EFL spent a total of $68M on capital expenditure in 2023, up from $53M compared with 2022. The $68M includes $15M for the General Extension Schemes to connect new commercial and industrial customers, Rural Reticulation Schemes to connect new rural customers and WAF's Viria Electrification Project. The CAPEX intake has been low in 2023 due to the implementation of the contingency plan to manage the power supply crisis and to avoid any rotating blackouts and power rationing during the year. The EFL Board had approved a CAPEX budget of $112M for 2023. Against this budget, EFL only spent a total of $68M in 2023. The $68M capital expenditure spent in 2023 were funded entirely from EFL's internal cash flows.

The total debt of EFL as at the end of 31st December 2023 is $169.50M which has increased by $2.82M (net) as compared to the loan balance of around $166.68M reported as at the end of December 2022. The increase in debt level is due to the new drawdown of $15M when the new syndicate banking facility was signed in October 2023. EFL also made mandatory loan payment of $18M in 2023. This is expected to increase once we fully draw down the $92M loan approved under the syndicate banking facility to fund the new 132kV transmission Network from Virara to Koronubu, Ba at a cost of around $92M and establishing an additional 50MW thermal power plant for Viti Levu at an estimated cost of around $185M.

In August 2020, EFL moved away from a single banking arrangement, which had adopted as its funding arrangement for many years and implemented one of the largest Syndicate Banking Facility in Fiji with a credit appetite of around $335M , the largest ever syndicate credit facility signed by EFL. The Syndicate Banking Facility that was signed with ANZ, BSP and WBC Banks restricted the funding of EFL's major capex projects. Establishing the Syndicate Banking Facility is strategic for EFL in the medium & long term so that it has a wider pool of lenders that can fund its development plan in the medium and long term and that EFL is not dependent on only a single lender. This approach provides diversity and prudent risk management for EFL from a credit, pricing and funding point of view. This facility has been stress tested using EFL's balance sheet and complies with all the three banks financial covenants.

In 2023, the EFL Board reviewed the Syndicate Banking Facility and other terms and conditions in view of the high liquidity prevailing in the Fijian Financial system.

The main objectives of moving to the Syndicate Banking Facility are:

- From a Good Corporate Governance and Risk Management point of view as this allows EFL to deal directly on same terms and conditions with the three banks for its funding requirements rather than dealing or relying on just one bank. In this way, EFL is diversifying its credit risks;
- That the EFL Balance Sheet is stress tested to ensure Optimum Credit Facility is achieved to enhance the growth of shareholders' values;

- To achieve optimum level of credit facility to finance EFL's long term capital expenditure plan since EFL is a highly capital intensive industry. Under a single Banking arrangement it will be difficult for one bank to meet the entire credit appetite of EFL;
- To promote better Cash flow management and Supply Chain financing for EFL;
- Built strong and strategic relationships with the four bankers.

The financing provides Energy Fiji Limited with a resilient capital structure and funding for future development of power generation and transmission infrastructures. The financing has an innovative green initiative pricing model, rewarding Energy Fiji as it promotes energy generated from wind, solar, hydro and any other forms of renewable energy.

The first phase was to look at the interest rates offered by the Syndicate Bankers. The Phase one (1) was completed. Effective 1st January 2023 all the syndicate bankers reduced their interest rates which has reduced the financing cost for the year. EFL has saved around $3M in interest cost with this arrangement.

The second phase was to improve the current terms and conditions and increasing the credit limit from the existing $335M to $515M. On 6th October 2023, EFL has once again successfully leveraged its syndicate banking facility from existing $335M to $500M with ANZ, WBC, HFC and BSP Banks. This is another great achievement for EFL. The available headroom from the new syndicate banking to cater for any future EFL capex funding as at 31st December 2023 is around $345.67M as tabulated below;

Total Approved Facility	Total Approved Facility $M	Total Draw Down $M	Available Headroom $M
Facility A	$120.00	$120.00	NIL
Facility B	$260.00	$49.33	$210.67
Facility C	$120.00	NIL	$120.00
Letter of Credit/ Working Capital	$15.00	NIL	$15.00
Total Facility	$515.00	$169.33	$345.67

Since EFL is a highly capital intensive industry and its operation is critical to Fiji being an enabler to the growth of the national economy, in this context, it must always be supported with a robust and diversified lending portfolio to ensure funding accessibility and availability. The appetite of the syndicate banking facility can support EFL develop projects to the tune of around F$515M.

The available headroom from the syndicate banking to cater for any future EFL capex funding as at 31st December 2023 is around $345.67, available from facility B and Facility C only. This headroom will also cater for the funding of the Virara to Koronubu 132kV Transmission Network Development and other critical EFL Projects planned for 2024.

Facility D is to cater for EFL's working capital and is maintained by ANZ Bank only to accommodate any Letter of Credit as well as it serves as a standby bank overdraft facility.

EFL will maintain the position that borrowings will be our last resort as one of our short and medium term goals is to reduce the debt level of EFL and provide funding capacity/headroom for EFL to borrow and fund its next bigger renewable energy project as per its Long Term 10-year Power Development Plan. The Syndicate Banking Facility can also be partially used to assist EFL with the funding plan of projects considered as an upside to its business. The syndicate banking facility loans are secured via debenture mortgage over the assets of EFL while the Suva City Council loan is unsecured.

The capital expenditure for the planned 5 years (2024 – 2028) are $286.3M, $267.7M, $221.5M, $199.6M and $160M for 2024, 2025, 2026, 2027 and 2028 respectively, aggregating to $1.13B over the 5 years.

To fund the major Capital projects of EFL, we need to either:

- Increase the existing Syndicate Banking credit limit but ensuring the lenders covenants are not breached;
- Refinance the Syndicate Banking Facility and look at other concessionary loans available to finance EFL's major projects; and
- Generate internal cash flows via proposed tariff increase via tariff regulatory framework for EFL that came into force in October 2019.

Throughout 2023, we maintained an average cost of borrowing of around 3.22% per annum compared to 4.95% in 2022.

An EFL employee carrying out survey works in the interior of Viti Levu to install hydrometric gauging stations at one of the potential sites identified by EFL

EFL team working on the refurbishment of hydro generating set G4 at Wailoa Hydro Power Station.

PRODUCTION OF ELECTRICITY

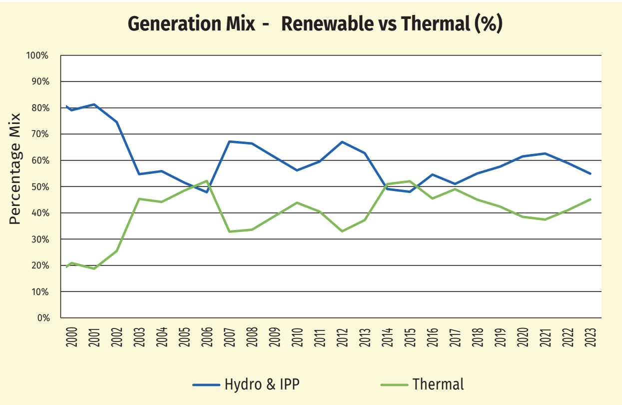
Amongst the Pacific Island countries, Fiji is blessed with natural resources that give us access to renewable energy potential. We have a mountainous terrain, and powerful rivers that flow from the highlands to the sea suitable for the development of Hydro Electric Power.

EFL, in its portfolio of power generation facilities, has a number of Hydro Power plants ranging from 0.7MW to 80MW installed capacity.

These Hydro Power Plants have been developed over the last forty five years and they play a crucial role in the successful generation of clean and environment friendly energy on a daily basis. Not only do they replace expensive diesel generation but contribute to a reduction in our carbon footprint annually. Finally, they also contribute to one of the lowest electricity tariff in the South Pacific which makes Fiji a competitive investment destination.

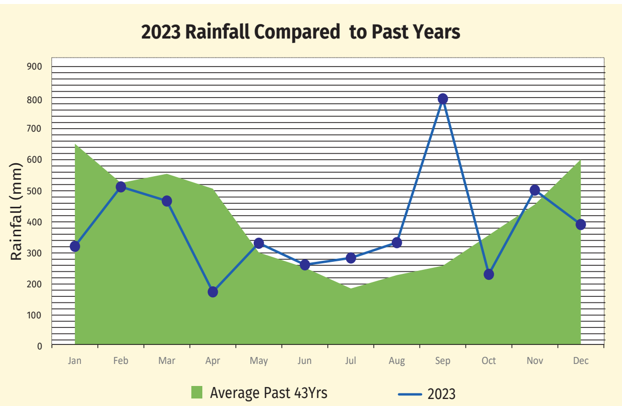
POWER GENERATION MIX

Through our diversified renewable energy portfolio, EFL is walking the talk when it comes to climate mitigation. We are setting an example to the world in renewable energy production, showing how a small island nation can produce power in a sustainable manner that protects our environment and drives our economic growth.



In 2023, EFL's production of electricity from hydro-power was 48.11%, 0.01% from wind power and 6.79% from Independent Power Producers (IPPs), namely Tropik Wood Industries Limited, Fiji Sugar Corporation and Nabou Green Energy Limited who burn biomass for power generation and is considered renewable.

In total, EFL's renewable power stations produced 539.320 million units of electricity (48.11%), thermal power stations produced 505.544 million units (45.10%) and Independent Power Producers (IPPs) produced 76.13 million units (6.79%) of electricity.



HYDRO POWER GENERATION

- **Wailoa Power Station**

  Typically, we expect on average around 400 million units of electricity generation annually from the Wailoa Hydro Power Station as part of the Monasavu Hydro Scheme. In 2023 the station produced 409.723 million units as compared to 461.66 million units in 2022. Wailoa Power Station's highest annual production was 466.76 million units for the year 2012.

  The reduction in 2023 Wailoa generation was mainly due to the following reasons:
  - Below average rainfall received at the Monasavu dam in the first half of the year,
  - Wailoa Generating Set G4 out for Half-Life Refurbishment for twelve weeks.
  - Finally due to Wailoa Genset G3 Circuit Breaker (GCB) becoming faulty, the Wailoa Power Station generating capacity reduced by 18MW for some 3 months before the new circuit breaker was procured and replaced.

- **Nadarivatu Hydro-power Station**

  The annual long-term average output of Nadarivatu Hydro Scheme is 100 million units of electricity. 2023 production was 99.645 million units. The power plant was commissioned in 2012. Production was exceeded over the long-term average of 100M units per annum in the following years:
  - 2018 - 108.74 million units
  - 2022 - 114.33 million units

- **Wainikasou Hydro-power Station**

  The annual long-term average output from Wainikasou Hydro Station is 22 million units of electricity. Actual average, after the (Wainisavulevu) weir-raising project in 2014, stands at 20.389 million units of electricity per annum.

  In 2023, the station production was the highest of 25.601 million units of electricity compared to 18.98 million units in 2022 and 19.25 million units in 2021.

- **Nagado Hydro-power Station**

  The annual long-term average output for Nagado Hydro Power Station is 12 million units. The station has not been in operation since July 2016. It generated no power in 2021 due to replacement work on polyjet valves and SCADA system. The SCADA system and Polyjet valves were recommissioned in September 2021. However, due to low water pressure in the pipeline from the Vaturu dam to the Nagado Power Station, the plant could not operate successfully. WAF consumption has increased over the years, which resulted in drop in penstock pressure. With assistance from EFL Shareholder, Sevens Pacific Pte Limited, we are working with WAF to resolve outstanding issues, such as upgrading the penstock, which will take some time to resolve.

- **Taveuni Hydro-power Station**
  Since the Somosomo Hydro power station in Taveuni was commissioned at the end of 2017. In 2023, the station produced 3.2 million units of electricity. An average annual increase of 9% hydro production has been experienced.

  For 2023, 96% of the total production of electricity at Taveuni was from hydro power generation and 4% was from diesel generation. The annual average hydro production is at 98% and 2% from diesel generation. The increase in diesel production is due to Somosomo hydro G2 PLC issue towards the end of 2023. Working with Hunan (Chinese company) that installed and commissioned the control system is ongoing.

  The demand for electricity increased in 2023, with the Hydro Plant generating 3.23 million units (94.1% of total production) compared to 3.07 million units (97.6%) in 2022 and 2.54 million units (99.7%) in 2021.

BUTONI WIND FARM

The Butoni wind farm generated 62 thousand units of electricity in 2023 saving around $28k in fuel costs for EFL. The nil monthly generation continued from 2022 until later in December 2023 when few wind turbines were put back into operation with the assistance from Vergnet.

The delay in repair to damages caused to the wind farm by Tropical Cyclone Harold is because of the difficulties with getting spare parts due to travel restrictions and stop work during Covid-19. In addition, the insurance claim to compensate for the damaged wind turbines is still in progress to purchase spare parts and hire technical expertise to repair and recommission the wind turbines.

Since its opening in June of 2007, the Butoni wind farm has harnessed the power of the wind to generate a total 56.325 million units of energy, sparing us from burning 12,388 tonnes of diesel fuel, equal to 38,255 tonnes of harmful carbon emissions.

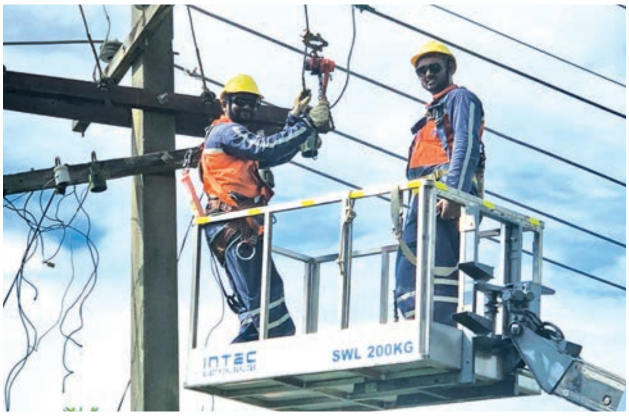
THERMAL GENERATION

Our thermal power stations continue to play a critical role as part of our energy mix, generating over 45.10% of our energy requirements in 2023. Our thermal power stations generated 505.54 million units in 2023 as compared to 410.27 million units in 2022.

The increase in thermal generation was due mainly to lower water level at Monasavu dam for the first half of 2023 and increase in electricity demand. Additional 65MW of mobile diesel generators were hired from Aggreko (NZ) to ensure that there was sufficient generation capacity to meet the Vitilevu demand in anticipation of a prolonged spell of dry weather in 2023.

RELIABLE POWER: A COMFORT TO FAMILIES AND A CORNERSTONE FOR DEVELOPMENT

The Fijian economy is continuously progressing and EFL is keeping pace with the evolution towards a digitalized economy and a Smart Grid. EFL has continued its investment to reinforce the power system to enhance reliability and security of Fiji's power supply, in line with international benchmarks for power utilities of similar size and orientation.



EFL also continuously investigated faults on its power network, as identified and made recommendations for improvement. Immediate actions were taken by the relevant taskforce within EFL to rectify these issues and improve general power supply reliability.

Allowing aging assets to operate without timely upgrading and repair creates unacceptable high costs over the long term, especially given that some of our power distribution systems have been in service for more than 50 years especially in the Suva city and nearby suburbs.

EFL is pro-actively carrying out upgrade and repair works across the national grid to ensure our assets are fully capable of servicing energy demands and are protected against catastrophic failures. We are carrying out live-line maintenance of power lines at all voltage levels, managing growing vegetation, and deploying appropriate technology to detect and repair defects and restore power in extreme circumstances.

EFL also spearheads the replacement of assets, where necessary, in order to ensure that our grid has the capacity to consistently meet the nation's energy needs.

During 2023, EFL achieved a System Average Interruption Frequency Index (SAIFI) of 3.89 times, compared to 4.23 in 2022.

Furthermore, we achieved a System Average Interruption Duration Index (SAIDI) for controllable power outages of 215 minutes, compared to 239 minutes in 2022. This means on average, each customer faced an interruption to power supply 215 minutes (3.58 hours) in the year 2023 which improved slightly compared to 2022.

A PROGRESSIVE ELECTRICITY GRID

Increased Access to electricity is one of the major goals EFL strives to improve on each year in association with the Ministry of Works & Ministry of Finance. Electricity is needed to boost the economy as a major backbone in the Commercial & Industrial Sectors and enhancing livelihoods and lifestyles in the rural communities in Fiji.

A total sum of FJ$26.5Mlillion was authorized for the rural, commercial/industrial, system reinforcement projects and contract works as at 31st December 2023. Included in this was $12.54M worth of Rural Extension Projects enabling access to 1,158 customers in rural villages and settlements.

Record of EFL Infrastructure continued in 2023 and allowed its GIS Team to capture 98.6% of Network Assets.

POWER SYSTEM STUDIES & PROTECTION

In order to operate a Power System effectively, it is paramount that any National Power Grid's Protection System is working at its optimal best to ensure faulty equipment and circuits are isolated effectively to minimize asset damage while at the same time trying to minimize customer outages at all times.

33kV protection upgrade at Sigatoka Substation which commenced in year 2022, continued in 2023 with two (2) Transformers, two (2) Generators and two 33kV Circuit panels already commissioned. The Bus Section panel was commissioned in August 2023.

On-site testing of protection relays, CTs, VTs and protection schemes have been conducted for Wailoa G4 under the Wailoa Half Life Refurbishment project. Tie line 2 protection scheme testing was conducted in the first week of October 2023.

Due to the implementation of additional 65MW gensets as part of the Contingency Plan in 2023, review to the existing protection settings for 11kV Generator circuit breakers was implemented at Deuba, Rokobili, Qeleloa and Nadi Power Stations. Generators at Pineapple Corner Substation, Rarawai Substation and Kinoya Power Station were commissioned in December 2023 as part of Phase 2 of the contingency plan.

The Waitolu 33kV/11kV Zone Substation was successfully commissioned and was fully online by August 2023 and the System Studies & Protection Team also had an important role to play in this via successful testing and commissioning of Protection Relays for Lines, feeders and transformers

ENERGISING A RECORD NUMBER OF FIJIANS

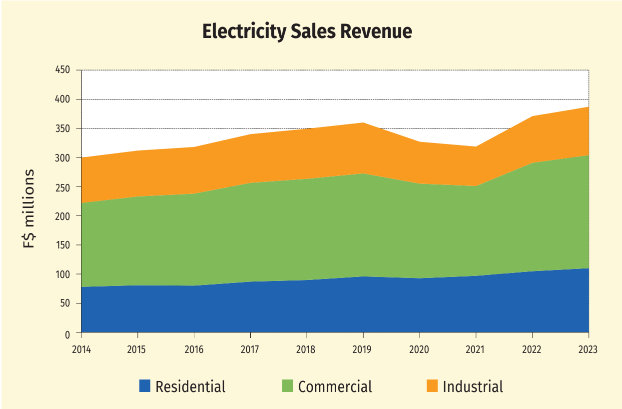
As Fiji had experienced an unprecedented economic growth in the last decade, more Fijians are expected to enjoy a higher standard of living and a thriving business environment and as a result our nation's demand for energy is expected to boom.

As a result of forward planning and prudent management, EFL stands ready to meet these growing needs. In 2023, our total number of customers increased from 214,628 to 219,853 an increase of 2.43%.

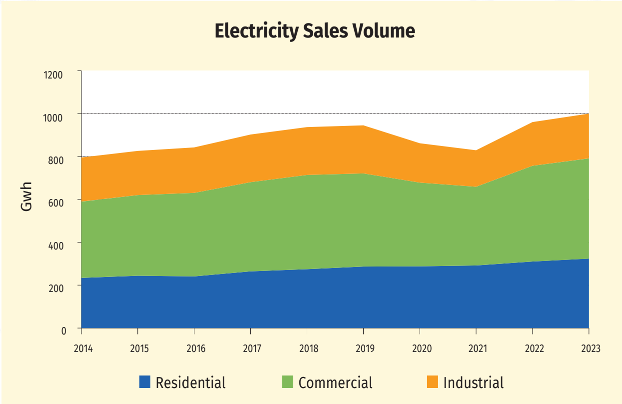
This record-breaking customer base is made up of 55,032 prepay customers and 164,821 post-pay customers, compared to 53,136 prepay and 161,492 post-pay customers in 2022.

A further breakdown of these customers reveals the following stats:

- At the end of 2023, we had 107 large-scale industrial customers,
- At the end of 2023, we had 20,134 commercial customers,
- At the end of 2023, we had 199,612 domestic customers (including private residences, places of worship, other institutions and streetlights).



The effect of Covid-19 started to ease off in 2023, as our growing customer base was justified by the increase in national demand for energy; 2023 saw a 7.32% increase in demand, expanding from 961.3 million units in 2022 to 1,031.7 million units in 2023.



FIJI GOVERNMENT SUBSIDY TO LOW-INCOME FIJIAN FAMILIES AND SCHOOLS

The Fijian Government provides financial assistance to low income Fijian families by subsidising the first 100 units of electricity consumed by these families monthly. All Fijian families whose combined household income is $30,000 or less per annum qualify for this financial assistance.

The normal domestic electricity tariff is 34.01cents per unit VEP. For the first 100 units of electricity consumed by qualifying Fijian families, the government will contribute 48.05% and the customer will pay 51.95%.

Furthermore, the Fijian Government provides financial assistance to primary and secondary schools by subsidising the first 200 units of electricity consumed by these schools. The normal tariff applicable to schools is 34.01 cents per unit VEP. For the first 200 units consumed by the schools monthly, the Government will contribute 37.78% and the schools will pay 62.22%. A total of 1,009 schools benefited from this subsidy in 2023.

A newly-restructured subsidy scheme was introduced in August 2017 and has since been aggressively publicised to eligible families, including during the company's free share offering. This campaign resulted in an increase of 5,280 subsidized customers in 2023, meaning an impressive 61,078 Fijian households now have access to highly-affordable electricity.

DEMAND-SIDE MANAGEMENT

To ensure that our customers are billed fairly and correctly, it is critical that EFL's electricity meters are functioning accurately; that's why we're undergoing an ambitious metering equipment testing and verification project. This initiative is targeted at Fiji's larger commercial and industrial consumers and is carried out in batches of 100 customers each year.

We also carry out scanning of meters and metering equipment installed at customers' premises and pro-actively recommend corrective measures and carry out upgrading works where necessary. In addition, to help customers become more responsible and efficient in their use of energy, technical advice and billing data are made available.

EFL periodically checks customers' installations to ensure that the installations' loads comply with the power factor requirements as stipulated in the Electricity Act. A Penalty is imposed on those customers who uses excessive reactive energy.

To keep par with technology, an Automatic Meter Reading (AMR) pilot project has also been implemented whereby energy meters are read remotely for billing purposes. 2,500 AMR meters were deployed in the Central and Western division in 2023.

CONSUMER SECURITY DEPOSIT

Based on changes in our customers' consumption patterns, a review of their consumer security deposits are carried out periodically to ensure that sufficient deposits are held as security by EFL. Customers currently have the option to either pay their consumer security deposit in cash or provide a bank guarantee to EFL. The interest on consumer security deposits has been paid in accordance with Section 20 (3) of the Electricity Act 2017 and this commenced from Quarter 4, 2019. The interest on consumer security deposits is paid every quarter and is credited directly against the customer's electricity bill.

CUSTOMER ENGAGEMENT IN A DIGITAL ECONOMY

In the age of technological advancement and digital economy, the demand to have electricity at home and commercial premises has rapidly increased. Consumer expectations of the EFL delivery timeline have shifted from the norm. The customer expects a personal relationship that offers value wherever and whenever they are ready to engage. With this change in customer behavior, EFL turns to improve its customer engagement through Digital Transformation. It is also boosting productivity, exposing EFL to new innovative ideas, technologies, new business models, and creating new channels of market and communication convenience to suit the change. For EFL's valued customers, the benefits are associated with more access to the services at any time of the day and from the comfort of their homes, offices, or wherever they may be.

In light of Digital Transformation, EFL has introduced a quick bill check field on the EFL official website , where customers can just type their account number and they will get their bill balance and due date. This field has become the most popular visit page (average of 20,000 clicks per month) on the EFL website. This has saved time for customers in calling our helpdesk for bill balance queries.

Enhancing paperless processes, EFL has greatly improved its internal process where EFL is exploring

EFL welcomed the Deputy Prime Minister and the Minister for Trade, Co-operatives, Small and Medium Enterprises & Communications – Hon. Manoa Kamikamica and CEO Investment Fiji at EFL Head Office in Suva and made presentation on the electricity business.

handheld tool for the fieldworkers. This would help greatly in auto updates to customer's app, complaints and permits to their apps. This process is being transparent and accessible by any Customer Services Representative (CSR) for customer's feedback.

EFL has also introduced bill reminders and notification via emails. Customers who have their email addresses registered on their accounts will automatically get these bill reminders and notifications. The Bill Care Card has their account details through barcode and can be scanned through our cashier and our third-party cashiers for payment. Customers do not need their hard copy statements as they can use these easy-access card payments accordingly. The wallet size Bill Card is convenient to use. The percentage of post-pay customers on ebill as of December 2023 is 62%.

As for quick and fast awareness, EFL continues to exploit on SMS texting platform to reach its customers for awareness on planned and unplanned power outages, bill reminders, no meter access reminders, and any other awareness created for EFL's customers.

In addition to this, EFL has also activated a Facebook page for the convenience of its customers to communicate directly with EFL. Safety and Risk messages are also being displayed on the Cashiers Price Checker display screens at all Carpenters outlets. On the other hand, we still have the following channels for customers to reach us for enquires and complaints:

- Helpline 24/7: 132333 | Mob: 5333 | Emergencies: 913
- Get bill copy: Noqu EFL App
- Get bill balance and due date: dial *1333# at 18cents per text
- Chat with us on www.efl.com.fj

CUSTOMER CARE CENTRES

Knowing and understanding customer needs are at the centre of every successful business. Once you have this knowledge you can use it to improve your customer satisfaction level and customer retention. There are a total of nine (9) Customer Care Centres across Fiji currently.

Bill Payment via EFTPOS is an additional service to all EFL remote stations to help customers pay their electricity bills. Customers still have the option to make payments via cash, cheque or EFTPOS through Carpenters Max Val-u agents, including online channels and other agents authorized by EFL. EFL has co-shared 3 Customer Services Offices with Water Authority of Fiji so far for better customer experiences to both the organizations and are currently working to expand this strategy in the next few years for a one stop bill payment shop.

The digitalisation of our Customer Services office will greatly benefit all EFL customers and also the Electrical Contractors who can now lodge their permit for new applications, broken service mains or meter upgrades etc. from their office at the various locations without delay. Customers and Contractors have now the option to send their applications via emails with all the supporting documents and do not need to visit the EFL centres.

A total of 157,103 customer visits were made to our Customer Care Centres in Central, Western and Northern divisions in 2023. This is a decrease by 13% from 2023 and is largely due to the online channels and change in internal processes.

2023 is the fifth year EFL has successfully processed the 5% non–voting shareholders to qualified domestic account holders, and these customers were distributed dividends after approval from the EFL voting Shareholders.

CUSTOMER SATISFACTION SURVEY

To establish the present level of customer satisfaction with regards to EFL's customer services, EFL conducts a customer satisfaction survey every year to gauge how EFL customers rate our services and their views are important to EFL to improve our Customer Services and bring it to another level. Survey forms are normally included in the October bills as bill inserts and also available at all Customer Care Centres and Online facility. EFL had conducted visits to rural villages and settlements to conduct awareness and at the same time, conduct survey with customers. EFL has added extra two channels for communicating with customers to fill the Survey and these are broadcast through Noqu EFL App and SMS. As an appreciation of customer commitments, customers have to answer six (6) questions, also have a chance to go into the draw to win cash prizes. 1st prize is $1,000, 2nd prize is $500 and 3rd prize is $250. Consolations prizes are also given to customers and these include EFL T/shirts and EFL Caps. Winners will be randomly selected by an approved drawing website. In 2023, our target was to achieve customer satisfaction ratings of 93.5% for residential customers and 94% for commercial and industrial customers which we have achieved.

CONTACT CENTRE

2023 was another exciting and challenging year for the EFL Contact Centres.

Over the years, we have experienced adverse weather conditions and an active cyclone season which resulted in unplanned power outages. With offices in Suva and Vuda open 24 hours a day, seven days a week, EFL's contact centres were available to help Fijians with their electricity needs throughout it all, simply by dialing "132-333" or through the EFL short code, "5333". Over the course of the year, our Contact Centers deftly managed flows of information from hundreds of thousands of customers ranging from diverse field of topics, including questions about free EFL shares, Government Rural Electrification Schemes, the revised 2017 electricity subsidy, review of consumer security deposits, disconnection and reconnection of electricity accounts, prepay customer issues, e-billing facilities, new connections, the "Noqu EFL" portal, and planned and unplanned power outages. In total, we received 374,164 calls during the year, or an average of 31,188 calls each month.

EFL has also introduced two new features in the Contact Centre where as soon as there is a major unplanned power outage, an announcement concerning this outage will be activated on the main incoming lines 132333 and 5333. A call back message facility has also been introduced for customers that cannot wait in the Queue. Customers will leave their name and contact details and a CSR will call them back.

When it comes to customer service, EFL's measure of success is based on timeliness; for that call volume, our benchmark is that 80% of total calls to be answered within 20 seconds. Even with 2023's high volume of calls, our Grade of Service (GoS) for 2023 was 89.7% of the total calls answered within the 20 second mark, with only 4.3% of calls being abandoned.

BILL PAYMENT FLEXIBILITY THROUGH PREPAY

Fijians living in our most rural communities often don't have access to the same payment methods that too many of us take for granted in the cities and towns; for them, the ability to post-pay their monthly bills may be difficult or impossible. Meanwhile, these customers still deserve the same access to electricity that is enjoyed by the rest of the country. That's why EFL is constantly seeking financially innovative solutions that ensure all Fijians are able to keep the lights on. Our prepay system is one such solution, granting rural customers the freedom to pay for their electricity when it is needed simply by visiting their local vendor to pay for tokens and then inserting the tokens in their EFL installed prepay meters, or, alternatively, paying using their mobile phones. We are proud to serve a total of 55,032 rural customers on prepay meters in 2023 –– 1,896 more than the year 2022. This increase in number came about because of a new project initiated where certain rural areas with Post pay meters were changed to prepay meters.

Customers purchase digital electricity tokens from the comfort of their homes, simply by using either Vodafone M-Paisa or Digicel mobile wallet platforms and sending an SMS text to receive a token. To accompany this digital evolution and ensure a smooth transition, EFL engaged prepay customers in an educational campaign that guided them through the new process.

A CLOSER CUSTOMER CONNECTION

At EFL, we're constantly striving to keep our customers ahead of the curve when it comes to new developments in the energy sector. While we have implemented Digital Transformation, EFL hasn't forgotten those customers who are not tech-savvy or those who do not have access to our online or over the phone services. We continued our efforts to raise awareness on energy safety and savings through a nation-wide series of presentations that were conducted in schools and communities. We maximize exposure of our safety messages by printing them on electricity bills and bill inserts. SMS texting was also to remind customers of bills that are overdue and need to be paid. EFL's Facebook page and website added to our communications mix to actively inform our customers of any planned and unplanned power outages.

With more than 50% queries received daily are based on bill balances and due dates, EFL has got "Noqu EFL App" available on Google play store for customers to download and use for free. We also continued to grow a paperless e-billing system, allowing customers to sign up to receive their monthly bill statements via email. All digital account management and oversight are centralized on the "Noqu EFL" portal, which grants customers the ability to monitor their electricity usage online and compare month-to-month rates, adding a new level of convenience and cultivating electrical energy literacy.

Our easy-to-use "913" emergency hotline was also available for Fijians to call for help in case of hazardous power-related emergencies. 31,451 total calls were received in 2023, of which 11,169 were determined to be genuine emergencies and which were dealt with promptly and appropriately from our National Control Centre in Vuda.

In line with our overall customer focus strategy to remain easily accessible to our customers whenever they need us, EFL also introduced mobile short code "5333" to its customers. This easy-to-remember, fourdigit number ensures that our customers will be able to get in touch with EFL in a more expedient manner, operating 24 hours a day, and seven days a week. By dialing 5-3-3-3, mobile users can lodge complaints and inquiries, manage their billing, and alert us of power outages in their areas. Already covering the vast majority of Fijian mobile users, connectivity is currently offered through Vodafone, Digicel and Ink at normal mobile-to-mobile rates, with EFL actively exploring partnerships with other telecommunication networks.

With all the digitalization initiatives, EFL continues to visit customers in villages and settlements to keep them abreast with the new developments which they can use from the comfort of their homes.

INFORMATION TECHNOLOGY

Despite the substantial burden that the exponential rise in fuel price put on the organization, service delivery to both internal and external customers was not compromised. It is evident in the Operational Performance of the organization.

This further highlighted the critical nature of IT in the business of EFL in that it directly impacts and affects the business in terms of cost-benefit, efficiency improvements, better customer service delivery and overall business performance.

With the key objective "to explore the integration of business applications to reduce operating costs and minimize business risks", EFL progressed with the sourcing of a suitable Computerized Maintenance Management System (CMMS) by going to market and identifying a suitable partner. The final phase is in progress with the target completion of the overall project in the latter part of 2024.

To achieve the above-mentioned IT Strategic Objective, these other key projects also continued in 2023:

- The upgrade of the Financial Management Information System (FMIS) – Phase 2 has been completed with the satisfactory conclusion of the due diligence and sign-off on the detailed scope of works. The third and final Phase officially began in December 2023 and is on schedule for completion in 2024.

- Automated Meter Reading (AMR) – the Pilot Project commenced in December 2022 with the implementation of communication equipment. The pilot install targets to implement a total of around 2,500 smart meters in Denarau in Nadi, Deuba in Navua and Namadi Heights in Suva and this is targeted for completion in 2024.
- Upgrade of EFL's Billing and Customer Information System (BCIS) – in December 2023, the Project team successfully concluded the review of the internal processes to finalize the scope of works. The project is scheduled to commence in 2024 upon the finalization and approval of the project proposal received from the systems vendor.

Cybersecurity continues to be an ongoing challenge and EFL continues to engage with similar entities and security vendors, domestically as well as in the region, to collaborate on the latest Information Security threats and sharing knowledge & strategies to reduce the risk of exposure of IT Systems to ensure data integrity, security, and availability of all Business Applications.

REGULATORY UNIT FUNCTIONS

EFL continued to carry out its Regulatory functions as agents of the Regulator – the Fijian Competition & Consumer Commission (FCCC).

EFL's Regulatory Department is made up of over 80 team members who are tasked with enforcing compliance of the Electricity Act & Subsidiary Regulations. These include but not limited to:

- Licensing & renewal of electrical wireman & electrical contractors
- Electrical Incident/Accident Investigations
- Testing of Electricity Meters to be used on the EFL grid
- Inspection and Connection of new installations to the EFL grid, as well as inspection of off-grid installations as and when required.

The Achievements of the Regulatory Unit for the year 2023 were as follows:

i) New Connections

There were a total of 5,620 new customer installations which were successfully inspected and connected to the EFL grid in 2023. This total consisted of 4,625 domestic connections and 995 commercial connections.

ii) Meter Testing

10,486 electricity meters were tested in 2023 on EFL's two (2) Meter Test Stations in Kinoya, Suva & Navutu, Lautoka. This surpassed the target of 10,000 and of these, 10,220 were single phase meters and 266 were three (3) phase meters.

iii) Public Safety Campaigns

More awareness and public releases were made during 2023 – educating the general public on the importance of using licensed electrical contractors. These campaigns were also carried out during rural electrification schemes in different villages and settlements nationwide when connecting new customers to the EFL grid.

Illegal wiring and shoddy workmanship through the use of unlicensed and unskilled electricians are still prevalent in a lot of areas particularly in informal communities, which cause unfortunate mishaps such as electrocution as well as electric shock cases.

Risk and Safety videos are also being displayed on all Carpenters Supermarket's Cashier display screen as part of awareness to the public.

iv) Continuing assessments for electrical wireman & electrical contractor license renewals

Annual written assessments for renewal of electrical contractor's licenses and electrical wireman's licenses continued in 2023. This ensured all electrical wireman and electrical contractor reps were up to par with current standards and international best practice for electrical wiring to ensure all wiring is carried out safely and in compliance with relevant standards.

The unit was able to carry out its electrical Wireman's License Examination twice this year being in May & November which gave unlicensed electricians, who have had a lot of experience over the years, a chance of becoming a licensed wireman through strict compliance to the Electricity Regulations

v) Generator Installation Inspections

This year a total of Fifty-Two (52) generator installations were inspected and connected to the EFL grid. Of these, Twenty-Eight (28) were standby/backup generators, and the remaining Twenty-Four (24) consisted of twenty two (22) grid-connected solar installations and two (2) off-grid solar installations.

Since 2022, the inspections of off-grid and outer island generator installations are gradually being carried out by the Fijian Competition & Consumer Commission (FCCC) as their technical arm has been reinforced. This allows our Inspectors to concentrate more on our own grid connected installations.

vi) House Wiring Project Management

Since 2022, EFL has been managing the house wiring projects for Rural Electrification Schemes which the Government pays for.

The house wiring project team comprises of skilled Project Technicians in the three main regions. This function had been previously carried out by the Department of Energy, however, in 2022 the house wiring of New Power Line Construction Projects was offloaded by the Department. For the year 2023, a total of 134 installations were connected to the EFL grid under the house wiring projects managed by EFL.

UPGRADING AND EXPANDING OUR TRANSMISSION NETWORK

The manufacture of new circuit breakers and voltage transformers for the four 132kV/33kV transformers at the Vuda and Cunningham Road zone substations were completed in 2023. The equipment has been delivered to EFL in 2023. Installation and commissioning of these equipment is scheduled to be completed in 2024, facilitating an improvement in the protection of the 132kV/33kV power transformers at the Vuda and Cunningham Road zone substations, and enhancing the security of the Vitilevu Integrated System (VLIS).

Work commenced on the upgrade of the 132kV mimic panel at Wailoa zone substation. Design review of the equipment was carried out in 2023. Manufacture of the mimic panel has been completed and the item is expected to be delivered to EFL in early 2024, following which installation works will be programmed. This project is scheduled for completion in 2025.

Replacement works for 132kV disconnectors/isolators/earth switches in EFL's power system has been delayed due to global supply chain disruptions. At this stage this project is expected to be completed by mid-2025.

Rust refurbishment work on the lattice steel towers along the 132kV transmission line continued in 2023 with work being completed on 26 towers. Work continued on the assessment of the condition of the towers which are yet to undergo rust refurbishment in order to develop tender packages for the rust refurbishment work and the associated access road works. The entire rust refurbishment project is expected to be completed by 2027 at a cost of around $40M.

ZONE SUB-STATION UPGRADING

Work continued on the nationwide upgrades to EFL's network infrastructure, increasing the capacity of substations and laying the groundwork to meet Fiji's growing demand for energy. Progress was, however, affected by the limitations imposed as a result of shortage of skilled and experienced personnel. Preparatory works were carried out for the upgrading of 33kV/11kV transformers at the Tavua and Waqadra zone substations, and these are targeted for commissioning in 2024 and 2025 respectively.

ESTABLISHMENT OF NEW ZONE SUB-STATION

The new 33kV/11kV Gusuisavu zone substation at Waitolu was commissioned in 2023. This project was implemented to cater for the Water Authority of Fiji's new Viria Water reticulation scheme. It will also ensure security of the existing power supply in addition to catering for increase in demand in these areas.

ESTABLISHMENT OF NEW 33KV TRANSMISSION CIRCUITS

The construction and commissioning of a new 33kV transmission circuit from the 33kV Vuda zone substation to the 33kV Naikabula zone substation was completed in 2023. The establishment of this circuit increases the power supply capacity in the Lautoka area and will cater for increasing demand in the area.

The construction and commissioning of a new 33kV transmission circuit from the 33kV Sawani zone substation to the new 33kV Gusuisavu zone substation was completed in 2023. The establishment of this circuit allows for the transmission of power supply for the new water reticulation project for the Water Authority of Fiji.

HUMAN RESOURCES

Our People Asset Base. EFL's Eight Hundred and Eighty-Three (883) employees have been its biggest asset base with each employee coming from a very diverse background and different cultures in complimenting the organization with a rich talent pool. Human Resources Division reviewed and strengthened its Strategic Human Resources Development Plan 2023 - 2025 for a greater engagement of its employees. The unwavering commitment by our employees has ensured that the Human Resources Division continues to motivate and inspire the employees to deliver par excellence performance and in return for such an excellent performance, the organization continued to recognize its employees.

Succession Plan.

EFL commenced with its Succession Plan post a very thorough Training Needs Analysis in the previous year for its Managers, Engineers and Team Leaders. EFL has drawn a set plan for both soft and technical skills for developing and nurturing talent internally and where applicable promote our employees internally first.

Celebration and Employee recognition.

EFL Vuvale Sports & Fun Day themed "Let us Meet" was held in the Western Division at the Namaka Public School grounds. One thousand four hundred (1,400) employees, their families and our former employees participated in the day long event which was filled with fun and games for all age groups and the program concluded with the Employee Recognition Awards i.e. Zero Sick Leave and Employee of the Quarter. EFL Vuvale Sports & Fun Day is an annual event in the EFL calendar as this program gives us an opportunity to reconnect with the Vuvale.

EMPLOYEE RELATIONS

Employment & Industrial Relations Plan 2023 - 2025 acts as our guide in executing various employee related programs with the sole objective of a sustainable and harmonious employee centric organization. Each year the plan has been executed with its own set of innovative programs.

Employee Engagement Survey, our first Employee Engagement Survey, was run online from 28th August 2023 till 15th September 2023. A total of 865 (100%) employees (at the time of survey) participated in the Employee Engagement Survey.

Our Values Training was in the research and development phase for over 2 good years. The HRSBA Team brought a new dimension to the Training Package that would give a renewed and fresh look to a management training to our employees. Eighty-Seven (87) percent i.e. 725 of our employees underwent the one (1) day training.

Celebrating Our Cultural Festivals saw a new initiative taken by the EFL Management whereby the organization contributes $7 per employee for three (3) major festivals i.e. Eid, Diwali and Christmas. These funds are then deposited into the three (3) regions Social Club managed by a Team of Committee Members. The organization took the initiative as part of its greater responsibility towards building a resilient and harmonious community through its employees in ensuring a multicultural and multifaith learning from each of the significant festivals. Celebration of this magnitude also gives an opportunity for our employees to create a better collaboration amongst its Teams.

EFL Vuvale Sports & Fun Day was held in the Western Division at the Namaka Public School in Nadi.

Hospitalization Visits and Baby Shower program has been associated with EFL for good 11 years now. The respective SBA and Human Resources Team visited a total of five (5) of our Vuvale who were admitted in the Hospital with $50 worth of fruit basket. Our EFL Vuvale welcomed seventeen (17) new members (babies) to the family. Both the SBA and the Human Resources Team make a personal visit to the homes with a $100 worth baby hamper pack. For both the programmes EFL contributes the respective amount.

HEALTH AND SAFETY

Safe Production & Zero Injuries. Our commitment to create a safe and a healthy work environment has not only been a very challenging journey but an opportunity to ensure that our Vuvale is safe at all times. Nine hundred and twenty (920) safety visits to various EFL worksites by the Health & Safety Team is an indication that the role of Health & Safety only adds value in carrying out the responsibilities.

The Health, Safety and Well-Being Strategic Plan 2023 - 2025 acts as our internal guide in executing a holistic plan across the organization in very close collaboration with our Ten (10) Health & Safety Committees and Thirty-Five (35) Safety Teams. The result of achieving the above success story is based on sustaining our Loss Time Injury Duration (LTID) at four (4) against the benchmark to the Australian Standard of four (4) days and sustaining our Lost Time Injury Frequency (LTIF) at 4.26 against the benchmark to the Australian Standard of five (5) times.

23rd World Congress on
Safety and Health at Work
Sydney 2023

23rd World Congress on Safety and Health at Work was held on 27th - 30th November 2023 at the International Convention Centre (ICC), Sydney, Australia. Fiji and Energy Fiji Limited played a greater part in ensuring that the World Congress includes Fiji and the Pacific in their Fellowship (fully funded) Program. The World Congress provided an opportunity to gather and connect with global leaders in safety and harm prevention from over 120 countries with 3,000+ delegates to exchange ideas, gain insight into the latest research and discover innovative solutions for our workplace while building strategic alliances and partnerships to advance work in health and safety. Seven (7) personnel from EFL were selected under the Fellowship Program to attend the World Congress.

Employee Engagement Survey. The Employee Engagement Survey, that was carried out in August 2023, gave an approval rating to Health & Safety's engagement program with the Vuvale at 98.62%. The approval rating indicates how EFL sees the importance of Health & Safety business in its real execution with the employees, in creating a greater sense of responsibility for the same approach to be implemented to the employees families and the community that each of our Vuvale come from.

Health & Well-being in ensuring that EFL has a healthy workforce, an investment in a mini world class gym facility was opened at our Kinoya Depot in November 2023. EFL is slowly rolling its mini world class gym facility to other Centres in the following years. EFL has continued in partnership with our Insurance Broker, Marsh and our Medical Insurer, FijiCare in providing free health care screening and roadshows on yearly basis.

Benchmarking. In order to sustain our existing good practices and to further develop it to meet futuristic better practices, a four (4) member delegation was attached to the Tasmanian Networks Pty Ltd (Tas Networks) in Tasmania, Australia for two (2) weeks. The objective was to understudy the operational facets in the fields of health and safety, training, human resources, innovation, technological advancement and human resources management.

LEARNING & DEVELOPMENT

Training Plan 2023 was strategically implemented for capacity building across the organization. The Training Team was actively engaged in the field with the learning and development phase of each skill set resulting in spending 59,584 hours of Training. In continuing to embrace the digital platform, Moodle platform was further enhanced with improved usage rate.

Grants Scheme - Leading Fiji - Since its inception over half a decade ago, Energy Fiji Limited's Training Department, operating under 'Method A,' Scheme has consistently secured 100% grants claim for the fifth consecutive year in 2023. This achievement highlights a very systematic and robust commitment to advancing sustainability and enabling employees to attain personal and organizational goals.

Power Grid Corporation of India Limited. The General Manager Human Resources and the Manager Training visited the Power Grid Corporation of India Limited, Head Office in Delhi, India for 5 days in order to benchmark, collaborate and share knowledge as part of the Human Resources Development Program in the areas of Innovation, Automation and SCADA, In-House development of software applications, National Transmission Control Centre - training and consultation, Emergency Response Strategies - equipment and techniques and to establish further partnership in the areas of Expert Training under the Indian Technical and Economic Cooperation Programme (ITEC). The Government of India, sanctioned and sponsored three (3) major Trainings (Transmission Line Design, Design of Substation and Operations & Maintenance of Substation) via Power Grid at a cost of USD$80,000 and some 38 personnel participated.

Japan International Cooperation Agency (JICA) continued to collaborate via specialized trainings in Hybrid Power Generation System, Renewable Energy, Energy Policy, and Power Distribution Grid. This engagement enhanced the team's knowledge and skills and some 12 personnel participated.

Empowering Women - EFL committed to supporting women in the Energy Sector, therefore, three (3) female participants attended three (3) workshops throughout the year in the United States Energy Association (USEA) Female Leaders in Energy (FLIE) Workshops.

Innovation - 90% of our workforce is now part of the sixty-four (64) Innovation Teams. In the last 4 years innovation has been part of the organizational culture. The transition of teams to the Research and Development stage marks a very significant step in turning innovative ideas into practical solutions.

Energy Fiji Limited became a Professional Member of the International Federation of Training and Development Organization (IFTDO). IFTDO was founded in Geneva, Switzerland in 1972 in order to develop and maintain a worldwide network committed to the identification, development and transfer of knowledge, skills and technology to enhance personal growth, human performance, productivity and sustainable development. IFTDO is the most multinational, multicultural Training and Development Organization in the world. IFTDO is a highly diverse network of human resource management and development organizations globally, linking HR professionals. IFTDO currently represents more than 500,000 professionals in over 30 countries.

IFTDO's vision is to be a unique and effective resource to the HRD profession working GLOBALLY for the betterment of life. IFTDO has as its fundamental and driving mission, to promote the concept of HRD as an effective tool, across all sectors of society, in order to increase personal and organizational effectiveness.

Apprenticeship - EFL's Apprenticeship Training program is aimed at developing talent internally involving 80 Apprentices. The program features key components such as the Apprentices Development Program (ADP), Apprentices Mentorship Program (AMP), and Apprentices Alumni Program (AAP). The Training Department enhances the learning experience with Trainee Line Mechanic program embedded in the Apprenticeship Program internally and this training provides practical knowledge to Apprentices before pursuing the on-going academic qualification. Under the ADP, we have brought in on an annual basis the Apprentices Sports Day and Awards Night program. This ensures that in each of the three (3) regions, the Apprentices have a Social Club independently operated by the Apprentices in holding Office bearer positions, leading to leadership cultivation, managing finance of their own Club, leading to growing up to learn financial management principles, foster good camaraderie, recognizing achievements and reinforcing EFL's commitment to cultivating a skilled and cohesive workforce.

SUPPLY CHAIN FUNCTIONS

Since the pandemic we've worked hard to ensure there was no shortage of resources to meet the expectations of new customers/new developers who on a daily basis apply for power supply for their developments. This was achieved successfully and all the credit goes to the EFL management, support staff and the stake holders. Contingency plan were put in place to counter the longer lead days and avoid getting stock outs. This has meant planning to develop a more diverse and resilient supplier base. This year our supply chain was influenced more by the adverse weather conditions and increased scarcity of skilled labor, local supplier availability and critical resources. In some instances it has been difficult to get contractors to carry out the underground cabling works and accessing sites due to the roads being cut-off by flooding or landslides. We worked with authorities and our partners to find solutions, and built longer timeframes into our schedules.

SUPPLY CHAIN UNIT

The Supply Chain Unit is the doorway through which purchases of any goods and services are carried out including the management of Inventory within EFL.

2023 saw the Supply Chain Unit continue its ongoing focus in optimizing performance in critical operational areas, including 'just-in-time' Procurement of Goods and Services (including tenders and contract management), and Inventory Management.

This was achieved by specifically implementing action plans for the following key strategic objectives designed to provide improved output to EFL's internal and external customers:

- FASTER: Increase speed of delivery of goods and services.
- BETTER: Improve quality of goods and services.
- MORE AFFORDABLE: Reduce costs of providing goods and services.
- PLAN and MANAGE: supply chain disruption

SUPPLY CHAIN UNIT 2023 PERFORMANCE OUTCOMES

Given the corporate and aligned divisional objectives, the following primary outcomes were achieved in 2023:

i) Procurement of Goods & Services:

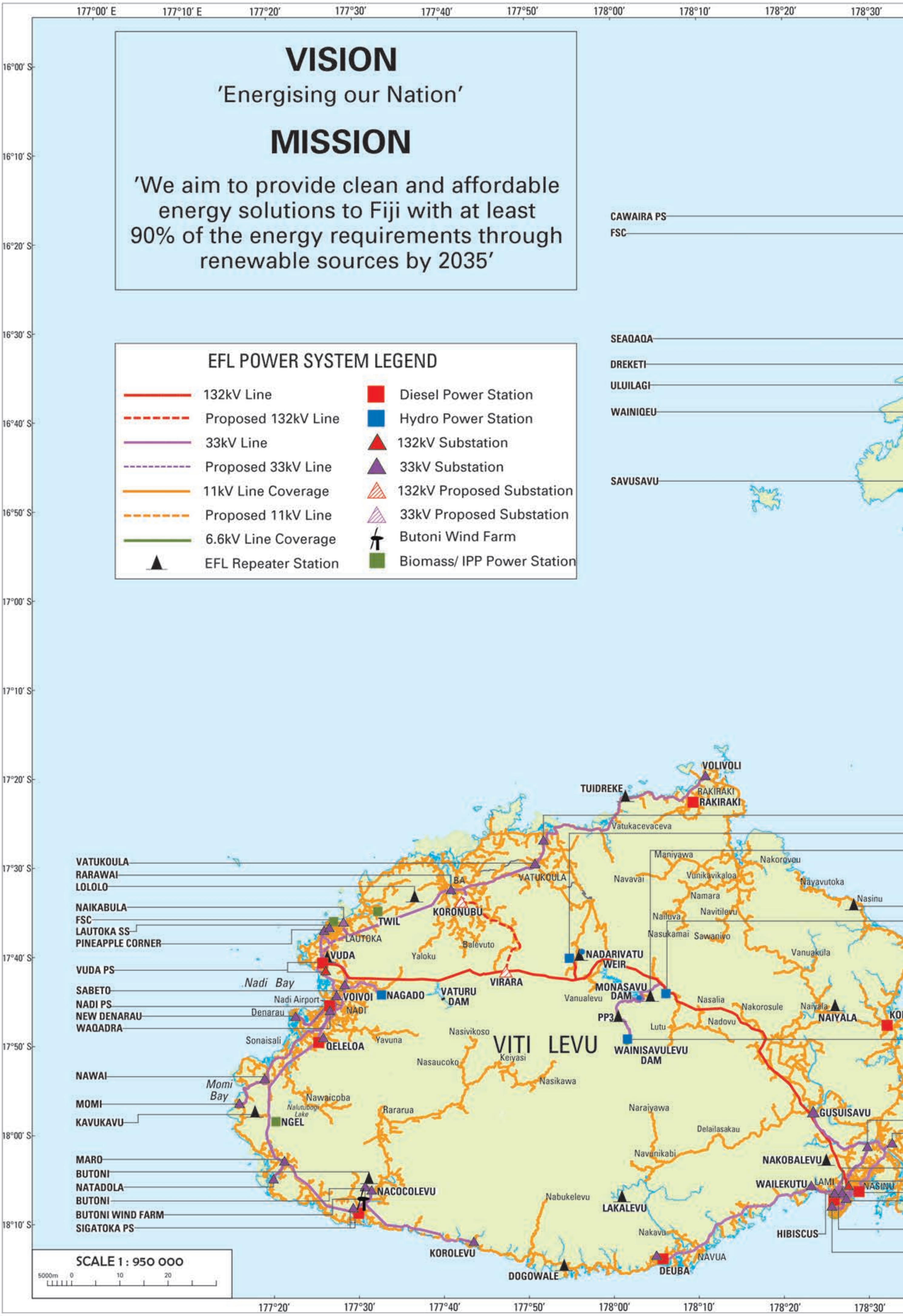
- The Supply Chain Unit played a critical role in driving the tendering and procurement processes, preparing and negotiating contracts, and other major projects that helped EFL meet its key performance indicators for the core strategic business areas. The total number of tenders called in 2023 was 432 in comparison to 325 called in 2022. An increase of 107 tenders.
- Financial savings through procurement and tender negotiations was achieved by EFL. As at 31st December 2023, the savings was around $1.09M via tender negotiations against a target of $600K. This shows the effectiveness of the tender negotiations culture within the EFL team.
- The Formulation of draft contracts (small to medium $10k - $100k) with suppliers of goods & services as at 31st December 2023, 1.43 weeks against a target of within average of four (4) weeks of issuing of Award Letter was achieved.

ii) Sound Inventory Management, Vigilance and Best Practices:

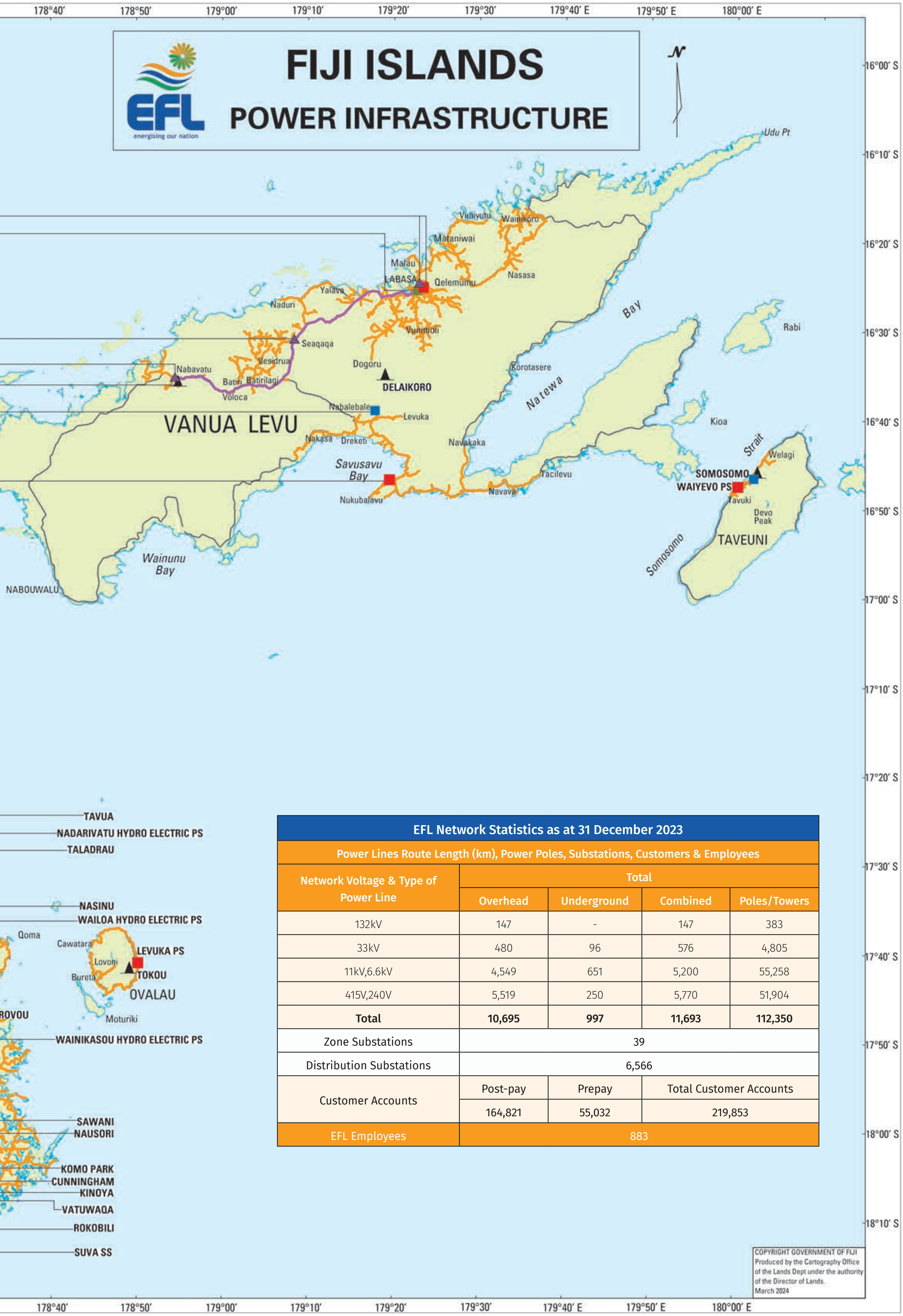
- The Unit implemented sound inventory management and adhered to industry best practices, achieving a normal operating inventory stock holding level of $10.67M against a target of $11M.
- Average stock turn target (improvement of stock utilization rates) of greater than or equal to 7% was exceeded, with 9.1% average stock turn achieved in 2023. This indicates that EFL's stock items were managed and turned over efficiently throughout the year, contributing to savings in EFL's working capital.
- Preferred Supplier tenders were called to assist the supply chain unit to procure inventory in a timely manner, avoiding stock outs and to provide efficient services to its internal and external customers to achieve set targets.
- Engine Spares Management Procedure and Policy was documented and implemented in 2023 to bring about better controls and best practices to safeguard EFL and eliminate any fraudulent activity.
- Road shows were carried out at various EFL locations to Generation Staff to ensure they understood the Engine Spares Management Procedure and Policy since they are the custodians of managing engine spares.

EFL hosts the Cancer Society of Fiji in a tea fundraising event as part of its Corporate Social Responsibility.

EFL VUVALE


VISION
'Energising our Nation'
MISSION
'We aim to provide clean and affordable energy solutions to Fiji with at least 90% of the energy requirements through renewable sources by 2035'
EFL POWER SYSTEM LEGEND
132kV Line
Proposed 132kV Line
33kV Line
Proposed 33kV Line
11kV Line Coverage
Proposed 11kV Line
6.6kV Line Coverage
EFL Repeater Station
Diesel Power Station
Hydro Power Station
132kV Substation
33kV Substation
132kV Proposed Substation
33kV Proposed Substation
Butoni Wind Farm
Biomass/ IPP Power Station
CAWAIRA PS
FSC
SEAQAQA
DREKETI
ULUILAGI
WAINIQEU
SAVUSAVU
VOLIVOLI
TUIDREKE
RAKIRAKI
VATUKOULA
RARAWAI
LOLOLO
NAIKABULA
FSC
LAUTOKA SS
PINEAPPLE CORNER
VUDA PS
SABETO
NADI PS
NEW DENARAU
WAQADRA
NAWAI
MOMI
KAVUKAVU
MARO
BUTONI
NATADOLA
BUTONI
BUTONI WIND FARM
SIGATOKA PS
BA
TWIL
LAUTOKA
VUDA
KORONUBU
Nadi Bay
VOIVOI
NAGADO
VATURU DAM
VIRARA
NADARIVATU WEIR
MONASAVU DAM
PP3
WAINISAVULEVU DAM
QELELOA
Momi Bay
NGEL
NACOCOLEVU
VITI LEVU
NAIYALA
GUSUISAVU
NAKOBALEVU
WAILEKUTU
LAMI
NASINU
HIBISCUS
LAKALEVU
KOROLEVU
DOGOWALE
DEUBA
NAVUA
SCALE 1 : 950 000

FIJI ISLANDS
POWER INFRASTRUCTURE



EFL Network Statistics as at 31 December 2023				
Power Lines Route Length (km), Power Poles, Substations, Customers & Employees				
Network Voltage & Type of Power Line	Total			
	Overhead	Underground	Combined	Poles/Towers
132kV	147	-	147	383
33kV	480	96	576	4,805
11kV,6.6kV	4,549	651	5,200	55,258
415V,240V	5,519	250	5,770	51,904
Total	**10,695**	**997**	**11,693**	**112,350**
Zone Substations	39			
Distribution Substations	6,566			
Customer Accounts	Post-pay	Prepay	Total Customer Accounts	
	164,821	55,032	219,853	
EFL Employees	883			

FINANCIAL STATEMENTS

For the year ended 31 December 2023

DIRECTOR'S REPORT for the year ended 31 December 2023 Energy Fiji Limited

In accordance with a resolution of the Board of Directors, the Directors of Energy Fiji Limited ("the Company or EFL") present their report together with the financial statements of the Company for the year ended 31 December 2023.

1 DIRECTORS

The following were Directors of the Company at any time during the financial year end and up to the date of this report:

Daksesh Patel - resigned as Chairman of EFL Board effective from 28th December 2023 but remained a Director thereafter.
Rokoseru Nabalarua - join the EFL Board as a Director effective from the 7th September 2023 and was appointed as the Chairman for the EFL Board effective from 1 January 2024.
Gardiner Henry Whiteside
Shiri Gounder
Koichi Tsunematsu
Chitoshi Fukuda
So Horikiri
Hasmukh Patel - resigned as Director of EFL effective from 7th September 2023

2 PRINCIPAL ACTIVITIES

The principal activities of the Company are the generation, transmission, distribution and sale of electricity on Viti Levu, Vanua Levu, Ovalau and Taveuni as governed by the Electricity Act 2017 and Regulations.

3 TRADING RESULTS

The loss after income tax of the Company attributable to the members of the Company for the year ended 31 December 2023 was $24.8 million loss after tax. (2022: $58.1 million after tax profit).

4 DIVIDEND

The Directors declared and paid $40.7 million in dividends for the year ended 31 December 2023 (2022: $46.6 million).

5 BAD DEBTS AND ALLOWANCE FOR IMPAIRMENT LOSS

The Directors took reasonable steps before the Company's financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for impairment loss.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the allowance for impairment loss, inadequate to any substantial extent.

6 CURRENT AND NON-CURRENT ASSETS

The Directors took reasonable steps before the Company's financial statements were made out to ascertain that the assets of the Company were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributable to the assets in the financial statements misleading.

7 SIGNIFICANT EVENTS DURING THE YEAR

a) In August 2023, EFL submitted its tariff proposal to Fijian competition and Consumer Commission seeking an increase in the tariff as per the approved Electricity tariff Methodology with the intention to implement the new electricity tariff from 1st October 2023. The management believes that the tariff increase will be critical to funding new assets, fuel and IPP costs, and ongoing operations and maintenance that is necessary to meet projected customer demand growth and security of supply and sustainability objectives.

b) From June 2023 EFL implemented its contingency plan of hiring 65MW of containerized diesel generator sets from Aggreko (NZ) Limited installed around Viti Levu to supplement the shortfall in Monasavu and Nadarivatu hydro generation and to meet the increased electricity demand to avoid a national and/or rotating blackout at a cost of around $21M.

c) The EFL Board also approved 17% salary increment in 2023 to all EFL employees excluding the Managers and Executive Management Group effective from 1st January 2023 to a tune of around $7M.

d) The EFL Board also approved a loyalty benefit to its employees based on years of service completed with the Company. The loyalty benefit was implemented for the first time effective from 1 January 2023, with existing service entitlements being taken into account when establishing the related liability for loyalty benefit of around $8.8M in 2023.

8 RELATED PARTY TRANSACTIONS

In the opinion of the Directors all related party transactions have been adequately recorded in the books of the Company and reflected in the accompanying financial statements.

DIRECTOR'S REPORT for the year ended 31 December 2023

9 OTHER CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amounts stated in the financial statements misleading.

10 UNUSUAL TRANSACTIONS

The results of the Company's operations during the financial year have not, in the opinion of the Directors, been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

11 EVENTS SUBSEQUENT TO BALANCE DATE

a) The FCCC wrote to EFL on the 29th Feb 2024 advising EFL of the tariff review outcome. The outcome of the review was a nil tariff increase whereas EFL had proposed an increase of 31.7% based on the approved electricity tariff methodology.

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 Company, the result of those operations, or the state of affairs of the Company in future financial years.

12 GOING CONCERN

The Directors consider that the Company will continue as a going concern. The Directors believe that the basis of preparation of financial statements is appropriate and the Company will be able to continue its operations for at least 12 months from the date of signing this report.

13 DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or received as the fixed salary of a full-time employee of the Company or of a related corporation) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

For and on behalf of the Board and in accordance with a resolution of the Board of Directors.

Dated this 29 day of April 2024.

Gardiner Whiteside	Chitoshi Fukuda
DIRECTOR	**DIRECTOR**

DIRECTOR'S DECLARATION for the year ended 31 December 2023

The declaration by Directors is required by the Companies Act, 2015.

The Directors of the Company have made a resolution that declared:

a) In the opinion of the Directors, the financial statements of the Company for the financial year ended 31 December 2023:
   i. comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the Company as at 31 December 2023 and of the performance and cash flows of the Company for the year ended 31 December 2023; and
   ii. have been prepared in accordance with the provisions of the Electricity Act and Companies Act, 2015;

b) The Directors have received declarations as required by Section 395 of the Companies Act, 2015; and

c) At the date of this declaration, in the opinion of the Directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

For and on behalf of the Board and in accordance with a resolution of the Board of Directors.

Dated this 29 day of April 2024.

Gardiner Whiteside
DIRECTOR

Chitoshi Fukuda
DIRECTOR

KPMG

Independence declaration

For the year ended 31 December 2023

Auditors Independence Declaration Under Section 395 of the Companies Act 2015

To: The Directors of Energy Fiji Limited

As required under Section 395 of the Companies Act 2015, we declare that to the best of our knowledge and belief, in relation to the audit for the year ended 31 December 2023 and up to the date of this report there have been:

i) no contraventions of the Auditor independence requirements as set out in the Companies Act 2015 in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG
KPMG

Steve Nutley
Partner

Suva, Fiji
29 April 2024

KPMG

Independent Auditor's Report

To the Shareholders of Energy Fiji Limited

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Energy Fiji Limited ("the company"), which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information as set out in notes 1 to 25.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), the Companies Act 2015 and the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

The Company has recorded assets generated from the Rural Electrification Schemes as part of its Property Plant and Equipment in Note 11. Government have not yet transferred the ownership of these assets to the Company. Our opinion is not modified in respect of this matter.

Other information

Other Information is financial and non-financial information in Energy Fiji Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report. The Chairman's Report, Chief Executive Officer's Report, Corporate Governance and Minutes of Previous AGM are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

KPMG

When we read the annual report, if we conclude that there is a material misstatement therein of this other information, we are required to communicate that fact. We have nothing to report in relation to the Directors' report.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company's or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

KPMG

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

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

Report on Other Legal and Regulatory Requirements

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

In our opinion:

i) proper books of account have been kept by the company, sufficient to enable financial statements to be prepared, so far as it appears from our examination of those books; and

ii) to the best of our knowledge and according to the information and explanations given to us the financial statements give the information required by the Companies Act 2015, in the manner so required.

KPMG

KPMG

Steve Nutley
Partner

Suva, Fiji
29 April 2024

STATEMENT OF COMPREHENSIVE INCOME for the Year Ended 31 December 2023

	Notes	2023 $'000	2022 $'000
Revenue - electricity sales	5	387,021	371,390
Other income, excluding cyclone related income	5	12,539	11,801
Total revenue and other income, excluding cyclone related income		**399,560**	**383,191**
Personnel costs		(48,466)	(27,367)
Fuel costs		(192,966)	(138,292)
Electricity purchases		(37,075)	(33,478)
Town and city rates		(229)	(270)
Depreciation on property, plant and equipment and right-of-use assets		(46,028)	(49,129)
Amortisation of intangible assets		(13)	(285)
Other operating expenses		(78,179)	(57,047)
Total expenses, excluding cyclone restoration costs		**(402,956)**	**(305,868)**
Net finance cost:			
Finance cost		(7,443)	(10,603)
Finance income		1,915	1,912
Unrealised foreign exchange (loss), net		(957)	(56)
Change in allowance for expected credit loss		82	382
(Loss)/Profit before cyclone related income and costs, and income tax		**(9,799)**	**68,958**
Cyclone restoration costs		(129)	(720)
Cyclone related income - insurance compensation		1,581	2,754
(Loss)/Profit before income tax		**(8,347)**	**70,992**
Income tax benefit/(expense)	7(a)	(16,458)	(12,882)
(Loss)/Profit after income tax		**(24,805)**	**58,110**
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges		(3,145)	(3,186)
Total comprehensive (loss)/income for the year, net of tax		**(27,950)**	**54,924**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION as at 31 December 2023

	Notes	2023 $'000	2022 $'000
SHAREHOLDERS EQUITY			
Share capital	23	750,000	750,000
Retained earnings		139,265	204,747
Hedging reserves	24	(3,145)	(3,186)
TOTAL EQUITY		886,120	951,561
Represented by:			
CURRENT ASSETS			
Cash and cash equivalents	8(a)	135,494	115,002
Held to maturity financial assets	8(b)	84,584	159,263
Trade and other receivable	9(a)	43,911	33,029
Prepayment	9(b)	8,110	6,391
Derivative financial assets	3.1(a)	157	1,858
Inventories	10	41,646	30,220
Current tax asset	7(d)	552	-
TOTAL CURRENT ASSETS		314,454	345,763
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,170,700	1,142,436
Intangible assets	12	150	163
Right-of-use assets	18(a)	29,511	29,874
TOTAL NON-CURRENT ASSETS		1,200,361	1,172,473
TOTAL ASSETS		1,514,815	1,518,236
CURRENT LIABILITIES			
Trade and other payables	13	131,990	104,497
Derivative financial liability	3.1(a)	1,996	2,129
Employee benefit liability	14	13,484	3,947
Interest-bearing borrowings	15	18,058	18,056
Deferred income	16	3,624	3,916
Lease liabilities	18(b)	119	478
Current tax liability	7(d)	-	5,656
TOTAL CURRENT LIABILITIES		169,271	138,679
NON-CURRENT LIABILITIES			
Trade and other payables	13	55,793	53,035
Interest-bearing borrowings	15	151,439	148,624
Lease liabilities	18(b)	31,070	30,728
Deferred income	16	128,326	118,113
Deferred tax liabilities	7(c)	92,796	77,496
TOTAL NON-CURRENT LIABILITIES		459,424	427,996
TOTAL LIABILITIES		628,695	566,675
NET ASSETS		886,120	951,561

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS for the year ended 31 December 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		394,949	380,091
Payments to suppliers and employees		(339,894)	(242,421)
Net acquisition of derivatives		1,609	488
Interest received		917	1,284
Interest paid		(7,531)	(10,854)
Insurance proceeds for business interruption		1,581	2,754
Tax payments/Withholding taxes paid		(7,288)	(15,258)
Net cash flows provided by operating activities		**44,343**	**116,084**
Cash flows from investing activities			
Proceeds from term deposit		75,000	-
Acquisition of property, plant and equipment		(72,301)	(52,495)
New term deposits during the year		-	(5,000)
Proceeds on grants (includes rural electrification)		13,546	5,467
Proceeds from disposal of property, plant and equipment		95	162
Net cash flows provided by/(used in) investing activities		**16,340**	**(51,866)**
Cash flows from financing activities			
Repayment of loans		(77,602)	(18,054)
Proceeds from borrowings - local		80,419	-
Repayment of lease liability - principal portion only		(221)	(219)
Proceeds for refundable contribution for general extention deposit		4,853	6,043
Refunds from refundable contribution for general extention deposit		(6,006)	(4,880)
Dividends paid	25	(40,677)	(46,613)
Net cash flows used in financing activities		**(39,234)**	**(63,723)**
Net increase in cash and cash equivalents		**21,449**	**495**
Effect of exchange rate movement on cash and cash equivalents		(957)	(56)
Cash and cash equivalents - at 1 January		115,002	114,563
Cash and cash equivalents - at 31 December	8(a)	**135,494**	**115,002**

The above statement of cash flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2023

	Share capital $'000	Hedging reserves $'000	Retained earnings $'000	Total $'000
Balance as at 1 January 2022	750,000	2,825	193,250	946,075
Total comprehensive income				
Profit for the year	-	-	58,110	58,110
Transfer of hedge reserve to Statement of comprehensive Income	-	(2,825)	-	(2,825)
Other comprehensive loss for the year	-	(3,186)	-	(3,186)
Total comprehensive income for the year	-	(6,011)	58,110	52,099
Transactions with shareholders of the Company				
Dividend declared	-	-	(46,613)	(46,613)
Total transactions with shareholders of the Company	-	-	(46,613)	(46,613)
Balance as at 31 December 2022	750,000	(3,186)	204,747	951,561
Total comprehensive income				
Loss for the year	-	-	(24,805)	(24,805)
Transfer of hedge reserve to Statement of comprehensive Income	-	3,186	-	3,186
Other comprehensive loss for the year	-	(3,145)	-	(3,145)
Total comprehensive income for the year	-	41	(24,805)	(24,764)
Transactions with shareholders of the Company				
Dividend declared	-	-	(40,677)	(40,677)
Total transactions with shareholders of the Company	-	-	(40,677)	(40,677)
Balance as at 31 December 2023	750,000	(3,145)	139,265	886,120

The above statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

1. GENERAL INFORMATION

a Corporate Information

Energy Fiji Limited (the Company) is a limited liability company incorporated and domiciled in Fiji. The registered office and principal place of business is 2 Marlow Street, Suva, Fiji Islands.

b. Principal Activities

The principal activities of the Company are the generation, transmission, distribution and sale of electricity on Viti Levu, Vanua Levu, Ovalau and Taveuni as governed by the Electricity Act 2017 and Regulations.

There were no significant changes in the nature of these activities during the financial year.

c. Statement of Compliance

The financial statements have been prepared in accordance with the Electricity Act 2017 and the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in compliance with the requirements of the Companies Act, 2015.

Approval of Financial Statements

The financial statements were approved for issue by the Company's Board of Directors via Board Flying Minute on 25 April 2024.

d. Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency).

The Company operates in Fiji and hence, the financial statements are presented in Fijian dollars, which is the Company's functional and presentation currency.

e. Basis of Accounting

The financial statements have been prepared on the basis of historical cost except where stated otherwise. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements of the Company are prepared on a going concern basis.

f. Use of Judgements and Estimates

In the application of IFRS, management has made judgements, 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 judgements. 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. Judgements 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.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 4.

g. Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading exchange or used to settle a liability for at least twelve months after the reporting period;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability within at least twelve months after the reporting period.
  All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

1. GENERAL INFORMATION (Continued)

g. Current versus non-current classification (Continued)

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

h. Changes in Accounting Policies

New standards, interpretations and amendments effective during the year

New and amended standards that have been adopted in the financial statements for the year ended 31 December 2023, but had not had a material effect on the company are:

- Disclosure of Accounting policies (Amendments to IAS 1 IFRS Practice)
- Amendments to IASB Definition of Accounting Estimates; and
- Amendments to IAS 12 Deferred Tax Related to Assets and Liabilities arising from a Single Transaction.

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments requires the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and determined that no updates to the information disclosed in Note 2 Summary of material accounting policies (2022: Summary of significant accounting policies) was required.

New standards, interpretations and amendments not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application permitted; however the Company has not early adopted the new or amended standards in preparing their financial statements.

Following new and amended standards are not yet effective:

- Classification of Liabilities as Current or Non-current (Amendment to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures)

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not consider that there are any measurement or recognition issues arising from the release of these new pronouncements that will have a material impact on the reported financial position or financial performance of the Company.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted by the Company are stated to assist in a general understanding of these financial statements. The accounting policies adopted are consistent with those of the previous year except as stated otherwise.

a. Borrowings

Borrowings are recognised 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 repayment amount 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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

b. Borrowing costs

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

The government guarantee fees on loans drawdown specifically for capital projects are also capitalised as part of the cost of the assets. Other guarantee fees paid are expensed. Capitalised borrowing costs are amortised over the useful life of the assets.

c. Refundable and non-refundable capital contributions

A 100% refundable capital contribution represents the cost of the extension, received from the developer or a prospective consumer. The cost of the extension is the estimated cost incurred from the Company's

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

c. Refundable and non-refundable capital contributions (Continued)

nearest mains supply point capable of providing the assessed load required. The developer or a prospective consumer applying for a general extension provides a 100% refundable capital contribution in relation to the cost of the extension which is credited to trade and other payables and is refunded to the customer over a period of 5, 6 or 8 years. This is in accordance with the determination by the Fijian Competition and Consumer Commission (FCCC).

Non-refundable capital contributions are grants receipted to acquire or construct property, plant and equipments. Accounting for grants refer to note 2(f).

d. Cash and cash equivalents

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

e. Comparative figures

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

f. Deferred income

Grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. Grants related to acquisition of assets are recognised in profit or loss as other operating income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses incurred are recognised in profit or loss as a systematic basis in the periods in which the expenses are recognised.

g. Employee benefits

i. Annual leave

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

ii. Performance pay

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

iii. Loyalty benefit

Provision for loyalty benefit represents the amount which the Company has a present obligation to pay for employees' services provided up to the balance date. The provision has been calculated based on the current wage and salary rate as follows:

- On completion of 20 years of service from the date of commencement of service will be paid 8 months salary on retirement. Should they retire or leave the company earlier than 20 years of employment then a pro-rata payment will be applicable based on the number of years served.
- If the employee has already completed 20 years service, then an additional 4 months is due to the employee on a pro-rata basis for the next 20 years, thereafter

  The loyalty benefit was implemented for the first time effective from 1 January 2023, with existing service entitlements being taken into account when establishing the related liability for loyalty benefit.

iv. Defined contribution plans

Obligations for contributions to Fiji National Provident Fund (defined contribution plan) are expensed as the related service is provided.

h. Foreign currency translation

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

Foreign currency receivables and payables at balance date are translated to Fijian currency at exchange rates prevailing at balance date.

All gains and losses from foreign currency differences are recognised in profit or loss for the year.

i. 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.

Provisions for inventory obsolescence are raised based on a review of inventories. Inventories considered obsolete are written off in the year in which they are identified.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate fair value model is used.

An assessment is made at each reporting date for non-financial assets as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

k. Financial instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii. Classification and subsequent measurement (Continued)

Financial assets: Business model assessment (Continued)

These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and,
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and,
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses
Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

iii. Modification of financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Financial instruments (Continued)

iv. Derecognition of financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from assets have expired;
- The Company has transferred its rights to receive cash flows in a transaction in which either:

(a) the Company has transferred substantially all the risks and rewards of the asset, or
(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

i. Initial recognition and measurement

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expenses, are recognised in profit or loss. Other financial liabilities are subsequently recognised at amortised cost using effective interest rate. Interest expense and foreign exchange differences are recognised in profit or loss.

ii. Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iii. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when the Company currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

iv. Impairment of financial assets

Financial instruments:

The Company recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12 month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and,
- other debt securities and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECL as it does not include a significant financing component.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per rating agency Moody's or BBB- or higher per rating agency Standards & Poor's.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Financial instruments (Continued)

iv. Impairment of financial assets (Continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs:
ECLs are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).
ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets:
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position:
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income or adequate customer deposits that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

l. Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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 Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Where estimated useful lives or recoverable values have diminished due to technological change, market conditions or dynamics, amortisation is accelerated.

m. Leased assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Leased assets (Continued)

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

i. As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the long term Government bond rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets and lease liabilities as separate line items in the statement of financial position (see Note 18).

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases i.e. leases with lease terms of 12 months or less, and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Leased assets (Continued)

ii. As a lessor (Continued)

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other operating income'.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

n. Payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services provided at reporting date.

o. Property, plant and equipment

Property, plant and equipment are measured at cost which includes capitalized borrowing costs 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 transactional costs. While expenditure on assets with a value of less than $300 is generally not capitalised, physical control is maintained over all items regardless of cost.

Subsequent expenditure

Subsequent expenditure above $300 is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to the Company.

Depreciation rates

Depreciation is calculated using the straight-line method to write off the cost of each asset over their estimated useful lives. The depreciation rate applicable current and prior period are as follows:

	Rates
Leasehold land	1.01%
Buildings - concrete and others	1.25%
Hydro Assets - dams	1.33% - 2.50%
Hydro Assets - tunnels	1.33% - 2.44%
Hydro Assets - plant and machinery	2.50% - 3.00%
Thermal assets	4.00% - 7.00%
Transmission	2.50%
Communication system and control	2.86%
Reticulation	4.00%
Windmill	5.00%
Furniture and fittings	7.00% - 24.00%
Motor vehicles	20.00%
Computers	33.30%

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

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

Capital spares

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

Disposals

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit or loss.

Repairs and maintenance

Repairs and maintenance is charged to profit or loss when incurred. The cost of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Property, plant and equipment (Continued)

of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Cyclone related costs in substance are repairs and maintenance but presented in the statement of comprehensive income separately as these repairs and maintenance are not incurred in ordinary course of business but as a result of a specific triggering event i.e. a natural disaster.

p. Provisions

Provisions are recognised:

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

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

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

q. Rounding off amounts

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

r. Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the financial statements in the period in which the dividends are declared by the Company.

s. Finance income and finance costs

The Company's finance income and finance costs include:

- interest income on term deposits;
- guarantee fees paid to banks;
- interest expense on leases;
- interest expense on borrowings; and
- impairment losses (and reversals) on investments in debt securities carried at amortised cost.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

t. Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t. Fair value measurement (Continued)

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

u. Revenue from sale of electricity

The Company recognises revenue from services to customers at an amount that reflects the consideration to which it expects to be entitled in exchange for services. Revenue is recognised at an amount that reflects the consideration that the Company is expected to be entitled to in exchange for transferring services to a customer, using a five-step model for each revenue stream as prescribed in IFRS 15. The five-step model is as follows:

- Identification of the contract;
- Identification of separate performance obligations for each good or service;
- Determination of the transaction price;
- Allocation of the price to performance obligations; and
- Recognition of revenue.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Nature and timing of satisfaction of performance obligations and significant payment terms

There is an implied contract between a customer and the Company for the distribution and sale of electricity. This represents a promise to transfer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer. The customer obtains control of the good (electricity) when delivered and consumed by them over time.

Invoices are issued monthly and are usually payable within 14 days thus there is no significant financing component. Additionally, discount is provided to high voltage industrial and commercial customers against the approved tariff rates by Fijian Competition and Consumer Commission (FCCC).

Contract with domestic customers and some commercial customer's permit quantities of electricity consumed to be estimated based on previous months' average consumption in the event the Company could not conduct the monthly readings.

Revenue recognition

Revenue including upfront fees is recognised net of VAT and discount over time and the progress is determined based on kilowatts (units) consumed. This provides a reliable measure of the transfer of the good as the customer simultaneously receives and consumes the benefits provided by the Company's performance of the electricity revenue contract.

The transaction price is determined based on regulated tariffs approved by FCCC at the time the service had been rendered and units of kilowatts consumed by the customers. The transaction price includes the non-refundable upfront fees as it not considered to be a significant material right. The transaction price is variable due to the following:

- Tiered pricing for commercial and industrial customers; and
- Estimate of unbilled electricity supplied to 'domestic and commercial' customers.

The variable consideration is included in the transaction price only to the extent that it is 'highly probable' that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. In respect to the considerations from:

a) Domestic customers with combined annual income less than or equal to $30,000 are eligible for 16.34 cents per unit (VEP) subsidy for the first 100 kilowatt hours or less of electricity consumed per month. This is not a variable consideration because it is not a discount but rather part of the customers invoice amount that is paid by the Government.

b) Industrial customers, these are not constrained because it is calculated based on actual units consumed during the period, thus consideration for the period is known.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u. Revenue from sale of electricity (Continued)

Revenue recognition (Continued)

c) For domestic and some commercial customers, management estimates the unit of electricity supplied in the customers last bill. The unbilled electricity supplied at period end is estimated based on previous periods' average consumption (expected value). EFL considers this to be best estimate of the transaction price without incurring undue cost and time and thus not make it necessary for the Company to quantify all possible outcomes using complex models and techniques. Additionally, the full transaction price is not considered constrained as the likelihood and potential magnitude of the revenue reversal is not considered to be significant.

The Company had applied the practical expedient in paragraph 121 of IFRS 15 and did not disclose information about remaining performance obligations that have an original expected duration of one year or less. Revenue recognition with respect to the Company's specific business activities are as follows:

Interest income

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets. All other income is recorded in profit or loss on an accrual basis.

v. Fuel hedging

The primary objective of the programme is to mitigate volatility on earnings arising from fluctuations in the global fuel price as well as movements in foreign exchange rates, both factors which are outside the control of EFL.

The Company manages these risk exposures using various financial instruments. The Board has determined hedging limits for financial risks and these are documented in the Commodity Risk Management and Hedging Policy. Transactions entered into are to be carried out within these guidelines. Implementation of this policy is delegated to Risk Management Committee, who have flexibility to act within the bounds of the authorised policy limits. Company policy is to, not enter, issue or hold derivative financial instruments for speculative trading purposes. Compliance with the policy is monitored on an ongoing basis through regular reporting to the Board.

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. All derivatives are measured at fair value in the statement of financial position.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (OCI) and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the hedging reserve is reclassified from OCI to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of comprehensive income.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. If the hedged cash flows are no longer expected to occur, then the Company immediately reclassifies the amount in the hedged reserve from OCI to profit or loss. For terminated hedged relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Company reclassifies the amount in the hedged reserve from OCI to profit or loss on a straight-line basis.

w. Taxation

Current tax

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

Deferred tax

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

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w. Taxation (Continued)

Deferred tax (Continued)

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company 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 Company 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 profit or loss, except when it relates to items credited or debited directly to equity or other comprehensive income (OCI), in which case the deferred tax is also recognised directly in equity or OCI, 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.

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.

The VAT component of cash flows arising from operating and investing activities which are recoverable from or payable to the taxation Authority is classified as operating cash flows.

y. Offsetting

Certain items of income and expense are offset when this is required or permitted by a standard; or when gains, losses and related expenses arise from the same transaction or event or from similar individually immaterial transactions and events. The following are being presented a net basis in the statement of comprehensive income.

- Finance income and finance cost
- Foreign exchange gains or losses
- Cyclone related income and restoration costs

3. RISK MANAGEMENT

3.1 Financial risk factors

The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

a. Market risk

Market risk is the risk that changes in market prices, such as fuel prices, foreign exchange rates and interest rates, will affect the Company's cash flows and profits. The objective of market risk management is to manage and control market exposures, within tolerances.

The Company enters into derivatives to manage market risks relating to fuel prices and foreign exchange rates. Derivatives are recognised at fair value on an ongoing basis. On initial designation of the hedge, the Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company assesses, both at the inception of the hedge relationship and on an ongoing basis, whether the hedging instruments are expected to be "highly effective".

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

3. RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

a. Market risk (Continued)

The following table summarises the derivative financial assets and liabilities of the Company related to the Company's forward foreign exchange and fuel hedging contracts as at reporting date.

	2023 $'000	2022 $'000
Current assets		
Forward foreign exchange contracts - cash flow hedges	-	226
Fuel hedging contracts - cash flow hedges	157	1,632
Total derivative financial asset	**157**	**1,858**
Current liabilities		
Forward foreign exchange contracts - cash flow hedges	627	-
Fuel hedging contracts - cash flow hedges	1,369	2,129
Total derivative financial liability	**1,996**	**2,129**

(i) Foreign exchange risk

The Company procures a significant portion of its supplies from overseas and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US, AU and NZ dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Fiji dollar.

To protect against exchange rate movements, the Company uses forward exchange contracts and option contracts to purchase US dollars to hedge highly probable forecasted fuel purchases for the ensuing financial periods. The contracts are timed to mature when the fuel bills are expected to be settled. Realised gains or losses on these contracts arise due to differences between the actual spot rates on settlement, the forward rates of the derivative contracts and the cost of option premiums paid.

	2023 $'000	2022 $'000
Foreign exchange hedging gains recognised in fuel cost	3,878	6,278

The weighted average contract rates of hedge accounted foreign currency derivatives outstanding as at reporting date are set out below:

	Weighted Average Hedge Rate	Notional Amount US$'000
FJD/USD Forwards	0.4491	8,000
AUD/USD Options	0.6670	14,500

The following significant exchange rates have been applied as at reporting date:

	2023
FJD/USD	0.4670
FJD/AUD	0.6688

Sensitivity analysis:
A reasonably possible strengthening (weakening) of the USD and AUD against Fiji Dollars at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown on the next page. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast transactions.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

3. RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(i) Foreign exchange risk (Continued)

	Strengthening $'000	Weakening $'000
USD	3,105	(3,105)
AUD	(3,250)	3,250

Forward exchange contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently restated to their fair value at each reporting date.

(ii) Price risk

The Company does not have investments in equity securities and hence is not exposed to equity securities price risk. However, the Company is exposed to commodity price risk as it purchases fuel through a local agent from offshore. The volatility on international fuel prices and its impact on the Company'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 2023 (Actual)	1,787.94	109,573	195,910
Fuel price-Increase by 10%	1,966.73	109,573	215,501
Fuel Price-Decrease by 10%	1,609.15	109,573	176,319

Based on the above, if fuel price increase or decrease by 10%, the fuel costs to the Company would increase or decrease by $19.6 million annually. The above sensitivity calculation is based on the 2023 fuel consumption levels.

The Company's fuel price risk management strategy aims to provide EFL with protection against sudden and significant increases in fuel prices while ensuring that the Company is not competitively disadvantaged in the event of a substantial decrease in the price of fuel.

The Company's risk management policy is to hedge anticipated IDO and HFO fuel consumption subject to limits determined by the Board. This exposure is managed by using the ICE Brent crude commodity swaps, option contracts and other fuel related derivatives. These contracts are designated as hedges of price risk on specific volumes of future IDO and HFO fuel consumption. The Company considers Brent crude to be a separately identifiable and measurable component of Singapore IDO and HFO. The price of Brent crude is highly correlated with the price of Singapore IDO and HFO.

Realised gains or losses on fuel hedging contracts arises due to differences between the actual fuel prices on settlement, the forward rates of derivative contracts and the cost of option premiums paid.

	2023 $'000	2022 $'000
Brent crude hedging (losses)/gain recognised in fuel cost	(934)	21,636

The weighted average contract rates of hedge accounted fuel derivatives outstanding as at reporting date are set out below:

	Weighted Average Hedge Strike Rate	Notional Amount Barrels
	US$/bbl	
Brent Swap	78.54	204,000
Brent Option	82.27	152,000

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

3. RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Interest rate risk

The Company has significant interest-bearing assets in the form of short-term cash deposits. These are at fixed interest rates hence there are no interest rate risks during the period of investment. For re-investment of short and long term cash deposits, the Company 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 Company has a high level of certainty over the impact on cash flows arising from interest income. Accordingly, the Company does not require simulations to be performed over the impact on net profits arising from changes in interest rates.

The Company is not exposed to interest rate risk from its borrowings from Suva City Council, as it borrows funds at fixed interest rates.

In relation to the borrowings from other commercial banks, the Company to a certain extent is not exposed to interest rate risk as around 75% of the current 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 Company is exposed to interest rate risk from part of its borrowings from other commercial banks that are at variable interest rate, as it borrows funds at fixed interest rates. As at year end, $41.88M borrowings from other commercial banks were at variable interest rate. Further sensitivities are provided to establish the impact to the finance cost if the current variable interest rate differs by 10% (increase or decrease).

	Variable rate loan balance	Weighted average variable interest rate per annum	Interest costs
	$'000	Percentage	$'000
Interest cost based on current variable weighted average interest rate	44,757	2.84%	1,269
Variable interest rate-Increase by 10%	44,757	3.12%	1,396
Variable interest rate-Decrease by 10%	44,757	2.55%	1,142

Based on the above, if variable interest rates increase or decrease by 10%, the interest costs to the Company would increase or decrease by $0.13 million annually.

The Company did not enter into any interest swap contracts during the year.

b. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations and arises principally from receivables from customers, investment in debt securities, and cash and call deposits.

The carrying amount of financial assets represents the maximum credit exposure.

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure services are made to customers with an appropriate credit history. The Company does not have any policies that limit the amount of credit exposure to any one customer or group of customers.

The Company uses a provision matrix to determine the expected credit losses (ECL) of Receivables from individual customers, which comprise a large number of balances. It is based on the Company's historical observed default rates, and is adjusted by a forward-looking estimate that includes the probability of a worsening economic environment within the next year. At each reporting date, the Company reviews the observed default and forward-looking estimate.

Expected credit loss assessment for receivables as at 1 January 2023 and 31 December 2023

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

3. RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

b. Credit risk (Continued)

The following table provides information about the exposure to credit risk and ECLs for receivables from individual customers as at 31 December 2023:

	Weighted-average loss rate	Gross carrying amount $'000	Loss allowance $'000
31 December 2023			
Current – 30 days past due	0.19%	34,035	63
31 – 60 days past due	7.04%	850	60
61 – 90 days past due	19.88%	274	55
More than 90 days past due	27.53%	830	228
		35,989	**406**
Other debtors	**1.45%**	**2,054**	**30**
		38,043	**436**

Loss rates are based on actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast GDP growth rates or inflation rates.

The movement in the allowance for impairment in respect of trade receivables and other receivables during the year is disclosed in Note 9.

Impairment on other receivables has been measured on the 12 month expected loss basis.

Cash at bank and on hand

The Company held cash at bank of $135,494,000 at 31 December 2023 (2022: $115,002,000). The cash is held with a bank, which is rated AA- based on Standards & Poor's ratings.

Impairment on cash at bank and on hand has been measured on the 12 month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash at bank have low credit risk based on the external credit ratings of the counterparties.

Due to short maturities and low credit risk the Company did not recognise impairment allowance as at 31 December 2023 (2022: $nil) as the Company does not consider the impairment allowance to be material.

Debt investment securities

The Company held debt investment securities of $85,000,000 at 31 December 2023 (2022: $160,000,000). The debt investment securities are held with banks which are rated AA- to B- based on Standards & Poor's ratings. In relation to debt investment securities held with banks the Company monitors changes in credit risk by tracking published external credit ratings but when external credit ratings are not available or published, the Company monitors changes in credit risk by reviewing available press and regulatory information.

Impairment on debt investment securities held with banks has been measured on the 12 month expected loss basis and reflects the short maturities of the exposures. The Company considers that its debt investment securities held with banks have low credit risk based on the external credit ratings of the counterparties.

The Company recognised an impairment allowance of $416,036 as at 31 December 2023 (2022: $736,875) against its interest securities.

c. Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

3. RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

c. Liquidity risk (Continued)

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include interest payments.

31 December 2022	Less than one year	2 to 5 years	More than 5 years	Total
Financial liabilities:	$'000	$'000	$'000	$'000
Trade and other payables (Note 13)	(104,497)	(52,097)	(938)	(157,532)
Bonds payable (Note 15)	-	-	-	-
Interest-bearing borrowings	(25,862)	(155,450)	(7,600)	(188,912)
Lease liabilities	(2,083)	(7,672)	(135,485)	(145,240)
Derivative financial liability (Note 3.1(a))	(1,996)	-	-	(1,996)
Total	**(134,438)**	**(215,219)**	**(144,023)**	**(493,680)**
31 December 2023				
Financial liabilities:				
Trade and other payables (Note 13)	(131,990)	(49,229)	(6,564)	(187,783)
Interest-bearing borrowings	(23,032)	(162,611)	(7,400)	(193,043)
Lease liabilities	(2,083)	(7,672)	(135,485)	(145,240)
Derivative financial liability (Note 3.1(a))	(1,996)	-	-	(1,996)
Total	**(159,101)**	**(219,512)**	**(149,449)**	**(528,062)**

d. Fair value estimation

The carrying value less allowance for impairment loss 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.

31 December 2022	Less than one year	2 to 5 years	More than 5 years	Total
Financial assets:	$'000	$'000	$'000	$'000
Short term deposits (Note 8(b))	160,000	-	-	160,000
Receivables (Note 9)	33,030	-	-	33,030
Derivative financial asset (Note 3.1(a))	1,858	-	-	1,858
Total	**194,888**	**-**	**-**	**194,888**
Financial liabilities:				
Trade and other payables (Note 13)	(104,497)	(52,097)	(938)	(157,532)
Interest-bearing borrowings	(18,056)	(144,126)	(4,498)	(166,680)
Derivative financial liability (Note 3.1(a))	(2,129)	-	-	(2,129)
Total	**(124,682)**	**(196,223)**	**(5,436)**	**(326,341)**
31 December 2023				
Financial assets:				
Short term deposits (Note 8(b))	85,000	-	-	85,000
Receivables (Note 9)	43,911	-	-	43,911
Derivative financial asset (Note 3.1(a))	157	-	-	157
Total	**129,068**	**-**	**-**	**129,068**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

3. RISK MANAGEMENT (Continued)
3.1 Financial risk factors (Continued)
d. Fair value estimation (Continued)

	Less than one year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
Financial liabilities:				
Trade and other payables (Note 13)	(131,990)	(49,229)	(6,564)	(187,783)
Interest-bearing borrowings	(18,058)	(147,006)	(4,433)	(169,497)
Derivative financial liability (Note 3.1(a))	(1,996)	-	-	(1,996)
Total	**(152,044)**	**(196,235)**	**(10,997)**	**(359,276)**

The financial instruments carried at fair value by the Company are the derivative financial instruments that consist of fuel and foreign exchange. These are listed at level 2 on the fair value hierarchy. Discounted cash flow is the valuation technique used to arrive at fair value. Future cash flows are estimated based on forward exchange rates and forward commodity prices (from observable rates at the end of the reporting period), discounted at a rate that reflects the credit risk of the counterparties.

3.2 Other risks
(i) Regulatory risk
The Company's profitability can be significantly impacted by regulatory agencies established which govern and control the electricity sector in Fiji. Specifically, fuel surcharges, regulatory fees and electricity tariffs are regulated by the Fijian Competition and Consumer Commission (FCCC).

(ii) Operational risk
Operational risk is the risk of loss arising from systems failure, human error, and fraud. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The Company cannot eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures.

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

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divide 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. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 December 2023 and 2022 were as follows:	2023 $'000	2022 $'000
Total borrowings (Note 15)	169,497	166,680
Less: Cash and cash equivalents (Note 8 (a))	(135,494)	(115,002)
Less: Held-to-maturity financial assets (Note 8 (b))	(84,584)	(159,263)
Net debt	(50,581)	(107,585)
Total capital and reserves	886,120	951,561
Total capital (total capital and reserves plus net debt)	835,539	843,976
Gearing ratio (net debt / total capital and reserves plus net debt)	-6.05%	-12.75%

The decrease in the gearing ratio during the year resulted from the repayments of loans amounting to $18.1M in 2023.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

4. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

In application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments 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. 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 revision and future periods if the revision affects both current and future periods.

The critical judgements and assumptions made in applying the accounting policies of the Company have been disclosed under following notes to the financial statements:

Note 2 (i) - Allowance for inventory obsolescence
Note 2 (k) - Allowance for expected credit losses
Note 2 (o) - Property, plant and equipment
Note 2 (v) - Fuel hedging - fair value measurement

5. OPERATING REVENUE

	2023 $'000	2022 $'000
ELECTRICITY SALES		
Commercial	194,318	185,933
Industrial	82,584	79,927
Domestic	104,750	100,194
Others	5,369	5,336
Total electricity sales	**387,021**	**371,390**
OTHER INCOME		
Bad debts recovered	2	5
Contract sales	5,010	3,550
Amortisation of deferred income - grants	3,624	3,541
Gain on disposal of plant and equipment	96	-
Lease rental - fibre optic	578	498
Power pole rentals	643	702
Rentals	11	15
Sales and commissions	328	1,147
Service and licence fees	2,197	2,312
Training revenue	49	31
Total other operating revenue	**12,539**	**11,801**
Total revenue	**399,560**	**383,191**

6. (LOSS)/PROFIT BEFORE INCOME TAX

	2023 $'000	2022 $'000
(Loss)/Profit before income tax has been determined after charging the following expenses:		
Change in allowance for expected credit loss	(82)	(382)
Auditor's remuneration for auditing services	71	77
Professional fees for other services	1,764	1,452

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

6. (LOSS)/PROFIT BEFORE INCOME TAX (Continued)

	2023 $'000	2022 $'000
Directors fees	13	8
Lease expenses related to short term/low value operating leases	22	157
Depreciation on property, plant and equipment and right-of-use assets	45,307	46,046
Amortisation of intangible assets	13	285
Personnel costs	48,466	27,367

The electricity used internally by the Company in all its locations Fiji wide has been included as cost of producing electricity and therefore is not shown separately as electricity cost and revenue. EFL used $276,833 of electricity internally in 2023 (2022: $196,499).

7. a) INCOME TAX EXPENSE

	2023 $'000	2022 $'000
The prima facie income tax on the pre-tax profit reconciles to the income tax expense as follows:		
(Loss)/profit before income tax	(8,347)	70,992
Prima facie income tax payable at 25%	(2,087)	14,198
Tax effect of amounts which are not taxable in calculating taxable income:		
- Employee taxation scheme	(16)	(47)
- Amortisation of grant	(906)	(708)
- Uniform and FNPF incentive	(292)	(561)
- Adjustment due to change in tax rate (20% to 25%)	19,505	-
Underprovision in prior year	254	-
Income tax expense attributable to (loss)/profit	**16,458**	**12,882**
Income tax expense comprises movements in:		
Deferred tax assets	(4,704)	(310)
Deferred tax liabilities	20,004	1,337
Current tax liabilities	1,157	11,855
	16,458	**12,882**

b) DEFERRED TAX ASSET

	2023 $'000	2022 $'000
The deferred tax assets consist of the following deductible temporary differences at future tax rates:		
Tax losses	4,195	-
Allowance for impairment loss on accounts receivable and other financial assets	109	103
Unrealised exchange losses	239	11
Accruals aged more than a year	108	69
Provision for stock obsolescence	234	136
Net of lease liability and right-of-use assets	343	205
	5,228	**524**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

7. a) INCOME TAX EXPENSE (Continued)

	2023 $'000	2022 $'000
c) DEFERRED TAX LIABILITY		
The deferred tax liabilities consist of the following taxable temporary differences at future tax rates:		
Difference in carrying value of property, plant and equipment for accounting and income tax purpose	78,519	78,020
Adjustment due to change in tax rate (20% to 25%)	19,505	-
	98,024	**78,020**
Net deferred tax liabilities	**92,796**	**77,496**
d) CURRENT TAX LIABILITIES		
Movement during the year were as follows:		
Balance at the beginning of the year	(5,656)	(9,290)
Income tax paid	7,287	15,247
Tax liability for the current year	(1,157)	(11,855)
Resident interest withholding tax deducted at source	78	241
Balance at the end of the year	**552**	**(5,656)**

8. a) CASH AND CASH EQUIVALENTS

	2023 $'000	2022 $'000
Cash at bank and on hand - EFL operation	44,030	42,774
USD bank account off-shore	4,844	4,979
Project bank account on-shore (i)	50,054	35,056
USD fuel payment bank account	20,987	13,190
USD hedge settlement bank account	15,579	19,003
Total cash and cash equivalents	**135,494**	**115,002**

(i) The on-shore project bank account is in respect of funds committed to projects that are still in Work-in-Progress (WIP) or are yet to commence as at year end.
(ii) The total Syndicate Banking facility available but not used at year end was $330.7M.

b) HELD-TO -MATURITY FINANCIAL ASSETS

	2023 $'000	2022 $'000
Short term deposits	85,000	160,000
Expected credit loss	(416)	(737)
Total held-to-maturity financial assets (net)	**84,584**	**159,263**

The short term deposit's amounting to $30M is held with Bank of South Pacific (BSP) and $55M is held with Home Finance Company Limited (HFC). Interest rate offered on these deposits range from 0.75% to 1.15%. The short term deposits have a maturity of twelve months or less from the date of inception.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

9. RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables	2023 $'000	2022 $'000
Electricity debtors (i)	35,989	32,062
Other debtors	2,054	1,485
Vat Receivable	6,304	-
	44,347	**33,547**
Allowance for doubtful debts		
- Electricity debtors	(406)	(469)
- Other debtors	(30)	(49)
Trade and other receivables (net)	**43,911**	**33,030**

(i) Electricity debtors include receivable from Government of Fiji amounting to $3.94M (2022: $3.72M).
(ii) The terms of trade for electricity debtors are 14 days from the date of billing.
Movements in the allowance for impairment loss of electricity debtors and other debtors are as follows:

Balance as at 1 January	**518**	**900**
Impairment loss during the year	**(82)**	**(382)**
Balance as at 31 December	**436**	**518**

As at 31 December, the ageing analysis of trade receivables is, as follows:

	Current 30 Days	30 Days	60 Days	Over 60 Days	Total
	$'000	$'000	$'000	$'000	$'000
2023	34,035	850	274	830	35,989
2022	30,185	698	288	891	32,062

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 Company generally obtains security deposits in the form of bank guarantees and cash deposits from all electricity customers which is estimated based on two months electricity consumptions. The total carrying amount of security deposits in relation to the above trade receivables carried by the Company is $49.4M (2022: $47.1M). The rest are secured through bank guarantees maintained by the Company. The inflows and outflows from the security deposit is from new customers being connected and refunds to customers for closure of accounts mostly related to tenants moving from one flat to another.

(b) Prepayment and other assets	2023 $'000	2022 $'000
Prepayments	8,110	6,391

10.INVENTORIES

	2023 $'000	2022 $'000
Consumables - at cost	33,573	20,514
Goods in transit	819	3,635
Fuel	8,189	6,751
Total gross inventory	42,581	30,900
Provision for stock obsolescence	(935)	(680)
Total net inventory	**41,646**	**30,220**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

11. PROPERTY, PLANT AND EQUIPMENT

	2023 $'000	2022 $'000
Freehold land		
At cost	28,943	28,943
Leasehold land		
At cost	16,163	16,163
Accumulated depreciation	(3,199)	(3,029)
	12,964	**13,134**
Buildings and improvements		
At cost	90,035	90,035
Accumulated depreciation	(27,327)	(26,290)
	62,708	**63,745**
Dam, tunnels, water conductor		
At cost	553,056	553,056
Accumulated depreciation	(146,979)	(136,687)
	406,077	**416,369**
Plant, equipment and transmission assets		
At cost	838,352	830,349
Accumulated depreciation	(422,369)	(394,490)
	415,983	**435,859**
Furniture and fittings		
At cost	39,796	38,263
Accumulated depreciation	(30,731)	(28,666)
	9,065	**9,597**
Windmill		
At cost	34,178	34,178
Accumulated depreciation	(31,403)	(29,741)
	2,775	**4,437**
Motor vehicles		
At cost	31,938	30,644
Accumulated depreciation	(29,082)	(27,529)
	2,856	**3,115**
Capital spares		
At cost	**4,671**	**2,950**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2023 $'000	2022 $'000
Capital works in progress		
Rural and Urban Reticulation & System Reinforcement	23,248	16,101
33kV Outdoor Circuit-Western Region & Central	2,372	2,124
33kV Cable Waqadra to Denarau Sub-station	1,614	1,614
Switchgear & 110V DC System for Wailoa Project	6,285	7,019
33/11kV Zone Substation, Naikabula, Lautoka	9,913	8,625
Virara Project	40,051	22,754
Generator Rehabilitation Project at Wailoa	10,807	20,632
Replacement Rust Refurbishment 4x Transmission & Telecom Towers	4,046	2,573
EFL's Backbone Communication Network Upgrade	1,453	1,453
2x132/33kV P/Transformer Cunningham Rd Sub-station	12,887	11,839
2x132/33kV P/Transformer Vuda Sub-station	12,705	11,869
2x15/18MVA 33/11kV P/Transformers Rarawai & Sigatoka Sub-station	3,054	6,454
2 x 25MVA Transformer Upgrade & Replacement,Kinoya	3,023	3,023
Rust Refurbishment 51 Towers 132kV Wailoa-Cunningham	5,787	5,787
2x10/12MVA P/Transformer Suva & Wailekutu Sub-station	3,648	2,670
Establishment of a new 33/11kV zone sub-station Denarau	6,800	6,095
Water Authority Fiji Viria Project	7,995	6,119
Design Supply Install 2x10/12MVA P/Transf Suva Sub-station	2,795	2,811
Rust Refurmt Wailoa-Cunnung 132kV Transm T1-T47	5,855	2,609
Design Supply & Install 2x Transformer, Wailekutu	2,670	-
Supply Base Coarse Access Rd Transmission Towers No.2-61	2,430	-
Upgrade Access Road to 132kV Transmission Line Towers	2,394	-
Switchgear for Wailoa Project & Mpower - 110V Dc System	15,084	-
Taveuni 1MW Project KOICA Grant to EFL	4,384	-
Others	33,358	22,116
Total	**224,658**	**164,287**
- At cost	**1,861,790**	**1,788,868**
- Accumulated depreciation	**(691,089)**	**(646,432)**
Closing net book value	**1,170,700**	**1,142,436**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

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	Leasehold land	Buildings & improvements	Dam, tunnels and water conductor	Plant, equipment & transmission assets	Furniture & fittings	Wind mill	Motor vehicles	Capital spares	Capital work in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2022	28,943	13,304	64,211	426,665	445,910	10,738	9,450	4,469	5,934	125,975	1,135,599
Additions	-	-	128	-	-	699	-	690	421	56,749	**58,689**
Disposals	-	-	-	-	-	-	(215)	(7)	-	-	**(222)**
Transfers in/(out) from WIP	-	-	565	-	17,642	230	-	-	-	(18,437)	**-**
Transfers from inventory	-	-	-	-	-	-	-	-	(3,083)	-	**(3,083)**
Impairment loss	-	-	-	-	-	-	(3,083)	-	-	-	**(3,083)**
Depreciation charge	-	(170)	(1,159)	(10,296)	(27,693)	(2,070)	(1,715)	(2,037)	(322)	-	**(45,462)**
Balance as at 31 December 2022	28,943	13,134	63,745	416,369	435,859	9,597	4,437	3,115	2,950	164,287	1,142,436
Additions	-	-	-	-	-	1,533	-	1,294	3,679	68,373	**74,879**
Disposals	-	-	-	-	-	-	-	(76)	-	-	**(76)**
Transfers in/(out) from WIP	-	-	-	-	8,002	-	-	-	-	(8,002)	**-**
Transfers from inventory	-	-	-	-	-	-	-	-	(1,080)	-	**(1,080)**
Impairment loss	-	-	-	-	-	-	-	-	(721)	-	**(721)**
Depreciation charge	-	(170)	(1,037)	(10,292)	(27,878)	(2,065)	(1,662)	(1,477)	(157)	-	**(44,738)**
Balance as at 31 December 2023	28,943	12,964	62,708	406,077	415,983	9,065	2,775	2,856	4,671	224,658	1,170,700

a) Certain property, plant and equipment forming part of the Company's Power Infrastructure System are not insured for various risks including risk of losses arising from fire, cyclone, flooding, business interruption and others as the cost of insurance is significant.

b) In accordance with security arrangements in respect to secured borrowings from ANZ Bank, as discussed in Note 15 of the financial statements, property, plant and equipment have been pledged as security.

c) The Company's property, plant and equipment includes assets generated from the Rural Electrification Schemes. The Government is yet to transfer the ownership of assets with WDV of $35.4 million generated from Rural Electrification Schemes.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

12. INTANGIBLE ASSETS

	2023 $'000	2022 $'000
Software license		
Gross carrying amount:		
Balance as at 1 January	7,959	7,959
Additions	-	-
Balance as at 31 December	7,959	7,959
Accumulated amortisation:		
Balance as at 1 January	(7,796)	(7,511)
Amortisation for the year	(13)	(285)
Balance as at 31 December	(7,809)	(7,796)
Net book amount	150	163

Software license are made up of the Company's Financial Management Information System, Payroll System, Billing System and other specialized Energy Monitoring Information System.

13. TRADE AND OTHER PAYABLES

	2023 $'000	2022 $'000
Current		
Trade creditors	33,344	21,773
Other creditors and accruals	36,237	18,222
VAT payable	-	485
Accrued interest	136	130
Customer security deposits	49,430	47,133
General extension refundable deposits	12,843	16,754
Total current trade and other payables	131,990	104,497
Non-current		
General extension refundable deposits	55,793	53,035
Total non-current trade and other payables	55,793	53,035

The customer security deposits relates to the mandatory cash deposit which is equivalent to two months electricity consumptions in accordance with the Electricity Act 2017. This is refunded to the customer when the electricity account is permanently closed. The general extension refundable deposits are the capital contribution from prospective customers or developer for the supply of electricity from the Company's nearest grid in accordance with the General Extension Policy. The amount is refunded to the customer over a period of 5, 6 or 8 years.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

14. EMPLOYEE BENEFIT LIABILITY

	2023 $'000	2022 $'000
Current		
Annual leave	1,723	1,495
Performance pay	2,967	2,452
Loyalty benefit	8,794	-
Total current employee benefit liability	**13,484**	**3,947**
Balance as at 1 January	3,947	3,619
Additional employee benefit liability provided during the year, net of payments	9,537	328
Carrying amount as at 31 December	**13,484**	**3,947**
Employee numbers		
Number of full-time equivalent employees as at 31 December	883	855

15. INTEREST-BEARING BORROWINGS

	2023 $'000	2022 $'000
Current		
Term loans - ANZ Bank (a)	2,077	9,450
Term loans - BSP (b)	10,384	8,550
Term loan - Suva City Council (c)	58	56
Term Loans - WBC (d)	5,539	-
Total current interest-bearing borrowings	**18,058**	**18,056**
Non-current		
Term loans - ANZ Bank (a)	33,097	72,539
Term loans - BSP (b)	15,481	11,345
Term loan - Suva City Council (c)	4,682	4,740
Term Loans - WBC (d)	68,179	60,000
Term Loans - HFC (e)	30,000	-
Total non-current interest-bearing borrowings	**151,439**	**148,624**
Total interest-bearing borrowings	**169,497**	**166,680**

a. **Term loans - ANZ Bank**
The interest-bearing borrowings from ANZ Bank are at competitive rates and are repayable on monthly instalments. The term loans from ANZ Bank are secured by:
(i) First registered mortgage debenture over all assets and undertakings including capital and unpaid premiums.
(ii) International Swaps and Derivatives Association, Inc. (ISDA) 2002 Master Agreement.

b. **Term loan - BSP**
The interest-bearing borrowings from BSP Bank are at competitive rates and are repayable on monthly instalments. The term loans from BSP Bank are secured by first registered mortgage debenture over all assets and undertakings including capital and unpaid premiums.

c. **Term loan - Suva City Council**
The term loan from Suva City Council (SCC) is subject to interest at fixed rate of 3% per annum and is unsecured. The loan is repayable over a period of 87 years in equal instalments of $200,000 on 25th July each year until July 2065.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

15. INTEREST-BEARING BORROWINGS (Continued)

d. Term loan - WBC

The interest-bearing borrowings from WBC Bank are at competitive rates and are repayable on monthly instalments. The term loans from WBC Bank are secured by first registered mortgage debenture over all assets and undertakings including capital and unpaid premiums.

e. Term loan - HFC

The interest-bearing borrowings from HFC Bank are at competitive rates and are repayable on monthly instalments. The term loans from HFC Bank are secured by first registered mortgage debenture over all assets and undertakings including capital and unpaid premiums.

f. Capitalised borrowing costs

The Company will be developing a new 132kV transmission network from Virara settlement to Koronubu, Ba in consideration of the Fijian Government declaring the areas between Korovou to Ba in Viti Levu as tax free zone with a certain level of investment. This will enable sufficient and consistent power supply to the northern-western region of Viti Levu. The project will be financed via the syndicate banking facility.

The amount of borrowing costs capitalised to the above project during the year ended 31 December 2023 was $414,541.

g. Syndicate banking facility

EFL signed the Syndicate Banking Facility Agreement with ANZ, WBC and BSP Banks for a total credit commitment of $515M, the largest ever syndicate credit facility signed by EFL. The allocation of the Syndicate Banking Facility is as follows:

Facility	Lender	Term	Current Interest Rate	FJ$M
Fixed Rate Facility	ANZ	5 years	3.15%	30
Variable Rate Facility	ANZ	5 years	3.15%	30
Variable Rate Facility	BSP	5 years	2.95%	240
Fixed Rate Facility	WBC	5 years	3.00%	60
Variable Rate Facility	WBC	5 years	2.50%	80
Fixed Rate Facility	HFC	5 years	2.95%	30
Variable Rate Facility	HFC	5 years	2.95%	30
Total				**500**

ANZ Bank New Zealand Limited is the appointed facility agent. As at year end the available but not used funds of the facility was at FJ$330.5M.

16. DEFERRED INCOME

	2023 $'000	2022 $'000
EEC Grant In Aid		
EEC Grant in Aid	12,330	12,330
Less: accumulated amortisation	(12,088)	(11,605)
Closing balance - 31 December	**242**	**725**
Government Grant For Rural Electrification		
Government Grant for Rural Electrification	111,867	100,322
Less: accumulated amortisation	(13,734)	(11,510)
Closing balance - 31 December	**98,133**	**88,812**
Government Grant For Rural Electrification House Wiring		
Government Grant For Rural Electrification House Wiring	350	350
Less: accumulated amortisation	(72)	(27)
Closing balance - 31 December	**278**	**323**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

16. DEFERRED INCOME (Continued)

	2023 $'000	2022 $'000
Government Grant - Somosomo Hydro		
Govt. Grant - Somosomo Hydro	14,642	14,642
Less: accumulated amortisation	(2,351)	(2,015)
Closing balance - 31 December	**12,291**	**12,627**
Government Grant - Waiyevo Taveuni		
Govt. Grant - Waiyevo Taveuni	6,296	6,296
Less: accumulated amortisation	(2,325)	(2,037)
Closing balance - 31 December	**3,971**	**4,259**
75% Non-Refundable Capital Contribution		
75% non-refundable capital contribution	10,198	8,184
Less: accumulated amortisation	(2,610)	(2,461)
Closing balance - 31 December	**7,588**	**5,723**
KOICA Grant - Taveuni Solar		
KOICA Grant - Taveuni Solar	5,510	5,510
Closing balance - 31 December	**5,510**	**5,510**
Private Sector Utility Grant		
Private Sector Utility Grant	155	155
Closing balance - 31 December	**155**	**155**
Momi Bay Resort (FNPF) Non-Refundable Capital Contribution		
Momi Bay Resort (FNPF) Non-Refundable Capital Contribution	3,895	3,895
Less: accumulated amortisation	(113)	-
Closing balance - 31 December	**3,782**	**3,895**
Total deferred income (net)	**131,950**	**122,029**
Deferred income		
Current	3,624	3,916
Non-current	128,326	118,113
Total deferred income	**131,950**	**122,029**

Reconciliation of the carrying amounts of deferred income at the beginning and end of the current financial year is set out as follows:

	EEC Grant in Aid	Government Grant For Rural Electrification	Government Grant For Grid Extension/ House Wiring	Government Grant Somosomo Hydro	Government Grant Waiyevo Taveuni	75% Non Refundable Capital Contribution	KOICA Grant Taveuni Solar	Private Sector Utility Grant	Momi Bay Resort (FNPF) Non Refundable Capital Contribution	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2022	1,207	87,536	-	12,962	4,569	4,421	5,510	-	-	116,205
Additions	-	3,243	350	-	-	1,722	-	155	3,895	9,365
Amortisation Charge	(482)	(1,967)	(27)	(335)	(310)	(420)	-	-	-	(3,541)
Balance as at 31 December 2022	725	88,812	323	12,627	4,259	5,723	5,510	155	3,895	122,029
Additions	-	11,531	-	-	-	2,014	-	-	-	13,545
Amortisation charge	(483)	(2,210)	(45)	(336)	(288)	(149)	-	-	(113)	(3,624)
Balance as at 31 December 2023	242	98,133	278	12,291	3,971	7,588	5,510	155	3,782	131,950

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

17. CONTINGENT LIABILITIES

a. Contingent liabilities exist with respect to the following:

	2023 $'000	2022 $'000
Bank guarantee	35	35
Letter of credit	6,054	14,624
Tax depreciation deduction (i)	9,400	-
Litigation claims - others	813	1,384
	16,302	**16,043**

(i) The property, plant and equipment (PPE) cost based in the taxation accounting is as per the returns lodged in prior periods which was based on the estimated historical cost which was available at the time of lodgement of the 1997 income tax return. Due to the quantum of assets owned by the Company and time constraints as EFL was exempt from income tax prior to 1997, the best available indications and/or estimate of the historical cost of PPE had been utilized to prepare the 1997 tax return.

Subsequent to the lodgement of the 1997 tax return, a revised PPE fixed asset register (FAR) was prepared, and this cost base was used in the preparation of 1992 to 1996 tax returns. The fixed asset register lodged with the income tax return for the year ended 1997 had a cost base for PPE which was approximately $37.6m less than the FAR forming part of the 1996 income tax return.

Notwithstanding the above, the tax FAR lodged with 1997 tax returns have been roll-forwarded and have been used for the income tax reurnts for years ended 1998-2022. The Company have communciated with the Fiji Revenue Customs Services commissionor (i.e. tax commission) to allow the PPE asset base to adjusted by $37.6m to reconcile to the cost of those assets as reported in the financial statements, and thereafter allow the Company to claim tax depreciation on these assets as a tax deductions in subsequent tax returns over the remaining useful lives of these assets. If the above be approved by the Tax Commission, it would reduce EFL's income tax expense and deferred tax liability by $7.5m approximately.

b. Miscellaneous claims

Other than amounts referred in note 17(a) no provision has been recorded in the financial statements for unsecured contingent liabilities mainly in respect of sundry court actions against the Company. The Company estimates such liability, if any, to be immaterial.

18. LEASES

As a lessee		
a) Right-of-use assets		
Opening balance as at 1 January	29,874	27,272
Additions	206	561
Modification	-	2,625
Depreciation charge for the year	(569)	(584)
Balance at 31 December	**29,511**	**29,874**
(b) Lease liabilities		
Current	119	478
Non-current	31,070	30,728
Total lease liabilities	**31,189**	**31,206**

Reconciliation of movement of liabilities to cash flows from financing activities

	Interest-bearing borrowings $'000	Lease liability $'000	Total $'000
Balance as at 1 January 2023	166,680	31,206	197,886
Changes from financing cash flows			
Repayment of borrowings	(18,056)	(223)	(18,279)
Proceeds from borrowings	20,873	-	20,873
Additions, net	-	206	206
Total changes from financing cash flows	**2,817**	**(17)**	**2,800**

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

18.LEASES (Continued)

	Interest-bearing borrowings $'000	Lease liability $'000	Total $'000
Other changes – liability related			
Interest expense	5,747	1,790	7,537
Interest paid	(5,741)	(1,790)	(7,531)
Net movement in accrued interest	(6)	-	(6)
Total liability related other changes	**-**	**-**	**-**
Balance at 31 December 2023	**169,497**	**31,189**	**200,686**

19.COMMITMENTS

	2023 $'000	2022 $'000
a. Capital expenditure commitments		
Capital expenditure contracted for at balance date but not otherwise provided for in the financial statements.	11,757	48,421
Projects approved by the Board but not contracted for at balance date	189,666	126,435

b. Operating lease revenue commitments

Operating leases contracted for the rental of fibre optic and power poles by the Company with the lessees are receivable as follows:

Less than one year	1,221	1,199
Later than one year	1,089	1,089
Total operating lease revenue commitments	**2,310**	**2,288**

c. Other commitments

(i) Energy Fiji Limited (EFL) has a commitment with Pernix (Fiji) Limited (PFL) whereby PFL operates and maintains Kinoya and Vuda Power Stations at contractually determined rates for the Company. The power produced at these two Diesel Power Stations is directly connected with the main power grid of EFL. PFL's contract with EFL will expire on 26 May 2028.

(ii) The Company also has commitment with various other Independent Power Producers (IPPs) for purchase of energy.

20.EVENTS SUBSEQUENT TO BALANCE DATE

a. The FCCC wrote to EFL on the 29th Feb 2024 advising EFL of the tariff review outcome. The outcome of the review was a nil tariff increase whereas EFL had proposed an increase of 31.7% based on the approved electricity tariff methodology.

No other matters or circumstances arose since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in future financial years.

21. SIGNIFICANT EVENTS DURING THE YEAR

a. In August 2023, EFL submitted its tariff proposal to Fijian competition and Consumer Commission seeking an increase in the tariff as per the approved Electricity tariff Methodology with the intention to implement the new electricity tariff from 1st October 2023. The management believes that tariff increase will be critical to funding new assets, fuel and IPP costs, and ongoing operations and maintenance that is necessary to meet projected customer demand growth and security of supply and sustainability objectives.

b. From June 2023 EFL implemented its contingency plan of hiring 65MW of containerized diesel generator sets from Aggreko (NZ) Limited installed around Viti Levu to supplement the shortfall in Monasavu and Nadarivatu hydro generation and to meet the increased electricity demand to avoid a national and/or rotating blackout.

c. The EFL Board also approved 17% salary increment in 2023 to all EFL employees excluding the Managers and Executive Management Group effective from 1st January 2023 to a tune of around $7M.

d. The EFL Board also approved a loyalty benefit to its employees based on years of service completed with the Company. The loyalty benefit was implemented for the first time effective from 1 January 2023, with existing service entitlements being taken into account when establishing the related liability for loyalty benefit of around $8.8M in 2023.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2023

22. RELATED PARTY TRANSACTIONS

a. There were no significant transactions with related parties during the year ended 31 December 2023.

b. Directors

The names of persons who were directors of the Company during the year 2023 are as follows:

Daksesh Patel (Chairman)
Rokoseru Nabalarua (appointment 7th September 2023)
Gardiner Henry Whiteside
Shiri Gounder
Hasmukh Patel (resigned 7th September 2023)
Koichi Tsunematsu
Chitoshi Fukuda
So Horikiri

The directors fees paid during the year were $12,667 (2022: $7,917)

c. Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly (whether executive or otherwise) of the Company.

During the year, the Chief Executive Officer and Executive Management Group were identified as the key management personnel.

The aggregate remuneration and compensation paid to key management personnel, for the financial year ended 31 December 2023 and 2022 were:

	2023 $'000	2022 $'000
Salary, performance pay and allowances	2,717	2,735
Superannuation	170	138
Other benefits	73	92
Total	**2,960**	**2,965**

d. During the year, the Company supplied electricity to the shareholder and shareholder related entities, directors, related entities and executives at normal commercial rates, terms and conditions.

e. Receivable/payable to related parties have been disclosed in respective notes to the financial statements.

f. Viti Renewables Pte Ltd (VRL) was formed and registered on 17th January 2018, which is a Joint Venture between EFL-51% and Sunergise-49%. The VRL did not generate any revenue in the financial year 2023. The equity investment in the joint venture is fully impaired.

23.SHARE CAPITAL

Issued and paid up capital (500,000 shares)	750,000	750,000

The $750M share capital is made up of 500,000,000 shares. Of the 500,000,000 shares, 51% (255,000,000 shares) is currently retained by Government, 44% (220,000,000 shares) held by Sevens Pacific Pte Limited and 5% (25,000,000 shares) to be issued to the Non-voting Shareholders (domestic customers of EFL). Of the 25,000,000 shares approved for the 5% non-voting shareholders, 7,565,900 shares were issued as at 31 December 2023 and the balance of 17,434,100 shares were held in trust with the Central Share Registry Pte Limited (CSRL).

Shares of the Company do not have a par value.

24. RESERVES

Hedge reserves

The hedge reserve is used to recognise the effective portion of changes in the fair value of cash flow hedging instruments. If the hedging instrument no longer meets the criteria for hedge accounting, is expired or sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the hedge reserve remains there until the forecast transaction is recognised in profit or loss.

Hedging reserves	(3,145)	(3,186)

25.DIVIDENDS DECLARED AND PAID

Dividends Paid	40,677	46,613

The Board declared and paid $40.68M dividend to its shareholders based on 70% of the after tax profit for 2022.

NETWORK STATISTICS 2023

TRANSMISSION & SUB-TRANSMISSION CENTRAL

DISTRICT	132kV O/H Line (km)		33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Wailoa - Cunningham	62	62					1	1	100	100
Wailoa - Wainikasou			29	29			1	1	7.5	7.5
Cunningham - Kinoya 'A'					3	3	1	1	160	160
Cunningham - Kinoya 'B'					3	3	1	1	128	128
Cunningham - Vatuwaqa					4	4	1	1	36	36
Cunningham - Hibiscus Park 'A'					8	8	1	1	25.55	25.55
Cunningham - Hibiscus Park 'B'					8	8				
Cunningham - Rokobili					4.5	4.5				
Rokobili - Hibiscus Park					0.5	0.5				
Cunningham - Sawani			10	10	1	1	1	1	36	36
Sawani - Gusuisavu				15.87		1.058		1		6.25
Vatuwaqa - Knolly					4.5	4.5	1	1	30	30
Knolly - Suva					1.3	1.3	2	2	74	74
Kinoya - Vatuwaqa					4	4				
Kinoya – Nausori			12	12	2	2	1	1	30	30
Nausori – Sawani			6	6	2	2				
Hibiscus Park - Wailekutu					6	6	1	1	24	24
Hibiscus Park - Suva					3	3				
Wailekutu - Deuba			38	38			1	1	6.25	6.25
Cunningham - Komo					6	6	1	1	30	30
Komo – Hibiscus Park					3	3				
TOTAL	**62**	**62**	**95**	**110.87**	**63.8**	**64.858**	**14**	**15**	**687**	**694**

TRANSMISSION & SUB-TRANSMISSION WESTERN

DISTRICT	132kV O/H Line (km)		33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Wailoa							2	2	10.5	10.5
Wailoa - Nadarivatu	23.4	23.4					1	1	56	56
Nadarivatu - Vuda	56.6	56.6					2	2	172.5	172.5
Nadarivatu SS to PS	5.2	5.2								
Vuda - Pineapple Corner A			8	8	1	1	1	1	30	30
Vuda - Naikabula			0	12.5	0	0.3	1	1	36	36
Vuda - Rarawai			32	32			1	1	36	36
Vuda - Rarawai Tee-off to Pineapple Corner			2	2	1	1				
Rarawai - Vatukoula			19	19			1	1	12.5	12.5
Vatukoula - Tavua			4	4	2	2	1	1	6.25	6.25
Tavua - Volivoli			48.7	48.7	0.05	0.05	1	1	6.25	6.25
Vuda - Sabeto			8	8						
Nagado - Sabeto			10	10			1	1	3.75	3.75
Sabeto - Qeleloa (tee-off to Waqadra)			13.5	13.5						
Vuda - Voivoi			10.4	10.4	0.23	0.23	1	1	12.5	12.5
Voivoi - Waqadra			1.89	1.89	2.17	2.17				
Vuda - Waqadra C			10.1	10.1	4.15	4.15	1	1	40	40
Vuda - Waqadra D			10.1	10.1	4.15	4.15				
Waqadra - Momi			32.6	32.6	0.1	0.1	1	1	6.25	6.25
Waqadra - Denarau					10.2	10.2	1	1	30	30
Qeleloa - Sigatoka			53.5	53.5			1	1	24	24
Qeleloa					1	1	1	1	15	15
Maro							1	1	2	2
Maro-Natadola					5	5	1	1	15	15
Sigatoka - Nococolevu			3.5	3.5						
Nococolevu-Korolevu			21	21			1	1	6.25	6.25
TOTAL	**85.2**	**85.2**	**288.28**	**300.78**	**31.05**	**31.35**	**21**	**21**	**520.75**	**520.75**

TRANSMISSION & SUB-TRANSMISSION NORTHERN

DISTRICT	33kV O/H Line (km)		33kV U/G Cable (km)		Substations		Transformer MVA	
	2022	2023	2022	2023	2022	2023	2022	2023
Labasa					1	1	8.5	8.5
Labasa - Seaqaqa	33.78	33.78			1	1	2.5	2.5
Seaqaqa - Dreketi	34.33	34.33			1	1	6.25	6.25
TOTAL	**68.11**	**68.11**	**0**	**0**	**3**	**3**	**17.25**	**17.25**

NETWORK STATISTICS 2023 (Continued)

DISTRIBUTION NETWORK CENTRAL												
DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATIONS		INSTALLED KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Deuba	189.063	189.118	145.103	145.207	19.5	19.57	41.309	41.309	287	293	31438	31579
Lami	85.3629	85.4619	75.3757	75.9117	46.387	46.402	4.129	4.129	199	203	54665	55325
Suva	17.751	17.781	151.332	150.543	227.721	231.524	47.061	48.494	267	278	142832	148032
Kinoya	141.139	141.7	215.211	216.728	65.988	65.988	34.048	34.048	357	362	104125	104539
Nausori	351.85	355.472	384.599	385.257	23.295	28.451	3.649	3.735	591	624	56550	69840
Korovou	393.697	393.697	328.438	328.438	2.978	2.978	0.254	0.254	429	429	8294	8294
Wailoa	37.107	37.107	18.392	18.392	0	0	0	0	52	52	987	987
TOTAL	**1215.970**	**1220.337**	**1318.451**	**1320.477**	**385.869**	**394.913**	**130.45**	**131.969**	**2182**	**2241**	**398891**	**418596**
Increase	4.367		2.026		9.044		1.519		59		19705	
% Increase	0%		0%		2.3%		1.16%		3%		5%	

DISTRIBUTION NETWORK OVALAU												
DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATIONS		INSTALLED KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Levuka	60.274	60.284	44.679	44.679	1.18	1.18	0	0	63	64	5837	5867
Increase	0.010		0.000		0		0		1		30	
% Increase	0%		0%		0.0%		0.0%		2%		1%	

DISTRIBUTION NETWORK - VANUALEVU												
DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATIONS		INSTALLED KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Labasa	469.253	484.362	862.507	875.908	12.18	12.33	4	4	512	536	27326	30215
Seaqaqa	72.979	73.603	91.572	91.572	0.412	0.412	0.025	0.025	102	104	1211	1561
Dreketi	58.924	61.588	43.636	44.22	0.155	0.155	0.025	0.025	40	42	1216	1251
Savusavu	161.985	163.321	118.668	118.668	7.416	7.416	1.474	1.474	167	169	10674	11004
TOTAL	**763.141**	**782.874**	**1116.383**	**1130.368**	**20.163**	**20.313**	**5.524**	**5.524**	**821**	**851**	**40427**	**44031**
Increase	19.733		13.985		0.15		0		30		3604	
% Increase	3%		1%		1%		0%		4%		9%	

DISTRIBUTION NETWORK - TAVEUNI												
DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATIONS		INSTALLED KVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Taveuni	25.607	35.234	33.359	40.325	0.1	0.1	0	0	37	49	2285	2514
Increase	9.627		6.966		0		0		12		229	
% Increase	38%		21%		0%		0%		32%		10%	

DISTRIBUTION NETWORK - WESTERN												
DISTRICT	OVERHEAD LINES (km)				UNDERGROUND CABLES (km)				SUBSTATION		INSTALLED kVA	
	High Voltage		Low Voltage		High Voltage		Low Voltage					
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Sigatoka	467.408	478.953	598.378	608.378	6.668	6.668	10.821	10.821	571	589	37787	38601
Nadi - Tavua	1560.285	1574.691	2037.007	2047.732	218.887	220.116	100.556	101.107	2411	2450	252828	262535
Rakiraki	396.823	396.823	326.653	327.354	7.24	7.24	1.0	1	321	322	11355	11385
TOTAL	**2424.516**	**2450.467**	**2962.038**	**2983.464**	**232.795**	**234.024**	**112.377**	**112.928**	**3303**	**3361**	**301970**	**312521**
Increase	25.951		21.426		1.229		0.551		58		10551	
% Increase	1.1%		0.7%		0.5%		0.5%		1.8%		3.5%	

GENERATION STATISTICS FOR THE PAST TEN (10) YEARS

Years	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Units Generated Wailoa Hydro Mwh	314,341	320,875	384,451	381,527	433,970	454,262	451,608	440,981	461,654	409,723
Units Generated Wainiqeu Hydro Mwh	983	834	718	448	129	877	397	45	59	1,059
Units Generated Wainikasou Hydro Mwh	15,027	19,895	21,258	20,912	21,712	18,230	23,024	19,252	18,982	25,601
Units Generated Nagado Hydro Mwh	3,080	11,357	3,296	-	-	-	-	-	-	-
Units Generated Nadarivatu Hydro Mwh	67,537	52,988	85,765	86,075	108,739	83,497	80,628	85,043	114,330	99,645
Units Generated Somosomo Hydro Mwh				2,227	2,159	2,526	2,516	2,541	3,071	3,230
Total Generated Hydro MWh	**400,968**	**405,949**	**495,488**	**491,189**	**566,709**	**559,392**	**558,173**	**547,862**	**598,096**	**539,258**
Units Generated in VLIS Diesels MWh	230,957	227,042	83,283	116,470	69,136	54,552	11,546	2,953	21,266	90,985
Units Generated Diesel Others MWh	49,605	47,258	49,615	50,609	54,866	51,812	50,047	50,115	52,576	57,758
Units Generated HFO Kinoya & Vuda	173,477	206,122	291,609	323,879	299,739	343,258	288,377	274,742	335,958	356,805
Total Generated Thermal MWh	**454,039**	**480,422**	**424,507**	**490,958**	**423,741**	**449,622**	**349,970**	**327,810**	**409,801**	**505,547**
Unit Generated from Butoni Wind Farm	4,269	5,674	3,632	2,083	2,558	3,419	1,136	293	93	62
Total Generated Wind & Solar MWh	**4,269**	**5,674**	**3,632**	**2,083**	**2,558**	**3,419**	**1,136**	**293**	**93**	**62**
Total EFL Generation (MWh)	**859,276**	**892,045**	**923,628**	**984,230**	**993,009**	**1,012,433**	**909,278**	**875,965**	**1,007,991**	**1,044,867**
Generation - Independent Power Producers	**32,513**	**22,350**	**10,580**	**23,483**	**39,939**	**48,816**	**67,094**	**61,053**	**73,471**	**76,115**
Total Generation	891,789	914,395	934,208	1,007,713	1,032,947	1,061,249	976,372	937,018	1,081,461	1,120,982
Made up of										
Total VLIS Generation (MWh)	808,687	843,953	873,294	930,945	935,855	957,218	856,318	823,264	952,284	982,821
Total Other Generation (MWh)	50,589	48,091	50,334	53,285	57,154	55,215	52,960	52,701	55,707	62,046
Station Auxilliary usage MWh	10,130	8,106	11,281	11,873	12,139	12,574	12,575	11,498	12,330	12,319
Auxilliaries as % of Generation	1.18%	0.91%	1.22%	1.21%	1.22%	1.24%	1.38%	1.31%	1.22%	1.18%
% contribution from Hydro	46.66%	45.51%	53.65%	49.91%	57.07%	55.25%	61.39%	62.54%	59.34%	51.61%
% contribution from Thermal	52.84%	53.86%	45.96%	49.88%	42.67%	44.41%	38.49%	37.42%	40.66%	48.38%
% contribution from Wind & Solar	0.50%	0.64%	0.39%	0.21%	0.26%	0.34%	0.12%	0.03%	0.01%	0.01%
% increase / (decrease) in Hydro Generation	-23.97%	1.24%	22.1%	-0.9%	15.4%	-1.3%	-0.2%	-1.8%	9.2%	-9.8%
% increase / (decrease) in Thermal VLIS Generation	45.59%	7.10%	-13.5%	17.5%	-16.2%	7.8%	-24.6%	-7.4%	28.6%	25.4%
% increase / (decrease) in Total Thermal Generation	39.81%	5.81%	-12%	16%	-14%	6%	-22%	-6%	25%	23%
% increase / (decrease) in Total Generation	0.21%	3.81%	4%	7%	1%	2%	-10%	-4%	15%	4%
Maximum Dam Level (AMSL)	**736**	**742**	**747**	**746**	**746**	**746**	**746**	**745**	**745**	**745**
Minimum Dam level (AMSL)	**724**	**734**	**739**	**734**	**734**	**730**	**730**	**730**	**730**	**730**

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