Fiji Ports Corporation Limited

Annual Report 2015

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Vision, Mission, Values & Corporate Culture

Vision

'To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce'

Mission

'To develop, maintain and improve key seaport and ship repair facilities to enhance the economic growth and prosperity of Fiji'

Values

FPCL's corporate Vision and Mission will be accomplished by adhering to a set of Values that speak to the economic, social, and environmental responsibilities of FPCL and continuous achievement of Business Excellence, and by demonstrating Professionalism, Progressive leader- ship and Succession Planning, Commercial Stewardship, Corporate Citizenship, Strategic Innova- tion, and Employee Well-being and Diversity

Corporate Culture

As attitude and behaviour define the workplace environment, FPCL's Board, management and senior staff remain alert to the need for openness when addressing issues that relate to the Company's Corporate Culture. Plans continue to be enacted to improve Corporate Culture within Fiji Ports with the view to maximising the often unrecorded and unseen benefits that flow from achiev- ing a positive workplace and are open to regular review.

About Us

Fiji Ports Corporation Limited (FPCL) operates the following two main ports of entry into Fiji:
Kings Wharf, Suva Queens Wharf, Lautoka

Fiji Ports owns and operates:
Levuka Wharf, Ovalau

FPCL oversees the operations and ISPS requirements for the following ports:
Malau Wharf, Labasa, Vanua Levu (owned by Fiji Sugar Corporation)
Rotuma Port, Rotuma (owned by Rotuma Council)
Wairiki Wharf, Nabouwalu, Vanua Levu (owned by Tropik Woods Industries Ltd)
Vuda, Viti Levu (owned by oil multinational companies).

FPCL also oversees and operates port facilities including local interisland, fishing and local and international barge port facilities located at Mualwalu I and II, Walu Bay, Suva, and in Lautoka adjacent to the Queens Wharf, through the provision of ports infrastructure and related services to ensure industry safety and security.

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Letter to the Minister

Fiji Ports Corporation Limited
Muaiwalu House, Walu Bay, Suva, Fiji.

July 2015

Hon. Aiyaz Sayed-Khaiyum
Minister for Public Enterprise, Minister Public Service, Minister for Finance and Attorney General
Level 7 Suvavou House
Suva Fiji

Dear Minister

It is with pleasure that I present the Annual Report for the year 2015 for Fiji Ports Corporation Limited (FPCL), and subsidiary company, Fiji Ships and Heavy Industries Limited (FSHIL).

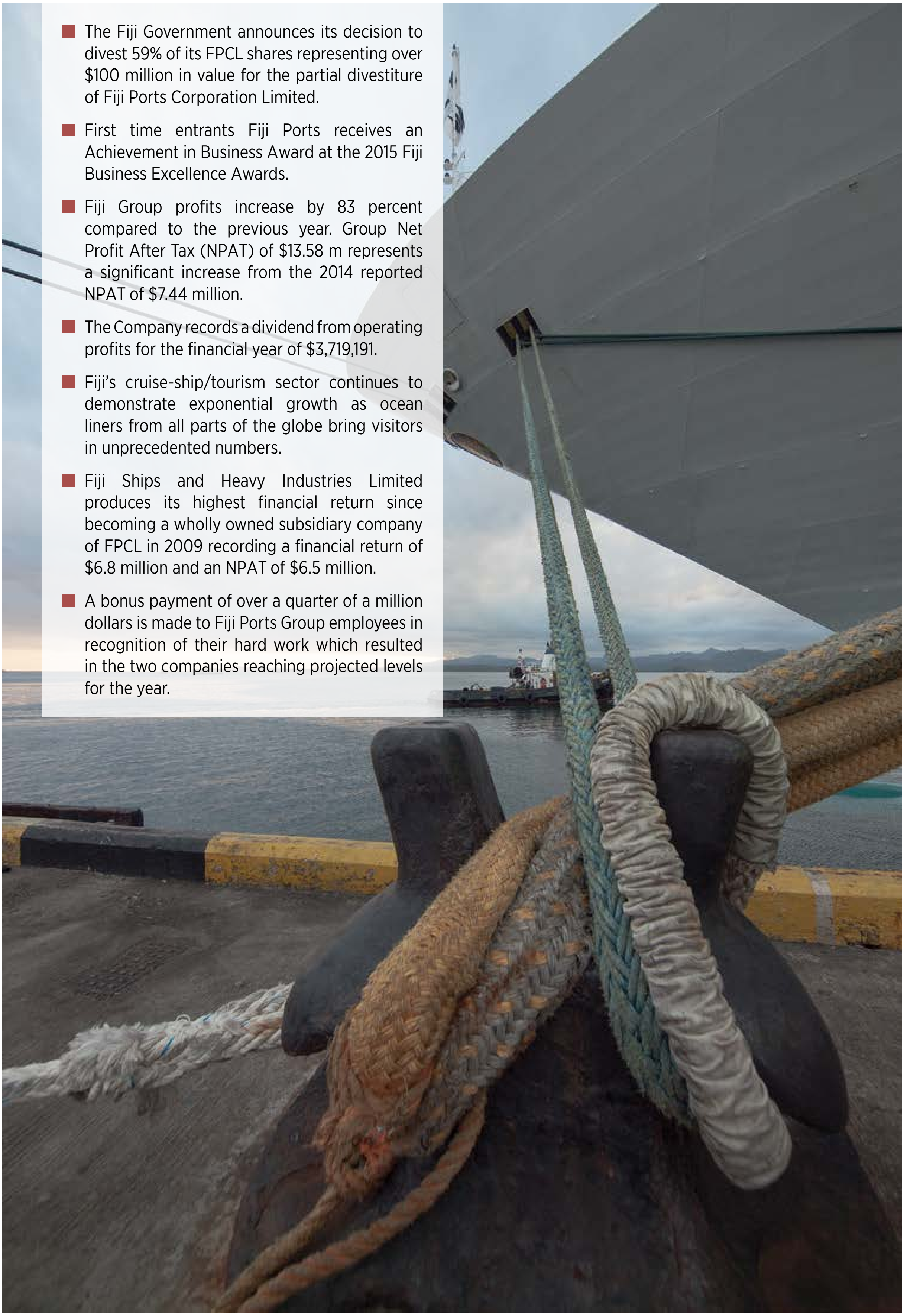
Of major importance for the Fiji Ports Group this year was your Government's announcement late in the year of part-privatisation of the Company. The announcement came after a significant period of adjustment for the Company as it adapted to its role of Landlord Port/Regulator further to the divestiture of FPTL in 2013.

As we enter a new era for the Fiji Ports Group we do so in the expectation of rewarding things to come. As major shareholder I commend to you this Annual Report for the year 2015, produced in accordance with the provisions provided in the Public Enterprises Act 1996.

Yours sincerely

Tevita Kuruvakadua
Chairman
FPCL Board of Directors

Highlights for the Year in Review



- The Fiji Government announces its decision to divest 59% of its FPCL shares representing over $100 million in value for the partial divestiture of Fiji Ports Corporation Limited.
- First time entrants Fiji Ports receives an Achievement in Business Award at the 2015 Fiji Business Excellence Awards.
- Fiji Group profits increase by 83 percent compared to the previous year. Group Net Profit After Tax (NPAT) of $13.58 m represents a significant increase from the 2014 reported NPAT of $7.44 million.
- The Company records a dividend from operating profits for the financial year of $3,719,191.
- Fiji's cruise-ship/tourism sector continues to demonstrate exponential growth as ocean liners from all parts of the globe bring visitors in unprecedented numbers.
- Fiji Ships and Heavy Industries Limited produces its highest financial return since becoming a wholly owned subsidiary company of FPCL in 2009 recording a financial return of $6.8 million and an NPAT of $6.5 million.
- A bonus payment of over a quarter of a million dollars is made to Fiji Ports Group employees in recognition of their hard work which resulted in the two companies reaching projected levels for the year.

Chairman's Report

Tevita Kuruvakadua
CHAIRMAN

Fiji Ports Corporation Limited's commitment to returning solid financial returns while ensuring all Port users receive benefits from its operations characterised the Company's performance in 2015.

This year Fiji Ports concentrated on fulfilling its obligations as Port Landlord/Regulator. With a focus on improving infrastructure and services across its designated Ports, a range of development projects and operational enhancement initiatives were undertaken primarily for the major Ports of Suva and Lautoka.

In its capacity of Landlord/Regulator the Company also addressed the need to operate all facilities in an environmentally sound manner and minimise the impact of operations on the environment. Where feasible and practicable, the emphasis has also been on applying sustainable design principles in future planning and design, and in the decommissioning of facilities.

Pleasing this year for the Group of Companies was FPCL's subsidiary company, Fiji Ships and Heavy Industries Limited, delivering strong financial returns. In recent years and months the company has also made significant advances in terms of its upgrade and modernisation programs while fulfilling its broader aim of improving key seaport and ship repair facilities.

2015 Financial Performance

The financial performance of FPCL for 2015, once again, represented a very positive outcome.

The operating Group profit for the year was $13,577,091 - significantly up on 2014's figure of $7,438,382 - after providing for income tax expense of $2,490,896, compared to $1,528,299 last year.

The operating profit for the holding company was $10,141,210 compared to 2014's figure $6,637,848 after providing for income tax expense of $2,119,835, compared to $1,263,163 in 2014. The total dividend declared, and paid out during 2015, was $3.7 million a figure slightly higher than 2014's payment of $3.6 million.

This year Fiji Ports not only met its scheduled loan repayments of $8 million, the Company's strong cash flow has made possible the prepayment of a total of additional $30 million (between December 2012 and December 2014). This substantial reduction in FPCL debt was achieved because of the Company's strong operational cash flow which translated into a strong balance sheet.

A large component of the prepayments made were to the Asian Development Bank (denominated in US dollars). Had the Company not been able to make the timely debt reductions against the U.S. dollar, it would have been exposed to large losses. Although the Company did incur some losses with the movement of the foreign exchange by making substantial prepayments earlier than was required the Company saved a considerable amount of money both in terms of reduced interest repayments and by reducing its exposure to foreign exchange movements. With the profitability of FPCL protected the Company maintained a very attractive Balance Sheet at the close of the year.

Part-Privitisation Agreement

Without doubt, the most important event for the year was Government's announcement of part-privitisation of the Company.

The November announcement reflects government's ongoing commitment for partial divestment of Fiji-owned assets with shareholders of the holding company (the Ministry of Public Enterprises and the Ministry of Finance) divesting 59% of Company shares to private entities.

The terms of the agreement specify that the Ministry of Public Enterprises maintains 41% of the shares in FPCL and Fiji National Provident Fund (FNPF), Fiji's largest financial institution with total assets valued at $4.9 billion, acquiring 39 percent. The second partner in the agreement is Sri Lankan conglomerate Aitken Spence PLC (ASPLC) which acquired 20 percent of the total number of FPCL shares. A highly credible investor ASPLC brings to the partnership its vast experience in port management and a proven track record in Fiji further to acquiring FPTL in 2013. Of note, and a highly positive outcome of the transaction is that 80 percent of the shares in the Company remain in Fiji hands.

The Shareholders Agreement entitles FNPF to appoint three directors to the FPCL Board, AS PLC will bring in two directors, with the Fiji Government positioned to appoint four members.

Government's decision to divest shares in FPCL - and bring in suitable partners - is based on the need to better position the Company for development while growing FPCL's asset base to allow for continued improvements, expansions and overdue modernisation of Fiji's Ports' facilities. Of importance, too, is that under the new agreement Fiji Ports is expected to become more profitable as it moves closer to achieving its primary goal of transforming the Port of Suva into a hub port by the year 2020.

Notwithstanding, divesting a significant level of shareholding to a private sector requires the Board and executive management to review operations with the view to maximising value of the Company. Issues of importance in this regard include:

- Dealing with legislative conflicts contained between the various maritime legislative environment in Fiji such as Maritime Transport Decree 2012 (MTD) and the Ship Registration Decree 2012 (SRD) as these which impact on our current operational legislation the Sea Port Management Act 2005, and Sea Port Management Regulation 2008.
- A heightened focus on Fiji Port's role as a Regulator/ Landlord port/maritime service provider moving forward as the primary operational model; and
- As Port Landlord/Regulator of one of the Pacific's biggest ports and regional hub for Pacific Is- land trade, Board and executive management accept increased responsibilities, and greater expectation, to deliver at the highest standard in efficiency, safety and security, and environmental leadership.

Fiji Ports Terminal Limited (FPTL)

With the part-privitisation announcement FPCL will prepare to move into another transition period. This is not unfamiliar territory for the Company the new agreement follows quite closely the 2013 Private Public Partnership with Fiji Ports Terminal Limited (FPTL) in 2013 - an exercise that has proven to be a positive experience and one that has brought significant benefit to all involved.

By any financial standard or measure FPTL's improvement in its financial performance and operations reflects the positive outcome from privatisation of global Ports operations. For FPCL the yield includes 49 percent of dividends, and wharf rental in 2015 of F$2.3 million. For Government, it rep- resents a strong growth in employee numbers, and consistent growth in income tax.

In the year in review FPTL recorded operating income of $28,877,377 compared to the figure of $15,365,224 in 2012 (prior to the PPP) up 188 percent. The dividend paid in 2015 was $7,544,251 significantly high compared to 2012's figure of $637,951. In many ways the improvement in port operations is more important, however, with the company delivering faster, more efficient export/ import/ transshipment outcomes across Transhipment TEU's, Vessel Waiting Time (Hours), Ship Turnaround Time, Truck turnaround time and Container move count KPI's. Huge credit must go to AC PLC for overseeing these outstanding results and outcomes.

Given FPCL needs to operate its designated Ports as logistic hubs that remain substantially integrated into regional and global supply changes, vertical unbundling of specific operations from government to the private sector is a positive move that will bring about essential investment in the Company's assets.

FCC Approves Tariff Submission

When reviewing the Company's operating performance for 2015 a significant achievement was gaining approval from the Fiji Commerce Commission to revise current tariff charges.

The positive outcome for the Company is highlighted by the fact that the last increases in Port tariffs occurred in 2009 - and on that occasion only 50 percent of the requested increases were approved. Previous to this, approved tariff increases occurred as far back as 2001, a situation that has resulted in Fiji Ports having to absorb a less than one percent annual increase. Further, the two core charges - dockage and wharfage - had not been revised since 2001 creating a hiatus of 14 years .

Fiji Ports is infrastructure-based and its two greatest costs for the Company are borrowing funds to build infrastructure, and the depreciation on the capital expenditure undertaken. In essence, the reduction of this cost over the past few years has increased FPCL's profitability, however, overall essential development work is now, in some instances, well overdue.

FPCL looks forward to the tariff increase better positioning the Company in terms of the provision of funds for necessary infrastructure improvements.

Support for Ports Development Plan

In 2013 FPCL's management recognised the need for a long-term strategy for the development of Port requirements in Fiji, given existing facilities were extremely limited or in need of further attention.

Despite significant work being undertaken on the Kings Wharf, which concluded in 2006, this up- grade was given a limited life span of 15 years. As a consequence funding negotiations with the Asian Development Bank (who funded the upgrade in 2002) began in March 2013.

Subsequently, a draft Terms of Reference was executed and discussions with government led to a draft Memorandum of Understanding also being developed. This document was endorsed by government in December 2015, with a Development Plan now anticipated for July 2016.

A smart, modern approach to sustainable development master planning that encompasses all our Ports will deliver positive long-term benefits and enhanced financial returns to the Company, government, and our new partners. Movement on this front has been extremely well received by Board and management, and anticipation of achieving much needed infrastructure improvements remains high.

Fiji - A Preferred Destination

A notable highlight for the year has been the strengthening in numbers of overseas visitors disembarking in our cities and towns from colossal cruise ships. Somewhat astonishingly is that in 2015 158,000 tourists visited our Ports - with a massive US $123 million dollars estimated to have been spent in our cities, towns and provinces.

It is now transparent that the cruise ship market Fiji has tapped into is larger than the Nation has ever experienced previously, and that Fiji has become a preferred destination on the global stage. In this regard the Company takes its responsibility of providing the first door visitors enter very seriously.

Maintaining consumer confidence through having the right policies and facilities in place remains an important task for the Company, and one that needs further attention moving forward. New markets, such as China, are continuing to emerge and we need to be vigilant that our facilities and infrastructure meet expectations to ensure return visits and favourable word of mouth.

This influx of tourists has been met with Fiji Port's agenda to improve destination services at our main Ports of Suva and Lautoka. Importantly, these upgrade programs are invested in enhancing the visitor experience upon arrival in ways that can generate income for the Company, and going forward for our investor group, and guarantee protection of the 'Fiji Brand'.

FSHIL Outperforms on Expectations

I am extremely pleased to report on some of the achievements made by our subsidiary company Fiji Ships and Heavy Industries Limited during the year.

FSHIL has come a long way in a short time in terms of its endeavour to become a regional leader in ship repairs and heavy industry. Of particular note this year is the company's passion for modernising its infrastructure, and its commitment to capacity building.

The company's aim of achieving 'operational excellence' is evidenced by its return of revenue of $6.8 million before tax for the year - the highest since FPCL took over management of the company in 2009.

Promising, too, is that Fiji Ship's corporate objectives now extend to identifying new ways to generate revenue through expansion of its services. With the support of its parent company, FSHIL continues to identify and forge new partnerships with similar organisations such as ship repair facilities, suppliers of goods and services, and with ship-owners and other companies in the ship building industry.

The company is also showing improved results due to its comprehensive upgrade of its internal operational systems, communication protocols, and its estimation and assessment practices through use of new technologies. Advances in this area have provided Fiji Ships with a pronounced edge in the region over its competitors.

Acknowledgements

In closing I would like to acknowledge the support of my fellow Board members, Vilash Chand and Vijay Maharaj. I thank them for their insights and dedication to the tasks set before us during another year of adjustment for FPCL.

I would also like to commend, on behalf of the Board, the wonderful work demonstrated by the Company's executive management team this year. Although the negotiations for the part-privitisation proved to be a comprehensive exercise, our team headed by CEO, Vajira Piyasena, maintained the highest level of professionalism and proficiency at all times. This year we also welcomed Eranda Kotelawala, to the team as COO - a much anticipated appointment that relieved our CEO of some of the operational duties he had previously absorbed.

We remain indebted to the Fiji Government for its support and guidance, this year, and offer special thanks to those with whom we have been closely associated with in recent months from the Ministry of Public Enterprises and the Ministry of Finance.

To our new investment partners, one of whom we have already built a fruitful association, we look forward to forming a rewarding partnership that will deliver long-term benefits for all.

Tevita Kuruvakadua
Chairman

Chief Executive Officer's Report

Vajira Piyasena
CHIEF EXECUTIVE OFFICER

In November 2015 Prime Minister the Hon. Voreqe Bainimarama publicly announced FPCL would become a partially privatised company.

Government's 2014 Budget announcement confirming its intention to divest assets alerted the Fiji Ports Board and executive of what was planned for the Company allowing time to prepare for what would dominate events in the coming months.

In the final analysis the divestment process was extremely well managed by all involved, and man- aged under the shared understanding that the proposed changes would bring long-term benefits for the Company, and its new shareholding partners.

Investment in Fiji Ports by the Aitken Spence PLC (AS PLC) comes with the high expectation that it will provide the Company with greater access to critical expertise in port management. Apart from being recognised for three consecutive years by Forbes magazine as one of the most successful publicly traded companies AS PLC has a proven track record with Fiji Ports further to assuming control of Fiji Ports Terminal Limited (FPTL) under a PPP agreement with the Fiji Government in 2013.

In its first full year of management of FPTL our associate company recorded increases in productivity of 60 percent, and improved vessel turnaround time by 33 percent. Under AS PLC's management FPTL also increased its net profit by 49.5 percent, amounting to an increase of $2,773,235.

Under the terms of the new part-privitisation agreement FPCL transfers its real estate to a government holding company, which in turn leases the assets necessary for port operations back to FPCL, Under the arrangement ownership of all land interests remain with the Fiji Government. A further positive outcome of the agreement is that government receives approximately $3.3 million from the sale of land to Fiji Roads Authority (FRA) for the realignment of the road and bridge at Stinson Parade in the city of Suva.

Government's decision to divest shares in the Company is indicative of its resolve to improve infra- structure and facilities at all FPCL designated Ports - by ensuring the funds and expertise are avail- able to deliver much needed upgrades and modernisation strategies. The agreement also supports the Company's goal To become a modern seaport operator and transform Port of Suva into a hub port in the South Pacific by the year 2020. The agreement signals a new beginning for the Company as our Board (which will in time include new members), executive management and all our employees make preparations to face the challenges and opportunities ahead.

FBEA Award

This year FPCL enjoyed success at the Fiji Business Excellence Awards. As first year entrant it was indeed a great honour for the Company and staff that it received the Achievement in Business Excellence Award.

The achievement goes a long way in acknowledging the dedication and commitment shown by all at Fiji Ports and ore subsidiary Fiji Ships. The gala evening - a recognised highlight of the Fiji calendar - was held on Denarau Island in October and was attended by approximately 20 Company representatives from Suva, Lautoka and Levuka.

Participation in the Fiji Business Excellence Awards is a complex and lengthy process during which time the Company is able to benchmark against relevant best practices set out in the FBEA criteria - essentially those of leadership, strategic planning, measurement, customer focus, workforce focus, operation focus and results. I am pleased to report that all employees attended the FBEA briefings and criteria familiarisation sessions and were actively engaged in aligning the individual and depart- mental performance goals with corporate objectives as required to meet the guidelines.

The process of engagement in the Fiji Business Excellence Awards also created a unique opportunity for organisational self-assessment. For Fiji Ports this process was aligned with the Company's stated aim to improve its corporate culture. The process of performance assessment also provided staff with the recognition that corporate management systems that ensure standards of business excellence need to be installed and maintained in order to provide enrichment for all.

Environmental Stewardship

Ensuring environmental stewardship programs and initiatives are included in our business, financial, operational and planning decisions has emerged as a key performance indicator (KPI) for FPCL's staff as together we endeavour to improve our performance as Port Landlord/regulator.

In this regard best practice environmental planning and programs are constantly being developed and refined across all the Company's operations which relate to categories such as Pollution - Clean air and Greenhouse gases, Sustainability Ethics; Clean Water/Port Habitat Plans; Clean Soil Plans; Users Compliance Measures and Awareness Programs for Corporate Offices and Employee engagement.

Amongst the initiatives put in place this year was the signing of an MOU between FPCL and FNU. Under the agreement environmental research reports are generated by students - the aim of which is to actively contribute to Fiji Ports Environmental Monitoring Program. The MOU also promotes cooperation in the field of scientific research for students enrolled in the FNU's Bachelor of Science Degrees in Environmental Science. Under the agreement students collect samples of flora, fauna, water and sediment for testing and analysis from the environment adjoining the Ports of Suva and Lautoka as well as from other FPCL designated wharves. Final reports will be used to ensure Department of Environment regulations are being adhered to.

Fiji's Department of Environment and the Secretariat of the Pacific Regional Environmental Pro- gramme also collaborated to support research being carried out at the Harbour Master's tower building on the Kings Wharf. Air Quality Measuring Devices have been installed to monitor both air quality and dust levels in the air with the aim of identifying (and abating) major pollution sources.

This was also the first year the Suva Environment Monitoring Vessel was active and its pleasing to note that there was a significant decline in the number of fines for oil spills, due primarily to the vessel's daily rounds generating Harbour user awareness. Additionally, daily monitoring of Harbour pollution became an issue which featured at regular meetings with Suva City Council and the Department for Environment. It is anticipated that further discussions will lead to the establishment of a City/ Harbour Environment Management Plan in the coming months.

Although much has been achieved this year further work is scheduled be undertaken to ensure current and future action plans are carried out and outcomes registered and refined.

Port Users Safety and Security

Ensuring all designated Port facilities operate with zero incident status in terms of Occupational Health and Safety remains a paramount priority for the Company. I am pleased to report that 2015 has been a very successful year for compliance with the International Ships and Ports Security (ISPS) Code with no adverse reports, or security breaches, reported at Fiji's international Ports of Entry.

Last year's substantial upgrade of security infrastructure at the Kings Wharf, Queens Wharf and Muaiwalu I and II (which included the installation of state-of-the-art technology in CCTV cameras) was followed up with a comprehensive traffic and safety study for Suva's local Muaiwalu wharf. All FPCL stakeholders were consulted about the study as the safety of Muaiwalu Wharf users is a key a concern given the high volume of traffic and pedestrians moving in and around the Wharf area at any given time. FPCL's Ports Facilities Security Plan, approved by the Maritime Safety Authority of Fiji (MSAF) in 2014, was also successfully implemented during 2015.

Ongoing improvement plans include the introduction of measures to reduce congestion at the Wharf loading area, restricting access and introducing more strict access protocols, and the upgrade of passenger waiting facilities. Better monitoring of traffic on FPCL's wharfs was also in the spotlight this year with the change that all parking is now controlled and subject to charge rates for the first time. All essential signage was also replaced and or updated, and I am pleased to confirm that all FPCL designated Ports are now "No Smoking" zones.

FPCL Security Policy also dictates that all Port users understand the provisions of the ISPS Code, the OHS and Safety Laws, and safely follow the Port Traffic Flow Plan. In order to ensure this is being addressed our Security team worked tirelessly to ensure all parties intending to use, or wish to continue using, Port facilities for commercial purposes have up-to-date licences. Port users and stakeholders were also required to attend training held by our Port Facility Security Officer.

Infrastructure Projects

Strong, predictable and secure revenues - combined with a current ratio of between 4 and 5 and a strong debt equity ratio with substantial cash reserves - provides the Company with a solid platform for expansion.

Infrastructure improvement across our Ports is a comprehensive undertaking, and most projects remain ongoing. Prioritised this year, however, were the following:

- Work on extensions to Suva and Lautoka's Local and Fishing Wharf facilities, and the installation of the new weighbridge at the Muaiwalu Wharf which provides FPCL with a more accurate tonnage of fish being off-loaded from fishing vessels was substantially advanced this year.
- Ongoing discussions with the Fiji Navy regarding taking over their site in Walu Bay (adjacent to Kings Wharf adjoining the FSHIL site) to facilitate the Navy's planned relocation.
- Development of a major office complex, retail and terminal building at a Walu Bay site owned by FPCL (adjacent to Muaiwalu II) is ongoing.
- Further work on the establishment of a barge operation specific to the Wharf in Suva.
- Rebuilding and renovation work at the FSHIL site in Walu Bay to provide a much needed new commercial wharf - Muaiwalu III - continues.
- Expansion and reconfiguration of Lautoka Local and Tenant Wharfs including a permanent commercial barge loading facility needed to support Fiji's booming tourism sector is under development, along with establishment of a commercial dredging operation or purchase of a company in that business.
- Possible Lautoka Port PPP for our cruise vessel project and barge terminal which includes development of a haul-out facility on land adjacent to the Local Fishing Wharf for barging/vessel operators that service the Mamanuca and Yasawa Group of Islands.
- Further development of Shed 6, Kings Wharf by establishing a second floor within the Wharf building and creating a cruise liner terminal.
- An upgrade of facilities for FPCL staff and port users at all Wharfs is also planned.

Tariff Charges Workshop

The successful revision of Port tariff charges during the year will mean an increase in revenue for the Company that is capable of impacting on future earnings after years of rates not keeping pace with inflation. Although the success of this submission is a significant achievement for the Company, increases would not have been put into action without first ensuring stakeholders were informed.

Accordingly, further to the August approval to increase rates by the Fiji Commerce Commission a workshop was held for Fiji Port's customers and maritime industry stakeholders with the view to promoting discussion regarding the need for the increases and to clarify any issues. Attendees were informed that analysis showed that had FPCL increased Port tariff charges by six percent every two years the resulting rates would be well in excess of the revised rates applicable now.

Achieving ISO Standards

The Company continues to work towards introducing International Organisation for Standardisation (ISO) standards and relevant goals are already incorporated in its Key Performance Indicators (KPIs).

FPCL has taken the initiative to streamline internal processes before beginning the journey to ISO standards, however, FSHIL is leading the way in this initiative through working towards the introduction of ISO 9001:2008 Quality Management Systems.

FPCL already maintains compliance with the International Maritime Organisation's (IMO), the Inter- national Ships and Ports Security (ISPS) Code that outlines a standardised, consistent framework for evaluating risk, enabling governments to offset changes in threat with changes in vulnerability for ships and port facilities. This year FPCL began its journey towards introducing the ISO 28000. This international standard sets out stringent requirements for a security management system that incorporates all aspects of business management. The ISO 28000:2007, in particular, was developed in response to industry demands for enhanced supply chain security.

As well as ISO 28000, FPCL is working towards introducing Occupational Health and Safety ISO 18000 Standards that allows organisations to control their OHS risks, and Environmental Management Systems. ISO 14000 helps organisations minimise any adverse impact on the environment. These standards are accepted globally as being instrumental in facilitating and enhancing international trade and FPCL's compliance allows the company to promote its achievements to the rest of the world.

Given FPCL is linked to the rest of the world by far-reaching international supply chains - the term for describing the overall process whereby goods are transported from the point of production or manufacture to their destination. Supply chains are dynamic systems of resources, organisations, processes, people, activities and information. They have always been vulnerable to misuse and abuse, as evidenced by, for example, the global problems of drugs, arms and people smuggling, acts of piracy and cargo theft. Misuse includes activities such as the falsification of documents to avoid paying import duties or to import banned items. International shipping companies, their agents, importers and exporters demonstrate their confidence in Fiji Port's ability to provide safe, secure port facilities. This is evident as 95% of Fiji's import/export trade crosses the nation's borders at our ports, making it essential to the nation's economy that FPCL ensures that the highest standard of security best practice are in place at the international Ports of Entry, Suva, Lautoka and Levuka. In order to meet ISO standards and be accredited by an independent certificating body, FPCL must continue to meet world-class specifications, ensuring the quality, safety and efficiency of FPCL's services and systems.

FPCL Strategic Plan 2016-2018

Our annual Strategic Plan articulates the requirements of the Company under its role of Port Landlord and creates a range of goals to achieve desired outcomes.

I am pleased to report that our fourth consecutive year of strategic planning took place during November with Board, executive management and departmental staff proactive in the drafting of goals and strategies for the production of the FPCL Strategic Plan 2016-2018.

This planning period again saw a series of stakeholder workshops being held in Suva at Fiji Port's head office in Walu Bay. This year's sessions were highlighted by the generous support and valued input from a range of maritime industry stakeholders and associated contributors.

As has been the case in the past this Plan represents an inclusive approach to planning with senior management and staff taking a proactive role in devising the outcomes as is one that utilises input from employees whose contributions are specific to their roles, responsibilities and obligations. Accordingly, all FPCL managers and supervisors were given the opportunity to address their division, department or unit's strategic goals and provide key objectives.

A number of senior representatives from various government ministries and departments and individuals and organizations were consulted during the planning phase for this Plan - several of whom made presentations at workshop sessions. Amongst those to provide valuable input, and to whom we are most grateful, were representatives from the Reserve Bank of Fiji, SPC, Shipowners and Agency Association; National Fire Authority; Department Environment Sciences, Fiji National University; USP School of Executive Management; Sunergise Company; FPTL; ANZ Fiji and Pacific; Sustainable Sea Transport Research Programme PaCE-SD USP; NTPC; Fiji Maritime Academy as well as representatives from Local Wharfs in the Ports of Suva and Lautoka and those from the Fishing Wharfs, Suva.

Advancing Fiji Ships

Our subsidiary company FSHIL continued to prove its worth as a valuable asset well placed to generate even more impressive returns than that of 2015. The company's record dividend trend also continued with the company contributing an After Tax Profit of $1.5 million for the year.

FSHIL made a number of notable improvements to its business model this year- a process which it began the year before. Featured amongst the many upgrades and modernisation plans was its move to a greater reliance on data entry, and the inevitable replacement paper-based records. Fiji Ship's advancement towards a 'greener' way of doing business has also provided advantages for the Estimations department which is benefiting for the availability of data useful for calculating the true cost of a job.

Protecting the skill base at Fiji Ships is a constant requirement is the company is to continue to meet critical deadlines and maintain its reputation. In response, this year Fiji Ships introduced software advances that allows for recruitment decisions to be more objectively measurable (with job descriptions and minimal qualifications entered into the matrix). Individual competencies and qualifications are also entered making it possible to rank candidates according to their strengths and suitability for any position. It also undertook a Job Evaluation exercise,and is exploring a development framework for a Performance Management System (PMS) aligned with the company's strategic direction. FSHIL's goal in this area is to ensure each employee understands in advance what aspects of his or her performance will be measured, and how this measurement will be monitored allow for more detailed analysis of data which can provide a valuable planning tool for the company moving forward.

Importantly, FSHIL achieved a milestone in its journey towards ISO accreditation with the completion of Gap Analysis of the company's Quality Management System. The final step before FSHIL can apply for an external audit for ISO accreditation is the training of internal auditors within the company as a department cannot audit itself. This must be done cross-departmentally by competent internal auditors.

In terms of operations, the company progressed with its plans to invest in, and/or upgrade facilities and equipment needed to further its reputation as a provider of quality heavy industry services. Being able to deliver these service on budget and on time is at the heart of Fiji Ship's business model. Diversifying its business portfolio is also expected to assist the company fulfill its longer- term objective of becoming the premier regional provider of maritime ship repair, heavy industry and specialised services.

Appreciation

As we head towards what should be fascinating year I would like to offer my appreciation and thanks our Chairman and Board of Directors, for their enduring commitment to the Company and staff during the year in review. I would also like to acknowledge the hard work of the executive management team and department heads and supervisors from all our designated Ports for their proficiency during another year of adjustment.

To our colleagues at the Ministry of Public Enterprises and the Ministry of Finance, I thank you for your support and guidance. And, to our many stakeholders and associate partners in the maritime industry, we pledge our continued commitment to delivering effective and accountable outcomes as we roll out our plans for infrastructure improvements and upgrades in the months to come.

Vajira Piyasena
Chief Executive Officer

Chief Executive Officer's Report

Operating as a Ports Landlord/Regulator

2015 was the first full year of operation for Fiji Ports since changes were made in 2013 to the Company's organisation structure. The changes, allowing the Company to operate with more consistent with its role as Landlord Port/Regulator, has seen FPCL transition from operating as a 'process based organisation' to one with an enhanced focus on ports facility development.

FPCL continues to work towards meeting expectations as a 'supervisory body for standards' relating to Ports of Entry and other local ports throughout Fiji. As such, growing trade through Fiji's Ports in a sustainable manner that will optimise returns remains vital to FPCL moving forward.

The Company has continued its plans to build on its existing property portfolio and improve on its current and future strategic investments.

Obligations Under Law

Fiji Ports Corporation Limited has significant and growing international and national obligations under law and treaties. The principle legislation under which FPCL is governed by is the Sea Ports Management Act 2005, however, as a government owned commercial company Fiji Ports also has broad responsibilities under the Public Enterprise Act 1996. FPCL's objectives and responsibilities under the Sea Ports Management Act 2005 are as follows:

- To effectively manage sea ports in Fiji
- To create or enhance opportunities in the provision of port services.
- To manage operation and regulatory responsibilities that include:

a. Manage the processes of declaring of new ports and approaches to ports;
b. Responsibility for management of Fiji's Ports;
c. Taking action in the event of an emergency;
d. Acquiring land for Port operations:
e. Levy charges for provision of services;
f. Detail vessels in breach of Fiji law;
g. Exempt, reduce or refund, any vessels for dues and rates;
h. Take a lien, and after 21 days (or for perishables after 21 hours) sell goods in relation to charges;
i. Take a lien and after 21 days over vessels in relations to charges;
j. Prosecute offences of evasion of due or rate or charges;
k. License persons to access ports for commercial purposes;
l. Chair meetings of Stakeholders on Ports issues;
m. Removal of derelict and dangerous vessels;
n. Make rules regulating the use and operation of ports and approaches to ports, and the conduct of persons within ports and approaches to ports, and fine for breach of those rules.

Business Obligations

Fiji Ports Corporation Limited operates as a Port Landlord and Regulator. Strategically situated in the 'centre' of the South Pacific region, Fiji Ports is critical to the local inter-island and regional sea transport industry.

Further to the transfer of ownership of Ports Terminal Limited (FPTL) in 2013, Fiji Ports relinquished freight and storage operations to the associate company, however, continues to operate cruise and other vessel operations of the Kings Wharf, Suva, and the Queens Wharf, Lautoka. Fiji Ports maintains ownership and operation of Levuka Wharf, Ovalau, and oversees the operations and ISPS requirements for the following ports:

- Malau Wharf Labasa, Vanua Levu (owned by Fiji Sugar Corporation)
- Rotuma Port, Rotuma (owned by Rotuma Council)
- Wairiki Wharf, Nabouwalu, Vanua Levu (owned by Tropic Woods Industries Ltd)
- Vuda Viti Levu (owned by oil companies)

FPCL continues to oversee and operate port facilities located at Mualiwalu I and II, Walu Bay,

Suva, and Local Wharf at Lautoka through the provision of ports infrastructure and related services to ensure industry safety and security, and maintains its head office is located at Muaiwalu House, Walu Bay, Suva, Fiji.

Obligations In Partnership

FPCL works with Maritime Safety Authority of Fiji (MSAF) with respect to Fiji's Port obligations under the International Maritime Organisation (IMO) including Ports State Control, ILO/ IMO requirements for port reception facilities (discharge of sewerage and rubbish) and Code of Practice on Security in Ports. Issues under the heavy regulated Global Cruise industry is a continuing responsibility for FPCL given the number of cruise ships in our ports continues to increase each year. Any country whose ports, or waters, are visited by cruise ships has authority to examine and take measures to ensure compliance with relevant laws, regulations and international treaties. The cruise industry is subject to the International Ship and Port Facility Security Code (ISPS Code), which requires that access to ships and port facilities be tightly controlled.

Our People's Obligations

Fiji Port's Board, management and senior staff are committed to:

- Adopting leading planning principles and management systems;
- Working cooperatively to ensure safe and secure port environments;
- Providing world-class infrastructure; and
- Behaving, at all times, in concert with FPCL's corporate Values.

Obligations to the Community and Our Environment

In addition to carrying out its corporate obligations, FPCL works to maintain its commitment to the community through social activities with direct and indirect benefit to the broader community and to those in need.

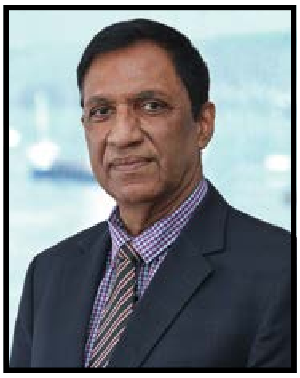
Of importance to the Corporation is its role in environmental protection. Where possible the Corporation's staff and management generate stakeholder awareness regarding land and sea pollution as part of their daily activities and duties. The growth of the mining industry in Fiji brings new responsibilities. Carrying solid bulk cargoes involves serious risks, which must be managed carefully to safeguard the crew and the ship. These risks include reduced ship stability, and even capsizing, due to cargo liquefaction, fire or explosion due to chemical hazard, and damage to ship structures due to poor loading procedures.

Board of Directors

FPCL's Board of Directors 2015.

Tevita Kuruvakadua
Chairman

Mr Kuruvakadua is an accountant by profession and served in various positions in the civil service between the years 2000 and 2008. Mr Kuruvakadua currently holds the position of General Man- ager at the TLTB, and has served as a member of the FNPF and TFL Board since 2010. He was appointed to the Fiji Port's Board in July 2013, and appointed chairman in August 2013.



Vijay Maharaj
Director

Appointed to the FPCL Board in July 2013, Mr Maharaj is also Chairman of the Land Transport Authority. He is principal of M.C. Lawyers Suva Fiji and has been practicing as a barrister and solicitor in Fiji for the last 30 years. He was holds a BA (Hons) UK, and is a Member of the Institute of Marketing (MIM) UK, and Barrister of (Inner Temple) London. He is a former Crown Council at the Office of the Director of Prosecutor, Fiji, and admitted to practice as a Barrister of the High Court of Australia.

Vilash Chand
Director

Mr Chand, a member of the Fiji Ports Terminal Board, is currently working in the position of General Manager at the Unit Trust of Fiji. He also serves as a director on the Board of Home Finance Company, and was appointed to the FINTEL Board in March of 2012. Mr Chand became a Fiji Ports Board member in July 2013.

Corporate Governance

The essence of good governance is leadership. Good governance is a fundamental principle to Fiji Ports Corporation Limited (FPCL). The Board of FPCL is aware of the responsibilities it has for stewardship and accountability to its shareholders, the Government of the Republic of Fiji Islands. The Board works closely with management to ensure that issues of disclosure, transparency, due process and probity are continually under review and maintained at consistently high levels.

Role of the Board

The Board is appointed by the Minister of Public Enterprise and Reform Unit in accordance with the provisions Public Enterprise Act:

(i) Responsible for FPCL's commercial policy and direction;

(ii) Ensuring that FPCL achieves its principal objective as defined in Section 43 of PEU Act 1976:

 (a) to operate as a successful business and, to this end, to be as profitable and efficient as comparable businesses which are not owned by the State.

 (b) to achieve through the application of the key principles of public enterprise reform and their elements.

Functions of the Board

The main functions of the Board are summarized as:

- To provide stewardship over FPCL's financial affairs, protect its financial position and ensure that is able to meet its debt as and when they fall due.
- To lead the development of and approve an ongoing five year Strategic Plan for FPCL which includes:
  - general and specific goals;
  - analysis of risks and opportunities for FPCL
  - financial forecasts and projections
- Approving an annual budget to FPCL and comparing actual results against budget on a monthly basis.
- Approving a clearly defined division of responsibilities between the Board and the Chief Executive Officer (CEO)
- Approving specific delegations of authority to the CEO and other levels of management
- Appointment of the CEO and approving terms and conditions of his or her employment for those of senior management personnel (being all management who report directly to the Chief Executive Officer).
- Approving key performance indication for the CEO and senior management personnel.
- Ensure adequate succession plans for the CEO and senior management personnel.
- Determining that FPCL has sound financial and operational reporting systems and internal controls.
- Establishing policies to ensure that FPCL complies with all applicable laws, industry regulations and any major ongoing contractual obligations.
- Determining that Fiji Ports has sound financial and operational reporting systems and internal controls
- Establishing policies to ensure that Fiji Ports complies with all applicable laws, industry regulations and major contractual obligations.
- Determining that FPCL has sound systems to regularly monitor all relevant laws, industry regulations and major contractual obligations
- Determining that the annual financial statements of FPCL are prepared in conformity with the provisions of the Sea Port Management Act and International Financial Reporting Standards.
- Appointment of an external auditor after considering the recommendation of the Audit and Finance and Risk Management Sub Committee appointment of internal auditors. Reviewing the balance of skills and competence of Board members and making recommendation to the Minister in respect to proposed new Board appointments.

Board Meetings held during 2015

Director	Number of meetings entitled to attend	Number of meetings attended
Tevita Kuruvakadua	4	4
Vijay Maharaj	4	4
Vilash Chand	4	4

Board Sub-Committee Meetings 2015

Sub Committee	Meeting Chaired by	Number of meetings held
Human Resources	Tevita Kuruvakadua	3
Finance/Audit & Risk Management	Tevita Kuruvakadua	2

Board-Circulated Flying Minutes 2015

Number of Flying Minutes Distributed for Approval	22

Executive Management

Vajira Piyasena
Chief Executive Officer

Vajira Piyasena joined Fiji Ports Corporation Limited as CEO in 2011. He is a Chartered Fellow of the Chartered Institute of Logistics and Transport, Fellow of the Chartered Quality Institute (UK), Chartered Quality Professional (CQP) (UK), Fellow of the Institute of Marine Engineering Science and Technology (UK), Fellow of the Chartered Management Institute (UK) and a Member of the Royal Institution of Naval Architects (UK). He qualified in UK as a Marine Chief Engineer and had a seagoing career serving with major international shipping companies. He is also a Chartered Engineer and Member of Institute of Engineers (India) and an Incorporated Engineer, Engineering Council (UK). His professional career and diverse experience spans over 30 years in the areas of maritime industry, academic sector and management consultancy. His expertise also extends to international shipping, marine engineering, maritime education & training, ship repairs & ship building and maritime safety. As a management consultant he has worked with over 100 companies in projects involving quality systems and policy development, corporate restructuring and international business development. Vajira holds a MBA and a Master's Degree in Engineering Management including several other post graduate qualifications in the areas of Production and Technology, Quality and Operations Management and International Affairs concentrating on International Law.

Shyman Reddy
Chief Financial Officer

Mr Reddy was appointed to the position of GM Finance (Acting) in August 2012, and appointed CFO in 2014. He joined FPCL in 2011 after departing the ANZ Bank where he held several positions including Assistant Manager Corporate Banking. He was an academic with the University of the South Pacific in the School of Accounting and Finance. Mr Reddy has Post Graduate level qualifications in Accounting and Finance, and is a triple gold medalist of USP. He is a full member of CPA (Aust) and Chartered Accountant (Fiji). Mr Reddy was awarded Fiji Young Accountant of the Year in 2013. Recently he was appointed to the board of state owned food and manufacturing enterprise Foods Processors (Fiji) Ltd.

Eranda Kotelawala
Chief Operating Officer

With more than 20 years professional experience serving local and overseas multinational organizations, Mr Kotelawala joined Fiji Ports in 2015. His credentials include FCMI MSc (UK), CPM(Asia), MIIBA (Canada), MPMI (USA), AMSLIM (Sri Lanka) (Chartered Manager, Certified Professional Marketer). He is also a Fellow of Chartered Management Institute UK. His career path has taken him to many destinations where he worked on projects including Business Process Re engineering Project - TRANSNET, Port of Durban, South Africa (2008); Work Study Project, Business Process Re-engineering, Port Sultan Qaboos, Oman (2010 - 2013); e-Local Government Project, Sri Lanka; and Disaster Management and Recovery Project for Local Government, Sri Lanka.

Department Managers

Ronald Sue
Port Engineer

Penitiko Yauvoli
Harbour Master - Lautoka

Laisiasa Gonewai
Acting Harbour Master - Suva

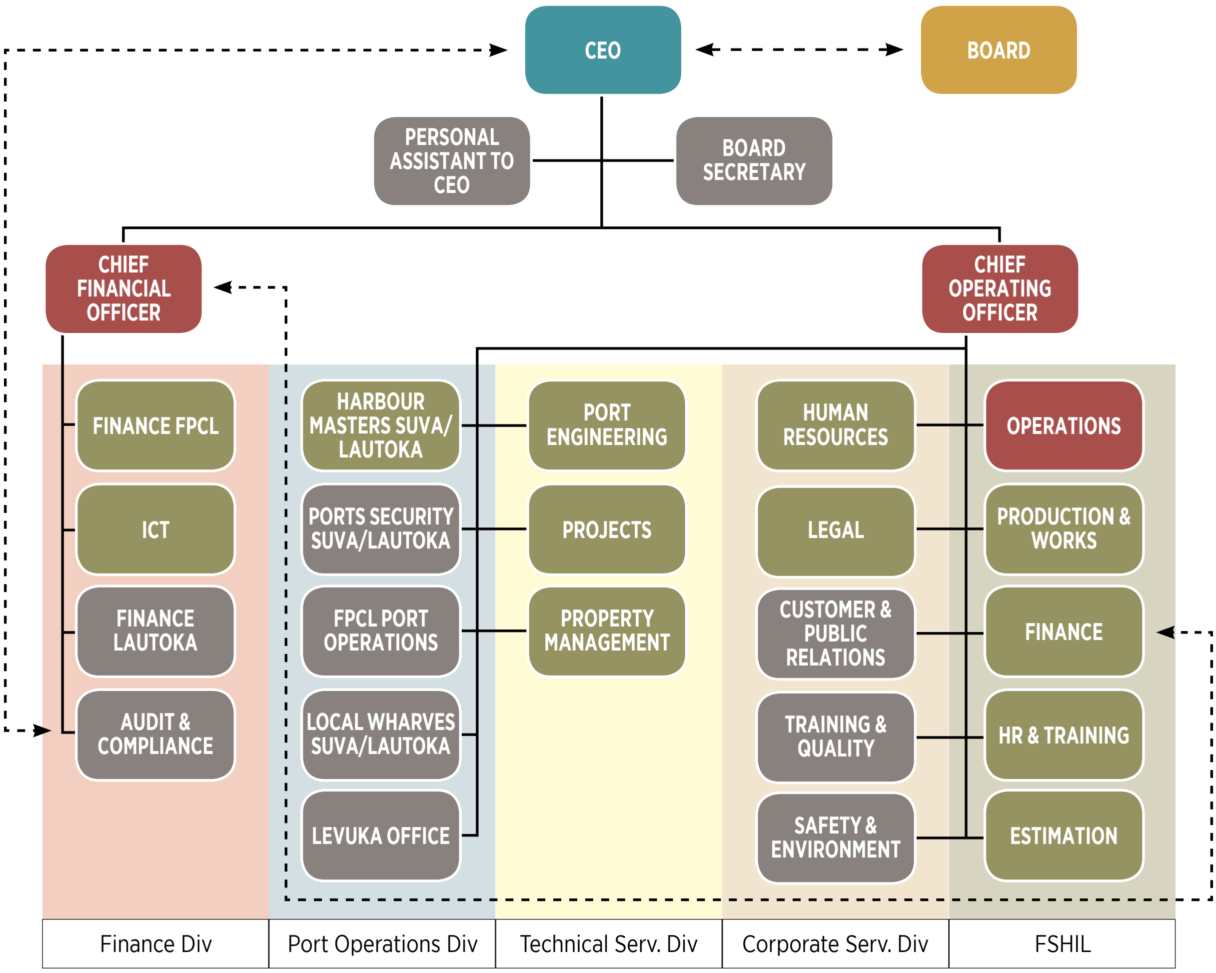
Lopeti Radravu
Operation Manager FSHIL

Jiovilisi Biukoto
FPCL Manager HR

Akeef Khan
Manager ICT FPCL

Dinesh Lingam
Property Manager (Acting)

FPCL Organisational Structure



NOTE 1:
THE COLORS REPRESENT THE BAND OF THE HEAD OF DIVISION/DEPARTMENT/UNIT

LEGEND:
BAND 7 –
BAND 6 –
BAND 5 –
BAND 4 & Below –
REPORTING LINK

NOTE 2:
FSHIL BANDS ARE AS PER THE COMPANY STRUCTURE AND NOT RELATING TO FPCL STRUCTURE

Fiji Ports Corporation Limited is headed by the CEO who oversees Company operations headed by the two Division executives of Finance (CFO) and Operations (COO).

FPCL's Finance Division has responsibility for FPCL's financial operations, payroll, financial and balanced scorecard reporting including KPI's. The Finance Division is also responsible for commercial services, (pricing, trade forecasts), financial management, (investment analysis, operational analysis, balanced Score-card, enterprise-wide risk management). The ICT Department, responsible for the operation, support and management of FPCL's IT hardware and software requirements also comes under the direction of the CFO, as does Audit and Compliance Risk, and the management of FSHIL's financials.

The COO manages Corporate Services Responsible for the departments of Human Resources, Customer and Public Relations Training, and Safety and Environment issues; Port Operations Responsible for supporting working operations of the ports working with port service providers to offer customer-service delivery in an efficient operating environment, managing harbour masters, pilots, docking, mooring, tug operations, security, emergency preparedness and local wharfs; Technical Services Responsible for all engineering and ports infrastructure development and maintenance, and manages the Property Department;

Subsidiary company Fiji Ships and Heavy Industries Limited (FSHIL) operates as a commercial, self- funded company specialising in ship repairs and heavy industry services.

Corporate Services

Fiji Port's Chief Operating Officer oversees management of Fiji Port's Corporate Services which comprises the departments of Human Resources, Staff Training, Legals, Customer and Public Relations and Safety, Health and the Environment.

Human Resources

The Company constantly strives to attract high caliber employees to ensure FPCL is well positioned to carry out its role as Port Landlord/Regulator in the best possible manner. Attracting and maintaining an innovative and motivated workforce also guarantees Fiji Ports remains an employer of choice.

It is the responsibility of the Human Resources department to provide a full range of human resource- based functions for the Company's 160 employees. In order to safeguard FPCL's human capital, and ensure the Company remains competitive, a number of new HR initiatives were put into action during the year highlighted by:

- A comprehensive review of the Harbour Master's Office and Pilot operations was undertaken;
- The continuous audit of HR processes was undertaken across the Group of Companies;
- Establishment of a new more modern employee Time and Attendance System;
- Recruitment of personnel to two new structural operations positions;
- Induction of 10 new employees across the Group; and
- Payment of a performance bonus and salary increment based on FPCL's newly introduced Performance Management System (PMS) outcomes;

This year, perhaps more than most, the Human Resources department introduced change in the way it delivers its services to Company employees. An adjustment upgrade of note, which had a significant impact on operations, was the installation of more electronic-based services. Owing to these up- grades the department has been able to streamline its Leave Application and Time and Attendance Verification System also greatly reducing the need for paper, and saving time perusing leave forms and time sheets. This 'saved' time is now being reinvested in improving other HR-related services.

The department is very much aware of the need to of streamline processes and improve policies to ensure the Company is aligned to world's best practices. In view of this FPCL established a Capability Framework which clearly defined the various functions within the Company, and identified variations within the categories of Core Business, Support Functions, Growth and Development Functions and Corporate Services. The Framework has proved to be a valuable guide in terms of identifying capability priorities, and provides management with a more complete understanding of where best to invest Company resources.

Early in the year a workshop was held for FPCL management that established individual and departmental responsibilities for meeting company Key Performance Indicators (KPIs). The workshop sessions, conducted by an independent consultant, were aligned to the year's strategic objectives as provided in the FPCL Strategic Plan 2015-2017.

Especially gratifying for the department this year was the Company's recognition at the Fiji Excellence in Business Awards. From a HR perspective this was important as contributions were made by department heads whose role it was to ensure that Company's policies and processes were well documented, and that processes were followed in accordance to the required application documentation. Achieving recognition in the next category (at next year's event) remains the collective ambition of all FPCL employees.

Executive Appointments

Further to government's decision to divest subsidiary company FPTL in 2013 significant revisions to the Company's organisational structure took place. Part of this change saw the new position of COO created to oversee a large proportion of FPCL's operations. After an extensive search to identify a suitable candidate, Eranda Kotelawala, joined the Group early in the year.

Fiji Port's middle management tier was also strengthened with the inclusion of a new position, Manager Finance. Kirtan Lal was appointed to the role which has the responsibility of overseeing the company's day-to-day financial operations while providing managerial support to the executive management team. The position was also introduced in response to the expanding work loads at the Ports of Suva, Levuka and Lautoka, commitments related to FSHIL expanding operations, and corporate responsibilities required by the Finance Division for associate company, Fiji Ports Terminal Limited.

A new Manager ICT, Akeef Khan, was also appointed during the year. FPCL's IT Manager plays an ever increasing role in the delivery of efficiently managed functions that support FPCL's core operations.

In terms of short term assignments, FPCL also engaged a specialist for six months to establish a corporate Document Management System (DMS). The recommended SAP-DMS (Systems, Applications and Products in Data Processing–DMS) meets FPCL's requirements for coordinating document processing while allowing for automation of the entire life of a document - from its creation to storage, access and updating. Subject to access authorisation, individual documents can now be accessed immediately from any computer linked into the Company's network. The System also sup- ports archiving and allows for the storage and retrieval of the Company's important technical drawings, plans, pictures and photographs.

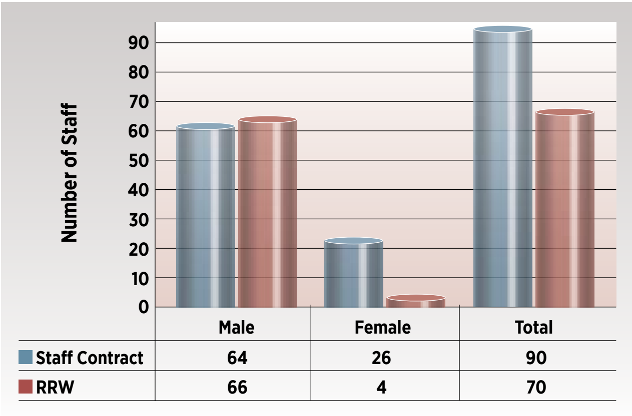
Succession Planning

Introduced in 2013, FPCL's Succession Plan remains a key policy for the Company. Essentially, the Plan aims to see key positions within the Group filled by personnel already employed by the Company. In support of the policy HR continues to offer new platforms for advancement, training and other job related opportunities to suitable employees. An excellent example of successful succession planning can be found in the appointment of CFO Shyman Reddy, who worked his way through the system after beginning his career the Company as an accountant.

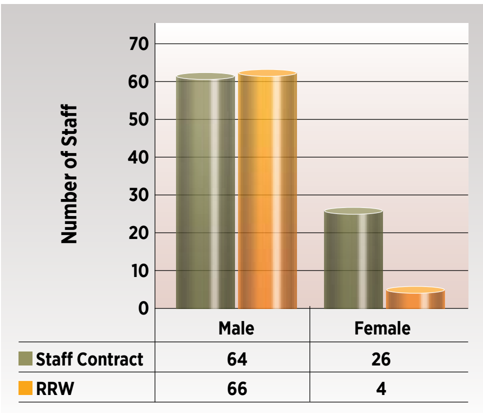
Employee Categories 2015

FPCL's total number of employees in 2015 was 160, which breaks down into the classifications of Contract Employees, which was 90, and Registered Relief Workers which totals 70. Of the 160 em- ployed on a permanent basis 64 are male, and 26 female; 66 male and four female employees made up the Registered Relief Workers category. Of the 160 employees 130 are male, across the two categories of Staff Contract and Rostered Relief Workers, with the female component coming in at 30.

FPCL'S Employees by Contract Breakdown for 2015



FPCL'S Employees by Gender for 2015



Staff Training

Commitment to improving on standards in the area of training remains a priority for the Company - especially given global workplace standards and expectations continue to be more stringent. Ensuring employees are well prepared to deal with tasks expected of them remains an explicit strategic goal and HR priority at Fiji Ports.

In addition to job-specific training provided by the Company during the year, FPCL continued to promote opportunities for qualifying employees to undertake further studies or sign up for job related courses. Under this scheme fees are reimbursed on the understanding beneficiaries are bonded to work for FPCL for an agreed period of time.

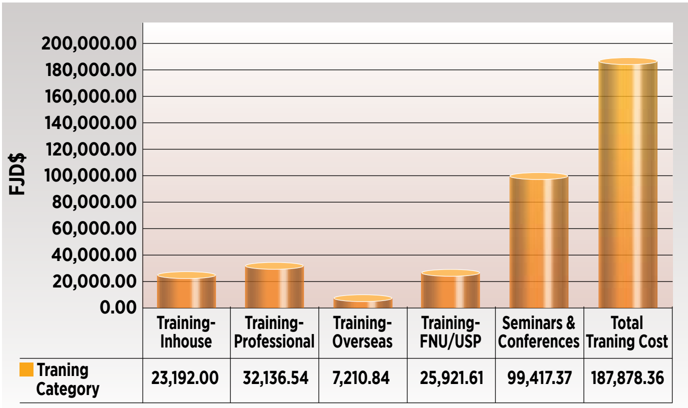
Transparently 2015 was a major year for staff capacity building. A total of 507 separate training sessions were executed across FPCL, FSHIL, and associate company FPTL (whose staff continue to receive training as part of the divestiture agreement structured in 2013). Clocking up the majority of training programs was FPTL with 224. FPCL's staff benefited form 164 training sessions with Fiji Ship's staff engaging in 119 .

The total expenditure for Group staff training for the year totalled $187,878, significantly up from 2014's investment of $132,965. As was the case in 2014 a challenge for the Training Unit is balancing the best possible training opportunities against ensuring maximisation of return on the levy paid to the National Training and Productivity Centre.

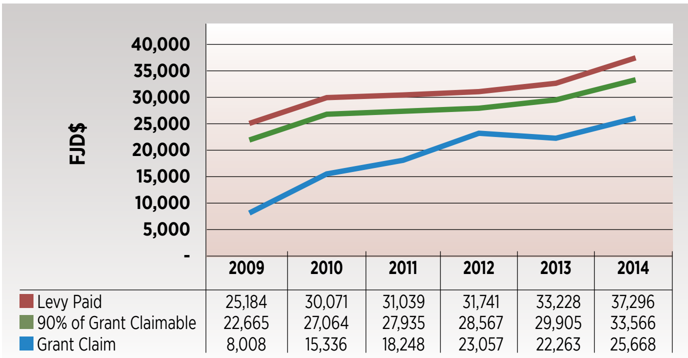
FPCL (and FPTL) Training Program 2015

Company	Number of Training Sessions
FPCL	164
FPTL	224
FSHIL	119
TOTAL	507

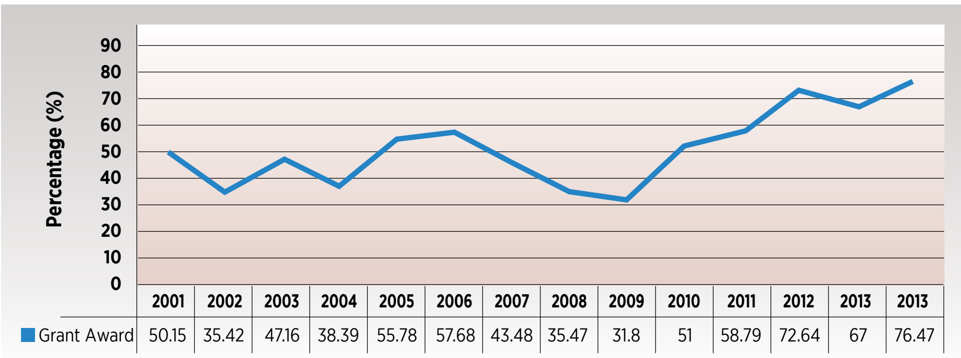
FPCL's Staff Training Expenditure for 2015



Levy Paid vs Grant Claim 2009 - 2015



FPCL Grant Award 2001 - 2014



OS Attachments

In order to bolster employee expertise and offer valuable exposure to global trends FPCL provides for qualifying candidates to take part in overseas short term attachments.

Under the 2015 OS Attachment Program Fiji Ports CFO, Shyman Reddy visited Singapore for the inaugural Port Management and Operations Course. The initiative was funded in part by the Government of Singapore under the Singapore Cooperation Programme/Small Island Developing States. The Course was designed to provide participants with greater insight into planning, organising and use of resources at the highest service levels at the Port of Singapore - one of the world's largest and busiest ports. The ground-breaking Course was attended by 35 participants from 32 countries.

This year Port Engineer, Ronald Sue, attended the Australasian Coasts and Ports Conference in Auckland, New Zealand. The Coasts and Ports Conference series is the pre-eminent forum in the Australasian region for professionals to meet and discuss issues extending across all disciplines relating to coasts and ports. It brings together engineers, planners, scientists, stakeholders and re- searchers to focus on the technological, scientific, policy, planning and design issues related to the region's diverse and developing coasts.

Gender Equality

FPCL's Human Resources Plan determines that women employees at Fiji Ports are provided opportunities to perform roles that are traditionally male dominated. In response female employees Sera Ieli and Stella Hanfakaga were invited to attend the Port Facility Security Officer training sessions organised by the Secretariat of the Pacific Community. Both women successfully completed the program and have been certified as Port Security Officers.

Security Officers Training

Fiji Port's Security Officers received additional instruction when they attended the Maritime Internal Auditors course this year. The training, conducted in Lautoka, featured four days of theoretical work followed by Officers from Suva and Levuka carrying out an audit on the Port of Lautoka facility.

The following week the Lautoka based officers participated in the audit of the Suva Port facility.

In-house training is aimed at up-skilling staff directly concerned with security matters and is in line with the Company's Security Policy.

Boat Master Training

Three Company employees attended the Boat Master Engineer, Class 6 training session con- ducted this year by instructors from the Maritime Safety Authority of Fiji (MSAF). The three trainees utilised FPCL's Pollution patrol boast Dausasamaki, to complete the training exercise which was managed out of the Water Police Headquarters in Lami, Suva.

OHS Training Session

The Ministry of Employment Productivity and Industries Relations conducted training for FPCL and FPTL employees regarding the framework for managing OHS.

Customer Service Training

Over 50 employees from FPTL, FSHIL and FPTL attended Internal Customer Service Training conducted by a New Zealand specialist.

Fire Emergency Training and Drills

This year the Company undertook further training sessions as part of the Company's Port-wide and City Emergency Preparations and Contingency Plan. A total of twenty six Fiji Ports fire wardens, along with personnel from FTPL, came together for their bi-annual training sessions with the National Fire Authority (NFA).

The training included sessions on how to manage various types of fire outbreaks, how to conduct a successful evacuation, sessions on emergency facilities and equipment, and risk management. Attention was also paid to meeting requirements associated with 'hot works' as welding carries its own dangers. Regular unannounced evacuation drills are also conducted.

In order to hone their skills and remind all employees of the importance of being prepared, Fire Wardens at Lautoka Port underwent the mandatory annual 'refresher' training course with the NFA. Eighteen FSHIL Fire Wardens completed their OHS required annual training.

First Aid Training

This year eighteen FPCL First Aid Officers completed the certification process with Fiji Red Cross Society. Assessed on a comprehensive range of potential first aid scenarios - in the work place and the home - Company participants are fully certificated to the internationally recognised New Zealand Red Cross Standards.

FBEA Briefings

2015 also saw FPCL embark on a formal journey of achieving business excellence. Providing quality services to Fiji Port's customers and stakeholders is an important element of this ambition and several staff members were included in the one-day training program for the Company's application for the 2015 Fiji Business Excellence Awards. The sessions provided participants with the opportunity to gain an understanding of the framework for the application, undertake implementation of key elements into the various departments with the view to bringing about improvements.

Safety, Health and the Environment

What was once the Safety department at FPCL has evolved over time to include OHS and environment issues. Referred to now as Safety, Health and the Environment department the focus has widened to include policies that safeguard Company's staff and assets while ensuring stakeholders are aware of important issues regarding Port use.

The department continues to work towards achieving its Zero Harm vision by constantly improving safety measures in workplace, and by taking a lead role in environmental stewardship. As training is at the forefront of improving workplace safety the department works in accord with the Staff Training unit.

Occupational Health and Safety (OHS)

The Company's Occupational Health and Safety (OHS) procedures and protocols are executed in accordance with the legal requirements of the Health and Safety at Work Act (HASWA) 1996. FPCL also has Occupational and Health Safety Committees in place for the Ports of Suva and Lautoka which operate as per legal compliance with HASAWA 1996. To further ensure FPCL provides a healthy and safe working environment for all its employees a comprehensive, Health and Safety Policy and Procedures Manual drafted in 2014.

As Port Landlord/Regulator FPCL strives to ensure operating mechanisms and training programs remain in place to prevent workplace injury or illness, environmental-related incidents and or property loss or damage. The Company's policies also dictate that all employees and Port users are regularly updated on the importance of vigilance and are kept aware of critical OHS standards and requirements. To assist in these processes the Company appoints OHS Enforcement Officers who monitor the workplace environment and undertake regular inspections to ensure all operating equipment meets the required standard for safety and is in good operating order. The Company treats non-compliance with the International Ships and Ports Security (ISPS) Code, and Fiji's Health and Safety in the Workplace Act, with the utmost importance.

Making sure that Fiji's international Ports of Entry remain ISPS and HASWA compliant requires all staff members to be aware of what qualifies as non-compliant, and to be alert should incidents occur. Reporting options in such instances includes advising the Security Officer or Safety Officer, or asking the CCTV department to capture the incident on camera, or even using a mobile phone to record a breach.

Accident Report

The Safety and Environment Report for FPCL and FPTL in 2015 shows a stark reduction in OHS breaches for the year - 37 compared to 2014's figure of 375. Staff injuries have also come down since 2013 with only five reported during the year. Of note, however, is the drastic reduction in the loss of working days due to injuries which has gone from 292 incidences in 2013, 213 in 2014 drop- ping to 88 recorded for the year in review. The cost of this to the Company has also been greatly reduced compared to previous years.

Accident Report 2013 - 2015

	2013	2014	2015
Number of Passenger Injuries	0	0	0
Number of Staff Injuries	23	9	5
Number of Fatal Accidents	4	1	3
Number of Vessel Related Incidents	3	1	3
Number of Fire Incidents	1	0	0
Number of Explosion Incidents	0	0	0
Number of External Inspections	3	2	2
Number of Lost Working Days due to Injuries (if stats are available)	292	213	88
Number of OHS Breaches	55	375	37
Annual Safety Budget	$168,795	$164,346	$54,835

Personal Protective Equipment

Personal Protective Equipment (PPE) is worn by Company employees and Port users in the performance of specific duties, and under OHS regulations breaches can result in workers being issued with non-compliance warnings. In compliance with the HASAW Act 1996 breaches are monitored, and all accidents reported to the Ministry of Labour and FPCL's Insurance Brokers.

Port Signage

This year saw the updating of all signage on Suva and Lautoka Wharfs which included Non Smoking Port; Litter; Personal Protection Clothing; Emergency Evacuation Points; Parking and No Parking; Traffic Speed Limits and Safety Areas.

Environmental Stewardship

Fiji Port's commitment to environmental stewardship was further enhanced over the past twelve months with the formulation of firm, measurable strategies based on achieving environmentally friendly Port Status with all Fiji Ports facilities while meeting or exceed all international and nations obligations and expectations in a timely manner. It remains a Company aspiration to deliver best practice 'green port' measures at all its delegated Ports of Entry.

The Company's Green Energy and Technology Policy promotes the use of environmentally friendly technology and energy sources across all its business decisions, its development planning, and in general operations in its capacity as Port Landlord/Regulator. The Company's environmental stewardship initiatives also include the development of environmental compliance plans and hazardous management procedures, the introduction of risk and assessment reports at all ports, and oil pollution management programs.

Pacific Co-operation

This year Fiji Ports was recognised as a front runner for taking the Green Port initiative forward when the Council of Pacific Maritime Transport Association (PMTA) held its annual meeting in Suva in May. PMTA is comprised of 14 member countries, six of which - Papua New Guinea, Cook Islands, Fiji, Tonga, Samoa and Solomon Islands - serve on the PMTA Council. PMTA subcommittees for the environment and training also came together for the week-long meeting. A major outcome of the sessions was the proposal to bring together various associations and organisations to eliminate duplication of work currently being undertaken in the sector. Other initiatives discussed include revising the Pacific Port Workers training standards to include International Labour Organisation (ILO) standards.

Empowering Tenants and Port Users

The Company continues to encourage its property tenants to update to environmentally friendly energy applications and energy sources. As a Port Landlord/Regulator the issue of regulating property tenants that use of FPCL facilities is of critical importance.

Development of an environmental compliance plan for all Port facilities and tenant leases is currently underway and includes implementing a Water Resources Action Plan with a Sediment Management Plan and Tenant Storm Water Outreach Program. FPCL is also intending to target aid and soft loan funding to develop a plan for shore supply electricity for local fishing vessels to stop emissions in port and promote renewable energy to users.

This year thirty FPCL and FPTL employees participated in a one-day discussion forum, facilitated by an independent consultant, as part of the Company's strategies to improve environmental management practices. Forum participants prioritised issues considered important such as the environmental impact of daily activities at the Ports of Suva and Lautoka, the need to clarify the environmental responsibilities of all Port users, and the exploration of ways in which current practices can be improved. Further to the forum an Action Plan is being developed to address areas needing immediate improvement.

Pollution Prevention Strategies

Recent published figures confirm an astonishing 5.25 trillion pieces of plastic debris - weighing an in- credible 269,000 tons - float on the ocean's surface. As a Port Landlord/Regulator FPCL is committed to mitigating the amount of dangerous litter prevalent in and around our harbours and foreshores. Dangerous litter qualifies as any litter deemed dangerous, or is liable to become dangerous, including any litter which if deposited in a public place is likely to endanger someone or cause physical injury, disease or infection to any person coming into contact with it. The term applies to sharp metal, any glass, whether or not it is broken, any substance of a toxic or chemical nature, any oil, diesel, fuel or grease spill, and any abandoned or derelict vehicle.

Plans in this regard put in place during 2015 include Implementing a cost effective recovery plan from responsible parties for contaminated sites owned by FPCL. Plans also include the commissioning a timely and cost-effective Hazardous Materials Management Plan for capital development and a Clean Soil Action Plan for FSHIL.

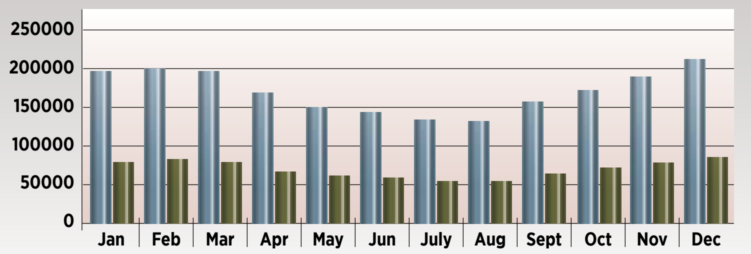
Pollution fines collected in 2015 totalled $81,000, a figure that represents 12 transgressions. This shows a marked improvement from $273,696, from 24 breaches or oil spills in 2014. This was a pleasing outcome for the Company and is one that came about largely due to daily surveillance and monitoring by the FPCL's Pollution vessel team.

A review of the Company's paper disposal processes was also undertaken during the year. Given documents may not be required to be archived further to them being uploaded into the Company's new Document Management System, a number of disposal methods (in keeping with FPCL's Environmental Policy and its security needs for confidential material) were investigated. It was concluded that the most effective means of disposal was to contract a local recycle company to collect the paper from the Company's head office in Walu Bay for recycling.

Energy Consumption

Fiji Port's carbon footprint for 2015 recorded an average monthly carbon emission of xxxxx This figure is xxx compares favourably with xxxx Tonnes for 2014.

Fiji Port's Energy Consumption for 2015



Electricity Consumption from January 2015 - Dec 2015

Customer and Public Relations

Building public and stakeholder confidence in the Company through enhancing value proposition through transparency and accountability continues to be prioritised at FPCL.

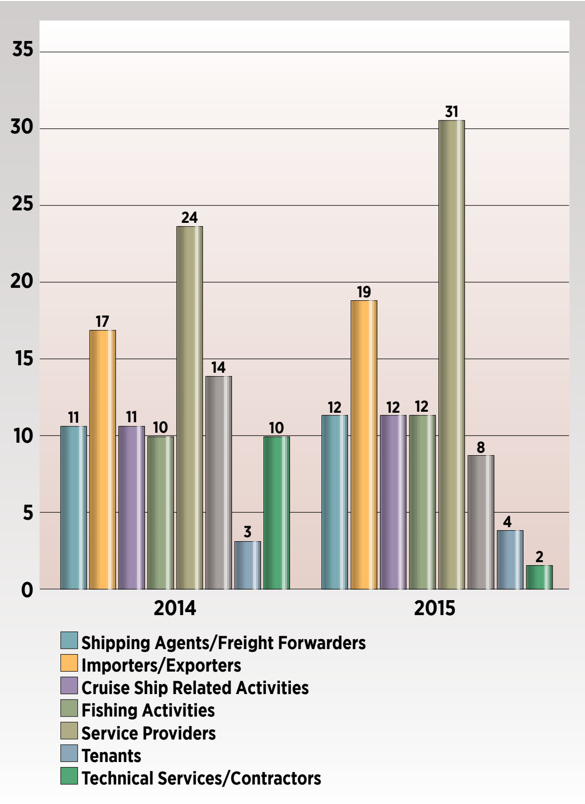
Stakeholder Feedback

Further work was undertaken to ensure Fiji Port's stakeholders are provided with timely and up to date information and that they are afforded the opportunity to offer feedback to Company representatives as issues arise. 2015 also saw steady growth in the overall number of Port Users - our customers and stakeholders. 2015 figures compared to those of 2014 show increases in almost every user category.

In response to this - and to determine stakeholder satisfaction levels - the Company engaged a consulting firm to conduct a customer satisfaction survey. The survey featured a satisfaction rating for individual departments, and the results overall were positive with 75% of participants indicating satisfaction with the Company's performance.

In addition to this, regular meetings were also held throughout the year with key stakeholders, committees and associations - such as Fiji Ship Owners and Agents, freight companies, and FPCL's property tenants - to ensure effective communication channels remain open and to create opportunities for stakeholders to better understand FPCL's challenges and operational issues.

Comparison of Port Users 2014 and 2015



Ambassadorial Activities

Advancing the Company's reputation within the global maritime industry forms part of the Company's ambassadorial activities. Attending industry conferences, trade fairs and exhibitions offers a unique opportunity for formal and informal networking for Board members, executive management and staff and provides a platform for promoting FPCL as a business friendly organisation.

This year Fiji Port's CEO Vajira Piyasena took a prominent role at China Maritime Forum 2015 when event conveners invited him to moderate a symposium on cooperation and development. The Fo- rum, which took place over three days in July at Ningbo, the home of Port Ningbo the world's sixth busiest port, was jointly hosted by the China Institute of Navigation, the China Waterborne Transport Research Institute and Ningbo Municipal People's Government and fully supported by the Ministry of Transport.

The 29th International Association of Ports and Harbours (IAPH) World Ports Conference - the most important international conference regarding the port industry - took place in Hamburg, Ger- many in June. Attended by our Chairman and CEO the conference provided a further opportunity to strengthen international relationships while focusing on resolving global issues of concern to the in- ternational port and maritime industries. Themed Smart Port Concept issues discussed included the development of world trade and cruise shipping, the efficient and prudent use of resources, energy consumption and pollution mitigation, legal issues, the importance of technology, its role in recording and coordinating the organisation of freight transport and the management of the flow of goods.

The increasing visibility of the role played by Fiji Ports within the global maritime industry was recognised when FPCL took centre stage at the Ports Logistics Development Forum (PLDF) held in Shanghai, China during March. The event was hosted by the Shanghai Shipping Centre Devel- opment and Promotion Organisation (SISC-DPC). SISC-DPC brings together interests, such as ports, management institutions, public institutions, agencies, institutions of higher education and science studies, shipping companies, ships agencies, logistics, law, personnel and other related areas, that are related to ports and the maritime industry as a non-profit social organisation.

Participation in such events offers FPCL the chance to strengthen relationships with international ports through dialogue and problem solving. FPCL was represented by Board Director Vijay Maha- raj and CEO, Vajira Piyasena, who were amongst 200 delegates representing 30 world-wide ports.

Leaders as Regional Hosts

This year the Company played host to a group of regional Ports Facility Security Officers (PSFO) when the Company facilitated the practical component of their training. Attendees came from Solo- mon Islands, Nauru, Tonga, Christmas Island and Kiribati. Further to completing theoretical train- ing and familiarisation in the International Ships and Ports Security (ISPS) code with the Maritime Department of the Secretariat of the Pacific Community (SPC), FPCL accommodated the practical component of their seven day training course.

A public relations boost occurred for Fiji Ports when US Navy Ship, Mercy T-AH 19 berthed at the Port of Suva as part of the USA Government's Pacific Partnership program to build regional relation- ships. As a part of FPCL's corporate social responsibility, FPCL offered a substantial concessions for dockage charges of the vessel prior to it departing for visits to six other Pacific host nations.

FPCL also hosted Chairman of the Nauru Port Authority visiting Fiji for a briefing on the ISPS Code. FPCL also took a lead role in the follow-up audit at the Solomon Islands Maritime Safety Authority and participated in the initial Honiara Port audit and follow-up audit of the Solomon Islands Maritime Academy.

Community Outreach

This year the Company launched its plans to increase interaction with the local community, visiting tourists, and industry stakeholders by establishing sponsored events that promote the importance of Port-related maritime activity - specifically those associated with trade and transport. The Company's Strategic plans aim to improve support for the maritime industries of cargo, cruise, fishing, ship-repairs, excursion, ferries and recreation.

Social Obligations

FPCL continues to enhance its community and social activities and enhance its reputation as a good corporate citizen. Amongst the initiatives undertaken during 2015 were the Company's annual Fam- ily Sports Day which took place at Furnival Park in November, and was followed by a thanksgiving service at Jubilee Hall. The event provides an opportunity for the employees to say a thank you to their families for all their support during the year.

In addition to carrying out its corporate obligations this year FPCL undertook a number of initiatives that provided direct and indirect benefit to the broader community, and to those in need. A donation of $1,000 to benefit the children of Dilkusha Home was made by the FPCL and FSHIL Social Com- mittee. Fiji Ports staff and management also participated in a number of informal and organised clean up initiatives throughout the year.

Information Disbursement

More work was undertaken in 2015 on developing quality marketing collateral and maintaining an on line presence to promote FPCL's business development activities. Effort was also made to improve the Company's corporate image through branding.

Promoting the Company's values and aspirations within the maritime industry while providing strong and stakeholder outreach in support of the waterfront continues to form part of FPCL's strategic plan- ning. Community briefing sessions, meetings and workshops as well as maintaining a presence for stakeholders and the general public through its corporate website and quarterly printed and down- loadable newsletter, are currently the means utilised to reach these objectives.

Plans moving forward include reviewing and developing a policy for use of social media and more one to one briefings with media. Media training for Company spokespeople to ensure messages are clear and transparent also form part of the planning for next year.

Technical Services

Technical Services is responsible for all FPCL engineering and ports infrastructure development and maintenance at FPCL's designated Ports. Management of FPCL's substantial Property assets also falls under the auspices of Technical Services.

Port Engineering

Capital Expenditure

FPCL's Capex for engineering works in 2015 came in at $16,921.53, however, the actual amount was higher owing to the large budget items having defect liability periods extending into 2016, and these were not captured in the 2015 report.

Repairs and Maintenance (R&M) Expenditure

Total R&M expenditure across the three main Ports of Suva, Lautoka and Levuka came in at $407,921. The majority of this was expended at the Port of Suva which totalled $288,196, followed by the Port of Lautoka where $109,756 was taken up in repairs and maintenance costs. Levuka's expenditure for the year was $9,969.

Ports and Harbour Works program

Amongst the major projects executed by Ports Engineering during the year in review were:

- Upgrade of the Lautoka Incinerator. Works included upgrading the facility to operate using a 5000L above ground fuel tank which would allow the fuel supplier to deliver bulk fuel via tanker truck. This upgrade resulted in the following:
    + Reduced transportation costs as previously fuel was supplied via drums which would then require them being transported to and from the Vuda Terminal. Further, the maximum volume obtainable in one trip was 1000L.
    + Safer overall operation due to less handling being required and improved storage of fuel.
- Five 30T bollards were installed for the Muaiwalu II Wharf to facilitate berthing of the RORO fer- ries on the southern section of the Wharf. The original bollards, which had been damaged or lost, had not been replaced for a number of years.
- Thermographic scanning of all electrical switchboards for all FPCL properties in Suva, Lautoka and Levuka was completed.
- Dredging of the Lautoka Tropikwood/FSC berth to provide 11m draft was completed.
- The sale of FPCL's King's Wharf Administration Building and associated property for $3.5 million to Fiji Road Authority was finalised. The associated relocation works required because of the sale of the building included the following:
    + Relocation of the main electrical switchboard for Prince's Wharf and Shed 6 out of the Administration building to the Shed 6 switchboard room; and
    + Relocation of the King's Wharf Fire Alarm Master Panel to Shed 6.
- Structural assessment of the Levuka Wharf was completed.
- The department sourced new fenders for the Queen's Wharf Old Main Face with the work to be finalised in 2016.
- Fiji Ports Shipyard Redevelopment Project was finalised. The proposal for the old Fiji Ships Ship- yard property at Lot 1 Sannergren Drive is based on converting the site into a wharf facility for fishing vessels, barges and/or RORO ferries, and other small vessels.
- Renovation and office fit-out of the Muaiwalu House Ground Floor was completed.

Dredging for our main Ports of Entry

Amongst the major issues requiring attention this year relates to the harbours of our international Ports of Entry - specifically those of Suva and Lautoka, which are subject to silt buildup on the sea floor. The Port of Lautoka is also subject to silt build-up. Seasonal storms and cyclones - to which Viti Levu is prone - sees large quantities and river silt, sand mud and being washed down stream and into the harbour. It is essential that international vessels using the ports' facilities do so safely and with sufficient draft.

This year the Company began the process of investigating the development of a scheduled dredg- ing plan that meets PIANC (World Association for Waterborne Transport Infrastructure) standards for criteria such as dredge depth and navigational channel design, with Cardno, Brisbane-based consultants, undertaking the initial scoping exercise for the Ports of Suva and Lautoka.

Dredging the harbour floors is also an issue for the international Ports of Entry in many of the smaller Pacific Island Countries and Territories - many of whom find the cost of the exercise is prohibitive. In mitigation a regional scoping study is underway to assess the feasibility of assisting PMTA member nations in sharing the cost harbour dredging.

Property Management

As Port Landlord, the Company has significant property assets from which it draws income. These assets are managed by FPCL's Property department.

Essentially the department is tasked with ensuring properties owned or leased by FPCL are man- aged in a sustainable and financially responsible manner throughout its life cycle, and that such man- agement supports the cost-effective and efficient delivery of the Company's Mission and remains consistent with its Vision.

As such the Property department aims to:

- Achieve effective and efficient management outcomes that serve broader Company objectives;
- Exercise financially responsible management that maximizes the long-term economic advantages for the Company, and provide better value for stakeholders, and ultimately FPCL's shareholders;

- Provide barrier-free stakeholder access, and use of FPCL property and services that ensures inclusiveness and non-discrimination;
- Ensure cultural and environmental stewardship is exercised in a manner that contributes to the preservation and protection of Fiji's heritage and the environment; and
- Promotes the use of fair, open and transparent transactions.

The Property department manages all issues related to the Company's 121 tenants located across Fiji's three main Ports. Tenants primarily include shipping agents, engineering companies, and fish- ing companies, with 16 lots at Rokobili leased to fish processing companies and for container stor- age, and one tenant, Technix Bitumen Pacific, Fiji's only Bitumen supplier.

Traditionally, long-term tenants at Rokobili in Suva were issued to leases for up to 75 years, however, this policy has been revised to a maximum of 15 years with options for renewal depending upon the type of activities the tenant is undertaking. Notwithstanding, most FPCL tenancy agreements are for three to five years creating an on-going process as rentals become due for renewal. Policy dictates that all renewed leases require an evaluation process to ensure that all necessary requirements of the Commerce Commission and the Lands Department are met and any Stamp Duty necessary is paid. The renewal processes has become more streamlined over the years and is usually completed within two weeks. Where a tenant chooses not to renew, and a property becomes available as a new lease, the process of advertising for tenders takes place.

All Fiji Port's tenants are obliged to adhere to the Litter, Environmental and Safety Decrees that are now in place. To enforce this FPCL carries out regular audits to ensure that all tenants are compliant with regulations. The Property department also assists the Finance Division in the collection of any overdue rent, however, this is generally an unusual situation as due diligence is carried out on any prospective tenant before the signing of a lease agreement.

The Property department is also responsible for monitoring the cleaning the Company's head of- fice at Muaiwalu House, and overseeing cleaning operations are properly carried out at the Suva, Lautoka and Levuka Wharfs as well as at Muaiwalu I and Mualwalu II Wharfs in Suva. It is also the Property department's responsibility to ensure registration and regular maintenance is undertaken for the Company's fleet of vehicles.

The department is also tasked with the planning and implementation of business and property strat- egies and the sourcing new property tenancies with the view to generating trade and or services through Fiji's ports that generate new income streams for the Company.

Revenue from Property Assets 2015

The overall number of FPCL-owned and managed properties has grown significantly over time with increases in revenue being registered annually. This year's income from assets over the three main Ports of Suva, Lautoka and Levuka totalled $1,999,704 from 121 properties. (This figure excludes rent from FPCL's associated company FPTL). The number of tenants is down from 126 in 2014, how- ever, income for the year in review was up compared to 2014, by $17,144.

The negative figure of $717 for Lautoka Port was due to the cancellation of one of the long-term land leases in September. This property carried a monthly rental rate of $4,908, and cancellation occurred because of a breach of the terms and conditions by the lessee. The matter is currently before the court.

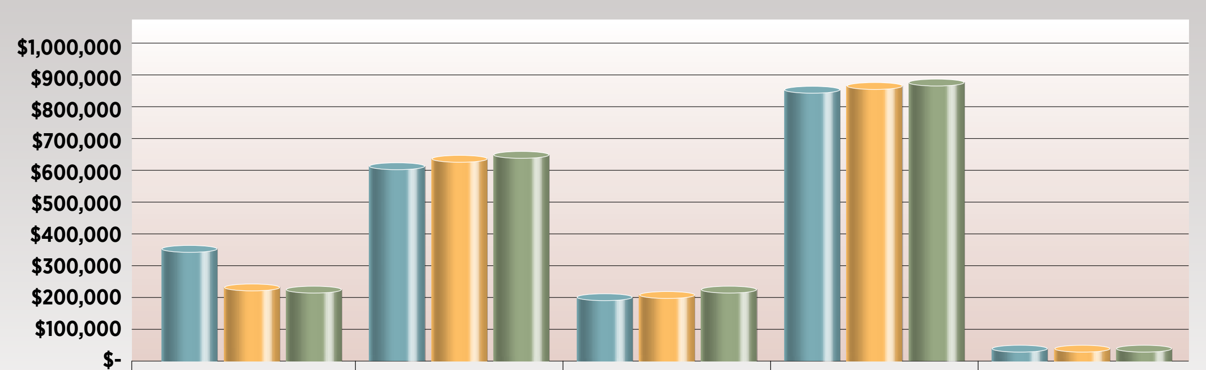
Income from FPCL Property Tenancies 2015

Port	No. of Tenancies	Rental Income Annual 2015	Rental Income Budget 2015	Variance	Vacancy
Suva	71	$1,095,491	$1,042,369	$53,122.00	0%
Lautoka	44	$873,457	$874,174	$(717.00)	5%
Levuka	6	$30,756	$30,606	$150	0%
Total	**$1,999,704**	**$1,947,149**	**$52,555**		

Breakdown of FPCL Property Tenancies 2015

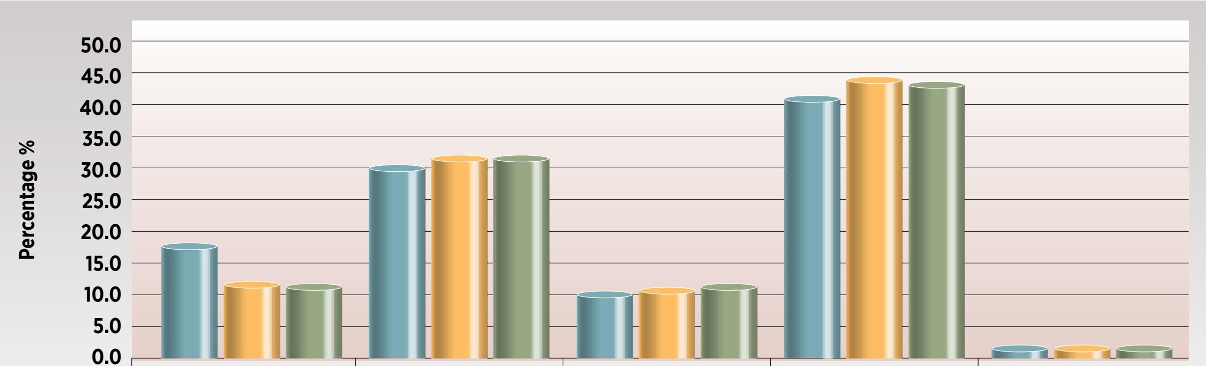
	Suva	Lautoka	Levuka	Total
New Tenancies	3	7	-	10
Renewals	16	6	1	23
Relinquish	3	8	-	11
Terminated	-	1	-	1

Tenancy Income Breakdown



	Kings Wharf	Muaiwalu 1 & 2	Rokobili	Lautoka Port	Levuka Port
2013	$353,563	$614,290	$201,148	$848,527	$30,297
2014	$225,932	$636,353	$208,826	$868,772	$30,606
2015	$224,431	$645,705	$225,355	$873,458	$30,756

Tenancy Income Breakdown %



	Kings Wharf	Muaiwalu 1 & 2	Rokobili	Lautoka Port	Levuka Port
2013	17.3	30.0	9.8	41.4	1.5
2014	11.5	32.3	10.6	44.1	1.6
2015	11.2	32.3	11.3	43.7	1.5

Tenants' Feedback

FPCL's Customer Survey provides FPCL's tenants leasing commercial space from the Company with the opportunity to voice their opinions and concerns regarding issues related to their tenancies. The Customer Survey was initiated as a result of briefings for the Fiji Business Excellence Awards application framework, and will be conducted annually.

This year's Survey results showed positive outcomes overall. Customers responded well to the opportunity to discuss individual needs and the initiative offered the department staff a broader perspective on how to move closer to meeting Key Performance Indicators (KRIs) based on international standards for best practice. The Survey process has the additional positive outcome of generating enthusiasm amongst the team for enhancing the profile of FPCL amongst its stakeholders as a good corporate entity.

Port Operations

Port Operations comprises a portfolio of maritime-based activities that encompasses the Harbour Masters Office at the Ports of Suva and Lautoka including Piloting Movements and Tug Boat Movements, Ports Security Unit, the Port of Levuka's operations, and Local Wharf infrastructure management.

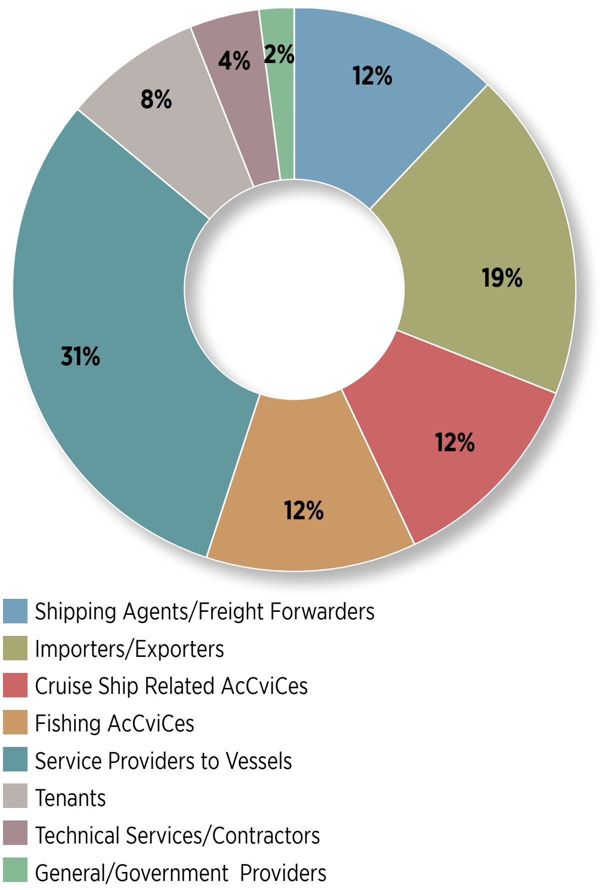
Port Users 2015

31 percent of all port users in 2015 were service providers to vessels - again the dominant port user group showing an increase on 2014's figure of 24 percent.

Importers and exporters followed with 19 percent, also up from 2014's figure of 17 percent, with ship- ping agents and freight forwarders, cruise ship related activities and fishing all coming in equal at 12 percent of users for the year.

Although the total number of cruise ship arrivals to our major Ports of call was down from the 2014 figure by 17 arrivals of note this year was the high number of visitor arrivals which was surveyed at 158,000.

Breakdown of Port Users 2015



Port of Suva

Upgrades and Initiatives

Each year Fiji's premier Port, the Port of Suva, experiences increasing demand for the expansion of infrastructure to cater for the needs of greater size vessels and deeper draft ships, and the increasing amount of cargo off loaded and loaded.

Notwithstanding, there has been considerable advances made at the Port of Suva to improve operations at this busy and important Port. Amongst the projects initiated are a number of highlights as follows:

- The introduction of 'captive space' at Princess wharf, along with the introduction of a new policy for charging parking fees to users has been extremely effective, and has generated substantial income for the Company. Importantly, too, these initiatives have created a much more secure location with greatly improved traffic control.
- With the addition this year of two new staff members joining the Suva Harbour Master's Office, primarily for the purpose of manning the busy gate booth, it has been possible to better monitor berthing operations, and be more alert to any issues related to pollution such as and oil spills and reduce the incidence of loitering.
- Pilotage of foreign registered vessel movement from Kings Wharf to Muaiwalu I and II increased substantially in 2015. Piloting figures for 2014 show an average of 30 moves per month with 2015 figures indicating an increase to approximately 70 moves per month creating a significant increase in piloting revenue.
- Increases in Anchorage/Mooring fees were instigated during 2015. Along with these increases FPCL's Tariff Review had a successful outcome. These increases generate solid revenue for the Company and assist in discouraging vessel owners from staying longer in Port than is necessary, and helps reduce incidences of derelict vessels.
- The introduction of a Vessel Traffic System (VTS) for the Port of Suva has greatly enhanced safety monitoring, and has provided much more control over vessels within a 24 nm range entering Harbour limits. This system also includes ECDIS Plotter interface with a AIS scanner, Long Range Radar with CCTV cameras. The final phase of installment is ongoing and is expected to be commissioned in 2016.
- The contracts of service providers for tugs, linesboats and linesmen at the Port of Suva expired at the end of the year in review (31/12/15), however, all have renewed their contracts for a further three years.

Vessel Movements

Vessel movements overall for the year in review indicate a slight increase in the number of vessel arrivals, and a decrease in the total Gross Tonnage which can largely be contributed to the following:

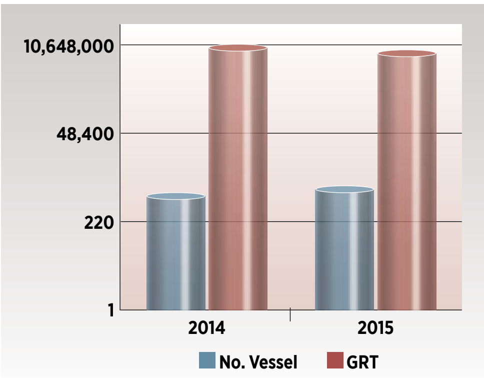
- The introduction of smaller to medium size vessels, compared to the bigger ones operating previously, and because of the viable capacity of Fiji Water transshipments to the US West Coast via Auckland.
- The imbalance of container flow is expected, however, the repositioning of empty containers will remain a major concern for carriers, in particular those on the trans-Pacific trade route.
- The large numbers of fishing vessels recorded last year was due to an increase in demand and market value.

The 2015 figures are expected to remain the trend for the coming years due to a recession on the Asian trade route market.

Port of Suva Vessel Movements 2014 and 2015

Year	No.	GRT
2014	775	9,983,350
2015	1,197	9,166,904

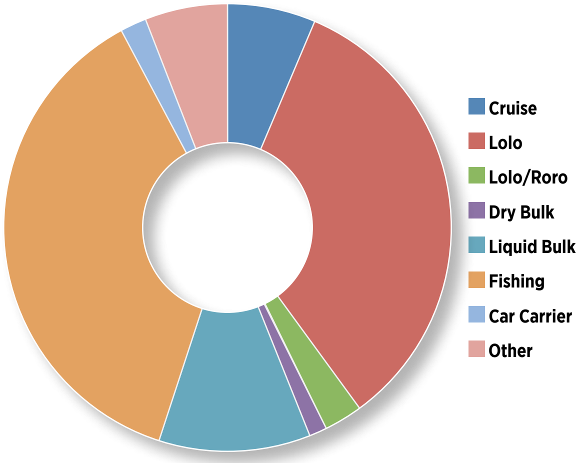
Port of Suva Vessel Arrivals 2014 and 2015



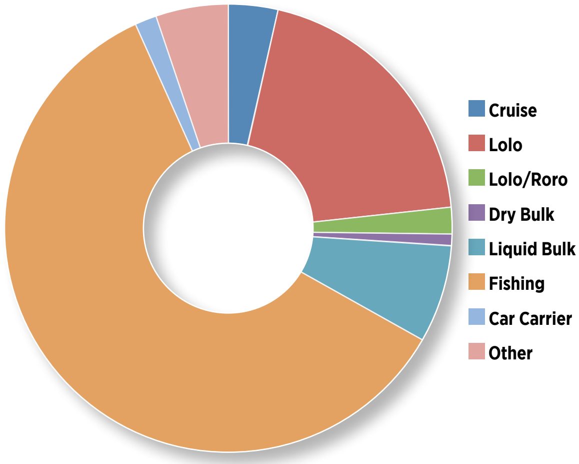
Vessel Calls

For the past two years (2014 and 2015) Lolo (container vessels) and Liquid Bulk vessels (tankers) continued to dominate arrivals. Dry bulkies (Wheat and Clinker vessels) and Roro/ Lolo (container plus car carrier vessels) remain constant during this period owing to one regular company from Asia deploying two vessels on a bi-weekly service. Fishing vessels recorded a drastic in- crease based on the recent increase in world market prices for tuna and the re-licensing of US purse seine vessels has prompted the move.

Port of Suva Vessel Calls 2015



Port of Suva Vessel Calls 2014



Piloting Movements

For the last two years (2014 and 2015) both port pilots and sea-pilots companies could not make a clear 60/40 quota indicating that port pilots were able to cater for Pilotage demand due to increase in manpower. In 2015, two new trainee pilots were recruited, and one Class 1 Pilot,substantially increasing the Company's manpower to (2 Class 1 Pilots in Lautoka / 2 Class 1 Pilot , 2 Class 3 Pilot and 2 Pilot Trainee in Suva). Further, in 2015, the 60/40 quota is scrapped by the introduction of the Marine Pilotage Decree by MSAF.

For both 2014 and 2015, pilot-boat runs recorded the lowest in the month of July to August. This is so indicating less vessels arrivals. 2015 showed less runs than 2014 which was due to layup and maintenance. Pilot boat run is also affected by MSAF survey, twice a year of at least one week each.

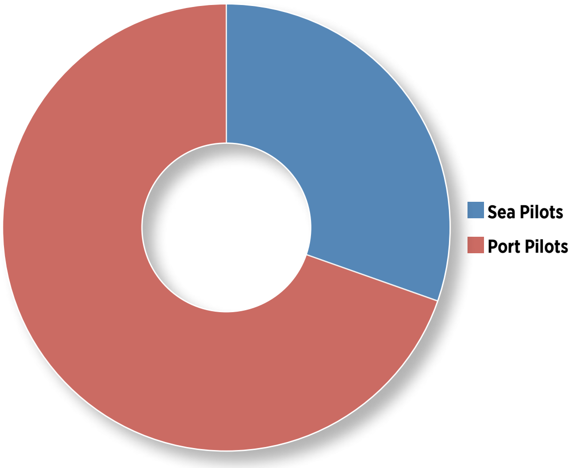
Port of Suva Piloting Movements 2015

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PORT PILOTS	108	104	152	132	134	143	188	162	285	208	184	223
SEA PILOTS	60	42	52	72	66	63	108	117	92	66	67	67
TOTAL	**168**	**146**	**204**	**204**	**200**	**206**	**296**	**279**	**377**	**274**	**251**	**290**

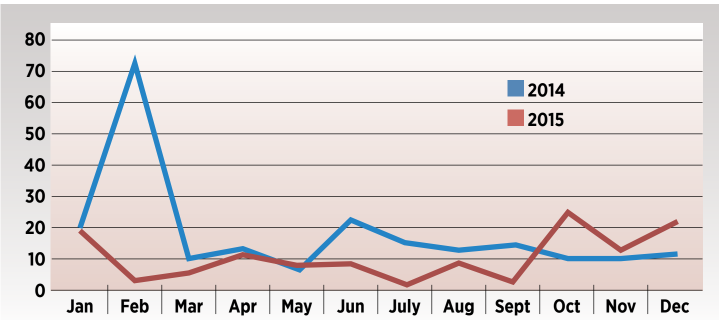
Port of Suva Piloting Movements 2014

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PORT PILOTS	30	27	128	146	88	82	43	111	110	73	91	70
SEA PILOTS	31	29	61	54	93	50	20	95	55	68	65	84
TOTAL	**61**	**56**	**189**	**200**	**181**	**132**	**63**	**206**	**165**	**141**	**156**	**154**

Port of Suva Piloting Movements 2015



Monthly Pilot Boat Muri Muri Ferry Runs 2014 and 2015



Port of Lautoka

Upgrades and Initiatives

Mud from the rivers silting into the harbour is an on-going occurrence at the Port of Lautoka and remains the Port's major operating issue. When cyclones occur, or during periods of excessive torrential rain, this problem becomes significantly worse. Of critical importance at the Port of Lautoka, therefore, is a requirement of a 5-year dredging plan to keep this busy international harbour at the declared depth of 11 metres for berthing large commercial and tourism ships.

In the year in review the Lautoka Harbour Masters Office engaged in a number of projects and initiatives prioritised by the following:

- Maintenance plans for dredging the sugar and woodchips loading jetty as silting had decreased the depths significantly to a minimum of 9.0 m were prioritised as the required sailing draft is 10m.
- In the first week of December FPCL hired an overseas based dredging company to apply a suction dredging process through pipelines with spoils thrown to reclaimed lands nearby. The sugar/ wood-chips berth was successfully dredged to a minimum depth of 11.0m.
- The much anticipated project of building a dry bulk infrastructure by AMEX did not eventuate as expected this year, however, negotiations are continuing.
- Another major project, the mooring buoys installation for Pacific Energy oil tankers at Vuda was also delayed, however, is expected to resume in 2016.
- In February, during the passing of a cyclone west of Fiji, strong cyclonic winds to the Western Division were experienced, and as a result an anchored vessel was beached on the foreshore. Attempts to remove the vessel have been unsuccessful to date, however, the derelict is expected to be sold and removed in the early quarter of 2016.
- The contracts of tugs, linesboat and linesmen at Lautoka and Vuda all expired on 31/12/15 and all have renewed their contracts for another three years.

Vessel Movements

As is the case with the Port of Suva, vessel movement statistics for the Port of Lautoka show a slight decrease in the number of vessel arrivals and the total Gross Tonnage. The primary reasons for this include:

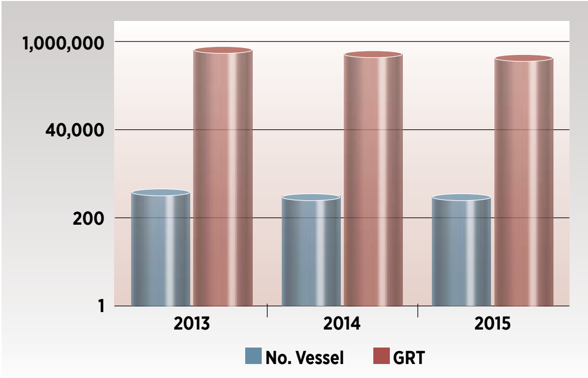
- The limited depth alongside which subsequently needs dredging to 11m. (At present the depth alongside is 10.8m and the Port can only accommodate a maximum draft of 9.8m. The bigger container vessels of previous year came in 10.50m draft and at high water to berth.
- Further, the large numbers of fishing vessels that traversed FPCL ports previously preferred to go to Panama and the Gilontas Fishing Company will cease to operate here in the near future.
- As with Suva, ships' principals prefer smaller to medium size vessels compared to the larger ones operating in 2013 because of the viable capacity of Fiji Water transshipment to the US West Coast via Auckland.

The 2015 figures will remain to be the trend for a few more years unless there is an introduction of another shipping company.

Port of Lautoka Vessel Movements 2013, 2014 and 2015

Year	No.	GRT
2013	521	5,717,394
2014	410	5,632,528
2015	400	5,173,054

Port of Lautoka Vessel Arrivals 2013, 2014 and 2015



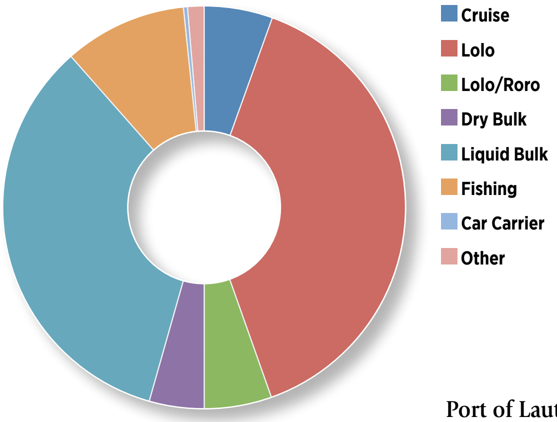
Vessel Calls

For the past three years, Lolo (container vessels) and Liquid Bulk vessels (tankers) continue to dominate arrivals at the Lautoka Port. Dry bulkies (sugar and woodchips vessels) and Roro/Lolo (container plus car carrier vessels) remain constant as there remains one regular company from Asia deploying two of her vessels on a bi-weekly service.

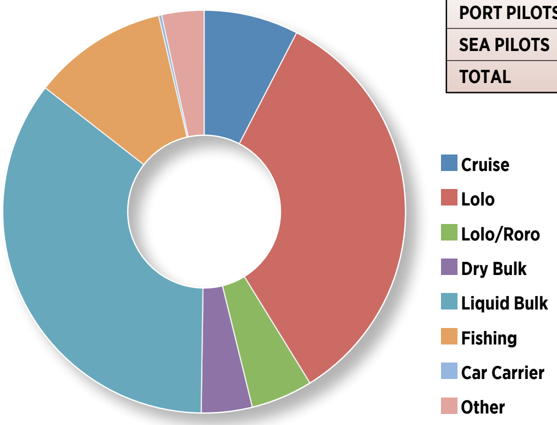
The arrival of passenger vessels (cruise-liners) fluctuates in accordance with the vessel principals bookings and preference, as well as weather conditions.

Fishing vessels recorded a marked decline based on a range of factors including those mentioned previously.

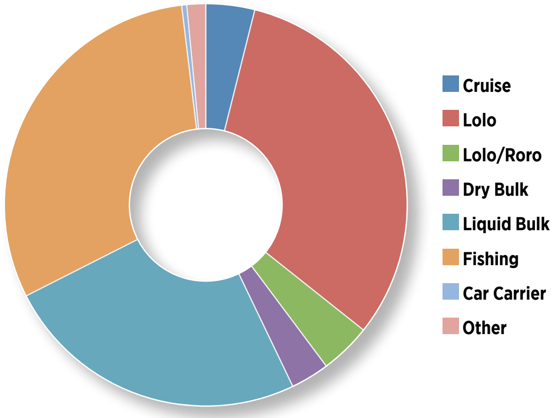
Port of Lautoka Vessel Calls 2015



Port of Lautoka Vessel Calls 2014



Port of Lautoka Vessel Calls 2013



Piloting Movements

For the last three years, both port pilots and sea-pilots companies could not make a clear 60/40 quota indicating that port pilots is competing well.

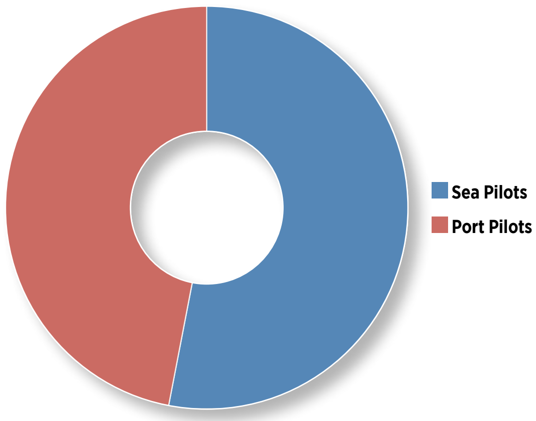
In 2015, Port of Lautoka recorded its lowest piloting moves for many years owing to the lack of opportunity for suitable replacement when key personnel became ill and the Port was forced to operate on low capacity.

As with the Port of Suva in 2015, the 60/40 quota is scrapped by the introduction of the Marine Pilotage Decree by MSAF.

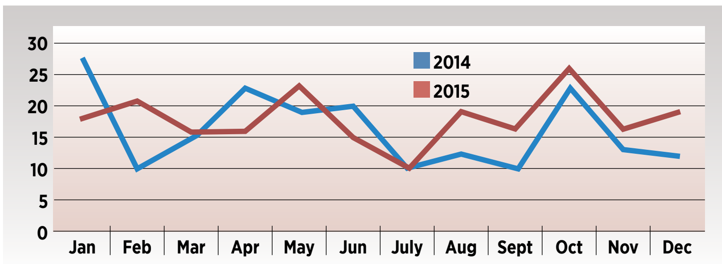
Port of Lautoka Piloting Movements 2015

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
PORT PILOTS	34	38	38	32	39	24	19	36	36	42	35	43
SEA PILOTS	42	41	39	35	26	47	51	37	38	42	33	37
TOTAL	76	79	77	67	65	71	70	73	74	84	68	80

Port of Lautoka Piloting Movements 2015



Monthly Pilot Boat "Senibiau" Runs 2014 and 2015



Levuka Port

Traditionally foreign vessels supplying the Pacific Fishing Company (PAFCO) dominated the types of vessels docking at Levuka Port. This year, however, there was a sizable drop in the arrival of fishing vessels from April to June owing to low catch-levels. Figures are down significantly for the same period in 2014 when 40 vessels called into the Port compared to 12 in 2015. One Tanker visited Levuka Port in 2015 compared to five the previous year, and only one cruise ship visited again down from three arrivals in 2014.

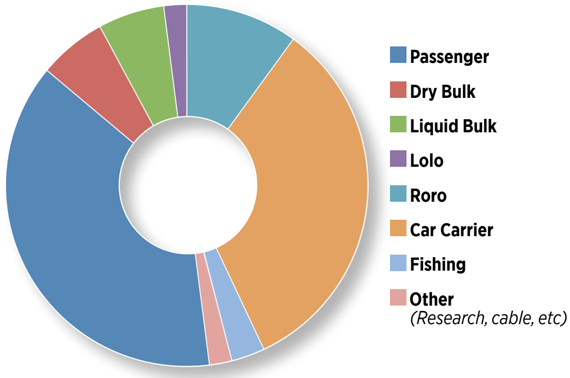
This year renovations of the Levuka Port Office were undertaken with fit-out including furnishings and new electrical equipment such as computers etc. In addition, carpentry tools were purchased to avert the need to bring staff from Viti Levu to attend to maintenance and repairs.

Levuka Port took part in training sessions as part of the Company's Port-wide and City Emergency Preparations and Contingency Plan. Levuka Port was also visited by National Fire Authority officials and representatives from FPCL to conduct fire drills and emergency training sessions.

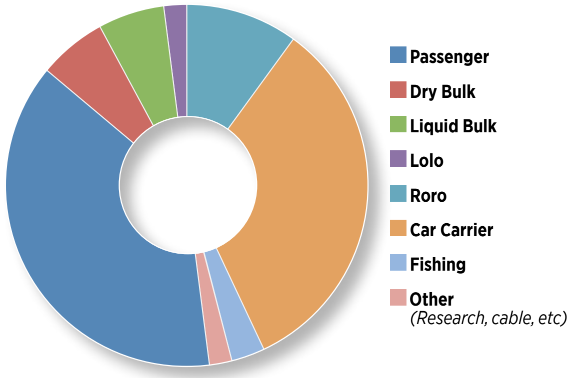
FPCL's July Board meeting took place at the Port of Levuka as part of the Company's plan for Board and executive staff to visit all FPCL designated Ports in order to assess operations first hand. This strategy has been adopted to ensure fact-based decision making is in place and to provide face to face access to Board and executive in the interest of promoting fruitful discussions. This approach contributes to the FPCL's commitment to ensuring good corporate governance and transparency is in place.

Types of Vessels Called (All Ports) 2014 - 2015

2014



2015



Vessel Statistics (All Ports) 2015

3	CARGO STATISTICS - OPERATIONS DASHBOARD 1 - FIJI PORTS										
4	PERIOD										
5		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
6	TOTAL FOREIGN VESSELS										
7	No of Vessels	1122	1172	1317	1477	1516	1386	1530	1670	1570	1838
8	GRT	9443770	10483863	11572969	11894243	12456706	11578741	12149831	14836412	16567711	14835866
9	100 GRT hrs	9443770	2312745	2491644	1913972	2464198	2762656	3047853	3332658	3396715	3274538
10	CARGO VESSELS										
11	No of Vessels	785	784	852	865	836	739	719	776	809	847
12	GRT	8151918	8361785	9368207	9936397	9922208	9180823	8636293	10011330	10829814	9999488
13	100 GRT hrs	2212855	1924668	2127985	1631796	1941675	2288756	2313947	2380853	2713899	2749349
14	FOREIGN VESSELS										
15	Cruise Liners										
16	Nos:						35	50	57	85	66
17	PAX					83600	66500	95000	108300	161500	158000
18	GRT						2046266	2738021	4081502	5545476	4591624
19	100GRT Hrs						199963	455770	408739	654621	457133
20	Dry Bulk										
21	Nos						32	34	13	16	36
22	GRT						632883	598663	227918	312796	842184
23	100GRT Hrs						503129	609103	275094	299417	882358
24	Liquid Bulk										
25	Nos:						[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CARGO STATS OPS | REV STATS OPS

Tug Boat Movements

Tugs in FPCL Ports are operated by an independent contractor under an agreement with the Company. The contractor provides five full time tugs to service the Company's tug boat needs which includes berthing, un-berthing and fire-watch hours at Vuda and Lautoka Ports. The demand for these services continues to increase annually.

Derelict Vessels

A derelict vessel is one that is abandoned in a harbour or port for 21 days and has insufficient man-power on board to operate. The issue of derelict vessels continues to be topical, and at times highly emotive.

FPCL is empowered to order the removal of derelict vessels from its harbour boundaries under Part 8, Section 27, Subsection (1) of the Seaport Management Act (2005), but such an order is to be... delivered to the owner or master of the vessel, if their identity and whereabouts are known...

It is vital that FPCL follows set procedures to strictly enforce the powers invested in the Corporation by the Act. However, locating vessel owners to ensure they are fully aware of what is taking place, can be an extremely time consuming and complex process as owners are often based overseas based and locating them can be extremely problematic.

Further, the situation can be exacerbated by issues to do with language. Even under circumstances where the vessel owner is locally based, and possibly known to FPCL, there can be delays in removing a derelict.

Depending on the vessel, and the specific circumstances of its abandonment, removal of a derelict can cost $50,000 upwards and can go as high as $500,000. This expense is not budgeted for by the Company as it does form part of FPCL's core business.

By exercising its powers under the Seaport Management Act, however, FPCL issues a removal order to the owners stating that the vessel will be auctioned within a month. Often the mortgaging bank requests the opportunity to find a buyer for the vessel. If this is unsuccessful, FPCL can put the vessel up for tender. This year FPCL successfully enforced the powers invested by the Seaports Management Act to order the removal of a vessel from the Port of Suva. A successful bid for the vessel provided the new owner with three months to remove the vessel from the Port's boundaries.

Security Unit

The ISPS Code required for a compliant port has far-reaching implications for personnel assigned responsibilities for the security and safety of ports and port facilities.

The Port Facility Security Officer is required to implement and exercise the Port Facility Security Plan to the satisfaction of MSAF.

The specific requirements and duties to be carried out by Port Facility Security Officers include:

- Conducting an initial comprehensive security survey of the Port facility - taking into account the relevant port facility security assessment.
- Ensuring that a Port Facility Security Plan is developed and maintained.
- Implementing and exercising the Port Facility Security Plan and undertaking regular security in sections of the Port facility.
- Increasing security awareness and vigilance of Port facility personnel.
- Co-ordinating activities with security services.
- Conducting training and awareness programs for all licenced Port users.

Awareness training for Port users intending to conduct commercial operations/business activities at FPCL designated Ports began in October 2015. The training required under the new FPCL Security Policy (adopted in 2014-2015) requires all persons wanting access the ports to conduct business are familiar with OHS and Safety Laws, and the those under the ISPS Code. Access to any ports will only be given to Port users who have attended awareness training sessions.

A number of major initiatives were undertaken during 2015 which were highlighted by the following:

- In February FPCL hosted regional Port Facility Officers undertaking the practical component of their training. This initiative followed theoretical training and familiarisation on the International Ships and Ports Security (ISPS) Code at SPC. Three FPCL staff members were amongst those to take part in the training which also included training about the Maritime Internal Audit con- ducted by a senior FPCL Port Facility Officer.(SPFSO).
- In August FPCL's SPFSO accompanied the SPC Transport Economic Development Division Auditors to conduct audits on the Solomon Islands Maritime Safety Administration, Maritime Academy and Ports Authority. FPCL participants taking part did so courtesy of the Pacific Islands Maritime Association.

This year notable advancements in safety protocols for the Port of Lautoka included:

- Enhancement of safety and security requirements on the Wharf (PPE and Use of reflector vests).
- Enforcement of No Loitering in the operation area Yard 3/ IFS yard/New extension).
- Enforcement of vehicles loitering in operation areas.
- Enforcement of truck drivers ceasing to disembark from their trucks while in operation areas.
- Enforcement of 'sitting idly' on the Wharf pavement due to high risk.
- Enforcement of a Speed Limit of 15 KMH changed to 10 KMH
- Port users obligated to wear their Fiji Ports ID card in visible manner at all times while on Port premises.
- Wharf cleaning after vessel operations.
- Effective communication protocols introduced in all aspects of awareness including water and power cut, Ports advise and Smoke Free Port by next year.
- Revamping of the DG storage area at No. 3 yard.
- Incident reports came in a Low.
- Port User Training on Safety, Security protocols improved.
- Dredging of Tropic/FSC wharf
- Improved service and assistance provided to all Port users.

Finance Division

FPCL's Finance Division oversees the financial activities for the FPCL Group including financial reporting, stock control and asset management, payroll processing credit management, accounts payable, and international controls. FPCL's Finance Division operates in a contemporary business environment at the centre of the Company's business activities. The Division is managed by the CFO, and works to the guidelines provided in the Company's recently updated Finance Policy and Procedures Manual. The Company's Audit and Compliance Unit and the ICT department also operate under the CFO's supervision and are housed within the Finance Division.

Of note this year in terms of enhancement - and part of the Division's ongoing modernisation program - came the commissioning of a new automated invoicing system deployed for the Suva Port early in the year saw efficiency and predominantly error free invoicing process. The Company intends to maintain this system but has plans to bring a more robust ports management system which can be fully integrated to all operations processes including Automatic Identification System (AIS) and vessel traffic management systems.

Another significant event to take place during the year was the Fiji Commerce Commission's approval of the FPCL tariff increase for overseas vessel charges only. The last FPCL tariff determination was in 2009 (where only some minor charges were revised) with the one prior to this time taking place in 2001. These adjustments were long overdue and are critical to maintaining the financial vi- ability of the Company, as well as ensuring the facilitation of critical investment in Port infrastructure and development.

Financial Results and Commentary

2015 was an extremely successful financial year for FPCL. The Company achieved positive revenue results showing profits and paid increased dividends to its shareholder. Overall the financial performance for the Fiji Ports Group in 2015 represents continuous growth in all key measures. This year being a second full year operations after the partial divestment of equity and transfer of control in of subsidiary (FPTL) from the group in 2013 saw strong operations results in FPTL and a 206% in- crease in dividend.

Breakdown of FPCL Property Tenancies 2015

FPCL 2015 Audited Accounts	Year 2015 in $	Year 2014 in $	In $	Change
Consolidated Group Income	40,696,742	34,257,902	6,438,840	19%
Holding Company Income	34,228,366	28,820,108	5,408,258	19%
Group Profits	13,577,091	7,438,382	6,138,709	83%
Holding Company Profits	10,141,210	6,637,848	3,503,362	53%
Group Income Tax Expense	2,490,896	1,528,299	962,597	63%
Dividend paid in respect prior year	3,719,191	3,698,979	20,212	1%
Share of Profit in Associate	3,792,786	1,458,570	2,334,216	160%
Group Shareholders Equity	115,411,750	105,553,850	9,857,900	9%
Total Liabilities	**16,485,564**	**21,202,597**	**4,717,033**	**-22%**

Income Comparison 2014 and 2015

All Income Group	2014 $(000's)	2015 $(000's)	% Change Over 2014
Dockage	5,870	7,777	32%
Handling/Stevedoring	-	-	0%
Marine Services	11,365	12,697	12%
Other Service Income	4,668	4,888	5%
Ship Repair & Sliway Income	5,438	6,468	19%
Storage	-	-	0%
Wharfage	6,919	8,872	28%
Other Revenue	2,356	2,386	1%
TOTAL OPERATING INCOME	**36,616**	**43,083**	**18%**

Group Net Profit After Tax (NPAT) of $13.58 million represents a significant increase from the 2014 reported NPAT of $7.44 million. This is partly attributed to tariff increase in August 2015 and strong control of expenses. The Group operating revenue showed an increase of 19% over 2014. This is largely due to increase in FPCL tariff charges, however increase heavy industry project based works carried out in 2015 for FSHIL was a positive contribution and increase in dividends share of profits from FPTL. FPTL operating profits increase was in part attributed to tariff adjustments also.

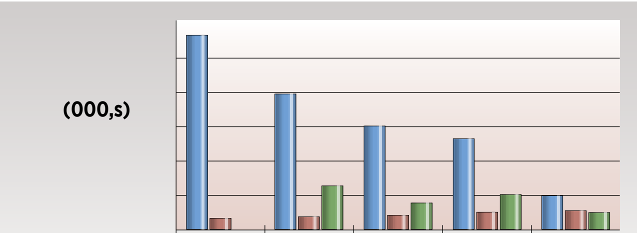
Total expenses has increased by 7% and is attributed to increase in employee expense reflecting significantly a 87% rise in staff incentives payments, a 37% increase in direct cost relating to core income stream and one - off expensing substantial consultancy fees from work in process account.

Consolidated Expenses Comparison 2012 - 2015

All Income Group	2014 $(000's)	2015 $(000's)	% Change Over 2014
Employee Expenses	5,613	6,991	25%
Property Expenses	2,229	2,104	-6%
Marine Services Charges	6,883	7,096	3%
Depreciation	8,977	7,564	-16%
Financial & Other Admin	4,977	6,849	38%
TOTAL EXPENSE	**28,680**	**30,604**	**7%**

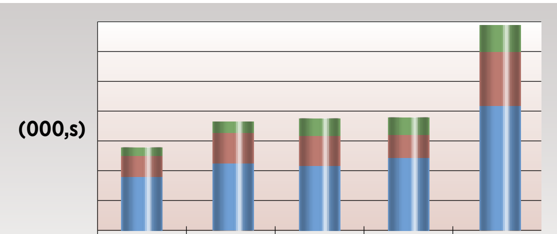
A reduction in financing costs was achieved via effective utilisation of strong cash flows to achieve partial prepayment of $3.5 million of the ADB loans. This strategy also yielded benefits in the form of reduced exposure to adverse foreign exchange risk. This strategically targeted 55% reduction in loans resulted in 52% reduction in total financial costs. Balance Sheet remains strong with low gearing of 0.08 and sound cash balance of $16.15 million.

Loan Balance, Payments Schedule and Prepayments



	2011	2012	2013	2014	2015
Loan Balance	$54,830	$39,511	$30,006	$16,674	$9,517
Schedule Payments	$2,308	$2,795	$3,352	$3,722	$4,057
Prepayments	$0	$12,000	$7,491	$9,936	$3,559

Group NPAT Contribution by Company

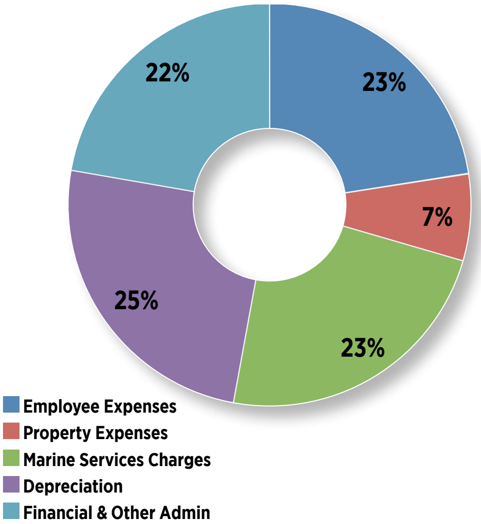


	2011	2012	2013	2014	2015
FSHIL	$751	$966	$1,090	$1,112	$1,508
FPTL	$1,276	$1,958	$2,070	$1,459	$3,793
FPCL	$3,616	$4,386	$4,238	$4,868	$8,276

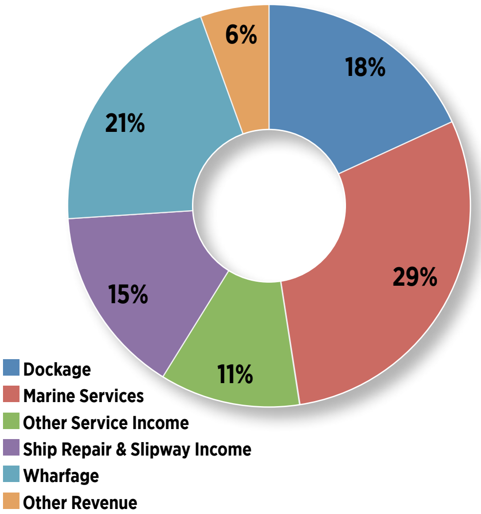
Note:

- FPCL 2013 results is exclusive of the one-off gain from sale of FPTL shares and re-measurement of investment in FPTL totaling to $15.3m; however this gain was only $6.3m in the group accounts.
- FPCL results is exclusive of dividends received from FSHIL and FPTL.

Composition of 2015 Expenses



Composition of 2015 Income



FPCL Group Profit & Loss 2014 - 2015

	2014 AUDITED ($000's)	2015 AUDITED ($000's)	% Change from 2014
Operating Income	34,258	40,697	19%
Other Income	2,356	2,386	1%
TOTAL INCOME	**36,614**	**43,083**	**18%**
Operating Expense	-19,703	-23,040	17%
EBITDA	**16,911**	**20,043**	**19%**
Depreciation	-8,977	-7,564	-16%
EBIT (Loss)/Profit	**7,933**	**12,479**	**57%**
Net Interest	-425	-204	-52%
Net Profit before Tax (NPBT)	**7,508**	**12,275**	**63%**
Income Tax	-1,528	-2,491	63%
Share of Profit in Associate	1,459	3,783	160%
NPAT	**7,438**	**13,577**	**83%**

Balance Sheet Extract (Consolidated 2014 - 2015)

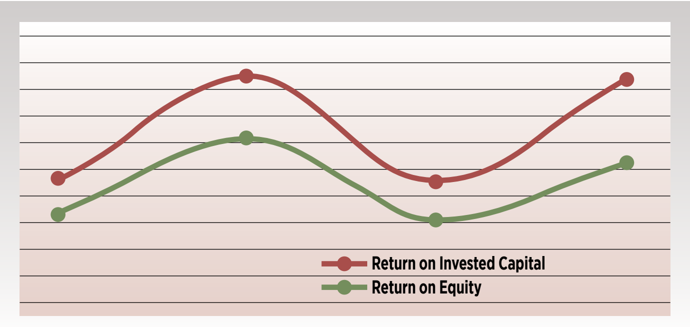
	2014 AUDITED ($000's)	2015 AUDITED ($000's)
Cash at Bank	8,786	16,154
Trade Receivables	2,626	3,763
Fixed Assets	94,667	86,068
Total Assets	126,756	131,897
Trade Creditors	3,722	5,747
Loans	16,794	9,517
Total Liabilities	21,203	16,486
Share Capital	73,155	73,155
Retained Earnings	32,399	42,257

Key Performance Indicators

The strong financial results is reflected in the KPIs with the Group reporting an impressive Return of Equity of 11.76%. KPI's have improved from prior year, directly attributable to strong profit results this year.

KPI's for Consolidation 2014 -2015

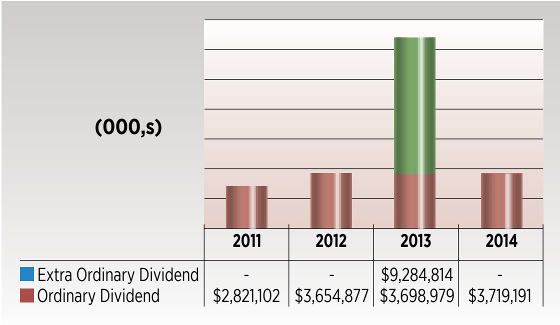
	2014 AUDITED	2015 AUDITED
EBIT/Total Income	21.67%	28.97%
Return on Invested Capital	10.17%	18.56%
Return on Equity	7.05%	11.76%
Gearing Ratio	0.16	0.08
Net Borrowing's ($000's)	16,794	9,517
Currrent Liquidity Ratio	1.88	2.41
Debt Protection	18.66	61.24



2015 Dividend Payout

In 2015, the total dividend paid by Fiji Ports in respect of the prior year (2014) amounted to $3,719,191 which is record dividend from operating profits and represent 0.5% increase from prior year.

FPCL Dividend Declared 2011 - 2014



Fiji Ports Corporation Limited - 2015 Profit and Loss Summary

Reported NPAT increased by 53% mainly attained to strong core income emanating from the increase Tariff charges whilst expenses were generally well contained.

Core operating income indicated a strong increase of 19% when compared to the 2014 core operating income. This is mainly attributed to adjustments in ports tariffs effective 24th August:

- Dockage revenue increased by 32% mainly due to increase in dockage tariff charges for all vessels (excluding cruise liners) by 40% and cruise liners increasing by 125%;
- Wharfage revenue increased by 28% mainly attributed to increase in wharfage tariff charges for 20ft containers by 40% and 40ft containers by 96% and a 40% increase for break bulk, liquid bulk and motor vehicle wharfage charges;
- Marine services income remained strong and increased by 12%. This is mainly due to tariff increase of 30% in the marine service charge tariff (overseas vessel) and tariff increase of anchorage and mooring charges (rate varying by the length of the anchorage and mooring)
- In addition, organic growth in volumes also boosted increase in income for 2015.

Fiji Ports Corporation Limited - 2015 Expenses Summary

Expenses increased by 5%, mainly attributed to:

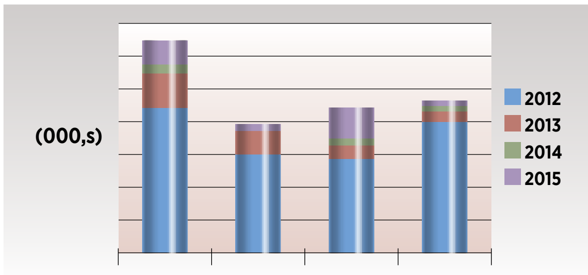
- Consultancy fees increased substantially resulting from the respective Work in Progress being expensed in the current year. The Work in Progress namely New Office & Terminal Complex ($1.11 million) and Rokobili Project ($54 k) commenced in 2005 and 2012 respectively via initial consultancy work. To date no new developments or work in progress noted for this and there is no guarantee that this project will be carried out. Therefore in line with proper accounting procedures the work in progress cannot be capitalized since asset does not exist and does not meet the criteria of an asset outlined in IAS 16 Para 7. As such, the work in progress was eventually expensed out in the 2015 financial year.
- Increase in employee cost due to Pilots salary revamp undertaken during the year.

  Balance Sheet remains strong with a healthy cash balance of $14.6 million, low gearing of 0.08 and a good current liquidity of 2.09. Interest bearing borrowings has been substantially reduced over the years and balance outstanding at year end only $9.5 million.

Dividend Payments 2011 - 2014

	MSC (000's)	DOCKAGE (000's)	WHARFAGE (000's)	OTHER (000's)
2012	$8,760	$5,993	$5,822	$7,937
2013	$10,732	$7,393	$6,447	$8,540
2014	$11,365	$5,869	$6,919	$8,791
2015	$12,697	$7,772	$8,872	$9,143

Income 2012 - 2015



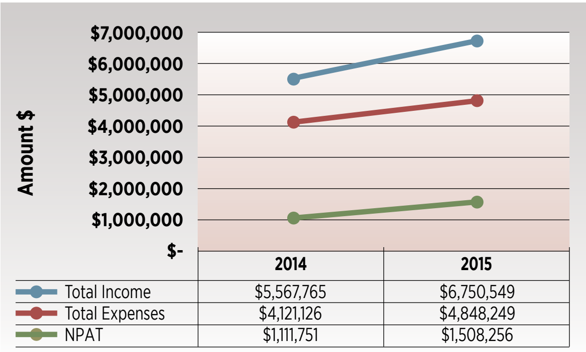
Fiji Ships and Heavy Industries Limited - Profit & Loss Summary 2015

Fiji Ships and Heavy Industries Limitedrecorded highest profits ever in its history for the 2015 finan- cial year. Aggressive marketing within the Pacific Islands has led to an increase in regional vessels coming for ship repairs. Incomes were strongly supported by project based works on Fiji Navy patrol boat "RFNS Kikau" and refurbishment of local tourist boat "Spirit of the Pacific".

Also the Heavy Industries income stream recorded incomes from repairs to FPCL shore crane and fuel tank maintenance for FEA Kinoya substation. Expenses also increased fairly as increase in in- come of 21.24% was noted. Income and some expenses (e.g. Production) are co-related. As income increases, production cost will increase accordingly. The new Biometrics and Time and Attendance software was implemented in July 2015, replacing the old time cards for pay processing.

This initiative has led to a greater monitoring of labour in terms of their clock in and clock off time and has greatly impacted on payment for productive labour hours. Moreover, other operating expenses were controlled through prudent and effective management of Fiji Ship's operations. Hence 2015 fi- nancial year had been a very successful year generating after tax profit of $1.5m, an increase of 7% compared to year 2014, continuing profit growth momentum since 2010.

FSHIL Net Profit After Tax 2014 - 2015

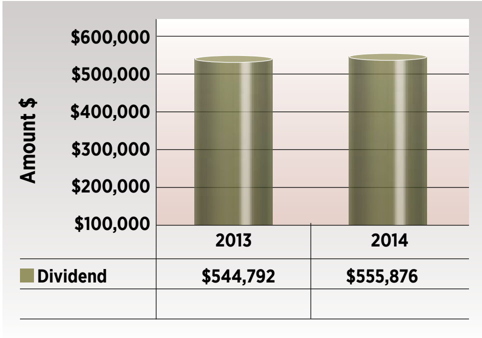


Return on Equity 2014 -2015

Ratios	2014	2015
Return on Equity	14%	17%
Working Capital	3.4	4.6
Gearing	0.21	0.16

Return on Equity is an impressive 17% and Balance Sheet also remains stable as noted by strong Working Capital of 4.6 and Gearing ratios of 0.16. Due to strong cash flows, FSHIL was able to invest $1m in term deposits in July 2015. ANZ loan was fully paid off in October 2015 and another term deposit of $750k was re-invested in November 2015.

FSHIL Dividend Declared 2013 - 2014



Due to strong incomes and increasing NPAT over the last four years, FSHIL dividend payment to parent company FPCL has also increased significantly. The dividend paid in 2015 with respect to the 2014 financial year, represents a massive 48% increase over a three year time frame.

Risk and Compliance Unit

Effective risk management is regarded as essential for FPCL to achieve its objectives and pro-actively manage risks in order to provide greater certainty and security for all Port users.

As a statutory undertaker and a critical service provider, the Company also actively engages in this process to ensure a robust approach is maintained towards providing a greater understanding of risk management practices.

With this in mind, the Risk Management Policy, Framework and Risk Register for the Company was developed and implemented during the year. Part of the on-going exercise for the year was to identify risks, re-assess it and update Risk Register for the company which saw relevant risks and its exposures were identified. However, after the assessment of appropriate controls, the Register was updated with clear timeline for Risk Owners to mitigate those risks. As per the nature of Company's operation, this exercise has been on-going.

As required under the Framework and to ensure that sound risk management practices are in place, the company has determined and set up Risk Appetite which was also proposed to the Finance Audit and Risk Management Sub Committee for approval. This enables the Company to become more pro-active because it becomes a measurable criteria for managing risks. On the other aspects, it allows the Company to know how much risk it is willing to take in order to achieve its business objectives.

FPCL Proposed Risk Appetite

	LOW		MEDIUM		HIGH
	1	2	3	4	5
Safety & Security (Operational)	●				
Customer Service Quality (Operational)			●		
Human Resources Development (Operational)			●		
Regulatory/Statutory Compliance	●				
Reputation			●		
Business/Strategic			●		
Financial/Investments			●		
Environmental		●			

The lowest risk appetite is for safety and regulatory risks, specifically for all port users, staffs, visitors and public. This means that reducing these risks so far as is reasonable practicable and it will take priority over meeting other business and strategic objectives.

The Company further explored opportunities to develop a comprehensive Business Continuity and Recovery Plan in order to cope with the effects of an emergency or crisis such as cyclone, earth- quakes, floods, fire, power interruptions etc. Moreover, this was included as part of 2015-2017 Strategic Goals which will ensure business continuity, disaster recovery, risk management, crisis/emergency management all feeding into over-arching organisational resilience strategies. With this in mind, wider conversations was held with key stakeholders and Insurance Brokers where this initiative being explored to them.

As part of compliance function, the Company carried out departmental reviews with the participation of key stakeholders to review areas of non-compliance and the outcome related to each reviews were documented in the form of action plans. This saw items identified assigned to the respective departments with appropriate timelines for implementation. In the similar manner, Strategic Objectives have regular compliance checks and investigation carried out in order to achieve continuous improvement with a view to strengthening internal control mechanisms within the organisation. Non-compliance and breach of Company policies and procedures are reported to the Executive Management and the Finance Audit and Risk Management Sub Committee.

ICT

The ICT department provides technology support to the Company in ways that assist with corporate governance, architecture, resources, and expertise in deploying modern information technologies to improve efficiency.

The department is responsible for much of the technical infrastructure for operation of Fiji Ports including telephones, computer networks, desktop and server support, data centre, website, building and information security and mission critical in-house application software. Fiji Ports also continues to provide IT support and application hosting services to FPCL associate company Fiji Ports Terminal Limited.

Computing Services

2015 saw a move by the Company to Laptop computers and away from traditional PC's with ICT expenditure in this area moving from 28% in 2014 to 10%. Currently the IT department supports over 92 personal computers, 21 Laptops, 120 users, 16 Servers, six application software's, 104 phone extensions and 64 mobile phones users over four interconnected offices and one remote office.

Snapshot of Achievements

Amongst the major achievements for the department in 2015 were:

- Fiji Ports took the initiative to implement Document Management System (DMS) in the pursuit of improving the Company's document archiving and retrieval process. The DMS software acquired was OmniEDoc from Informatics International Limited out of Sri Lanka and was fully commissioned in October.
- The Company engaged consultants in 2015 to perform an audit and advisory assignment to assess the design and operational effectiveness of the internal control structure at Fiji Ports IT and report. Following this comprehensive IT Audit report was submitted for action and further improvements which is now being implemented in 2016.
- The Mobile Communication Service contract was awarded to Vodafone to provide voice and data service for next three years.
- Fiji Ports Data Recovery (DR) Site with Vodafone was fully commissioned on December 2015. Nine critical servers are replicated across to Vodafone DR site at the interval of every 15 minutes.
- The Company enhanced its speed and accuracy in invoicing by setting up the automated inter- face of invoices from Port Operations software to Microsoft Dynamics Navision Financial system. The selected software provides user friendly operations, strong functionality and allows specific customisation the company required.

ICT Security and Safeguards Program

In order to manage the increasing risks associated with malware, viruses and other threats, keeping the companies data safe a redundant SonicWall Firewall was purchased and installed in order to bring more resiliency to current firewall gateway setup. All desktop machines and networking devices on the individual floors at Mua-i-walu house were equipped with Uninterrupted Power Sup- ply (UPS) to cater for any system outage during power cuts. All Fiji Ports desktop computers and Servers were installed with new version of ESET antivirus software. This further added towards the security of Fiji Ports Perimeter network.

New Initiatives and Upgrades

The Company undertook a number of enhancements and service based improvements this year which include:

- IT helpdesk software was implemented for all Fiji Ports end users to log in to a web based portal to submit service requests and incidents. End users are able to track status of all their request hence allowing helpdesk to efficiently resolve user issues.
- Structured cabling works were carried out at Lautoka port, all old cables were replaced with new higher performance CAT 6a cables.
- New Time and attendance machines were installed at Mua-i-walu house and FPCL engineering department.
- Eight Closed Curcuit TV (CCTV) cameras were installed at various points within Mua-i-walu house in-order to bring more security and monitor movement within and around facility.
- All meeting rooms at each floor in Mua-i-walu house were equipped with Projectors and Projector screens.
- The department replaced various outdated equipment including but not limited to Laptops, desktop computer printers, digital cameras, and projectors.

Fiji Ships & Heavy Industries Limited

Fiji Ships and Heavy Industries Limited's core business comprises the slipping of maritime vessels, ship repairs and maintenance, and heavy industry and engineering works. FSHIL's substantial Walu Bay site comprises a fully equipped engineering and steel workshop complex, three slipways, a significant winch house, and is home to FSHIL's head office.

Beginning in 2014, FSHIL launched its comprehensive expansion plans that included pursuing more heavy industry engineering and construction commissions, and its ambition to reignite its ship building services.

The company's overall commitment to achieving excellence through the provision of ship repair services and heavy industry works is reflected in this year's impressive financial results. Fiji Ship's impressive $6.6 million return in revenue - the highest since Fiji Ports took over FSHIL operations in 2009 - is proving to be a strong incentive for employees as the company continues on its growth phase.

Impressively, sharing financial highlights during monthly employee floor meetings has shaped the mind-set of the workforce this year. Positive outcomes can be seen such as staff being more pro-active, productive and customer oriented feature in the year in review. FSHIL's comprehensive modernisation program extended to improving all communication and assessment processes and protocols which has greatly assisted the company gain an edge over other ship-repair competitors in region this year. The upgrade of a number of internal systems has also proved to be beneficial in terms of the day to day operations of the company.

Production and Works

Notable amongst the production highlights for the company this year were:

- The signing of a one-year contract with the Land and Water Resources Management Division through the Ministry of Agriculture to repair the Division's pontoons in Rewa and Labasa sites. The signing of this heavy industry assignment advances FSHIL's strategic objective To Build Partnerships to Improve Quality and Responsiveness.
- Furthering plans to secure a commission from a major Korean ship building company through the Ministry of Industry and Commerce, again to achieve new partnerships for building ships in Fiji.
- An refit agreement was signed with Captain Cook Cruises for Spirit of the Pacific, a 108 footer topsail schooner operating in the Mamanuca and Yasawa Islands.
- The company met its 80% minimum slipway usage objective for the year which required staff to work systematically and strategically in order to mitigate the effects of unfavourable weather conditions delaying deadlines.
- The company took the final step required before the external audit for ISO 9001 accreditation with the completion of its ISO QMS Gap Analysis standard operating procedures as part of the company's journey towards ISO accreditation.

Slipway Services

The company utilises three primary slipway facilities for dry-docking of vessels - 100 T slipway, 200 T slipway, 500 T slipway and 1000 T slipway.

This year FSHIL successfully maintained its aim of securing regular slipway assignments across a spectrum of maritime industry clients and customers primarily tourism vessels, Fiji Navy patrol boats, the private sector, government Inter-island ships, launches, fishing boats, tugs and barges.

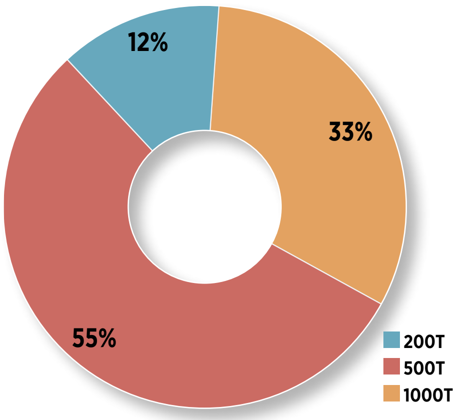
In 2015, a total of 135 vessels, up by 10 on the previous year, were serviced by FSHIL. The categories of vessels serviced - registered in various nations throughout the Pacific - can be broadly categorised as fishing vessels, passenger and cargo vessels, tourist vessels, super yachts, barge dredgers, tug boats, landing craft and patrol boats.

Slipping remains FSHIL's strongest service division based on income over the past three years, with 2015 figures showing a marked increase in revenue. Engineering and electrical repairs follows closely behind slipping as the second bests performing service category across three years, again, showing improvement in income in 2015. Not far behind the two best performing service categories are Steel Repairs, and Water Blasting and Painting services with little variation in income between the two.

Looking ahead, although the company's commitment to providing quality ship repair services and heavy industry works is evidenced by the company's improved financial results focus needs to shift towards addressing the life-span of much of the company's infrastructure and machinery. The planned maintenance upgrade of the 200T, 500T and 1000T slipways will greatly assist the operators minimize risk, however, more emphasis needs to be placed on upgrading essential, aging machinery and equipment.

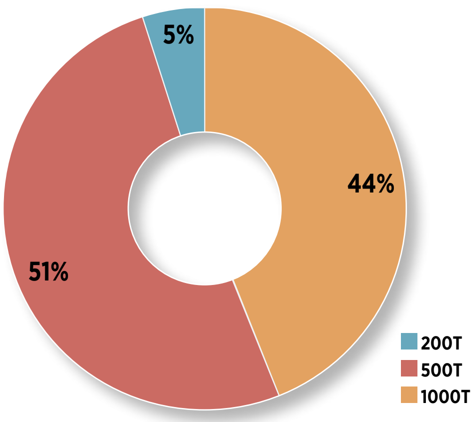
In view of a noticeable and developing trend that sees local and regional shipping companies in- vesting in larger vessels it imperative that the company is better positioned offer services to cater to these larger ships. Under this scenario the addition of 5,000 tonne capacity slipway or a graving dock yard should be promoted. Accordingly company representatives will continue to meet with local and regional shipping companies to gather ship dimension data to firm up demand for such development and investigate means to funding such an extension to services.

Slipway Usage and Income Generated - 2015



Slippage Income - 2015

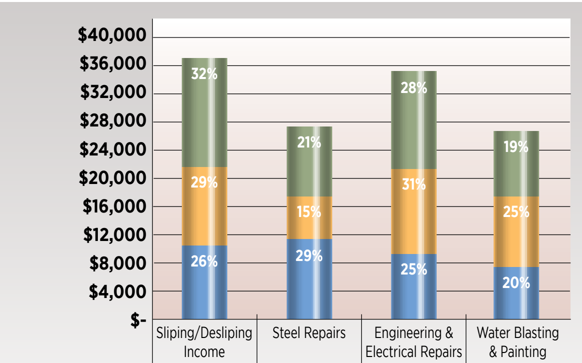
Slipway	Income
200T	$155,157
500T	$453,381
1000T	$751,768



Slipway Usage (Vessel Numbers) 2015

Slipway	Vessel Number
200T	7
500T	59
1000T	69

Income Per Vessel Per/Income Category 2013 - 2015



	Sliping/Desliping Income	Steel Repairs	Engineering & Electrical Repairs	Water Blasting & Painting
2015	$14,990	$9,720	$13,172	$9,164
2014	$11,110	$5,614	$11,677	$9,381
2013	$10,646	$11,716	$10,001	$8,070

Human Resources and Training

Fiji Ship's impressive Key Result Areas (KRA) achievement for the year came about partly as a result of the company's newly adopted approach to centred learning and up-skilling of its employees. A corporate SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis was undertaken as part of Fiji Ship's internal strategic training - the aim of which was to enhance cognitive domain through knowledge and skills in ways that ultimately motivate employees. All FSHIL employees contributed to the SWOT Analysis which required all department staff to attend half-day workshops. An over-arching ambition of this exercise was to empower staff with a better understanding of the company's road map for building a strong business strategy.

This year also saw the execution of the Human Resources Information System (HRIS) which generates analytical reports with the SMART objectives of Specific, Measurable, Actionable, Realistic in a Timely fashion. All Fiji Port's staff members participated in the broad ranging discussions and analysis process which resulted in the production of a Mission Statement for each department. This process aims to provide employees with knowledge regarding the roles and responsibilities of the other departments.

The newly introduced bio-metric and staff payroll integrating system was another milestone this year. The system records all work attendances with the benefit of more accurate accounting aimed at ensuring employees always receive the correct allowances. A further benefit for the company is the alleviation the time consuming practice of a traditional paper trail card-based system whereby creating a 'greener' outcome for the company.

This year nineteen FSHIL personnel completed training as internal auditors. Having previously undertaken training in ISO standards and their implementation, the staff then audited the procedures put in place to ensure compliance. Trained internal quality auditors at FSHIL conducted audits on other departments to obtain a first-hand understanding of work carried out by all departments. An effective quality system ensures periodic checks and a system for corrective action.

Valuing Human Capital

The company's vision to be the regional leader providing world class slipway and ship repair services requires commitment from its work force.

The nature of FSHIL's business model also requires that the company employs a variety of highly skilled workers and specialists who can capably deliver a range of maritime industry services. By and large personnel at Fiji Ships comprise shipwrights, machinists, fitters, welders, fabricators, divers, plumbers, electricians and carpenters.

FSHIL invests in its future by ensuring it retains its workforce and that this will result in targets and goals, specifically for slipping services, are met by 'working smart' on properly planned projects.

As a consequence, this year Fiji Ships undertook a company-wide job evaluation exercise to ensure staff qualifications and competencies were receiving the appropriate remunerations the outcome of which has led to increases in wages and benefits for a number of personnel.

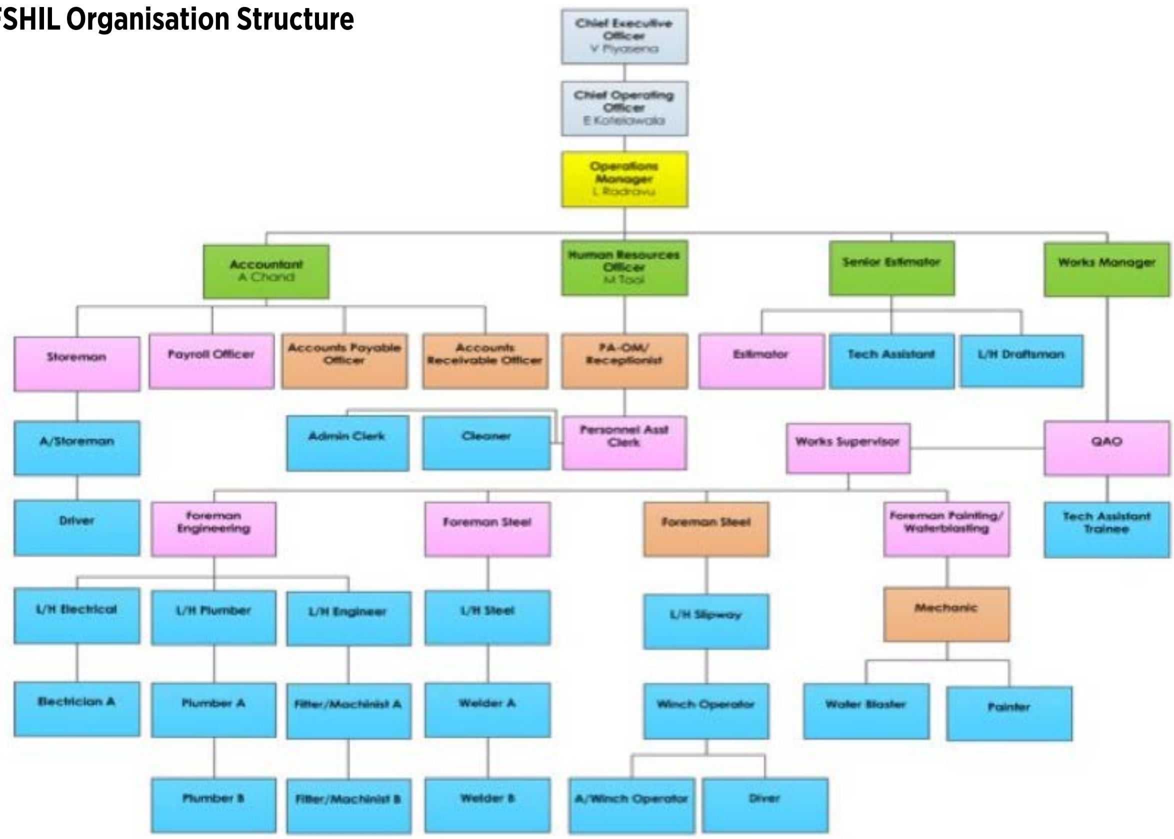
FSHIL also recognises that family support is an essential ingredient to employees contributing to the realisation of the company vision and to specified meeting targets. For this reason, unless it is an absolute necessity, Sundays are no longer deemed to be a work day. Instead, staff are encouraged to spend this time with their families. As too often, all annual leave is used up during the year for unplanned, last- minute occasions, FSHIL employees are being encouraged to plan their leave carefully in order to maximise family time.

Managers are also now expected read, understand and follow the various policies the Human Re- sources Policy, Finance Policy and the OHS Policy in the performance of their daily work requirements.

Regional Attachments

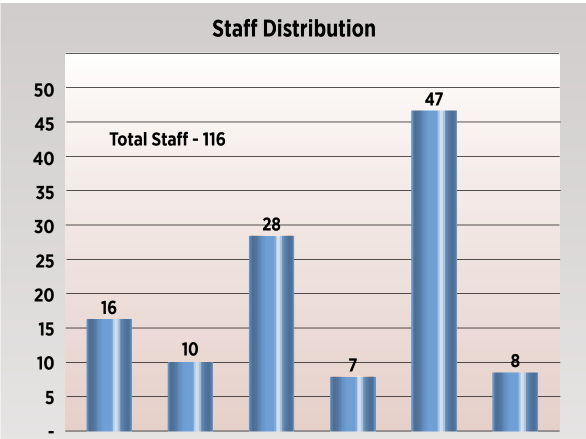
The company welcomed the opportunity to assist in fulfilling Fiji's obligations regarding the development of the regional maritime industry by having the three engineers on site as attachments. Three Marine Engineering students were attached to Fiji Ships all of whom gained land-based, practical experience in the industry. One attachment was from Vanuatu Police Maritime Unit, one from Solomon Islands Maritime Safety Administration, and the third also from the Solomons was a Marine Engineering student. The practical work hours they undertook at FSHIL more than meets the practical requirements of their Fiji National University (FNU) course.

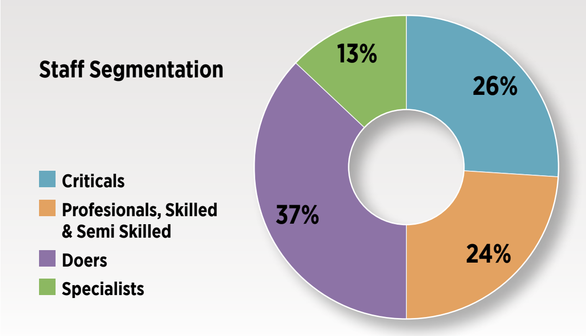
FSHIL Organisation Structure



Workforce Distribution and Segmentation

FSHIL's workforce in the year in review totaled 116, with a distribution breakdown of contract workers (16); Weekly contract workers (10); Permanent staff (28) Project staff (47) and Trainees (8) and Apprentices (7).





ISO 9001 - 2008 Certification

Completion of the company's ISO 9001 – 2008 quality management system framework and action plan - a journey the company embarked upon two years ago - was assisted the Sri Lankan Standard Institution Auditors (SLSI) visited the company in March for briefings.

In November, the ISO Quality Management System Auditors carried out a rigorous assessment and advised that they will provide their audit report to Sri Lanka Standards Institute (SLSI), an officially recognised accreditation body.

The company successfully met our financial targets, and the heavy industries arm of the business has also seen growth enhanced by the recent maintenance and fabrication agreements, respectively, with the Fiji Electricity Authority (FEA) and Land and Water Resource Management (LWRM). FSHIL adheres to the International Association of Classification Societies (IACS) standards, a professional Accredited Certification Body that complies with ISO-IEC 17021:2006 for Ship-Repair and Ship-Refit of which Fiji is a member country.

The final step required before FSHIL applies for an external audit for ISO accreditation is the training of internal auditors within the company, as a department cannot audit itself. This must be done cross- departmentally by competent internal auditors.

ISO 9001 is certification that a company is following certain basic concepts, key practices, and management elements that integrate into quality management systems, with the major objective of satisfying customers through the management of quality control and includes monitoring processes, maintaining complete and accurate records, checking for defective products and taking corrective and preventive action where necessary and continual internal reviews to ensure ongoing effectiveness. ISO 9001 is a business tool, providing a set of benchmarks by which a company can assess its performance and compare itself with competitors, while also assuring clients and customers that trustworthy quality control processes are in place.

Workplace Safety

The company's safety regulations and procedures are in line with OHS standards with the shipyard facility coming under ISO 9001-2008 for Quality, Management, Engineering and New Building. Management recognises that maintaining the highest possible level of health and safety standards is of vital importance and, accordingly, conducts regular consultation sessions with employees regarding related issues that may have arisen.

FSHIL's security operates within the International Ship and Port Facility Security (ISPS) guidelines, and aided by a CCTV network, the Company engages a highly trained security team that patrols the shipyard premises 24 hrs per day to ensure customers and operations are safe and secure at all times. Members of the Occupational Health and Safety (OHS) Committee continue to educate company employees on the importance of wearing the correct safety gear at all times. Given the focus on heavy industry services all FSHIL employees are trained in OHS and are required to ad- here to critical workplace safety measures such as wearing appropriate safety gear provided by the company.

Estimations

The revamped cost model for Estimating Ship-Repair and Heavy Industries Segmentation in Fiji Port's Estimation department has resulted in a more accurate, vigilant and friendly user model.

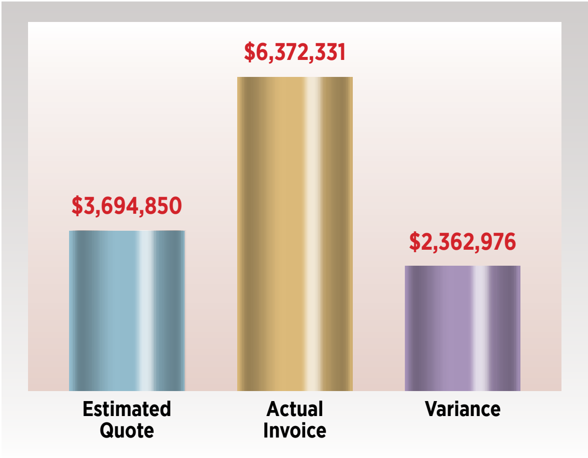
The data provided in the report aims to supplement judgment, analysis and sound estimating practices. However, the cost model implemented was developed to better inform on costs which can then be verified by Fiji Ship's senior technical team before distribution of quotes to clients. Notwithstanding, the process, introduced in 2015, has dramatically improved the company's accuracy.

The model has also instilled a greater self-belief in the Estimation department team who now ensure processes are driven by adhering to SMART strategic objectives.

The model also assisted with the identification of gaps in the company's Heavy Industries segment which is being addressed. The need to conduct a tariff rates analysis amongst the ship-repair industries locally, regionally and in foreign countries is also applicable to prove and equate the practicability and viability of the company's existing published rates.

Although it was a challenging year for the Estimation department the annual financial results reflect the effort provided by the Estimations team.

As the company grows, so does the need for marketing its key services - specifically those provided to the heavy industries segments. Further work, too, needs to be undertaken to ensure the slipways' are utilised at full capacity full capacity.



No of Vessels	3122	3172	3317	3477	3116	3386	3182	3670	3170	3838
GRT	9463772	10483863	11572969	11894243	11656726	11578761	12149831	14836412	16567731	14831866
100 GRT hrs	9463772	2312785	2493444	2913972	2464198	2762416	3047813	3132418	3396715	3274138
CARGO VESSELS										
No of Vessels	785	788	812	865	836	719	719	776	809	867
GRT	8153918	8361785	9368207	9906397	9922308	9180823	8636293	10011130	10829834	9999588
100 GRT hrs	2212815	1924468	2127985	1631796	1943675	2188716	2153947	2180853	2713899	2769389
FOREIGN VESSELS										
Dry Bulk										
Nos						32	34	33	36	36
GRT						612883	598868	327918	312796	862188
100GRT Hrs						503129	609108	275294	299817	882318
Liquid Bulk										
Nos						279			288	276
						3209885			3236997	2989213
GRT Hrs						589317			580625	500968
...D										
						388	367	410	400	362
GRT						4497951	4292161	5615101	4892699	3857161
100GRT Hrs						1086019	1202860	1175025	1060388	900831
LOLO/RORO										
Nos						42	38	41	42	76
GRT						761018	612481	724081	686400	998618
100GRT Hrs						105808	100578	128211	76787	215207
Car Carrier										
Nos						2	3	12	16	18
GRT						99090	101005	490211	614139	912398
100GRT Hrs						4487	7095	62131	66014	98833
Fishing										
Nos						561	706	718	512	925
GRT						166260	564270	200130	163827	244718
100GRT Hrs						131318	148118	127569	89886	68056
Others										
Nos						51	56	112	86	79
GRT						182578	210747	510518	679766	399508
100GRT Hrs						162628	129998	419717	462102	111112
CARGO THROUGHPUT										
n Containerized										
Import				57526	53614	67221	84322	138462	116683	200,862
Export				7638	9058	8393	7998	164119	93629	12689
Total				61164	62672	75614	92320	302561	210292	213,031
Containerized										
Import				898347	919517	992918	1165013	1122164	1178887	947571
Export				642109	788769	816526	823330	940919	919347	518400
Total				1140456	1708126	1809444	1968343	2063223	2138234	1465975
Dry Bulk										
Import				263508	267119	225481	261938	787948	388397	318217
Export				344277	304822	314182	317938	213364	240773	315018
Total				607580	571981	579663	579876	1001312	629170	713271
Liquid Bulk										
Import				566616	624209	642978	615117	588960	1037873	464172
Export				213596	189809	183246	185879	188906	207012	176509
Total				780212	813818	826220	800996	771866	1244885	640681
Total Import $				1,786,032	1,904,139	1,928,384	2,136,380	2,633,604	2,721,860	1,970,146
Total Export $				1,207,420	1,294,458	1,380,347	1,335,145	1,543,368	1,500,341	1,062,826
Total Local $				325,476	245,390	239,766	265,802	226,700	283,717	150,188
Total Import & Export $				3,318,928	3,444,187	3,528,707	3,737,337	4,403,662	4,406,138	3,181,860
LOCAL WHARF										
Imports					100933	103524	125301	81494	72385	70720
Exports					164457	136242	140501	145206	113372	88468
Total					265390	239766	265802	226700	183717	159188
PORT USER LICENSE										
No of Port Users				310	296	381	368	319	370	408
Total PUL Revenue				86131	112868	167270	160948	162268	180571	217762

Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER, 2015

In accordance with a resolution of the Board of Directors, the directors herewith submit the consolidated statement of financial position of the company and the group as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date and report as follows:

Directors

The names of the directors of the holding company at the date of this report are:

Tevita Kuruvakadua (Chairman)
Vilash Chand
Vijay Maharaj

Principal activities

The principal activity of the parent company is providing and managing the port infrastructure and services within declared ports. The principal activity of the subsidiary trading as "Fiji Ships and Heavy Industries Limited" is the provision of ship repair and slipway services.

There has been no significant change in these activities during the year.

Results

The operating group profit for the year was $13,577,091 (2014: $7,438,382) after providing for income tax expense of $2,490,896 (2014: $1,528,299). The operating profit for the holding company for the year was $10,141,210 (2014: $6,637,848) after providing for income tax expense of $2,119,835 (2014: $1,263,163).

Dividends

The total dividend declared and paid during the year 2015 by the company and group in respect of the prior year (2014) amounted to $3,719,191 and dividend declared and paid in 2014 in respect of the prior year 2013 amounted to $3,698,979.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and the payments of liabilities in the normal course of business.

Bad and doubtful debts

Prior to the completion of the company's and the group's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off bad debts and the allowance for doubtful debts. In the opinion of directors, adequate allowance has been made for doubtful debts.

As at the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the provision for doubtful debts in the company and the group, inadequate to any substantial extent.

Non-current assets

Prior to the completion of the financial statements, the directors took reasonable steps to ascertain whether any non-current assets were unlikely to be realised in the ordinary course of business compared to their values as recorded in the accounting records of the company and the group. Where necessary these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise through ongoing operation or sale. A disclosure has been made under "events subsequent to balance date" on the sale and leaseback arrangements of all real estate assets of the company.

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to non-current assets in the company's and the group's financial statements misleading.

Unusual transactions

In the opinion of the directors, the results of the operations of the company and the group during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the company or the group in the current financial year, other than those reflected in the financial statements.

Directors' Report *continued*

FOR THE YEAR ENDED 31 DECEMBER, 2015

Significant event

On 5 November 2015, the shareholders of the holding company (the Ministry of Public Enterprises and the Ministry of Finance) divested 59% of the company shares to private entities. The Ministry of Public Enterprises maintains 41% of the shares in the company, while Fiji National Provident Fund acquired 39% and Aitken Spence, a Sri Lankan company, acquired 20% of the shares in the company.

Events subsequent to balance date

As part of the divestment agreements signed on 5 November 2015, the holding company will transfer all real estate to a Government owned holding company (Assets Fiji Limited), which in turn will lease the assets necessary for port operations back to the holding company. The subsidiary company, Fiji Ships and Heavy Industries Limited ("FSHIL"), will transfer all interests in land currently owned or held to Assets Fiji Limited which in turn will lease the assets back to FSHIL. Ownership of all land interests will remain with the Fiji Government. The effective date of transfer and lease back of assets is unclear at the date of this report and will likely be effected in early 2016.

The holding company entered into an agreement with Ministry of Lands on 19 November 2015 to sell land and administration building located at Stinson Parade and Usher Street, Suva for a sum of $3,531,890 Vat Exclusive Price plus any applicable sales tax to allow Fiji Road Authority to commence the Stinson Bridge Project. The property was vacated and officially handed over to Fiji Roads Authority on 7th January 2016.

Apart from the matters disclosed above, 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, in the opinion of the directors, to affect significantly the operations of the company or the group, the results of those operations or the state of affairs of the company or the group in the subsequent financial year.

Other circumstances

As at the date of this report:

(i) no charge on the assets of the company and the group has been given since the end of the financial year to secure the liabilities of any other person;

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

(iii) no contingent liabilities or other liabilities of the company and the group have become or are likely to become enforceable within the year 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 and the group's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading or inappropriate.

Directors' benefits

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

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

Dated this 4th day of April 2016.

....	....
Director	Director

Statement of Directors'

FOR THE YEAR ENDED 31 DECEMBER, 2015

In accordance with a resolution of the directors of Fiji Ports Corporation Limited and its subsidiary, we state that in the opinion of the directors:

(i) the accompanying consolidated statement of comprehensive income of the company and and the group is drawn up so as to give a true and fair view of the results of the company and the group for the year ended 31 December 2015;

(ii) the accompanying consolidated statement of changes in equity of the company and the group is drawn up so as to give a true and fair view of the changes in equity of the company and the group for the year ended 31 December 2015;

(iii) the accompanying consolidated statement of financial position of the company and the group is drawn up so as to give a true and fair view of the state of affairs of the company and the group as at 31 December 2015;

(iv) the accompanying consolidated statement of cash flows of the company and the group is drawn up so as to give a true and fair view of the cash flows of the company and the group for the year ended 31 December 2015;

(v) at the date of this statement there are reasonable grounds to believe the company and the group will be able to pay its debts as and when they fall due; and

(vi) all related party transactions have been adequately recorded in the books of the company and the group.

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

Dated this 4th day of April 2016.

....	....
Director	Director

Independent Audit Report

TO THE MEMBERS OF FIJI PORTS CORPORATION LIMITED

EY
Building a better working world

Pacific House
Level 7
1 Butt Street Suva Fiji
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Tel: +679 331 4166
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ey.com

We have audited the accompanying consolidated Financial Statements of Fiji Ports Corporation Limited and its subsidiary, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' and Management's Responsibility for the Financial Statements

The directors and management are responsible for the preparation and fair presentation of these consolidated Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Fiji Companies Act, 1983. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

a) proper books of account have been kept by the company and the group, so far as it appears from our examination of those books, and

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

   i) are in agreement with the books of account; and

   ii) to the best of our information and according to the explanations given to us:

      a) give a true fair view of the state of affairs of the company and the group as at 31 December 2015 and of the company's and the group's financial performance, changes in equity and its cash flows of the year ended on that date; and

      b) give the information required by the Fiji Companies Act, 1983 in the manner so required.

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

Suva, Fiji 4 April 2016

Ernst & Young
Ernst & Young
Chartered Accountants

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Group		Company	
		2015	2014	2015	2014
		$	$	$	$
Operating revenue	2(a)	40,696,742	34,257,902	34,228,366	28,820,108
Other revenue	2(b)	2,386,086	2,355,792	4,053,919	3,995,612
Total income		43,082,828	36,613,694	38,282,285	32,815,720
Depreciation		(7,564,062)	(8,977,484)	(6,897,526)	(8,430,876)
Employee benefits expense	3(a)	(6,990,990)	(5,613,479)	(4,897,843)	(4,103,468)
Property expenses	3(b)	(2,104,356)	(2,229,195)	(2,104,356)	(2,229,195)
Marine service charges	3(c)	(7,095,527)	(6,883,492)	(7,095,527)	(6,883,492)
Operating expenses	3(d)	(6,848,935)	(4,976,833)	(4,845,219)	(2,912,325)
Total expenses		(30,603,870)	(28,680,483)	(25,840,471)	(24,559,356)
Profit from operations		**12,478,958**	**7,933,211**	**12,441,814**	**8,256,364**
Finance income	3(e)	179,741	129,562	200,864	190,156
Finance costs	3(f)	(383,498)	(554,662)	(381,633)	(545,509)
Share of profit in associate	19	3,792,786	1,458,570	-	-
Profit before income tax		**16,067,987**	**8,966,681**	**12,261,045**	**7,901,011**
Income tax expense	4	(2,490,896)	(1,528,299)	(2,119,835)	(1,263,163)
Net profit for the year		**13,577,091**	**7,438,382**	**10,141,210**	**6,637,848**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year, net of tax		**13,577,091**	**7,438,382**	**10,141,210**	**6,637,848**

The accompanying notes form an integral part of this Statement of Comprehensive Income.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Group		Company	
		2015	2014	2015	2014
		$	$	$	$
Share capital					
As at 1 January		73,154,852	73,154,852	73,154,852	73,154,852
At 31 December	17(b)	73,154,852	73,154,852	73,154,852	73,154,852
Retained earnings					
As at 1 January		32,398,998	27,218,396	30,295,421	25,915,353
Operating profit after income tax		13,577,091	7,438,382	10,141,210	6,637,848
Prior period adjustment	23	-	1,441,199	-	1,441,199
Dividends	17(c)	(3,719,191)	(3,698,979)	(3,719,191)	(3,698,979)
At 31 December		42,256,898	32,398,998	36,717,440	30,295,421
Total shareholders' equity		**115,411,750**	**105,553,850**	**109,872,292**	**103,450,273**

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer Note 23.
The accompanying notes form an integral part of this Statement of Changes in Equity.

Consolidated Statement of Financial Position

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Group		Company	
		2015	2014	2015	2014
		$	$	$	$
Assets					
Current assets					
Cash and cash equivalents	16	16,153,748	8,785,771	14,629,218	6,973,369
Trade and other receivables	5	3,762,750	2,626,006	2,175,399	1,242,457
Financial assets	6	3,750,000	2,000,000	2,000,000	1,250,000
Inventories	7	548,565	443,721	368,472	326,899
Other assets	8	1,072,174	911,064	942,125	765,946
Loan to subsidiary	18(e)	-	-	110,957	106,614
Loan to associate company	18(f)	374,754	360,084	374,754	360,084
Income tax asset		318,330	618,348	255,997	580,984
		25,980,321	15,744,994	20,856,922	11,606,353
Non-current assets held for sale	28	553,191	-	553,191	-
Total current assets		26,533,512	15,744,994	21,410,113	11,606,353
Non-current assets					
Property, plant and equipment	9	81,775,994	90,252,897	75,763,590	83,833,394
Intangible asset	10	4,712	74,228	-	-
Investment property	11	4,286,859	4,339,769	4,286,859	4,339,769
Loan to subsidiary	18(e)	-	-	1,335,305	1,446,250
Loan to associate company	18(f)	1,961,021	2,335,768	1,961,021	2,335,768
Investment in subsidiary		-	-	6,660,000	6,660,000
Investment in associate company	19	12,342,870	9,859,364	8,950,230	8,950,230
Deferred tax assets	4	4,992,346	4,149,427	4,922,556	4,120,648
Total non-current assets		105,363,802	111,011,453	103,879,561	111,686,059
Total assets		**131,897,314**	**126,756,447**	**125,289,674**	**123,292,412**
Liabilities and equity					
Current liabilities					
Trade and other payables	12	5,746,700	3,721,545	4,768,778	2,545,836
Interest bearing borrowings	13	4,343,461	4,019,890	4,343,461	3,900,324
Provisions	14	140,924	100,924	140,924	100,924
Employee benefit liability	15	799,831	517,952	714,540	452,769
Total current liabilities		11,030,916	8,360,311	9,967,703	6,999,853
Non-current liabilities					
Interest bearing borrowings	13	5,173,505	12,774,047	5,173,505	12,774,047
Employee benefit liability	15	281,143	68,239	276,174	68,239
Total non-current liabilities		5,454,648	12,842,286	5,449,679	12,842,286
Total liabilities		**16,485,564**	**21,202,597**	**15,417,382**	**19,842,139**
Net assets		**115,411,750**	**105,553,850**	**109,872,292**	**103,450,273**
Shareholders' equity					
Share capital	17(b)	73,154,852	73,154,852	73,154,852	73,154,852
Retained earnings		42,256,898	32,398,998	36,717,440	30,295,421
Total shareholders' equity		**115,411,750**	**105,553,850**	**109,872,292**	**103,450,273**

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer Note 23.

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

Director

Director

The accompanying notes form an integral part of this Statement of Financial Position.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Operating activities					
Receipts from customers		39,502,466	35,811,451	33,164,000	31,082,176
Payments to suppliers and employees		(18,924,768)	(19,858,097)	(14,743,198)	(16,439,052)
Interest and bank charges paid		(383,493)	(554,667)	(381,633)	(545,509)
Interest received		158,678	125,812	200,864	190,156
Income tax paid		(3,648,860)	(2,060,116)	(3,183,860)	(1,843,853)
Income tax refund		615,064	-	587,104	-
Dividend income received		-	-	1,865,156	1,769,792
Net cash provided by operating activities		**17,319,087**	**13,464,383**	**17,508,433**	**14,213,710**
Investing activities					
Acquisition of property, plant and equipment		(829,907)	(2,128,175)	(627,785)	(798,099)
Proceeds from sale of property, plant and equipment		74,402	72,535	53,913	62,100
Deposit received for sale of land and building		2,340,420	-	2,340,420	-
Purchase of Term deposits		(4,750,000)	(1,750,000)	(3,000,000)	(1,000,000)
Redemption of Term deposits		3,000,000	500,000	2,250,000	500,000
Dividend from investment in associate		1,309,280	1,225,000	-	-
Proceeds from repayment of borrowings by related parties		360,065	345,978	466,679	448,422
Net cash provided by/ (used in) by investing activities		**1,504,260**	**(1,734,662)**	**1,483,227**	**(787,577)**
Financing activities					
Payment of dividends	17 (c)	(3,719,191)	(3,698,979)	(3,719,191)	(3,698,979)
Repayment of term loan		(7,736,179)	(13,505,288)	(7,616,620)	(13,331,551)
Net cash (used in) financing activities		**(11,455,370)**	**(17,204,267)**	**(11,335,811)**	**(17,030,530)**
Net increase/(decrease) in cash and cash equivalents		**7,367,977**	**(5,474,546)**	**7,655,849**	**(3,604,397)**
Cash and cash equivalents at the beginning of the year		8,785,771	14,260,317	6,973,369	10,577,766
Cash and cash equivalents at the end of the year	**16**	**16,153,748**	**8,785,771**	**14,629,218**	**6,973,369**

The accompanying notes form an integral part of this Statement of Cash Flows.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

1.0 Corporate Information

Fiji Ports Corporation Limited was a government owned entity incorporated under the Fiji Companies Act, 1983 and a Government Commercial Company under the Public Enterprises Act of 1996, domiciled in Fiji till 12 November 2015. Minister for Public Enterprises via gazette declared Fiji Ports Corporation Limited ("FPCL") and Fiji Ships and Heavy Industries Limited ("FSHIL") on 13 November 2015 a Re-organisation Enterprises under the Public Enterprise Act 1996. This facilitated the changes under the privatisation and divestment initiative of the Government.

The address of the company's registered office is at Muaiwalu House, Walu Bay. The principal place of business is Suva Kings Wharf, Port of Suva, Fiji. The consolidated Financial Statements were authorised for issue by the directors on 4th April, 2016.

1.1 Basis of accounting

The consolidated Financial Statements of the company have been drawn up in accordance with the provisions of the Fiji Companies Act, 1983 and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The consolidated Financial Statements have been prepared primarily on the basis of historical costs and except where specifically stated, do not take into account current valuations of non-current assets.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with the current financial year amounts and other disclosures.

The accounting policies have been consistently applied, and except where there is a change in accounting policy, are consistent with those of the previous year.

1.2 Principles of consolidation

The group Financial Statements consolidate the Financial Statements of Fiji Ports Corporation Limited and its subsidiary are drawn up to 31 December 2015.

Subsidiary

Subsidiary are all those entities over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

The consolidated financial statements include the information contained in the financial statements of Fiji Ports Corporation Limited and its controlled company from the date the holding company obtains control until such time as the control ceases. From 1st August 2013 onwards, Ports Terminal Limited was assessed to be an associate company and is accounted for using equity accounting.

The Financial Statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

1.3 Significant accounting judgments, estimates and assumptions

The preparation of the company's and the group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the company's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustments to the carrying amount of assets and liabilities within the next financial year are discussed below:

Impairment of non-financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Notes to the Consolidated Financial Statements *(cont'd)*

1.3 Significant accounting judgments, estimates and assumptions *continued*

Impairment losses on receivables

The company and the group reviewed its problem accounts at each reporting date to assess whether an allowance for impairment should be recorded in the Statement of Comprehensive Income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances against individually significant receivables, the company and the group also makes collective impairment allowances against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any deterioration in industry risk and technology obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

1.4 Statement of significant accounting policies

(a) Functional and presentation currency

These financial statements are presented in Fiji dollars ("FJD"), which is the company's and the group's functional currency. Except as indicated, financial information presented in FJD has been rounded to the nearest dollar.

(b) Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance date. All differences are taken to the Statement of Comprehensive Income. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates when the fair value is determined.

(c) Revenue recognition

Income comprising sales revenue from providing port services and managing port infrastructure is brought to account on an accrual basis as services are provided.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

The following specific recognition criteria must also be met for the subsidary (Fiji Ships and Heavy Industries Limited) before revenue is recognised:

<u>Slipway charges</u>

Some slipping charges are received in advance. The revenue is recognised in the statement of comprehensive income when the vessels actually come on the slipway.

<u>Ship repair charges</u>

Revenue is recognised when work on the vessel has been performed. Billing is performed/done upon completion of work on stages.

(d) Expense recognition

All expenses are recognised in the statement of comprehensive income on an accrual basis.

(e) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria is met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Wharves	5% - 20%
Buildings	5% - 20%
Motor vehicles and motorised equipment	10% - 33%
Plant and equipment	10% - 33%
Office equipment	10% - 33%
Furniture and fittings	10% - 33%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year

1.4 Statement of significant accounting policies *continued*

(f) Impairment of non-financial assets

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

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

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

(g) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income.

Deferred income tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

- where the deferred income tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that it is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Notes to the Consolidated Financial Statements *(cont'd)*

FOR THE YEAR ENDED 31 DECEMBER 2015

1.4 Statement of significant accounting policies *continued*

(g) Taxes continued Deferred income tax continued

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

Value Added Tax

Revenue, 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 VAT is recognised as part of the acquisition of the asset or as part of the expense item as applicable; and
- 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.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(i) Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The company and the group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date that the company and the group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the company has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and trade receivables are initially recognised at cost and original invoice amount (inclusive of VAT where applicable). After initial measurement, loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the statement of comprehensive income when the receivables are derecognised or impaired, as well as through the amortisation process. Bad debts are written-off as incurred.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out principle. The cost of the inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

1.4 Statement of significant accounting policies *continued*

(k) Investment property

Investment property is stated at cost less depreciation and impairment losses. When an item of property, plant and equipment becomes an investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item and its fair value is recognised directly in equity if it is gain. Upon disposal of the item, the gain is transferred to retained earnings. Any loss is recognised in the statement of comprehensive income immediately.

(l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets for the company are assessed to be finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is renewed at least at each financial year end. Changes in the expected useful life or expected pattern of consumption in future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statement of comprehensive income when the asset is derecognised.

(m) Impairment of non-financial assets

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

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

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

(n) Trade and other payables

Liabilities for trade payables and other amounts are carried at cost (inclusive of VAT where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the entity. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

(o) Employee entitlements

Provisions are made for wages and salaries, incentive payments, annual and long service leave estimated to be payable to employees at balance date on the basis of statutory and contractual requirements.

1.4 Statement of significant accounting policies continued

(p) Provisions

Provisions are recognised when the company and the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Where the company and the group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(q) Financial liabilities

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through the profit and loss'.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised on the Statement of Comprehensive Income when the liabilities are derecognised as well as through the amortisation process.

(r) Dividend distribution

Dividends are recorded in the company's and the group's financial statements in the year in which they are paid.

Dividends paid during the year are subject to the provisions of the Fiji Income Tax Act.

(s) Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company and the group as a lessee

Finance leases, which transfer to the company and the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the statement of comprehensive income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company and the group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

Company and the group as a lessor

Leases where the company and the group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(t) Comparative figures

Where necessary, comparative information has been re-classified to achieve consistency in disclosure with current financial year amounts.

(u) Segment information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environment.

(a) Industry segment

The company operates predominantly in the shipping industry.

(b) Geographical segment

The company and the group operates predominantly in Fiji and has therefore one geographical area for reporting purposes.

		Group		Company	
		2015	2014	2015	2014
		$	$	$	$
2	**REVENUE**				
(a)	**Operating revenue**				
	Dockage	7,772,212	5,869,036	7,772,212	5,869,036
	Licence fees	223,552	185,227	223,552	185,227
	Marine services	12,697,020	11,364,755	12,697,020	11,364,755
	Other service income	4,664,029	4,482,481	4,664,029	4,482,481
	Ship repair and heavy industries	4,444,731	3,845,780	-	-
	Slipway	2,023,645	1,592,014	-	-
	Wharfage	8,871,553	6,918,609	8,871,553	6,918,609
		40,696,742	34,257,902	34,228,366	28,820,108
(b)	**Other revenue**				
	Dividend income	-	-	1,865,156	1,769,792
	Gain/(loss) on sale of assets	7,701	73,694	(587)	63,259
	Management fees	135,000	180,000	135,000	180,000
	Other income	26,083	14,374	-	-
	Rent income	2,217,302	2,087,724	2,054,350	1,982,561
		2,386,086	2,355,792	4,053,919	3,995,612
3	**EXPENSES**				
(a)	**Employee benefits expense**				
	Allowances	196,926	102,197	11,427	4,791
	Annual leave	214,516	178,061	162,660	137,318
	FNPF and FNU levy	581,435	418,992	410,764	304,598
	Fringe benefit tax	75,732	63,648	59,724	50,401
	Long service leave	144,443	8,889	131,312	5,031
	Medical expenses	338,178	283,169	258,870	260,531
	Salaries and wages	4,712,598	3,999,913	3,273,521	2,906,300
	Sick leave	140,179	125,264	91,368	89,847
	Staff incentive pay	403,645	215,409	354,856	169,779
	Staff welfare	70,811	58,357	54,879	41,907
	Staff training	112,527	159,580	88,462	132,965
		6,990,990	5,613,479	4,897,843	4,103,468
(b)	**Property expenses**				
	Cleaning and sanitation	138,336	124,491	138,336	124,491
	Electricity	846,104	909,862	846,104	909,862
	Property rates	123,737	122,702	123,737	122,702
	Repairs and maintenance	508,122	628,200	508,122	628,200
	Water	447,122	402,913	447,122	402,913
	Other expenses	40,935	41,027	40,935	41,027
		2,104,356	2,229,195	2,104,356	2,229,195
(c)	**Marine service charges**				
	Tug/Pilot/Lines boat hire	6,036,947	5,722,182	6,036,947	5,722,182
	Dredging	11,655	-	11,655	-
	Linesman hire	191,847	170,124	191,847	170,124
	Pilotage service - external	500,301	648,455	500,301	648,455
	Security hire	354,777	342,731	354,777	342,731
		7,095,527	6,883,492	7,095,527	6,883,492

		Group		Company	
		2015	2014	2015	2014
		$	$	$	$
(d)	**Operating expenses**				
	Advertising and publicity expense	103,524	95,156	91,425	79,203
	Auditors' remuneration	70,158	46,330	54,557	29,770
	Legal & customer claims	40,000	44,879	40,000	44,879
	Direct material cost	1,075,501	1,143,116	-	-
	Directors fees	37,000	44,334	37,000	44,334
	Doubtful debts	43,709	(133,833)	42,773	(87,093)
	Insurance expense	1,230,278	1,267,927	1,094,441	1,069,884
	Unrealised exchange loss	459,215	328,581	459,215	328,581
	Professional legal fees	89,104	52,583	73,363	47,954
	Repairs and maintenance	403,252	374,931	252,851	226,338
	Other expenses	3,297,194	1,712,829	2,699,594	1,128,475
		6,848,935	4,976,833	4,845,219	2,912,325
(e)	**Finance income**				
	Interest income on term deposits and inter-company loans	179,741	129,562	200,864	190,156
(f)	**Finance costs**				
	Interest charges on borrowings	383,498	554,662	381,633	545,509
4	**INCOME TAX**				
	The major components of income tax expenses for the years ended 31 December 2015 and 2014 are:				
	Operating profit before tax	16,067,987	8,966,681	12,261,045	7,901,011
	Prima facie tax thereon at 20%	3,213,597	1,793,336	2,452,209	1,580,202
	Under /(over) provision from prior years	5,794	4,322	(9,050)	(8,974)
	Insufficient advance payment penalties	-	(36,675)	-	-
	Restatement of deferred tax balances	(19,649)	7,123	(3)	7,123
	Non-deductible income	(708,846)	(239,807)	(323,321)	(315,188)
	Income tax expense reported in the statement of comprehensive income	2,490,896	1,528,299	2,119,835	1,263,163
	Net deferred tax assets at 31 December relates to the following:				
	Deferred tax assets				
	Doubtful debts	40,436	31,694	18,555	10,000
	Employee entitlements	216,195	117,238	198,143	104,202
	Stock obsolescence	-	3,268	-	-
	Unrealised exchange loss	91,843	65,716	91,843	65,716
	Legal claims	28,185	20,185	28,185	20,185
	Accelerated depreciation for tax purposes	4,615,687	3,911,326	4,585,830	3,920,545
		4,992,346	4,149,427	4,922,556	4,120,648
	Reflected in the financial statement of financial position as follows:				
	Deferred tax assets	4,992,346	4,149,427	4,922,556	4,120,648

		Group		Company	
		2015	2014	2015	2014
		$	$	$	$
5	TRADE AND OTHER RECEIVABLES				
	Current				
	Trade receivables	2,706,859	1,584,130	2,057,187	1,221,895
	Less: Provision for doubtful debts	(139,171)	(158,468)	(29,767)	(50,000)
		2,567,688	1,425,662	2,027,420	1,171,895
	Staff advances	2,912	7,508	2,912	7,508
	Other receivables	1,063,856	1,141,829	11,077	12,047
	Receivable from associate [note 18(d)]	128,294	51,007	128,294	51,007
	Receivable from subsidary [note 18(d)]	-	-	5,696	-
		3,762,750	2,626,006	2,175,399	1,242,457

For terms and condition relating to related party receivables, refer to Note 18.

Trade receivables are non-interest bearing and are generally on terms of 30 days.

Movement in the provision for impairment of receivables were as follows:

	Group 2015	Group 2014	Company 2015	Company 2014
Balance at 1 January	158,468	296,835	50,000	141,627
Additional provision	19,190	13,254	-	-
Bad debts written-off	-	(4,534)	-	(4,534)
Unused amount reversed	(38,487)	(147,087)	(20,233)	(87,093)
Balance at 31 December	139,171	158,468	29,767	50,000

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

	Year	Total	Neither past due nor impaired	30 -60 days	60 -90 days	>90 days
Group		$	$	$	$	$
	2015	2,706,859	1,651,601	430,407	358,063	266,788
	2014	1,584,130	1,156,788	125,793	204,222	97,327
Company						
	2015	2,057,187	1,526,578	362,461	10,764	157,384
	2014	1,221,895	1,144,773	52,106	22,903	2,113

		Group 2015	Group 2014	Company 2015	Company 2014
6	**FINANCIAL ASSETS**				
	Current				
	Term deposits - held to maturity	3,750,000	2,000,000	2,000,000	1,250,000
7	**INVENTORIES**				
	Parts	548,565	460,059	368,472	326,899
	Less: provision for stock obsolescence	-	(16,338)	-	-
		548,565	443,721	368,472	326,899
8	**OTHER ASSETS**				
	Prepayments	610,691	435,043	533,731	343,014
	Provision for doubtful debts	(63,006)	-	(63,006)	-
		547,685	435,043	470,725	343,014
	Deposits	460,805	377,873	407,716	324,784
	VAT receivable	63,684	98,148	63,684	98,148
		1,072,174	911,064	942,125	765,946

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
9 PROPERTY, PLANT AND EQUIPMENT				
Land				
Cost:				
At 1 January	24,712,426	24,712,426	24,712,426	24,712,426
Land reclassified as held for sale	(123,123)	-	(123,123)	-
At 31 December	24,589,303	24,712,426	24,589,303	24,712,426
Depreciation and impairment				
At 1 January	-	-	-	-
Depreciation charge for the year	10,721	-	10,721	-
At 31 December	10,721	-	10,721	-
Net book value	24,578,582	24,712,426	24,578,582	24,712,426
Building				
Cost:				
At 1 January	16,096,026	15,574,458	10,535,187	10,058,381
Additions	6,462	159,335	3,395	114,250
Transfers	208,490	439,911	176,057	439,911
Disposals	(7,838)	(77,678)	-	(77,355)
Building reclassified as held for sale	(622,113)	-	(622,113)	-
At 31 December	15,681,027	16,096,026	10,092,526	10,535,187
Depreciation and impairment				
At 1 January	9,257,172	7,690,161	7,863,824	6,512,447
Depreciation charge for the year	778,330	1,644,689	547,571	1,428,732
Disposals	(4,932)	(77,678)	-	(77,355)
Building reclassified as held for sale	(192,045)	-	(192,045)	-
At 31 December	9,838,525	9,257,172	8,219,350	7,863,824
Net book value	5,842,502	6,838,854	1,873,176	2,671,363
Wharves				
Cost:				
At 1 January	90,652,332	90,565,375	90,652,332	90,565,375
Transfers	-	86,957	-	86,957
At 31 December	90,652,332	90,652,332	90,652,332	90,652,332
Depreciation and impairment				
At 1 January	47,504,945	42,146,527	47,504,945	42,146,527
Depreciation charge for the year	4,872,453	5,358,418	4,872,453	5,358,418
At 31 December	52,377,398	47,504,945	52,377,398	47,504,945
Net book value	38,274,934	43,147,387	38,274,934	43,147,387
Plant and equipment				
Cost:				
At 1 January	8,211,570	7,412,081	2,485,219	2,410,459
Additions	130,805	1,463,562	79,951	267,017
Disposals	-	(664,073)	-	(192,257)
Transfers	713,734	-	40,928	-
At 31 December	9,056,109	8,211,570	2,606,098	2,485,219
Depreciation and impairment				
At 1 January	6,173,143	6,367,674	1,846,483	1,830,686
Disposals	-	(664,073)	-	(192,257)
Depreciation charge for the year	567,913	469,542	229,047	208,054
At 31 December	6,741,056	6,173,143	2,075,530	1,846,483
Net book value	2,315,053	2,038,427	530,568	638,736

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
9 PROPERTY, PLANT AND EQUIPMENT *continued*				
Furniture and fittings				
Cost:				
At 1 January	207,846	317,733	174,157	219,926
Additions	41,653	27,306	7,103	21,064
Disposals	-	(137,193)	-	(66,833)
At 31 December	249,499	207,846	181,260	174,157
Depreciation and impairment				
At 1 January	152,005	271,344	134,552	188,567
Depreciation charge for the year	25,593	17,854	13,354	12,818
Disposals	-	(137,193)	-	(66,833)
At 31 December	177,598	152,005	147,906	134,552
Net book value	71,901	55,841	33,354	39,605
Motor vehicles				
Cost:				
At 1 January	538,426	698,121	305,991	418,382
Additions	172,609	205,914	172,609	147,739
Disposals	(207,382)	(365,609)	(158,252)	(260,130)
At 31 December	503,653	538,426	320,348	305,991
Depreciation and impairment				
At 1 January	206,709	383,115	107,707	216,715
Depreciation charge for the year	109,942	125,818	63,088	87,737
Disposals	(143,587)	(302,224)	(103,752)	(196,745)
At 31 December	173,064	206,709	67,043	107,707
Net book value	330,589	331,717	253,305	198,284
Cranes				
Cost:				
At 1 January	19,203,330	19,203,330	19,203,329	19,203,329
At 31 December	19,203,330	19,203,330	19,203,329	19,203,329
Depreciation and impairment				
At 1 January	8,463,161	7,398,811	8,463,160	7,398,810
Depreciation charge for the year	936,806	1,064,350	936,806	1,064,350
At 31 December	9,399,967	8,463,161	9,399,966	8,463,160
Net book value	9,803,363	10,740,169	9,803,363	10,740,169
Office Equipment and Software				
Cost:				
At 1 January	1,738,598	1,950,316	1,641,985	1,724,301
Additions	183,294	216,536	152,842	202,484
Transfer	66,109	-	3,931	-
Disposals	-	(428,254)	-	(284,800)
At 31 December	1,988,001	1,738,598	1,798,758	1,641,985
Depreciation and impairment				
At 1 January	1,372,072	1,561,283	1,312,603	1,379,460
Depreciation charge for the year	202,055	238,371	171,576	217,271
Disposals	-	(427,582)	-	(284,128)
At 31 December	1,574,127	1,372,072	1,484,179	1,312,603
Net book value	413,874	366,526	314,579	329,382

Notes to the Consolidated Financial Statements *(cont'd)*

FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
		$	$	$	$
9	**PROPERTY, PLANT AND EQUIPMENT** *continued*				
	Work in progress				
	At 1 January	2,021,550	2,611,914	1,356,042	1,884,642
	Additions	295,083	140,836	211,885	110,761
	Reversed	(1,245,282)	(112,493)	(1,245,282)	(112,493)
	Transfers	(926,155)	(618,707)	(220,916)	(526,868)
	At 31 December	145,196	2,021,550	101,729	1,356,042
	Net written down value at 31 December	81,775,994	90,252,897	75,763,590	83,833,394
10	**INTANGIBLE ASSET**				
	Cost				
	At 1 January	117,092	45,349	-	-
	Additions	-	71,743	-	-
	Transfers	(71,743)	-	-	-
	At 31 December	45,349	117,092	-	-
	Accumulated depreciation				
	At 1 January	42,864	37,916	-	-
	Depreciation charge for the year	7,339	4,948	-	-
	Transfers	(9,566)	-	-	-
	At 31 December	40,637	42,864	-	-
	Net book value at 31 December	4,712	74,228	-	-
11	**INVESTMENT PROPERTY**				
	Cost				
	At 1 January	4,828,557	4,828,557	4,828,557	4,828,557
	At 31 December	4,828,557	4,828,557	4,828,557	4,828,557
	Accumulated depreciation				
	At 1 January	488,788	435,292	488,788	435,292
	Depreciation charge for the year	52,910	53,496	52,910	53,496
	At 31 December	541,698	488,788	541,698	488,788
	Net book value at 31 December	4,286,859	4,339,769	4,286,859	4,339,769
		Restated		**Restated**	
12	**TRADE AND OTHER PAYABLES**				
	Trade creditors	550,539	336,384	353,309	215,753
	Payable to subsidary (Note 18(d))	-	-	99,830	8,383
	Sundry creditors	5,196,161	3,385,161	4,315,639	2,321,700
		5,746,700	3,721,545	4,768,778	2,545,836
13	**INTEREST BEARING BORROWINGS**				
	Current				
	ANZ loan - Wharf	1,575,722	1 ,514,359	1,575,722	1,514,359
	ANZ loan - Shore Crane	1,363,688	1 ,310,286	1,363,688	1,310,286
	Asian Development Bank loan	1,404,051	1 ,075,679	1,404,051	1,075,679
	ANZ loan - Fiji Ships	-	119,566	-	-
		4,343,461	4,019,890	4,343,461	3,900,324

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
13 INTEREST BEARING BORROWINGS *continued*				
Non-current				
ANZ loan - Wharf	700,035	2,267,539	700,035	2,267,539
ANZ loan - Shore Crane	2,926,219	4,290,390	2,926,219	4,290,390
Asian Development Bank loan	1,547,251	6,216,118	1,547,251	6,216,118
	5,173,505	12,774,047	5,173,505	12,774,047
	9,516,966	16,793,937	9,516,966	16,674,371

Particulars relating to secured borrowings:

a) Bank loans from Australia and New Zealand Banking Group Limited for the wharf and shore crane is subject to interest at the fixed rate of 4% per annum, repayable by monthly installments of $136,506 for ANZ Loan - Wharf and $125,872 for ANZ Loan - Shore Crane. The loans were secured by guarantee limited to $20,000,000 given by the Government of Fiji as surety on account of the company, first registered mortgage debenture over all the company's assets, including undertakings and uncalled and unpaid capital and first registered mortgage over Crown Lease Number 9821. However, in December 2015 ANZ discharged the Government guarantee and registered mortgage on Crown Lease number 9821. Only remaining security is registered mortgage debenture.

b) The loan from the Asian Development Bank is guaranteed by the Government of the Republic of the Fiji Islands and is subject to a floating LIBOR interest rate. Repayment of the loan is on a six monthly basis at an estimated FJD $600,000 to $1,000,000, depending on exchange rate and interest.

c) The ANZ Fiji Ships loan is subject to interest at the fixed rate of 4% per annum. Monthly repayments are $14,479. The loan was fully discharged on 1st October 2015.

14 PROVISIONS

LEGAL CLAIMS

	Group 2015	Group 2014	Company 2015	Company 2014
At 1 January	100,924	100,000	100,924	100,000
Arising during the year	40,000	44,879	40,000	44,879
Utilised during the year	-	(43,955)	-	(43,955)
At 31 December	140,924	100,924	140,924	100,924

Provision for legal claim at balance date represents legal claims brought against the company and the group by former employees. The provision is reflected in the statement of comprehensive income as an administrative expense. The directors are of the opinion that the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2015.

15 EMPLOYEE BENEFIT LIABILITY

	Group 2015	Group 2014	Company 2015	Company 2014
At 1 January	586,191	602,902	521,008	560,907
Arising during the year	984,067	423,620	897,818	349,630
Utilised/reversed during the year	(489,284)	(440,331)	(428,112)	(389,529)
At 31 December	1,080,974	586,191	990,714	521,008
Analysis of employee benefit liability				
Current	799,831	517,952	714,540	452,769
Non-current	281,143	68,239	276,174	68,239
	1,080,974	586,191	990,714	521,008

16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks net of bank overdraft. Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Cash on hand	4,580	4,520	3,580	3,520
Cash at bank	16,149,168	8,781,251	14,625,638	6,969,849
	16,153,748	8,785,771	14,629,218	6,973,369
17 SHARE CAPITAL				
a) Authorised capital				
100,000,000 ordinary shares of $1.00 each	100,000,000	100,000,000	100,000,000	100,000,000
b) Issued and paid up capital				
73,154,852 ordinary shares of $1.00 each	73,154,852	73,154,852	73,154,852	73,154,852

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

c) Dividends				
At 1 January 2015	-	-	-	-
Add: dividends declared during year	3,719,191	3,698,979	3,719,191	3,698,979
Less: dividends paid during year	(3,719,191)	(3,698,979)	(3,719,191)	(3,698,979)
At 31 December 2015	-	-	-	-

18 RELATED PARTY TRANSACTIONS

Directors

The names of persons who were directors of Fiji Ports Corporation Limited and its subsidiary at any time during the reporting period were as follows:

Tevita Kuruvakadua (Chairman)
Vilash Chand
Vijay Maharaj

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 financial year the following persons were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the company:

Name	Title
Vajira Piyasena	Chief Executive Officer
Shyman Reddy	Chief Financial Officer
Eranda Kotelawala	Chief Operational Officer - (appointed 25 May 2015)

Identity of related parties

The Company has a related party relationship with its subsidiary, Fiji Ships and Heavy Industries Limited (100% equity interest) and its associate, Fiji Ports Terminal Limited (49% equity interest).

Transactions with related parties

All transactions with related parties are made on normal commercial terms and conditions.

18 RELATED PARTY TRANSACTIONS *continued*

The following transactions were carried out with related parties:

		Group		Company	
		2015	2014	2015	2014
		$	$	$	$
17	**SHARE CAPITAL**				
(a)	Key management personnel compensation				
	Directors				
	Short-term benefits	37,000	44,334	37,000	44,334
	Management				
	Short-term benefits	560,635	355,750	505,127	308,942

The aggregate compensation of the key management personnel comprises only of salary and short term benefits.

			Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
(b)	Sales of goods and services					
	Management fees income from associate		135,000	180,000	135,000	180,000
	Rental income from associate		2,330,544	2,330,544	2,330,544	2,330,544
	Sale of services to associate		79,403	9,955	79,403	9,955
(c)	Purchases of goods and services					
	Purchase of services from associate		-	-	-	2,533
	Purchase of services from subsidiary		-	-	84,850	-
(d)	Receivable from / (payable to) subsidiary/associate					
	Fiji Ports Terminal Limited	*Associate*	128,294	51,007	128,294	51,007
	Fiji Ships and Heavy Industries Limited	*Subsidiary*	-	-	(94,134)	(8,383)
			128,294	51,007	34,160	42,624
	Disclosed as:					
	Receivable from associate (Note 5)		128,294	51,007	128,294	51,007
	Receivable from subsidiary (Note 5)		-	-	5,696	-
	Payable to subsidiary (Note 12)		-	-	(99,830)	(8,383)
			128,294	51,007	34,160	42,624
(e)	Loan to subsidiary					
	Beginning of the year		-	-	1,552,864	1,655,308
	Loan repayments received		-	-	(166,788)	(166,788)
	Interest charged		-	-	60,186	64,344
	End of the year		-	-	1,446,262	1,552,864
	Comprising:					
	Current		-	-	110,957	106,614
	Non-current		-	-	1,335,305	1,446,250
			-	-	1,446,262	1,552,864

The loan to the subsidiary company is unsecured and based on approval from the Board of the holding company, subject to interest at the fixed rate of 4.0% per annum. This is repayable by monthly installments of $13,899. The repayment schedule is reviewed annually.

Notes to the Consolidated Financial Statements *(cont'd)*

FOR THE YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
(f) Loan to associate				
Beginning balance as at 1 January 2014	2,695,852	3,041,830	2,695,852	3,041,830
Loan repayments received	(461,364)	(461,364)	(461,364)	(461,364)
Interest charged	101,287	115,386	101,287	115,386
	2,335,775	2,695,852	2,335,775	2,695,852
Comprising:				
Current	374,754	360,084	374,754	360,084
Non-current	1,961,021	2,335,768	1,961,021	2,335,768
	2,335,775	2,695,852	2,335,775	2,695,852

The loan to Fiiji Ports Terminal Limited ($4,000,000) is unsecured and subject to interest at the fixed rate of 4.0% per annum. This is repayable by monthly installments of $38,447. The repayment schedule is reviewed annually.

	Group		Company	
	2015	2014	2015	2014
(g) Other related parties				
Fiji National Provident Fund - member contribution	522,129	365,512	369,712	265,820

19 INVESTMENT IN AN ASSOCIATE

The group has a 49% interest in Fiji Ports Terminal Limited at balance date, which is involved in terminal operations including stevedoring at the Ports of Suva and Lautoka. The group's interest in Ports Terminal Limited is accounted for using the equity methodin the consolidated financial statements. The following table illustrates the summarised financial information of the group's investment in Fiji Ports Terminal Limited.

	Group	
	2015	2014
	$	$
Current assets	15,397,729	11,121,520
Non-current assets	9,239,471	7,613,433
Current liabilities	(4,051,663)	(2,809,018)
Non-current liabilities	(3,014,532)	(3,423,310)
Equity	17,571,005	12,502,625
Proportion of the group's ownership	49%	49%
	8,609,792	6,126,286
Goodwill	3,733,078	3,733,078
Carrying amount of the investment	12,342,870	9,859,364
Revenue	28,877,377	22,805,316
Operating expenses	(18,921,535)	(18,904,576)
Finance costs	(101,185)	(115,472)
Finance income	48,405	8,967
Profit before tax	9,903,062	3,794,235
Income tax expense	(2,162,682)	(817,561)
Profit for the year	7,740,380	2,976,674
Group's share of profit for the year	3,792,786	1,458,570

		Group		Company	
		2015	2014	2015	2014
		$	$	$	$
20	CAPITAL COMMITMENTS				
	Capital expenditure:				
	- approved by the Board and committed	143,913	-	65,652	-
21	RENTAL INCOME COMMITMENTS				
	Not later than one year	2,054,350	1,982,561	2,054,350	1,982,561
	Later than one year but not later than five years	8,217,400	7,930,244	8,217,400	7,930,244
	Later than five years	976,368	976,368	976,368	976,368
		11,248,118	10,889,173	11,248,118	10,889,173
22	CONTINGENT LIABILITIES				
	Guarantee given on behalf of the subsidiary company	800,000	800,000	800,000	800,000
	Bank guarantee for HM Customs and FEA bonds	83,900	83,900	83,900	83,900
	Bank guarantee for Ministry of Primary Industries	7,000	-	-	-
		890,900	883,900	883,900	883,900

23 PRIOR PERIOD ADJUSTMENT

The balance of trade and other payables and retained earnings previously reported for the year ended 31 December 2014 was incorrectly stated. This related to an entry in the books of the holding company for payable to the associate company, Fiji Ports Terminal Limited. Fiji Ports Terminal Limited also had a corresponding receivable in their books. The entry dated back to the days of Ports reform in 2005. Documents obtained and discussion between both parties revealed that this is in error and both parties have mutually agreed to eliminate this related party balance from their books. As such an adjustment has been made to restate the balance of trade and other payables and the retained earnings. This resulted in a decrease in trade and other payables by $1,441,199 and increase in the retained earnings by $1,441,199. This is depicted below:

	Holding Company	
	Previously reported	Restated
<u>Statement of financial position reported</u>		
Trade and other payables as at 31 December 2014	3,987,035	2,545,836
Retained earnings as at 31 December 2014	28,854,222	30,295,421

The above restatement have been made to the comparatives of trade and other payables and retained earnings in the statement of financial position and the statement of changes in equity.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial liabilities comprises of interest bearing borrowings, trade payables and other accruals. The financial liabilities is the result of the group's operations. The group has various financial assets such as trade receivables and cash, which also arise directly from its operations.

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance.

Risk management is carried out by finance executives and management of controlled entities of the group. Management and finance executives identify, and evaluate financial risks in close co-operation with the group's operating units. The Board provides direction for overall risk management covering specific areas, such as mitigating credit risks, and investment of excess liquidity.

24 **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *continued*

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group'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 on risk.

(i) Political climate

The group operates in Fiji and changes to governments and the policies they implement affect economic situation and ultimately the revenues of the group. To address this, the group reviews its pricing and product range regularly and responds to change in policies appropriately.

(ii) Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's interest bearing loan from Asian Development Bank.

Exposure to currency risk

The group's exposure to foreign currency risk was as follows based on notional amounts:

	2015 USD	2014 USD
ADB loan	1,362,321	3,606,523

The following significant exchange rates applied during the year:

	Rate 2015	Rate 2014
USD	0.4616	0.4946

Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate with all other variables held constant, of the company's profit before tax.

	Increase / decrease in USD	Effect on profit before tax
2015	+10%	268,300
	-10%	(327,922)
2014	+10%	662,891
	-10%	(810,200)

(iii) Interest rate risk

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

	Carrying amount	
	2015	2014
Fixed rate instruments	$	$
Financial assets (Term deposits)	3,750,000	2,000,000
Financial liabilities	(6,565,664)	(9,502,140)
	(2,815,664)	(7,502,140)
Variable rate instruments		
Financial liabilities (ADB loan)	(2,951,302)	(7,291,797)

Fair value sensitivity analysis for fixed instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect the statement of comprehensive income.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

(a) **Market risk**

(iii) Interest risk continued

Cash flow sensitivity analysis for variable rate instruments

A change of 25 basis points (bp) in interest rates at the reporting date would have increased (decreased) equity and the profit or loss by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Statement of Comprehensive		Equity	
	25 bp increase $	25 bp decrease $	25 bp increase $	25 bp decrease $
31 December 2015	(7,378)	7,378	(7,378)	7,378
Variable rate instruments				
31 December 2014				
Variable rate instruments	(18,229)	18,229	(18,229)	18,229

(b) **Credit risk**

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers.

The group has no significant concentrations of credit risk. The group has policies in place to ensure that services are provided to customers with an appropriate credit history. The group has policies that limit the amount of credit exposure to any one customer or group of customers. Credit levels accorded to customers are regularly reviewed to reduce the exposure to risk of bad debts.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

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

	Notes	2015 $	2014 $
Cash and cash equivalents	16	16,153,748	8,785,771
Trade and other receivables	5	3,762,750	2,626,006
Held-to-maturity investments	6	3,750,000	2,000,000
		23,666,498	13,411,777

(c) **Liquidity risk**

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group'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 group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2015	On demand $	< 1 year $	1 to 5 years $	> 5 years $	Total $
Interest bearing borrowings	-	4,343,461	5,173,505	-	9,516,966
Trade and other payables	-	5,746,700	-	-	5,746,700
	-	10,090,161	5,173,505	-	15,263,666

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

(c) Liquidity risk continued

31 December 2014

Interest bearing borrowings	-	4,019,890	12,774,047	-	16,793,937
Trade and other payables	-	3,721,545	-	-	3,721,545
	-	7,741,435	12,774,047	-	20,515,482

(d) Capital risk management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The group's objectives when obtaining and managing capital are to safeguard the group's ability to continue as a going concern and provide shareholders with a consistent level of returns and to maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital. Debt is calculated as total borrowing (including 'current and non- current borrowing' as shown in the group statement of financial position). Total capital is calculated as 'equity' as shown in the group statement of financial position plus debt.

	Group	
	2015	**2014**
	$	**$**
Interest bearing borrowings (Note 13)	9,516,966	16,793,937
Debt	9,516,966	16,793,937
Equity	115,411,750	105,553,850
Capital and debt	124,928,716	122,347,787
Gearing ratio	8%	14%

25 SIGNIFICANT EVENT

On 5 November 2015, the shareholders of the holding company (the Ministry of Public Enterprises and the Ministry of Finance) divested 59% of the company shares to private entities. The Ministry of Public Enterprises maintains 41% of the shares in the company, while Fiji National Provident Fund acquired 39% and Aitken Spence, a Sri Lankan company, acquired 20% of the company.

26 EVENTS SUBSEQUENT TO BALANCE DATE

As part of the divestment agreements signed on 5 November 2015, the holding company will transfer all real estate to a Government owned holding company (Assets Fiji Limited), which in turn will lease the assets necessary for port operations back to the holding company. The subsidiary company, Fiji Ships and Heavy Industries Limited ("FSHIL"), will transfer all interests in land currently owned or held to Assets Fiji Limited which in turn will lease the assets back to FSHIL. Ownership of all land interests will remain with the Fiji Government. The effective date of transfer and lease back of assets is unclear at the date of this report and will likely be effected in early 2016.

The holding company entered into an agreement with Ministry of Lands on 19 November 2015 to sell land and administration building located at Stinson Parade and Usher Street, Suva for a sum of $3,531,890 Vat Exclusive Price plus any applicable sales tax to allow Fiji Road Authority to commence the Stinson Bridge Project. The property was vacated and officially handed over to Fiji Roads Authority on 7th January 2016.

Apart from the matters disclosed above, 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, in the opinion of the directors, to affect significantly the operations of the company or the group, the results of those operations or the state of affairs of the company or the group in the subsequent financial year.

27 PRINCIPAL ACTIVITIES

The principal activity of the parent company is providing and managing the port infrastructure and services within declared ports. The principal activity of the subsidiary trading as "Fiji Ships and Heavy Industries Limited" is the provision of ship repair and slipway services. There has been no significant change in these activities during the year.

28 NON-CURRENT ASSETS HELD FOR SALE

The holding company entered into an agreement with Ministry of Lands on 19 November 2015 to sell land and administration building located at Stinson Parade and Usher Street, Suva for a sum of $3,531,890 Vat Exclusive Price plus any applicable sales tax to allow Fiji Road Authority to commence the Stinson Bridge Project. The property was vacated and officially handed over to Fiji Roads Authority on 7th January 2016.

Fiji Ports Corporation Limited