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**Safe, Reliable and Affordable.**

## PUBLICATION OF 2014 ANNUAL REPORT

Tonga Power Limited is pleased to publish its 2014 Annual Report including its performance against budget and 2015 projections.

### Financial Performance 2014 and Projections for 2015

Year ending 30 June	Budget	Audit	Projection
	<b>2014</b>	<b>2014</b>	<b>2015</b>
	1 Jul-30 Jun	1 Jul-30 Jun	1 Jul-30 Jun
	T\$	T\$	T\$
Total Revenues	41,117,329	48,304,130	44,640,229
Total Expenses	38,194,863	45,668,758	41,573,818
Net Profit After Tax	2,922,466	2,635,372	3,066,411
Return on Average Equity	6%	5%	6%

Year ending 30 June	Budget	Audit	Projection
	<b>2014</b>	<b>2014</b>	<b>2015</b>
Meets 2008 Concession Contract requirements <sup>1</sup>			
Available capacity Installed generation capacity (MW)	16	16	16
Generating capacity utilization Load factor (%)	52	57	54
Distribution efficiency <sup>2</sup> Line loss (%)	13	12	13
Note 1: Achievement of Customer Service Levels, Distribution and Heat Loss efficiencies is dependent on sufficient retained earnings to provide the capital investment necessary to achieve the efficiencies and standards.			
Note 2: The Concession Contract obligates Tonga Power to reduce line losses to 13% from the period commencing 01 January 2012 until 30 June 2015.			

The Net Profit Before Tax for the year was \$4,992,550 (2013: \$2,938,659), with application of the one-off reduction for decommissioning of distribution network assets' value of \$1,478,671 as assets are dismantled and replaced by donor-funded ones, resulted in a Net Profit After Tax of \$2,635,372 (2013: \$2,224,967). The key variance from the previous year was that TPL was left to manage our tariff in accordance with the agreed Electricity Concession Contract, while this would allow a pass-through of fuel cost increases, the Board committed to hold the tariff and manage other business costs from February to June 2014. Through the year we carried unbudgeted expenditure incurred in response to Cyclone Ian, the commencement of the next stages of the Tongatapu Village Network Upgrade Project (TVNUP) and other contributions were made for the new Vaini Solar generating facility and other small projects. But, TPL is fortunate to have the New Zealand Government fund the next stages of the TVNUP and NZD\$1.7m for Cyclone Ian Response and JICA for the new solar facility in Vaini.

Tonga Power's Annual Report is available from their Head Office, Corner of Mateialona and Taufa'ahau Roads, Nuku'alofa. A cost of \$15 per copy of the Annual Report will apply. The company's Annual Report can also be downloaded for free from the company's website at the address [www.tongapower.to](http://www.tongapower.to).

Statement describing all financial transactions entered into between the public enterprise, its subsidiary and the Government in the preceding year, including:

(i) any injection of capital whether in the form of debt or equity, the amount, the rate of interest, if applicable, and any repayment terms:

**There has been no capital injection from the Government of Tonga for the financial year ending 30 June 2014. A \$1 million dividend was declared at the November 2014 AGM.**

(ii) the total amount of debt guarantees issued by the Government in favour of the public enterprise;  
**At 30 June 2014, the Government of Tonga did not issue any debt guarantees in favour of Tonga Power Limited.**

(iii) the total amount paid by the Government for the provision of goods or services and, where that amount exceeds 10 percent of the annual revenue of the public enterprise, a brief description of the goods or services purchased; and

**The amount paid by Government for the provision of goods and services was equal to \$7,377,962. These transactions were made on normal commercial terms and conditions no more favourable than those which would have been adopted if the dealing was made at arm's length with another party in the same circumstances.**

(iv) any other payments made by the Government, and where such payments exceed 10 percent of the capital of the public enterprise, a brief description of the reason for the payment and whether the public enterprise must repay all or any of the payment made.

**The were no other payments made by the Government, where such payments exceeded 10 percent of the capital for the financial year ending 30 June 2014.**