ANNUAL REPORT 2016

Fiji Ports Corporation Limited

CONTENTS

Our Vision

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

Our Mission

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

Our 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 leadership and Succession Planning, Commercial Stewardship, Corporate Citizenship, Strategic Innovation, and Employee Well-being and Diversity.

Our Coporate 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 achieving a positive workplace and are open to regular review.

Our Responsibilities

Fiji Ports Corporation Limited's core responsibilities are:

- Provision and management of Port infrastructure;
- Landlord and property development functions;
- Facilitation of the efficient provision of Port services;
- Ensuring the maintenance of safety and environmental standards within the Port;
- Ensuring the delivery of community service obligation of Government that are essential for the socio-economic development of the country but which are not commercially viable through appropriate contract with Government for the provision of this service.

Our Operations

FPCL is a commercial port management company which operates the two main ports of entry into Fiji - Kings Wharf, Suva and the Queens Wharf, Lautoka. Fiji Ports leases and operates Levuka Wharf, Ovalau.

The Company oversees the operations and International Ship and Port Facility Security (ISPS)requirements for Fiji's secondary ports of 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), and Vuda, Viti Levu (owned by oil multinational companies).

FPCL also oversees and operates a range of port facilities including local interisland, fishing and local and international barge port facilities located at Muaiwalu I and II, Walu Bay, Suva, and in Lautoka adjacent to the Queens Wharf, through the provision of Ports infrastructure and related services delivered in a manner that meets industry safety and security standards. Given Fiji's strategic location in the centre of the South Pacific these Ports continue to face ever an increasing demand on services. Fiji Ports' overall operational objective is to progressively upgrade all Port facilities and services in ways that will bring benefit to clients, stakeholders and customers while continuing to improve productivity and efficiency levels.

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FPCL's vision is to be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce

2016 HIGHLIGHTS

81 Cruise Lines
↑ 26.6% 2015
GRT: 6,710k ↑ 46.2% 2015

$53.84m Revenue
↑ 25% 2015

Total Vessel Arrivals 1776

263 Liquid Bulk
↓ 4.4% 2015
GRT: 3,044k ↑ 1.5% 2015

$32.14m Consolidated EBITDA
↑ 60.4% 2015

1275 Suva
↑ 6.5% 2015
GRT: 11,417k
↑ 23.6% 2015

840 Fishing
↓ 8.9% 2015
GRT: 246k ↑ 1.8% 2015

$26.25m Consolidated Net Profit After Tax
↑ 93% 2015

380 Lautoka
↓ 8.2% 2015
GRT: 6,105k
↑ 18.9% 2015

407 General Cargo-LOLO
↑ 9.4% 2015
GRT:4,473k ↑ 15.6% 2015

$131.13m Total Shareholders Equity (Net Asset)
↑ 13.6% 2015

47 Labasa Malau
↑ 2.2% 2015
GRT: 216k
↓ 24.5% 2015

80 Others Vessels
↑ 17.6% 2015
GRT:448k ↑ 14.7% 2015

$8.86m Total Liabilities
↓ 46.2% 2015

71 Levuka
↓ 56.4% 2015
GRT: 35,828k
↑ 38.3% 2015

$250,000 Staff Bonus

FSHIL receives **ISO** Certification 9001:2008 Quality standard recognition

Accolades

- Fiji Business Excellence Award
- 2nd runner up in SPSE 2016 Annual Report Competition
- FNU's Green Award

The year in review signifies FPCL's commitment to fulfilling its obligations as a professionally managed commercial maritime company demonstrating across-the-board improvement in its delivery of services.

Financial Performance

The year's financial results reinforce the Company's capacity to provide strong returns to its shareholders as evidenced by the following:

- The operating Group profit for the year was $26,254,954 significantly up on 2015's Profit After Tax figure of $13,577,091, after providing for income tax expense of $4,681,705, compared to tax of $2,409,896 in 2015;
- The operating profit for the holding company was $26,803,663 compared to 2015's figure $10,141,210 after providing for income tax expense of $4,414,199, compared to $2,119,835 in 2015;
- The total dividend declared, and paid out during 2016, was $5,070,605, a figure significantly higher than 2015's payment of $3,719,191;
- Fiji Ports made loan repayments of $9.5 million during the year. In addition, the Company's strong cash flow made it possible for the prepayment of a total of $39.9 million between December 2012 and December 2016;
- By the close of the year the Company had no current borrowings, a high degree of liquidity providing an ideal platform for further development;
- Following the Company's encouraging achievements in 2015, FPCL has once again delivered a very attractive Balance Sheet by the close of 2016.

The year 2016 is noteworthy as it represents the Company's first full year of operation under its new part-privatized structure, and the Company's robust financial results mirror the success of the divestment of a percentage of shares in the Company to the private sector. Highly pleasing too, is that under the partnership, 80 percent of the total number of shares remained in Fiji hands. (The shareholding breakdown has the Ministry of Public Enterprises controlling 41%, and Fiji National Provident Fund 39%, with Sri Lankan conglomerate Aitken Spence PLC (AS PLC) controlling the remaining 20%). Given AS PLC's maritime industry experience in port management the partnership package provides an ideal model for public private cooperation.

A stellar performance, and strong financial results, was also recorded this year for Fiji Ports Terminal Limited. The company has been operating under AS PLC's management further them acquiring 51% of FPTL in 2013. This agreement between FPCL and AS PLC provides a further example of the value to the community of suitable Public Private Partnerships.

The gaining of approval from the Fiji Commerce Commission to revise tariff charges was also a major contributor to the Company's financial performance this year. Given there had been no tariff increases since 2009, the approval to adjust charges was well received by the Board and executive. This increase in tariff charges represents only the second time this was to occur in 14 years, the impact of which saw the Company absorb the high cost of Port upgrades for years. As predicted, the tariff increases has better positioned FPCL to meet it current obligations and gain momentum on achieving the Company's strategic goal of greener and safer national ports.

The overall impressive financial results bode well for the Company moving forward especially given its primary operating costs are infrastructure-based and borrowing to service these costs (along with depreciation on the capital expenditure) underpins operations.

Towards Sustainable Growth

This year's solid results are a good indication of Fiji Ports' advancement in its transformation from a wholly owned government company to that of a national Port Landlord/ Regulator as a public private partnership.

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Government's decision to part-privatize FPCL arose from the fundamental understanding that if the Company is to grow its asset base while continuing to deliver core services changes in its corporate structure were required. Essentially, for the Company to execute improvements on all existing Port facilities, and address modernization requirements with confidence, it needed to move away from micromanagement.

Notwithstanding, FPCL's role as Port Landlord/Regulator of one of the Pacific's biggest ports comes with the expectation that services will be delivered at the highest standard of efficiency, safety, security, and, critically, in environmental leadership. With the support of its new partners Fiji Ports continues to work through the goals in its current Strategic Plan. The Plan, covering the years 2016-2018, outlines objectives and targets related to operating services and facilities in a sound best practice manner that minimize the impact of its operations on the environment.

As such, the year in review saw the Company's Board and Executive continue to make inroads in maintaining a positive trend in its commitment to improving environmental practices. Further, Fiji Ports' environmental management plans now extends beyond the Company's operations to that of advocating environmentally sustainable development within Port precincts and surrounds.

Of regard in this area we are:

- Continuing to exercise sustainable design principles in regard to future planning, and in the decommissioning of facilities;
- Taking a leadership role in new developments in ways that are both environmentally friendly and commercially viable;
- Keeping abreast with global technological and automation trends in modern port management;
- Fuel and alternative energy management to ensure sustainability;
- Mitigation of vehicle and truck movements towards a more sustainable transport system in and around Ports that also provide the benefit of generating infrastructure savings;
- Instigating user-friendly recycling office and general waste programs at all Ports;
- Working more closely with customers and tenants to reduce pollution and hazardous waste.

As always there is more to do to improve environmental outcomes and secure a sustainable growth path for FPCL and FSHIL. For now, guided by our strategic plan, each department, nominated team, division or unit continues to work together towards achieving our collective goal of securing environmentally friendly Port status with all Fiji Ports facilities.

Development Planning

The issue of securing an integrated Port Development Plan remains a priority for the Company. Early in 2013 the CEO and the management recognized the need for a long-term strategy for the development of Port requirements as the 'useful life' of existing facilities had emerged as very limited. The 'useful life' for example of the Kings Wharf Suva had been assessed as only 15 years during the first decade of the 2000's. And, although the Asian Development Bank (ADB) had provided upgrade funding during that time significant work is required. A TOR and MOU have been developed for a Master Plan, however, subsequent to this further work was delayed pending finalization of the part-privatization process.

By December 2015, funding for Small-scale Policy and Advisory Technical Assistance (S-PATA) financed by a grant of approximately US$200,000 was approved by the ADB, and was characterized as the 'first phase' of a Ports Master Planning exercise. This 'first phase', however, relates only to establishing baseline data and forecasts for 15-year demand estimates to assist in decision making. Accordingly, the Board will need to engage in a larger 'second phase' exercise of the master planning process where major strategic changes and development requiring high-level consideration will be necessary.

Our New Board

Firstly, I would like to say how honoured I was to be appointed FPCL Board Chairperson during this time of change and exciting opportunities for the Company. The time and expertise required to conduct the high level negotiations surrounding divestiture of FPCL shares in the years prior to 2016 were complex and demanding for the then FPCL Board of Directors and executive team. Assisted by their government counterparts the FPCL team handled the challenge with proficiency as evidenced by the success of the new operating structure.

The new Board members are highly experienced in their chosen fields, each bringing to the table their own set of skills and expertise. The appointees represent FPCL's shareholding partners: the Fiji National Provident Fund who nominated Mr. Tom Ricketts and Mr. Sashi Singh to represent the organization, and Mr. Joseph Brito and Dr Parakrama Dissanayake represent Aitken Spence PLC. Ms. Makereta Konrote, Permanent Secretary, Ministry of Finance, also joined the Board. Maintaining continuity and corporate memory, Board members Mr. Vijay Maharaj, Mr. Vilash Chand, and former Chairman Mr. Tevita Kuruvakadua (representing FNPF), remained on the Board, bringing the total number of directors to nine.

The new Board structure was assembled to assist in the task of growing Fiji's seaports in a sustainable manner and all share the Fiji Government's aspiration of establishing the Port of Suva as a highly proficient and globally competitive, modern port servicing the South Pacific. Boosting Board numbers, and overall talent base, is inked to Government's decision to divest Company shares to private entities. It was also orchestrated to bring in specialized contributors to work with the Company's executive management team.

As a Board our plans moving forward include a review of operations with the long-term aim of maximizing the value of Fiji Ports with the view to ensuring FPCL becomes more profitable and efficient and is further aligned with international best practice standards, processes and protocols.

Our Subsidiary - Fiji Ships and Heavy Industries Limited

Fiji Ships and Heavy Industries Limited, FPCL's subsidiary company, continued with its modernization campaign this year by undertaking across the board operational upgrades and improvements. The company also maintained its capacity building programs across all levels of the organization.

Fiji Ships recorded a profit of $1.02 million for the 2016 financial year. The company's operating income exhibited a decline by 14% largely due to the reduction in the value of project based works recording $1.3 million for the year. Significantly down from 2015 the decline in overall income is due largely to the before and after effects of TC Winston. However, FSHIL recorded a net profit after tax of $1.02m for the year 2016 which is a slight reduction of 0.08% from the 2016 budget of $1.10m.

Importantly for growth and reputation building, however, the company continued to develop its profile as a key seaport and ship repair provider. With the support of parent company FPCL Fiji Ships continues to cultivate new partnerships with similar organizations such as ship repair facilities, suppliers of goods and services, and with ship-owners and other companies in the ship building industry.

Our Associate - Fiji Ports Terminal Limited

Government's move to a Public Private Partnership for Fiji Ports Terminal Limited revolutionized Port Terminal operations as evidenced by FPTL's impressive financial performance in the past two full years of operation. The company ended its financial year with a Net Profit Before Tax of $13.7 million compared to $9.9 million for the previous year. The partnership afforded the two entities the opportunity to embark on the shared vision of establishing a leading maritime logistic centre in the Pacific, and to specifically bring international best practice to the Ports of Suva and Lautoka.

FPTL continues to deliver well beyond its financial returns. The company's annual statistics reflect its success in the delivery of faster, more efficient export/ import/transshipment outcomes across the critical areas of Transshipment TEU's, Vessel Waiting Time (Hours), Ship Turnaround Time, Truck Turnaround Time and Container Move Count KPI's. The company also made inroads this year with the implementation of an enterprise risk management framework, environmental management, revamped OHS policies and on-going training programs. The partnership between FPCL and AS PLC translated into AS PLC taking a 51% stake in FPTL and management of the businesses in the Suva and Lautoka Ports for a period of 15 years.

There has been a transparent increase in the efficiency of both Ports. Shipping lines have regular services only if their vessels are handled efficiently and turned around in a timely manner. Furthermore, port efficiency means cost savings by shipping lines can be passed on to customers.

The Ports of Suva and Lautoka are strategically placed installations, and the long term approach is to attract more vessels to call at these ports as well as ensuring the facilities are well functioning transshipment hubs.

Tourism Fiji style

Fiji's Ports plays a major role in the fast growing cruise liner industry and, as such, shares responsibility for maintaining consumer confidence within the sector. The onus is on FPCL, the private sector, and the Government to continue to work together to maximise opportunities and advantages for Fiji.

Predictions are that in the coming four years 26 new cruise ships will be launched globally with more than 50 per cent to be built with a capacity of 3,000 to 5,000 passengers. For Fiji next year, up to ten cruise lines are expected to deploy cruise ships to six of our Ports.

Cruise ship tourism brings numerous positive outcomes for local economies, and Fiji is no different. When a cruise ship docks at one of our Ports it brings immediate economic benefit to the community. It is estimated that the average 'spend' for tourists from cruise ships is F$200 per passenger injecting over an estimated one hundred million US dollars into the economy.

However, with benefits come responsibilities and the Company must deal with the logistic and environmental challenges involved with servicing the sector's needs. Cruise ships keep getting bigger in size and more frequent in arrival placing increasing demand on resources and the Company must ensure visitors receive a professional level of stakeholder coordination and be assured of high-end safety and security at all times.

This year 81 cruise ships arrived at Fiji's Ports-17 more than was recorded in 2015. Of note this year was the arrival of the very large cruise liner Costa Atlantica which brought more than 2,000 tourists from China to Suva for the first time. This was the first cruise tour to originate in China, and cross the equator and the inter- national dateline, with Fiji being one of 12 South Pacific Island destinations on the itinerary. Regular visitors to our Ports are P&O, Carnival and Royal Caribbean International.

On our way to becoming a great trading Nation

The global maritime transport industry has been growing by around 3% annually for the past three decades with over 80% of world trade now conducted by sea. Maritime transport is, without question, seen as most important means of transporting goods, and remains the cheapest way of transporting large amounts of goods compared to other methods.

In addition to the benefits derived from tourism through the cruise ship sector it should be noted too, that Fiji is a maritime nation and as such a trading nation with an open export orientated economy. Fiji's central location in the Pacific brings enormous logistical and strategic advantages-many of which are yet to be realised, however, we need to be diligent about ensuring our Port infrastructure and services reach the highest possible standard and remain competitive for the country to grow as a bona-fide trading nation.

Fiji's main markets are currently Australia, the UK and United States, and our export of goods and services corresponds to about 70% of Fiji's GDP. Expansionary fiscal policies, particularly large infrastructure and social expenditure programs, as well as persistently accommodative monetary policy, have supported six years of economic growth for the country since 2010. Water, gold and other minerals, garments, sugar and fish continue to be Fiji's strongest merchandise exports and the mineral industry is anticipated to grow significantly in the next decade. Agriculture is a source of (mostly informal sector) income for the bulk of the population, and continues to make a moderate but far below potential contribution to growth and is being actively promoted for export.

Increasing globalization of trade and complexity of port operations requires the Company to stay up to date with Port operating systems as it grows. The size of ships too, has doubled over time and continues to add challenges to managing port operations while addressing demand for even larger logistical effort.

Port security is a major issue as well with more and more attention needing to be paid to creating measures to increase and maintain security for Port users and our employees. The way forward hinges on continuous investment in infrastructure, and the protection of our human resources to ensure FPCL is positioned amongst the best in the region.

Acknowledgement

In closing, my thanks go to my colleagues on the Board for their commitment during this, our first full year as company directors of FPCL. I am sincerely grateful to our longer serving members Mr. Vilash Chand and Mr. Vijay Maharaj, and former chairman Mr. Tevita Kuruvakadua for their service to the Company. Mr. Tevita's guiding hand is reflected in the range of achievements Fiji Port's achieved during his incumbency.

Again this year the Company's executive management team working under Chief Executive Officer Vajira Piyasena gave us many reasons to be proud. On behalf of the Board I would like to thank Vajira for his long standing commitment to Fiji Ports and for the Company's many achievements under his leadership. Of special mention in this regard is the recognition FPCL received at this year's prestigious Fiji Business Excellence Awards. The achievement of receiving the 'Prize' award in Business Excellence after only two years in the running can be attributed to all at Fiji Ports. Not stopping there, Fiji Ports was also recognized at the South Pacific Stock Exchange Annual Report Competition 2016 - the very first year the Company entered!

Lastly, on behalf of all of us a Fiji Ports I would like to convey my special thanks to the Attorney General's office and the Ministries of Public Enterprises and Finance for their ongoing support for the Company. The Fiji Government's commitment to FPCL continues to inspire us all to reach our collective aim to make Fiji an exemplary regional hub.

Shaheen Ali

Shaheen Ali
Chairman

Our Values

Professionalism

Progressive Leadership

Commercial Stewardship

Corporate Citizenship

Employee Well-being and Diversity

Strategic Innovation

An exceptional year was recorded for Fiji Ports Corporation in 2016 hallmarked by multiple achievements. The year in review also brought outstanding financial results. Considering the major transformation in place, the company's personnel continued to adjust to significant changes in operations and procedures. Implementation of an effective change management process significantly contributed to the Company's overall performance improvement to an exemplary level.

Embracing Change

Advancement of innovation and modernization of corporate practices has underpinned Fiji Ports' objectives in previous years and was again prioritized this year.

Over the past five years, much effort has been invested in establishing measures that stimulate creativity in the workplace and tap into the 'un-tapped' portion of our workers' creative capabilities. As a part of the Company's desire to improve employees' ability to adapt to change, strategies were implemented to address these objectives. In this regard, initiatives commenced to readily identify an employee's strength and used that knowledge to create 'new staff groups' with a tailored mix of talents.

FPCL's change management programs are based on creating process ownership amongst employees across all levels of the organisation each with dedicated task forces appointed for process implementation. Also applied in these programs is the mixing of personnel with varying experience levels (younger team members may provide energy and optimism and veterans may provide insight from past experiences). Management has been able to encourage innovation through an open culture approach, flexible schedules, and interdisciplinary project teams.

At the heart of this initiative, those involved will accept the premise that change will increase the value of the Company and they will begin to challenge themselves with more diverse perspectives and ideas. It is also critical that employees view Fiji Ports as a part of a broad supply chain that serves thousands of organizations and individual businesses; essentially, as a service provider on a mass scale.

To bring about change, FPCL was required to invest time and resources in modernizing business processes, as well as being more focused on its human capital development. In this aspect, I am pleased to report that much has been achieved in advancement in service delivery of the company this year. The implementation of a range of internally coordinated revamping programs, as well as value creating and change management initiatives has ensured the Company is better positioned to bring more benefits to our customers which in turn have created a flow on benefits for the community.

Advancing FPCL with support from our Partners

The excellent results recorded in 2016 is also attributed to the enhanced level of support provided by FPCL's new shareholders, Aitken Spence PLC (ASPLC) and the financial institution, Fiji National Provident Fund (FNPF).

ASPLC has partnered with the Fiji Government in Fiji Ports Terminal Limited (FPTL) since August 2013. FPTL's core business activity, providing stevedoring services and cargo storage facilities to international vessels visiting the Suva and Lautoka Ports, continues to build across all aspects of their services as the terminal operator. ASPLC's management of FPTL is reflected in the company's impressive results for the year. In addition to solid financial returns, FPTL's gross productivity level was maintained at 13 moves per hour on average while the net productivity level resided at 17 moves per hour. Ship turnaround time reduced to 18 hours this year against 20 hours in 2015, and the average ship rate per hour increased to 34 in 2016 against 31 in 2015.

Our Fiji-based shareholding partner, FNPF is Fiji's largest financial institution and has a 39% stake in FPCL. FNPF has now emerged as one of the country's largest property owners. Impressively, this year's annual report confirms FNPF has total assets valued at $5.1 billion of which, $4.4 billion is the balance for its 406,065 members.

Support to FPCL from the two leading entities has also been provided by their corporate representatives who joined the Fiji Ports' Board at the start of the year. These directors are joined by Government's representatives and have come together to create a larger more diverse Board of Directors with the view of bringing a fresh approach to advisory and strategic planning roles. The Board's collective corporate experience provides management with a greater level of support and guidance.

Company Assets Transfer

When the Fiji Government divested 59% of its shares in FPCL, the arrangement specified that the Government would maintain ownership of all real estate previously held by the Company. The Government announced that FPCL's real estate assets were to be transferred to Asset Fiji Limited for zero consideration, effective from 13th November 2015.

Under the agreement, none of the land assets were sold, the assets were still owned by the Government and leased through Asset Fiji Limited, a holding company to Fiji Ports and its new shareholders. The arrangement remains as working progress since the completion of the project requires a complex assessment of all properties into Core Assets, Non-Core Assets, and those considered as possible assets under consideration for future use under the Port Master Development Plan. A final determination will almost certainly be linked to future Port development.

In Pursuit of Best Practice Standards

The purpose of engaging with International quality standards such as ISO 9001:2015, for an entity such as Fiji Ports is to improve organizational development and gain recognition as a 'Quality Entity' within the Maritime sector.

In recent years, FPCL has been working towards attaining ISO 9001:2015 Standards and ISO 45001 for Occupational Health and Safety. Quality standards benefit the Company by improving the way business is conducted and increases customer confidence in the organisation.

At the organizational level, the guidelines developed to encourage the integration of OHS management system elements as an important component of overall policy and general management arrangement. Employers, owners, managerial staff and their representatives are motivated in applying appropriate management principles and methods to improve OHS performance. The standard is built upon eight fundamental principles of quality management embedded into its various requirements: Customer Focus; Leadership; Involvement of People; Process Approach; Systems approach to management; continual improvement; Factual Approach to decision making, and Mutual beneficial supplier relationships. All these principals are incorporated into FPCL's strategic planning and our underlying approach to best practice management.

ISO 9001:2008 Certification for Fiji Ships

Another significant achievement for the Fiji Ports Group was that by mid-year, Fiji Ships and Heavy Industries Ltd., (FSHIL) had received ISO 9001:2008 Certification. For Fiji Ships, Quality system certification represents an enormous achievement and is a major accomplishment given the long-term commitment shown by the management team to bring this to fruition.

FSHIL's journey to Certification began in 2012 when a Steering Committee was established to manage the process. Beginning with training in the first phase of the process-the 5S Concept –the team participated in sessions conducted by the Training & Productivity Authority of Fiji (TPAF). FSHIL's senior management and the Quality Assurance Project Steering Committee also benefited from a two-day session with the Asia Productivity Organisation. Prior to that, the FSHIL delegates attended a weeklong Internal Auditors' Training session conducted by consultants from the Sri Lanka Standards Institute (SLSI). By March this year, FSHIL had engaged in a three-day evaluation of the company by senior auditors from SLSI to ensure FSHIL was ready for Certification.

Corporate Recognition

For the second consecutive year, FPCL took home an award at the Fiji Business Excellence Awards (FBEA).

As a first-year entrant in 2015, the Company was elated to be recognised with an Achievement in Business Excellence Award and the acknowledgement inspired us to go 'one better'. I am pleased to report our efforts were rewarded this year when we were awarded the Fiji Business Excellence Prize Award.

Participation in FBEA was a complex and lengthy process. It was an inclusive exercise that requires engagement by all employees at all levels, and I am pleased to report our staff demonstrated ability and enthusiasm for the task. Our employees benefited from participating in the initiative which was designed to create a more productive, inclusive and effective workplace in Fiji's organizations. Receiving a prestigious award such as this also reflects positively on our shareholders, the Ministry of Public Enterprises, and Board and executive who provided their support in the lead up years.

Strategic Plan 2016-2018

FPCL's business strategy this year included the implementation of strategic change and initiatives within a broader organizational context while working towards achieving the Company's goals by the year 2018. Central to this is informed management of staff and stakeholder expectations in terms of change management.

FPCL's Strategic Plan 2016-2018 articulates requirements of the Company under its role of Port Landlord as defined by a range of goals. FPCL's senior management and staff continue to take a proactive role in meeting the Plan's aims and objectives especially those fundamental to the Company's effort to transform from a regional gateway port into a regional hub port.

Stakeholder Consultation

FPCL's outstanding financial returns in 2016, in part, be attributed to the successful revision of Port tariff charges. In operational terms, the significant increase in revenue is a turn-around for the Company after years of rates not keeping pace with inflation.

Following approval from the Fiji Commerce Commission (FCC) to revise the rates, the executive management team of Fiji Ports met with customers and maritime industry stakeholders to clarify any remaining or outstanding issues regarding the introduction and implementation of the new tariffs.

A workshop, the second of its kind to be staged, was held entitled 'Know Your Import and Export Charges' and offered FPCL stakeholders the chance to gain a clearer understanding of the impact of the changes. Attendees were given a full breakdown of all new charges to be imposed and were provided an explanation as to why tariffs needed to be increased.

Employee Performance Bonus'

A significant bonus of over $256,000 was awarded to FPCL and FSHIL staff this year. More than 200 fulltime employees, Registered Relief Workers (RRWs) and contracted staff benefited from the payout. The annual bonus is awarded to staff in recognition of the hard work and commitment displayed by employees and is presented as an acknowledgement by shareholders of the two companies performing above expectations. Under the bonus, employees of the associated company, FPTL also received around $283,000 this year.

Impact of Tropical Cyclone Winston

The overwhelming effects of Severe Tropical Cyclone Winston in February brought the entire nation together to offer whatever support they could for those most affected by the storm's devastation.

Identified as the strongest tropical cyclone to make landfall in Fiji and the South Pacific Basin in recorded history, the Category 5 storm caused extensive damage. Tragically, 44 lives were lost and over 40,000 homes damaged or destroyed, with an estimated 350,000 people significantly impacted by the effects of the cyclone.

By the end of the week after the landfall, FPCL staff had compiled a comprehensive damaged property report revealing that the Port of Levuka was worst hit. Structural damage was reported at the Port of Lautoka, however by comparison, it was minor compared to the damage sustained in Levuka. A local inter-island RORO vessel capsized at the Levuka wharf and the walls and roof of one of the heritage-listed buildings belong to FPCL collapsed.

Commitment to Protection of Environment

As part of performing its role as a 'good landlord', Fiji Ports remains committed to environmental stewardship and continues to develop and enforce 'green' initiatives. This year, priority was given to the development of environmental compliance plans, hazard-management procedures, risk and assessment reporting, and pollution management programs.

The Company's Environmental Stewardship program also included actively keeping abreast with global trends and expectations, as Ports globally are closely scrutinized for their operating protocols. Environmental Stewardship programs and initiatives are now included in FPCL and FSHIL's business, financial, operational and planning decisions, and Fiji Ports remains focused on mitigating the impact of pollution through its Fiji Ports Environmental Monitoring Program and Air Quality Measuring Devices.

Although much has been achieved in terms of improving standards, more needs to be done, however, notable amongst the environment specific initiatives involving the Company this year were the following:

FPCL receives Green Award

Amongst the operational and business accolades received by the Company was the FNU Green Award in recognition of the role Fiji Ports is playing in cleaning up the environment – a pleasing and unexpected acknowledgement of our staff's efforts in improving the Port environment and surrounds across our designated Ports.

Smoke-Free Ports

The Company also took the major step of declaring all its Ports and wharfs areas Smoke-Free, and in doing so, established the first smoke-free ports in the Pacific region ahead of our counterparts in New Zealand.

The move also relates to improving fire safety protocols at our Ports especially given port and around wharf areas generally have large storage facilities for oil and petroleum products, and Fiji's population spread requires fuel-based products to be transported to outer islands on a regular basis.

Oceania Regional Oil Spill Response Workshop

This year, representatives from the Company attended the Oceania Regional Oil Spill Response Workshop held over two days in April in Nadi.

The workshop, sponsored by the American Embassy in Fiji, the U.S. Pacific Command and co-hosted by the Republic of Fiji Military Forces (RFMF) and RFMF Naval Division, was an opportunity for participants to explore a coordinated response, and share important 'lessons learned' from worldwide oil spill response efforts. An off-shoot of the workshop was the commencement of planning for an oil spill simulation exercise to test the efficacy of our incident Command System. An established incident Command System creates a clear chain of command and information flow and all stakeholders know their respective roles.

Energy Audit

A comprehensive Energy Audit was conducted during the year which extended to FPCL and FSHIL and included FPTL. The aim of the audit was to identify energy-saving opportunities at the Port of Suva, as well as engage in energy policy development for the Company. The audit, conducted in partnership with the Economic Development Division of the South Pacific Community (SPC), was carried out by a specialist consultant engaged by SPC.

As a consequence, Fiji Ports will continue to incorporate good energy management principles into all its policies for its companies and operations, and actively promote and execute improvements based on the audit outcomes.

FSHIL Upgrades to Water Recycling

This year, FSHIL introduced a water cycling system that captures, filters and recycles the water used in operating the company's 40Kpsi water blaster. The introduction of the water recycling system means that FSHIL has greatly improved maintenance of the blaster and has the added advantage of keeping work areas dry. The upgrade also significantly conserves the amount of water utilised via the mains water supply. Environmentally, the recycling system greatly reduces the possibility of paint or chemical-laden water discharging into the surrounding marine environment.

Port Safety and Security

FPCL Security Unit

Looking after FPCL and FSHIL staff and all Fiji's port users remains the utmost priority for the Company.

The Security Unit continues to maintain and improve programs to ensure all users of Port facilities for commercial purposes have up to date OHS information and attend training sessions as required.

It is essential that all Port users are conversant with the provisions of the International Ship and Port Facility Security (ISPS) Code, the OHS and Safety Laws and the Port Traffic Flow Plan, and carry current ID card and licenses. I am pleased to report that the year in review was again successful in terms of compliance with the ISPS Code with no adverse reports or security breaches were reported at Fiji's international Ports of Entry.

Protecting Corporate Data

A first for the Company was an independent information security audit this year, which was conducted by cyber-security Specialists to ensure that Fiji Ports defence systems are in place to protect their information assets, and are ready to meet any threats that may compromise the integrity of data.

The channel for remote access, how it was established and the protocols and encryptions were all assessed during the audit. Also assessed were issues associated with strength and complexity of passwords and the applications being used by third-party vendors with legitimate access were also tested.

I am happy to confirm that the completed audit found no security breaches or any cyber-attacks on the FPCL system and only recommendations for minor adjustments to be made to the defence system.

Appreciation

My sincere appreciation goes to our Chairman and Board of Directors for their advice and guidance to the executive management team during the year. In this regard, I would especially like to thank Mr. Tevita Kuruvakadua, who retired as Chairman during the year, for his unswerving support over the past three years in his role as Chairman and as a Board member. I would also like to acknowledge the contributions made by Directors, Mr. Vilash Chand and Mr. Vijay Maharaj, and recent appointee Mr. Sashi Singh, for their valued contributions to our various sub-committees that met throughout the year.

To my executive management team, department heads, supervisors and all our employees across FPCL's designated Ports; I thank you for your commitment to improve our services for our valued customers.

I would also like to thank the Ministry of Public Enterprises and the Ministry of Finance for the continuing support for another year of change at Fiji Ports.

Vajira Piyasena
Chief Executive Officer

> “Participation at this level of international conferences provides opportunities to focus on resolving global issues of concern to the international Port and maritime industries, while strengthening international relationships for FPCL.”


P&O
CRUISES
PACIFIC JEWEL

Board of Directors


Shaheen Ali


Makereta Konrote


Vijay Maharaj


Vilash Chand


Tevita Kuruvakadua

Shaheen Ali Chairman

Mr Ali is the Permanent Secretary for Industry, Trade and Tourism in the Fiji Government. He has more than 18 years of experience and knowledge in the fields of trade policy and negotiations, industry development, economic management, the operation of state owned enterprises, consumer protection and competition laws and development policies for growth of micro, small and medium businesses. Mr. Ali also has high-level strategic and policy planning skills, a deep knowledge of the Fijian and international economies and key macro and industry based policies. He is the chief negotiator for all trade negotiations to which Fiji is party including trade and market access agreements which Fiji concluded in the past decade. Mr. Ali has a Masters in Foreign Affairs and Trade from Monash University. His experience has enabled him to develop strategic partnerships with both the public and private sector and the ability to communicate effectively with stakeholders. In his role with Government he has put in place strategies to position Fiji as a vibrant, dynamic and internationally competitive economy. Since his appointment in 2011 he has been actively involved with numerous boards and committees including the Skilled Professionals Evaluation Committee, FPCL and Assets Fiji Limited, and as he is Chair and or a Board member with the following entities: Investment Fiji, Tourism Fiji, Fiji Airways, Film Fiji, Water Authority of Fiji, Fiji Hardwood Corporation Limited, Fiji Meats Industry Board and Viti Corp.

Makereta Konrote Director

Ms Konrote holds a Master of Environmental and Resource Economics from the Australian National University and a Bachelor of Arts Degree in Economics and Public Administration from the University of the South Pacific. She was appointed to the position of Permanent Secretary for Economy in the Fiji Government in April 2016. Ms Konrote also serves on the Boards of Reserve Bank of Fiji, Fiji Revenue and Customs Authority and Fiji National Provident Fund.

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.

Tevita Kuruvakadua Director

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 Manager at the TLTB, and has served as a board member of the FNPF and TFL Board since 2010. He was appointed to the Fiji Port's Board in July 2013, and was appointed chairman in August 2013. Mr Kuruvakadua retired as Fiji Port's Chairman in 2016 but remained on the board as a member.

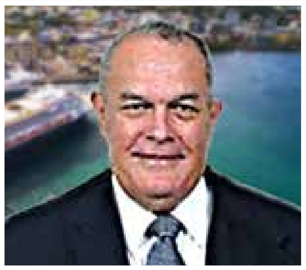
Sashi Singh Director

Mr Sashi Singh is the Managing Director of CDP Service Limited (Courier Services). He serves as the Chairman of Fiji Broadcasting Commission, Chairman of Partners in Community Development Fiji and is a Director of Fiji International Telecommunications Limited (Fintel). Mr Singh also serves as a Board Member for Momi Bay Resort Limited, Macquarie Cargo Limited, Mulpha International (SP) Limited. He also served on the Board of Fiji National Provident Fund from 2010 to 2016. In addition, he is a Trustee of Fiji Red Cross Society and Friends Heart Foundations.

Sashi Singh

Tom Ricketts Director

Director, Member of Corporate Governance Committee, Member of Human Resources Committee and Chairman of Telecom Fiji Limited, Amalgamated Telecom Holdings Limited. Mr. Tom Ricketts serves as an Attorney of J. P. Bayley Trust, Chairman of Trustees of Suva Relief Fund (Pearce Home) and Trustee of the Anglican Church. Mr. Ricketts was a banker by profession and has worked for Bank of New South Wales (1964 -79), Westpac Bank (1987-1998) and Colonial Bank (1998-2006) in Suva. He has also worked for Mobil Oil (1979-1987). Mr. Ricketts was Minister of Industry, Tourism, Trade and Communications in 2008 and was previously appointed a Senator in 2006. He served as Chairman at Telecom Fiji Ltd until February 1, 2017. He has served and is still a member of statutory Boards and Government Organizations. He was appointed as Chairman of the TFL Board of Directors in August 2009. He also serves as Board Member of Fiji National Provident Fund and Home Finance Corporation Limited. He serves as a Director at FNPF Investment Limited. He has been a Director of Amalgamated Telecom Holdings Limited since August 6, 2009. He served as Director at Telecom Fiji Ltd until February 2017.



Tom Ricketts

J.M.S. Brito Director

Mr. Rajan Brito has a LLB (University of London) and MBA (London City Business School degrees), and is a Fellow of both Institutes of Chartered Accountants of Sri Lanka and England and Wales. With this multi-disciplined knowledge, he brings a wealth of international experience working with a number of international organizations that spans over 35 yerars. Mr. Brito is presently the Deputy Chairman and Managing Director of Aitken Spence PLC. He is a former Chairman of DFCC Bank, Sri Lankan Airlines, The Employers' Federation of Ceylon and a former Director of Sri Lanka Insurance Corporation. He also holds Board positions with several companies in Sri Lanka and is a Director of Fiji Ports Terminal Ltd.

J.M.S. Brito

Dr. P. Dissanayake

Dr. P. Dissanayake Director

Dr. Parakrama Dissanayake, is Chairman/CEO of Aitken Spence Maritime and Logistics and Director - Aitken Spence PLC. Dr. Dissanayake who commenced his career at the national carrier Ceylon Shipping Corporation is a former Chairman/CEO of Sri Lanka Ports Authority and also a former Chairman of state owned Jaya Container Terminals and Sri Lanka Port Management Consultancy Services. Dr. Dissanayake who serves on the UN/UNCTAD Panel as an expert on Ports and Shipping is a Past Chairman of the Institute of Chartered Shipbrokers, Past Chairman of the Chartered Institute of Logistics and Transport (Sri Lanka branch), a Past Chairman of the Central Advisory Council of Sri Lanka Transport Board and a Past Chairman of Ceylon Chamber of Commerce - Steering Committee on Ports, Shipping, Aviation and Logistics, Jt. Managing Director of CINEC Maritime Campus and Director of Fiji Ports Terminals Ltd. Dr. Dissanayake a University of Oxford (UK) Business Alumni is a Fellow of Harvard Business School USA (EEP) on "Global Economy" and a Fellow of NORAD and JICA. He is also the Hon. Consul General for the Republic of Fiji Islands in Sri Lanka and International President of the Institute of Chartered Shipbrokers (UK) and Member of the Maritime Advisory Council appointed by the Minister of Ports and Shipping of Sri Lanka.

The essence of good governance is leadership. Good Governance is a fundamental principle of 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, Fiji National Provident Fund and Aitken Spence PLC. 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 Shareholders in accordance with the provisions of the Shareholders Agreement:

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

(ii) Ensuring that FPCL achieves its principal objective:

(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 Shareholders.

(b) to achieve through the application of the key principles of the port 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 three-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 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, 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.

Director	Number of Meetings entitled to attend	Number of meetings attended
Shaheen Ali	2	2
Makereta Konrote	2	-
Vijay Maharaj	2	2
Vilash Chand	2	2
Tevita Kuruvakadua	2	1
Tom Ricketts	2	2
Sashi Singh	2	2
Joseph Brito	2	2
Dr Parakrama Dissanayake	2	2

Sub Committee	Meeting Chaired by	Number of Meetings held
Finance/Audit & Risk Management	Vilash Chand	2
Human Resources	Vijay Maharaj	1
Infrastructure	Sashi Singh	1

Vajira Piyasena

Shyman Reddy

Eranda Kotelawala

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 (UK), Fellow of the Chartered Quality Institute (UK), Fellow of the Institute of Marine Engineering Science and Technology (UK), Fellow of the Chartered Management Institute (UK) and a Fellow 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 (CEng), Chartered Quality Professional (CQP), Chartered Manager (CMgr) 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 comprising developing integrated management systems, policy development, corporate restructuring and international business development. Vajira has an 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 International Law. His research work includes developing a "Productivity based Engineering model for Port Development Policy Analysis and Implications" focused on the government Port Development Policy and competitive effectiveness in productivity to develop Port of Colombo, Sri Lanka as a Hub Port in the South Asian region. He has received Executive Training from Harvard Business School and Goizueta Business School. In addition, he is also a member of MBA Advisory Committee of University of South Pacific and a Member of the Review Panel for Fiji Business Excellence Award.

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. Mr Reddy resigned from the Company to relocate to Australia in June 2016.

Eranda Kotelawala

Chief Operating Officer

With some 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 Reengineering Project TRANSNET, Port of Durban, South Africa (2008); Work Study Project, Business Process Reengineering, Port Sultan Qaboos, Oman (2010 2013); e-Local Government Project, Sri Lanka and Disaster Management and Recovery Project for Local Government, Sri Lanka.

2016 MANAGEMENT TEAM

Kirtan Lal
Manager Finance

Ronald Sue
Port Engineer

Laisiasa Gonewai
Acting Harbour Master, Port of Suva

Penitiko Yauvoli
Harbour Master, Port of Lautoka

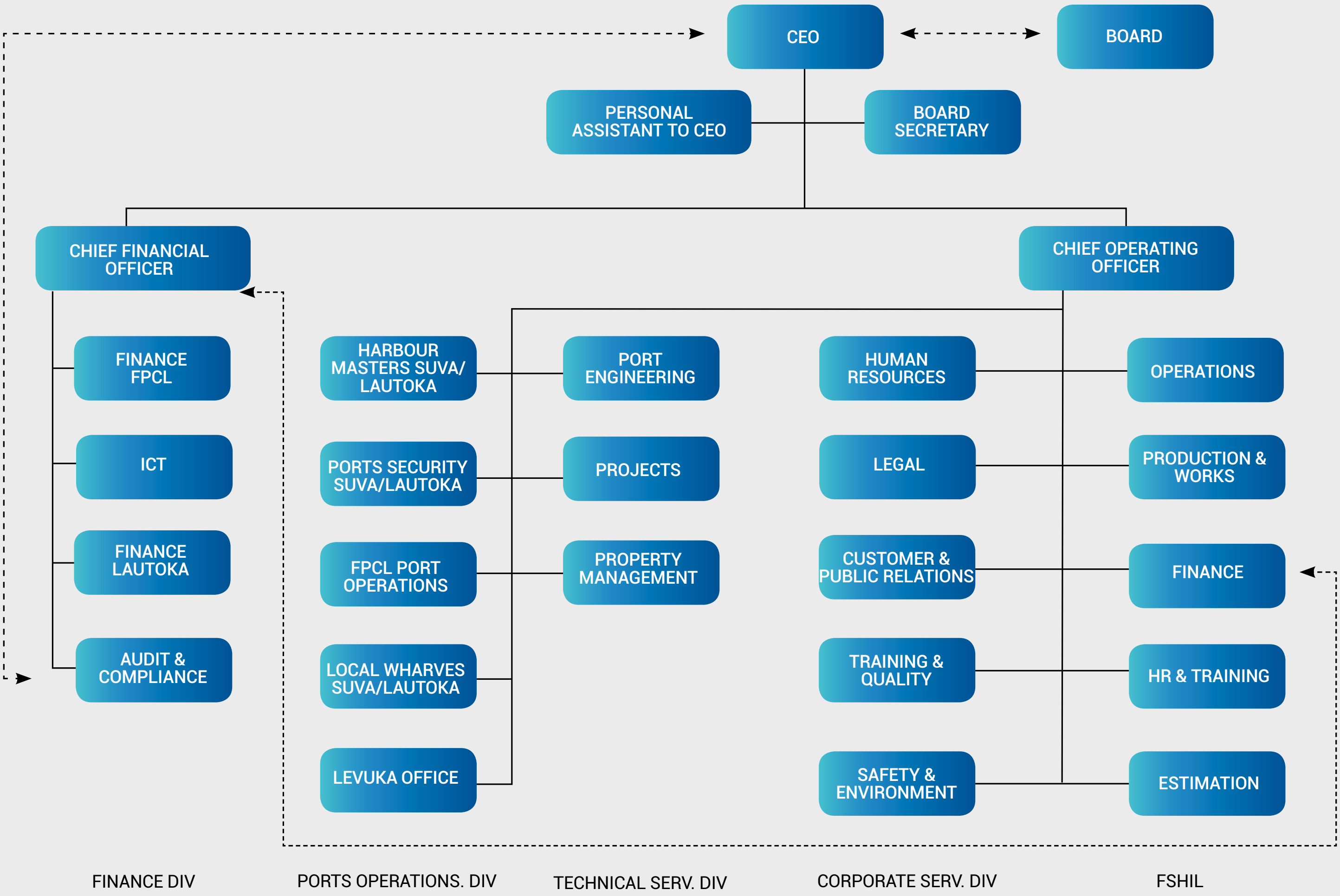
Captain Sepeti Vakararawa
Senior Port Facility Security Officer

Akeef Khan
Manager ICT

Dinesh Lingam
Property Manager (Acting)

Jiovilisi Biukoto
Manager Human Resources

Organisational Structure



Executive Management

Fiji Ports Corporation Limited is headed by the CEO who oversees Company operations which are, in turn, 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, and the management of FSHIL's financials.

The Company's COO manages Corporate Services, responsible for the departments of Human Resources, Customer & Public Relations, Training, and Safety & Environment issues; Port Operations is responsible for supporting the 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; and Technical Services, responsible for all engineering and ports infrastructure development and maintenance and manages the Property Department.

Subsidiary Company

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

Our Values

Professionalism

Progressive Leadership

Commercial Stewardship

Corporate Citizenship

Employee Well-being and Diversity

Strategic Innovation

People & Culture

FPCL's Human Resources (HR) department aims to provide the full and complete range of human resource-based services on behalf of the Company for the benefit of employees. The department's tasks include finding, screening, recruiting and training job applicants, as well as administering employee-benefit programs.

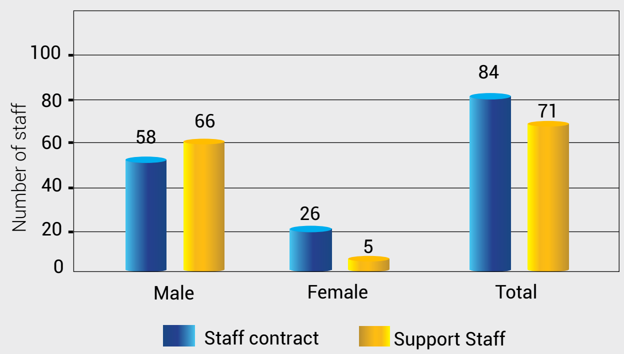
The HR department is an essential operational component of Fiji Ports. As with most companies, the HR department is geared to assist the Company deal with a changing environment as well as its need to attract qualified and competent employees. The HR department also focuses on maximizing employee productivity and protecting the Company from any issues that may arise within the workforce. HR's responsibilities also extend to managing compensation and benefits and ensuring the Board and management are kept up-to-date with any new or revised laws that may affect employers.

Succession Planning

Attracting and maintaining qualified personnel is a major issue at Fiji Ports. Transparently, ensuring 'the right people are in the right roles' impacts the Company's ability to function at maximum capacity and deliver on its strategic goals. As such, the HR department is required to invest in lengthy searches for suitably qualified candidates from within the local marketplace.

In response, FPCL's Succession Plan continues to be a key policy for the Company as it pro-actively aims to fill vacant positions with personnel already employed by the Company.

FPCL'S Employees by Contract and Gender



In support of this policy the HR department promotes opportunities for promotion via succession to all FPCL employees. In operation for three years the policy is based on identifying suitable candidates who are then offered new and varied platforms for advancement, training and other job related prospects. The policy also encourages employees to consider 'new career pathways' for themselves with the view of bringing greater benefit to the Company while securing long-term employment prospects and capacity building for personnel.

Our Employees

The Human Resources department oversees the well-being of all FPCL employees, which this year averaged 155. FPCL's employment terms can be broken down into the two primary categories of Contract Staff and Support Staff. In 2016 FPCL employed a total of 84 Contract Staff, with 71 engaged in Support positions across the categories of Directorate and Executive Management and the Divisions of Finance, Corporate Services, Technical Services and Port Operations.

This year the majority of the Company's Contract Staff worked in the Port Operations Division which employed a total of 46 people. This category was followed by Finance with 18 personnel. The majority of FPCL's Support Staff are also engaged by the Port Operations Division which this year recorded 41 employees, followed by the Technical Services Division calculated at 26 for the year.

Gender Equality

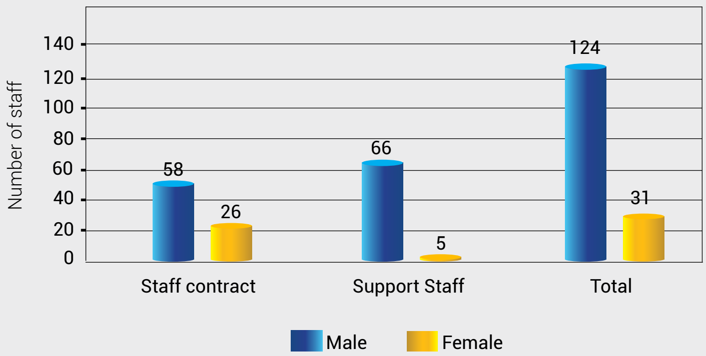
Workplace gender equality is achieved when employees are able to access and enjoy the same rewards, resources and opportunities regardless of gender, and FPCL wholeheartedly supports gender equality in the workforce and actively promotes its advancement. In this regard the Company actively encourages women employees to pursue careers within the maritime industry which have been traditionally male dominated.

Although the Company continues to make progress towards achieving gender equality throughout the Fiji Port's workforce, it also recognises that more needs to be done to ensure this 'gap' closes. The Company's policy on gender equality is constantly being reviewed by HR to ensure it continues to:

- Improve the workplace environment to provide equal pay for work of equal or comparable value;
- Remove barriers to the full and equal participation of women in the workforce;
- Access to all occupations including leadership roles, regardless of gender;
- Eliminate discrimination on the basis of gender, particularly in relation to family and caring responsibilities;
- Promote gender equality in the workplaces not only because it is 'fair' and the right thing to do.

Notwithstanding, the majority of FPCL employees continue to be male, averaging just over 127 across the year in review.

Gender Distribution



Employee Training

Building an innovative and motivated workforce is a strategic goal for the Company which is aimed at ensuring Fiji Ports is an employer of choice. Importantly, the Company's Training Unit was established to safeguard its human resources while improving overall efficiency of operations.

FPCL's busy Training Unit provides a broad range of programs throughout the entire year to guarantee stakeholder and shareholder expectations are being met and ensure all staff are being well supported. In coordination with the HR department the Training Unit continues to adopt a proactive approach to training based on the understanding that trained employees make happy and efficient contributors and create a high level of productivity.

Together the HR department and the Training Unit endeavour to ensure the Performance Management System (PMS) and Core Competency Management (CCM) operate fairly and efficiently and that these systems are well understood by all staff and management.

Ensuring Company employees are well prepared to undertake their jobs in a professional, safe and timely manner is a goal for the Company that doesn't end with engaging new workers. All employees, including management and supervisors, are required to regularly undertake training and development courses and as appropriate, secure attachments. Although providing training for employees can be costly and time consuming and usually requires the participation of third parties, FPCL recognises that neglect in this area can be expensive and disadvantageous. Board and management also recognise the importance of advancing skills amongst employees as this approach can create significant improvement in key areas of communication, critical thinking and motivation.

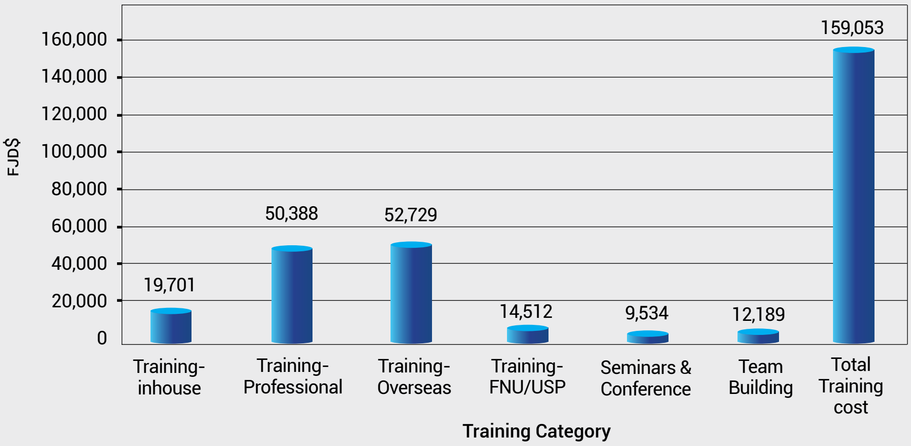
In addition to on-the-job training FPCL promotes opportunities for employees to undertake further studies or sign up for additional courses that will enhance their ability to carry out tasks associated with their roles. This policy also dovetails into FPCL's Succession Plan which encourages development with the view to advancement. FPCL's policy in this regard requires that employees elected to undertake additional studies are reimbursed for course fees on the understanding that they are bonded to work for the Company under an agreed arrangement with the HR department.

This year a total of 382 employee training sessions were held. The sessions targeted staff and management from both FPCL and FSHIL, and from time to time employees from FPCL's associate company FPTL. This year the majority of training programs were held for FPCL staff which totalled 164, followed by FPTL whose staff benefited from 154 training sessions. Fiji Ship's staff attended 64 sessions, a figure down by 55 on the previous year. The overall number of training sessions across the three companies this year was lower primarily because associate FPTL elected to engage in significantly less sessions compared to 2015's figure of 224. The total expenditure for training for the year came in at $159,053, a figure lower than funds expended in 2015 which came in at $187,878, which was largely attributed to a number of staff completing university studies.

Employee Training Numbers 2016

Company	Total no of Employees Attended Training
FPCL	164
FSHIL	64
FPTL	154

FPCL Training Expenditure 2016



FPCL Training Expenditure 2016

The high number, and broad range of training sessions and attachment opportunities undertaken annually by the Company demonstrate FPCL's commitment to ensuring employees receive sufficient opportunities for up to date briefings, awareness programs and refresher courses. Notable amongst the training program schedule undertaken in 2016 were the following:

Occupational Health and Safety Briefings

Occupational Health and Safety (OHS) training took place at FPCL Headquarters at Muaiwalu House over a six day period in August. The intensive program of briefing sessions were managed in-house and the program addressed the following topics: OHS the Human Dimension; the Historical Background of Legislation; the Health and Safety at Work Act 1996; the Health and Safety Committee; Managing OHS in the workplace and OHS Technology. As a result, participants were expected to be able to explain the intent of the OHS Act and its rationale and relate common law and statute law. They were also given the opportunity to better understand the duties of all Fiji Port's employers, workers, suppliers, manufacturers, installers and other key stakeholders. The sessions also addressed the need to better understand the functions and powers of the OHS Committee and the specific roles of its Chairperson and Secretary. Also beneficial for employees were the briefings on workplace dispute arrangements set up to resolve workplace health and or safety issues or accident investigation processes.

First Aid Training

Theoretical and practical First Aid training sessions were undertaken this year with all Fire Wardens and OHS Committee members. Conducted by Fiji Red Cross Society this training aims to better prepare participants to act appropriately, quickly and safely if a workplace accident were to occur. Participants were briefed on First Aid Responder protocols which specify how one can assist in the act of stabilizing an injured or ill person until professional medical help can be provided. In the absence of an infirmary, clinic or hospital in the proximity of a workplace situation, a person or persons on site, needs to be adequately trained to render first aid.

Essentially the purpose of this training for Company staff is to ensure basic first aid is available in the critical minutes between the occurrence of an injury or illness and the availability of professional care. The training also assists personnel to react in an appropriate manner to an emergency which may occur in the home or wider community.

Fire Wardens Training

This year instructors from the National Fire Authority (NFA) conducted two mandatory Fire Warden Training sessions and Fire Drills. The training sessions and drills are undertaken in order to meet a legal obligation on the part of FPCL which includes theoretical and practical components.

This year the sessions focussed on FPCL's Fire Wardens practicing appropriate use of the various types of fire extinguishers on site as well as conducting full fire drills. This year trainees were instructed in CPR (Cardiopulmonary Resuscitation), an emergency procedure undertaken to restore spontaneous blood circulation and breathing.

Good Governance Awareness

The Fiji Independent Commission Against Corruption (FICAC) conducted two Good Governance Awareness workshops for Fiji Port's employees.

The Company sees the promotion of good governance as a necessary part of 'doing business' and actively promotes the need for a broader understanding of the fundamentals of good governance amongst employees and managers. FPCL's Board and executive management recognise the need for all Fiji Port's employees to be alert to the responsibilities that come with being part of an organisation that is part-government part-private sector owned and operated. From a public relations perspective how FPCL's employees respond to good governance helps the Company maintain its corporate standing.

Briefings for the Fiji Business Excellence Awards

For the second consecutive year Fiji Ports submitted an application to Fiji Business Excellence Awards (FBEA). Held annually, this year in November, the event is recognised as a highlight of Fiji's corporate calendar and FPCL was honoured this year with the prize category of the Excellence in Business Award. A stand out result for the Company the Award followed the Company being recognised in 2015 with Achievement of Business Excellence Award.

Applying for a FBEA is a year-long process requiring input from all sectors of the organisation. Briefings from qualified consultants were held followed by submissions from each Division and department which were then compiled into a comprehensive submission document. Submissions are based on a framework that contains international best practice principals for corporate management. Applicants are required to compete against criteria of the FBEA Framework comprising the seven categories of Leadership, Strategic Planning, Measurement, Customer Focus, Workforce Focus, Operation Focus and Results.

Business Writing Skills

Improving skill levels amongst employees to ensure the highest possible capabilities and literacy levels are being met is a priority at Fiji Ports. This year the Company organised a two-day workshop titled *Business Writing that Works* to provide staff with techniques geared to drafting clear and understandable written communications. Fifteen Fiji Ports employees and three Fiji Ships staff received benefit from the session. Participants were introduced to various methods for assessing the effectiveness of their own writing and learnt the value of delivering easily understood written communication.

IT Training

Employee IT training has emerged as a hundred billion dollar global business and is now viewed as a regular necessity to help fill skill gaps and grow business. Given new technology is constantly being developed or upgraded regular training needs to take place to ensure employees are using the latest technology comfortably and to its full potential. Training also allows managers to identify weaknesses and proficiency gaps.

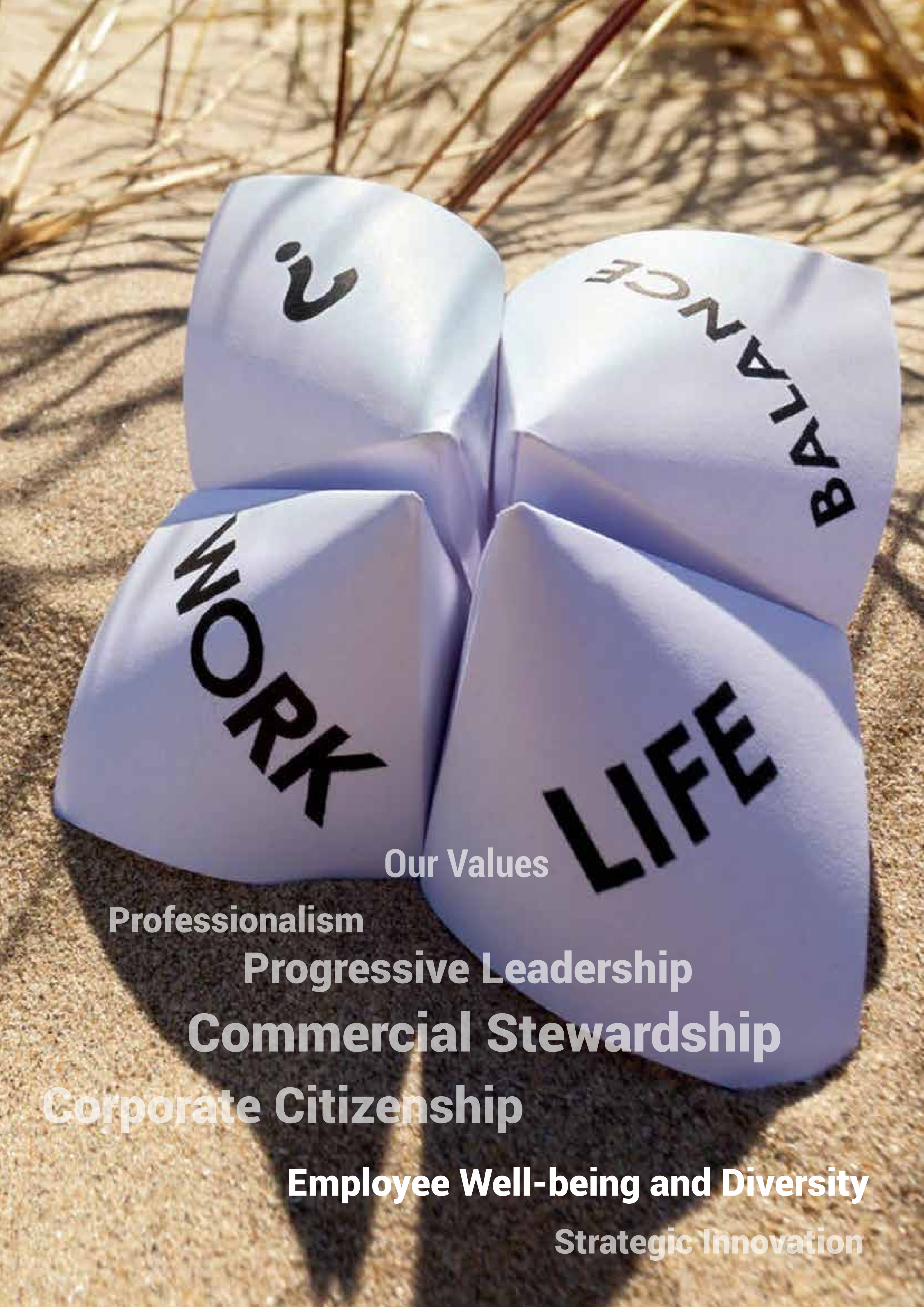
In this regard FPCL continues to find ways to improve its staff's IT knowledge and capacity across the various delivery modes, applications and platforms. The Company also attempts to utilize international and local research to ensure operational systems cater to Fiji Port's differing departmental requirements. Management understands the need to be across today's rapidly evolving world of IT and the importance of staying abreast with developments. The Company also views IT training as a tool to encourage learning amongst its staff and a chance to put new skills into practice. In addition to creating job satisfaction in the workplace IT training can help reduce employee turnover and provide internal pathways for promotion in line with the Company's Succession Plan.

Of note this year was FPCL's purchase of a comprehensive on-line IT training package. The package provides users with a complete understanding of new products with step-by-step instructions of the complexities involved in migrating the Company's existing system to upgraded versions. Course delivery is via video and features instructors from internationally recognised corporations. FPCL staff are also required to sit exams (which can be taken at an employees convenience) to gain IT certification relevant to their areas of responsibility. This program is now being utilised as part of an employee's personal target objectives and Key Performance Indicators.

Overseas Attachments

Overseas attachments this year included FPCL CEO, Vajira Piyasena, visiting the Harvard Business School, Boston, USA where he attended a Strategy, Building and Sustaining Competitive Advance training session; PA to the CEO, Mary Mausio, attended a management skills course in New Zealand; and Senior Port Facility Security Officer, Captain Sepeti Vakararawa, attended the Capacity Development for Port Facility Security training in Japan funded by the Japan International Cooperation Agency (JICA).

Associate company Fiji Ports Terminal Limited engaged in numerous local and overseas staff training programs during the year. Of note was an invitation by Napier Port in New Zealand to provide simulation training for selected FPTL crane operators and training sessions in best practice port management. Two separate groups of trainees traveled to New Zealand in September and December from the company to attend the sessions.



Our Values

Professionalism

Progressive Leadership

Commercial Stewardship

Corporate Citizenship

Employee Well-being and Diversity

Strategic Innovation

Occupational Health and Safety

Fiji Port's Occupational Health and Safety (OHS) procedures are executed in accordance with the legal requirements of the Health and Safety at Work Act (HASAWA) 1996. The Company has Occupational and Health Safety Committees at the Ports of Suva and Lautoka, which operate under the Act to ensure FPCL provides a healthy and safe working environment for its employees and its Port users. In addition, the Company has developed a comprehensive, Health and Safety Policy and Procedures Manual.

Given how busy, and often frenetic, FPCL takes all possible precautions to ensure operating mechanisms and training programs are up to date and well managed to mitigate workplace injury or illness, environmental-related incidents and or property loss or damage.

The Company's OHS policy dictates that all employees and Port users are regularly reminded of the importance of vigilance in and around the Ports, and that they have a clear understanding of OHS standards and requirements. Accordingly, the Company has appointed OHS Enforcement Officers to monitor the workplace environment. Officers are required to undertake regular inspections to ensure all equipment is being maintained and standards are being met.

Making sure that Fiji's international Ports of Entry remain International Ship and Port Facility Security Code (ISPS) and Health and Safety at Work Act (HASAWA) compliant requires staff 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, asking the CCTV department to capture the incident on camera, or even using a mobile phone to record a breach.

FPCL OHS enforcement extends to Personal Protective Equipment which is required to be worn by employees as well as Port users in the performance of certain duties. OHS breaches can result in workers being issued with non-compliance warnings and any accidents are reported to the Ministry of Labour and FPCL's Insurance Brokers. Port signage, another OHS requirement, is continuously updated and improved to meet international standards.

The Company's OHS related strategic goal is based on ensuring all categories Port Users have complete confidence in the Ports in terms of safety and security of both lives and goods. Public safety and security awareness programs are held throughout the year with employees and the OHS Enforcement Officers continue to develop and improve awareness programs and emergency preparedness training. The Company continues to invest in security upgrades at all critical locations. Looking ahead FPCL is working on developing a comprehensive FPCL/FSHIL contingency plan.

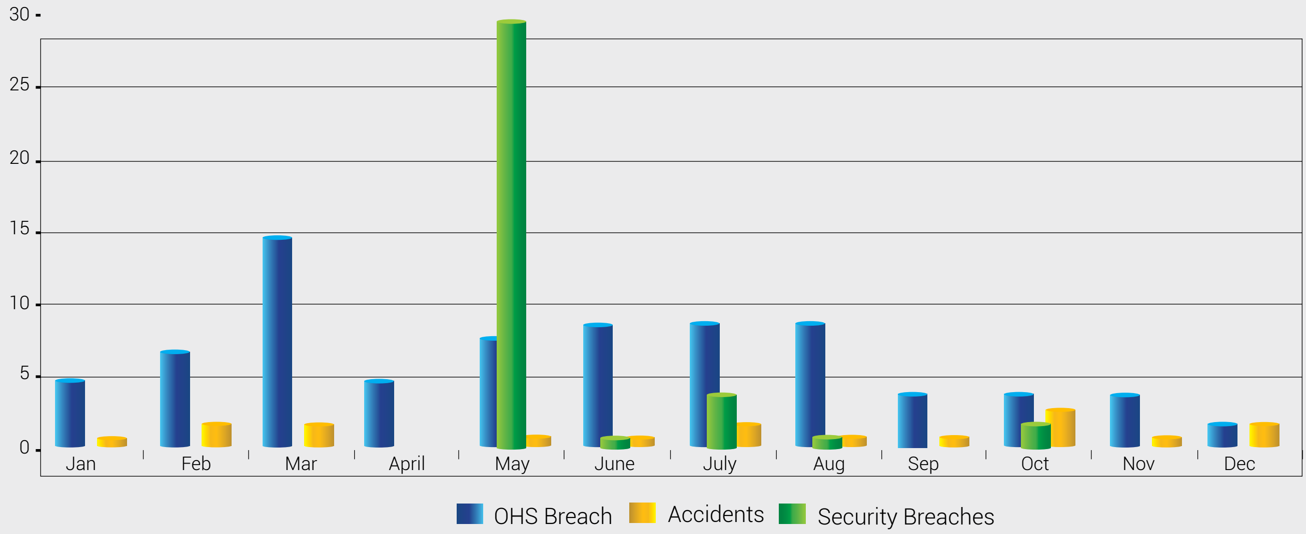
Workplace Safety

The Company's Safety and Environment Report results for 2016 again reflect FPCL's commitment to improving workplace safety. Of note in this regard this year is the low number of injuries sustained by staff in the workplace compared to figures recorded in 2013 and 2014.

This year Fiji Ports recorded 15 workplace accidents, a figure slightly higher than that of 2015 which was eight(8). However, it must be noted that there was only one (1) compensable accident out of the 15. This portrays the effectiveness of training and awareness as employees are reporting accidents, and indicates that employees are more

	OHS Breach	Accidents	Security Breaches	
Jan	5	1	0	0
Feb	7	2	0	0
March	15	2	0	0
April	5	0	0	0
May	8	1	30	0
June	9	1	1	0
July	9	2	4	0
August	9	1	1	0
September	4	1	0	0
October	4	3	2	0
November	4	1	0	0
December	2	0	2	0

Workplace Safety and Environment Report 2016



conscious of FPCL safety systems and procedures. OHS and Security Breaches this year totalled 121 also up from 2015's figure of 74. The slightly higher figures recorded this year reflect stricter enforcement of Port policies and regulations in and around Port facilities and the workplace environment.

Protecting our Environment

The Company continues in its push to incorporating 'green port' measures at all Fiji's Ports of Entry, primarily through initiatives pertaining to its Green Energy and Technology Policy.

Fiji Ports' management also continues to implement more environmentally friendly technology and energy sources when upgrading operational needs. It is also actively encouraging the Company's property tenants to be more environmentally aware, especially in regard to waste management practices and energy applications.

Environmental Management Discussion Forum

Sustainable environmental management is viewed by Fiji Ports as a corporate responsibility that potentially impacts on the health and safety of Company employees. In response, this year thirty FPCL and FPTL employees participated in a one-day discussion Forum as part of the ongoing improvements to environmental management by the two entities. Although a number of issues discussed at the sessions were already included in FPCL's Environmental Policy, and have been actively promoted or applied, the Forum provided participants with a chance to raise issues and concerns they considered important to their roles.

Management views Forums such as these as highly valuable as they promote information sharing amongst staff while generating a broader understanding of the positive impact protecting the environment can have on the Company, and for the community.

Hazardous Pollution Mitigation

Of note this year, in terms of the Company's endeavours to manage hazardous pollution, was the donation to Fiji (by New Zealand Government in association with Maritime New Zealand) of pollution prevention equipment. This generous donation was accompanied by a training session on its use for key staff at FPCL, FPTL and FSHIL. The equipment is utilised in the event of an oil spill or other pollution incident within Fiji's port boundaries. If such an incident were to occur protocol dictates that FPCL work closely and speedily with MSAF to contain it.

New Initiatives

Other environmental improvement initiatives undertaken or improved this year included 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. Fiji Ports also continued to implement its Port users signage upgrade program at all its Ports.

Dangerous Litter

The issue of dangerous litter and garbage in the harbours continues to be a problem that requires constant attention. Garbage enters our Ports and harbour environments via numerous pathways, on-shore and off-shore, however, dumping from ships and boats remains a serious problem.

For FPCL, dangerous litter is regarded as litter deposited in a public place which is likely to cause physical injury, disease or infection to any person coming into contact with it. Specifically it relates to any sharp metal, broken or unbroken glass, any substance of a toxic or chemical nature, and significantly oil, diesel, fuel or grease spill which may be caused by an abandoned or derelict vessel.

Apart from mitigating potential damage to people, FPCL's environmental policy now extends to campaigning to Port users about the danger debris can cause by smothering of benthic zone animals and plants. Litter from ships, such as plastic bags, strapping bands and discarded fishing lines and nets can have a seriously adverse effect on birds and marine mammals as they may inject them or become entangled in them.

This year pollution fines collected by the Company totalled $31,500- a figure way down on 2015's figure of $89,000. This pleasing result has been credited to the Company's daily surveillance program operated by FPCL's Pollution Vessel Team. It is also attributed to a more acute and greater understanding by vessel owners and agents of the consequences of oil spills and poor waste management practices. Generally, it is understood that harbour users are becoming better informed to manage and monitor their operations in ways that prevent pollution.

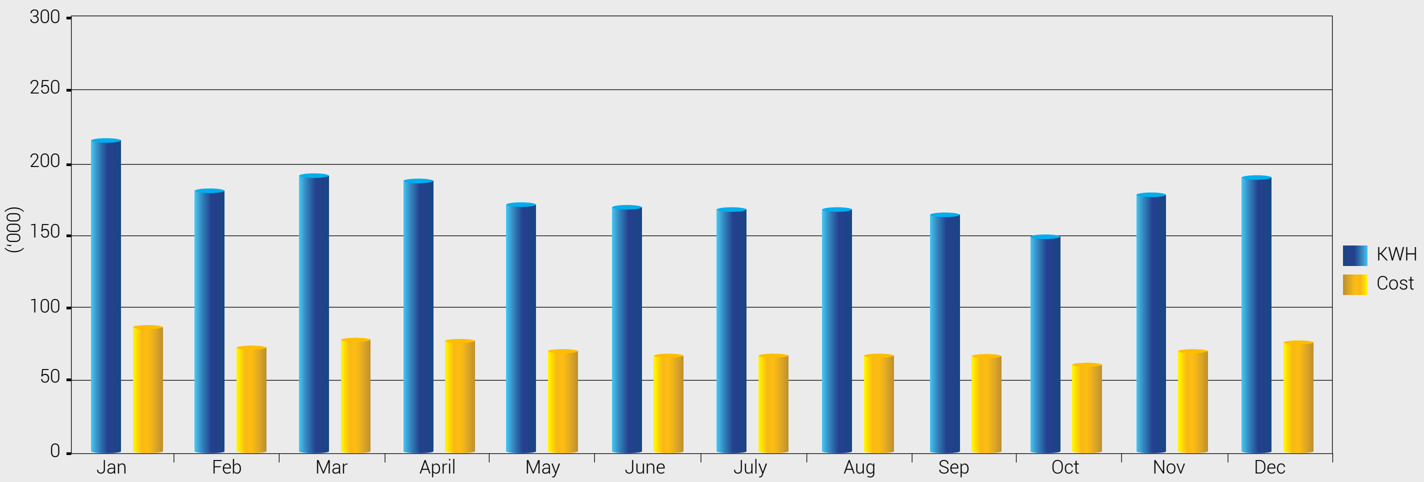
Looking ahead key initiatives planned in this regard include the further development of our *Ports Regional Environmental Management Plan* with Suva, Lautoka and Levuka Councils, and enforcement of more comprehensive environmental compliance plans for Port users and tenants.

Energy Management

Fiji Ports' carbon footprint for 2016 recorded an average monthly carbon emission of 81.50 tonnes, a figure that compares favourably with 82.41 tonnes for 2015.

This year an Energy Audit was also conducted for FPCL, FSHIL, and FPTL which identified a number of energy saving opportunities for the Port of Suva. The undertaking of an energy audit is in line with the Company's present and future environmental stewardship policies and procedures as detailed in its Strategic Plan 2016-2018. As a result, the Company has made plans to be more diligent in incorporating good energy management principles in all its operations.

FPCL's Energy Consumption 2016



Electricity Consumption from January 2016- Dec 2016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Customer and Public Relations

Stakeholder Interaction

The Company continues to identify ways to build public and stakeholder confidence which includes holding regular meetings with key stakeholders, primarily committees and associations such as ship owners, agents, freight companies and property asset tenants, to ensure communication channels remain open and relevant information is passed on.

Another key public relations initiative for the Company is FPCL's Stakeholder Outreach Program aimed at creating interaction with the waterfront community and tourists to Fiji's waterfront precincts. The Customer and Public Relations department also maintains a presence with stakeholders and the general public through the Company's corporate website and its quarterly newsletter which is printed and downloadable.

Customer Survey

A key communication tool for the Company, this year FPCL conducted its Customer Survey via the internet. Conducting the survey online was aimed at interacting with stakeholders in a more user friendly, convenient manner, and this year participants who engaged in the Survey were entered into a draw where winners were awarded vouchers valued at $100 each.

An important feedback mechanism for the Company, the Customer Survey provides stakeholders with the opportunity to voice their opinions on any maritime related issues they regard important, or which may affect their businesses. The Survey also ensures stakeholders gain updates on Fiji Port's operations, strategies and or policy changes. Safeguarding Fiji Port's stakeholders are not 'left behind' means providing clear and timely information, especially during times of change, to enable valuable relationships are protected. From time to time the Company also conducts briefing sessions, meetings and workshops on maritime-related issues as they arise.

Community Outreach

There were no reports of bodily harm to any Fiji Ports Group staff or their families post TC Winston. In a concerted effort to join the national campaign to provide assistance to those in need, however, FPCL staff rallied to provide support in any way they could. Donations comprising clothing, toiletries, tinned goods, rice flour and sugar were amongst the items generously donated by FPCL staff. With thousands of Fijians left homeless the primary initiative involved collecting food supplies and other household items which were lost or destroyed by the impact of the storm. Donations were delivered to DISMAC for distribution.

Corporate Social Citizenship

Fiji Ports Corporation Limited though being a commercial oriented Organization continues to be committed to its Corporate Citizenship values.

A total of $442,515 was expended in the form of concession which is closely tabulated below. The Management believed that this concession will have a direct positive impact to the Fijian Economy and indirect positive impact to the Fijians. A good example is concession on Cruise Liners – Suva Port will boost the numbers of vessel calls to Fiji thus will generate more income to Fijian Villages and also local craftsmen who have inherited carving talent at the same time preserving and conserving different ethnic groups heritage.

TYPE OF OBLIGATION	AMOUNT ($)	NOTES
Concessions to Fiji Sugar Corporation (wharfage charges)	84,155	Value of concessions for 2016 financial period
Concessions to Tropik Woods (wharfage charges)	33,168	Value of concessions for 2016 financial period
Concessionary rates to Cruise Liners - Suva Port	289,243	Concession on current cruise liner rate in relation to current standard vessel dockage rate - 2016 FY
Concession on Dockage to HMNZ - Winston relief	24,820	Value of concessions for 2016 financial period
Concession on Container Wharfage - Winston relief	1,848	Value of concessions for 2016 financial period
Concession on all charges for Russian ship supplying equipments for peace keeping	9,281	Value of concessions for 2016 financial period

Staff Engagement

Fiji Port's Board and executive management recognise that employees respond well to recognition of their work and demonstrating that their contributions are valued assists with job satisfaction, which also improves personal performance and overall productivity.

The Company views employee recognition as informal or formal acknowledgement of effort, both individual and collectively, in ways that also support Fiji Port's goals and values. In this regard a number of initiatives were held this year supporting staff appreciation that included the following:

Gala Dinner

A Gala dinner, attended by the FPCL Board, executive management, employees and their spouses, was held towards the end of the year in Suva to acknowledge and celebrate the Company's achievements for the year.

The occasion was also an opportunity to recognise the many years of dedication and service to the Company demonstrated by a number of retiring employees.

Team Building Activity

Fiji Ports' employees faced some new and unfamiliar challenges when they participated in a program of team building activities this year. A new initiative for the Company, the activities comprised four separate half-day sessions in November and December at the Kila Eco Adventure Park situated along the Coral Coast, a short drive from Suva.

The sessions brought together groups of 30 plus employees from the Company's offices in Suva, Lautoka, Levuka and Malau Ports. Teams were divided into groups that participated in activities designed to encourage teamwork through utilisation of communication skills, group cooperation, and on-the-spot decision making and problem solving.

CEO Acknowledged

FPCL CEO, Vajira Piyasena, was honoured this year when he was elected Fellow of the Royal Institution of Naval Architects (RINA). Established in 1861 for the purpose of advancing the science and art of Naval architecture the Institution draws upon the combined practical and scientific knowledge experience of professionals and stakeholders involved in the global maritime industry.

Ambassadorial Activity

Opportunities to connect with maritime industry counterparts in the international arena at events such as conferences and seminars are viewed by the Board and management as highly valuable as these occasions offer delegates first hand briefings on industry trends and the chance to be informed about new initiatives. Participation in these initiatives also provides attendees with new avenues to resolve issues of concern which may emerge within the international port and maritime industry, as well as the chance to strengthen and or develop new contacts.

Ports Logistics Development Forum

This year the Company's CEO was invited to participate on a panel discussion entitled *Sustainable Development Strategy* which formed part of this year's *Ports Logistics Development (PLD) Forum.* The event took place in Shanghai, China over two days in June. The panel Mr Piyasena was invited to speak on the Forum's overarching theme *Green Ports Logistics Service.*

More than 400 delegates representing over 30 ports and terminals world-wide attended the event and key topics included discussion on the impact of world economic and trade on port development; investment trends (with a special focus on the repercussions owing to the emergence of mega ships on port development); improving service delivery; safety and security management within logistic supply chains; and meeting the demands for low-carbon port development.

Maritime Silk Road Port Cooperation Forum

FPCL was represented by senior management at another major event in China during the year - the second *Maritime Silk Road Port Cooperation Forum* held in Ningbo. The Forum, which took place in July, attracted a broad range of attendees and speakers including officials from global port administrations and management companies, transport departments, and academics who came together to share ideas on business, innovation and environmental protection.

Blue Water Seminar

The Pacific Economic Cooperation Council's (PECC) *Blue Water Seminar* was held in Auckland, New Zealand in December at the Small Island States Symposium. Fiji Port's CEO was invited by organisers to attend the event and make a presentation in a session that focused on the specific challenges confronting ports and their administrators in Small Island Nations titled *Challenges - which can be also be viewed as opportunities.*

This seminar was the third of three PECC initiated under a project led by the France Pacific Territories Committee for PECC in recognition of the fact that the Asia-Pacific region's economic dependence upon maritime trade requires reliable, efficient and cost-effective shipping services. As development of ports and new maritime routes is now considered essential for economic growth in the Asia-

Pacific region the overarching objective of these seminars was to highlight the critical place ports hold in supply chain management. Topics canvassed at the event included constraints of scale and isolation; the cascading effects of larger container vessels and cruise ships; how to better link small ports with major shipping lines and ports in neighbouring economies; the role of 'hubs'; infrastructure challenges, and the impact of economic and environmental factors.

Regional Platform

A number of important regional-specific initiatives took place during the year.

Trade, Transport Facilitation and Port Efficiency Workshop

Trade, transport, customs and ports authority representatives from 14 Pacific island nations came together in July for a five-day workshop entitled *Trade, Transport Facilitation and Port Efficiency*.

The Nadi-based initiative, attended by FPCL's senior management, offered a unique regional platform for expanded discussions on measures aimed at enhancing participants, 'develop tools' to improve assess and transport logistics and facilitation of trade in our region.

Organised by the Pacific Community (SPC), formally the Secretariat of the Pacific Community, and supported by the International Maritime Organisation (IMO), the Asian Development Bank (ADB) and United Nations Educational, Scientific and Cultural Organization (UNESCA), the workshop provided a valuable opportunity for participants to gain feedback on Pacific–related performance indicators relative to the implementation of the trade and transport-related Sustainable Development Goals (SDGs). Attendees were also advised of the IMO's amendments to the facilitation of international Maritime Traffic (adopted in April this year) with the aim of adequately addressing the present and emerging needs of the shipping industry.

Pacific Islands Maritime Conference (PIMC)

Fiji Ports was represented at the inaugural Annual General Meeting of the Pacific Islands Maritime Conference (PIMC) held in Port Vila, Vanuatu. Fiji Port's was invited to the meeting in its capacity as the current President of the Pacific Maritime Transport Alliance (PMTA).

The December meeting hosted by SPC and the IMO, brought together four regional associations: PMTA, the Pacific Islands Maritime Association, the Pacific International Maritime Law Association, and the Pacific Island Ship Owners United which all came together under one umbrella organisation. The event gave the various representatives the opportunity to discuss challenges of common interest as well as the forum to discuss future partnerships and membership of PIMC.

The initiative was held in response to a regional meeting for Ministers for Maritime Transport held in 2009 which endorsed the concept of merging the four organisations into one single Pacific Islands maritime association to be known as the Pacific Islands Maritime Conference. This move was based on ensuring all stakeholders are better informed of developments both within the Pacific region and the wider maritime sector.

Single Entry Window Strategy

New Zealand High Commissioner to Fiji, Mark Ramsden, stressed the importance of trade for development at the stakeholders' regional workshop on *Single Window Entry* held in Suva in July. The workshop was attended by representatives from the Oceania Customs Organisation as well as executives and officials from the Fiji Revenue and Customs Authority (FRCA). The High Commissioner emphasised the importance of strengthening Customs administrations in order to ensure Pacific Island nations are better positioned to maximise the benefits of trade.

The workshop was also held in preparation for the IMO's *single window* concept scheduled to come into force as of January 2018. It is expected this 'game changing' initiative will allow the submission (via a single electronic portal) of all information required by public authorities in connection with the arrival, stay and departure of ships, people and cargo at a port.

NZ Forces rally to assist Cyclone Victims

Our regional neighbours New Zealand were quick to come to Fiji's aid in weeks immediately following Severe Tropical Cyclone Winston's catastrophic impact on the country in February.

HMNZS, Otago, which was berthed in Suva Harbour for several months following the disaster, was visited by the then New Zealand Prime Minister, John Key, who travelled to Fiji to assess the post-cyclone clean up operations, and to personally thank the NZ Forces for their exceptional on the ground assistance and rehabilitation efforts. The NZ mission provided much needed assistance to numerous Fijian families and communities throughout the entire country and the demonstration of effort and assistance was greatly appreciated.

Our Values

Professionalism

Progressive Leadership

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Employee Well-being and Diversity

Strategic Innovation

FPCL's Technical Services Division is responsible for engineering and infrastructure development and maintenance at FPCL's designated Ports. The Division also has responsibility for managing the Company's significant property assets.

Port Engineering

Capital Expenditure

The Company's Capex for engineering works in 2016 was $7,949,713, however, the amount expended was $1,042,136, indicating extensive savings and deferral of expenditure on major items including upgrades at Head Office such as air-conditioning and ICT equipment, dredging of the wood chip berth, deferred expenditure on Wharf fenders, moveable barricades and upgrades to Port lighting systems.

Ports and Harbour Works

For an organisation such as Fiji Ports project upgrades and modernisation of infrastructure is essential and work in this regard remains constant. FPCL's Port Engineering department oversees these projects which, this year, included the following:

- Initiation of negotiations, and the commissioning of a Traffic Impact Assessment (TIA) to gain approval from the Fiji Roads Authority (FRA) to instate a one-way traffic arrangement to the Walu Bay area leading to/from the Muaiwalu Wharf II comprising Tofua St, Niagara and Matua Streets;
- The undertaking of a comprehensive Energy Audit of all Company assets and operational sites which identified potential savings of $800,000 per annum;
- Conversion of all lighting sources at FPCL Head office at Muaiwalu House to LED, with ongoing roll-out to all FPCL properties;
- Fit out of the new King's Wharf Port Security Office located in Shed 6 which was recently relocated from the Port Control Building;
- Significant capital works undertaken for the extension and renovation of the Harbour Master Office;
- Lighting upgrades at the Queen's Wharf from high pressure sodium to metal halide fittings to improve the quality and brightness of the area's flood lighting sources;
- Purchase of additional and supplementary fenders for the King's Wharf Main Face to allow the existing fenders to be removed from the wharf while swapping in the new fenders to ensure continuous protection of the wharf structure when old fenders are removed for maintenance purposes;
- Work initiated on replacing 17 fenders for Lautoka's Queen's Wharf Old West berth to replace the existing arch fenders which have deteriorated to the point they are not able to provide adequate protection to the wharf structure;
- Repairs undertaken to FPCL's property in Lautoka owing to damage caused by severe TC Winston;
- Extensive repairs undertaken to the Port of Levuka which suffered major structural damage to the Shed (occupied by Sarita Tailor, Carpenters Hardware, BAF and FPCL) and the Wharf structure. (The Shed building at Levuka Wharf is currently undergoing a major restoration program managed by the National Trust of Fiji to ensure heritage standards are maintained).

Harbour Dredging Program

As Fiji's major international Ports of Entry, the Ports of Suva and Lautoka continue to be subject to silt build up on the sea floor, a situation caused primarily by seasonal storms and cyclones. International vessels using our Port facilities are guaranteed safe access with sufficient draft, therefore a substantial program of dredging is required to ensure the Company continues to meet its obligations and stakeholder expectations.

In this regard, this year Walu Bay Wharf was subject to a Hydrographic Survey (deepening assessment) and, although there was no actual dredging undertaken as a result a pre-assessment process, aimed at dredging the Wharf for deep draft vessels, was completed. The outcome of the assessment was extremely useful as it provided critical data which determined that the seabed cannot be dredged more than 9.8 mtrs ultimately limiting the size of vessels which can be berthed at the Wharf.

Property Management

The Company manages significant property assets from which to draw income. These assets are managed by FPCL's Property department which is tasked with ensuring properties leased by FPCL are managed in a sustainable and financially responsible manner throughout their life cycle and that such management supports the cost-effective and efficient delivery of the Company's Mission.

The department also aims to achieve outcomes that serve broader Company objectives, and provide economic advantage, while ensuring tenants are provided with best practice service and good value. In turn all property tenants are expected to adhere to principles of preservation and protection of Fiji's heritage and the environment and are obliged to adhere to Litter, Environmental and Safety Decrees. In order to enforce this FPCL's Property department carries out regular audits to ensure tenants are compliant with regulations.

The Property department also assists the Finance Division in the collection of 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.

Revenue from Properties

The rental income from FPCL assets in 2016, over the three main Ports of Suva, Lautoka and Levuka totalled $927,472 which was derived from 71 tenancies. This figure shows a decrease in rental income when compared to 2015 where Properties returned $2,048,931. This decrease in revenue is attributed primarily to the following factors:

- Pursuant to Legal Notice No. 97, under the recent part-privatisation arrangement all land interests in FPCL were vested in Assets Fiji Limited (AFL), a government-owned commercial entity established under the Public Enterprise Act 1996.
- Under the agreement, AFL is to retain these assets and lease back to FPCL those assets only required by FPCL for port operations.
- A significant number of the major properties were retained by AFL including the entire Rokobili site, the Mobil Service Station and surrounding area in Walu Bay and most of the properties located in Lautoka.
- Levuka Port recorded a decrease in rental income due to damage caused by serve TC Winston in February which resulted in the relinquishing two key tenancies.
- Tenancies at the Kings Wharf, at the Port of Suva, were not re-leased as they were reallocated to accommodate FPCL operations.

Tenancy Variations for 2016

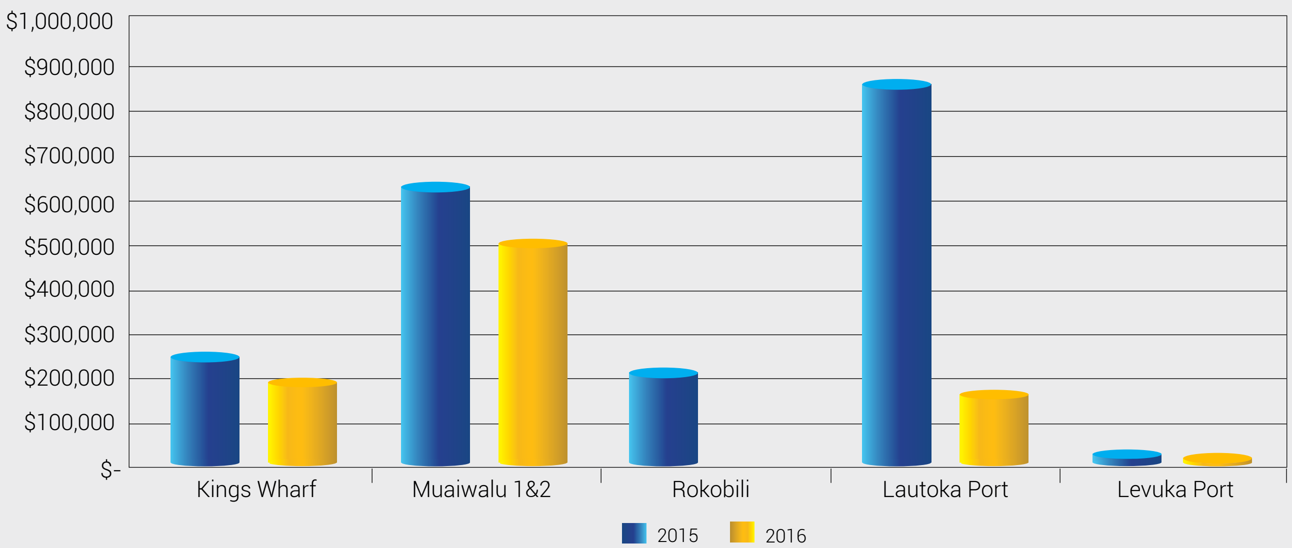
	SUVA	LAUTOKA	LEVUKA	TOTAL
New Tenancies	2	1	-	3
Renewals	15	8	-	23
Relinquish	3	-	2	5
Terminated	3	-	-	3

FPCL's Property Assets and Income 2015 and 2016

PORT	NO. OF TENANCIES 2016	RENTAL INCOME 2015	RENTAL INCOME 2016
SUVA	54	$ 1,140,083	$ 726,882
LAUTOKA	13	$ 878,091	$ 179,863
LEVUKA	4	$ 30,756	$ 20,728
TOTAL	71	$ 2,048,931	$ 927,472

Port and Tenancy Income Comparison 2015 - 2016

	Kings Wharf	Muaiwalu 1 & 2	Rokobili	Lautoka Port	Levuka Port
2015	$268,127	$646,601	$225,355	$878,091	$30,756
2016	$206,932	$519,950	-	$179,863	$20,728



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Port Operations

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

Port Users 2016

A total of 383 Port User Licences were issued by FPCL in 2016. The largest group of Port Users is Category 2 comprising customs agents, shipping and forwarding agencies, importers and exporters such as car dealers along with contractors for FPCL. The second largest group comprises tourism related tour operators, ship chandlers and ferry services, followed by shipping agencies and carriage companies. The smallest group of Users are private and FPCL pilot companies, towage services etc.

Upgrades and Development

Port Development Plan

A significant outcome of the part-privatisation of FPCL was the taking over of responsibility for Port development by the Ministry of Public Enterprises.

In this regard, a major development issue for FPCL that requires urgent attention is the diminishing state of the Kings Port and Queens Wharf, Lautoka which has been calculated to reach maximum handling capacity by the year 2020. There is also a recognised need for a new facility to cater for the significant number of fishing vessels, barges and local ferries using the Suva Kings Port and Queens Wharf, Lautoka.

General upgrades at the Lautoka Port are also required, and the Levuka Port requires substantial investment to ensure it remains a safe operating Port.

Port Users Categories 2016

Category	Number of Licenses Issued	Nature of Business
1	107	Tour Operators, ferry services (fibre glass), scuba diving, ship chandlers
2	222	Customs agents, shipping and forwarding agency, pest control, car dealers, contractors for FPCL, importers and exports
3	47	Shipping agencies and cartage companies
4	7	Private pilot companies, tugs, barges, towage, ferry boat services and FPCL back up pilot boats

The current 'first stage' of the long-awaited Port Development Plan, funded and managed by the Asian Development Bank, is expected to be delivered to the Ministry in May 2017, however, given the critical nature of these issues the Board and management are keen to see the 'second stage' of this process initiated as soon as possible.

Given the high-end Capex associated with maintaining this level of Infrastructure, which is well beyond the capital resources of FPCL, it is viewed as advantageous for the Company moving forward that Government has assumed responsibility for the undertaking of these initiatives.

Local Wharf Congestion

Discussions during the year were held with stakeholders regarding the seasonal and cyclical berth congestion at Narain Jetty (Muaiwalu II). The issue relates to the increasing number of local inter-island, conventional vessels and barges calling at the Jetty causing a considerable level of berth congestion and delays. In response FPCL's management assessed the feasibility of extending the south end of the Wharf by twenty-five metres in order to mitigate congestion, and better cater to the higher number of vessels arriving.

Fiji Roads Authority (FRA) the body that builds, owns and operates number of Fiji's local jetties has been engaged to carry out a full cost assessment and generate design drawings for the proposed extension which is currently estimated to require an investment of $13.5 million to complete.

Local Wharf Revamp Project

A one-way traffic arrangement from Tofua Street to Matua Street via Niagara Street became effective in August (on a trial basis for a period of four months in order to assess traffic behaviour and density). The change in traffic conditions was undertaken based on the Traffic Impact Assessment (TIA) study conducted as part of FPCL's ongoing Local Wharf Revamp Project. The initiative was undertaken in cooperation with Fiji Roads Authority and Suva City Council. Final assessment of the outcomes is planned for early 2017, whereby a collective decision between the parties will be made regarding a permanent arrangement to control traffic towards Narain Jetty (Muaiwalu II Wharf).

Hydrographic Survey and Removal of Dynamite House

A Hydrographic survey was carried out for the Kings Wharf, Princess Wharf, Walu Bay Wharf, Muaiwalu I and Narain Jetty (Muaiwalu II Wharf) to assess the current depth and siltation levels in the navigable basin of the Harbour. The survey is expected to lead to a full feasibility and cost assessment exercise for a dredging exercise. Plans also include the removal of the old Dynamite House, situated towards north west of Narain Jetty (Muaiwalu II Wharf), which will greatly improve navigability of the basin for local inter-island vessels.

Type of Vessel Calls (All Fiji Ports) 2014-2016

Year	Dry Bulk	Liquid Bulk	Fishing	Cruise Liner	LOLO	RORO/ LOLO	Car Carrier	Other	TOTAL
2014	32	281	565	83	399	40	14	77	1,491
2015	36	275	923	64	372	67	18	68	1,823
2016	29	263	840	81	377	77	26	83	1,776

Port of Suva

Upgrades and Initiatives

The increasing demand for expansion of infrastructure, particularly required to cater for the needs of greater sized and deeper draft ships using the Port of Suva, is an ongoing issue for the Company. A further factor is the need to manage the ever increasing amount of cargo being offloaded and loaded. Notwithstanding, upgrades and initiatives are continuously being undertaken by the Port Operations Division to improve conditions and streamline operations. This year these included the following:

Jetty Lights Upgrade at Muaiwalu I Wharf

The installation of a new lighting system at the Muaiwalu I Wharf was undertaken this year in order to facilitate a safer working environment and create improved security at night.

Emergency Power Supply for Port Masters Building

In response to constant, unplanned power disruptions and outages encountered nationally post severe TC Winston an 88Kva generator was installed at the Kings Wharf Port Control/Administration Building as an alternative power supply to ensure uninterrupted operation of the Port of Suva.

New Mooring Buoys

Three new mooring buoys were fabricated by FSHIL for the boundary within Suva Harbour. The additional buoys allow for up to five vessels to be moored at one time, and assist with the problem of there being too few buoys to cater for vessels needing to be anchored out in cases when the wharves have insufficient space.

Safety and Security Sign Boards

In order to improve safety and security awareness amongst FPCL employees, Port users and the general public a number of new signboards have been positioned in strategic locations at Narain Jetty (Muaiwalu II Wharf and Muaiwalu I). The upgraded signage aims to enhance awareness of need for safety and security on the wharves at all times and to act as reminders of essential OHS rules and regulations.

Installation of New Bollards

Two new bollards were installed at Narain Jetty (Muaiwalu II Wharf).

Passenger Safety

A passenger gate and demarcated passenger walkway, primarily utilised by large numbers of Cruise liner passengers, was designed and constructed for entry and exit at Narain Jetty (Muaiwalu II Wharf). The new gateway was installed to ensure better passenger safety as they transit to and from Suva City. It also improved passenger entry and exit with minimal impact on Port operations.

Severe TC Winston Damage

In comparison to the damage caused by February's TC Winston at Ports of Levuka and Lautoka, the Port of Suva was substantially spared, however, repairs were required to skylights on a number of the older buildings at Muaiwalu I Wharf.

Recognition of Pilot Service Provider

Of note this year was that FPCL was issued with a Certificate Recognition of Pilot Service Provider further to its Safety Management System Plan submission to MSAF in September.

Harbour Master's Office

The Port of Suva Harbour Master's office is responsible for the safe operation and navigation of traffic in the busy Harbour in accordance with the Sea Port Management Act 2005, OHS Regulations and the Maritime Transport Degree 2014.

Accordingly, the Harbour Master's Office regulate the time and manner of all vessel movements, develops and implements emergency plans and procedures for dangerous goods in transit, and manages counter-pollution and waste disposal plans. The Office also ensures that all relevant FPCL policies and procedures are enforced and that adequate resources are available for this purpose, and that by-laws and directions are adopted in order to manage identified marine risks.

A new initiative for the year was the re-introduction captive space and parking fees at Princess Wharf, situated at the Port of Suva. Managed by the Harbour Master's office the move has proved to be most successful with Princess Wharf parking fees returning over $17,000 in revenue to the Company for the year and captive parking revenue being recorded at $36,473.

Vessel Arrivals

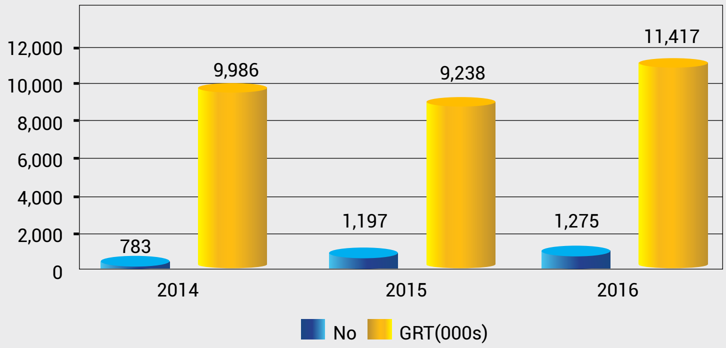
Port of Suva vessel movements for the year totalled 1,275, which registered a slight increase from 2015's figure of 1,197, both well up from 2014's arrivals of 783. Of note, and against the trend of previous years, was the increase in total Gross Tonnage for 2016 which was recorded at a significant 11,417,000 GRT.

The Port of Suva has seen a drastic increase in the number of fishing vessels, at 60 percent of all calls this year, a trend that has occurred for the past two years. The increase in the number of fishing vessels at the Port of Suva has been attributed to the increase in world market prices for tuna and the re-licensing of US purse seine vessels. Dry bulk (Wheat and Clinker vessels) remains high at 20% for 2015 and 18% for 2016. Liquid Bulk has remained steady at 7% of calls for the past two years, as has Cruise Liner calls at 4% in both 2015 and 2016.

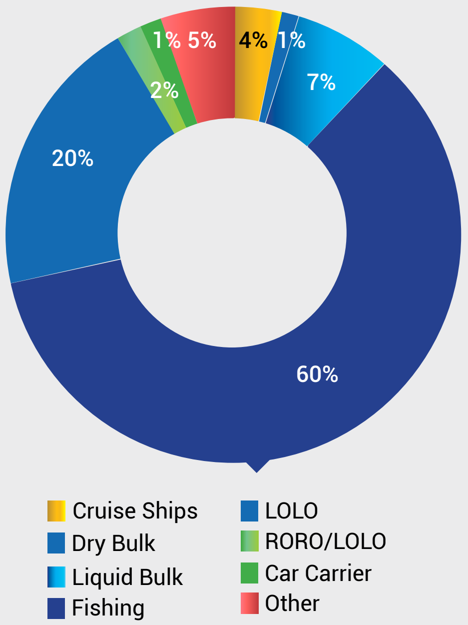
Port of Suva Arrivals 2014 - 2016

Year	2014	2015	2016
No	783	1,197	1,275
GRT (000s)	9,986	9,238	11,417

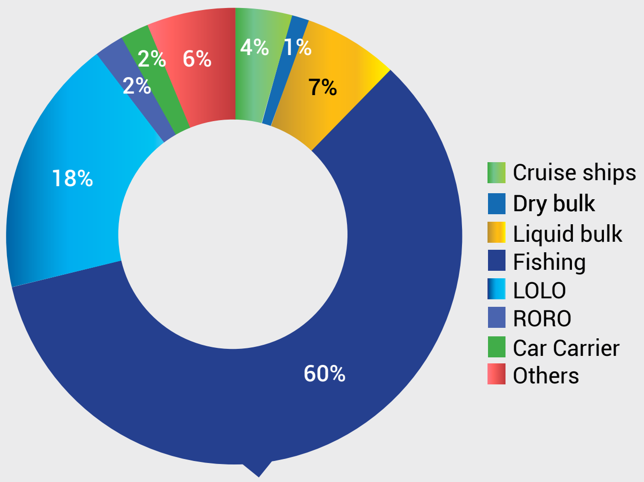
Port of Suva Vessel Arrivals 2014 - 2016



Port of Suva Vessel Calls 2015



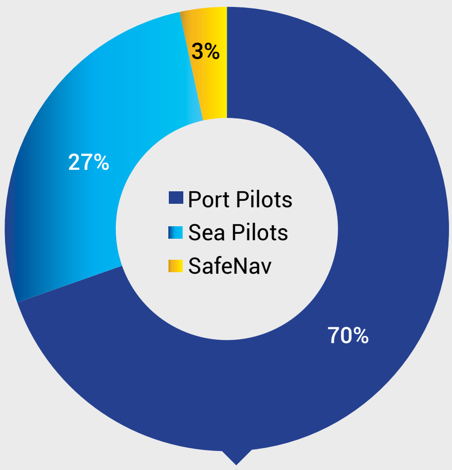
Port of Suva Vessel Calls 2016



Piloting Movements

Fiji Ports is authorized by the Fiji Government to allocate pilots at a 60/40 ratio with commercial companies Sea Pilots and Safe Navigation. This year Fiji Port's overall pilot movements totalled 2,160 up on the previous year by 137. The 2016 figure for Fiji Ports Suva pilots was well above that of the commercial entities, which together totalled 942.

Port of Suva Piloting Movements 2016



Port of Suva Piloting Movements 2016

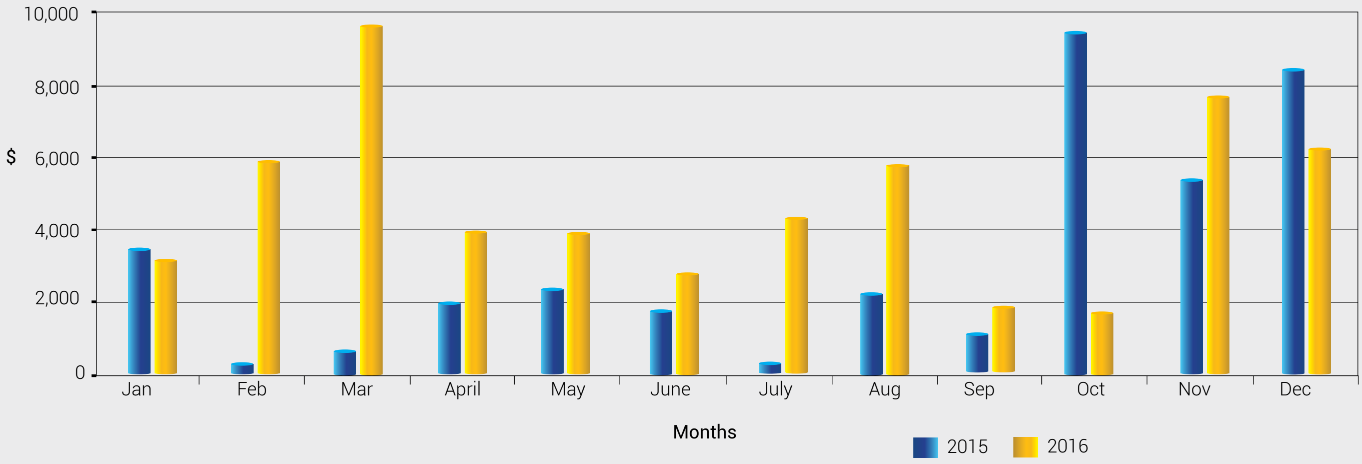
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
Port Pilots	209	149	171	238	179	101	186	226	221	185	145	150	2,160
Sea Pilots	53	36	150	65	68	34	57	65	90	86	50	82	836
SafeNav	0	0	0	0	0	106	0	0	0	0	0	0	106
Total	262	185	321	303	247	241	243	291	311	271	195	232	3,102

Port of Suva Piloting Movements 2015

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
Port Pilots	108	104	152	132	134	143	188	162	285	208	184	223	2,023
Sea Pilots	60	42	52	72	66	63	108	117	92	66	67	67	872
Total	168	146	204	204	200	206	296	279	377	274	251	290	2,895

The Pilot Boat *Muri Mai* managed to cater for all the pilot runs this year, which was a strong result for the Company compared to the previous year when the boat experienced a high number of engine break downs. Of note also was the slight increase in ferry revenue compared to last year.

Total Ferrying Revenue Murimai, 2015-2016



Derelict Vessels Report

Despite significant cost to Fiji Ports, work is continuing to clear all derelict vessels from the Suva Harbour. Under Part 8, Section 27, Subsection (1) of the Seaport Management Act (2005), FPCL is empowered to order the removal of derelict vessels from Fiji's harbour boundaries, however, such an order comes with strict conditions including the requirement that orders be issued directly to the owner or master of the vessel.

By definition, a derelict vessel is one that is abandoned in a harbour or port for 21 days, and is defined that the vessel has insufficient manpower on board to operate.

Fiji Ports is obligated to follow set procedures to enforce the powers invested in them regardless of how difficult it may prove to locate vessel owners. This year the Company undertook the towing and scuttling of the *MV Tovuto* at a cost in excess of $205,000. Unfortunately, this year was the second occasion removal of the vessel with the initial attempt costing FPCL over $85,000. Issues associated with *MV Tovuto*, which sank in 2010, included the vessel being a major obstruction to operations for Government Shipping Services (GSS). By September the vessel had finally been successfully towed and scuttled at a depth of between 250 to 300 metres, 2.2 kilometres South West of the Suva main passage.

Two other vessels, owned by a company from the region which had ceased to operate, were also abandoned during the year requiring the Company to remove them from Suva Harbour. These vessels were taken to the Yasawa Islands where they were scuttled for use as dive-wrecks for tourists. Significantly, before these vessels could be sunk in their new location a significant clean up program had to be undertaken which required the Company to engage an outside contractor, at a cost of more than $30,000, to undertake the assignment.

The comprehensive clean up program included removing all oil and petroleum products and any floatable materials from the ships, while ensuring the vessels met the standards and regulations set out by MSAF.

In addition to the above a further six vessels were removed also from Suva Harbour by their owners this year after issuance of Removal Orders by the Company.

Port of Lautoka

The Port of Lautoka is the largest of Fiji's Ports for handling bulk cargo primarily for bulk sugar, molasses, wood-chip, petroleum and gas. The Port also services the shipping needs of Western Viti Levu and is the base for some of Fiji's premier cruise businesses.

The Port of Lautoka is also becoming a significant cruise liner destination registering more calls every year.

Harbour Master 's Office

The Lautoka Port Harbour Master's Office engages four Port Control Officers who maintain a 24/7 watch throughout the year with Officers rostered onto 12 hours shifts. The Port of Lautoka office is extremely important to ships plying the coastal waters of Lautoka within radio frequency range as it is the first contact point between ships and the Port. The Pilot Boarding Ground is 27nm SW of Lautoka, hence all ships within this range come under the Lautoka Port radio watch jurisdiction.

All ship movements within these areas notify their ETAs and ETDs to the Harbour Master's Office. This information is then disseminated to all related port operations like pilots, tug boats, lines boat and linesmen as well as FPTL and agents.

The Harbour Master's office is also on a full time listening watch for any emergency calls from ships, and acts as an 'on shore command centre' to any vessel seeking help from other vessels.

The Office also operates three based VHF radio sets listening on channel 16 and channel 12 with the third set aside for alternative contacting frequency plus an AIS (Automatic Identification of Ships) monitor.

Development Plans and Upgrades

In terms of upgrades at the Port of Lautoka a number of essential signboards were installed at the Kings Jetty to ensure staff, stakeholders and the general public are kept aware of safety, security and OHS rules and regulations. Repairs were also required further to the impact of TC Winston which included replacing roof cladding which was blown off, damage to roller doors, and replacement of the canopied area on one of the Port's sheds which was destroyed.

This year saw the further roll out of plans to raise the ground level of Container Yard Number 3 at the Port as it is prone to being submerged by water owing either to regular adverse weather conditions, and or King Tides. The project requires raising the ground level and installing a concrete surface capable of enduring full container loads up to three to four stacks. Other plans include the Boarder agencies calling for the installation of container X-Ray machines within the Port which would also require restructuring the container yard to withstand significant weight. The project of building a dry bulk infrastructure adjacent to the Port by AMEX did not eventuate as expected during the year, however, negotiations in this regard are continuing.

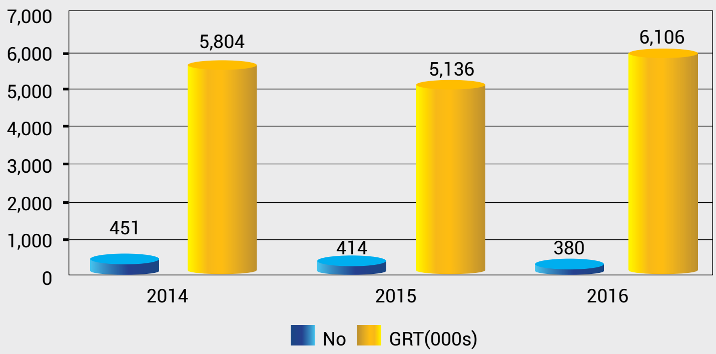
Vessel Arrivals

The number of vessel movements at the Port of Lautoka decreased slightly to 380 down from the previous year where 414 movements were recorded. Significantly, the GRT increased from 5,136,000 in 2015 to 6,106,000 in 2016. The number of vessel movements to the Port over the last three years has not altered significantly, however, an increase in vessels Gross Tonnage is noted. This increase is due primarily to the increase in cruise vessels with large GRT. The slight decrease in numbers of vessel calls is due to the decrease in fishing vessels arrivals. This has been attributed to the fact that a primary foreign-owned fishing company, established in Lautoka in 2013, wound up its operations.

Port of Lautoka Arrivals 2014-2016

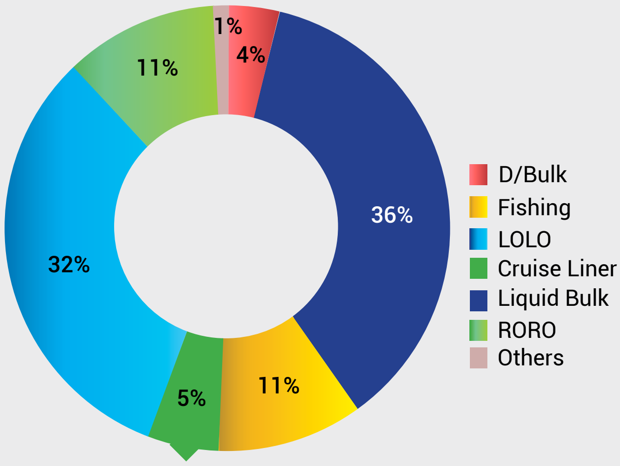
	2014	2015	2016
No	451	414	380
GRT (000s)	5,804	5,136	6,106

Port of Lautoka Vessel Arrivals 2014-2016

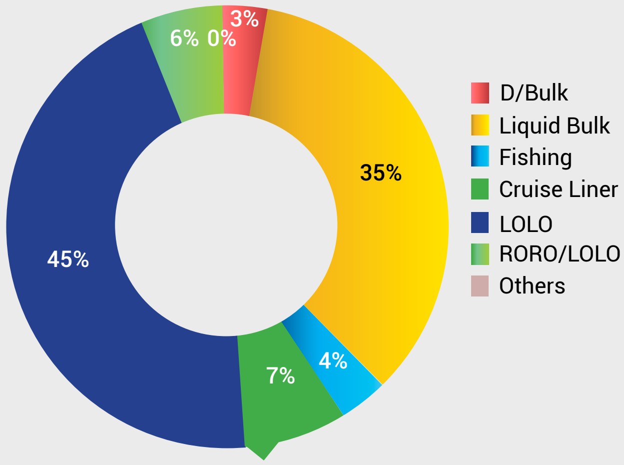


As is the trend over the years, LOLO (container vessels) and Liquid Bulk Vessel (tankers) continue to dominate calls at the Lautoka Port. Dry Bulk (sugar and woodchip vessels) and RORO/LOLO (container plus car carrier vessels) remain constant. The arrival of passenger vessels (cruise-liners) incurred a slight increase in accordance with the vessel principle bookings and preference as well as weather conditions.

Port of Lautoka Vessel Arrivals 2015



Port of Lautoka Vessel Arrivals 2016



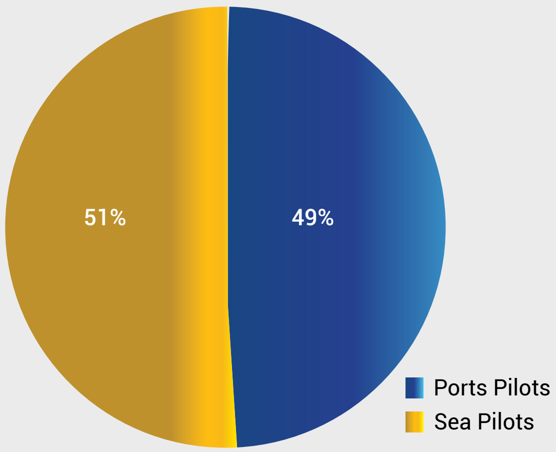
Piloting Movements

For the last three years both Port Pilots and Sea Pilot companies could not make a clear 60/40 quota which indicated that Fiji Ports' pilots are competing well with their commercial competition. Three new pilot trainees are expected to be on board within the next two years which is expected to provide Fiji Ports with a new strategic advantage.

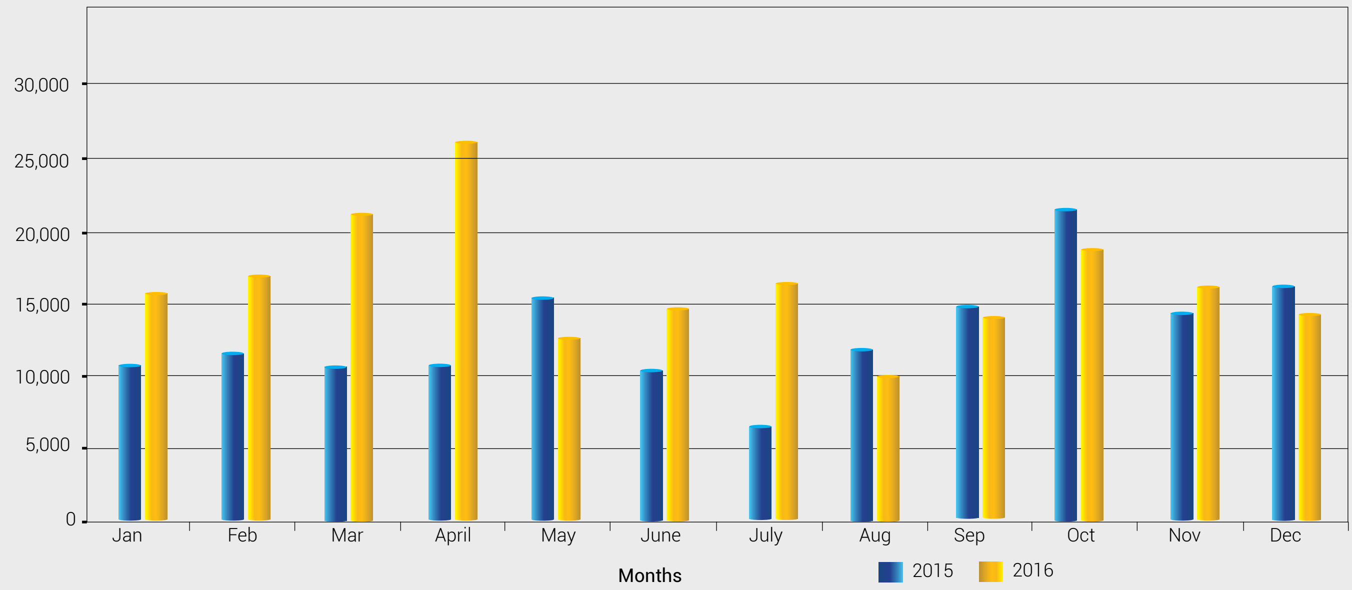
Port of Lautoka Piloting Movements 2016

	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEP	OCT	NOV	DEC
PORT PILOTS	35	41	38	43	36	33	40	33	39	40	38	40
SEA PILOTS	34	35	35	38	40	38	33	45	43	45	37	50
TOTAL	69	76	74	81	76	71	73	78	82	85	75	90

Port of Lautoka Piloting Movements 2016



Total Ferrying Revenue Senibiau, 2015-2016



Levuka Port

Historic Levuka Town is registered as a National heritage site with many of its original buildings and infrastructure remaining 'as was built' in the late 1800s. The Port of Levuka is primarily a fishing Port catering for fishing vessels which berth at Levuka to supply Levuka's Cannery managed by PAFCO.

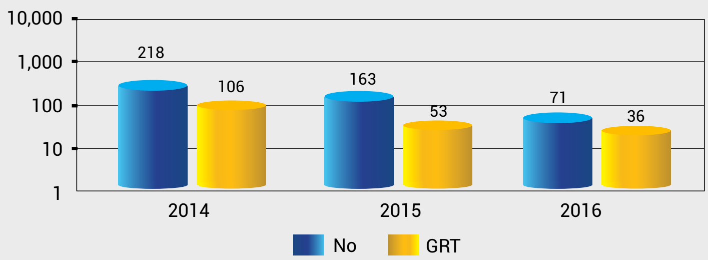
Vessel Calls

This year two overseas cruise liners visited the Port, up by one arrival for the previous year. There was also a substantial drop in fishing vessel arrival in February to June 2016 owing to the effect of TC Winston. April-June recorded 11 vessels arriving at Port, a figure well down compared to the previous year during the same period when 41 vessels docked. Two Tankers visited Levuka Port in 2016 compared to one in 2015.

Cyclone Damage

Damage caused by cyclones this year to Levuka Port was substantial and includes the following:

Port of Levuka Vessel Arrivals 2014 -2016



Main Wharf

Levuka Port's main Wharf was partially damaged owing to two tropical cyclones this year-one in early January (Ula), and February's severe TC Winston which caused major damage and destruction to property. By the close of the year, only half of the Main Wharf structure was operational with the maximum of 3 tons vehicles/cargo allowed.

Shed 01

The impact of TC Winston on the Port's Shed 01 facility was catergorised as severe with two thirds of the building collapsing during storm. Post-cyclone, FPCL's staff continued to work closely with the Heritage Department on arrangements for the rebuilding process of this important heritage site.

Sinuwasa 1 & 2

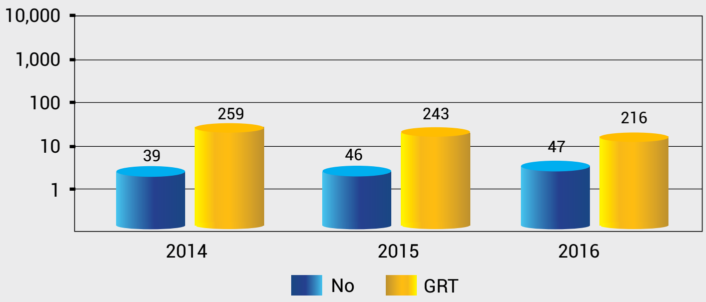
Both *Sinuwasa 1 & 2* were grounded during TC Winston *Sinuwasa 1* was partly submerged between the Main Wharf and PAFCO Jetty, and *Sinuwasa 2* ran aground at Toki, approximately three kilometres north of Ovalau at a location within the Port boundary. By the close of 2016 the owner of these two vessels was still working on the salvaging of *Sinuwasa 1* with the view to salvaging the second vessel after the salvage of the first was completed.

Malau Wharf, Labasa

Vessel Calls

The number of vessels recorded for the year in review for Malau Wharf, Labasa on Vanua Levu was 47, one arrival up from the previous year. The year recorded 216,000 GRT for the vessels also a decrease from last year's recorded figure of 243,143 GRT.

Port of Malau Vessel Arrivals 2014 -2016



Security Unit

Fiji Ports' Port Facility Security Officers nationwide are required to implement and exercise the *Port Facility Security Plan* to the satisfaction of MSAF and the ISPS Code required for compliant port certification. The duties carried out by FPCL's Port Facility Security Officers include the following:

- Conducting an initial, comprehensive security survey of Port facilities, taking into account relevant Port facility security assessments.
- Ensuring that the current Port Facility Security Plan is further developed and strictly maintained.
- Implementing and exercising the Port Facility Security Plan by undertaking regular security checks in all sections of FPCL designated Port facilities.
- Increasing security awareness and vigilance of Port for all personnel.
- Co-ordinating all relevant Company related activities with security services.
- Conducting training and awareness programs for all licensed Port users intending to conduct commercial operations/business activities at FPCL designated Ports. The training required under FPCL's Security Policy requires all persons seeking access Ports to conduct business are familiar with OHS and Safety Laws, and understand user requirements under the ISPS Code. Access to Ports is provided to Port users only to have attended awareness training sessions.

Safety and Security Training Program

In addition to the in-house training sessions provided for FPCL employees, Fiji Ports' Security Officers provide Security and Safety Awareness training for Port users. This year the Security Unit provided training for over 1,000 Port users in Suva alone with more applicants applying to take advantage of the instruction.

Much of this training is carried out at the Company's Training Facility at Muaiwalu House, and is usually undertaken in groups of between 20 and 60 people. Training is conducted

in programs that can require up to three sessions per day, including weekends. This year Fiji Ports introduced its *Outreach Training Program* to accommodate companies unable to release employees to attend the Muaiwalu House training sessions.

New Port User ID Cards

The issuing of a new Port user ID Card, featuring up-to-the minute digital scanning technology, was introduced by the Company this year.

The new ID Cards were designed to mitigate ID fraud, and or the possibility of cards being forged, and are affixed with a bar code which can be readily checked at access points at the Ports of Suva and Lautoka to confirm the legitimacy of the user and validity of the Card. The Cards are issued to commercial operators and other authorised staff who need to use the Ports. Users requiring ID Cards generally include stall vendors, truck drivers, shipping agents and tour operators etc. The issuing of the new Cards also provides FPCL Security Officers with greater opportunities to ensure users have an understanding of the safety laws and codes in place to safeguard the Ports.

Also of relevance this year in terms of ensuring security measures are carried out was the introduction of changes to traffic conditions at the main Port of Suva gate. The ID Cards allowed the Security Unit the opportunity to readily update regular Users on the significant changes to traffic flow in and around the Port through utilisation of a Port Traffic Flow Plan and new information regarding walkways.

Security Unit Initiatives

Notable amongst safety and security initiatives undertaken across the designated Ports during the year were the following:

- The Company engaged new security companies to take over maritime security functions at both the Suva and Lautoka Ports who were briefed by the Security Unit;
- Updated Safety and Security training programs were introduced this year as well as additional schedules added to accommodate a greater number of Port users and stakeholders;
- Introduction and issuance of new ID Cards for Port users required extensive information follow up campaigns amongst stakeholders;
- An external security audit at the Suva and Lautoka Ports was conducted by the United States Coast Guard;
- An extensive program of enhancements of all safety and security requirements across all FPCL designated Ports including new energy resourceful external lighting and signage upgrades was undertaken;
- A program of enhancement of protocols, and enforcement of safety security requirements, took place on all wharfs which included instruction on the use of Personal Protective Equipment and reflector vests by employees;
- The extension of, and improved enforcement of the Company's pre-existing *No Smoking* policy at all FPCL designated Ports;
- The introduction of special training sessions for key staff utilising recently acquired oil spill equipment;
- The introduction of regular emergency drills to ensure continuity amongst first responders.


MIKA

Finance Division

The Company's Finance Division oversees the financial activities of the FPCL Group including financial reporting, stock control and asset management, payroll processing, credit management, accounts payable and internal controls. Additionally, the Division is responsible for operating and capital budget preparation, financial planning and issues such as tariff negotiations and investment analysis. The Company's Audit and Compliance Unit and ICT department also forms part of Finance Division operating under the CEO's supervision.

FPCL's Finance Division operates in a contemporary business environment, and not just as a support service, and is at the centre of the Company's business activities. The Division is positioned to have access to all financial data, and is governed by the Company's Finance Policy and Procedures Manual.

Of note this year in terms of operational changes was that the Division's CFO resigned mid-year to pursue career opportunities overseas. The Finance department (under the Finance Division) was subsequently managed by the Manager Finance under certain delegated authority.

The year in review was a successful financial year for FPCL; it was also the first full year of 2015 Tariff increase for overseas vessel charges only, which impacted on results positively - finally adjusting the trading outcomes for years of unadjusted tariff. These income adjustments were long overdue and critical to maintaining the financial viability of Fiji Ports as well as ensuring the facilitation of critical investment in Port Infrastructure development.

The Company achieved successful revenue results, profits and paid good dividend to its shareholders.

The beginning of 2016 also saw the financial reporting structure revamped with the introduction of segment reporting. Segments are classified as either revenue centre, cost centre or profit centre. This new initiative will aid management in more effective cost control, alignment of key managerial personnel with corporate financial objectives, plus it provides a more streamlined reporting process.

In terms of enhancement, and as part of the Division's ongoing modernization program, in April 2016 Fiji Ports was introduced to e-transactive staff pay processing on ANZ digital platform. This initiative saw a reduction in turnaround time for pay processing on the ANZ digital platform compared to previous practice. As a consequence the e-transactive platform offers greater flexibility in terms of approvals and also provides better overall security advantages.

In September Fiji Ports initiated the upgrade of its accounting system from Dynamics Navision 2009 version to Dynamics Navision 2016 version. The Microsoft Dynamics Navision product has evolved since implementation of version 2009 with three newer versions released subsequently MS Dynamics Nav 2013, 2015 and Nav 2016, and all of these versions boast on its richer and more intuitive functionalities. The upgrade, once fully implemented, is expected to provide improved functionality and performance efficiency to end users.

Summary of Accounts

FPCL Accounts	Year 2015 (000's)	Year 2016 (000's)	Change in (000's)	Change in %
Consolidated Group Income	43,083	53,843	10,760	25%
Holding Group Income	38,282	55,017	16,734	44%
Group Profits	13,577	26,255	12,678	93%
Holding Company Profits	10,141	26,804	16,662	164%
Share of Profits in Associate	3,793	5,349	1,556	41%
Dividend paid in respect to prior year	3,719	5,071	1,351	36%
Group Shareholders Equity	115,412	131,138	15,726	14%
Group Total Liabilities	16,486	8,869	-7,617	-46%

Finance Results and Commentary Group

The financial performance for the Fiji Ports Group 2016 represented very strong results. This year being a third full year operations after partial divestment of shares and loss of control in subsidiary (FPTL) in 2013. Group Net Profit After Tax (NPAT) of $26.26m represents a 93% increase from the 2015 reported NPAT of $13.58m. This is directly attributed to full year impact of tariff increase effective from August 2015.

Group operating revenue showed an increase of 23% over 2015. This, again, is largely due to a full year impact of the new FPCL tariff charges and the positive growth in volumes. However, a reduction was noted for subsidiary company FSHIL due to decline in project based works carried out in 2016.

Other Group revenue showed an increase of 57% over 2015. This is largely due to the gain on sale of $2.7m on the Land and Administration Office Building. This is partially off-set by a decrease in rental income of $1.3m due to the rental income reversal done to accommodate the rental income that will be remitted to Assets Fiji Limited (AFL) for all interest in land which will be transferred and retained by AFL.

Share of profits from Fiji Ports' associate company FPTL increased by 41%, which is also attributed to tariff adjustments and contributed towards the increase in Group net profits.

Total expenses decreased by 7% and this is attributed to a decrease in employee expenses, and a decrease in direct costs relating to core income.

A reduction in financing costs was achieved via effective utilisation of strong cash flows to pay off ADB loan of $2.9m and ANZ loans of $6.6m leaving the group with no Interest bearing borrowings. Consequently, savings in interest costs will be fully realized in 2017. This strategy also yielded benefits in the form of reduced exposure to adverse foreign exchange risk on ADB loan which is denoted in US dollars.

The Company's Balance Sheet remains strong with a sound cash balance of $24m and nil gearing due to discharge of all external borrowings. In addition, the group holds $10m in term deposits.

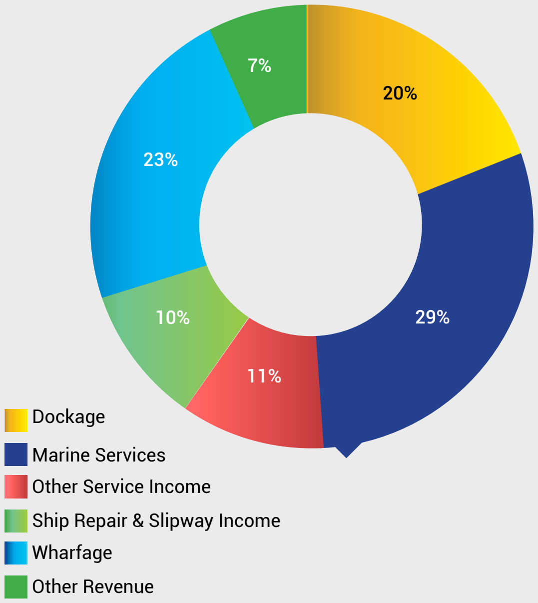
Consolidated Income Comparison 2015 - 2016

Group Income Category	2015 $(000's)	2016 $(000's)	% Change Over 2015
Dockage	7,772	10,631	37%
Marine Services	12,697	15,846	25%
Other Service Income	4,888	5,674	16%
Ship Repair & Slipway Income	6,468	5,653	-13%
Wharfage	8,872	12,282	38%
Other Revenue	2,386	3,757	57%
TOTAL INCOME	**43,083**	**53,843**	**25%**

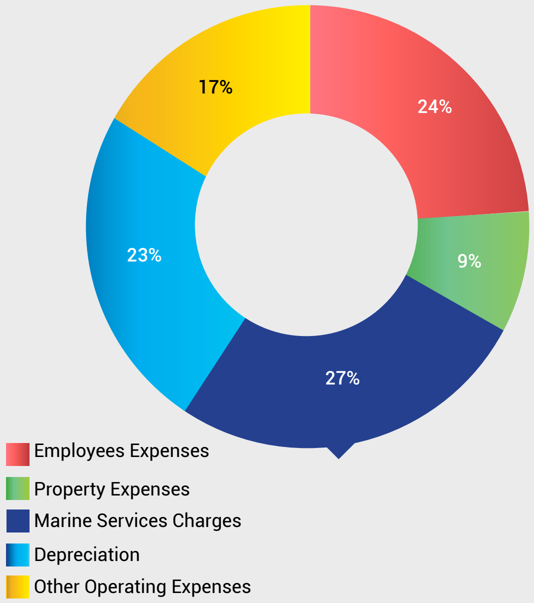
Consolidated Expenses Comparison 2015 - 2016

Group expense category	2015 $(000's)	2016 $(000's)	% Change Over 2015
Employee expenses	6,991	6,723	-4%
Property expenses	2,104	2,605	24%
Marine services charges	7,096	7,590	7%
Depreciation	7,564	6,668	-12%
Other operating expenses	6,849	4,782	-30%
TOTAL EXPENSE	**30,604**	**28,367**	**-7%**

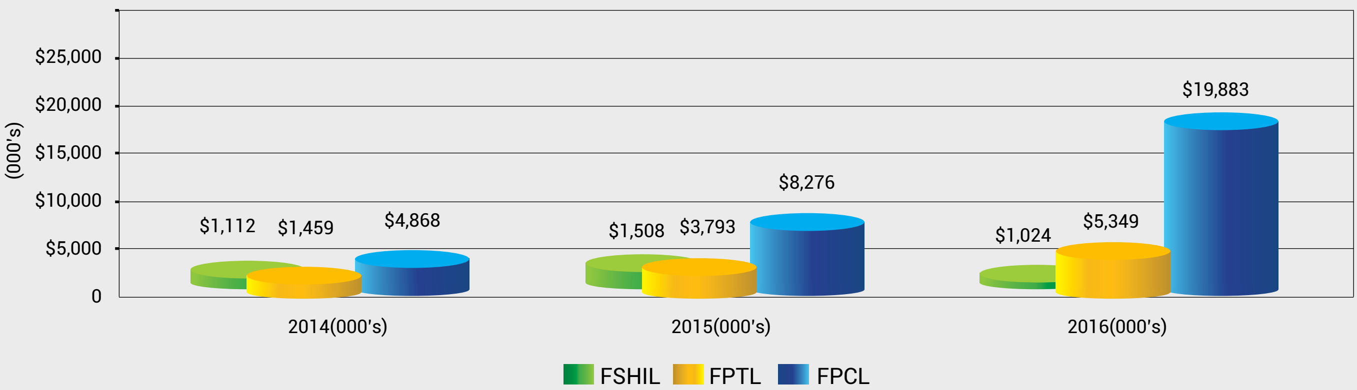
Composition of 2016 Income



Composition of Expenses 2016



Group NPAT Contribution by the Company



Note: FPCL results is exclusive of dividends received from FSHIL and FPTL.

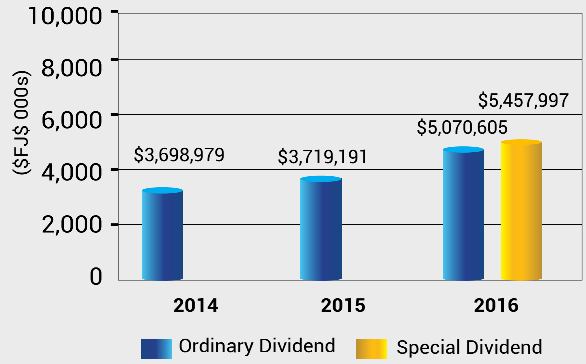
FPCL Group Profit & Loss Summary for 2015-2016

	2015 ($000's)	2016 ($000's)	% Change from 2015
Operating Income	40,697	50,086	23%
Other Income	2,386	3,757	57%
TOTAL INCOME	**43,083**	**53,843**	**25%**
Operating Expense	-23,040	-21,700	-6%
EBITDA	**20,043**	**32,143**	**60%**
Depreciation	-7,564	-6,668	-12%
EBIT (Loss)/ Profit	**12,479**	**25,476**	**104%**
Net Interest	-204	112	-155%
Share of profit in associate	3,793	5,349	41%
Net Profit before Tax (NPBT)	**16,068**	**30,937**	**93%**
Income Tax	-2,491	-4,682	88%
NPAT	**13,577**	**26,255**	**93%**

Group Balance Sheet Extract (2015 - 2016)

	2015 ($000's)	2016 ($000's)
Cash at Bank	16,154	23,953
Trade Receivables	3,763	3,667
Fixed Assets	86,068	80,847
Total Assets	131,897	140,007
Trade Creditors	5,747	6,562
Loans	9,517	-
Total Liabilities	16,486	8,869
Share Capital	73,155	73,155
Retained Earnings	42,257	57,983

FPCL Dividends 2014-2016

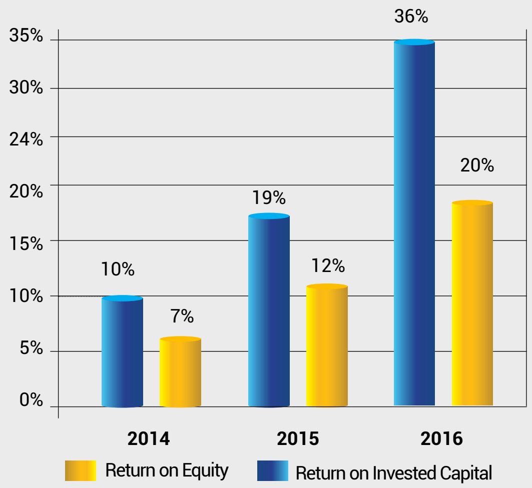


Group Key Performance Indicators 2015-2016

The strong financial results are reflected in the KPIs with the Group reporting an impressive Return of Equity of 20.04%. KPI's have improved from prior year, directly attributable to strong profit results this year.

	2015	2016
EBIT/Total Income	28.97%	47.31%
Return on Ivestment Capital	18.56%	35.89%
Return on Equity	11.76%	20.04%
Gearing Ratio	0.08	-
Net Borrowing's	9,516,966	-
Current Liquidity Ratio	2.41	4.75
Debt Protection	61.24	-

FPCL Group ROE and RIC 2014 - 2016



2016 Dividend Payout

In 2016, the total dividend paid by Fiji Ports in respect of the prior year (2015) amounted to $5,070,605, which is record dividend from operating profits and represent 36% increase from prior year. In addition a special dividend amounting to $5,457,997 was declared; out of which $2,898,375 was paid out in 2016.

FPCL - 2016 Profit and Loss Summary

Reported NPAT increased by 164% mainly attained to strong core income emanating from the increase Tariff charges positive volume growth whilst expenses were generally well contained.

Core operating income indicated a strong increase of 30% when compared to the 2015 core operating income. This is mainly attributed to the full impact of the increase in ports tariff charges in 2016 (Port tariff was effective 24th August 2015):

- Dockage revenue increased by 37% due to the full impact of the increase in dockage tariff charges for all vessels (excluding cruise liners) by 40% and cruise liners increasing by 125%. The increase is also attributed to increase berthage hours alongside for Cruise Liners and LOLO vessels;
- Wharfage revenue increased by 38% due to the full impact of the 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. Increase is also due to increase tonnage volume for 2016;
- Marine services income remained strong and increased by 25%. This is mainly due to the full impact of the 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). Also increase is noted in the Pilotage charges for all vessels which link to and from our port boundary;
- In addition, organic growth in volumes also boosted increase in income for 2016.

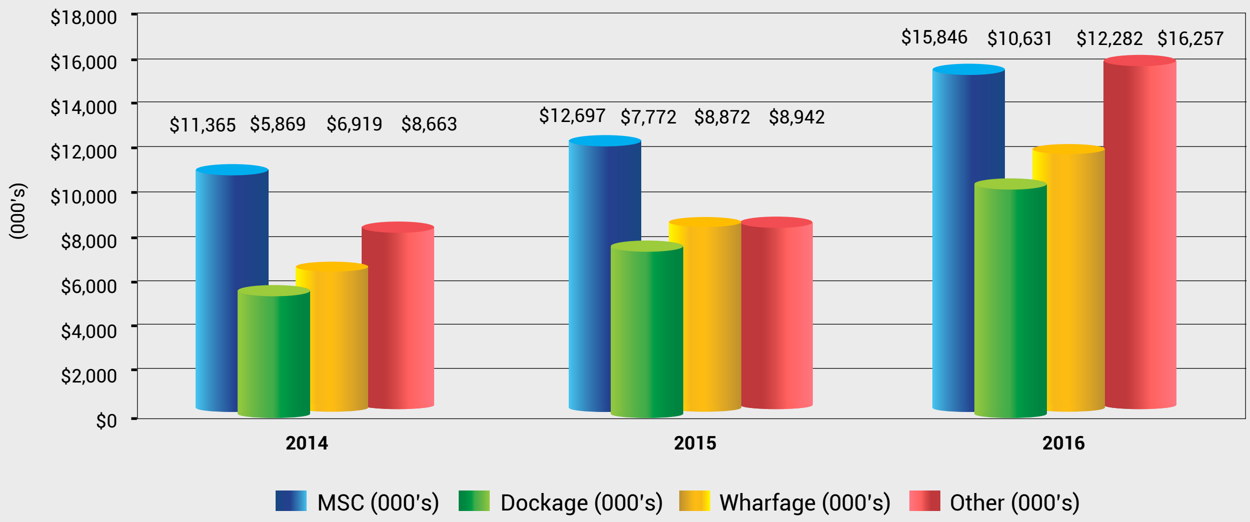
Other income also reflected a strong increase of 161% when compared to the 2015's other income, mainly attributed to the following:

- Gain on Sale of $2.7m arising from the sale of Land and Administration Office Building located at the corner of Stinson Parade and Usher Street for a compensation sum of $3.5m to allow Fiji Roads Authority to commence Stinson Bridge Project. The gain recorded is net of Capital Gain Tax;
- Interim dividend for 2016 amounting to $2.4m was received from Associate Company;
- The increase in other income is partially offset by a decrease in rental income of $1.3m. This is due to the rental income reversal done to accommodate the rental income that will be remitted to Assets Fiji Limited. This is as per directive from Government holding company Assets Fiji Limited requesting to remit all rental income since 13 November 2015 from all land and properties held by FPCL which will be transferred and retained by AFL.

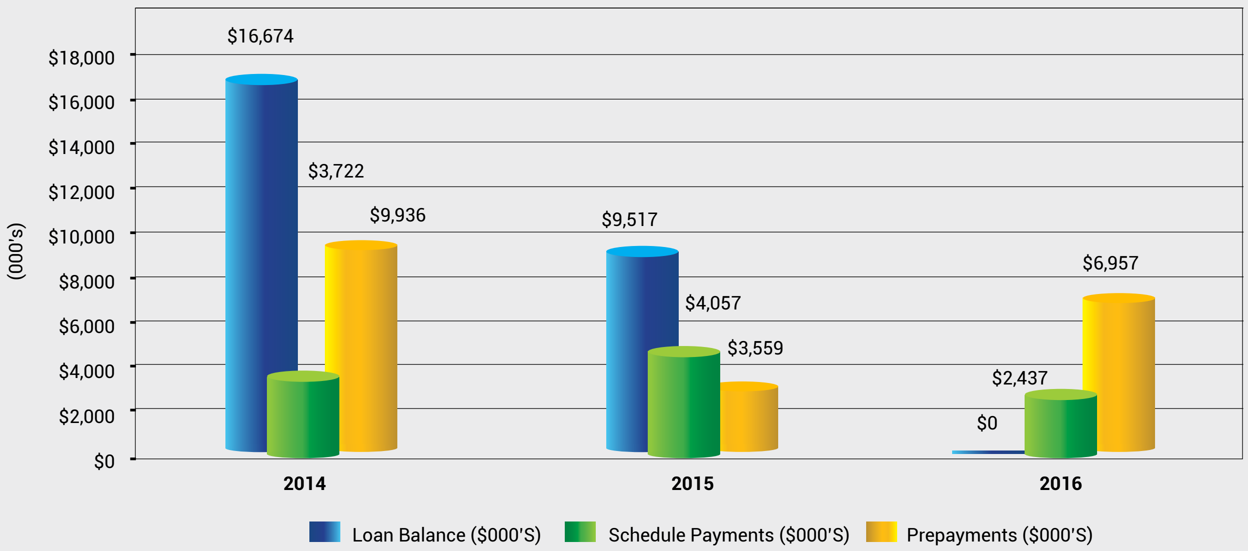
Expenses decreased by 7%, mainly attributed to:

- Decrease in employee cost due to vacant senior positions. This is due to resignation of five senior staff (CFO, 2 port pilots, MIT & MHR) during the year;
- Other Administration and operation expense were well monitored and controlled;

FPCL Income by Category 2014 - 2016



FPCL Loan Balance, Schedule Payments and Prepayments 2014- 2016



- The reduction in expense is partially offset by an increase in property expenses. This was mainly due to increase in repairs and maintenance on buildings due to damage from TC Winston and also the increase in local water commercial rates by 100% effective 1 January 2016.

Balance Sheet remains strong with a healthy cash balance of $21.1m and a strong current liquidity of 4.46.

Fiji Ships and Heavy Industries Limited

Fiji Ships and Heavy Industries Limited, a subsidiary company Fiji Ships recorded a profit of $1.02m for the 2016 financial year.

Operating income exhibited a decline by 14% largely due to the reduction in the value of project-based works. In 2015, $2.4m income was generated from project works, whereas only $1.3m was generated in 2016. Decline in overall income is also due to after effects of Cyclone Winston in terms of power cutoffs and low vessel calling. Bad rainy weather also contributed to income loss. Other income declined by 52% when compared to 2015. Decline in income is due to very low tenancy at shipyard premises whereby very less rental income was generated in 2016.

Expenses, decreased by 8% over 2015 mainly attributed to a lower income turnover from project based works. Income and production costs are co-related. A decline in income will lead to a decline in production costs. NPAT has declined by 32% over 2015 as a result of the unforeseen and uncontrollable factors that affected overall operations.

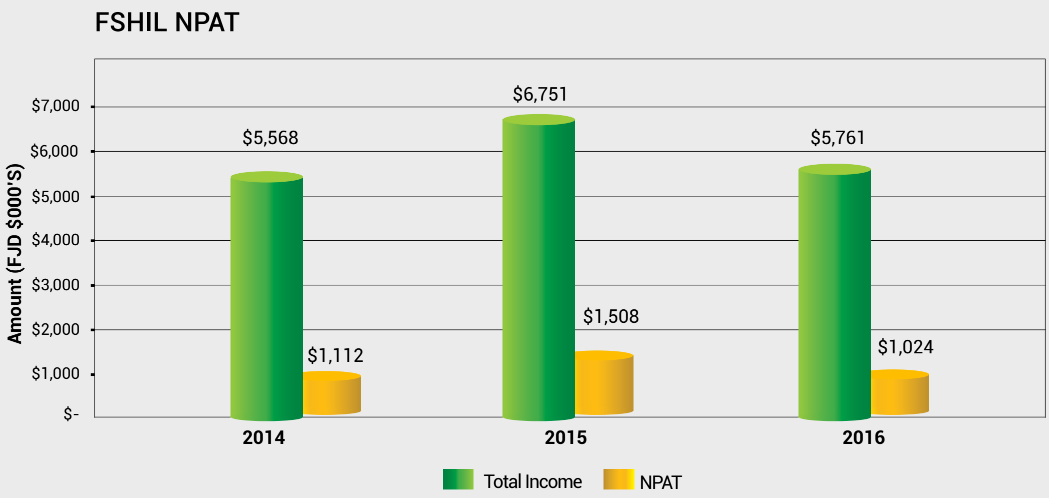
Return on Equity

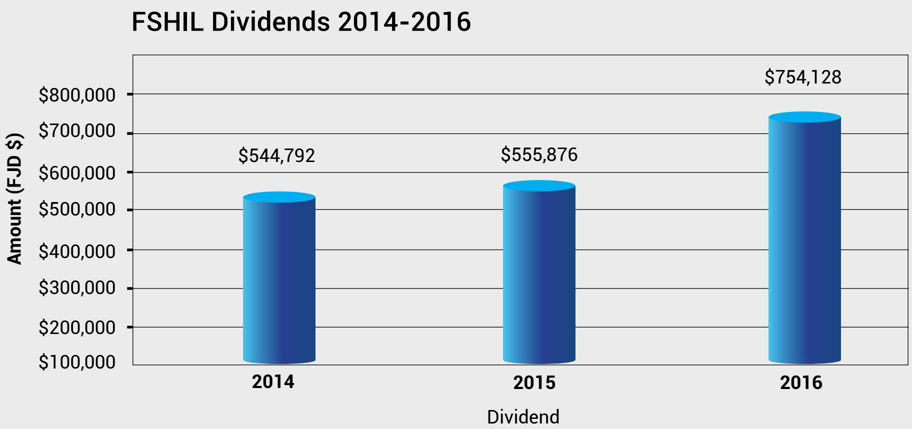
Return on Equity is at 11% and balance Sheet also remains stable as noted by strong Working Capital of 7.4 and Gearing ratios of 0.15 strengthen through reducing loan balances. Due to strong cash flows, FSHIL was able to invest $1m in term deposits in November 2016.

Ratios	2014	2015	2016
Return on Equity	14%	17%	11%
Working Capital	2.4	4.2	7.4
Gearing	0.21	0.16	0.15

Dividend Declared

Due to strong incomes and increasing NPAT over the last 3 years, FSHIL dividend payment to parent company FPCL has also increased significantly. The dividend paid in 2016 with respect to 2015 financial year amounted to $754,128. which represents a massive 36% increase.





Risk and Compliance Unit

Effective risk management is regarded as essential for FPCL in order to achieve its objectives. The Company also proactively manages risks in order to provide greater certainty and security for all Port users.

As a critical service provider, FPCL also engages in a robust approach to providing an understanding of risk management practices for its Port users and stakeholders.

The Company's Risk Management Policy, Framework and Risk Register forms part of FPCL's on-going approach to identifying risks, and updating the Risk Register to mitigate risk and exposure. As required under the Framework, and to ensure that sound risk management practices are in place, the Company also set up Risk Appetite to further enable the Company to utilise a measurable criteria for managing risks. It also allows the Company to know how much risk it is willing to take in order to achieve its business objectives.

This year 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, earthquakes, floods, fire, power interruptions etc. Moreover, this approach has been included as part of FPCL Strategic Plan 2016-2018 which is ongoing. In this regard, the goals are to ensure business continuity, disaster recovery, risk management, crisis/emergency management all feeding into over-arching organisational resilience strategies. In order to achieve key outcomes wider conversations were held with key stakeholders and Insurance Brokers.

As part of compliance function, the Company also carries out departmental reviews with participation from key stakeholders in order to review areas of non-compliance. The outcomes of these reviews are documented in the form of action plans and items identified assigned to the respective divisions with appropriate timeline for implementation.

In a similar manner, regular compliance checks and investigations continue to be carried out in order to achieve improvements with a view to strengthening internal control mechanisms. Any non-compliance and or breach of Company policies and procedures are reported to the Executive Management and the Finance Audit and Risk Management Sub Committee.

ICT Department

Fiji Ports' IT department continued to find ways to move forward with technology enhancement while managing to reduce overall costs. The department comprises of an IT Manager, a network administrator, a systems administrator, and two casual relief workers.

The ICT department provides technology leadership for Fiji Ports including governance, architecture, resources, and expertise in deploying modern information technologies to improve efficiency. The Company continues to provide Level 3 IT support and application hosting services to Fiji Ports Terminal Limited post divestment of its shares. The department is responsible for much of the technical infrastructure that makes Fiji Ports run including telephones, computer networks, desktop and server support, data centre, corporate website, building and information security and mission critical in-house application software.

This year the ICT department worked on ways to cut costs for the Company while continuing to implement necessary technology. The key areas in which this occurred were Server Virtualisation, the renegotiation of existing contracts, and identifying lower cost technologies without compromising security and reliability.

The IT department provides a vast domain of computing services within Fiji Ports- it supports over 92 personal computers, 32 laptops, 115 users, 14 servers, six application software, 112 phone extensions and 65 mobile phones users over four interconnected offices and one remote office.

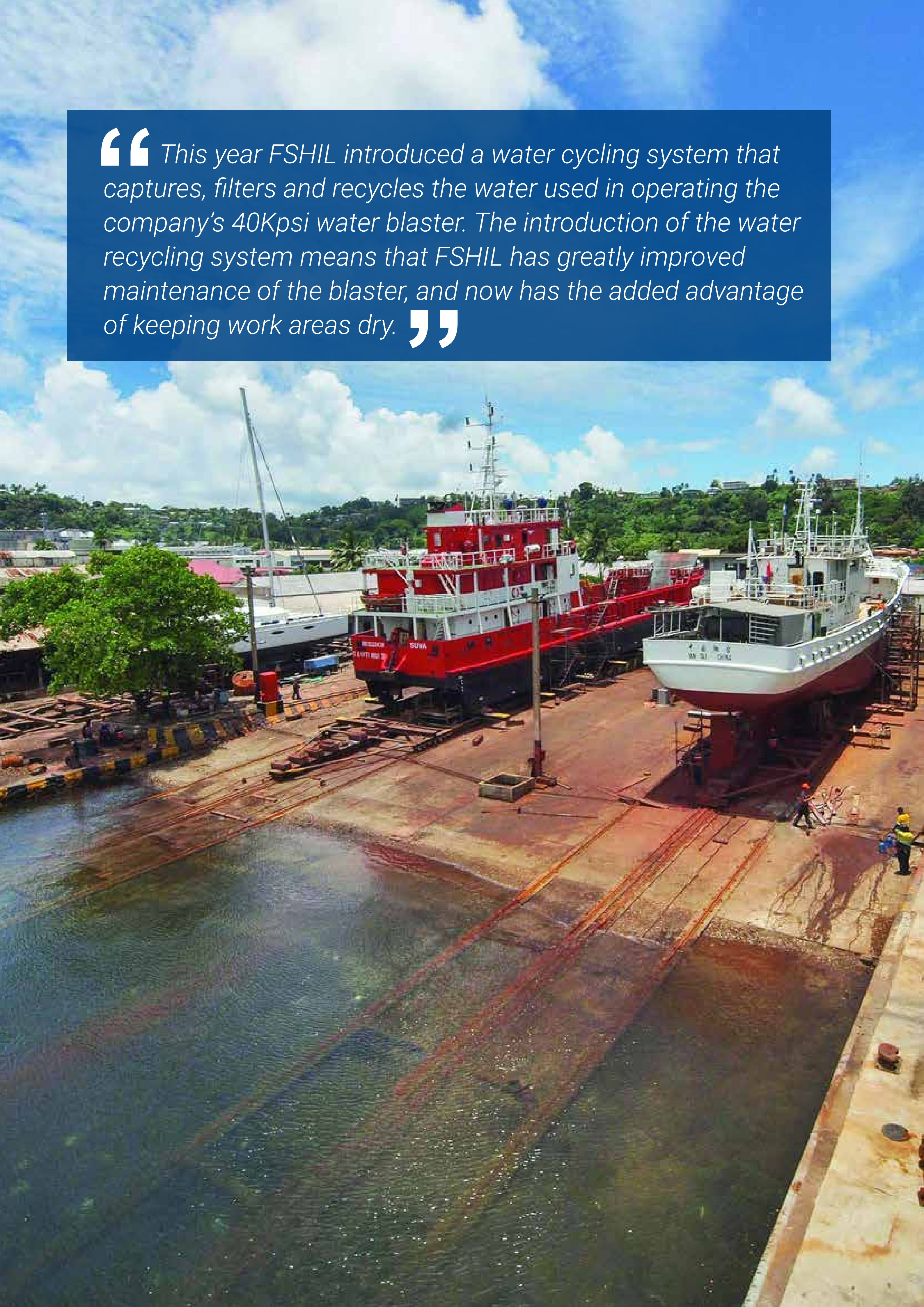
A notable initiative for the year was the undertaking of a comprehensive IT Audit on network security and the building of internal control structures. Following the audit a comprehensive report was submitted for action and to undertake further improvements to the current IT setup.

Other initiatives undertaken this year included:

- A comprehensive gateway security being deployed on the firewall.
- Fiji Ports DR Site restoration test with Vodafone was scheduled to be undertaken twice a year.
- Temperature Monitoring Device installed at the Port of Lautoka and FPCL's HQ Server room.
- Upgrade of Financial Division's software Navision 2016 initiated with new server and latest SQL database.

- All desktop machines and networking devices on the individual floors at Muaiwalu House were equipped with UPS to cater for any system outage during power cuts.
- All Fiji Port's Servers were installed with new version of ESET File Security which further enhanced the security of Fiji Port's Perimeter network.
- All Fiji Ports desktop computers and Servers were installed with new version of ESET antivirus software, again which added to the security of Fiji Ports Perimeter network.
- The AIS system at Suva Wharf was upgraded to assist the pilots and tower office staff.
- New Time and Attendance machines installed at Muaiwalu House and in FPCL's Engineering department.
- A new Point to Point Device installed from FPCL to FPTL Tower, as a redundant link.
- The department also continued to replace outdated equipment such as laptops, desktop computer printers, digital cameras, projectors, etc.

"This year FSHIL introduced a water cycling system that captures, filters and recycles the water used in operating the company's 40Kpsi water blaster. The introduction of the water recycling system means that FSHIL has greatly improved maintenance of the blaster, and now has the added advantage of keeping work areas dry."



Fiji Ships and Heavy Industries Ltd

Lopeti Radravu
Operations Manager FSHIL

FPCL's subsidiary company, Fiji Ships and Heavy Industries Limited, operates from a substantial site in Walu Bay, Suva. The company has substantial infrastructure to service its extensive list of clients that includes a fully equipped engineering and steel workshop complex, three shipways, and a significant winch house and paint and blasting shop.

FSHIL's shipyard and slipway facilities were established by the Fiji Government in the 1960's, with FPCL acquiring ownership of the business in 2009. At the time, through providing a loan agreement, FPCL assisted with the refurbishment of the company's slipways. Today, Fiji Ships operates as a commercial, self-funded entity.

The company has, over time, grown into a major industrial and engineering enterprise that primarily services the island states of the South Pacific through securing regular slipway assignments for tourism vessels, Fiji Navy patrol boats, the private sector, government Inter-island ships, launches, fishing boats, tugs, and barges. As part of its strategic plan goals the company continues to make inroads into new markets with its renewed focus on boat building, while actively seeking new relationships with Fiji's neighbouring Island nations of Tuvalu, the Marshall Islands, Tonga, Vanuatu, Kiribati, and Wallis and Futuna.

Financial Performance

This year Fiji Ships generated a Net Profit After Tax of $1.02 million, and Return on Equity Invested remained high at 11%. Of note this year, however, the company did not meet its overall revenue budget whereby the variance was $517,498.

A factor on the company's financial performance this year was inclement weather conditions, as evidenced by the significant impact on business operations caused by TC Winston in late February, an occurrence that also affected operations from early in the month. Communications issues, regular power outages and intense rainfall during the 2016 Cyclone season made operation of the company's weather exposed slipways almost impossible. Similarly, Tropical Depression 04F (December 12–20) and 05F (December 22 to 26) also brought intense rain and frequent power outages impacting on slipway and along-side works. Continual unplanned power cuts and outages was also major contributing factor towards lower than usual productivity.

In addition, the breakdown of the winch engine in the company's 200 Tonne slipway was also an inhibiting factor on performance during the year. The replacement part needed to be sourced from Australia which resulted in the slipway being out of action for three months. The 200 Tonne slipway is a substantial revenue source for the company returning $155,157 in 2015 - this year's figure of $48,825 was well down.

Corporate Planning

Working to the goals within FPCL's Strategic Plan 2016-2018 Fiji Ships continues in its attempts to improve its infrastructure, and workforce skills and fulfil its greater objective of capitalising on Fiji's highly favourable regional location, and Fiji Port's Vision *To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce.*

Moving towards this aim the company actively engaged in a number of initiatives this year highlighted by the following:

- Gaining ISO 9001:2008 Quality Standard recognition after a comprehensive four-year upgrade.
- The staging of regular strategic awareness sessions and workshops with staff and clients.
- Increased use of FPCL's Intranet/web portal to upload internal reports and data.
- Increased commitment to results driven outcomes linked to management's weekly COO's briefings.
- Enhanced email marketing campaigns and more pro-active utilisation of FPCL's quarterly newsletter.

Production and Works Report

Key production and works related outcomes for Fiji Ships this year included:

- Strong first half-year growth of revenues showing an increase of 5% over 2015, largely due to major vessel works on the passenger vessel *Vanuatu Ferry* ($280,000), and the overhaul the *Zhong Rong*, a fishing vessel ($140,000).
- The capacity to increase salaries to a more competitive level thanks to the outcomes of the November 2015 Performance Management System assessment.
- Strong demand for slipways, weather issues notwithstanding, with strong demand for the larger slipways.
- Despite managing strong demand major works were carried out on the 200 Tonne slipway including pile driving a new underwater pile and replacement of the sheave.

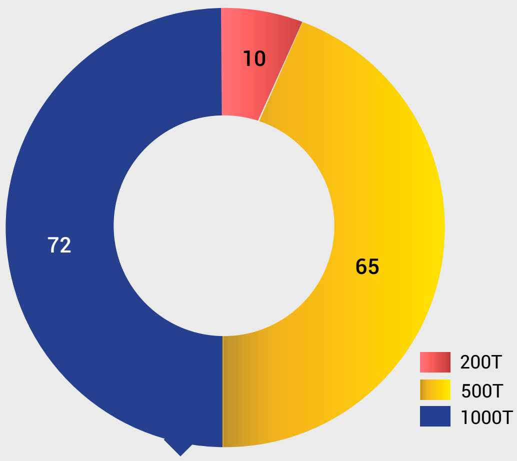
- Major site road upgrade (from the start of the 1,000 tonne slipway to the end of the engineering workshop) including tar seal works and concrete slab replacement.
- Construction and establishment of a water cycling system that captures, filters and recycles water used in operating the company's 40Kpsi water blaster. The water recycling system has improved the maintenance of the water blaster and keeps work areas dry. The company is also conserving water by drawing less from the FWA supply and discontinuing to discharge paint or chemical-laden water into the surrounding marine environment.
- Allocation and establishment of a dedicated area for solid waste disposal.
- Introduction of successful resource management systems aimed to double-up operations being managed for multiple vessel services on slipways simultaneously.

Slipway Services

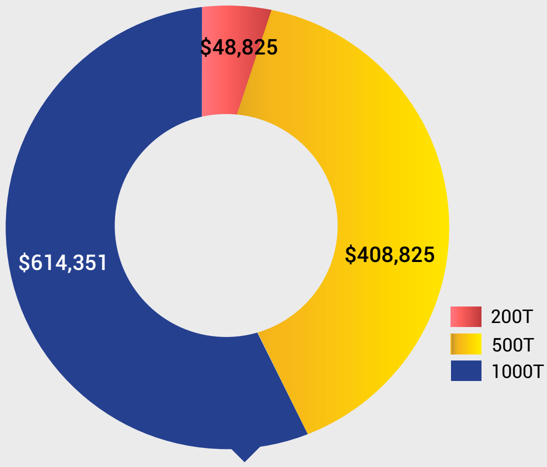
FSHIL operates three slipway facilities for dry docking of vessels with differing the vessel capacities of 200 Tonne, a 500 Tonne and a 1,000 Tonne. The company's slipway services also extend to blasting and painting, and steel and engineering works.

Demand for the company's slipway services frequently outstrips capacity with utilisation ranging percentage wise from the high 80's and mid-90's. Notwithstanding, the company's slipway operations can be severely impacted by weather, tides and access to power.

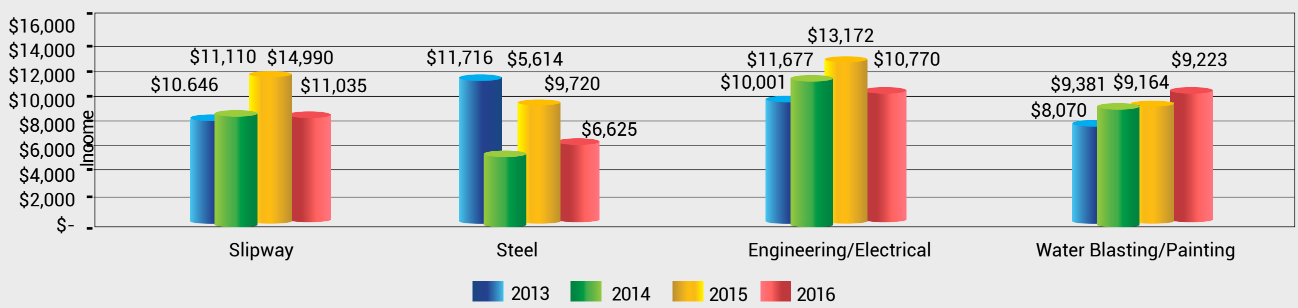
FSHIL SLIPWAY VESSEL USAGE 2016



FSHIL SLIPPAGE INCOME 2016



Income per Vessel per Income Catergory



The total number of vessels slipped this year was 147 up on 2015's figure of 135 vessels by 12. In terms of slipway revenue for the company, however, compared to 2015's figures, 2016 recorded less income across all three categories, down by a total of $288,305. Overall income per vessel, per Income category also declined in every category except painting and blasting.

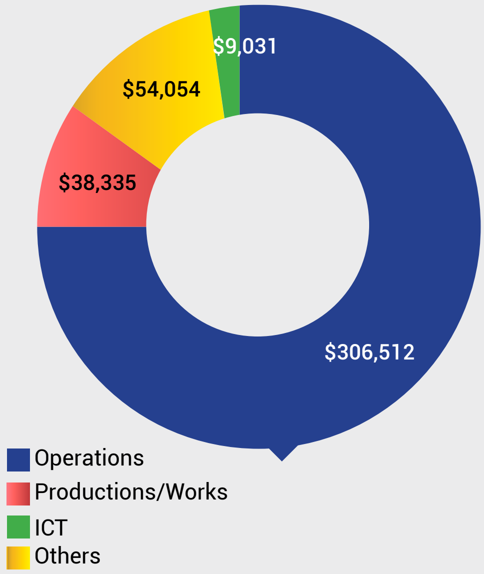
Capital Expenditure

Much of the planned expenditure across all departments for upgrades and improvements was not expended in 2016 with only 27% of the allocated budget being taken up.

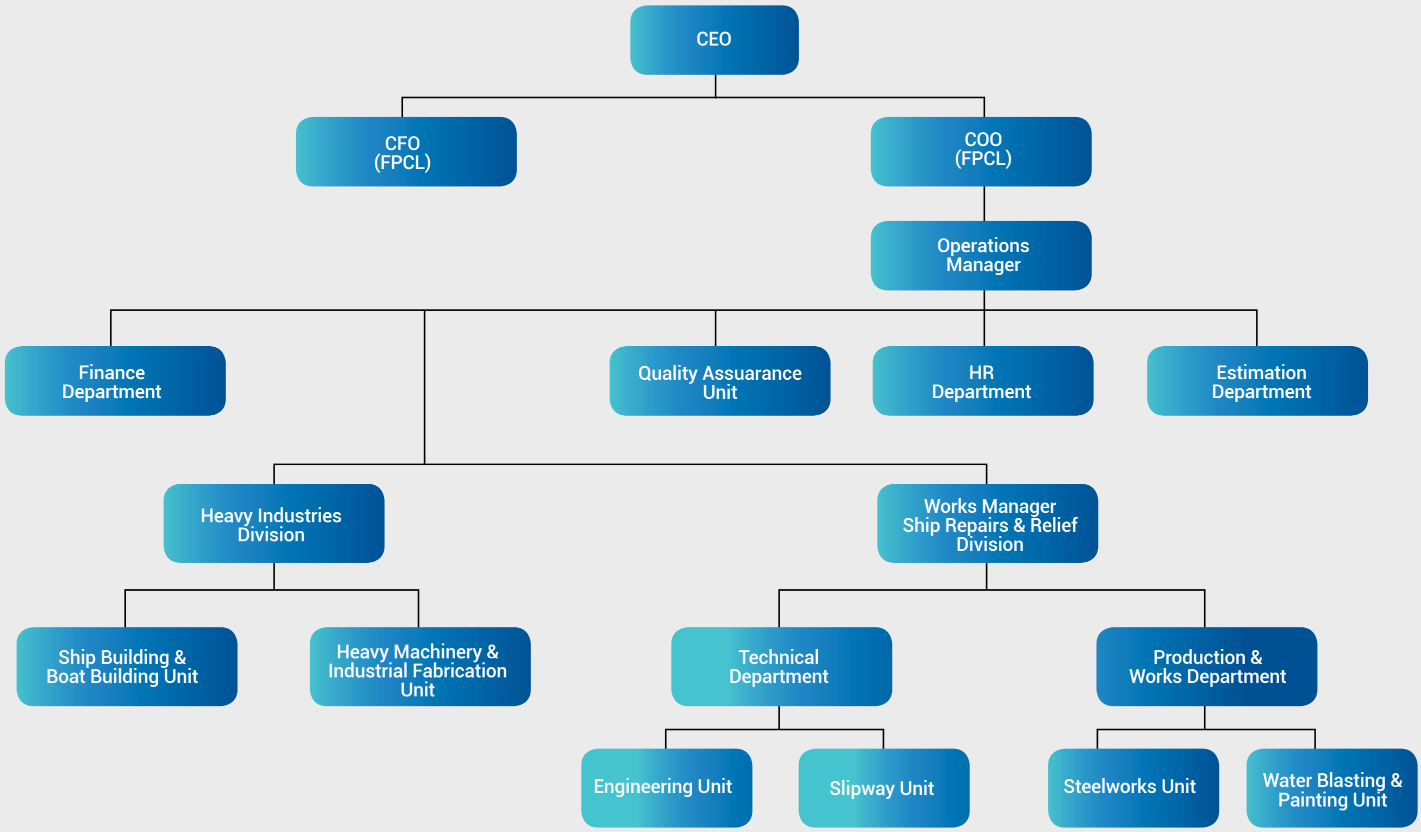
FSHIL Capex Budget and Variance 2016

Item No	Department	Budget	Actual	Variance	%
1	ICT	$49,500	$9,031	$40,469	18%
2	Operations	$1,034,000	$306,512	$727,488	30%
3	Production/ Works	$310,200	$38,335	$271,865	12%
4	Others	$139,200	$54,054	$85,146	39%
Total		**$1,532,900**	**$407,931**	**$1,124969**	**27%**

FSHIL CAPEX UTILIZATION



Fiji Ships & Heavy Industries Limited Organisational Chart

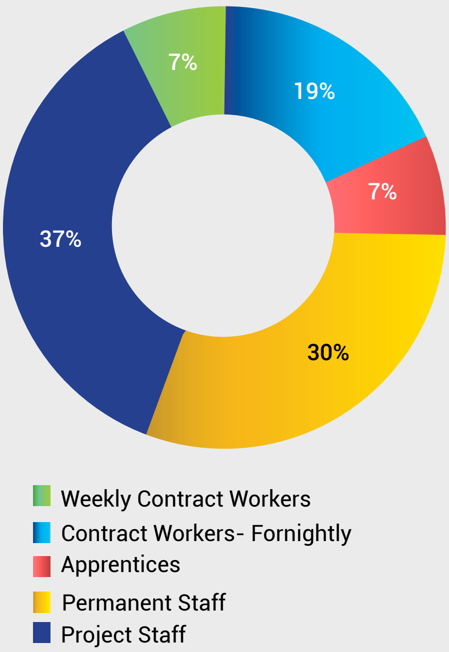


Workforce Segmentation and distribution

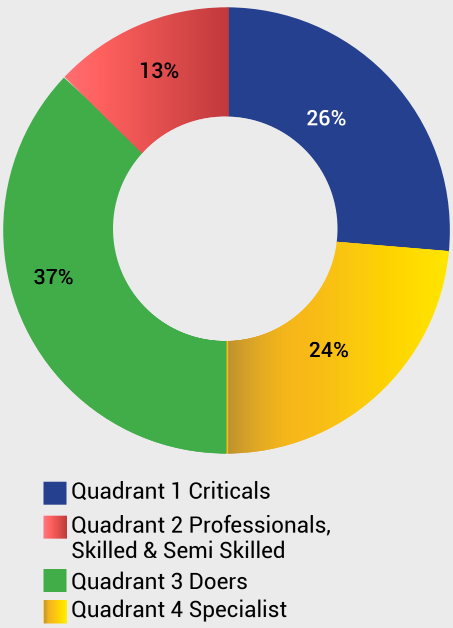
FSHIL's workforce in the year in review totalled 81 with a distribution breakdown of 15 Contract Workers (Fortnightly); 6 Contract Workers (Weekly); 24 Permanent Staff; 30 Project Staff; and 6 Apprentices.

FSHIL Staff Distribution 2016	
Contract Workers - Fortnightly	15
Weekly Contract Workers	6
Permanent Staff	24
Apprentices	6
Total	**81**

FSHIL Staff Distribution 2016



FSHIL - WORKFORCE SEGMENTATION



Occupational Health and Safety

FSHIL is committed to providing a safe and healthy work environment for its employees, and for visitors and clients to the workplace at all times. The company's safety regulations and procedures are in line with OHS standards and the shipyard facility has this year been certified under ISO 9001-2008 for Quality, Management, Engineering and New Building.

Fiji Ship's management has long recognised that maintaining the highest possible level of health and safety standards for the company is vital in protecting its reputation and promoting its services. Accordingly, the company conducts regular consultation sessions with employees regarding OHS best practice in order to stay ahead of any issues which may arise.

FSHIL's security operates within the International Ship and Port Facility Security (ISPS) guidelines and, aided by a CCTV network, engages a highly trained security team that patrols the shipyard premises 24/7 to ensure employees, customers and the company's operations remain safe and secure.

Promoting Health and Well being

The third annual medical screening by the Ministry of Health of Fiji Ship's employees took place in June this year, analysis of which continues to reveal a significant number of employees need to address their BMI (Body Mass Index).

The overall results indicated that although there was significant progress on the previous year's screening results there was still room for improvement. The results also revealed the company's sick leave numbers were too high.

Management recognises that an unhealthy diet and lack of exercise plays a major in the development of non-communicable diseases and in response re-instigated its Friday afternoon staff activity, Walk for Health. Fridays are also designated 'Green Days' with staff being encouraged to keep to a diet of fruit and vegetables, no sugar or salt, and restricting beverages, apart from water, to lemon leaf tea or lemon grass tea for the day. To add an incentive the company also conducted a weight loss competition amongst staff.

Capacity Building

All FSHIL staff members are actively encouraged to improve their academic qualifications by enrolling in a professional registered training institution. The company also encourages employees to seek out personal development opportunities that will improve their capacity to do their jobs, and better ensure their career paths are aligned with FSHIL's knowledge and skills-based working environment.

This year four Fiji Ship's employees graduated with Certificate IV in Shipbuilding, another graduated in Trade Certificate in Fitting and Machining from the Fiji National University (FNU), and one graduated from USP with a Professional Diploma in Business Management.

Estimations

FSHIL's Technical department has four technical officers all with substantial knowledge, comprising of two experienced maritime industry estimators, a senior draftsman and a shipwright apprentice. The company's Estimators prepare detailed quotes for clients and manage the extras and variations to work, which is a frequent occurrence as approximately fifty percent of commissions incur additional or supplementary work. The target margin for profit is 30% of the gross invoice and this is monitored closely.

The year in review, however, was less than successful in terms of overall revenue generation owing to the issues outlined previously- all of which resulted in unavoidable delays which impacted on targets.

Notwithstanding, this year the Estimations team implemented key changes to the company's quotation format, and rectified the formula for the charged areas of water blasting and the paint schedule, which have in turn been passed on to the operations manager for validation and final approval.

FIJI PORTS CORPORATION LIMITED and its Subsidiary

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

CONTENTS

DIRECTOR'S REPORT

For the Year Ended 31 December, 2016

In accordance with a resolution of the Board of Directors, the directors herewith submit the consolidated statement of financial position of Fiji Ports Corporation Limited ('the holding company') and its subsidiary (collectively 'the group') as at 31 December 2016, 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:

Shaheen Ali (Chairman)	Makereta Konrote
Vijay Maharaj	Tevita Kuruvakadua
Vilash Chand	Sashi Singh
Joseph Brito	Parakrama Dissanayake

Sanjay Kaba (appointed on 23rd January 2017)

Principal activities

The principal activity of the holding 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 $26,254,954 (2015: $13,577,091) after providing for income tax expense of $4,681,705 (2015: $2,490,896). The operating profit for the holding company for the year was $26,803,663 (2015: $10,141,210) after providing for income tax expense of $4,414,199 (2015: $2,119,835).

Dividends

The total dividend declared and paid during the year 2016 by the company in respect of the prior year (2015) profits amounted to $5,070,605 and dividend declared and paid in the year 2015 in respect of the prior year 2014 profits amounted to $3,719,191. Also during the year 2016, a special dividend amounting to $5,457,997 was declared by the company; out of which $2,898,375 was paid.

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.

As part of the share divestment agreements signed on 5 November 2015, the holding company will transfer all interests in land including part of improvements (book value of $28,261,214 as at 30 November 2015) recorded under Property, Plant and Equipment and Investment Property 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 (book value of $963,336 as at 30 November 2015) recorded under Property, Plant and Equipment 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 land title transfer and lease back agreement is currently in progress.

DIRECTORS' REPORT - continued

For the Year Ended 31 December, 2016

Apart from the matters disclosed above, 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.

Events subsequent to balance date

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 24th day of May 2017.

Director

Director

STATEMENT OF DIRECTORS

For the Year Ended 31 December, 2016

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 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 2016;

(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 2016;

(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 2016;

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 2016;

(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 24th day of May 2017.

Director | Director

INDEPENDENT AUDITOR'S REPORT

For the Year Ended 31 December, 2016

Building a better working world

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Independent Auditor's Report

To the members of Fiji Ports Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fiji Ports Corporation Limited ('the company') and its subsidiary (collectively 'the group'), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the company and the group as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Responsibilities of the Directors and management for the Consolidated Financial Statements

The Directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the Directors and management determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors and management are responsible for assessing the company's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors and management either intend to liquidate the company and the group or to cease operations, or have no realistic alternative but to do so.

The Directors and management are responsible for overseeing the company's and the group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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Independent Auditor’s Report continued

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements continued

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

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

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

We also provide the Directors and management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1983, 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,

b) the accompanying consolidated financial statements:

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

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

Ernst & Young

Suva, Fiji
24 May 2017

Ernst & Young
Chartered Accountants

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at 31 December, 2016

	Notes	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Operating revenue	2(a)	50,086,128	40,696,742	44,433,436	34,228,366
Other revenue	2(b)	3,756,740	2,386,086	10,583,219	4,053,919
Total income		53,842,868	43,082,828	55,016,655	38,282,285
Depreciation		(6,667,523)	(7,564,062)	(6,023,381)	(6,897,526)
Employee benefits expense	3(a)	(6,722,536)	(6,990,990)	(4,706,230)	(4,897,843)
Property expenses	3(b)	(2,605,203)	(2,104,356)	(2,605,203)	(2,104,356)
Marine service charges	3(c)	(7,589,556)	(7,095,527)	(7,589,556)	(7,095,527)
Operating expenses	3(d)	(4,782,314)	(6,848,935)	(2,991,124)	(4,845,219)
Total expenses		(28,367,132)	(30,603,870)	(23,915,494)	(25,840,471)
Profit from operations		**25,475,736**	**12,478,958**	**31,101,161**	**12,441,814**
Finance income	3(e)	324,501	179,741	328,969	200,864
Finance costs	3(f)	(212,268)	(383,498)	(212,268)	(381,633)
Share of profit in associate	19	5,348,690	3,792,786	-	-
Profit before income tax		30,936,659	16,067,987	31,217,862	12,261,045
Income tax expense	4	(4,681,705)	(2,490,896)	(4,414,199)	(2,119,835)
Net profit for the year		26,254,954	13,577,091	26,803,663	10,141,210
Total comprehensive income for the year, net of tax		26,254,954	13,577,091	26,803,663	10,141,210

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, 2016

	Notes	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
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		42,256,898	32,398,998	36,717,440	30,295,421
Operating profit after income tax		26,254,954	13,577,091	26,803,663	10,141,210
Dividends	17(c)	(5,070,605)	(3,719,191)	(5,070,605)	(3,719,191)
Special dividends	17(c)	(5,457,997)	-	(5,457,997)	-
At 31 December		57,983,250	42,256,898	52,992,501	36,717,440
Total shareholders' equity		**131,138,102**	**115,411,750**	**126,147,353**	**109,872,292**

The accompanying notes form an integral part of this Statement of Changes in Equity.

FIJI PORTS CORPORATION LIMITED and its Subsidiary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December, 2016

	Notes	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Assets					
Current assets					
Cash and cash equivalents	16	23,953,286	16,153,748	21,138,268	14,629,218
Trade and other receivables	5	3,667,073	3,762,750	-	2,175,399
Financial assets	6	10,000,000	3,750,000	9,000,000	2,000,000
Inventories	7	994,749	548,565	806,481	368,472
Other assets	8	1,144,782	1,072,174	831,515	942,125
Loan to subsidiary	18(e)	-	-	115,478	110,957
Loan to associate company	18(f)	390,022	374,754	390,022	374,754
Income tax asset		543,725	318,330	467,089	255,997
		40,693,637	25,980,321	35,652,087	20,856,922
Non-current assets held for sale		-	553,191	-	553,191
Total current assets		40,693,637	26,533,512	35,652,087	21,410,113
Non-current assets					
Property, plant and equipment	9	76,607,070	81,775,994	70,832,687	75,763,590
Intangible asset	10	3,352	4,712	-	-
Investment property	11	4,236,517	4,286,859	4,236,517	4,286,859
Loan to subsidiary	18(e)	-	-	1,219,830	1,335,305
Loan to associate company	18(f)	1,571,005	1,961,021	1,571,005	1,961,021
Investment in subsidiary		-	-	6,660,000	6,660,000
Investment in associate company	19	11,524,731	12,342,870	8,950,230	8,950,230
Deferred tax assets	4	5,370,477	4,992,346	5,292,031	4,922,556
Total non-current assets		99,313,152	105,363,802	98,762,300	103,879,561
Total assets		140,006,789	131,897,314	134,414,387	125,289,674
Liabilities and equity					
Current liabilities					
Trade and other payables	12	6,561,796	5,746,700	6,070,032	4,768,778
Interest bearing borrowings	13	-	4,343,461	-	4,343,461
Provisions	14	1,295,312	140,924	1,295,312	140,924
Employee benefit liability	15	714,274	799,831	624,141	714,540
Total current liabilities		8,571,382	11,030,916	7,989,485	9,967,703
Non-current liabilities					
Interest bearing borrowings	13	-	5,173,505	-	5,173,505
Employee benefit liability	15	297,305	281,143	277,549	276,174
Total non-current liabilities		297,305	,454,648	277,549	5,449,679
Total liabilities		8,868,687	16,485,564	8,267,034	15,417,382
Net assets		131,138,102	115,411,750	126,147,353	109,872,292
Shareholders' equity					
Share capital	17(b)	73,154,852	73,154,852	73,154,852	73,154,852
Retained earnings		57,983,250	42,256,898	52,992,501	36,717,440
Total shareholders' equity		131,138,102	115,411,750	126,147,353	109,872,292

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, 2016

	Notes	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Operating activities					
Receipts from customers		53,408,939	39,502,466	46,799,561	33,164,000
Payments to suppliers and employees		(22,367,402)	(18,924,768)	(17,848,285)	(14,743,198)
Interest and bank charges paid		(212,267)	(383,493)	(212,268)	(381,633)
Interest received		226,813	158,678	220,778	200,864
Income tax paid		(5,599,870)	(3,648,860)	(5,244,870)	(3,183,860)
Income tax refund		319,139	615,064	250,104	587,104
Dividend income received		-	-	6,846,853	1,865,156
Net cash provided by operating activities		25,775,352	17,319,087	30,811,873	17,508,433
Investing activities					
Acquisition of property, plant and equipment		(1,446,899)	(829,907)	(1,042,138)	(627,785)
Proceeds from sale of property, plant and equipment		616,995	74,402	616,995	53,913
Deposit received for sale of land and building		-	2,340,420	-	2,340,420
Purchase of Term deposits		(9,000,000)	(4,750,000)	(8,000,000)	(3,000,000)
Redemption of Term deposits		2,750,000	3,000,000	1,000,000	2,250,000
Dividend from investment in associate		6,092,725	1,309,280	-	-
Proceeds from repayment of borrowings by related parties		374,748	360,065	485,703	466,679
Net cash (used in)/ provided by investing activities		(612,431)	1,504,260	(6,939,440)	1,483,227
Financing activities					
Payment of dividends	17 (c)	(7,968,980)	(3,719,191)	(7,968,980)	(3,719,191)
Repayment of term loan		(9,394,403)	(7,736,179)	(9,394,403)	(7,616,620)
Net cash (used in) financing activities		(17,363,383)	(11,455,370)	(17,363,383)	(11,335,811)
Net increase in cash and cash equivalents		7,799,538	7,367,977	6,509,050	7,655,849
Cash and cash equivalents at the beginning of the year		16,153,748	8,785,771	14,629,218	6,973,369
Cash and cash equivalents at the end of the year	16	23,953,286	16,153,748	21,138,268	14,629,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December, 2016

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 through a gazette declared Fiji Ports Corporation Limited ('the holding company') and Fiji Ships and Heavy Industries Limited ('the subsidiary company'), collectively ('the group') on 13 November 2015 a Re-organisation Enterprise 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 24 May 2017.

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 2016.

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, Fiji 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.

1.3 Significant accounting judgments, estimates and assumptions - continued

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.

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 subsidiary (Fiji Ships and Heavy Industries Limited) before revenue is recognised:

1.4 Statement of significant accounting policies - continued

Slipway charges
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.

Ship repair charges
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 end.

(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.

1.4 Statement of significant accounting policies - continued

(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 creditsand 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.

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.

1.4 Statement of significant accounting policies - continued

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December, 2016

1.4 Statement of significant accounting policies - continued

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December, 2016

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December, 2016

1.4 Statement of significant accounting policies - continued

(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.

2. REVENUE

	Group		Company	
	2016 $	2015 $	2016 $	2015 $
(a) Operating revenue				
Dockage	10,631,133	7,772,212	10,631,133	7,772,212
Licence fees	244,812	223,552	244,812	223,552
Marine services	15,846,166	12,697,020	15,846,166	12,697,020
Other service income	5,429,359	4,664,029	5,429,359	4,664,029
Ship repair and heavy industries	4,030,432	4,444,731	-	-
Slipway	1,622,260	2,023,645	-	-
Wharfage	12,281,966	8,871,553	12,281,966	8,871,553
	50,086,128	40,696,742	44,433,436	34,228,366
(b) Other revenue				
Dividend income	-	-	6,920,958	1,865,156
Gain/(loss) on sale of assets	2,700,034	7,701	2,700,034	(587)
Unrealised exchange gain	122,563	-	122,563	-
Management fees	72,000	135,000	72,000	135,000
Other income	31,103	26,083	-	-
Rent income	831,040	2,217,302	767,664	2,054,350
	3,756,740	2,386,086	10,583,219	4,053,919

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December, 2016

3 EXPENSES

		Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
(a)	**Employee benefits expense**				
	Allowances	179,664	196,926	25,212	11,427
	Annual leave	172,427	214,516	118,362	162,660
	FNPF and FNU levy	574,932	581,435	412,351	410,764
	Fringe benefit tax	69,402	75,732	54,172	59,724
	Long service leave	7,222	144,443	6,262	131,312
	Medical expenses	358,347	338,178	283,609	258,870
	Salaries and wages	4,693,315	4,712,598	3,273,129	3,273,521
	Sick leave	158,707	140,179	112,595	91,368
	Staff incentive pay	272,445	403,645	228,099	354,856
	Staff welfare	76,574	70,811	55,756	54,879
	Staff training	159,501	112,527	136,683	88,462
		6,722,536	6,990,990	4,706,230	4,897,843
(b)	**Property expenses**				
	Cleaning and sanitation	154,622	138,336	154,622	138,336
	Electricity	803,808	846,104	803,808	846,104
	Property rates	114,418	123,737	114,418	123,737
	Repairs and maintenance	709,885	508,122	709,885	508,122
	Water	738,191	447,122	738,191	447,122
	Other expenses	84,279	40,935	84,279	40,935
		2,605,203	2,104,356	2,605,203	2,104,356
(c)	**Marine service charges**				
	Tug/Pilot/Lines boat hire	6,132,505	6,036,947	6,132,505	6,036,947
	Dredging	4,403	11,655	4,403	11,655
	Linesman hire	175,729	191,847	175,729	191,847
	Pilotage service - external	806,527	500,301	806,527	500,301
	Security hire	470,392	354,777	470,392	354,777
		7,589,556	7,095,527	7,589,556	7,095,527
(d)	**Operating expenses**				
	Advertising and publicity expense	97,009	103,524	84,415	91,425
	Auditors' remuneration	49,240	70,158	27,220	54,557
	Legal & customer claims	25	40,000	25	40,000
	Direct material cost	782,377	1,075,501	-	-
	Directors fees	70,333	37,000	70,333	37,000
	Doubtful debts	(14,190)	43,709	-	42,773
	Insurance expense	1,220,837	1,230,278	1,071,166	1,094,441
	Unrealised exchange loss	-	459,215	-	459,215
	Professional legal fees	33,733	89,104	22,862	73,363
	Repairs and maintenance	225,472	403,252	(23,290)	252,851
	Other expenses	2,317,478	3,297,194	1,738,393	2,699,594
		4,782,314	6,848,935	2,991,124	4,845,219
(e)	Finance income				
	Interest income on term deposits and inter-company loans	324,501	179,741	328,969	200,864
(f)	Finance costs				
	Interest charges on borrowings	212,268	383,498	212,268	381,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December, 2016

4 INCOME TAX

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
The major components of income tax expenses for the years ended 31 December 2016 and 2015 are:				
Operating profit before tax	30,936,659	16,067,987	31,217,862	12,261,045
Prima facie tax thereon at 20%	6,187,332	3,213,597	6,243,572	2,452,209
Under /(over) provision from prior years	12,314	5,794	-	(9,050)
Restatement of deferred tax balances	(3,021)	(19,649)	-	(3)
Tax effect of items treated as permanent difference				
- current year	(1,514,920)	(708,846)	(1,829,373)	(323,321)
Income tax expense reported in the statement of comprehensive income	4,681,705	2,490,896	4,414,199	2,119,835
Net deferred tax assets at 31 December relates to the following:				
Deferred tax assets				
Doubtful debts	54,030	40,436	34,987	18,555
Employee entitlements	202,316	216,195	180,338	198,143
Unrealised exchange gain/(loss)	(24,513)	91,843	(24,513)	91,843
Legal claims	20,752	28,185	20,752	28,185
Accelerated depreciation for tax purposes	5,117,892	4,615,687	5,080,467	4,585,830
	5,370,477	4,992,346	5,292,031	4,922,556
Reflected in the financial statement of financial position as follows:				
Deferred tax assets	5,370,477	4,992,346	5,292,031	4,922,556

5 TRADE AND OTHER RECEIVABLES

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Current				
Trade receivables	3,222,999	2,706,859	2,843,081	2,057,187
Less: Provision for doubtful debts	(207,142)	(139,171)	(111,928)	(29,767)
	3,015,857	2,567,688	2,731,153	2,027,420
Staff advances	2,421	2,912	2,421	2,912
Other receivables	608,110	1,063,856	127,018	11,077
Receivable from associate [note 18(d)]	40,685	128,294	40,685	128,294
Receivable from subsidiary [note 18(d)]	-	-	1,957	5,696
	3,667,073	3,762,750	2,903,234	2,175,399

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:				
Balance at 1 January	139,171	158,468	29,767	50,000
Additional provision	82,161	19,190	82,161	-
Unused amount reversed	(14,190)	(38,487)	-	(20,233)
Balance at 31 December	207,142	139,171	111,928	29,767

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December, 2016

5 TRADE AND OTHER RECEIVABLES - continued

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		$	$	$	$	$
	2016	3,222,999	1,344,600	584,933	(12,905)	1,306,371
	2015	2,706,859	1,651,601	430,407	358,063	266,788
Company						
	2016	2,843,081	1,153,794	584,933	(12,905)	1,117,259
	2015	2,057,187	1,526,578	362,461	10,764	157,384

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
6 FINANCIAL ASSETS				
Current				
Term deposits - held to maturity	10,000,000	3,750,000	9,000,000	2,000,000
7 INVENTORIES	$	$	$	$
Parts	672,155	548,565	483,887	368,472
Goods in Transit	322,594	-	322,594	-
	994,749	548,565	806,481	368,472
8 OTHER ASSETS				
Prepayments	751,608	610,691	482,787	533,731
Provision for doubtful debts	(63,006)	(63,006)	(63,006)	(63,006)
	688,602	547,685	419,781	470,725
Deposits	456,180	460,805	411,734	407,716
VAT receivable	-	63,684	-	63,684
	1,144,782	1,072,174	831,515	942,125
9 PROPERTY, PLANT AND EQUIPMENT	$	$	$	$
Land				
Cost:				
At 1 January	25,729,303	25,729,303	24,589,303	24,589,303
At 31 December	25,729,303	25,729,303	24,589,303	24,589,303
Depreciation and impairment				
At 1 January	188,392	165,587	10,721	-
Depreciation charge for the year	22,805	22,805	10,721	10,721
At 31 December	211,197	188,392	21,442	10,721
Net book value	25,518,106	25,540,911	24,567,861	24,578,582

9 PROPERTY, PLANT AND EQUIPMENT - continued

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Building				
Cost:				
At 1 January	14,541,027	14,333,913	10,092,526	9,913,074
Additions	167,037	6,462	66,381	3,395
Transfers	3,235	208,490	3,235	176,057
Disposals	-	(7,838)	-	-
At 31 December	14,711,299	14,541,027	10,162,142	10,092,526
Depreciation and impairment				
At 1 January	9,660,854	8,899,540	8,219,350	7,671,779
Depreciation charge for the year	461,227	766,246	230,095	547,571
Disposals	-	(4,932)	-	-
At 31 December	10,122,081	9,660,854	8,449,445	8,219,350
Net book value	4,589,218	4,880,173	1,712,697	1,873,176
Wharves				
Cost:				
At 1 January	90,652,332	90,652,332	90,652,332	90,652,332
Additions	575,337	-	575,337	-
At 31 December	91,227,669	90,652,332	91,227,669	90,652,332
Depreciation and impairment				
At 1 January	52,377,398	47,504,945	52,377,398	47,504,945
Depreciation charge for the year	4,319,752	4,872,453	4,319,752	4,872,453
At 31 December	56,697,150	52,377,398	56,697,150	52,377,398
Net book value	34,530,519	38,274,934	34,530,519	38,274,934
Plant and equipment				
Cost:				
At 1 January	9,056,109	8,211,570	2,606,098	2,485,219
Additions	350,873	130,805	161,947	79,951
Disposals	(9,038)	-	(9,038)	-
Transfers	93,202	713,734	4,669	40,928
At 31 December	9,491,146	9,056,109	2,763,676	2,606,098
Depreciation and impairment				
At 1 January	6,741,056	6,173,143	2,075,530	1,846,483
Disposals	(9,038)	-	(9,038)	-
Depreciation charge for the year	544,219	567,913	245,150	229,047
At 31 December	7,276,237	6,741,056	2,311,642	2,075,530
Net book value	2,214,909	2,315,053	452,034	530,568

9 PROPERTY, PLANT AND EQUIPMENT - continued

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Furniture and fittings				
Cost:				
At 1 January	249,499	207,846	181,260	174,157
Additions	39,541	41,653	6,626	7,103
Disposals	(338)	-	(338)	-
At 31 December	288,702	249,499	187,548	181,260
Depreciation and impairment				
At 1 January	177,598	152,005	147,906	134,552
Depreciation charge for the year	31,420	25,593	12,594	13,354
Disposals	(338)	-	(338)	-
At 31 December	208,680	177,598	160,162	147,906
Net book value	80,022	71,901	27,386	33,354
Motor vehicles				
Cost:				
At 1 January	503,653	538,426	320,348	305,991
Additions	71,628	172,609	71,628	172,609
Disposals	-	(207,382)	-	(158,252)
At 31 December	575,281	503,653	391,976	320,348
Depreciation and impairment				
At 1 January	173,064	206,709	67,043	107,707
Depreciation charge for the year	122,034	109,942	77,639	63,088
Disposals	-	(143,587)	-	(103,752)
At 31 December	295,098	173,064	144,682	67,043
Net book value	280,183	330,589	247,294	253,305
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	9,399,967	8,463,161	9,399,966	8,463,160
Depreciation charge for the year	927,380	936,806	927,380	936,806
At 31 December	10,327,347	9,399,967	10,327,346	9,399,966
Net book value	8,875,983	9,803,363	8,875,983	9,803,363

9 PROPERTY, PLANT AND EQUIPMENT - continued

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Office Equipment and Software				
Cost:				
At 1 January	1,988,001	1,738,598	1,798,758	1,641,985
Additions	76,023	183,294	67,155	152,842
Transfer	19,559	66,109	-	3,931
Disposals	(21,619)	-	(21,619)	-
At 31 December	2,061,964	1,988,001	1,844,294	1,798,758
Depreciation and impairment				
At 1 January	1,574,127	1,372,072	1,484,179	1,312,603
Depreciation charge for the year	186,977	202,055	149,709	171,576
Disposals	(21,619)	-	(21,619)	-
At 31 December	1,739,485	1,574,127	1,612,269	1,484,179
Net book value	322,479	413,874	232,025	314,579
Work in progress				
At 1 January	145,196	2,021,550	101,729	1,356,042
Additions	166,453	295,083	93,064	211,885
Reversed	-	(1,245,282)	-	(1,245,282)
Transfers	(115,998)	(926,155)	(7,905)	(220,916)
At 31 December	195,651	145,196	186,888	101,729
Net written down value at 31 December	76,607,070	81,775,994	70,832,687	75,763,590

As part of the share divestment agreements signed on 5 November 2015, the holding company will transfer all interest in land including part of improvements (book value of $24,074,053 as at 30 November 2015) recorded under Property, Plant and Equipment 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 (book value at $963,336 as at 30 November 2015) recorded under Property, Plant and Equipment 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 land title transfer and lease back agreement is currently in progress.

10 INTANGIBLE ASSET

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Cost				
At 1 January	45,349	117,092	-	-
Transfers	-	(71,743)	-	-
At 31 December	45,349	45,349	-	-
Accumulated depreciation				
At 1 January	40,637	42,864	-	-
Depreciation charge for the year	1,360	7,339	-	-
Transfers	-	(9,566)	-	-
At 31 December	41,997	40,637	-	-
Net book value at 31 December	3,352	4,712	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December, 2016

11 INVESTMENT PROPERTY

	Group		Company	
	2016 $	2015 $	2016 $	2015 $
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	541,698	488,788	541,698	488,788
Depreciation charge for the year	50,342	52,910	50,342	52,910
At 31 December	592,040	541,698	592,040	541,698
Net book value at 31 December	4,236,517	4,286,859	4,236,517	4,286,859

As part of the share divestment agreements signed on 5 November 2015, the holding company will transfer all interest in land including part of improvements (book value of $4,187,162 as at 30 November 2015) recorded under Investment Property 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. Ownership of all land interests will remain with the Fiji Government. The land title transfer and lease back agreement is currently in progress.

12 TRADE AND OTHER PAYABLES

	$	$	$	$
Trade creditors	401,867	550,539	274,630	353,309
Payable to subsidiary (Note 18(d))	-	-	-	99,830
VAT payable	23,176	-	23,176	-
Sundry creditors	3,577,131	5,196,161	3,212,604	4,315,639
Dividend payable	2,559,622	-	2,559,622	-
	6,561,796	5,746,700	6,070,032	4,768,778

13 INTEREST BEARING BORROWINGS

	$	$	$	$
Current				
ANZ loan - Wharf	-	1,575,722	-	1,575,722
ANZ loan - Shore Crane	-	1,363,688	-	1,363,688
Asian Development Bank loan	-	1,404,051	-	1,404,051
	-	4,343,461	-	4,343,461
Non-current				
ANZ loan - Wharf	-	700,035	-	700,035
ANZ loan - Shore Crane	-	2,926,219	-	2,926,219
Asian Development Bank loan	-	1,547,251	-	1,547,251
	-	5,173,505	-	5,173,505
	-	9,516,966	-	9,516,966

Particulars relating to secured borrowings:

a) Bank loans from Australia and New Zealand Banking Group Limited for the wharf and shore crane was 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 fully discharged on 24th November 2016.

b) The loan from the Asian Development Bank was guaranteed by the Government of the Republic of the Fiji Islands and was subject to a floating LIBOR interest rate. Repayment of the loan was on a six monthly basis at an estimated FJD $600,000 to $1,000,000, depending on exchange rate and interest. The loan was fully discharged on 23rd May 2016.

14 PROVISIONS

	Group		Company	
	2016 $	2015 $	2016 $	2015 $
a) Legal Claims				
At 1 January	140,924	100,924	140,924	100,924
Arising during the year	-	40,000	-	40,000
Utilised during the year	(37,164)	-	(37,164)	-
At 31 December	103,760	140,924	103,760	140,924

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 2016.

b) Rental Income External	$	$	$	$
At 31 December	1,064,533	-	1,064,533	-

Provision for rental income at balance date presents rental income less property expenses that will be remitted to Assets Fiji Limited. This is as per directive from Government holding company Assets Fiji Limited requesting to remit all rental income since 13 November 2015 from all land and properties held by the company which will be transferred and retained by Assets Fiji Limited. The directors are of the opinion that the outcome of these rental income remittance will not give rise to any significant loss beyond the amounts provided as at 31 December 2016.

c) Job Evaluation Exercise	$	$	$	$
At 31 December	127,019	-	127,019	-

Provision for job evaluation exercise at balance date presents the expected overall increase in staff salary due to Job Evaluation Exercise. The provision is also inclusive of the professional consultancy expenses associated with the job evaluation exercise.

Total Provision as at 31 December	1,295,312	140,924	1,295,312	140,924

15 EMPLOYEE BENEFIT LIABILITY

	Group		Company	
	2016 $	2015 $	2016 $	2015 $
At 1 January	1,080,974	586,191	990,714	521,008
Arising during the year	528,870	984,067	458,129	897,818
Utilised/reversed during the year	(598,265)	(489,284)	(547,153)	(428,112)
At 31 December	1,011,579	1,080,974	901,690	990,714
Analysis of employee benefit liability				
Current	714,274	799,831	624,141	714,540
Non-current	297,305	281,143	277,549	276,174
	1,011,579	1,080,974	901,690	990,714

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	
	2016 $	2015 $	2016 $	2015 $
Cash on hand	4,580	4,580	3,580	3,580
Cash at bank	23,948,706	16,149,168	21,134,688	14,625,638
	23,953,286	16,153,748	21,138,268	14,629,218

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 2016	-	-	-	-
Add: dividends declared during year	5,070,605	3,719,191	5,070,605	3,719,191
Add: Proceeds from sale of land and building declared as dividend to Government of Fiji	3,191,329	-	3,191,329	-
Add: Fiji Ports Terminal loan declared as dividend to Government	2,266,668	-	2,266,668	-
Less: Partial dividend paid to Government of Fiji from sale of land and building proceeds	(2,616,854)	-	(2,616,854)	-
Less: Partial dividend paid to Government of Fiji from Fiji Ports Terminal Limited loan repayment proceeds	(281,521)	-	(281,521)	-
Less: dividends paid during year	(5,070,605)	(3,719,191)	(5,070,605)	(3,719,191)
At 31 December 2016 *	2,559,622	-	2,559,622	-

* This dividend payable amount is reflected in Trade and Other Payables (Note 12).

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:

Shaheen Ali (Chairman Appointed 17th November 2015)
Makereta Konrote (Appointed 17th November 2015)
Tevita Kuruvakadua (Appointed 17th November 2015)
Vilash Chand (Re-appointed 3rd July 2016)
Tom Ricketts (Served till 22nd January 2017)
Vijay Maharaj (Re-appointed 3rd July 2016)
Sashi Singh (Appointed February 2016)
Joseph Brito (Appointed 17th November 2015)
Parakrama Dissanayake (Appointed 17th November 2015)
Sanjay Kaba (Appointed 23rd January 2017)

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 - (Resigned 17th June 2016)
Eranda Kotelawala	Chief Operational Officer - (Resigned 10th February 2017)

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.

The following transactions were carried out with related parties:

		Group		Company	
		2016 $	2015 $	2016 $	2015 $
(a)	**Key management personnel compensation**				
	Directors				
	Short-term benefits	70,333	37,000	70,333	37,000
	Management				
	Short-term benefits	622,953	560,635	566,499	505,127

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December, 2016

18 RELATED PARTY TRANSACTIONS - continued

			Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
(b)	**Sales of goods and services**					
	Management fees income from associate		72,000	135,000	72,000	135,000
	Rental income from associate		2,330,544	2,330,544	2,330,544	2,330,544
	Sale of services to associate		305,342	79,403	305,342	79,403
(c)	**Purchases of goods and services**					
	Purchase of services from subsidiary		-	-	-	84,850
(d)	**Receivable from / (payable to) subsidiary/associate**					
	Fiji Ports Terminal Limited	*Associate*	40,685	128,294	40,685	128,294
	Fiji Ships and Heavy Industries Limited	*Subsidiary*	-	-	1,957	(94,134)
			40,685	128,294	42,642	34,160
	Disclosed as:					
	Receivable from associate (Note 5)		40,685	128,294	40,685	128,294
	Receivable from subsidiary (Note 5)		-	-	1,957	5,696
	Payable to subsidiary (Note 12)		-	-	-	(99,830)
			40,685	128,294	42,642	34,160
(e)	**Loan to subsidiary**					
	Beginning of the year		-	-	1,446,262	1,552,864
	Loan repayments received		-	-	(166,788)	(166,788)
	Interest charged		-	-	55,834	60,186
	End of the year		-	-	1,335,308	1,446,262
	Comprising:					
	Current		-	-	115,478	110,957
	Non-current		-	-	1,219,830	1,335,305
			-	-	1,335,308	1,446,262

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.

		Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
(f)	**Loan to associate**				
	Beginning of the year	2,335,775	2,695,852	2,335,775	2,695,852
	Loan repayments received	(461,364)	(461,364)	(461,364)	(461,364)
	Interest charged	86,616	101,287	86,616	101,287
		1,961,027	2,335,775	1,961,027	2,335,775
	Comprising:				
	Current	390,022	374,754	390,022	374,754
	Non-current	1,571,005	1,961,021	1,571,005	1,961,021
		1,961,027	2,335,775	1,961,027	2,335,775

The loan to Fiji 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.

18 RELATED PARTY TRANSACTIONS -continued

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
(g) Other related parties				
Fiji National Provident Fund - member contribution	512,079	522,129	371,604	369,712

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 Fiji Ports Terminal Limited is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the group's investment in Fiji Ports Terminal Limited.

	Group 2016 $	Group 2015 $
Current assets	15,571,454	15,397,729
Non-current assets	7,764,338	9,239,471
Current liabilities	(5,142,455)	(4,051,663)
Non-current liabilities	(2,292,004)	(3,014,532)
Equity	15,901,333	17,571,005
Proportion of the group's ownership	49%	49%
	7,791,653	8,609,792
Goodwill	3,733,078	3,733,078
Carrying amount of the investment	11,524,731	12,342,870
Revenue	36,021,313	28,877,377
Operating expenses	(22,229,315)	(18,921,535)
Finance costs	(86,610)	(101,185)
Finance income	32,812	48,405
Profit before tax	13,738,200	9,903,062
Income tax expense	(2,822,506)	(2,162,682)
Profit for the year	10,915,694	7,740,380
Group's share of profit for the year	5,348,690	3,792,786

20 CAPITAL COMMITMENTS

	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Capital expenditure:				
- approved by the Board and committed	40,483	143,913	40,483	65,652

21 RENTAL INCOME COMMITMENTS

	$	$	$	$
Not later than one year	856,348	896,736	856,348	896,736
Later than one year but not later than five years	1,079,969	1,738,772	1,079,969	1,738,772
Later than five years	5,129,615	5,328,960	5,129,615	5,328,960
	7,065,932	7,964,468	7,065,932	7,964,468

22 CONTINGENT LIABILITIES

	Group		Company	
	2016 $	2015 $	2016 $	2015 $
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	7,000	-	-
	890,900	890,900	883,900	883,900

23 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.

(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, however the loan was fully discharged on 23rd May 2016.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES- continued

(iii) Interest rate risk

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

	Carrying amount 2016	2015
Fixed rate instruments		
Financial assets (Term deposits)	10,000,000	3,750,000
Financial liabilities	-	(6,565,664)
	10,000,000	(2,815,664)
Variable rate instruments		
Financial liabilities (ADB loan)	-	(2,951,302)

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.

Fair value sensitivity analysis for variable rate instruments

The group's variable rate instrument relates primarily to the company's interest bearing loan from Asian Development Bank which was fully discharged on 23rd May 2016.

(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	Carrying amount 2016 $	2015 $
Cash and cash equivalents	16	23,953,286	16,153,748
Trade and other receivables	5	3,667,073	3,762,750
Held-to-maturity investments	6	10,000,000	3,750,000
		37,620,359	23,666,498

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES- continued

(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 2016	**On demand**	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**
	$	**$**	**$**	**$**	**$**
Interest bearing borrowings	-	-	-	-	-
Trade and other payables	-	6,561,796	-	-	6,561,796
	-	6,561,796	-	-	6,561,796

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

(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	
	2016	**2015**
	$	**$**
Interest bearing borrowings (Note 13)	-	9,516,966
Debt	-	9,516,966
Equity	131,138,102	115,411,750
Capital and debt	131,138,102	124,928,716
Gearing ratio	0%	8%

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For the Year Ended 31 December, 2016

24 EVENTS SUBSEQUENT TO BALANCE DATE

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.

25 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.

FIJI
PORTS

FIJI PORTS CARGO & VESSEL STATISTICS

Total Foreign Vessels

Year	Nos	GRT	100 GRT/HS
2010	1,516	12,457	2,464
2011	1,386	11,579	2,763
2012	1,530	12,150	3,048
2013	1,670	14,836	3,333
2014	1,474	16,568	3,397
2015	1,823	14,789	3,312
2016	1,776	17,884	3,605

Cargo Carrying Vessels

Year	Nos	GRT	100 GRT/HS
2010	836	9,922	1,942
2011	739	9,181	2,289
2012	719	8,636	2,314
2013	776	10,011	2,381
2014	766	10,830	2,714
2015	768	9,564	2,602
2016	772	10,384	2,596

Stevedored Cargo Tonnage Carried by the Aforementioned Vessels

Cargo Type	2010	2011	2012	2013	2014	2015	2016
General Cargo	1,811	1,885	2,061	2,366	2,348	1,507	2,630
Dry Bulk	253	219	253	337	377	643	546
Total	2,064	2,104	2,313	2,703	2,726	2,150	3,176

Foreign Going Vessels 2015

Vessel Type	Nos	GRT	100 GRT/HRS
Cruise	64	4,592	457
Dry Bulk	36	855	883
Liquid Bulk	275	2,999	501
LoLo	372	3,931	940
LoLo/RoRo	67	940	179
Car Carrier	18	839	99
Fishing	923	242	67
Others	68	391	186
Total	1823	14,789	3,312

Foreign Going Vessels 2016

Vessel Type	Nos	GRT	100 GRT/HRS
Cruise	81	6,711	820
Dry Bulk	29	640	670
Liquid Bulk	263	3,045	480
LoLo	377	4,309	1,164
LoLo/RoRo	77	1,026	197
Car Carrier	26	1,365	146
Fishing	840	246	46
Others	83	543	143
Total	1776	17,884	3,665

Local Vessels 2015

Vessel Type	Nos	GRT	100 GRT/HRS
RORO/Passenger	341	1,173	695
Conventional	178	38	36
Fishing	444	49	68
Others	104	23	13
Total	1,067	1,283	811

Local Vessels 2016

Vessel Type	Nos	GRT	100 GRT/HRS
RORO/Passenger	341	1381	411
Conventional	232	50	55
Fishing	638	75	96
Others	178	56	25
Total	1389	1562	588

Cargo Throughput 2015

Type	Import	Export	Total
Non Containerised	36	5	41
Containerised	948	518	1,466
Dry Bulk	375	268	643
Liquid Bulk	735	187	921
Total Foreign Cargo	2,093	978	3,071
Total Local Cargo	71	88	159
Total Cargo Fiji	2,164	1,067	3,230

Cargo Throughput 2016

Type	Import	Export	Total
Non Containerised	310	10	320
Containerised	1,416	894	2,311
Dry Bulk	400	147	546
Liquid Bulk	797	148	945
Total Foreign Cargo	2,923	1,198	4,122
Total Local Cargo	147	172	319
Total Cargo Fiji	3,071	1,370	4,440

Cargo Throughput 2013

Type	Import	Export	Total
Non Containerised	138	164	303
Containerised	1,122	941	2,063
Dry Bulk	788	253	1,041
Liquid Bulk	585	187	772
Total Foreign Cargo	2,634	1,545	4,179
Total Local Cargo	81	145	227
Total Cargo Fiji	2,715	1,691	4,406

Cargo Throughput 2014

Type	Import	Export	Total
Non Containerised	24	3	28
Containerised	1,179	959	2,138
Dry Bulk	314	147	461
Liquid Bulk	735	156	891
Total Foreign Cargo	2,253	1,558	3,810
Total Local Cargo	70	113	184
Total Cargo Fiji	2,323	1,671	3,994