FIJI AIRPORTS

ANNUAL REPORT 2019 2018

PARLIAMENT OF FIJI
Parliamentary Paper No. 265 of 2020

Vision & Purpose:

Connecting the World to Fiji and her people!

Our Values

Our core values - STEER towards:

Safety, Security and Sustainability

Teamwork & Delivery

Effective Communication

Excellence in Service - Enhancing Customer Satisfaction

Resilience in our People & Infrastructure

Key Strategic Objectives

- Growing passenger numbers and enhancing passenger experience
- Getting the best people for the job and building capacity through growth mindset
- Driving value for money infrastructure outcomes
- Building stronger relationships
- Master planning and its implementation

CONTENTS

FIJI AIRPORTS

ABOUT FIJI AIRPORTS

Who we are

Airports Fiji Pte Limited (AFL) trading as Fiji Airports (FA) is a fully Government owned Commercial Company (GCC). Previously known as Airports Fiji Limited, AFL was renamed to FA on 29 May 2018. The company was established on 12 April 1999 under the Public Enterprise Act, 1996. It was formed following the reorganization of the Civil Aviation Authority of Fiji (CAAF).

FA reports to the Attorney-General and Minister for Economy, Civil Service and Communications for its commercial performance and Civil Aviation policy matters.

FA owns and operates Nadi International Airport and manages Nausori Airport and 13 other domestic outer island airports on behalf of the Government.

FA also provides Air Traffic Management (ATM) services in the Nadi Flight Information Region (Nadi FIR). This includes the air space of Fiji, Tuvalu, New Caledonia, Kiribati and Vanuatu, covering an area of 6.0 million square kilometres.

Our Business

Fiji Airports core responsibilities are to:

- Efficiently and in a regulatory compliant manner carry out international, domestic and outer island airport operations.
- Efficiently and in a regulatory compliant manner carry out Air Traffic Management in the Nadi Flight Information Region and Fiji's airspace.
- Provide world-class duty-free shopping experiences to our passengers.
- Provide reasonable returns to our shareholder in line with its level of investment.
- Continually invest and develop our ATM facilities, terminal and airfield pavement infrastructure to world class standards.

Nadi International Airport is the main international airport and Fiji's gateway to the world. It handles 97% of international visitors to Fiji annually, 86% of which are tourists. The airport handles up to 41 international and 335 domestic flights a day equating to around 15,000 International aircraft movements annually with 50,043 over-flights per year. Nadi International Airport generates 97% of FA total revenue and 100% of its profits.

The total international passenger movements in 2019 for Nadi International Airport were 2,166,584 whilst the total domestic passengers were 318,735.

Nausori Airport is the second international airport and domestic hub in Fiji. It handled 37,394 international passengers and 329,112 domestic passengers in 2019

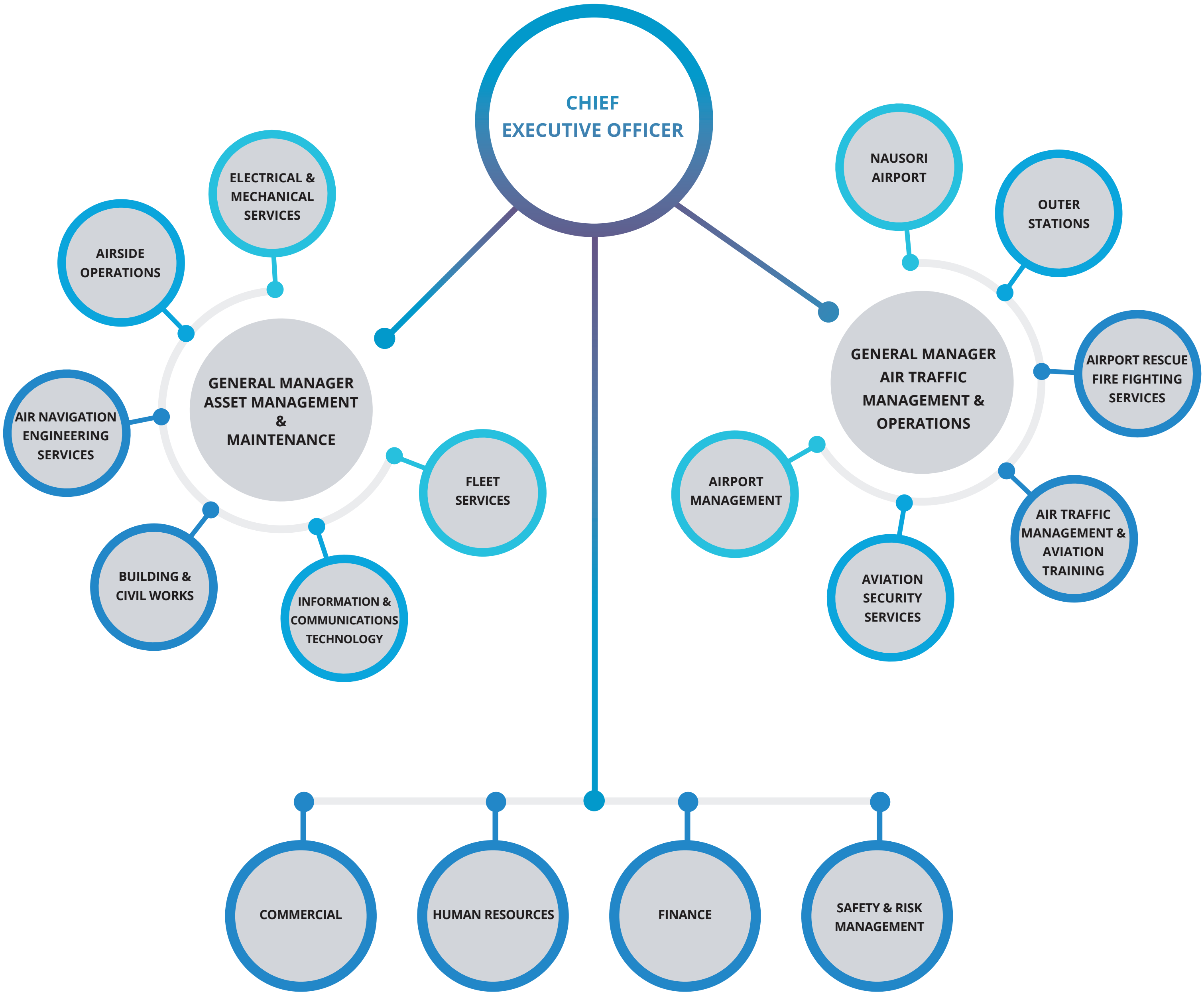
Operationally, the 13 outer island airports do not present a business case for Fiji Airports. Their operation, maintenance and capex is justified based on the resulting positive Socio - Economic Impact, being part of our Corporate Social Responsibility to provide betterment to the lives of all Fijians in lesser developed areas. Total passenger movements at these airports in 2019 were 249,814 whilst aircraft movements were approximately 24,037.

Our Customers and Partners

Our customers and partners include our employees, passengers, airlines, aviation regulators, the aviation industry as a whole, the general public, tenants, service suppliers, transport operators, tourism operators and government agencies.

We collaborate with the Government to provide: Commercial returns and; in terms of aviation policy, border control and safety regulations under the Civil Aviation Authority of Fiji (CAAF).

OUR STRUCTURE



LETTER TO THE MINISTER

FIJI AIRPORTS

P: (679) 6725777

Fiji Airports, FA Compound, Namaka, Nadi
Fiji Airports, Private Mail Bag, Nadi Airport, Fiji Islands

W: www.fijiairports.com.fj
E: info@fijiairports.com.fj

25 September 2020

The Honourable Aiyaz Sayed-Khaiyum
Attorney-General and Minister for Economy, Civil Service and Communications
Level 7, Suvavou House
Victoria Parade
Suva

Dear Honourable Minister,

Fiji Airports Annual Reports for 2018 - 2019

On behalf of the Directors of Fiji Airports (FA), I am pleased to present the Company's Annual Report as required under Section 103 of the Public Enterprise Act, 1996.

This Annual Report incorporates the Company's operational achievements and audited accounts for the year ending December 2019. The audited accounts for 2018 were presented at the AGM on 23 June, 2019 with a dividend declared in the sum of $30 million. The key financial indicators for 2018 are also incorporated.

FA recorded a net operating profit before tax of $79,212,882 for 2018 and $80,773,170 for 2019. FA has declared a total of $175 million in dividends over the last six years. Despite this unprecedented dividend payout, the total shareholder's equity stands at $441,987,256.

While our results for 2019 and 2018 are phenomenal, these will be overshadowed by the current ongoing global aviation crisis, negatively impacting our revenues. At the present time, our forecasts indicate a slow to steady ramp up of business activity over the next two to three-year period or possibly longer, before a return to our 2019 revenue levels.

We know you appreciate the negative business impact on all sector industries driven by the COVID-19 outbreak from March 2020. The entire aviation and tourism industries have ground to a halt at this point in time. However, we remain optimistic and bullish regarding the recovery of our business activity and the greater Fiji economy, once we see international borders reopening. We remain committed to working with our partner, Fiji Airways, in steering a course for a successful business reincarnation and return to enhanced future profitability.

On behalf of the Board of Directors, Management and Staff, I take this opportunity to thank you and the Government for your continued guidance and support in 2020 and beyond.

Yours sincerely,

Geoffrey N Shaw
Chairman

YEAR 2019 IN REVIEW

Fiji Airports declared a dividend of $30 million during our AGM on 23 June, 2019.

AT A GLANCE: **KEY FINANCIAL NUMBERS**

	Movements from 2018 to 2019		2019 Total Numbers
Total International Arrival & Departure Passenger Movements	43,053	2%	2.2 million
Total Aircraft Movement (Tonnes)	87,562	6%	1.24 million
Total Revenue	$4.21million	3%	$156 million
Operating Revenue	$4.03 million	3%	$150 million
Operating Expenditure	$2.2million	3%	$72.9 million
Shareholder's Fund	$35.16 million	83%	$442 million

Return on Shareholder's fund before Social Obligation

25.86%(2016) 30.23% (2017) 16.80% (2018) 16.51% (2019)

CHAIRMAN'S REPORT

Geoffrey N Shaw
Chairman

Our commercial achievements in 2019 and 2018 are overshadowed by the ongoing business uncertainty driven by COVID-19 that is currently ravaging the entire world. This WHO declared pandemic is the largest economic shock the world has seen in many decades. Common to all industry sectors, its timeline will define and determine our business recovery and financial performance for years to come. However, in these uncertain times we look back with a sense of great pride at the achievements and successes achieved in the years 2019 and 2018 in this Annual Report.

Our commercial achievements in 2019 and 2018 are overshadowed by the ongoing business uncertainty driven by COVID-19 that is currently ravaging the entire world. This WHO declared pandemic is the largest economic shock the world has seen in many decades. Common to all industry sectors, its timeline will define and determine our business recovery and financial performance for years to come. However, in these uncertain times we look back with a sense of great pride at the achievements and successes achieved in the years 2019 and 2018 in this Annual Report.

It is appropriate that I highlight the remarkable journey of success Fiji Airports has delivered for its shareholder, being the Government of Fiji and her citizens. We grew an impressive net operating profit before tax in 2018 of $79.2 million increasing it to $80.8 million in 2019 - the highest profitability recorded in our history.

The meteoric growth achieved over the past six years from a net operating profit before tax of c$16m recorded in 2013 to the present is phenomenal by any standard and evidences the sound business oversight and management of the company provided by the executive management team and the Board. The past six years have seen Fiji Airports awakened as a sleeping giant to becoming a giant in its own right in the business world. It has revealed and realised its potential to deliver significant returns to its shareholder, the Government of Fiji, posting dividends of c$175 million over the term and importantly, delivering an internationally accredited level of service for both domestic and international travellers alike.

This is a remarkable achievement for a state-owned enterprise, delivering record breaking dividends and profit levels year on year.

Financial Year 2019 once again eclipsed the prior year's results. The performance of the airport and broader business activity is a testament to the continued investment made in our people, infrastructure and services, ultimately contributing significantly to the Fijian economy.

Our financial results have been underpinned by increasing passenger movements and the operation of larger aircraft as our business continued its growth trajectory, ending the two years with substantial results:

- Total 2019 revenue of $156.2 million. Total revenue grew by c$12m (8%) in FY18 and a further c$4.2m (3%) in FY19 from c$140m in FY17.
- 2019 EBITDA of c$105.1 million represents a c$5m or 5% increase on the prior year; and
- Profit before tax was c$80.8 million, representing a 2% per cent increase on FY18.

The recommencement of Qantas services in March 2019 positively impacted the number of airlines flying into Nadi however by October, 2019 Korean Air ceased its direct flights from Incheon to Nadi.

Our national carrier and major partner, Fiji Airways, maintains its essential and pivotal role in growing tourism numbers which in turn underpins the tourism economy.

Tribute to a visionary – Faiz Khan

I would like to acknowledge and pay tribute to an extraordinary individual and a brilliant commercial mind that led this transformational journey at Fiji Airports and awakened the giant to show its true potential. Faiz Feroz Khan passed away unexpectedly in late June 2020.

Personally, I am devastated that Fiji has lost one of her finest sons. Faiz was an extraordinary leader who transformed Fiji Airports into the success story it is today. A remarkable person, whose integrity, vision, passion and hard work touched many lives.

Faiz was appointed a Board Director in 2011. Two years later, he took on the challenging role of Executive Chairman at the height of planning for the Nadi Airport Terminal Modernisation Project (NATMP) when other senior executives had resigned from their positions.

Over the course of his leadership, Fiji Airports evolved to be an exemplary state-owned enterprise, achieving record breaking financial performances and thus dividends for its shareholder, whilst delivering value engineered, complicated airport infrastructure projects for the ultimate benefit of Fiji's economy and all Fijians.

A prime example was the completion of the refurbished Nadi International Airport terminal being a massive undertaking, driven by this young leader. Along this journey he identified and solved the many complex challenges and delivered arguably one of the most technically demanding projects for Fiji, achieving International recognition and awards.

Attorney General Hon. Aiyaz Sayed-Khaiyum, Board Director Ratu Wiliame Katonivere, Chairman Geoffrey N Shaw, Prime Minister Hon. Voreqe Bainimarama and our late CEO Faiz Khan during the official opening of Nadi International Airport on 4 June, 2018.

During his leadership over the last six years as Executive Chairman (and later as Chief Executive Officer), numerous other airport and air navigation projects were successfully delivered. The Rotuma chip seal runway project was delivered after forty years of prior planning deliberations, yielding the capacity to accommodate larger aircraft and thus open up greater connectivity and that local economy.

Fiji Airports net assets or shareholder's funds have increased by c$274m from 2013. EBITDA has increased to c$105.1m. Importantly c$175m in shareholder dividends have been paid out over the past six years.

These are amongst many other achievements that have positively impacted local and international travellers, the broader island communities and commercial stakeholders alike.

Faiz shared his vision with and had the support of the Board, spearheading progressive development planning to improve air connectivity to our remote islands. His passion was to mentor and grow his team as future leaders. A humble man and a true people's person who encouraged those around him to grow their talent and skills.

Our late CEO Faiz Khan receiving the Excellence in Business Leadership Award from the Prime Minister Hon. Voreqe Bainimarama on 16 Nov, 2019.

I was extraordinarily privileged to have the opportunity to work alongside Faiz these past six years. The Fiji Airports family will miss him immensely and are one in celebrating the life and legacy of this extraordinary man. Faiz served his Country and our Company magnificently. We pay tribute to an outstanding individual who has paved the way for success at Fiji Airports. We will honour his memory by continuing the good work he initiated.

Achievements

In 2018 Fiji Airports won the Excellence in Service award and a year later In November 2019 at the Prime Minister's International Business Awards, Faiz was honoured with the prestigious Excellence in Business Leadership award, given to individuals whose leadership has helped shape our business world. Contemporaneously, Fiji Airports was honoured with the Supreme Award, being the highest accolade presented at the Prime Ministers' International Business Awards, acknowledging organizations that evidence business excellence.

These awards are a testimony to trailblazing leadership and the transformational journey embarked upon at Fiji Airports and are cherished by our Fiji Airports family.

Our dual role as an Air Navigation Service Provider and as an Airport provider are crucial components to the success of our business and as such, the awards recognise our contribution towards national growth.

Skytrax World Airport Awards recognised Nadi Airport, rated 6th of "World's Most Improved Airports". The upgraded Nadi International Airport attained Skytrax recognition in March 2018 and represented an amazing repositioning for our airport to be accredited top 10 of the World's Most Improved.

Additionally, Traveller Guide being the acknowledged independent critique for tourism and travel related experiences, rated Nadi as the Best Recent Renovation in its 2018 global assessment of international airports. This global recognition was independently assessed and based on passenger reviews. The refurbished Nadi International Airport is now considered one of the best small international airports in the world. Our goal remains to continuously enhance the customer experience in the time ahead.

Charges vs Social Responsibility

Despite Fiji Airports' significant and ongoing investment in infrastructure development for Nadi and our fourteen additional airports, our charges levied are one of the lowest in the South Pacific and the World. This fact has been verified independently by Airports Council International through a benchmarking exercise comparison with airports worldwide.

Airline and passenger related charges are levied under ICAO guidelines and referred to as turnaround cost. To put this in perspective, Fiji Airports international turnaround cost is about three times cheaper than Australian airports when landing in Sydney, Brisbane or Melbourne. Comparatively, Auckland, Noumea and Papeete are two to three times more expensive than Nadi.

Fiji Airports' levied charges on domestic airlines are some of the lowest in the world. Our airports in Vanuabalavu, Ono-i-Lau, Moala, Lakeba, Gau, Cicia, Kadavu, Koro, Bureta and Rotuma generated gross revenues of c$1k to c$14k in 2019, insufficient to cover basic costs. All thirteen outer islands airports and Nausori airport run at a loss. There is no business case to justify the expenditure of c$23m involved in capital upgrades over the 2019 year. However, Government's committed vision, our social obligation and responsibility to improve air connectivity between our remote islands to the rest of Fiji, outweigh that calculation determination.

The Arrivals Hall at Nadi International Airport.

As part of our social obligation, FA spent c$24.2 million on operating and capital expenditure for these 14 non-profits making airports in 2018 and a further c$35.2 million in 2019. The net deficit from operating these airports stands at c$30.4 million in 2019.

Fiji Airports commenced the Nausori Runway Extension and Upgrade project in 2018 with a c$65 million commitment. The Honourable Prime Minister, Voreqe Bainimarama, officiated at the ground breaking in September of that year and a month later he officiated at the c$13 million Rotuma chip seal runway opening.

The significance of the Rotuma runway project underscored the reality for economic progress. Previously travel was limited by aircraft capacity with the Twin Otter aircraft carrying seven passengers at a time on a once weekly schedule. Due to the now sealed runway and the introduction of ATR aircraft, there now is a tenfold carrying capacity increase together with additional small aircraft movements.

Labasa airport night light landing facilities were completed prior to the end of 2018 at a cost of $620k which now enables and facilitates night time arrivals and departures.

Outer island infrastructure development and investment continued with runway upgrades for Bureta, Lakeba, Kadavu and Labasa at a total cost of c$3.2 million. These significant runway upgrades were carried out from 2019 and continue.

Whilst there remains no business case for these projects, they are undertaken based on Government's vision for enhanced air connectivity, economic development and ultimate prosperity for all Fijians and our commitment to social responsibility.

An aerial view of the transformed Nadi International Airport.

As a responsible organization, Fiji Airports is reducing its carbon footprint. FA was successful in completing Level 3 Airport Carbon Accreditation (ACA) for Nadi International Airport. ACA is a global carbon management programme for airports, one that independently assesses and recognises airports' efforts to manage and reduce their CO_2 emissions. We are actively working towards achieving Level 3+ accreditation in the future.

2019 saw Nadi International Airport recognised by Airports Council International (ACI) as one of the leading Green Airports in the Asia - Pacific region. Nadi International Airport received silver accreditation in the under 10 million passenger movements per annum category. Our carbon reduction is at the heart of our environmental focus.

The launch of our Mangrove Replanting Initiative in August 2019 further enhances our environmental commitment and plays an important role in supporting our marine and terrestrial ecosystems. Fiji Airports continues to engage with our communities in environmental awareness sponsorships and initiatives to further educate and create awareness of the importance and necessity to protect our pristine yet fragile environment.

Our friendly faces that greet you at Nadi International AIrport.

Determining sustainable growth

Our mantra remains intact, being "Cost it before you Commit to it". The past six years have given rise to a revolutionary cultural change at the very forefront of our expenditure planning thought processes. This proactive discipline has led to sustained positive results in our recent past and most recent performance, as evidenced and recorded in the following accounts.

The achievements of the past two years were not possible without the continued dedication and commitment from both our management leadership team and our staff who remain our greatest asset, being engaged at all levels.

Acknowledgements

On behalf of the Board of Directors I would like to express our appreciation and our gratitude for the ongoing support and vision of our Minister, the Attorney General and Minister for Economy, Civil Service and Communications. This support at shareholder level, empowers and encourages the organisation to strive for enhanced achievements and continued success.

Finally, I wish to express our high esteem to all management and staff at Fiji Airports for their ongoing dedication and loyalty and further, to our business partners who sustain our being. We remain committed and positive in building for the future of Fiji Airports.

Vinaka Vakalevu

Geoffrey N Shaw
Chairman

The Fiji Airports team receiving the Supreme Award at the 2019 Prime Minister's International Business Awards on 16 November, 2019.

OPERATIONS REVIEW

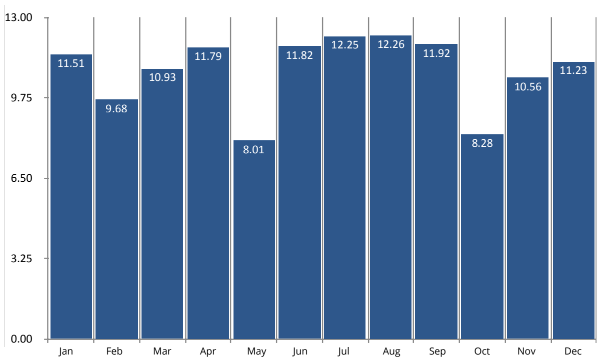
Our People

Fiji Airports recognises its key asset – our people. Our focus has been on identifying, empowering and growing our people's skills that has led to our increasing success over the years.

The year ended with 538 employees with an attrition rate of less than 3%. FA has maintained this low attrition rate over the past four years. The global benchmark is an annual turnover of less than 10% which reflects an engaged and productive workforce.

The low attrition rate is linked to enhanced cultural development and offering salary and benefits packages above market rates. Another key focal point has been the manner in which our employees have maintained their health and wellness and contributed to organizational productivity.

Revenue Earned to Total Remuneration 2019



Our Revenue to Remuneration levels showed an inclined trend implying a good management of salary with reasonable productivity outcomes.

Our target is to achieve a ratio of 15 continuously.

Our 2019 journey saw Fiji Airports recruiting 25 people, down from the 58 in the previous year. Our policies of recruitment are gender blind and are based on merit and performance. Fiji Airports recognizes its people through its performance assessment of individuals. We have increased our percentage of women participating in critical roles and now numbering close to 21% of the total workforce. Even more encouraging is the increasing number of women in our highly specialized departments, like Air Traffic Management, where women make up more than 40% of the workforce.

Our health and wellness program continues to encourage staff to actively participate in some form of weekly physical exercise with an hour allocated during working hours on Tuesdays and Fridays. The health and wellbeing of our people is important to our organization and continuous efforts are being made to encourage our staff to participate in sporting activities.

Our Corporate Social Responsibility

Fiji Airports Corporate Social Responsibility is centred on two issues that are at the heart of everything that we do:

1. Our social obligation to continue to develop our network of loss-making Outer Island Airports in order to improve air connectivity for the benefit of all Fijians.
2. Our environmental obligation to reduce our carbon footprint as a responsible business.

Both these strategies align with FA long term objectives.

Fiji Airports carries out a number of Corporate Social Responsibility initiatives to give back to our community. This is an important part of our community engagement. One of the highlights was our sponsorship of women's rugby teams – the "Nadi Blazers" and the "Nadi Aviators". We chose to support our women's teams in the absence of corporate sponsorship who believed there is not sufficient mileage generated promoting women's team events to justify sponsorship. Fiji Airports believes we have a responsibility and in turn gain mileage, by enhancing opportunities for women and thereby creating better gender equality.

Each year on New Year's Day, Fiji Airports hosts children from the Treasure House Children's Home and St Mina's Children's Home. We are able to put smiles on the faces of our special children on the first day of the year. They are picked up from their homes and taken to our swimming pool where they are hosted for a day of fun and excitement.

Other highlights of our initiatives were:

- Christmas hampers for the Veilomani Boys Home, St Tabitha, St Mina and Treasure House
- Supporting the Outrigger Walk for Kids charity
- Raising funds for the Fiji Cancer Society through our "Pinktober" and "Movember" events
- Sponsoring Nadi Airport, Nadi Christian Community and Namaka Public school's swimming teams to the National Swimming Competition - Nadi Airport school went on to win the national girls title in 2018
- Assisting the Nadi Scouts for their trip to Vanua Levu for the National Jamboree and the Nadi Centre for Special Education with their participation in the National Games in Suva
- Sponsoring the Nadi Primary School's Athletics team to the National Finals
- Sponsoring the Mt St Mary's Parish Golf fundraising event to help the committee with their planned high school building

COMMERCIAL

Passengers look for new and exciting experiences and travelling has made airports an important inclusion in their own right. A seamless departure and arrival experience contributes to airports leaving a lasting impression.

The passenger experience at Nadi International Airport continues to evolve through improved facilities and our tenancy partners. Duty free shopping, food and beverage outlets and airport amenities are a vital part of the travel experience.

Our Duty-Free outlets, Tappoo and Prouds, boast internationally renowned global brand names, the likes of Chanel, Pandora, Bobby Brown and Jo Malone. They continue to invest in upgrading customer and product experiences through refurbished and constantly refreshed outlets thereby enhancing the customer experience.

The Tappoo Arrivals Duty Free and WH Smith outlets underwent refurbishments in 2019. This ongoing investment evidences the level of commitment that our tenancies are undertaking to ensure world class service to our passengers.

Our food and beverage outlets continue to provide for all types choice alternatives. Arriving and departing passengers may choose from global franchises like Burger King and Gloria Jeans together with our iconic local cafés – KokoNui and Cuppabula.

Specialty retail outlets in the Departures Lounge - RipCurl, Jewellery Galleria and Nike offers a variety of choices whether it be a bargain or high end product.

Catering for avid shoppers keeping up with the trends or simply those who prefer to spend some quiet time before boarding a flight, Nadi International Airport is able to cater for all needs.

ENHANCING SAFETY

Safety is our number one priority.

FA continues to further enhance the safety culture across the organization. We are responsible for ensuring the safety and efficiency of all our fifteen airports and the six million square kilometres of airspace that we manage under the Nadi Flight Information Region.

Our inclusive culture and the implementation of our Safety Management System has encouraged teams and individuals to identify and report any safety concerns.

Passengers arriving to the tunes of our serenaders at the Nadi International Airport arrivals hall.

This allows us to improve our safety performance. We see it; we report it – that is the cultural change that we have created. The establishment of our Online Safety Portal has enhanced our safety reporting capabilities, being an environmentally friendly and paperless platform.

We regularly talk to and listen to our stakeholders ensuring proactive engagement and collaboration so as to ensure that safety is not compromised.

Our team ensure assessments are conducted for all our projects as safety cannot be compromised. These assessments were carried out for the Nadi Runway Mill and Fill Project, Labasa Night Operations and Nausori Runway Upgrade Project, the latter being an approved alternate aerodrome for Jetstar's A320 operation.

Our partnership with our regulator is equally important. All required areas of our operations were certified by the Civil Aviation Authority of Fiji (CAAF) meeting the required standards. These include our Aerodromes, Air Traffic Service Provider (ATSP), the Aviation Maintenance Organization (AMO), the Aeronautical Information Service Provider (AISP) and the Aviation Training Institute (ATI).

FA is committed to serving all stakeholders in the coming years with continuous improvements in our safety standards.

Our Firefighters during a parade at Nadi International Airport.

SECURITY

Enhanced measures have been implemented to strengthen our passenger screening for Powders, Liquids, Aerosols and Gels (PLAGs). The additional security measure for Powders was enforced by the Transport Security Administrators (TSA) and CAAF based on Global Aviation Security Threats in August 2018.

Additionally, two Explosive Trace Detector (ETD) machines have been installed for random checks. This aligns us with International best practices.

Our security team undergoes continuous training programs and is part of the journey of upskilling our security personnel at various levels.

ENVIRONMENTAL MANAGEMENT

Nadi International Airport has achieved Level 3 'Optimisation' within Airport Carbon Accreditation, the global carbon standard for airports upheld by Airports Council International.

Fiji Airports is continuously taking proactive measures to reduce our carbon emissions through energy efficient lighting, use of natural light, use of alternative energy, replanting of mangroves and trees, being smart about our energy usage based on traffic levels and efficiently operating our equipment to reduce energy consumption. At the same time, we collaborate and work with our aviation stakeholders encouraging a shared environmental focus.

Nadi International Airport received Level 1 accreditation in 2017 and Level 2 in 2019.The progression over the last 4 years has been significant with our goal to achieve Level 3+ Neutrality in the future. Nadi is the only airport in the South Pacific to receive Level 3 Airport Carbon Accreditation.

Fiji Airports launched its Mangrove Replanting Initiative in 2019 to further our environmental cause. A total of 5,500 mangroves have been planted at Viseisei and Saweni in the two mangrove replanting exercises involving our staff participation.

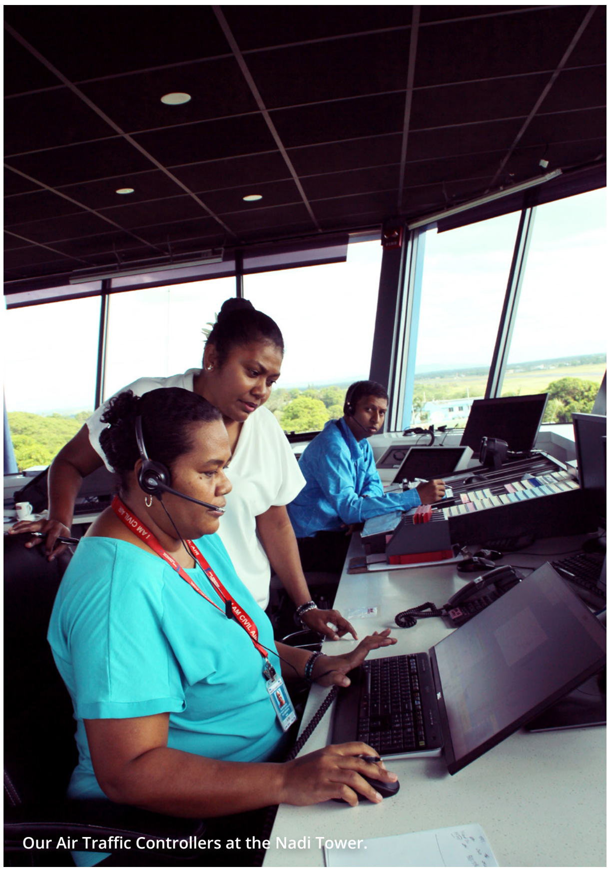
Mangroves play an important role in our tidal ecosystem by supporting the marine and terrestrial environment. Our beautiful country is blessed with a pristine environment and as such, FA is committed to the restoration and preservation of mangroves and the encouragement of best environmental practice.

AIR NAVIGATION

It is essential to maintain the vitality of aviation through safe, efficient, cost effective and environmentally sustainable air navigation services.

To ensure this, future Air Traffic Management (ATM) systems must provide for optimum use of enhanced technological capabilities; both airborne and ground based. Existing and developing technologies are providing options to support both tactical and strategic management of air traffic.

In this regard, Fiji Airports installed and commissioned two major projects in the Communication and Navigation area; the ATM Voice Communication System (VCS) and Very High Frequency (VHF) radio network and the Nadi Instrument Landing System (ILS) Distance Measuring Equipment (DME) in 2018.


Our Air Traffic Controllers at the Nadi Tower.

Apart from improved communications capability, the Nadi ILS/DME system has enhanced pilot's ability to land at Nadi International Airport in challenging weather conditions.

Fiji Airports has a committed investment strategy and has embarked on several major aviation initiatives which include; the new International Civil Aviation Organization (ICAO) Asia/Pacific regional digital network called the Common aeRonautical Virtual Private Network (CRV) installation and; the migration of the current voice and data services currently in progress. This will ensure that our Air Navigation Systems harmonize with systems of adjacent Air Navigation Service Providers.

Australia, Fiji, New Zealand and USA are the CRV pioneer states to implement the CRV which will replace the existing point to point communication network that carries voice and data for Air Traffic Control (ATS) coordination with adjacent Flight Information Region (FIR) centres.

Another key initiative is the upgrading of the ATS Message Handling System (AMHS) to support the exchange of meteorological messages using new ICAO formatting. Nadi is one of the five Regional Operational Meteorological (OPMET) Data Banks (RODB) in the Asia/Pacific region that include Australia, Japan, Singapore and Thailand. The Regional Operational Meteorological (OPMET) Bulletin Exchange (ROBEX) system will ensure enhanced data management which will in turn augment aviation safety.

In November 2019, we began upgrading our Air Traffic Management System (ATM) in preparation for Surveillance Control with the installation of the new Adacel Technologies ATM system. Three of our Air Navigation Engineering Services staff attended the factory training and acceptance test in the Czech Republic.

Technology by itself however, does not provide the complete solution to enable optimum airspace and airframe efficiencies. Operating and service delivery practices must form an integral part of the outcome.

As we progress along this pathway, all investment decisions must provide for commercially sustainable outcomes.


The transformed Nadi International Airport Departures Terminal.

AIRPORTS

Nadi International Airport

In March 2018, Skytrax rated the new Nadi International Airport as one of the "Most Improved Airports" in the world. Ranking Nadi as the 6th Most Improved Airport. The accolade came during the prestigious Skytrax 2018 World Airport Awards which was held at Stockholm, Sweden.

The newly upgraded Nadi International Airport terminal represented a complete transformation and was officially opened by the Hon. Prime Minister Voreqe Bainimarama on 04 June 2018.

In December 2018, yet another international award recognition was presented to Nadi International Airport. This time Australia's top travel website, Traveller, rated Nadi as the "Best Recent Renovation". Both the Skytrax and Traveller's recognition award determinations were undertaken independently. Airports cannot enter or nominate themselves for these international awards and are evaluated by independent critics.

Fiji Airports has completed a Master Plan for Nadi International Airport by using future passenger growth projections and air traffic demand to determine a pathway to future proofing the airport's requirements through 2043.

The Nadi Airport Master Plan 2018-2043 identifies and outlines areas for development as part of its future growth strategy. The Nadi Airport Terminal will be further expanded to align with FA long term strategic objectives.

Once implemented, our Master Plan will facilitate the growth of new markets by increasing capacity and facilities for processing increased passengers and aircraft numbers.


Our Air Navigation Engineering Services team working on the ATM system

Nausori

The ground breaking ceremony for the Nausori Runway Extension and Upgrade project was presided over by the Hon. Prime Minister, Voreqe Bainimarama on 19 September 2018. The runway extension project is earmarked for completion in 2021.

The current runway expansion is carried out at a cost in excess of $65 million and having no business case for investment by Fiji Airports. However, our social responsibility that aligns with Government, counterbalances that investment justification. The runway expansion once complete will drive traffic growth and provide a catalyst for development of the wider Tailevu to Deuba corridor.

This project initiative is undertaken with a deemed immediate benefit for Nausori and a long-term view of providing opportunities for Fijians living along the corridor. Additionally, Fiji Airports is acquiring additional land for further runway extension in future.

Rotuma

The new Rotuma chip seal runway was officially opened by the Hon. Prime Minister, Voreqe Bainimarama on 29 October, 2018.

It is one of the most significant achievements for Fiji Airports. The project was a work-in-progress for the past 40 years, designed and shelved a number of times due to challenges with its isolation and resulting cost factors.

Fiji Airports delivered this project for $13m including the cost of the new runway, fencing, fire tender, fire building, crop clearance and compensation, barging, charter flights and all consultant's costs.

This achievement is in line with Fiji Airports philosophy of prudent cost management of our operating and capital expenditure. This philosophy allows us to build two of something when others would build one.

The Rotuma runway and associated works was a demanding and challenging project. The successful project delivery and outcome as delivered, now allows ATR aircraft operations and a massive increase in capacity and frequency.

The success of this project marks a new beginning for air connectivity for Fijians. In the past it was difficult to find a flight to Rotuma with the Twin Otter only carrying seven passengers at a time with one flight a week. The Twin Otter operations replaced by ATRs will provide for a tenfold increase in passenger numbers. Additional weekly flights will provide Rotuma a basis to transform its economy for the future betterment of all and realise its true potential.

Labasa

Fiji Airports continues to invest in our loss making airports and in 2018 we completed a $620,000 on infrastructure upgrade in and around Labasa Airport to facilitate night landings and take-offs in accordance with safety protocols.

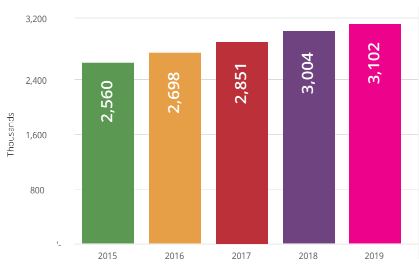
The night flights into Labasa will provide passengers greater flexibility in planing their journeys. The Labasa aerodrome has been certified for night operations by CAAF and an increase in airline flight schedules is anticipated.

Prime Minister Hon. Voreqe Bainimarama officially opening the new Rotuma Chip Seal Runway on 29 October, 2018.

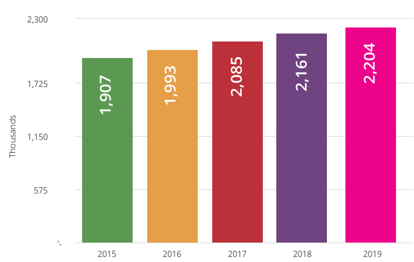
KEY STATISTICS

International Movements	2015	2016	2017	2018	2019
International Arrivals	913,620	939,275	967,826	1,001,314	1,023,144
International Departures	913,586	949,650	975,940	1,001,338	1,025,323
Transits & Transfers	80,105	103,691	140,814	158,273	155,511
Total International Movements	**1,907,311**	**1,992,616**	**2,084,580**	**2,160,925**	**2,203,978**
Domestic Arrivals	326,668	355,742	383,494	421,195	449,271
Domestic Departures	326,104	349,146	382,864	421,556	448,390
Total Domestic Passengers	**652,772**	**704,888**	**766,358**	**842,751**	**897,661**
Total Passenger Movements	**2,560,083**	**2,697,504**	**2,850,938**	**3,003,676**	**3,101,639**
Growth % on Total Pax	*8.5%*	*5.4%*	*5.7%*	*5.4%*	*3.3%*
Growth % on International Pax	*7.4%*	*4.5%*	*4.6%*	*3.7%*	*2.0%*
Note - Movement is inclusive of Crew.					
Aircraft Movements					
Int'l Aircraft Movements	13,847	14,005	15,337	15,202	14,962
	10.6%	*1.1%*	*9.5%*	*-0.9%*	*-1.6%*
Domestic Aircraft Movements	39,733	37,742	46,146	49,769	47,359
	8.6%	*-5.0%*	*22.3%*	*7.9%*	*-4.8%*
Other	35,599	27,167	39,004	36,405	33,547
	-16.4%	*-23.7%*	*43.6%*	*-6.7%*	*-7.9%*
Total Aircraft Movements	**89,179**	**78,914**	**100,487**	**101,376**	**95,868**
Growth%	*-2.7%*	*-11.5%*	*27.3%*	*0.9%*	*-5.4%*
MCTOW (Maximum certified take-off weight)					
International MCTOW	734,417	794,728	845,505	916,418	970,699
	8%	*8%*	*6%*	*8%*	*6%*
Domestic MCTOW (Nadi/ Nausori)	154,987	169,884	184,677	195,303	195,450
	2%	*10%*	*9%*	*6%*	*0%*
Regional Airport MCTOW	50,899	50,323	55,498	61,532	74,083
	18%	*-1%*	*10%*	*11%*	*20%*
Total MCTOW	940,303	1,014,935	1,085,680	1,173,253	1,240,232
Growth%	*7.4%*	*7.9%*	*7.0%*	*8.1%*	*5.7%*
Air Navigation Service Units					
Air Navigation Service Units	3,488,516	3,808,559	4,001,455	4,137,250	4,160,412
Growth%	*9.3%*	*9.2%*	*5.1%*	*3.4%*	*0.6%*

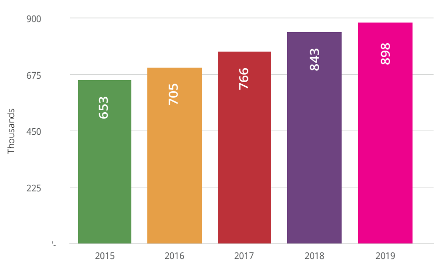
Total Passenger Movements



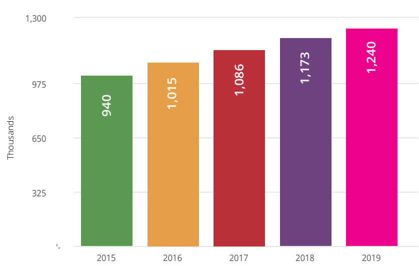
Total International Passengers



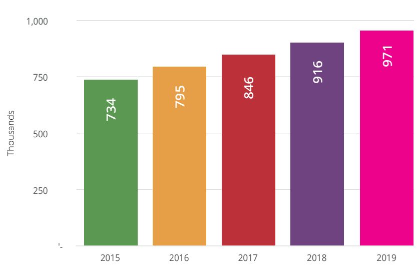
Total Domestic Passengers



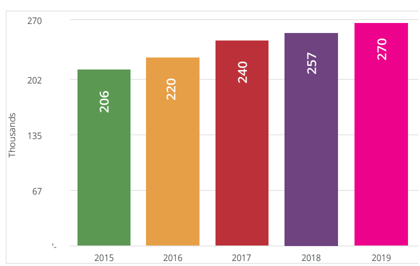
Total Aircraft Movements (Tonnage)



International Aircraft Movements (Tonnage)



Domestic Aircraft Movements (Tonnage)



CORPORATE GOVERNANCE

Our team during the launch of our Mangrove replanting initiative at Viseisei village 24 August, 2019.

BOARD OF DIRECTORS

Geoffrey N Shaw
Chairman

Ratu Wiliame Katonivere
Director

Neeraj Chadha
Director

MANAGEMENT TEAM - 2018 & 2019

Faiz Khan
Chief Executive Officer

David Crute
Projects & Infrastructure Director

Isei Tudreu
General Manager Air Traffic Management & Operations

Sanjana Mishra
Financial Controller / Board Secretary

Shailendra Pandaram
ATM & CNS Specialist

Waqa Taukei
Manager Electrical & Mechanical Services

Semi Banuve
Manager Airport Rescue Fire Fighting Services

Josaia Lacanikaibau
Manager Aviation Security Services

Kelepi Dainaki
Manager Air Navigation Engineering Services

Vincent Kumar
Manager Nausori Airport

Vula Seru
Manager Outer Stations

Joe Gray
Manager Airport Landside Operations & Customer Services

Sunia Korosigasiga
Manager Safety & Risk Management

Ivan Wong
ATM Co-Head of Operations

Amit Singh
ATM Co-Head of Operations (Support)

Ashveen Nandan
Manager Information & Communications Technology

Dhanjay Kumar
Manager Fleet Services

Christopher Chand
Communications and Public Relations Manager

Shalend Kumar
Manager Commercial

Rohit Prasad
Senior Management Accountant

Shameer Khan
Manager Operations - Building & Civil Works

CORPORATE GOVERNANCE PRACTICES

Role of the Board

The Board is responsible for charting the Company's strategic direction, setting objectives for infrastructure upgrades, developing a fair framework for human resources, setting clear goals and mechanisms to monitor performance.

Amongst its responsibilities, the Board also reviews the yearly business plan, corporate plan, operating and capital budgets and non-budgeted capital expenditure.

Many of the plans implemented over the last several years have seen a remarkable turnaround in profits, cash flows and capital projects delivered.

Composition of the Board

As at 31 December 2019 the Board comprised the Chairman, Mr Geoffrey N Shaw and one non-executive independent director, Ratu Wiliame Katonivere.

Mr Faiz Khan served as Executive Chairman till 04 June 2019 before being appointed acting Chief Executive Officer. Mr Neeraj Chadha resigned from the Board on 01 November 2019.

The Ministry for Economy, Civil Service and Communications appoints all directors. Under the FA Articles, the maximum number of directors are seven unless otherwise specified by the Ministry for Economy, Civil Service and Communications

Directors' Code of Conduct

The establishment of a Corporate Code of Conduct and Ethics is designed to promote honest and ethical conduct, including ethical handling of conflicts of interest; appropriate, fair, accurate and timely full disclosure in the Company's periodic reports and compliance with applicable Governmental rules and regulations.

The Board periodically reviews and assesses the adequacy of the Code of Ethics and implements any modification as necessary.

Duties of Directors

The role of the directors is defined in sections 32 and 57 of the Public Enterprises Act. The key responsibility of the directors is provided under section 43 that states:

- The principal objective of every Government Commercial Company (GCC) is to operate as a successful business, and to this end, to be as profitable and efficient as comparable businesses that are not owned by the state.
- The principal objective of every GCC is to be achieved through the application of the key principles of public enterprise reforms.
- The Board of Directors are also bound by section 6.13 of the Articles of the Company, and the individual terms of their respective contract letters.

Statutory Duties of the Board

In addition to the above, the Board of Directors of FA, collectively and individually, have agreed on the fulfilment of the following duties towards the Company:

- To exercise the care and diligence of a reasonable person;
- To exercise their power and discharge their duties in good faith and for a proper purpose;
- To refrain from improper use of their position for personal gain, and
- To refrain from making use of inside information for personal gain.

Fiduciary Duties of Directors

The directors of FA also owe the following fiduciary duties to the Company. These fiduciary duties form the Code of Ethics of FA.

A fiduciary relationship imposes an obligation of utmost good faith on the directors by putting the interests of the Company first and the FA Directors have pledged to uphold this principle at all times.

The fiduciary duties of the directors have the following four dimensions:

- To act in good faith in the best interests of the company;
- To exercise powers for a proper purpose;
- To retain discretion;
- To avoid conflict of interest

Board Meetings

The Board held six regular meetings during the financial year ended 31 December 2019. The regular business of the Board during its meetings covers corporate governance, financial performance and risk management, business investments, projects oversight and strategic planning matters.

Director's Remuneration

As per section 5.6 of the Company's Articles of Association, the Minister for Public Enterprises retains the ultimate authority to determine the remuneration and benefits given to the directors of the Company.

A total fee of $23,000 was paid to the directors for their services during the year in accordance with the remuneration and benefits determined by the Minister of Public Enterprise. A further sum of $40,399 was paid for other expenses, mainly for travel and accommodation that were incurred during the course of their duties. Directors were also covered under the Company's Directors and Officers Insurance Policy.

Our staff celebrating the bonus pay announcement by the Attorney General Hon. Aiyaz Sayed-Khaiyum on 14 December, 2018.

FIJI AIRPORTS

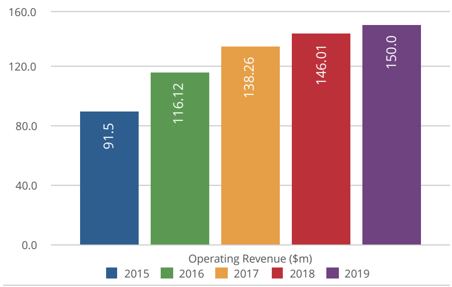
KEY PERFORMANCE INDICATORS

Year	2015	2016	2017	2018	2019
Operating Revenue ($m)*	91.5	116.12	138.26	146.01	150.0
Operating Expenses (Including depreciation) ($m)*	45.9	50.84	58.09	70.72	72.9
EBIT ($m)*	46.7	67.2	82.1	81.2	83.3
EBITDA ($m)	58.2	78.7	94.2	100.5	105.1
Cash from Operations ($m)	42.8	68.5	66.9	72.4	77.5
Return on Assets (%)	9.9	16.4	19.4	11.8	11.3
Return on Equity (%)	13.7	24.4	29.0	15.9	14.7
Debt/Equity Ratio (%)	38.3	49.0	49.6	34.5	30.5
Current Ratio (Times)	6.4	4.2	3.5	3.4	3.3
Interest Cover (Times)	74.6	49.8	44.0	40.3	33.5
Total International Passenger Throughput (m)	1.9	2.0	2.1	2.2	2.2
Capital Investment ($m)	66.6	46.9	45.1	32.2	42.3
Dividends ($m)	15.0	30.0	45.0	45.0	30.0
Gearing Ratio (%)	25.3	33.3	36.6	18.3	15.5
Finance Debt	46.3	67.5	81.1	74.4	68.3
Assets Capitalised	67.8	39.9	43.1	27.2	12.9
Work In Progress	3.0	10.0	12.2	15.2	43.4

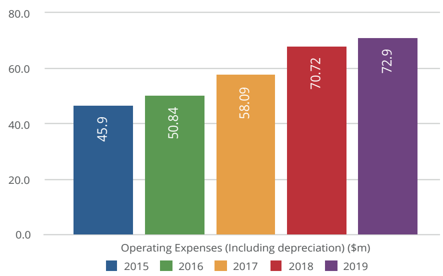
FINANCIAL TREND ANALYSIS TO DECEMBER 2019

YEAR	2015	2016	2017	2018	2019
	$m	$m	$m	$m	$m
INCOME STATEMENT					
Total Revenue	92.6	118.1	140.1	152.0	156.2
Total Expenses excluding Depreciation and Interest	48.5	43.1	45.9	51.5	51.1
Depreciation	11.5	11.4	12.2	19.2	21.9
Interest & Bank Charges	0.6	1.4	1.9	2.0	2.5
Income Tax Expense	6.7	12.7	15.9	14.7	15.6
NPAT ($m)	25.1	49.5	64.2	64.5	65.2
Dividends Paid	15.0	30.0	45.0	45.0	30.0
BALANCE SHEET					
Total Assets ($m)	253.3	301.9	331.7	547.3	576.7
Total Liabilities ($m)	70.1	99.2	109.9	140.5	134.8
Net Assets / Shareholder’s Equity ($m)	183.2	202.6	221.7	406.8	442.0
REVENUE COMPOSITION					
Landing and Parking Fees	18.2	21.6	22.4	26.6	28.7
Air Navigation Charges	19.2	21.9	36.3	39.3	39.8
Terminal Nav Aids	5.0	5.8	6.5	7.1	7.4
Concessions	18.5	31.7	33.5	35.6	35.7
Rentals	4.2	5.2	6.1	6.6	7.2
Departure Tax Share	6.5	7.2	7.2	7.3	7.6
Development & Security Fee - Int'l	12.6	15.5	15.8	16.5	16.8
Domestic Passenger Service Charge	1.4	1.5	1.6	1.8	1.9
Other	5.7	5.6	8.7	9.2	8.3
Grant Funding	0.2	0.1	0	0	0
Interest	1.0	1.9	1.9	2.1	2.7
Total	**92.6**	**118.1**	**140.14**	**151.96**	**156.2**
EXPENSE COMPOSITION					
Salaries	15.5	16.2	17.5	19.4	20.4
Contract Cost	4.6	4.6	5.3	6.7	7.0
Operating Cost	10.3	13.8	15.7	17.2	13.9
Administration Cost	4.0	4.8	7.4	8.2	9.7
Depreciation	11.5	11.4	12.2	19.2	21.9
Interest	0.6	1.4	1.9	2.0	2.5
Loss on Disposal of old terminal assets - NATMP - non-cash / non-operational	14.2	3.7	0	0	0
Total	**60.7**	**55.9**	**60.0**	**72.7**	**75.4**

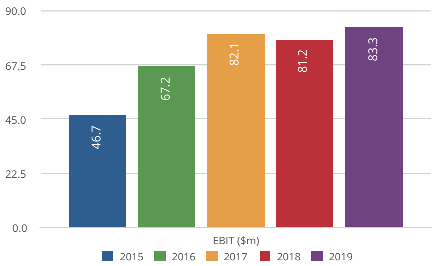
OPERATING REVENUE (FJD, MIL)



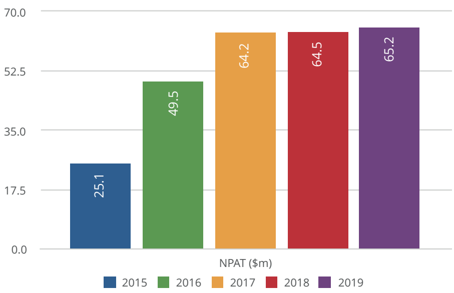
OPERATING EXPENSES (FJD, MIL)



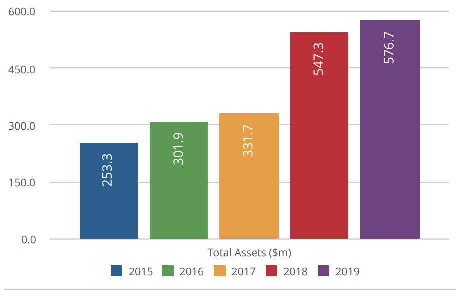
EBIT (FJD, MIL)



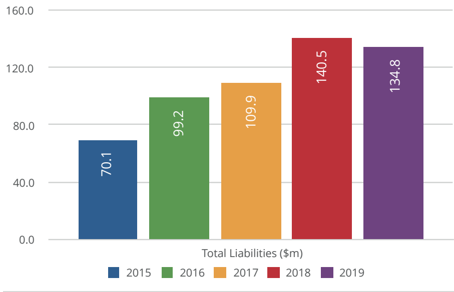
NPAT (FJD, MIL)



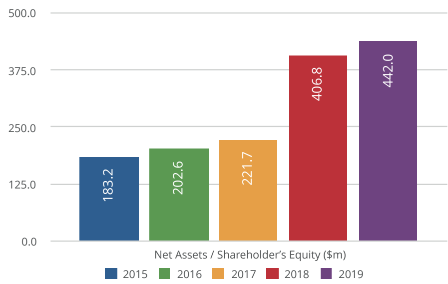
ASSETS (FJD, MIL)



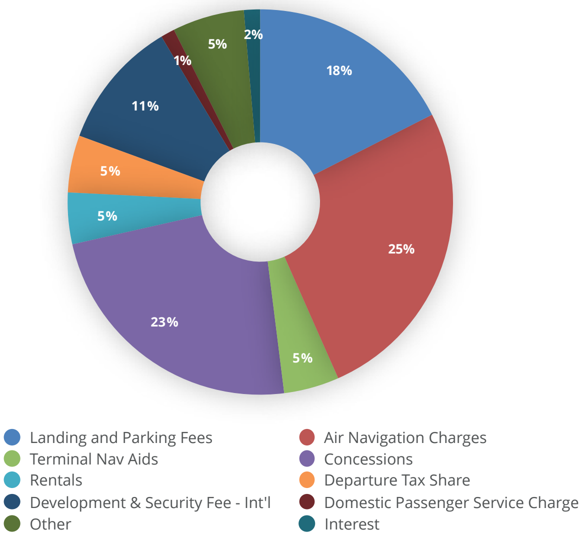
LIABILITIES (FJD, MIL)



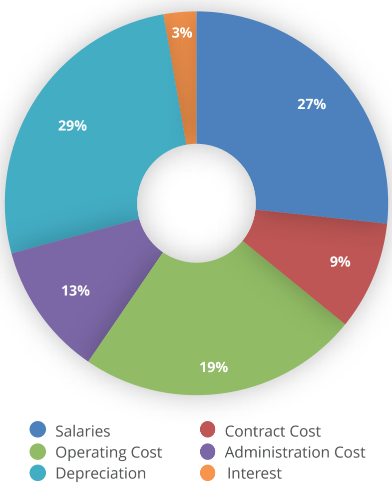
EQUITY (FJD, MIL)



REVENUE COMPOSITION



EXPENSE COMPOSITION



2019 FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS	PAGE

DIRECTORS' REPORT

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Airports Fiji Limited ("the Company") as at 31 December 2019 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

The Directors

The Directors of the Company in office during the year and up to the date of this report were:

Mr. Faiz Khan (Executive Chairman – to 04 June 2019)

Mr. Geoffrey N Shaw (Chairman - 04 June 2019 till Current)

Ratu Wiliame Katonivere

Mr. Neeraj Chadha (resigned 01 November 2019)

State of Affairs

In the opinion of the Directors, the accompanying statement of financial position gives a true and fair view of the state of affairs of the Company as at 31 December 2019 and the accompanying statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results of the Company for the year then ended.

Principal Activities

The principal activities of the Company during the financial year included provision of air navigation services, the operation and management of the Nadi International Airport and other airports throughout Fiji.

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

Trading Results

The net profit of the Company for the year was **$65,163,300 (2018: $64,540,801)** after taking into account an income tax expense of **$15,609,870 (2018: $14,672,081).**

Dividend

During the year, the Directors declared and paid dividends of **$0.3250** per share amounting to **$30,000,000 (2018: $0.4875 per share amounting to $45,000,000).**

Current and Non-Current Assets

The Directors took reasonable steps before the Company's financial statements were made out to ascertain that the current and non-current 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 current and non-current assets in the financial statements to be misleading.

DIRECTORS' REPORT (CONT'D)

Basis of Accounting - Going Concern

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

Bad and Doubtful Debts

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

At the date of this report, the Directors are not aware of any circumstances which would render the above assessment inadequate to any substantial extent.

Related Party Transactions

All related party transactions have been adequately recorded in the financial statements.

Other Circumstances

As at the date of this report:

(i) No charge on the assets of the Company has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which the Company could become liable; and

(iii) no contingent liabilities or other liabilities of the Company have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

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.

DIRECTORS' REPORT (CONT'D)

Events subsequent to balance date

Subsequent to year end, the World Health Organisation announced the spread of COVID-19 virus to be a pandemic. The impact of the spread of this virus is disrupting travel and businesses in Fiji and throughout the world. It is not clear at the time of finalising these financial statements, the impact this will have on services provided by the Company during 2020. Management and the Board are monitoring developments on an ongoing basis.

The financial reporting effects of the outbreak, such as impairment of financial and non-financial assets, will be accounted for as non-adjusting events, given the changes in business activities and economic conditions occurred as a result of events occurring after the balance sheet date.

As events that occurred after the reporting date have caused significant deterioration in economic conditions for the Company and an increase in economic uncertainty, management have taken cost cutting measures / initiatives to ensure that the going concern assumption is still appropriate as a basis for the preparation of the entity's financial statements.

Other than this, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Company, the results of those operations, or the state of the affairs of the Company, in subsequent financial years.

Directors' Benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit disclosed in the financial statements and/or 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 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 substantial financial interest.

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

Dated this 4TH day of AUGUST 2020.

Director

Director

DIRECTORS' DECLARATION

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

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

a) In the opinion of the directors, the financial statements of the Company for the financial year ended 31 December 2019:

(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 2019 and of the performance and cash flows of the Company for the year ended 31 December 2019; and

(ii) have been prepared in accordance with the Companies Act 2015.

b) The Directors have received independence declaration by auditors 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 4TH day of AUGUST 2020.

Director

Director

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability Through Our Audits

6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Fax: (679) 330 3812
E-mail: info@auditorgeneral.gov.fj
Website: www.oag.gov.fj

TO THE DIRECTORS OF AIRPORTS FIJI (PTE) LIMITED

AUDITOR'S INDEPENDENCE DECLARATION

As auditor for the audit of Airports Fiji (Pte) Limited for the financial year ended 31 December 2019, I declare to the best of my knowledge and belief that there have been:

(a) No contravention of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and

(b) No contravention of any applicable code of conduct in relation to the audit.

This declaration is in respect to Airports Fiji (Pte) Limited during the year.

Ajay Nand
AUDITOR-GENERAL

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability Through Our Audits

6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Fax: (679) 330 3812
E-mail: info@auditorgeneral.gov.fj
Website: www.oag.gov.fj

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements of Airports Fiji (Pte) Ltd

Opinion

I have audited the financial statements of Airports Fiji (Pte) Ltd ("Company"), which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of Airports Fiji (Pte) Ltd as at 31 December 2019, 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

I conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to the following:

- Note 2(a) in the financial statements which states that the Company in complying with the Circular issued on Cabinet decision No.357 of 2012 for its accounting treatment of government grants after 1 January 2010, was not in compliance with International Accounting Standards (IAS) 20 *Accounting for Government Grants and Disclosure of Government Assistance.*

- Note 17 in the financial statements describes the terms of the Company's loans and borrowings which at financial year end had a balance of $68.3 million, with monthly repayment of $869,767. The loan is secured by registered first fixed and floating charge over all assets and undertakings, registered first mortgage over Crown Lease No. 3469 and negative pledge by the Company.

- Note 28 in the financial statements which deals with subsequent events and specifically the possible effects of the implications of COVID-19 on the Company's future prospects. Management has also described how it plans to deal with these events and circumstances.

My opinion is not modified in respect of these matters.

Responsibilities of the Management and Directors for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Companies Act 2015 and the Public Enterprise Act 2019 and for such internal control as the 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 the management and directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Company's internal control.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

- Conclude on the appropriateness of the management's and directors' use of 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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.

I communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2015 and the Public Enterprise Act 2019, in my opinion:

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

b) the accompanying financial statements:

   a. are in agreement with the books of account; and

   b. to the best of my information and according to the explanations given to me, give the information required by the Fiji Companies Act 2015 and the Public Enterprise Act 2019 in the manner so required.

Ajay Nand
<u>AUDITOR-GENERAL</u>

Suva, Fiji
19 August, 2020

FIJI AIRPORTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		$	$
Revenue	4 (a)	146,183,031	141,708,690
Other income	4 (b)	7,264,679	8,018,846
Other expenses	5	(36,115,738)	(30,501,873)
Operating expenses	6	(16,254,438)	(20,806,557)
Impairment (loss) / gain on trade and other receivables	25 (i)	(107,413)	149,547
Personnel expenses	7	(20,437,603)	(19,417,508)
Operating profit		80,532,518	79,151,145
Finance income	8 (a)	2,718,106	2,079,478
Finance costs	8 (b)	(2,477,454)	(2,017,741)
Profit before income tax		80,773,170	79,212,882
Income tax expense	9 (a)	(15,609,870)	(14,672,081)
Profit for the year		65,163,300	64,540,801
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation surplus on property, plant and equipment, net of deferred tax	15 (a)	-	165,802,114
Total comprehensive income for the year		**65,163,300**	**230,342,915**

Note :

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital	Capital Contribution	Asset Revaluation Reserve	Retained Earnings	Total
	$	$	$	$	$
Balance at 1 January 2018	**92,300,180**	**4,951,501**	**-**	**124,229,360**	**221,481,041**
Total Comprehensive Income For the Year					
Profit for the year	-	-	-	64,540,801	64,540,801
Revaluation surplus on property, plant and equipment, net of deferred tax (Note 15(a))	-	-	165,802,114	-	165,802,114
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	165,802,114	64,540,801	230,342,915
Transactions with owners of the company					
Dividends declared and paid (note 21 (b))	-	-	-	(45,000,000)	(45,000,000)
Total transactions with owners recognised directly in equity	-	-	-	(45,000,000)	(45,000,000)
Balance at 31 December 2018	**92,300,180**	**4,951,501**	**165,802,114**	**143,770,161**	**406,823,956**
Balance at 1 January 2019	92,300,180	4,951,501	165,802,114	143,770,161	406,823,956
Total comprehensive income for the year					
Profit for the year	-	-	-	65,163,300	65,163,300
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	65,163,300	65,163,300
Transactions with owners of the Company					
Dividends declared and paid (Note 21 (b))	-	-	-	(30,000,000)	(30,000,000)
Total transactions with owners recognised directly in equity	-	-	-	(30,000,000)	(30,000,000)
Balance at 31 December 2019	**92,300,180**	**4,951,501**	**165,802,114**	**178,933,461**	**441,987,256**

Note :

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

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
ASSETS		$	$
CURRENT ASSETS			
Cash on hand and at bank	10	31,509,461	25,139,097
Trade receivables	11	18,188,699	16,414,011
Inventories	12	697,663	606,129
Other receivables and prepayments	13	7,211,180	5,674,166
Term deposits	14	30,893,168	32,000,000
Total current assets		**88,500,171**	**79,833,403**
NON-CURRENT ASSETS			
Property, plant and equipment	15	480,831,237	460,219,184
Right-of-use assets	18 (a) (b)	7,414,482	7,250,534
Total non-current assets		**488,245,719**	**467,469,718**
TOTAL ASSETS		576,745,890	547,303,121
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	13,723,147	9,518,475
Loans and borrowings	17	8,157,113	8,670,281
Lease liabilities	18 (a) (b)	47,886	42,212
Employee benefits	19	1,000,393	843,483
Deferred income	20	3,407,635	3,867,729
Current tax liability	9 (d)	424,493	245,623
Total current liabilities		**26,760,667**	**23,187,803**
NON-CURRENT LIABILITIES			
Loans and borrowings	17	60,159,150	65,709,096
Lease liabilities	18 (a) (b)	4,869,762	4,626,601
Deferred income	20	529,373	3,476,914
Deferred tax liability	9 (c)	42,439,682	43,478,751
Total non-current liabilities		**107,997,967**	**117,291,362**
TOTAL LIABILITIES		134,758,634	140,479,165
NET ASSETS		441,987,256	406,823,956

STATEMENT OF FINANCIAL POSITION (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		$	$
SHAREHOLDERS' EQUITY			
Share capital	21 (a)	92,300,180	92,300,180
Asset revaluation reserve	15 (a)	165,802,114	165,802,114
Retained earnings		178,933,461	143,770,161
Capital contribution	2 (a)	4,951,501	4,951,501
TOTAL SHAREHOLDERS' EQUITY		441,987,256	406,823,956

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

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

Director

Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		$	$
Cash flows from operating activities			
Receipts from customers		147,278,290	146,864,590
Payments to suppliers and employees		(50,826,193)	(54,222,527)
Cash generated from operations		96,452,097	92,642,064
Income tax and interest WHT paid	9 (d)	(16,470,068)	(18,255,747)
Interest paid		(2,477,454)	(1,938,055)
Net cash from operating activities		**77,504,575**	**72,448,262**
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		-	350,055
Proceeds from withdrawal of term deposits		32,000,000	11,000,000
Investment in term deposits		(30,893,168)	(32,000,000)
Payment for property, plant and equipment	15	(39,276,291)	(31,019,832)
Interest received on term deposits		3,147,325	1,588,041
Net cash used in investing activities		**(35,022,134)**	**(50,081,736)**
Cash flow from financing activities			
Proceeds from borrowings	17	2,846,060	366,212
Repayment of borrowings	17	(8,909,174)	(7,774,325)
Payment for lease liabilities	18 (ii)	(48,963)	(30,256)
Dividends paid	21 (b)	(30,000,000)	(45,000,000)
Net cash used in financing activities		**(36,112,077)**	**(52,438,369)**
Net increase / (decrease) in cash and cash equivalents		**6,370,364**	**(30,071,843)**
Cash and cash equivalents at the beginning of the year		25,139,097	55,210,940
Cash and cash equivalents at end of year	10	**31,509,461**	**25,139,097**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1. REPORTING ENTITY

Airports Fiji Limited (the "Company") trading as Fiji Airports is a government owned entity incorporated under the Companies Act and a government commercial company under the Public Enterprises Act of 1996, domiciled in Fiji. The registered office is located at AFL Compound, Nadi Airport, Fiji.

The principal activities of the Company during the financial year included provision of air navigation services, the operation and management of the Nadi and Nausori International Airports and 13 other domestic airports throughout Fiji.

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

NOTE 2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the Companies Act 2015 except as stated below.

Accounting for Government Grants

During the year ended 31 December 2012 the Company changed its accounting policy for government grants, including restatement of prior periods, to comply with a circular that was issued by the Ministry of Public Enterprises & Tourism on 14 March 2013. This circular cited Cabinet decision No.357 of 2012 that required all government grants or special funding to state owned enterprises received from 2010 to be treated as a capital contribution.

This accounting treatment was not in compliance with International Accounting Standard (IAS) 20 *Accounting for Government Grants and Disclosure of Government Assistance* which requires government grants provided for the purchase or construction of assets to be recognized initially as deferred income and then recognized in profit or loss as other income on a systematic basis over the useful life of the related asset. Government grants that compensate the Company for expenses incurred are required to be recognized in profit or loss as other income on a systematic basis in the same period that the expenses are recognized.

The non-compliance with IAS 20 relates to government grants received after 1 January 2010. The accounting for government grants received prior to 1 January 2010 continues materially to comply with IAS 20.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (CONT'D)

In March 2016, the Directors were issued a circular from the Ministry of Public Enterprises & Tourism who confirmed that all Government grants received after 9th March 2016 need to be accounted for in accordance with the requirements of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. In the opinion of the Directors, the accounting treatment adopted is appropriate in view of the requirements of the respective circulars cited above and when considering the respective financial impact of the differences to net profit and financial position from applying IAS 20 for all periods. Had the Company complied with IAS 20 the impact would be as follows:

	2019	2018
	$	$
Statement of comprehensive income	Increase / (decrease)	Increase / (decrease)
Profit	881,002	568,502
Statement of financial position		
Capital contribution	(4,951,501)	(4,951,501)
Retained earnings	3,018,010	2,137,008
Deferred government grants	1,933,491	2,814,493

The financial statements were authorised for issue by the Board of Directors on 4 August 2020.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis and adjusted by the revaluation increments of property, plant and equipment at fair value through other comprehensive income (FVOCI).

(c) Functional and presentation currency

The financial statements are presented in Fiji dollars, rounded to the nearest dollar, which is the Company's functional currency.

(d) Use of estimates and judgements

In preparing these financial statements in confirmity with IFRS, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 2. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (CONT'D)

Information about judgements made in applying accounting policies that have an effect on the amounts recognised in the financial statements is included in the following notes:

- Note 2 (a) - accounting for government grants
- Note 3 (m) (i) - recoverability of trade receivables
- Note 3 (m) (iii) - impairment of property, plant and equipment
- Note 3 (q) - useful life of property, plant and equipment

NOTE 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below and have been consistently applied to all years presented.

(a) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand and cash in banks that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to Fiji dollars at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Fiji dollars at the reporting date and differences are recognised profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(c) Revenue from contracts with customers

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Nature of services

The Company principally generates revenue from managing of airports around the country and air traffic management services. The services provided are on credit to customers and the customers are billed on a monthly basis and customers pay on a monthly basis.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers including significant payment terms and the related revenue recognition policies.

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Air Navigation	Air Navigation is provision of navigation services through the Air Traffic Management Centre (ATMC) to airlines that fly in the Nadi Flight Information Region (NFIR). The date that the customer utilises the Fiji airspace and navigation service is recorded by the ATMC for the entire month. At the end of a month an invoice is generated for each customer for navigation services provided in a month based on the number of days. Invoices are usually payable within 30 days. Revenue for the entire month is recognized at the time the invoice is raised.
Airport Security, Airport Development and Departure Tax Share	The company is responsible for providing airport and passenger facilities and services from where an international passenger can depart for their destination. The performance obligation is satisfied each time a passenger utilises the services at the airport and departs on a flight. Airport security charges, airport development charges and departure tax are included in airline tickets. The charges for airport security and airport development are collected by the airline companies on behalf of the company and remitted to the company each month based on the number of passengers departing the country in a month. Invoices are raised at month end and are usually payable within 30 days. Departure tax is remitted by the airline companies to the Fiji Revenue & Customs Service which gives a share of $10 VIP for every departing passenger to the Company. Revenue is recognised at month end.
Landing	The company is required to provide services of runway, taxiway, incinerator services and fire rescue services for landing and take-off to aircraft at the airport. When aircraft has landed or taken off, the provision of the service is complete. Landing information is collated on a daily basis for a month and invoices for landing fees are issued on a bi-monthly basis. The invoices are usually payable within 30 days. Revenue for the entire month is recognized at the time the invoice is raised.
Parking	Invoices for providing parking bays for aircraft at the airport are raised on a monthly basis. For each day in a month, for every customer, a record is maintained for parking. Invoices are raised on a monthly basis and are usually payable within 30 days. Revenue for the entire month is recognized at the time the invoice is raised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(C) Revenue from contracts with customers (CONT'D)

(i) Nature of services (CONT'D)

Terminal Navigation Aid	Terminal navigation aid is the provision of terminal navigation services to aircraft coming into the terminal area around the Nadi and Nausori airport. A record is maintained for each customer that this service has been provided to on a daily basis each month. Invoices are raised on a bi-monthly basis based on the number of days the service was provided in the month and are usually payable within 30 days.
Car park	The Company provides a car park for customers that come to the airport. A walk-in customer that utilises the airport car park collects a ticket on the entrance and pays based on the hours the car park was utilised. Revenue is recognised at that point in time. Customers that regularly use the car park have an agreement with the Company for a fixed charge per month. These customers are provided with an access card which is swiped at an electronic machine at the airport. Revenue is recognised on a monthly basis for these customers.

(d) Other revenue

Other sources of revenue include concessions income from renting out space at the airports and rental of other property.

Concessions and rental income is recognised on a straight line basis over the applicable lease terms.

(e) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except for items recognised in equity or in other comprehensive income.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Income tax (CONT'D)

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improve.

(f) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are declared by the Board of Directors.

(g) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and bank overdraft and are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Government grants and deferred income

Government grants in respect of assets that were received before 1 January 2010 are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the related asset. Grants received prior to 1 January 2010 that compensate the Company for expenses incurred were recognised in profit or loss as other income on a systematic basis in the same period that the expenses are recognised.

For all government grants received subsequent to 1 January 2010 the recognition is based on the circular which was distributed by Ministry of Public Enterprises and Tourism on 14 March 2013. As per cabinet decision No. 357 of 2012, all government grants or special funding to state owned enterprises received after 2010 are required to be treated as a capital contribution rather than revenue. All government grants received from 2010 until 8 March 2016 have been recorded as a capital contribution in equity by the Company (Refer note 2 (a)).

Deferred income represents the housing estate transferred from the Civil Aviation Authority of Fiji to AFL by order of the Government. This deferred income is recognised in profit or loss over the useful life of the housing estate.

(i) Value Added Tax

Revenues, expenses and assets are recognised net of the amount of Value Added Tax (VAT) except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of VAT included.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments

(i) Recognition and measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized 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 measurement

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI 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.

All financial assets not classified as measured at amortised cost 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 as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (CONT'D)

(ii) Classification and measurement (CONT'D)

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

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.

Financial Assets: Subsequent measurement and gains and loss

Financial assets that are measured at amortised costs 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 derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified 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 expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit and loss. Any gains or loss on derecognition is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial instruments (CONT'D)

(ii) Derecognition

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial Liabilities

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.

(iv) 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 set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(k) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment

(i) Non-derivative financial assets

The Company recognises loss allowances for ECLs 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:

- other receivables 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 are always measured at an amount equal to lifetime ECL.

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 another receivable or cash balance 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 BBB- or higher per Standard and Poors.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (CONT'D)

(i) Non-derivative financial assets **(CONT'D)**

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flow due to the entity 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.

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.

Credit-impaired financial assets

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;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- 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 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.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (CONT'D)

(ii) Non-financial assets **(CONT'D)**

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(m) Trade payables, provisions and other payables

Trade and other payables are stated at cost. A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss and other 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.

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their use, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Property, plant and equipment

Property, plant and equipment are stated at revalued amounts, less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are performed by external independent valuers with sufficient regularity such that carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Revaluations are performed by external independent valuers with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Any revaluation increase arising on the revaluation of such property, plant and equipment is credited as other comprehensive income in the statement of profit or loss and other comprehensive income and recorded as revaluation reserve in the statement of changes in equity.

Decreases that off-set previous increases of the same asset are charged against other comprehensive income and revaluation reserves in the equity; all other decreases are charged as expense in the statement of profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred to retained earnings.

(i) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(ii) Depreciation

Depreciation is calculated to write off the value of items of property, plant and equipment less their estimated residual values using the straight-line method over the estimated useful life of the asset, and is recognised in profit or loss.

The estimated useful lives of the Company's assets for the current and comparative period are as follows:

- Infrastructure - 2 - 80 years
- Buildings and improvements - 3 - 80 years
- Plant and equipment - 4 - 25 years
- Motor vehicles - 8 years
- Office furniture and fittings - 8 years and replacement basis

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Profits and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Leases

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.

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.

(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 and plus any initial direct costs incurred.

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 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 interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Leases (CONT'D)

(i) As a lessee (CONT'D)

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
- 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 remeasured 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 remeasured 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 separately in the statement of financial position.

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 of property that have a lease term 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and other cost incurred in bringing them to their existing location and condition. Allowance for inventory obsolescence is recorded based on a review of inventories.

Inventories considered obsolete or not in usable condition are written off in the period in which they are identified.

(s) Employee benefits

Defined contribution plan

Contributions are paid to the Fiji National Provident Fund or nominated superannuation funds on behalf of employees to secure retirement benefits. Costs are included in profit or loss as the services are rendered by employees.

Wages and salaries and annual leave

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised in other payables on the statement of financial position. Annual leave with respect to employees' services up to the reporting date, measured at the amounts expected to be paid when the liabilities are settled, are accrued for under employee benefits.

(t) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 4. REVENUE AND OTHER INCOME

	2019	2018
	$	$
(a) Revenue		
Revenue from contracts with customers		
Air navigation charges	39,751,548	39,299,131
Airport security and development fee	16,830,688	16,463,710
Domestic passenger service charge	1,942,056	1,786,137
Landing and parking fees – domestic	1,015,043	925,190
Landing and parking fees – international	27,684,831	25,684,775
Departure tax share	7,597,627	7,289,843
Terminal navigation aid charges	7,417,744	7,056,228
Car park charges	1,047,148	995,131
	103,286,685	**99,500,145**
Other Revenue		
Concessions	35,677,001	35,639,165
Rental - offices and warehouses	5,863,305	5,216,019
Rental - check-in-counter	1,356,040	1,353,361
	42,896,346	**42,208,545**
Total Revenue	**146,183,031**	**141,708,690**

	2019	2018
(b) Other Income		
Electricity recharge	2,173,954	2,069,620
Gain on disposal of motor vehicles	-	208,979
Deferred income	3,407,635	3,867,729
Other income	1,683,090	1,872,518
	7,264,679	**8,018,846**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. OTHER EXPENSES

	2019	2018
	$	$
Auditors' remuneration	31,560	24,495
Board expenses	40,399	29,689
Contract costs	7,006,878	6,670,231
Depreciation - property, plant and equipment	21,717,775	19,099,018
Depreciation – right-of-use assets	133,851	125,885
Directors' remuneration	23,000	23,000
Insurance	5,855,633	3,539,567
Land rental	3,902	18,160
Stock obsolescence	100,684	-
Sundry cost and supplies	708,415	555,462
Travel and accommodation	493,641	416,366
	36,115,738	30,501,873

NOTE 6. OPERATING EXPENSES

Interest on right-of-use assets	247,672	217,593
Meteorological costs	550,459	550,459
Post and telecommunications	1,156,271	1,215,424
Utilities	5,757,181	6,187,694
Other costs	5,176,510	6,182,090
Repairs and maintenance	3,366,345	6,453,297
	16,254,438	20,806,557

As part of compensation for the services provided by Faiz Khan in his role as Executive Chairman, the Board of Directors have approved a compensation amount of $450,000 payable to Tropik Woods Industries Pte Limited annually. This has been accrued and included in operating expenses and is subject to approval from the Government. The total compensation for the period August 2016 to May 2019 amounting to $1,275,000 has been included under the Other Payables (Note 16).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 7. PERSONNEL EXPENSES

	2019	2018
	$	$
Wages and salaries	17,616,802	17,262,962
Contribution to Fiji National Provident Fund	1,598,588	1,599,471
Key management compensation - wages and salaries	743,151	173,269
Contribution to Fiji National Provident Fund	74,315	17,326
FNU Levy	185,134	171,001
Other employee benefits	219,613	193,479
	20,437,603	19,417,508

NOTE 8. FINANCE INCOME AND COSTS

(a) Finance income		
Interest income	2,718,106	2,079,478
(b) Finance costs		
Interest expense	2,397,768	1,938,055
Amortised financing cost	79,686	79,686
	2,477,454	2,017,741

NOTE 9. INCOME TAX

(a) Income tax expense recognised in profit or loss		
Current tax expense		
Current year	16,687,170	16,092,716
Over provision of income tax in prior years	(38,232)	(573,379)
	16,648,938	**15,519,337**
Deferred tax benefit		
Origination and reversal of temporary difference	(1,039,068)	(847,256)
	(1,039,068)	(847,256)
Income tax expense	**15,609,870**	**14,672,081**
(b) Reconciliation of effective tax		
Profit before income tax	80,773,170	79,212,882
Prima facie income tax expense at 20%	16,154,634	15,842,577
Effect of permanent differences	(506,532)	(597,117)
Over provision in prior years	(38,232)	(573,379)
	15,609,870	**14,672,080**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 9. INCOME TAX (CONT'D)

	2019	2018
	$	$
(c) Recognised deferred tax liability, net		
Trade receivables	110,342	88,859
Inventories	20,077	2,649
Employee benefits	200,079	168,697
Difference between Right-of-use Assets and Lease Liabilities	(499,366)	17,163
Property, plant and equipment	(42,270,814)	(43,756,119)
	(42,439,682)	**(43,478,751)**

Movement in temporary differences during the year

	1 January 2019	Movement	31 December 2019
	$	$	$
Trade receivables	88,859	21,483	110,342
Inventories	2,649	17,428	20,077
Employee benefits	168,697	31,382	200,079
Difference between Right-of-use Assets and Lease Liability	17,163	(516,529)	(499,366)
Property, plant and equipment	(2,305,590)	1,485,305	(820,285)
Recognised in profit or loss	**(2,028,222)**	**1,039,069**	**(989,153)**
Deferred tax liability on revaluation gain on Property, plant and equipment (Note 15 (a))	**(41,450,529)**	**-**	**(41,450,529)**
	(43,478,751)	**1,039,069**	**(42,439,682)**

	1 January 2018	Movement	31 December 2018
	$	$	$
Trade receivables	69,498	19,361	88,859
Inventories	25,000	(22,351)	2,649
Employee benefits	168,811	(114)	168,697
Difference between Right-of-use Assets and Lease Liability	-	17,163	17,163
Property, plant and equipment	(3,138,787)	833,197	(2,305,590)
Recognised in profit or loss	(2,875,478)	847,256	(2,028,222)
Deferred tax liability on revaluation gain on Property, plant and equipment (Note 15 (a))	-	(41,450,529)	(41,450,529)
	(2,875,478)	**(40,603,273)**	**(43,478,751)**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 9. INCOME TAX (CONT'D)

	2019	2018
	$	$
(d) Current tax liability		
Balance 1 January	245,623	2,982,032
Current tax expense	16,687,169	16,092,716
Interest withholding tax paid	-	(175,867)
Over provision in prior years	(38,232)	(573,379)
Payments made during the year	(16,470,068)	(18,079,879)
Balance 31 December	424,493	245,623

NOTE 10. CASH AND CASH EQUIVALENTS

Cash on hand	2,235	2,235
Cash at bank	31,507,226	25,136,862
Cash and cash equivalents in the statement of cash flows	31,509,461	25,139,097

The cash and cash equivalents held by the Authority that is not available for operational use include "Charity Funds" of $217,764 which is held in the Operating Account with ANZ.

NOTE 11. TRADE RECEIVABLES

Trade receivables	18,740,409	16,858,308
Impairment allowance	(551,710)	(444,297)
	18,188,699	16,414,011

NOTE 12. INVENTORIES

Fuel	6,820	4,482
Electrical	366,421	190,483
Telecom	424,809	424,410
	798,050	619,375
Less: allowance for inventory obsolescence	(100,387)	(13,246)
Total inventories, net	697,663	606,129

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 13. OTHER RECEIVABLES AND PREPAYMENTS

	2019	2018
	$	$
Prepayments	4,158,869	2,186,182
Deposits	1,423,835	1,427,470
Other receivables	781,401	1,271,345
VAT receivable	847,075	789,169
	7,211,180	5,674,166

NOTE 14. TERM DEPOSITS

Current		
Term deposits	30,893,168	32,000,000

Financial assets include term deposits with the following banks / Financial institution:

Bank / Financial Institution	Period	Interest Rate		
Bank South Pacific	180 days	6.50%	5,000,000	-
Bank South Pacific	180 days	3.75%	10,560,291	-
Bank South Pacific	180 days	3.50%	10,332,877	-
Westpac Banking Corporation	180 days	3.78%	5,000,000	-
ANZ Bank	1 year	4.23%	-	15,000,000
Bank South Pacific	180 days	5%	-	10,000,000
Bank South Pacific	120 days	4.50%	-	7,000,000
			30,893,168	32,000,000

FIJI AIRPORTS

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Plant and Equipment	Infrastructure	Motor Vehicles	Work in Progress	Total
	$	$	$	$	$	$
Cost						
At 1 January 2018	**181,775,494**	**74,270,509**	**100,734,853**	**11,446,877**	**12,248,214**	**380,475,947**
Transfer from investment property	10,452,736	-	-	-	-	10,452,736
Ajustments	-	-	(20,378)	-	-	(20,378)
Revaluation surplus (Note 15(a))	58,358,016	10,385,998	135,602,385	2,906,244	-	207,252,643
Ajustment of accumulated depreciation	(22,447,803)	(57,381,053)	(59,453,739)	(9,381,125)	-	(148,663,720)
Transfer to right-of-use assets	(98,443)	-	-	-	-	(98,443)
Additions	17,800	1,098,363	-	1,035,115	28,004,788	30,156,066
Disposals	-	(1,500)	-	(247,400)	-	(248,900)
Transfers in/ (out)	2,588,558	9,901,493	12,604,850	-	(25,094,901)	-
At 31 December 2018	**230,646,358**	**38,273,810**	**189,467,971**	**5,759,711**	**15,158,101**	**479,305,951**
Additions	-	960,274	-	83,394	41,286,160	42,329,828
Transfers in / (out)	3,160,919	9,131,921	693,449	-	(12,986,289)	-
At 31 December 2019	**233,807,277**	**48,366,005**	**190,161,420**	**5,843,105**	**43,457,972**	**521,635,779**
Depreciation and impairment						
At 1 January 2018	**20,453,121**	**57,385,831**	**59,456,307**	**9,389,896**	**-**	**146,685,155**
Transfer from investment property (Note 17)	1,998,943	-	-	-	-	1,998,943
Adjustments	(4,261)	(4,778)	(2,568)	(8,771)	-	(20,378)
	22,447,803	**57,381,053**	**59,453,739**	**9,381,125**	**-**	**148,663,720**
Adjustment of accumulated depreciation	(22,447,803)	(57,381,053)	(59,453,739)	(9,381,125)	-	(148,663,720)
Depreciation charge	10,282,425	3,693,714	4,243,000	879,879	-	19,099,018
Disposals	-	(104)	-	(12,147)	-	(12,251)
At 31 December 2018	**10,282,425**	**3,693,610**	**4,243,000**	**867,732**	**-**	**19,086,767**
Depreciation Charge	10,447,287	5,093,452	5,128,579	1,048,457	-	21,717,775
At 31 December 2019	20,729,712	8,787,062	9,371,579	1,916,189	-	40,804,542
Net book value:						
At 31 December 2018	**220,363,933**	**34,580,200**	**185,224,971**	**4,891,979**	**15,158,101**	**460,219,184**
At 31 December 2019	**213,077,565**	**39,578,943**	**180,789,841**	**3,926,916**	**43,457,972**	**480,831,237**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Effective from 1 January 2018, property, plant and equipment are stated at revalued amounts, less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are performed by external independent valuers to assess the fair values of the assets. The directors work closely with the external valuers to establish the appropriate valuation techniques and inputs to the valuation method.

Latest independent valuation was carried out by registered valuer, Erasito Beca Consultants Limited for a complete valuation of buildings, infrastructure, plant and equipment and motor vehicles in December 2017. The valuation methodology adopted by the valuer was using the optimised depreciated replacement cost (ODRC) approach. ODRC uses the assessment of replacement cost new of a modern equivalent asset (MEA) as the starting point and applies optimization and depreciation to adjust for age, condition, performance and remaining useful life to arrive at an ODRC.

Revaluation surplus amounting to $nil (2018: $165,802,114 (net of deferred tax liability of $41,450,529)) has been recorded in other comprehensive income for the year and accumulated in Asset Revaluation Reserve in equity.

NOTE 16. TRADE AND OTHER PAYABLES

	2019	2018
	$	$
Trade payables	8,646,473	4,810,433
Advance deposits	1,449,693	1,369,691
Income received in advance	142,155	174,296
Other payables	2,209,826	2,076,555
Payable to Tropik Woods Industries Pte Limited	1,275,000	1,087,500
	13,723,147	9,518,475

NOTE 17. LOANS AND BORROWINGS

	2019	2018
Bank loans		
Balance at 1 January	74,379,377	81,073,156
Drawdowns	2,846,060	366,212
Stamp duty	-	714,334
Repayments	(8,909,174)	(7,774,325)
Balance at 31 December	**68,316,263**	**74,379,377**
Classified as follows:		
Current	8,157,113	8,670,281
Non-current	60,159,150	65,709,096
	68,316,263	74,379,377

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 17. LOANS AND BORROWINGS (CONT'D)

Bank loans

In 2014, the Company obtained a $85m loan facility from Westpac Banking Corporation Limited (the Bank) for the Nadi Airport Terminal Modernisation Project ("the Project"), out of which $2,846,060 was drawn during the year (2018: $366,212). The loan is amortised over a notional term of 12 years ending on 31 December 2026, with interest-only repayments during the term of the availability period and thereafter, monthly repayments, including principal and interest to fully repay the loan over the notional term. Availability period is the period commencing at Financial Close and ending the earlier of 3 months post practical completion or 31 July 2019.

Management have obtained a confirmation from the Bank, should the Company continue at variable interest rates and a facility term of 12 years, the monthly repayment will be $869,767 (2018: $869,767).

The loan is secured by:

(i) Registered first fixed and floating charge by Airports Fiji Limited over all its assets and undertakings including uncalled and called but unpaid capital;

(ii) Registered first mortgage # 765062 by Airports Fiji Limited over Crown Lease No. 3469; and

(iii) Negative pledge provided by Airports Fiji Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 18. LEASES

(a) As a lessee

The Company leases land around the country for the various airports, information about leases for which the Company is a lessee is presented below:

(i) Right-of-use assets	2019	2018
	$	$
Land		
Balance at 1 January	7,250,534	6,042,955
Additions during the year	202,820	1,235,021
Modification to lease	94,979	-
Transfer from property, plant and equipment	-	98,443
Depreciation charge for the year	(133,851)	(125,885)
Balance at 31 December	**7,414,482**	**7,250,534**

(ii) Lease liabilities

Maturity analysis - contractual undiscounted cash flows

	2019	2018
Less than one year	293,278	275,161
One to five years	1,173,112	1,100,646
More than five years	15,260,138	14,498,213
Total undiscounted liabilities at 31 December	**16,726,528**	**15,874,020**
Lease liabilities included in the statement of financial position		
Current	47,886	42,212
Non-current	4,869,762	4,626,601
	4,917,648	**4,668,813**
Accounts recognised in profit or loss		
Interest on lease liabilities	247,672	217,593
Expenses relating to leases of low-value assets – Land rental	3,902	18,160
	251,574	**235,753**
Accounts recognised in statement of cash flow		
Total cash outflow for leases	**48,963**	**30,256**

Land leases

The Company leases land for the operation of the various airports. The leases for land typically are for a period of 9 to 99 years and a few land leases contain upfront lease payments. The leases do not have an option to renew. The lease payments are fixed yearly payments to be paid half yearly in equal instalments each year. Lease payments are reassessed after certain number of years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 18. LEASES (CONT'D)

(b) As a lessor

Lease income from lease contracts in which the Company acts as a lessor is disclosed in Note 5 as "other revenue". These are operating leases.

The Company leases out space and equipment at the various airports around the country. The Company classifies these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2019	2018
	$	$
Less than one year	26,265,659	26,216,720
One to five years	82,930,672	91,675,279
More than five years	83,395,214	100,584,916
Total undiscounted lease payments	**192,591,546**	**218,476,915**

NOTE 19. EMPLOYEE BENEFITS

Annual leave		
Balance at 1 January	843,483	844,057
Charge to profit or loss	994,723	676,497
Utilised during the year	(837,813)	(677,071)
Balance at 31 December	**1,000,393**	**843,483**

NOTE 20. DEFERRED INCOME

Housing Estate		
Balance at 1 January	7,344,643	11,212,372
Recognised in profit or loss	(3,407,635)	(3,867,729)
Balance at 31 December	**3,937,008**	**7,344,643**
Classified as follows:		
Current	3,407,635	3,867,729
Non-current	529,373	3,476,914
	3,937,008	7,344,643

Deferred income represents the housing estate transferred from Civil Aviation Authority of Fiji to AFL by order of the government. This deferred income is recognised in profit or loss over the useful life of the housing estate. In December 2017, the balance useful life has been determined as 3 years. Accordingly, the asset is being depreciated over 3 years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 21. SHARE CAPITAL

	2019	2018
	$	$
(a) Paid up capital		
92,300,180 ordinary shares	92,300,180	92,300,180
(b) Dividends		
Dividends declared and paid by the Company are as follows:		
$0.3250 per share (2018: $0.4875)	**30,000,000**	**45,000,000**

NOTE 22. COMMITMENTS

	2019	2018
Approved and committed	42,406,856	49,883,000
Approved but not committed	**28,896,144**	**21,420,000**
	71,303,000	**71,303,000**

Capital expenditure during the year are primarily in respect to upgrade of the runway at Nausori Airport, Nadi Airport baggage handling upgrade, aerobridge assembly, incinerator, fire tender and upgrades to Nausori and other domestic airport terminals and infrastructure upgrades. Future capex projects primarily relate to the upgrade of the Air Navigation Engineering Services, Nadi off-gate apron upgrade, departure lounge expansion and domestic terminal upgrade. (2018: Capital expenditure are primarily in respect to upgrade of the runway at Nausori Airport, Nadi Apron extensions and expansions, New Nadi Domestic terminal and upgrades to Labasa and Savusavu Airport terminals and various other outer island Airport Terminals).

NOTE 23. CONTINGENT LIABILITIES

The Company in vigorously defending several claims received from suppliers amounting to $1,015,269 (2018: $1,015,269). The Directors do not consider that these claims have merit and no provision has been recognised in these financial statements as the Directors do not consider it probable that a loss will arise.

In 2018, Westpac Banking Corporation Limited has given an unconditional undertaking amounting to $755,383, valid upto 27 August 2020, in favour of the Ministry of Environment for the proposed Nausori Airport Runway Extension and Airport upgrade.

The Company holds a Letter of Credit with Westpac Banking Corporation Limited amounting to $1,348,394 as at 31 December 2019 (2018: $3,853,604). This Letter of Credit has been obtained to fund purchase of bitumen for the Nausori Airport Runway upgrade (2018: Instrument Landing System (ILS)/ Distance Measuring Equipment (DME) together with related goods and services for the Nadi and Nausori Airport).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 24. RELATED PARTIES

(a) Directors

The Directors who held office during the year were:

Mr. Faiz Khan (Executive Chairman – to 04 June 2019)

Mr. Geoffrey N Shaw (Chairman - 04 June 2019 till Current)

Ratu Wiliame Katonivere

Mr. Neeraj Chadha (resigned 01 November 2019)

Directors' remuneration:	2019	2018
	$	$
Fees	28,153	23,000
Other benefits	35,246	29,689
	63,399	**52,689**

(b) Identity of related parties

The Company is a commercial enterprise wholly owned and controlled by the Government of Fiji. Government includes the government agencies and similar bodies whether local or national. Other related parties include government-related entities which are controlled, jointly controlled or significantly influenced by the Government of Fiji.

(c) Amounts receivable / (payable) to related parties

Fiji Airways	3,693,360	2,498,805
Fiji Meteorological Services	(45,872)	(45,872)

Amounts payable to related parties are unsecured, interest-free and repayable on demand.

(d) Transactions with related parties

During the year, the Company entered into various transactions with related parties. The aggregate value of major transactions with the related parties during the year is as follows:

Fiji Government		
iTaukei Land Trust Board (TLTB) - Land rental expense	293,278	235,753
Dividends paid	30,000,000	45,000,000
Fiji Airways		
Aeronautical and rental revenue	41,790,042	39,487,549
Fiji Meteorological Services		
Reimbursement of Meteorological office operating cost	550,512	550,459
Civil Aviation Authority of Fiji (CAAF)		
Airport License & Inspection Fee	444,902	391,956
Fiji National Provident Fund		
Post-employment benefit plan - Superannuation	1,672,903	1,616,797

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 24. RELATED PARTIES (CONT'D)

(e) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. During the year 2019 and in 2018, the Executive Chairman (later CEO - deceased 26 June 2020) and General Manager Air Traffic Management were the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the Company.

In addition to their salaries, the Company also provides non-cash benefits to key management personnel.

Transactions with key management personnel are on terms that are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to third parties at arm's length.

Key management personnel compensation (excluding Directors' remuneration as disclosed in Note 26 (a)) is disclosed in Note 7.

NOTE 25. RISK MANAGMENT

Overview

The Company has exposure to the following risks:

(i) Credit risk;

(ii) Liquidity risk;

(iii) Market risk; and

(iv) Operational risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are documented in the Company's finance policy and procedures manual. Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade receivable and investment in term deposits.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 25. RISK MANAGMENT (CONT'D)

(i) Credit risk (CONT'D)

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	2019	2018
	$	$
Cash at bank	31,507,226	25,136,862
Trade receivables	18,188,699	16,414,011
Debt securities	30,893,168	32,000,000
Other receivables (excluding prepayments)	3,052,311	3,487,984
	83,641,404	**77,038,857**

Trade receivables

The Company has agreements in place with its customers for the various types of revenue. These customers are mainly reputable airline companies both domestic and international using Fiji's airspace and duty free stores. These customers have been transacting with the Company for a number of years with minimal impairment loss recognised against these customers. The Company limits its exposure to credit risk from trade receivables by establishing payment period of 30 days.

Impairment gain/ (loss) on financial assets recognised in profit or loss were as follows:

Impairment gain/ (loss) on trade and other receivables	(107,413)	149,547

Expected credit losses assessment for trade receivables

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

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.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 25. RISK MANAGMENT (CONT'D)

Trade receivables (CONT'D)

Expected credit losses assessment for trade receivables (CONT'D)

31 December 2019	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		$	$	
Current (not past due)	0.91%	10,642,274	(97,243)	No
31 to 61 days past due	2.39%	6,773,029	(161,922)	No
62 to 89 days past due	8.97%	684,050	(61,374)	No
90 to 120 days past due	26.38%	124,092	(32,734)	No
More than 120 days past due	38.39%	516,964	(198,437)	No
		18,740,409	(551,710)	

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 trade receivables. Scalar factors are based on actual and GDP growth rates.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from individual customers as at 31 December 2018.

31 December 2018	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		$	$	
Current (not past due)	0.91%	13,250,699	(93,109)	No
31 to 61 days past due	2.39%	1,981,880	(47,381)	No
62 to 89 days past due	8.97%	1,044,938	(93,754)	No
90 to 120 days past due	26.38%	107,308	(28,307)	No
More than 120 days past due	38.39%	473,483	(181,746)	No
		16,858,308	(444,297)	

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 trade receivables. Scalar factors are based on actual and GDP growth rates.

Balances as at 31 December 2018 include accruals of $3,060,903 not considered for ECL assessment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 25. RISK MANAGMENT (CONT'D)

Cash and cash equivalents

The Company held cash of $31,507,226 (2018: $25,136,862). Cash are held with banks which are rated A1, Aa3 and Bb3 based on S+P and Moody's ratings. Impairment on cash and cash equivalents has been measured on the 12 month expected loss basis and reflects short term maturities of the exposures. (The Company considers that its cash have low credit ratings of the counterparties).

The amount of impairment allowance at 31 December 2019 is Nil (2018: Nil).

Term Deposits

The Company limits its exposure to credit risk by investing in liquid term deposits and only with counterparties that have a credit rating of at least Ba3 from S&P ratings.

The Company held term deposits of $30,893,168 (2018: $32,000,000). Impairment on term deposits has been measured on the 12 month expected loss basis and reflects short term maturities of the exposures.

The amount of impairment allowance at 31 December 2019 is Nil (2018: Nil).

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has access to a finance facility with a limit of $85 million with Westpac Banking Corporation Limited to fund the Nadi Airport Terminal Modernisation Project.

Surplus cash is also invested in term deposits.

The following are the remaining contractual maturities of financial liabilities at the reporting date :

		Contractual cash flows			
Financial Liabilities	**Carrying amount**	**Total**	**6 months or less**	**6 - 12months**	**More than 1 year**
	$	$	$	$	$
31 December 2019					
Trade and other payables	13,723,147	13,723,147	13,723,147	-	-
Loans and borrowings	68,316,263	77,106,822	5,218,602	5,218,602	66,669,618
Lease liabilities	4,917,648	16,726,528	146,639	146,639	16,433,250
	86,957,058	**107,556,497**	**19,088,388**	**5,365,241**	**83,102,868**
31 December 2018					
Trade and other payables	9,518,475	9,518,475	9,518,475	-	-
Loans and borrowings	74,379,377	88,413,793	5,218,602	5,218,602	77,976,589
Lease liabilities	4,668,813	15,874,020	137,581	137,581	15,598,859
	88,566,665	**113,806,288**	**14,874,658**	**5,356,183**	**93,575,448**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 25. RISK MANAGMENT (CONT'D)

(ii) Liquidity risk (CONT'D)

The Company is required to make interest only payments till the end of the availability period and thereafter principal plus interest payments (refer 17 (i)). The principal amount to be paid will only be determined by the bank at the end of the availability period. The interest rate is subject to the Company's selection of variable rate and or fixed rate at the end of the availability period. For the purpose of calculating the contractual maturities, the rate for the duration of the loan has been assumed at the current rate.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk refers to the possibility that the fair value of future cash flows of financial instrument will fluctuate because of changes in market interest rates. The Company adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed-rate basis over a period of time, and reviewed periodically with the Bank, taking into account assets with exposure to changes in interest rates. The Company also invests excess cash in term deposits to manage the risk of changes in market interest rate exposed to the Company due to loans and borrowings.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

Fixed rate instruments	2019	2018
	$	$
Term deposits (i)	30,893,168	32,000,000
Loan from Westpac Banking Corporation (ii)	68,316,263	74,379,377

(i) The Company invests in debt securities for an average of 365 days at a fixed interest rate. As a result the Company does not have a significant exposure to interest rate risk in respect of these assets.

(ii) The Company is required to make interest only payments till the end of the availability period and thereafter principal plus interest payments (Note 17). The principal amount to be paid will only be determined by the bank at the end of the availability period. The interest rate is subject to the Company's selection of variable rate and or fixed rate at the end of the availability period. As a result the sensitivity analysis has not been disclosed.

Foreign currency risk

The Company is exposed to foreign currency risk as a result of transactions denominated in foreign currencies arising from normal trading activities. Where significant settlements are required to be done in currencies other than the Fiji dollar, the Company seeks quotations from recognised banks and uses the most favourable exchange rate for the purposes of the settlement. The Company does not have significant exposure to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 25. RISK MANAGMENT (CONT'D)

(iii) Market risk (CONT'D)

Regulatory risk

The Company's profitability can be impacted by regulatory agencies established which govern the business sector in Fiji. Specifically prices for aeronautical services and air navigation service fees are regulated by Fijian Competition and Consumer Commission.

The salaries and wages payable to workers are subject to relevant Wages Regulations 2017 and Employment Relations Act.

(iv) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, and fraud to external events. 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 expect to 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, authorization and reconciliation procedures, staff education and assessment procedures.

NOTE 26. CAPITAL MANAGEMENT

The Company's capital includes share capital and retained earnings.

The Company's policy is to maintain a strong capital base so as to maintain creditor confidence and to sustain future development of the business.

The Company is not subject to any externally imposed capital requirements. The Company's policies with respect to capital management are reviewed regularly by the Board of Directors.

There have been no material changes in the Company's management of capital during the year.

NOTE 27. FAIR VALUE ESTIMATION

The carrying value of trade and other receivables, trade and other payables and loans and borrowings are assessed to approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 26. SUBSEQUENT EVENTS

Subsequent to year end, the World Health Organisation announced the spread of COVID-19 virus to be a pandemic. The impact of the spread of this virus is disrupting travel and businesses in Fiji and throughout the world. It is not clear at the time of finalising these financial statements, the impact this will have on services provided by the Company during 2020. Management and the Board are monitoring developments on an ongoing basis. The financial reporting effects of the outbreak, such as impairment of financial and non-financial assets, will be accounted for as non-adjusting events, given the changes in business activities and economic conditions occurred as a result of events occurring after the balance sheet date.

As events that occurred after the reporting date have caused a significant deterioration in economic conditions for the Company and an increase in economic uncertainty, management have taken cost cutting measures / initiatives to ensure that the going concern assumption is still appropriate as a basis for the preparation of the entity's financial statements.

Other than this, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Company, the results of those operations, or the state of the affairs of the Company, in subsequent financial years.

ADDITIONAL FINANCIAL INFORMATION DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	$	$
REVENUE		
Air navigation charges	39,751,548	39,299,131
Airport security and development fee	16,830,688	16,463,710
Concessions	35,677,001	35,639,165
Domestic passenger service charge	1,942,056	1,786,137
Impairment gain on trade and other receivables	-	149,547
Landing and parking fees - domestic	1,015,043	925,190
Landing and parking fees - international	27,684,831	25,684,775
Departure tax share	7,597,627	7,289,843
Rental - offices and warehouses	5,863,305	5,216,019
Rental - check-in-counter	1,356,040	1,353,361
Terminal navigation aid charges	7,417,744	7,056,228
Electricity recharge	2,173,954	2,069,620
Gain on disposal of motor vehicles	-	208,979
Deferred income	3,407,635	3,867,729
Identification card charges	212,171	182,228
Left luggage charges	128,093	121,029
Interest on term deposit	2,718,106	2,079,478
Sundry income	1,342,826	1,569,261
Car park charges	1,047,148	995,131
TOTAL INCOME	**156,165,816**	**151,956,561**
EXPENSES		
Accounting fees	-	4,700
Airport inspection and license fees	444,902	391,956
Auditors’ remuneration	31,560	24,495
Bank charges	10,224	-
Board expenses	40,399	29,689
Consultancy	681,453	1,611,176
Contract costs	7,006,878	6,670,231
Depreciation – property, plant and equipment	21,717,775	19,099,018
Depreciation – right-of-use assets	133,851	125,885
Directors’ remuneration	23,000	23,000

ADDITIONAL FINANCIAL INFORMATION (CONT'D)
DETAILED STATEMENT OF PROFIT OR LOSS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	$	$
EXPENSES (CONT'D)		
Doubtful debts	107,413	-
Insurance	5,855,633	3,539,567
Interest - loan	2,477,454	2,017,741
Interest – right-of-use	247,672	217,593
Land rental	3,902	18,160
Loss on disposal of property, plant and equipment	-	95,572
Meteorological costs	550,459	550,459
Other expenses	1,105,373	1,139,796
Post and telecommunications	1,156,271	1,215,424
Repairs and maintenance	3,366,345	6,453,297
Island States share of Air Traffic Management income	1,987,615	1,965,057
Stock obsolescence	100,684	-
Sundry costs and supplies	708,415	555,462
Training and conference	161,769	234,699
Travel and accommodation	493,641	416,366
Utilities and services	5,757,181	6,187,694
Vehicle and fuel costs	785,174	739,134
Wages and salaries	20,437,603	19,417,508
TOTAL EXPENDITURE	**75,392,646**	**72,743,679**
OPERATING PROFIT BEFORE TAX	**80,773,170**	**79,212,882**

A Fiji Airways aircraft on approach to landing at Nadi International Airport.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS	PAGE

DIRECTORS' REPORT

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of Airports Fiji Limited ("the Company") as at 31 December 2018 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and report as follows:

The Directors

The Directors of the Company in office during the year and up to the date of this report were :

Mr. Faiz Khan (Executive Chairman)

Mr. Geoffrey N Shaw

Ratu Wiliame Katonivere

Mr. Neeraj Chadha

State of Affairs

In the opinion of the Directors, the accompanying statement of financial position gives a true and fair view of the state of affairs of the Company as at 31 December 2018 and the accompanying statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results of the Company for the year then ended.

Principal Activities

The principal activities of the Company during the financial year included provision of air navigation services, the operation and management of the Nadi International Airport and other airports throughout Fiji.

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

Trading Results

The net profit of the Company for the year was **$64,540,801 (2017: $64,239,987)** after taking into account an income tax expense of **$14,672,081 (2017: $15,946,426)**.

Dividend

During the year, the Directors declared and paid dividends of **$0.4875** per share amounting to **$45,000,000 (2017: $0.4875 per share amounting to $45,000,000).**

Current and Non-Current Assets

The Directors took reasonable steps before the Company's financial statements were made out to ascertain that the current and non-current 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 current and non-current assets in the financial statements to be misleading.

DIRECTORS' REPORT (CONT'D)

Basis of Accounting - Going Concern

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

Bad and Doubtful Debts

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

At the date of this report, the Directors are not aware of any circumstances which would render the above assessment inadequate to any substantial extent.

Related Party Transactions

All related party transactions have been adequately recorded in the financial statements.

Other Circumstances

As at the date of this report:

(i) No charge on the assets of the Company has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which the Company could become liable; and

(iii) no contingent liabilities or other liabilities of the Company have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

As at the date of this report, the Directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Company's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

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.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

DIRECTORS' REPORT (CONT'D)

Directors' Benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit disclosed in the financial statements and/or 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 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 substantial financial interest.

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

Dated this 16th day of May 2019.

Director

Director

DIRECTORS' DECLARATION

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

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

a) In the opinion of the directors, the financial statements of the Company for the financial year ended 31 December 2018:

(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 2018 and of the performance and cash flows of the Company for the year ended 31 December 2018; and

(ii) have been prepared in accordance with the Companies Act 2015.

b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act 2015;

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 16th day of May 2019.

Director

Director

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing

6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 330 9032
Fax: (679) 330 3812
E-mail: info@auditorgeneral.gov.fj
Website: http://www.oag.gov.fj

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements of Airports Fiji Limited

Opinion

I have audited the financial statements of Airports Fiji Limited ("Company"), which comprise the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of Airports Fiji Limited as at 31 December 2018, 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

I conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 2 and Note 4 (i) of the financial statements which states that the Company in complying with the Circular issued on Cabinet decision No.357 of 2012 for its accounting treatment of government grants after 1 January 2010, was not in compliance with International Accounting Standards (IAS) 20 *Accounting for Government Grants and Disclosure of Government Assistance*.

Responsibilities of the Management and Directors for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Companies Act 2015 and the Public Enterprise Act 1996 and for such internal control as the 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

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

and using the going concern basis of accounting unless the management and directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 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 the management's and directors' use of 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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.

I communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2015 and the Public Enterprise Act 1996, in my opinion:

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

b) the accompanying financial statements:

   a. are in agreement with the books of account; and

   b. to the best of my information and according to the explanations given to me, give the information required by the Fiji Companies Act 2015 and the Public Enterprise Act 1996 in the manner so required.

Ajay Nand
AUDITOR-GENERAL

Suva, Fiji
20 May, 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		$	$
Revenue	5 (a)	141,708,690	130,264,311
Other income	5 (b)	8,018,846	8,000,140
Other expenses	6	(30,501,873)	(21,193,812)
Operating expenses	7	(20,806,557)	(19,143,294)
Impairment gain / (loss) on trade and other receivables	27 (i)	149,547	(213,450)
Personnel expenses	8	(19,417,508)	(17,539,621)
Operating profit		79,151,145	80,174,274
Finance income	9 (a)	2,079,478	1,877,937
Finance costs	9 (b)	(2,017,741)	(1,865,798)
Profit before income tax		79,212,882	80,186,413
Income tax expense	10 (a)	(14,672,081)	(15,946,426)
Profit for the year		64,540,801	64,239,987
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation surplus on property, plant and equipment, net of deferred tax	16 (a)	165,802,114	-
Total comprehensive income for the year		**230,342,915**	**64,239,987**

Note :

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share Capital	Capital Contribution	Asset Revaluation Reserve	Retained Earnings	Total
	$	$	$	$	$
Balance at 1 January 2017	**92,300,180**	**4,951,501**	**-**	**105,397,056**	**202,648,737**
Total Comprehensive Income For the Year					
Profit for the year	-	-	-	64,239,987	64,239,987
1% Transitional tax on undistributed pre 2014 profits	-	-	-	(161,327)	(161,327)
Other comprehensive income, net of tax	-	-	-		
Total comprehensive income for the year	-	-	-	64,078,660	64,078,660
Transactions with owners of the company					
Dividends declared and paid (note 23 (b))	-	-	-	(45,000,000)	(45,000,000)
Total transactions with owners recognised directly in equity	-	-	-	(45,000,000)	(45,000,000)
Balance at 31 December 2017	**92,300,180**	**4,951,501**	**-**	**124,475,716**	**221,727,397**
Balance at 1 January 2018 previously reported	92,300,180	4,951,501	-	124,475,716	221,727,397
Adjustment on initial application of IFRS 9 (net of tax) – (Note 3 (b) (ii))	-	-	-	(246,356)	(246,356)
Restated balance At 1 January 2018	**92,300,180**	**4,951,501**	**-**	**124,229,360**	**221,481,041**
Total comprehensive income for the year					
Profit for the year	-	-	-	64,540,801	64,540,801
Other comprehensive income					
- Revaluation surplus on property, plant and equipment, net of deferred tax (Note 16 (a))	-	-	165,802,114	-	165,802,114
Total comprehensive income for the year	-	-	165,802,114	188,770,161	230,342,915
Transactions with owners of the Company					
Dividends declared and paid (Note 23 (b))	-	-	-	(45,000,000)	(45,000,000)
Total transactions with owners recognised directly in equity	-	-	-	(45,000,000)	(45,000,000)
Balance at 31 December 2018	**92,300,180**	**4,951,501**	**165,802,114**	**143,770,161**	**406,823,956**

Note :

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

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		$	$
CURRENT ASSETS			
Cash on hand and at bank	11	25,139,097	55,210,940
Trade receivables	12	16,414,011	17,878,683
Inventories	13	606,129	483,298
Other receivables and prepayments	14	5,674,166	4,612,538
Held–to-maturity investments	15 (a)	-	11,000,000
Other investments	15 (b)	32,000,000	-
Total current assets		**79,833,403**	**89,185,459**
NON-CURRENT ASSETS			
Property, plant and equipment	16	460,219,184	233,790,792
Investment property	17	-	8,453,793
Right-of-use assets	20 (a) (i)	7,250,534	-
Total non-current assets		**467,469,718**	**242,244,585**
TOTAL ASSETS		**547,303,121**	**331,430,044**
CURRENT LIABILITIES			
Trade and other payables	18	9,518,475	10,961,908
Loans and borrowings	19	8,670,281	10,437,205
Lease liabilities	20 (a) (ii)	42,212	-
Employee benefits	21	843,483	844,057
Deferred income	22	3,867,729	669,422
Current tax liability	10 (d)	245,623	2,982,032
Total current liabilities		**23,187,803**	**25,894,624**
NON-CURRENT LIABILITIES			
Loans and borrowings	19	65,709,096	70,635,951
Lease liabilities	20(a) (ii)	4,626,601	-
Deferred income	22	3,476,914	10,542,950
Deferred tax liability	10 (c)	43,478,751	2,875,478
Total non-current liabilities		**117,291,362**	**84,054,379**
TOTAL LIABILITIES		**140,479,165**	**109,949,003**
NET ASSETS		**406,823,956**	**221,481,041**

STATEMENT OF FINANCIAL POSITION (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018	2017
		$	$
SHAREHOLDERS' EQUITY			
Share capital	23 (a)	92,300,180	92,300,180
Asset revaluation reserve	16 (a)	165,802,114	-
Retained earnings		143,770,161	124,229,360
Capital contribution	2 (a)	4,951,501	4,951,501
TOTAL SHAREHOLDERS' EQUITY		406,823,956	221,481,041

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

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

Director

Director

ADDITIONAL FINANCIAL INFORMATION DETAILED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	$	$
REVENUE		
Air navigation charges	39,299,131	36,343,278
Airport security and development fee	16,463,710	15,836,809
Concessions	35,639,165	33,543,686
Domestic passenger service charge	1,786,137	1,617,344
Impairment gain on trade and other receivables	149,547	-
Landing and parking fees - domestic	925,190	828,723
Landing and parking fees - international	25,684,775	21,604,849
Departure tax share	7,289,843	7,175,940
Rental - offices and warehouses	5,216,019	4,939,277
Rental - check-in-counter	1,353,361	1,182,033
Terminal navigation aid charges	7,056,228	6,479,075
Electricity recharge	2,069,620	2,151,376
Gain on disposal of motor vehicles	208,979	251,042
Deferred income	3,867,729	669,422
Identification card charges	182,228	140,064
Land rent written back	-	2,950,050
Left luggage charges	121,029	114,321
Interest on term deposit	2,079,478	1,877,937
Sundry income	1,569,261	1,723,865
Car park charges	995,131	713,297
TOTAL INCOME	**151,956,561**	**140,142,388**
EXPENSES		
Accounting fees	4,700	3,400
Airport inspection and license fees	391,956	382,718
Auditors' remuneration	24,495	23,945
Bad debts	-	124,050
Bank charges	-	14,971
Board expenses	29,689	44,852
Consultancy	1,611,176	1,012,883
Contract costs	6,670,231	5,324,127
Depreciation – property, plant and equipment	19,099,018	12,153,790
Depreciation – right-of-use assets	125,885	-
Directors' remuneration	23,000	27,792

ADDITIONAL FINANCIAL INFORMATION (CONT'D)
DETAILED STATEMENT OF PROFIT OR LOSS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	$	$
EXPENSES (CONT'D)		
Doubtful debts	-	213,450
Insurance	3,539,567	2,195,200
Interest - loan	2,017,741	1,865,798
Interest – right-of-use	217,593	-
Land rental	18,160	197,577
Loss on disposal of property, plant and equipment	95,572	108,325
Meteorological costs	550,459	550,459
Other expenses	1,139,796	891,576
Post and telecommunications	1,215,424	1,061,422
Repairs and maintenance	6,453,297	5,033,780
Island States share of Air Traffic Management income	1,965,057	2,803,114
Stock obsolescence	-	114,126
Sundry costs and supplies	555,462	592,058
Training and conference	234,699	120,200
Travel and accommodation	416,366	396,295
Utilities and services	6,187,694	6,386,710
Vehicle and fuel costs	739,134	773,736
Wages and salaries	19,417,508	17,539,621
TOTAL EXPENDITURE	**72,743,679**	**59,955,975**
OPERATING PROFIT BEFORE TAX	**79,212,882**	**80,186,413**


& TAX FREE
Bureau de Change
Bureau de Change


NADI
AIRPORT