Fiji Ports Corporation Limited

ANNUAL REPORT 2020

Corporate Statements

Vision
To be the Smart Green Gateway for trade in the Pacific region.

Mission
To invest significantly in new and upgraded seaport and ship repair facilities to support and enhance the economic growth and prosperity of Fiji, as well as providing key economic and lifestyle linkages throughout Fiji and our Pacific region. We will provide expertise to drive regional safety and capacity in respect of maritime infrastructure.

Values
- Professionalism
- Progressive Leadership
- Commercial Stewardship
- Corporate Citizenship
- Strategic Innovation
- Employees Wellbeing/Diversity

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Cover
Maintaining Supply Chain Connectivity of the Nation During Unprecedented Times of COVID-19 Pandemic

Fiji Ports Corporation Limited which is more commonly known as Fiji Ports is the commercial port management company that manages the two major ports of Suva and Lautoka and the secondary ports of Levuka, Vuda, Malau, Rotuma and Wairiki.

Table of Contents

OUR HISTORY

41% Fijian Government owned
39% Fiji National Provident Fund owned
20% held by Aitken Spence PLC

Declared fully owned Government Commercial Company

FPCL takes over FSHIL Management and Operations

Run by Government Departments

Established by Act of Parliament

Commercial Statutory Authority

Registered under Companies Act

Divestment of Shares Agreement

Reform created 2 entities

Port Operation

Ports Authority of Fiji (PAF)

Maritime & Ports Authority of Fiji (MPAF)

Fiji Ports Corporation Limited

Fiji Ships & Heavy Industries Limied (FSHIL)

FPCL

Before 1975

1975

1998

2004 (August 18th)

2009 (June)

2013

2015

Cargo Handling & Stevedoring

Ports Terminal Limited

With subsidiary Ports Terminal Limited (PTL)

Ports Terminal Limited associate company

Controlled by Overseas Companies with Agents in Fiji

Government Commercial Company

Government Commercial Company

FPCL & AITKEN SPENCE PCL

Public Private Partnership

CORPORATE PROFILE

Fiji Ports Corporation Pte Limited (FPCL) is the Port Management Company in Fiji and also plays a regulatory role in maintaining standards relating to Ports of Entry and other local ports throughout Fiji. As such, growing trade through Fiji's Ports in a sustainable manner that will optimise returns remains vital to FPCL.

FPCL provides primary regulatory oversight for: Ports of Suva, Lautoka, Levuka, Vuda, Malau, Rotuma and Wairiki, and at most of these, supplies operational and/or service provision through sub-contractors.

Ownership Structure

Effectively, FPCL is a Public Private Partnership (PPP). FPCL's subsidiary company, Fiji Ships & Heavy Industries Pte Limited (FSHIL) and Group's associate company, Fiji Ports Terminal Pte Limited (FPTL), also have varying shareholdings.

Principles upon which this Report is based:

Obligations Under Law

- Public Enterprises Act 2019
- Health and Safety at Work Act (HASAWA) 1996
- Sea Ports Management Act 2005
- Fiji Environment Management Act 2005
- Fiji Companies Act 2015
- Income Taxation Act 2015
- International Ship & Port Facility Security (ISPS) Code
- International Maritime Organisation, including
  - Ports State Control,
  - ILO/IMO Port reception facilities
- International Financial Reporting Standards (IFRS)
- Fijian Competition & Consumer Commission tariff rates

Certifications

- FPCL ISO 9001:2015 Quality Management System
- FSHIL ISO 9001:2015 Quality Management System
- FPCL ISO 45001: 2018 Occupational Health & Safety
- FSHIL ISO 45001: 2018 Occupational Health & Safety
- FPCL ISO14001: 2015 Environmental Management System
- FSHIL ISO14001: 2015 Environmental Management System

SHAREHOLDING STRUCTURE

Fiji Ports Corporation Limited (FPCL)

A Port Management Company in Fiji

Government 41%	Fiji National Provident Fund 39%	Aitken Spence PLC 20%

Fiji Ports Terminal Limited (FPTL)

An Associate Company of FPCL that manages the Cargo Terminals in Suva and Lautoka ports.

Fiji Ports Corporation Limited (FPCL) 49%	Aitken Spence PLC 51%

Fiji Ships & Heavy Industries Limited (FSHIL)

A Subsidiary of FPCL providing Slipway and Ship Repair Services and Heavy Industry work.

Fiji Ports Corporation Limited (FPCL) 100%

HIGHLIGHTS – 2020 AT A GLANCE

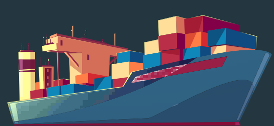
- Successful implementation of COVID-19 Pandemic Response Plan
- 2019 dividend totaling FJ$16.8m paid to our three shareholders
- Staff Bonus for FY 2019 payout of FJD $203k despite the decrease in revenue and profits in 2020
- Certification of ISO 45001 2018 (OHS) and ISO 14001 2015 (Environment Management System)
- Implementation of an online Berthing Application System for local vessels
- Review of Ports' Safety and Security measures
- Memorandum of Understanding signed between FSHIL and Centre for Appropriate Technology Development (CATD)
- Suva Port Relocation Feasibility Study Project commences
- Facilities Upgrade
- Acquiring of a new Pilot Boat
- World Maritime Day celebration in Lautoka
- Fiji 50th Independence Anniversary celebration

NPAT - **FJ$22.25m**

Liquidity - **15.1:1**

Return on Equity - **15%**

No. of Port User License (PUL) issued - **341**
Total International Vessel Arrivals - **1,383**
No. of Piloting Movements - **3,467**



MESSAGE FROM THE CHAIRMAN

Shaheen Ali
Chairman

It is an honour to present the 2020 Annual Report of the Fiji Ports Corporation Limited (FPCL), and its subsidiary company, Fiji Ships and Heavy Industries Limited (FSHIL).

We started the year on sound footing, reporting strong financial results in the first three months with a shared vision to modernise and expand Fiji Ports' asset base.

However, as with the rest of the world, the prolonged COVID-19 pandemic resulting border closure resulted in a weaker financial year in comparison to previous year for the Group.

While Fiji was one of the few virus-contained countries, major disruptions to the global economy for more than a year promoted businesses into survival mode to protect themselves and their workers from the financial and health impacts of COVID-19.

Unprecedented as it was, Fiji Ports' versatile and proactive management showed great resilience in successfully navigating the many obstacles we faced. By carefully managing costs and improving efficiencies, Fiji Ports was able to cushion the impacts of COVID-19.

Responding to COVID-19

As the livelihood of all Fijians depended on fully operational port services, ensuring that our international ports stayed open to facilitate exports and imports was of critical importance.

The FPCL's response measures, therefore, focused on two key areas: protection of its uninterrupted successful business and safeguarding frontliners. Handling cargoes from affected countries meant they were at the greatest risk of contracting and spreading the virus.

The strategies were successful. Zero virus transmission was recorded at our job sites and the Group was able to deliver double digit profits despite the sluggish business environment.

Maintaining the Balance Sheet

Amid a largely subdued international shipping business, which impacted heavily on the revenue and profitability

2019 Dividends presented to Shareholders

of Fiji Ports Terminal Limited and FSHIL, the FPCL Group still managed to deliver a Net Profit After Tax (NPAT) of FJ$22.25 million, when compared to FJ$26.50 million in 2019 -- a contraction of 16 percent.

The year's budget required realignment to reflect the reality of the turbulent and uncertain business environment and against the new Key Performance Indicators; the NPAT was $4 million higher than the revised budget.

Operational expenses were down by 37 percent compared to 2019, as cost cutting initiatives combined favourably with significantly lower expenses by FSHIL.

The FSHIL operations were halted due to the COVID-19 border closures and ageing infrastructure. This also resulted in a decrease in total expenses from a decline of production costs of lower vessel turnover. Implementation of other costs savings such as reduced working hours, reduced security services, control processes for administrative expenses and deposit collections for vessel repairs helped lower FSHIL expenses.

Despite incurring a loss of FJ$733k for the 2020 financial year, FSHIL's financial position remained strong with a cash balance of FJ$1.6 million and term deposits of FJ$1.5 million.

Notwithstanding the ongoing uncertainty, FPCL was still able to pay a substantial dividend of FJ$13.64 million to its shareholders, on par with the 2019 dividend of FJ$16.82 million.

At the end of the 2020 financial year, the group maintained its strong balance sheet position, with a healthy cash balance and zero external borrowings; a strong liquidity ratio of 15.1:1 compared to 8.9:1 in 2019, and a 1% increase in total assets compared to 2019, attributed mainly to better cash management and stringent debt-collection policies.

Protecting our Staff

At Fiji Ports, we believe the outcomes achieved this year would not have been possible without our key assets -- our staff -- who have had to make sacrifices while continuing to contribute to the Group's growth.

Staff safety was paramount. We ensured that they were provided the best Personal Protective Equipment (PPEs) available. Trainings were carried out for all staff on safe COVID-19 measures, including the donning, doffing

and disposal of PPE, and the extent at which they can interact with other staff.

Changes were instituted, including the upgrading of ICT structure to facilitate working from home modules. These were carried out to ensure that our staff kept safe, while allowing for international trade to continue safely.

Notable Projects and Port Business

During the year, the Company continued to embark on its 5-Year Strategic Plan (2019-2023) under which several projects were implemented.

In line with FPCL's vision of becoming the 'Smart Green Gateway of the Pacific', more than FJ$11.12 million in related capital projects were carried out during the year.

A notable 'Green Project' is the Muaiwalu 2 Carpark Facility, which is a net-zero energy facility. This is achieved through careful design considerations during the initial construction stages, installation of rooftop solar PV system and solar powered carpark lighting at the facility.

The lull at the wharves, as vessel numbers declined, was an opportune time to uplift infrastructure upgrades to prepare for an increase in trade volume when borders open.

Major areas of capital spending were related to yard infrastructure development, wharf rehabilitation projects, as well as other ICT and port operations capital investments.

The Company partnered with the Fijian Government, to seek funding partners to initiate its critical Suva Port relocation project. This project commenced in August 2020 with the funding assistance provided by the Asian Development Bank.

However, FSHIL invested this time with the completion of 500T cradle project. From January 2021, the 500T slipway will be fully operational while the rails and underwater structures are planned for rehabilitation works from May 2021.

Appreciation

Unprecedented as the year was, Management, staff and the Group as a whole showed adaptability, resilience and determination. They rose to the occasion for the benefit and safety of stakeholders, employees, and all Fijians by keeping COVID-19 at bay.

Undoubtedly, the containment of the COVID-19 at our facilities has been the best achievement of 2020.

By remaining fully operational, Fiji remained connected to the world, ensuring an uninterrupted supply of essential food items to all Fijians.

Fiji Ports' performance this year, delivering a significant profit and declaring a substantial dividend to its shareholders, is testament of the dedication and commitment of the Board, the Executive Management and the employees.

The positive performance also comes on the back of the foresight of the Fijian Government to enter public-private partnership. It resulted in securing long-term investment and contributed towards the development, modernisation and expansion of FPCL's asset base, all of which coupled with visionary leadership of the Board and its Management, cushioned the impact of the pandemic on FPCL's operations.

The FPCL will distribute the dividend to its shareholders of which 80 percent is locally owned by the Fijian Government and the Fiji National Provident Fund (FNPF). This dividend, through the Fijian Government and FNFP, will go back into the Fijian economy.

I wish to thank my fellow Directors for their support and contributions, and the Executive Management and Heads of Departments for their leadership. My sincere appreciation to all the staff of FPCL, subsidiary FSHIL, and associate company FPTL, for their commitment and dedication throughout the 2020 financial year. I look forward to your continued commitment towards achieving the vision set for the next five years.

I would also like to thank the shareholders – the Government of Fiji, FNPF and Aitken Spence PLC – for their guidance and support over the years. Our achievements would not have been possible without this strategic partnership.

To our valued stakeholders, we thank you for your confidence, support and loyalty.

Going Forward

The year 2020 has certainly been the most challenging years FPCL has had to endure. It reminded us of the important role FPCL plays, not just in creating a modern and vibrant trading port, but in the safety and security of Fiji.

One of our greatest achievements has been the containment of COVID-19 at our facilities. That said, we understand the nature of the virus and its ability to evolve quickly and FPCL reaffirms that as we learn more, we will respond accordingly.

The FPCL is dedicated to implementing its 5-Year Strategic Plan (2019-2023), the relocation of the Suva Port and to growing the profitability of the company. This project is critical in building confidence in the Fijian economy as we strive to recover.

The FPCL Board and Management continue to explore and proactively plan a future that is best for all stakeholders, including our shareholders, our staff, our customers and the whole of Fiji.

Shaheen Ali
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Vajira Piyasena
Chief Executive Officer

The year 2020 was a profound one for Fiji Ports Corporation Limited that not only brought with it new experiences and challenges to trade but was also unparalleled in terms of operating business in a COVID-19 contained environment. The COVID-19 global pandemic re-emphasized the importance of shipping as the leading facilitator of the global economy, supporting more than 80% of the global trade.

Kitack Kim, International Maritime Organisation (IMO) Secretary-General (SG) rightly pointed out when he said, "shipping and maritime will be at the heart of the economic recovery, and therefore it must be sustainable". SG Kim's sentiments ring true especially for island nations like Fiji, as reliance on the services provided by Fiji Ports became crucial when air travel was severely restricted during the uncertain initial days of COVID-19 pandemic.

Financial Performance

I am pleased to report that in the fiscal year 2020 the financial performance of the company continued to be positive, posting a Net Profit After Tax (NPAT) of FJ$22.73 million, an enviable result given the severe impact of the coronavirus pandemic on economies worldwide.

2020 will no doubt be remembered as the year that "normal" changed forever, only to be followed by prolonged business disruptions that rendered business models all over the world to change accordingly to take into account the pandemic.

For FPCL, the evolving climate throughout the year resulted in the company undertaking an exercise to revise its financial year budget to get a more realistic performance benchmark, considering the unpredictable business environment.

Management identified key cost and operational drivers to cushion the decline in revenue and a tight control on operational costs was implemented. As a result, the Company achieved a NPAT of FJ$22.73 million, an increase of FJ$4 million (21%) when compared to the revised budget approved by the Board.

The turbulent nature of business in 2020 makes any comparison to 2019 unrealistic; however, the timely austerity measures employed by Management prevented any further erosion of revenue.

Responding to the COVID-19 Pandemic

Port Operations and Staff Welbeing

COVID-19 pandemic has caused inevitable global economic downturn, with impacts felt across the entire global value chain. Fiji, too, has been severely impacted putting key industries such as tourism and marine transport in an unprecedented crisis, and in need of support to help them mitigate the impacts of this pandemic.

Internationally many countries implemented containment measures through various restrictions such as lockdowns, established containment zones and closure of borders, causing disruptions to travel, production, trade and the global economy on an unparalleled scale.

Whilst the international borders were shut for the most part of 2020, port operations effectively continued to allow for trade and assist the Fijian economy to sustain some of the COVID-19 impacts.

Austerity measures had to be activated to ensure we manage the delicate balance between responding to new COVID-19 restrictions and keeping our ports operational. Adding to that, we encountered the negative impact of COVID-19 on overall revenue and economic sustainability.

Besides operating ports in a COVID contained status, Management was faced with two critical challenges:safety of its employees, customers and stakeholders and keeping FPCL & FSHIL 100% operational through a languish market recovery navigating multiple challenges.

Fiji Ports being the national's important entity point, and crucial link to the supply chain, developed and implemented a COVID-19 Pandemic Response Plan for FPCL and FSHIL. Management provided high grade Personal Protective Equipment (PPE's) to all our staff, trained the front-line staff on effective usage of PPE in the safest manner and followed all the protocols set by the Ministry of Health & Medical Services.

Through these hard times we built resilience within FPCL as a team and developed adaptive strategies as

an organisation to cope with the challenges presented by the pandemic. In terms of trade, whilst the volume of vessels had declined in 2020, vessel arrivals remained consistent throughout the year, enabling FPCL to maintain its current workforce to manage our port operations.

Technological Initiatives

Most industries were already dealing with market disruption on many fronts that placed traditional business and operating models under severe pressure, these trends have been accelerated by the COVID-19 crisis.

In response, Fiji Ports has leveraged on remote working, created new business models, re-aligned strategies on how to serve customers while protecting everyone's (customers and employees) welfare, enhanced technology capabilities and assembled multi-disciplinary teams. Fiji Ports was quick in implementing an intelligent operating model; built-in agility, guided by purpose, combining new ways of working with technology and was better equipped to deal with the pandemic crisis.

The new normal will be "never normal". Management had to accelerate the adoption of agile ways of working and value chain transformation to help outmaneuver uncertainty and focus on its core responsibilities as a Port Management Company. Fiji Ports adapted to becoming an Intelligent Enterprise which meant shifting from top-down decision-making, empowering teams guided by purpose, driven by data and powered by technology. Fiji Ports believes that the Intelligent Enterprise is capable of dynamic self-management and continual adaptation. By implementing this concept we have built for agility, resilience and growth in 2020.

FPCL believes employees continue to be the key to FPCL's continued success and in return, the well-being and interests of its employees were well looked after. Staff were rewarded by bonus payments based on the Performance Management System and the company also opted to pay the maximum 10% in employer's contribution towards our employee's Fiji National Provident Fund pension scheme, 5% more than the minimum required company contributions

Risk Mitigation Strategies

To mitigate risk and protect Fiji Ports' employees, customers, and stakeholders, Management took a lead and implemented various risk mitigation strategies, specifically relating to cost saving and process improvement initiatives.

Management had done multi-level cost control and process re-alignments which all employees had been adequately advised on. The Human Capital Services department facilitated the e-distribution of five (5) different circulars to all employees of FPCL and FSHIL,

which focused on specific areas of the business operation: Cost-saving initiatives, Procurement, Human Capital Services Policy & Procedure, Operations, and ICT.

The overall mission was to protect staff from the impact of the pandemic, ensure information system uptime, data integrity and availability that ensures business resilience.

Out of consideration for our stakeholders, FPCL developed models and mechanisms to assess the impact on port users and tenants and approve concessions on cases by case basis as part of our Corporate Social Responsibility.

As anticipated, business performance and operational strategies were significantly affected by COVID-19. Management strongly believed that proactive, consistent and clear external communication strategies could help maintain a level of business continuity. Therefore demonstrated our commitment to all stakeholders, both internal and external, and strengthen our cordial relationships during this uncertain time.

Wholistically, the effective implementation of cost control initiatives hand in hand with the proactive enforcement of strict COVID-19 safety protocols enabled the company to continue with its FJ$11.12 million capital projects despite the adverse conditions and, in 2020, still post a positive NPAT, a notable achievement considering the challenges brought about by COVID-19 on the global economy.

Implementation of FPCL's 5-Year Strategic Plan (2019 – 2023)

In line with FPCL's 5-Year Strategic Plan (2019 – 2023), FPCL has planned for strategic investments in improving the existing infrastructures at all ports and other major projects which will benefit ourcustomers, stakeholders, and shareholders.

Strategy implementation is never regarded as a straightforward exercise. Management has assembled a Strategy Execution Team to ensure that key project team execute the Strategic Plan effectively. Management is actively involved in monitoring the progress of strategy implementation through a comprehensive program dashbaord.

During the year, the company had to re-delegate the 5-Year Strategic Plan execution team to assist with containment measures. Management strategically realigned the workforce by tapping the potential skills and drawing expertise from the existing staff to carry-out duties of vacant positions, thereby optimizing the employment cost.

Some key projects however have been delayed due to challenges of finding specialists in port industry and international and local travel restrictions. However, management took preliminary measures to implement these delayed projects in 2021.

Infrastructure Development Projects

In working towards FPCL's vision of being a Smart Green Gateway for trade in the region, we embarked on several projects that are ongoing and at various stages of development.

During 2020, the company committed over FJD$11 million dollars in capital projects and deployed its strategies to invest into the upgrading of its infrastructure for future. This is aimed at getting the company to a level where we can accommodate the increasing trade volumes once the international boards are open. We have implemented effective strategies for controlling of the cost drivers while delivering concurrently a significant work program relating to the 5-Year Strategic Plan.

Major wharf rehabilitation works have been approved by FPCL Management and Board at a cost of approximately FJ$10 million for the vulnerable areas of the main wharves of Suva and Lautoka. The rehabilitation works were be initiated in 2020 and is expected to be carried through to 2022.

The redesign of the Lautoka Port Yard 3 Project was completed with a development budget of FJ$8.2 million allocated. The Project, once completed will extend the Yard's service life to 30 years but will also enable Fiji to have two upgraded international port facilities for trade.

FPCL in collaboration with the Ministry of Economy (MoE) and the Asian Development Bank (ADB) are undertaking a Suva Port Relocation feasibility study for the enhancing maritime transport connectivity and resilience in the Pacific. This is a strategic review of development options for the Port of Suva and further port developments in other areas of Fiji.

Improving Business Processes

A2 Vessel Traffic Management System (VTMS) has been acquired from Australia and will be implemented once the international borders open in 2021, allowing experts from overseas to install the system. The system will modernize the vessel traffic control at Suva Port. After the successful implementation in Suva, the rollout will eventuate for Lautoka port.

FPCL identified the need to digitize the berthing application process to improve efficiency. This was addressed by developeing a system in-house by the FPCL ICT team, an online rollout was done successfully, starting in Suva with local port operations before it was implemented in other wharves. The system was implemented to make berthing application processes easier for our customers for both local and international vessels.

The Finance team progressed well with the digitizing of FPCL's invoicing system, enabling revenue automation project to create system generated invoices. The project is expected to be completed in 2021.

To improve business process at our busy local whatf, FPCL invested and installed a new car park ticketing system at Muaiwalu 2 facility, resulting in considerable reduction in congestion. FPCL plans to install car park ticketing system in other facilities.

To improve the deliverability of projects, FPCL introduced an online Project Management system and through this platform, staff are able to monitor and execute project deliverables on time.

Environmental and Sustainable Initiatives

To improve the efficiency and resilience of port operations and infrastructure at FPCL whilst reducing environmental impact and carbon footprints, a number of key projects were implemented in 2020.

Muaiwalu 2 Carpark facility - this is a notable Green Project for FPCL, which is a net-zero facility. This was achieved through careful design during the initial construction stages, the installation of roof-top solar PV system and solar powered carpark lighting at the facility.

The acquiring of a new modern Pilot Boat will improve FPCL's capacity to carry out piloting duties in outer port areas such as Wiriki, Levuka, Dravuni, Denarau and Yasawa Islands. In line with Fiji Ports' 5-Year Strategic Plan (2019 – 2023), the Board and Management had prioritized the need to modernize both infrastructure and superstructure that are vital for the efficient operation of our ports. The decision to acquire a new pilot boat replacing the existing 10-year-old boat with outboard engines was taken in 2018. With that, FPCL has now operating a new modern boat "Senitakali." There are plans to acquire one for Lautoka Port.

As for energy efficiency upgrades, FPCL developed and have rolled out replacement of outdated lighting and assets to high efficiency modern systems. As a result, FPCL have been able to reduce the power consumption and its carbon footprint.

Fiji Ships and Heavy Industries Limited (FSHIL) Performance

Fiji Ships and Heavy Industries Limited (FSHIL) is a subsidiary of FPCL whose core business is to provide ship repair and maintenance services to domestic and international vessel operators.

FSHIL's operations were severely affected by global lockdowns and border closures during the year, which prevented clients from regional Pacific Island countries to bring their vessels for repairs, directly causing a 40% revenue loss for the company.

The year had been also impacted with ageing infrastructure issues particularly the 500T slipways that had negatively impacted the overall ship repair income. Total income decreased by FJ$3.4 million or 59.3% when compared to 2019.
Implementation of other costs saving measures such as revised working hours, control processes for administrative expenses and deposit collections for vessel repairs helped to lower FSHIL expenses.

Fiji Ports' Management appointed a Change Management Committee (CMC) compromising of lead managers to assist FSHIL's operations team with the

containment measures that the management had put in place to combat COVID-19 impact on FSHIL's business.

With little core business taking place, human resources have been realigned to the replacement of the 500T slipway instead of laying off workers while a few employees were deployed at Fiji Ports. It was an opportune time for FSHIL to undertake maintenance of its ageing slipway infrastructure.

FSHIL ended the 2020 financial year with a Net Loss of FJ$733k, a considerable decline compared to 2019, where it had made a profit of FJ$112k. Despite incurring the loss, FSHIL's financial position remained strong with a cash balance of $1.6m and term deposits of $1.5m. Despite its many challenges, FSHIL was able to meet its financial obligations throughout the year..

Milestone Achievement

As manager of a premier port facility in the Pacific region, FPCL strives to uphold the quality of service that is on par with global standards.

To this end, I am very pleased to share that the company is on track with its Systems Certification efforts.

Following last year's accomplishment of ISO 9001:2015 Quality Management System, FPCL notched another milestone achievement in the fourth quarter of 2020 with its certification of Integrated Management System (IMS) which conforms to ISO 9001:2015 (Quality Management System); ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 (Occupational Health and Safety) Standards.

The implementation of these standards ensure a holistic development of FPCL, as they are founded on seven principles being leadership, customer focus, evidence-based decision making, relationship management, engagement of people, process approach and improvements.

It also provides for systematic management of environmental responsibilities and a system that ensures a safe and healthy workplace for our staff. This was only possible through the hard work and contribution of every staff of FPCL.

These prestigious certifications are a testimony of our commitment to provide services to our valued customers to the highest standards; and protect and safeguard our employees from risks and hazards.

Acknowledgement

I would like to acknowledge the contributions made by many people. Therefore, I wish to express my sincere appreciation to the Chairman and the Board members for their leadership and guidance, and request that they continue to lead us through the next chapter of this challenging period.

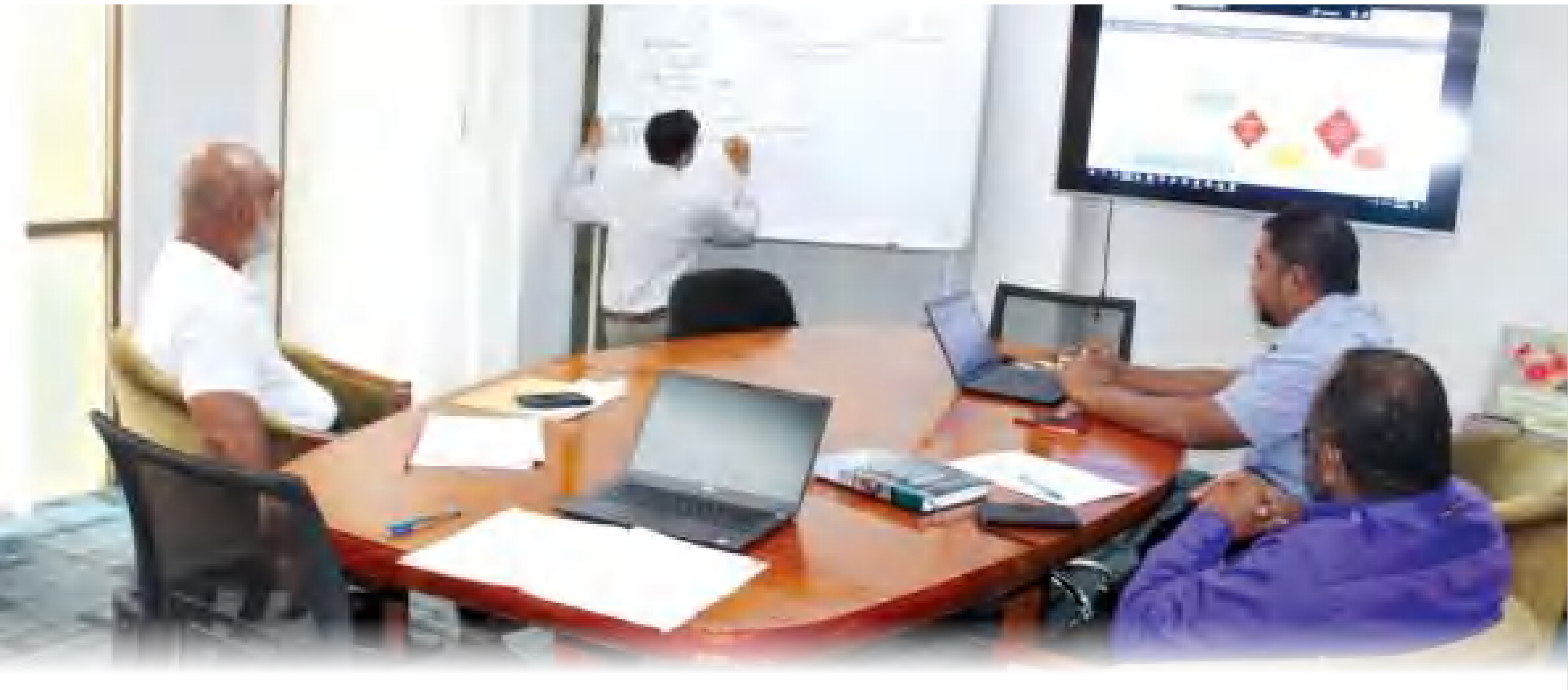
To my Management Team, Head of Departments and all staff, I wish to convey my gratitude for your dedication and hard work. Without your endless support, we would not have been able to achieve our successes and face the challenges encountered with the pandemic situation.

Also, I would like to thank our colleagues from the relevant Ministries, Management of FPTL and all our key stakeholders for their continuing support.

We have significant challenges and great opportunities ahead of us. Therefore, I would like to encourage everyone to embrace the "new normal" by continuing to work together to ensure that the ultimate objectives of FPCL are achieved and our vision of becoming the Smart Green Gateway for Trade in the Pacific is attained

Vajira Piyasena
Chief Executive Officer

FPCL'S RESPONSE MEASURES TO COVID-19



Corona Virus (COVID-19) has impacted livelihoods and economies across the world. Although Pacific Island countries such as Fiji have recorded a smaller number of cases of COVID-19, Government has been quick to implement public health emergency measures including lockdowns, curfews and physical distancing, travel restrictions, and international border closures to prevent imported cases of the virus.

FPCL and its Subsidiary Company, Fiji Ships and Heavy Industries Limited (FSHIL) and Associated Company, Fiji Ports Terminal Limited (FPTL) have been at the forefront of border control ensuring protocols are followed to allow for cargo ships to enter Fijian ports without jeopardizing Fiji's COVID-Contained status.

FPCL worked very closely with the Ministry of Health and Medical Services and the Government, taking all necessary precautions with regards to the entry of cruise liners in the beginning of the year and all other local and foreign vessels.

FPCL has been proactive in setting up a Response Team consisting of internal key senior staff. A level of risk phases and an Action Response Plan was developed by the Response Team.

As an essential hub in the Pacific, FPCL ensured all its internal and external stakeholders were regularly well-informed regarding the changes being made and protocols/measures being put in place during the pandemic crisis.

It is quite challenging for industries especially for the downtime in the Marine sector. The on-going contraction of production and consumption, has led to reduction in maritime trade, causing disruption in shipping demand and port traffic. Other sectors such as Travel and Tourism have been adversely affected as well due to border closure.

As such, FPCL had to re-align its priorities to enable a sense of direction and outline measurable goals. It was critical for FPCL to strategically plan its day-to-day decisions, evaluate progress and change approaches when moving forward.

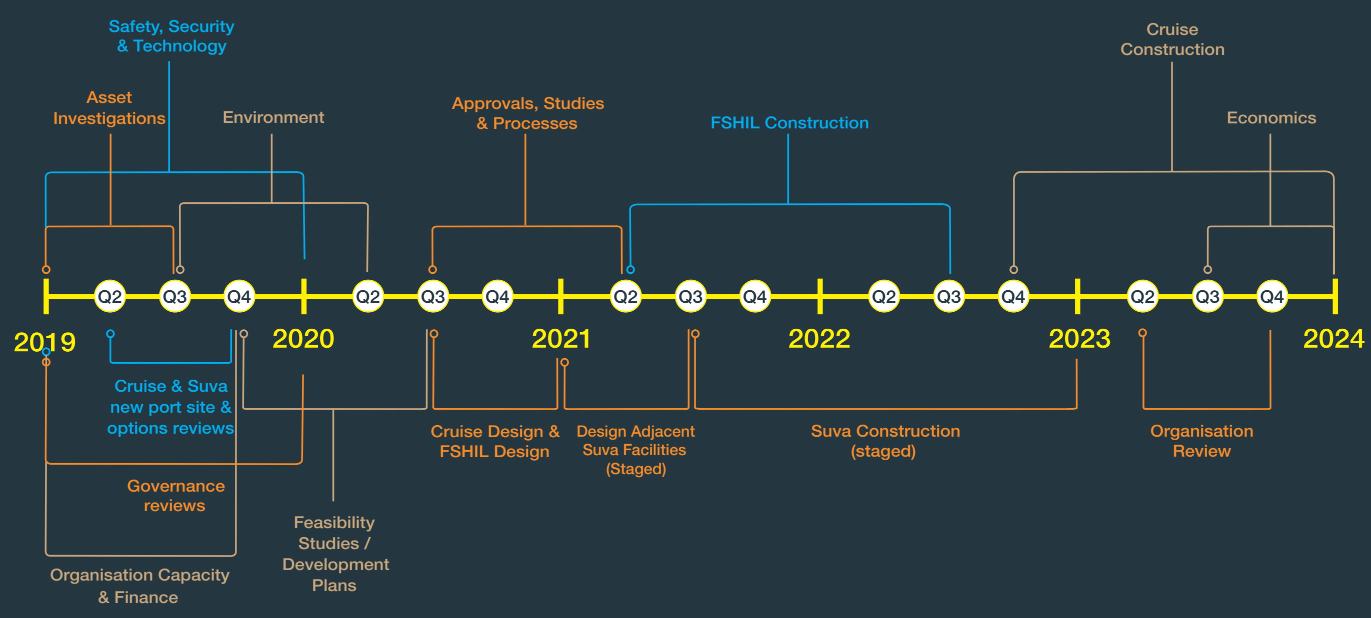
During the year, Management spent considerable time and effort in ensuring its operations run smoothly without making staff redundant or any reduction in staff wages and salaries. Some internal cost-cutting initiatives related to Operations, Human Resource, Procurement, and Technology and Communications were put in place within FPCL and FSHIL.

At FPCL, staff implemented and followed the protocols put in place by the Ministry of Health and Medical Services. FPCL provided appropriate Personal Protection Equipment (PPE) for staff, who received training in the proper use and disposal of PPE. Further to this, FPCL had implemented temperature scanning for all internal and external stakeholders, using infrared thermometers.

During the lockdowns and curfews put in place by the Government for Suva and Lautoka areas, FPCL was proactive in allowing the affected staff to work from home. When necessary, staff worked across departments to ensure operations were not adversely affected during the lock-down phase.

FPCL is continuing to work closely with the Ministry of Health and Medical Services and Government to meet and address the challenges created by the COVID-19 pandemic.

5-Year Strategic Plan - Programme Summary



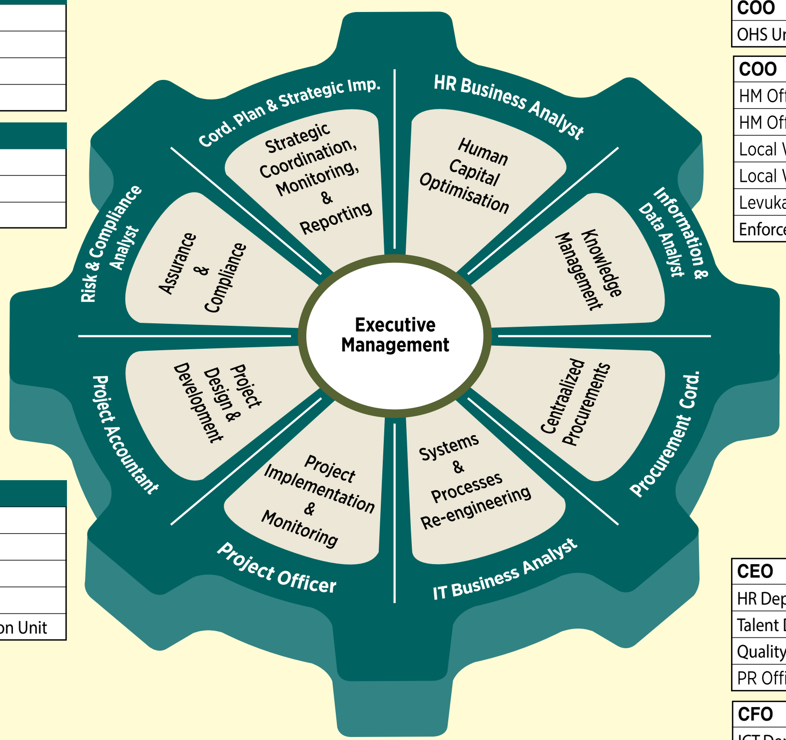
FPCL Organisational Structure & Strategy Execution Team

CEO	Governance
Executive Management	
Board Secretary	
Legal Unit	
CFO	Risk and Compliance Unit

CFO	Financial
Finance Department - Suva	
Finance Department - Lautoka	
Procurement Unit	

COO	Safety
OHS Unit	

COO	Port Operation
HM Office/Port Administration Suva	
HM Office/Port Administration Lautoka	
Local Wharf Office - Suva	
Local Wharf Office - Lautoka	
Levuka Office	
Enforcement Unit	



CI&PO	Infrastructure
Port Engineering Department	
Maintenance Unit	
Asset Management Unit	
Projects Unit	
Planning & Strategic Implementation Unit	

CEO	Organisation
HR Department	
Talent Development & Training Unit	
Quality Assurance Unit	
PR Office	

CFO	Technology
ICT Department	
MICT	Business Information Unit

COO	Sustainability & Environment
Environmental Management Unit	
Energy Management Unit	

COO	Port Security
Port Security Department - Suva	
Port Security Department - Lautoka	

APPROACH TO REPORTING

Progress in Achieving Our Six Strategic Goals

Strategic Goal 1 - Governance

To enhance our governance processes by aligning external/regulatory functions to effectively facilitate the governance framework, ensuring the organisation achieves a balance between commercial and social deliverables required by shareholders.

Strategic Goal 2 - Infrastructure

This is focused on monitoring the state of critical infrastructure by implementing rehabilitation measures to maintain FPCL assets in an optimum level of condition. FPCL will ensure that the new port development project is implemented to improve efficiency by benchmarking against worldclass international operational standards. FPCL will collaborate with key stakeholders/agencies in all aspects of port development on the relocation plan for Suva Port.

Strategic Goal 3 - Financial Performance

To spearhead the Commercial and Financial Stewardship of FPCL to ensure that shareholder value is retained, in the midst of implementing strategic development initiatives, such as the Suva Cargo Port relocation. Facilitate long term funding options, and provide financial insights to ensure agreed annual outcomes are achieved, while evaluating and supporting options to finance all the projects outlined in the 5-Year Strategic Plan. Develop and introduce customer-centric systems and processes to optimise customer experience and be a catalyst to progress towards earning recognition as the Smart and Green Port of the Pacific.

Strategic Goal 4 - Organisation/Capacity

To optimise the new organisational structure in alignment with the strategic objectives through rigorous requirements processes. FPCL is committed to providing capacity building and development, supporting staff retention strategies, promoting gender equality and maintaining integrity through a professional workforce.

Strategic Goal 5 - Environment and Sustainability

FPCL is committed to assessing and implementing Port Sustainability Guidelines and Green Port Initiatives.

Strategic Goal 6 - Safety, Security & Technology

Continue to enhance the review of safety and security procedures to meet and exceed the required International Ship and Port Facility Security (ISPS) Code and adopt a safe workplace culture. FPCL is focused to implement advanced technology systems to enhance its operational capabilities to be a leading Smart port in the region.

BOARD OF DIRECTORS

Government Representatives

Shaheen Ali
Chairman
Reappointed on
18th November 2018

Vijay Maharaj
Director
Reappointed on
3rd July 2018

Tupoutua'h Baravilala
Director
Reappointed on
28th April 2018

Vilash Chand
Director
Reappointed on
3rd July 2018

Fiji National Provident Fund Representatives

Tevita Kuruvakadua
Director
Appointed on
16th November 2015

Niranjwan Chettiar
Director
Appointed on
9th September 2020

Ashnil Prasad
Director
Appointed on
9th September 2020

Aitken Spence PLC Representatives

Dr Parakrama Dissanayake
Director
Appointed on
18th March 2019

Iqram Cuttilan
Director
Appointed on
1st July 2017

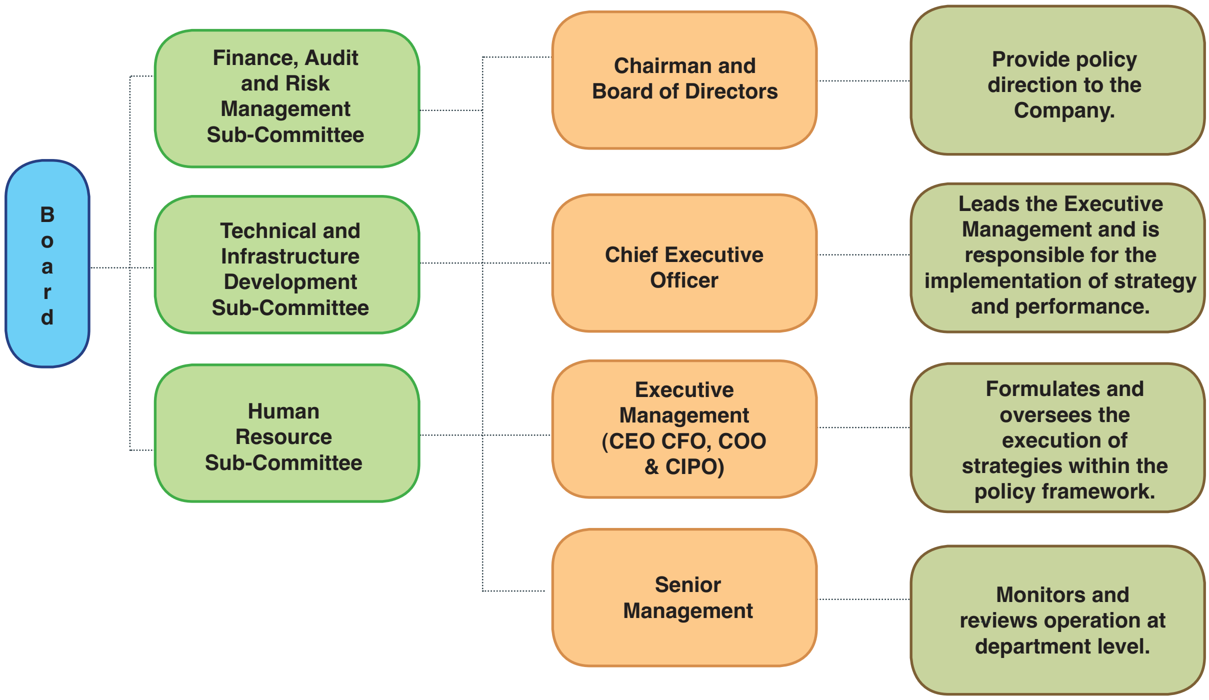
CORPORATE GOVERNANCE

The essence of good governance is leadership. Good governance is a fundamental principle of FPCL. The Board of FPCL is aware of the responsibilities it has for stewardship and accountability to its shareholders, the Government, 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. Governance is an evolving subject and FPCL continues to look at the best practices for guidance in its journey with a realization that embracing new developments strengthen its structures.

Structure

As the final decision-making body of the Company, has been responsible for setting in place an effective Corporate Governance Framework, which maintains balance between empowerment, accountability, and vision for sustainable growth.



Role of the Board

The FPCL Board is also responsible for the strategic guidance and oversight of the Company as set out in the Board's Terms of Reference.

Role of the Board

- Review and adopt the overall Strategic Plan
- Identify risks and ensure implementation of a proper risk management system
- Review the adequacy and the integrity of the Management information and internal control systems of the Company and the Group
- Oversee and evaluate the conduct of business of the Company and the Group
- Establish a succession plan

Meetings

Board meetings are scheduled to meet three times during the Financial Year ended 31 December 2020. Attendance was as follows:

Board Directors	Board Meetings		Subcommittees					
			Board Finance, Audit & Risk Management		Board Human Resource		Board Technical & Infrastructure Development	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Shaheen Ali	2	2	-	-	-	-	4	1
Mr Vijay Maharaj	2	1	3	1	2	2	-	-
Mr Vilash Chand	2	2	3	3	2	-	4	3
Ms Tupou Baravilala	2	2	-	-	-	-	-	-
Mr Tevita Kuruvakadua	2	-	3	1	-	-	-	-
Mr Sashi Singh	2	1	-	-	2	1	4	3
Mr Niranjwan Chettiar	1	1	-	-	-	-	-	-
Mr Ashnil Prasad	1	1	-	-	-	-	-	-
Mr Iqram Cuttilan	2	2	-	-	2	2	4	4
Dr Parakrama Dissanayake	2	2	-	-	-	-	-	-

Number of meeting held while being a member. Number of meeting attended.

Risk & Compliance

FPCL is committed to maintain its diverse and inclusive workplace, to demonstrating value-based leadership, as well as to fostering attitudes and behaviors that contribute to a safe, creative and vibrant working environment for all its employees.

The Risk and Compliance Unit is responsible for ensuring that the Company's internal controls are properly functioning as well as managing the external audit process of the company.

Risk Management and Risk Register

In 2019 FPCL had developed an Enterprise Risk Management Framework concept as a key corporate governance requirement in the conduct of its business by ensuring that sound risk management practices are in place to protect the Company and its operations from any negative consequences of uncertain future events.

A structured enterprise-wide risk management approach along the guidelines of the ISO 31000:2009 will enable Fiji Ports to achieve good business conduct, efficient controls, quality outcomes and sustainability.

Using the Framework as a guideline, an Enterprise Risk Register was also developed and used during the COVID-19 period in 2020. FPCL has plans to further review the Risk Management Framework and Policy.

Legal Requirements

To safeguard and protect the Company's interest and to reduce potential legal risks, FPCL continued to seek legal assistance from its panel of selected Solicitors. Assistance provided to FPCL were in the areas of legal proceedings, reviewing of contracts and agreements, documentation gathering in preparation for court trials, etc.

For the year 2021, FPCL has plans in recruiting a Manager Legal that would assist the Board and Executive Management by providing advice on general business law issues and manage the legal issues of all areas of the Company, including but not limited to corporate matters, procurement, safety, security, insurance and sustainability issues, and to secure compliance of business operations with relevant laws and regulations.

Audit and Reporting

The Board Finance, Audit and Risk Management (FARM) Sub-Committee assists the Board in independently verifying and safeguarding the integrity of the internal control and financial reporting of the Company and Group. Its primary role is explained in the below diagram.

Ensure implementation of audit recommendations

Review quarterly results and annual financial statements

Review the internal audit programme and consider the findings made by the internal auditors

Review the Company's internal control system

External Audit

As the requirements under the Companies Act 2015, Section 420 (1), the Board FARM Sub-Committee makes recommendation to the Board for an appointment of an External Auditor. Ernst & Young was appointed as the External Auditor for the 2020 Financial Year review.

> *"We are constantly working towards the highest level of compliance possible. Compliance starts with understanding and understanding starts with corporate governance."*

Internal Audit

The Board and Management have overall responsibilities for internal control for FPCL and to ensure the organisation implements effective internal controls. To maintain transparency and accountability within the organisation, FPCL has continued to engage an audit firm, PKF Aliz Pacific to conduct independent internal audits of key areas of the organisation. Whilst there were no significant internal control issues identified, the Board and Management closely collaborated in implementing processes and procedures to address the audit findings.

Controls Monitoring

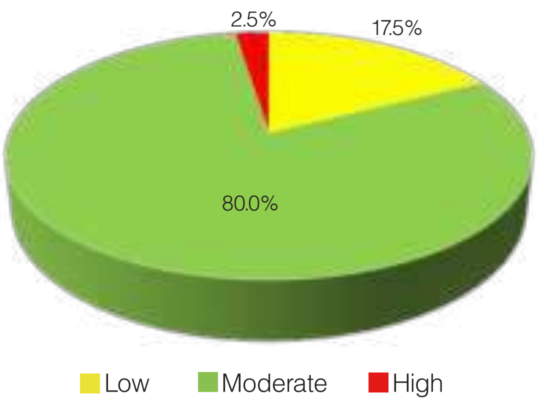
The FARM Sub-Committee reviewed and deliberated on forty (40) audit recommendations for FPCL and the Group. Information was disseminated to Management for the implementation of recommendations in improving internal procedures and processes. The new audit tracker that was developed by Management last year, was used to keep track and monitor the implementation of audit recommendations.

Internal Audit

Audit	No. of Findings
FSHIL Asset Management	4
FSHIL Product Costing	7
FSHIL Ship Building and Repairs	10
FPCL Security Protocols & Process and Local Wharf	5
FPCL Human Resource	6
FPCL OHS Compliance and Engineering Process	8
Total	**40**

Internal Audit Risk Ratings

Company/Risk Ratings	Low	Moderate	High
FPCL	7	12	0
FSHIL	0	20	1
Total Issues	7	32	1
Percentage	**17.5%**	**80.0%**	**2.5%**



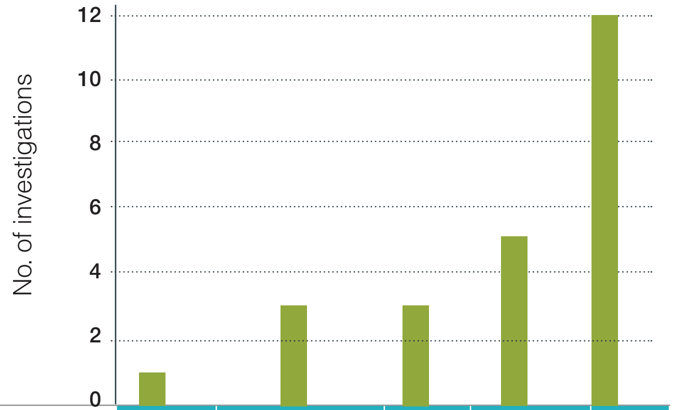
Review of Policies and Procedures

During the year, FPCL has initiated the process of identifying the Company Policies and Procedures that needs reviewing and updating. FPCL's Policies and Procedures are living documents which aids the Company in the right direction. FPCL believes that regularly reviewing Policies and Procedures keeps the organisation up to date with regulations, technology, and industry's best practices. Policy review ensures that FPCL's policies are consistent and effective.

Compliance

The Board and Management ensures that policies are up to date with the latest market trends and regulation changes. Through its robust investigative system in place, twelve (12) internal reports were submitted to the Management. Upon Management's endorsement, relevant actions were taken to rectify internal controls and to discipline responsible staff.

Internal Investigations Conducted



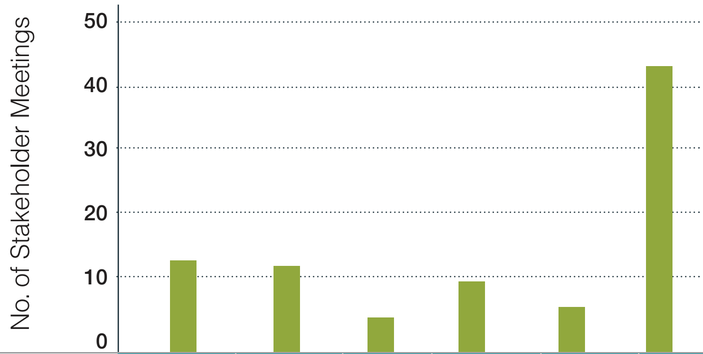
	HR Inquiry	Stakeholders Compliance	Fraud	Internal Controls	Total
No. of Investigations	1	3	3	5	12

Communication with Stakeholders

The Company's ability to build a relationship of trust with its stakeholders was at the forefront of FPCL's Governance framework. FPCL stakeholders include its customers, Government, communities and its employees. The Company continues to ensure that all dissemination of information is through the appropriate channels, and is transparent, so our stakeholders are well informed of the Company and the Group operations. For the year in review, each operational department was required to engage their external stakeholders for meetings, in order to discuss COVID-19 awareness and protocols, changes in processes, regulations and other matters related to port operations.

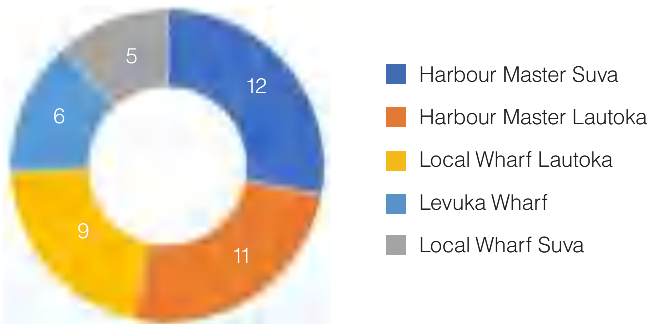
Management and Stakeholders Meeting

No. of Stakeholders Meetings



	Harbour Masters Suva	Harbour Masters Lautoka	Local Wharf Suva	Local Wharf Lautoka	Levuka Wharf	Total
No. of Stakeholders Meeting	12	11	5	9	6	43

No. of Stakeholders Meetings



Quality Assurance

FPCL being an International Organisation for Standardisation (ISO) certified company, has driven the company to a world class level. ISO has enabled FPCL to improve its performance, provide better quality service, reduce risk, increase innovation and revenue.

The year 2020 was a challenging year for FPCL due to COVID-19, but this did not stop the Company in reaching its goals. Some of the projects undertaken in the year were: 1) Review of the Staff Induction, 2) OHS and Environment ISO Certification, and 3) Implementation of Quality Circle.

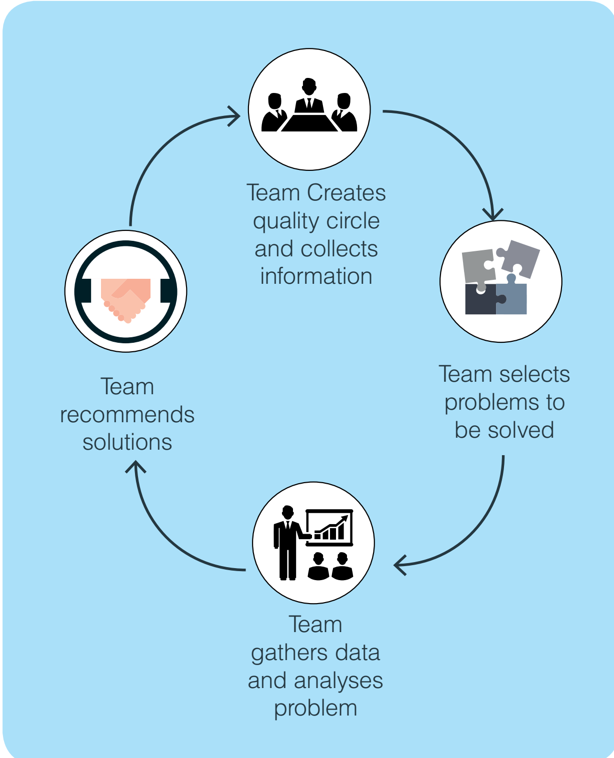
"By putting the employee first, the customer effectively comes first by default."

Implementation of Quality Circle and Methods

Another project the Company undertook was the implementation of the Quality Circle within FPCL. The training facilitated by the Fiji National University (FNU) saw selected FPCL staff introduced to the concept and practical application of the Quality Circles system.

Quality Circle representatives were selected by individual department HODs. Representatives were then trained internally so that they have a fair idea on the importance of Quality Circle and the benefits of it.

The selected delegates are in the process of implementing the training by reviewing aspects of relevant processes and systems within their departments, workplace environment, materials and methods.



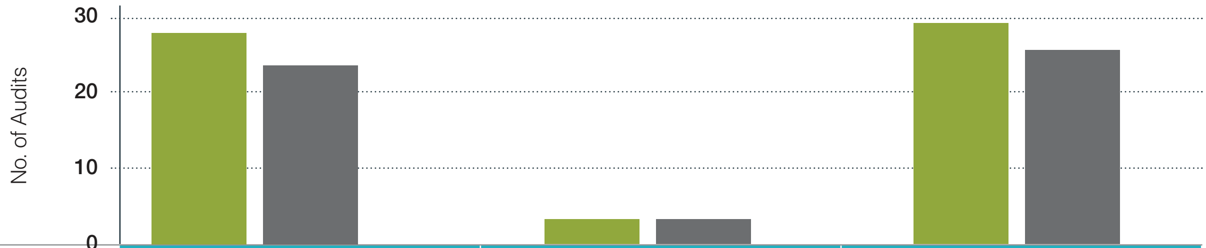
Audits

FPCL's internal Audit Team consists of three trained Auditors that are responsible for Auditing the Company's internal departments and units. Out of the 22 planned internal audits, 19 were successfully conducted by FPCL's Internal Quality Auditors.

As for the External Audits, these were successfully audited by DNV Australia through remote audit method. During this Quality Management System External Audit there were no Major or Minor Non-Conformances highlighted by the Auditors.

Department/Unit	Suva		Lautoka	
	No. of Planned Audits	No. of Audits Conducted	No. of Planned Audits	No. of Audits Conducted
Maintenance	2	2	1	1
Asset	2	2	0	0
Finance	2	2	1	1
ICT	2	2	0	0
Local Wharf	2	2	1	1
Harbour Master's Office	2	2	1	1
Security	2	2	1	1
OHS	2	2	0	0
Human Capital Services	2	2	0	0
Marketing & Communications	2	1	0	0
Quality	2	0	0	0
Total	**22**	**19**	**5**	**5**

Internal and External Audits 2020



	Internal Audit	External Audit	Total
Planned Audits	27	1	28
Completed Audits	24	1	25

ISO Certification

Apart from the Quality Management System (ISO 9001:2015) in place, FPCL also had our ISO implementation team which helps in the preparation and implementation of the OHS and Environment External Audit.

Towards the end of 2020 FPCL received another milestone in achieving the ISO Certification for the OHS (ISO 45001:2015) and Environment (ISO 14001:2015) Management System. These two Management System were integrated into one known as Integrated Management System (IMS).

Altogether three ISO certifications had been successfully achieved during the year:

1. Quality (ISO 9001:2015)
2. OHS (ISO 45001: 2018)
3. Environment Management System (ISO 14001:2015).

Celebrating the Company's successful ISO certification

EXECUTIVE MANAGEMENT TEAM

Vajira Piyasena
MBA, MSc, PG Dip Management (Prod & Tec), PG Dip International Affairs, PG Dip Business (Quality & Ops Mgmt), CEng (MIE) (Ind)I Eng, FIMarEST (UK), FRINA (UK), FCILT (UK), CQP FCQI (UK), CMgr FCMI (UK), Marine Eng. (Class 1) DoT UK

Chief Executive Officer

Following a multi-disciplined international career spanning over 30 years as a maritime professional, an academic and a management consultant, Vajira Piyasena joined Fiji Ports Corporation Limited (FPCL) in 2011 as the CEO to head the then state-owned entity and its two subsidiary companies, Ports Terminal Limited (PTL) and Fiji Ships & Heavy Industries Limited (FSHIL). With the privatisation of PTL in 2013, after a successful Public Private Partnership and subsequent divestment of FPCL in 2015, he was responsible for providing strategic and transformational leadership to the organisation at a time of unprecedented change.

Qualified in UK as a Marine Chief Engineer in 1987, Vajira had a seagoing career serving with major international shipping companies. In the area of the maritime industry, his expertise extends to international shipping, marine engineering, maritime education and training, ship repairs and ship building and maritime safety. As the co-founder of a consultancy company established to provide services primarily to the maritime industry, he has worked with over 100 companies in projects comprised of developing integrated management systems, policy development, corporate restructuring and international business development.

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 Hub Port in the South Asia Region.

He has received Executive Training from Harvard Business School and Goizueta Business School, USA. In addition, he is also a member of the Masters in Business Administration (MBA) Advisory Committee of the University of the South Pacific and a Member of the Panel of Review for the Fiji Business Excellence Award.

Roshan Abeyesundere
MBA (NZ), FCMA (UK), FCPA (AU), MCIM (UK), CGMA

Chief Financial Officer

Appointed as CFO in 2017, Roshan Abeyesundere is a strategic commercial finance leader who has significant international exposure. He is passionate about enhancing value in organisations by focusing and improving key business processes and value drivers.

He is a former Group Accountant of New Zealand Post Group.

At New Zealand Post, he worked as a Commercial Manager for six years, designing and implementing new revenue generating projects. For four years he was CFO of Dispute Resolution Services Limited, responsible for leading finance, IT, risk, property, commercial and administration functions in five major cities in New Zealand.

Mr. Abeyesundere has extensive experience in commercial projects design, negotiation and implementation; he has provided leadership to change management and business strategy development initiatives in many organisations to enhance shareholder value. He brings with him hands-on experience in business continuity planning, risk and knowledge management.

Captain Laisiasa Gonewai
Master Mariner Class 2 FG COC (NZ)

Acting Chief Operating Officer

Appointed as Acting Chief Operating Officer, February 2017, Captain Gonewai has been the Harbour Master for the Port of Suva since 2014. His qualifications include: Gazetted Marine Surveyor (MSAF); Certificate of Competency for Class 1 Mates and Class 2 Masters, FC COC (NZ Maritime College), and Certified Marine Deck Examiner. He has more than 25 years' experience in the domestic and international maritime industry.

OBLIGATIONS

FPCL continues to work towards meeting expectations as an implementation body for standards relating to other local ports of entry in Fiji. It remains vital to assist trade facilitation in a sustainable manner through Ports in Fiji while optimising returns.

Obligations Under Law

The principal legislation under which FPCL is governed is the Sea Ports Management Act 2005. However, as a partially Government-owned Commercial Company, Fiji Ports also has broad responsibilities under the Public Enterprises Act 1996. FPCL's objectives and responsibilities under the Sea Ports Management Act 2005 are as follows:

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

Business Obligations

FPCL is the Port Management Company in Fiji and also plays a regulatory role. FPCL maintains ownership and operation of Levuka Wharf, Ovalau, and oversees the operations and ISPS requirements for the following ports: - Malau Wharf Labasa, Vanua Levu (owned by Fiji Sugar Corporation);- Rotuma Port, Rotuma (owned by Rotuma Council); - Wairiki Wharf, Nabouwalu, Vanua Levu (owned by Tropic Woods Industries Limited) and - Vuda, Viti Levu (owned by oil companies). FPCL continues to oversee and operate port facilities located at Mua-i-Walu I and II, Walu Bay, Suva, and Local Wharf at Lautoka, through the provision of ports infrastructure and related services to ensure industry safety and security, and maintains its Head Office located at Muaiwalu House, Walu Bay, Suva.

Obligations in Partnership

FPCL works with Maritime Safety Authority of Fiji (MSAF) with respect to Fiji Ports' obligations for the implementation of conventions under the International Maritime Organisation (IMO) including Ports State Control, ILO/ IMO requirements for port reception facilities (discharge of sewerage and rubbish) and Code of Practice on Security in Ports. Addressing issues under the heavily regulated Global Cruise Industry is a continuing responsibility for FPCL, given the number of cruise ships in our ports continues to increase each year. In line with other countries that have cruise ships, FPCL has effectively implemented measures to ensure compliance with relevant laws, regulations and international treaties. The cruise industry is also subject to the International Ship and Port Facility Security Code (ISPS Code), which requires that access to ships and port facilities be tightly controlled.

Corporate Obligations

FPCL Board, Management and senior staff are committed to:
- Adopting, leading, planning principles and management systems;
- Working cooperatively to ensure safe and secure port environments;
- Providing appropriate technologically advanced infrastructure, and
- Adhering to FPCL's Corporate Values at all times.

Obligations to the Community and Our Environment

As FPCL diligently carries out its corporate obligations, the Company strives to maintain its commitment towards the community through its social activities, with direct and indirect benefit to the broader community. Equally important as other issues, the Company takes environment protection seriously. Frequently, Management and staff create stakeholder awareness regarding land and sea pollution as part of their daily activities and duties. The growth of the mining industry in Fiji has bought new responsibilities. Carrying solid bulk cargoes involves considerable risks, which must be managed carefully to safeguard the Port, ship's crew and the vessels. Fiji Ports is assisting with these risks: reduced ship stability, and even capsising, due to cargo liquefaction, fire or explosion due to chemical hazard, and damage to ship structures due to poor loading procedures.

INFRASTRUCTURE

As outlined in FPCL's 5-Year Strategic Plan 2019 – 2023, FPCL has mapped out timelines in upgrading its infrastructures at all designated ports. As FPCL is the Landlord Port, the Infrastructure & Planning Department is responsible for the management of Company's property assets, leased back from Assets (Fiji) Pte Limited, all FPCL engineering and for the development and maintenance of the Company's designated Ports.

HIGHLIGHTS OF KEY PROJECTS

Development of a Modern Muaiwalu 2 Passenger Terminal to enhance Social and Shareholder value

FPCL's Muaiwalu 2 local wharf has seen a 18% increase in vessel throughput in the last five years, from 775 to 916 vessel calls per year, which is attributed to the increase in maritime travel in the north, central and southern division of Fiji. The increase in the vessel, vehicle, and passenger's throughput has contributed to: a) traffic congestion along Tofua Street towards the wharf, b) safety and security issues, and c) unnecessary overloading of the aging wharf structure.

The above issues coupled with the need to utilize the vacant FPCL land beside the wharf and achieve the strategic goal of operating a Suva Inter-island Terminal Facility, FPCL has initiated the Muaiwalu 2 Interisland Passenger Terminal Facility Project.

The project scope includes the construction of a drive-through carpark, a modern Interisland terminal building accommodating multiple ticking offices, waiting area of over 200 seating capacity with user-pay Wi-Fi, departure gates, food stalls, bank, supermarket, conveniences, etc.

In addition to the primary project objectives, the project will also: a) contribute to FPCL's corporate social responsibility by providing more than 200 comfortable seats in an airconditioned waiting area for the travelling public, and b) reinforce the Green Port Initiative launched by FPCL in 2019 by implementing the terminal building as a 100% solar powered building with rainwater harvesting.

The project is estimated to cost between $4m to $5m and has been approved by FPCL Management and Board for the conduct of a feasibility study. Subject to the outcome of a feasibility study, stakeholders will be approached for consultation and a detail design will be carried out. Physical construction works is projected to begin in 2022.

"A project is complete when it starts working for you, rather than you start working for it. FPCL's infrastructure and super-structure plays an important role in meeting the Company's mandated business partnership and corporate obligations."

Current Muaiwalu 2 Wharf Congestion

Muaiwalu 2 Interisland Terminal Draft Concept

Wharf Rehabilitation

Following the wharf condition assessment of FPCL's main wharfs in Suva and Lautoka in 2019, and given the fact that wharf assets are critical not only for FPCL operations but for the nation's trade as a whole, FPCL Management and Board has approved the rehabilitation of high-risk items at a cost of approximately $10m.

Considering the risks involved and the limited inhouse capacity in delivering the rehabilitation project, FPCL is utilizing a design-bid-build approach with external project partners as its project delivery method. An international bidding was carried out and in June 2020, FPCL finalized a consultancy agreement with a renowned international consultancy firm who has vast experience with similar projects in the Pacific to carry out the Detail Design. Simultaneous to the conduct of the Detail Design by the consultant, FPCL carried out an international bidding and prequalified a total of 7 reputable contractors.

The rehabilitation project will be carried out in the following packages: a) the upgrade of Kings Wharf Southern Section, b) rehabilitation of Queens Wharf 1959 Section, c) rehabilitation of Walu Bay Wharf, d) rehabilitation of Queens Wharf 2005 Section, e) rehabilitation of Kings Wharf Northern Section, and f) rehabilitation of Lautoka Local Wharf.

Following the completion of the Detail Design of Kings Wharf Southern Section and Queens Wharf 1959 Section, FPCL has commenced consultations with stakeholders and local authorities for consent and/or approval including but not limited to the Suva and Lautoka City Councils, and Department of Environment and Ministry of Employment, Productivity & Industrial Relations. Risk Assessment for the project was carried out with Management approving the mitigation plans which included the recruitment of site engineers and purchase of structural design software's. Physical construction works is expected to commence in June 2021.

Kings Wharf Southern Section

Development of Lautoka Port Container Yard 3 Project

Lautoka Container Yard 3 and 4 projects were initiated in 2017. The design and approval stage took longer to complete as anticipated in the beginning of the project.

For Fiji to be a regional and move towards becoming an international hub, it is important to increase cargo-volumes consisting of imports, exports and transshipments. This development works will improve the current condition of the running surface of the Yard, elevate so that operations will not be affected during high and in heavy rain.

Once this development project is completed, it will not only create additional space for storage of containers but will improve the efficiency of receiving and delivery of containers for customers. The rehabilitation works will extend Yard's service life to 30 years. This Yard 3 upgrade works form part of series of rehabilitation works and improvements planned for Lautoka Port, with similar works planned for Yard 4 which includes a new substation.

The development of Lautoka Port Yard 3 Project is expected to be executed in March of 2021 once a groundbreaking ceremony has been completed. The total cost of the project is approximately FJ$8.2 million and it will take approximately a year to complete.

Rehabilitation Project 2020-22

The main wharves of Suva and Lautoka including the Slipway at FSHIL will be undergoing major rehabilitation works in 2021. The rehabilitation will be mostly focusing on restoring the as-built structures to its original state and reinstate the as-built load rating.

In June 2020, FPCL finalised an Agreement with a renowned foreign consultancy who has vast experience with similar projects in the Pacific for the designing of the wharf's sections that requires to be rehabilitated. The Wharf Rehabilitation will be carried out in two packages with the rehabilitation of Kings Wharf Southern Section and Walu Bay Wharf being the first including the Lautoka Queens Wharf 1959 and 2005 section being the second.

Prior to the implementations FPCL held consultation meetings with the City Councils, Department of Environment and Ministry of Employment, Productivity & Industrial Relations including relevant stakeholders in the process of attaining prior approvals for going forward with the project. The implementation is expected to commence in mid of 2021 under the supervision of two site engineers with the aim of involving local based contractors during this pandemic period. The project is expected to be completed in mid of 2022.

Upgrading of Fiji Ships & Heavy Industries Site in Eliza Drive, Walu Bay

FSHIL's profitability would have been higher in 2019 and 2020 if the business continued normally eliminating the effects of Covid-19 and slipway infrastructure failure. Continuous infrastructure breakdowns had led to loss of customers resulting in lower vessel turnover. Higher Repairs & Maintenance (R&M) costs further reduced the profitability of the company.

Considering that the 1000T, 500T and 200T Slipway directly and indirectly account for 93% of FSHIL Revenue, the FSHIL Management Committee have initiated the FSHIL Infrastructure Roadmap which includes but not limited to the rehabilitation of the 500T and 1000T Slipways, upgrade of the existing 200T Slipway to a 500T capacity, replacement of cradles, and a robust maintenance program.

Similar to the wharf rehabilitation project, the Detail Design of the rehabilitation and upgrade works has been outsourced to an international consultant. For operational continuity, the project will be delivered in two phases commencing with the rehabilitation of the 500T and 1000T Slipways and followed by the upgrade of the 200T Slipway to 500T capacity.

Physical construction works is expected to commence in June 2021. The first milestone achieved for the FSHIL Infrastructure Roadmap is the completion of the new 500T Cradle Project was completed at a cost of $838k.

FSHIL Slipway Facility

New 500T Cradle Completed in Oct 2020

Draunibota Jetty Development in collaboration with Swire Shipping

FPCL and an external stakeholder have collaborated to develop Draunibota Jetty into a clinker jetty in response to increasing demand for cement and clinker goods. The project ensures to divert cement clinker imports and vessels away from Suva's main port due to environmental concerns and port traffic congestion at the main wharf. A project brief documentation was submitted by the external stakeholder which is currently in the reviewing process before any Agreement is being finalised by FPCL.

Port of Levuka

The Port of Levuka provides berthing facility to fishing vessels, tankers, occasional cruise ships and other vessels/ferries. Following Category 5 Tropical Cyclone Winston in February 2016, the Port had sustained structural damages to the main building of the office and port infrastructure.

"Projects we have completed demonstrate what we know about Green and Smart Port. Future projects decide what we will learn."

Major upgrades and expansion plans for the Port was put on hold due to less revenue generated from the use of Port. However, the Port undergoes yearly minor routine maintenance for the upkeep of the facility. Plans are in pipeline for upgrade and rehabilitation works to be carried out in 2021.

An Update on ADB Project Enhancing Transport Connectivity and Resilience in the Pacific – Suva Port – Strategic Review of Development Options

Inception workshop held in September 2020

The Ministry of Economy (MoE) has engaged the Asian Development Bank (ADB) to undertake a Suva Port Relocation feasibility study with the assistance of their appointed Consultants - Royal HashkoningDHV (RHDHV).

The Study is undertaken in four stages with expected completion within eight (8) months, by mid-2021. The Consultants will assess and review the following:

- Stage 1 – Review of existing maritime policy and regulatory framework;
- Stage 2 – Assessment of current Suva Port condition and operation;
- Stage 3 – Port development options – scoping and identification; and
- Stage 4 – Preparation of an implementation plan for future feasibility study and project preparation.

A Project Steering Committee (Committee) has been established, with representations from the Executing Agency (MoE) and Implementing Agency (FPCL), with ADB as an observer. The Committee meets monthly while the appointed Consultants provides regular updates to enable monitoring of progress and project direction by ADB, MoE, FPCL and the Steering Committee.

FINANCIAL PERFORMANCE

The strong financial performance over the years for Fiji Ports Corporation Limited (FPCL) had set the precedence for its performance in the financial year 2020 and the Company stood strong in developing key strategies to maintain this status despite the global travel and trade restrictions. FPCL was yet able to spearhead its commercial and financial stewardship and ensure that shareholder value is enhanced, in the midst of implementing capital intensive projects as part of 5-year Strategic Plan (2019-2023). However, our reliance and connectivity to the rest of the world meant that the chain of events and the spread of the COVID-19 pandemic globally, FPCL could not deliver the same results as in previous years.

In 2020, whilst the international borders were closing, significantly impacting the global trade, FPCL focused on streamlining its operational cost base to minimize the impact of the pandemic. As part of this initiative, the Company has developed various cost saving initiatives which had been communicated to all staffs to emphasize on the impacts of the pandemic and what is required to maneuver out of the situation.

FPCL undertook multiple Capital Expenditure projects as part of its strategic plan, and the Company in 2020 strengthened the establishment of a Project Management Office (PMO) that effectively managed the projects. The nature of some of the projects were complex and required additional external funding partners. The company partnered with the Fijian Government, to seek funding partners to initiate its critical project, "*The Suva Port Relocation Project*".

The Company invested over FJ$11.12m in capital projects. While the vessels numbers were declining in 2020, the Company deployed its strategies to invest into the upgrading of its infrastructure for future and taking advantage of the low vessel traffic and getting the company to a level where we can accommodate the increasing trade volumes once the international boards open.

Certain key projects were delayed as a result of restrictions put in place due to the pandemic. In 2019, the Company acquired a Vessel Traffic Management System (VTMS), which was to commission in 2020, however, due to the border closures this project willnow be completed in 2021. Subsequently, FPCL started the project to automate the invoicing process and towards the end of the year, the development of the modules into the Financial Management Information System (FMIS) was undertaken.

The evolving business climate throughout 2020 resulted the Company undertaking an exercise to revise its financial year budget to get a more realistic benchmark to compare its actual performance in this turbulent business environment.

FPCL in the financial year 2020 also benchmarked its financial and operational performance against United Nations Port Performance Indicators. While the indicators suggest that FPCL has maintained its performance, the Company continues a journey to develop additional key performance indicators.

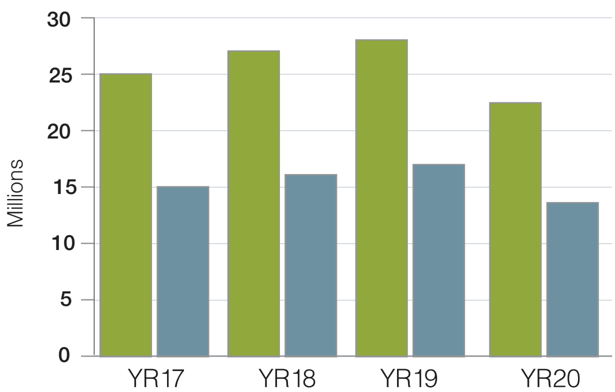
Fiji Ports Performance for the Year Ended 2020

The Company recorded another successful year with a Net Profit After Tax (NPAT) of FJ$22.7m. This profit is attributed to prudent and timely decision making by management under close guidance from the board. Extensive engagement and support from staff were also a major contributor towards achieving this milestone amidst the global pandemic.

Return to Shareholders

Given the impact of COVID-19 on FPCL's operations, the dividend payout to shareholders is to decrease by 19%. However, it is worthwhile to note that FPCL is still paying FJ$13.6m as dividend for the financial year 2020 that was huddled with a global pandemic.

Profitability vs Dividend



Description	Actuals ($000)			
	FY17	FY18	FY19	FY20
Net profit after tax (NPAT)	25,378	27,065	28,036	22,730
Dividend declared/ proposed	15,227	16,239	16,821	13,638

Key Challenges

Fiji Ports in the financial year 2020 was targeting to surpass the previous year's record profitability while maintaining its investments into capital projects. However, the year had its setbacks and this was mainly due to the pandemic.

The spread of COVID-19 in the first quarter of 2020, had led to the Fijian Government prohibiting cruise liners from calling into our ports which impacted the company financially.

In April 2020, when Fiji recorded its first COVID-19 case, FPCL under the directive of the Ministry of Health and Medical Services, imposed strict guidelines for port operations. FPCL's two major ports are in Suva and Lautoka, and these two cities were on two weeks lockdown. Due to the lockdowns, the logistics were an issue and it required FPCL to engage external parties to manage the logistics outside of the lockdown areas which yielded an additional expense to the company.

FPCL has a diversified investment portfolio, the company managers numbers of properties as well as have term deposit investments. Due to the pandemic, the entire nation was impacted and to cushion the impact, FPCL considered and provided concessions and flexibility in rental payments to its customers while itself being significantly impacted by the declining trade. The COVID-19 pandemic has also led to the commercial banks lowering the interest rates previously offered to FPCL hence, the interest income received through term deposit investments were also impacted.

FPCL's subsidiary company, Fiji Ships and Heavy Industries Limited, specializes into ship repairs and had a majority of its customer base as internationally flagged vessels. Due to the border restrictions FSHIL revenue stream from international vessels ended. The loss of international vessel repair revenue and aging infrastructure is continuing to impact FSHIL profitability.

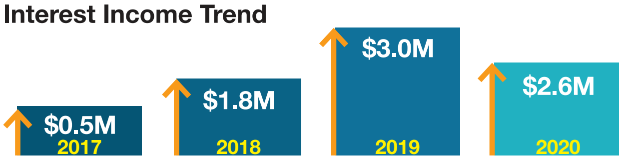
Despite these challenges, Fiji Ports made a FJ$22.7m NPAT which is commendable. This was possible through the strategies adopted by the Board and Management which proved effective.

Strategic Initiatives

The key challenges meant that the Board and Management had to make quick decisions and adopt to the rapidly evolving business climate.

Over the years, FPCL had solidified its financial position and with a strong liquidity position, the Management had decided to exercise prudent cash investment opportunities by exploring investment in term deposits which has tremendously benefited FPCL with incremental interest income in the past years. However, due to the pandemic, the commercial banks lowered the interest rates previously offered to FPCL and declining income meant FPCL had a lower pool of capital for Term Deposit investments.

Interest Income Trend



The Management also closely worked with the FPCL Pilots to maintain 80% of the piloting market share in the country through upgrading its facilities. FPCL is targeting to further enhance its position in the market. The year was also earmarked with the arrival of a new pilot Boat for the port of Suva. This acquisition will increase the capacity of FPCL in hosting additional vessels to our port of entry when the international border open completely.

Debtors Turnover

25 Days

The team at FPCL also rigorously worked together to ensure that FPCL is able to recoup its debts as it falls due. With the tremendous effort from the team, amid the financial crisis, in 2020 FPCL recorded a receivable turnover of 25 days. This is a remarkable achievement, considering that the company has a 30-day debtor account.

A staff reward and recognition system – new performance management system, was introduced effectively and its benefit were harnessed during 2020. This system had seen capacity building strengthened across the organization and as a result, Management was able to motivate and reward staffs to double up on key positions which led to cost minimization to the company.

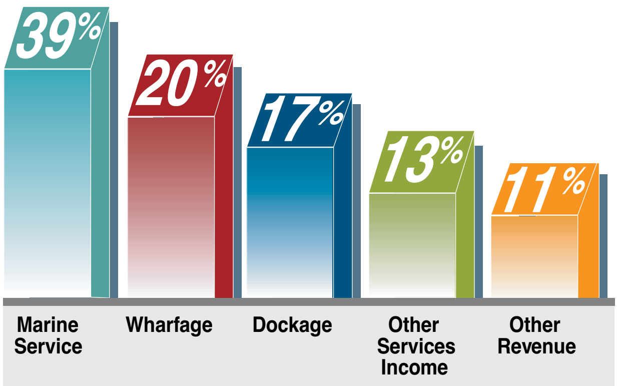
Management in 2018, had initiated the conditional assessment of the wharf infrastructure, with this project completed in 2019 and inconsideration of the setbacks faced in 2020, FPCL developed a strategy to progress the repair and maintenance work in phases, and to prioritize high-risk areas to ensure that the Company has a long-term sustainable infrastructure.

FPCL also continued with projects that are more of building blocks to the vision of being a Smart Green Port of the Pacific. Some of these projects include automation of the berth application process, automated invoicing system, undertake feasibility study on a proposed design for an energy efficient facility at Muaiwalu 2, and feasibility studies for a new port.

Revenue

The Company's operating revenue showed a decline of 10% over 2019. This decrease was largely due to global trade slowdown and international border closures which led to decrease in the number of vessels calling to Fiji Ports. However, the Company noted a slight increase in other services income.

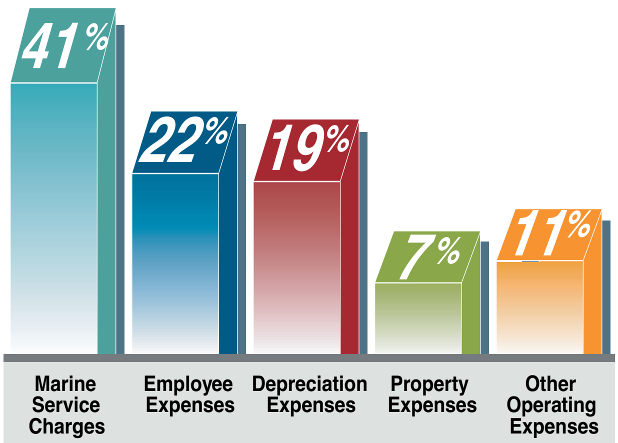
Composition of Company Income



Expenses

The Company's major operational expenditure areas are marine service charges, employee expenses and depreciation. These expenses are mainly directly correlated to the effects of the COVID-19 pandemic. When the two cities, Suva and Lautoka, were in lockdown, FPCL needed to engage other external parties to manage the logistics. Some of these arrangements involved hiring of pilot boats. Additionally, the employee expenses remained same to 2019, as manpower was needed to support the combat against the spread of the virus through our facilities as well as support the implementation of the 5-year Strategic Plan (2019-2023) that the Company embarked upon. The cost management initiatives adopted by the Management led to reductions in property expenses which include repairs and maintenance and other day to day operational expenses.

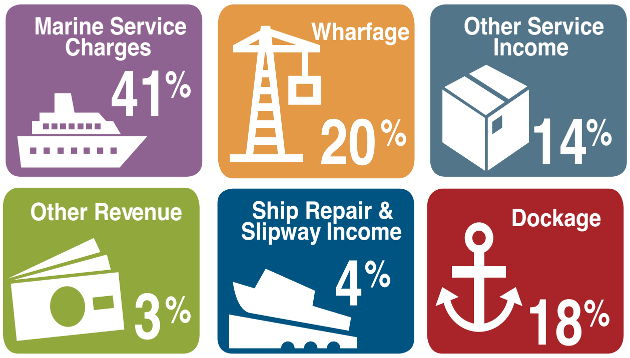
Composition of Company Expense



Financial Results of the Group

The financial performance for the Group reflects a resilient outcome despite the global crisis. This year being the seventh consecutive full year of operations, since the inception of the Public Private Partnership agreement, the Group recorded a Net Profit After Tax (NPAT) of FJ$22.24m which represents a 16% decrease from 2019. This is mainly a result of slow economic growth and drop in import and exports due to the COVID-19 pandemic as well as FPCL's 100% owned subsidiary, Fiji Ships and Heavy Industries Limited (FSHIL), experiencing significant profit reduction due to border closures and its ageing infrastructure challenges. The associate company, Fiji Ports Terminal Limited (FPTL) also suffered the impacts of the COVID-19 resulting in decline in cargo throughput which impacted the decline in Group profitability.

Group Revenues & Expenses

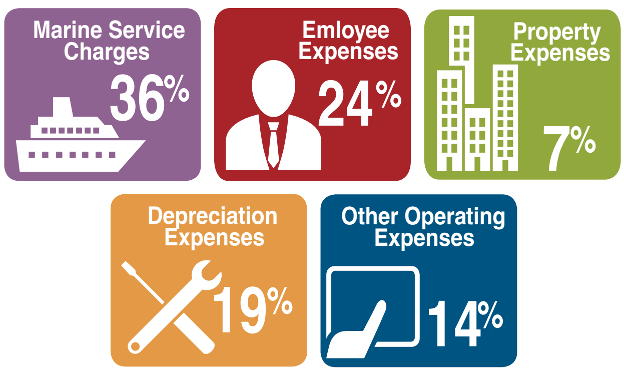


Composition of FPCL Group Income

The Group operating revenue showed a decrease of 15% over 2019. Despite the decrease in total revenue, other service income increased, due to higher GRT vessels visiting the port. In addition, there were significant breakdown of 500T slipway in 2020 which led to revenue losses grossing over FJ$900k for FSHIL. The COVID-19 pandemic also severely affected FSHIL as foreign clients were not able to bring their vessels for repairs due to border restrictions. Revenue generated from foreign client's accounts to 35% to 40% of annual ship repairs revenue which FSHIL had lost in 2020.

Net Finance (interest) income has significantly decreased by 13% when compared to 2019 due to lower interest received for the re-investment for year 2020 due to increase liquidity with commercial banks leading to lower interest rates.

Composition of FPCL Group Expense

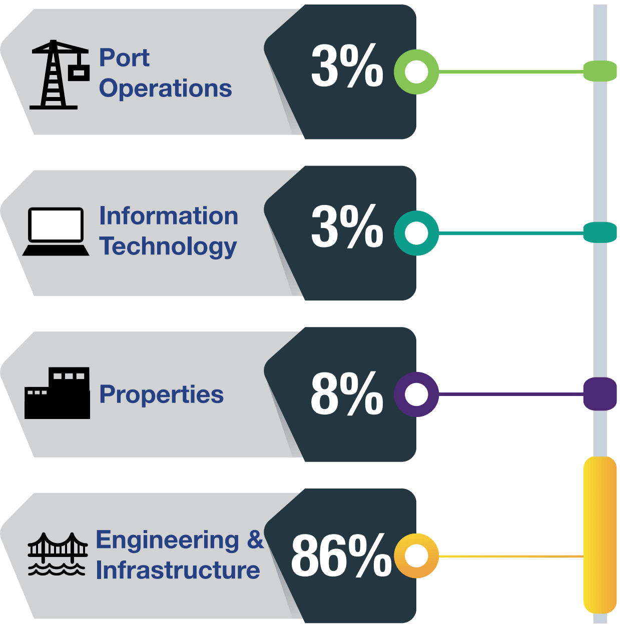


The share of profits from associate company, FPTL, has decreased when compared to 2019 financial year due to accounting adjustments, and is also attributed to increase in depreciation charges due to procurement of major assets as well as lesser cargo volume due to slower economic activities. The Group's operational expenditure decreased by 37% compared to 2019 financial year. This is mostly correlated to decreased operational revenue for FPCL as well as a decrease in expenses for the subsidiary company, FSHIL, by 45.43% over 2019 relating to a lower vessel turnover and cost cutting initiatives implemented in 2020 to cushion the negative impacts of COVID-19 pandemic.

Capital Expenditure

FPCL is embarking on its vision of becoming a Smart Green Gateway of the Pacific and to materialize this vision a significant Capital expenditure is required. FPCL has factored plans of major capital projects as part of the 5-Year Strategic Plan (2019-2023) for which planning phases are being initiated currently. In 2020, major areas of capital spending were for yard infrastructure development. Also, there were capital works wharf rehabilitation projects as well as other ICT and Port Operations capital investments.

CAPEX Spending



FPCL Group Profit & Loss summary for 2020 and 2019

Group Income Category	2020 $(000's)	2019 $(000's)	% Change
Operating Income	48,646	57,607	-16%
Other Income	1,636	1,645	-1%
Total Income	50,282	59,252	-15%
Operating Expense	(24,308)	(28,021)	-13%
EBITDA	25,974	31,231	-17%
Depreciation	(5,836)	(6,130)	-5%
EBIT(Loss)/Profit	20,137	25,101	-20%
Net Interest	2,611	3,008	-13%
Share of profit in associate	4,208	4,056	4%
Net Profit Before Tax (NPBT)	26,956	32,165	-16%
Income Tax	(4,709)	(5,664)	-17%
NPAT	22,247	26,501	-16%

Balance Sheet Extract (Consolidated 2020-2019)

Accounts	2020 ($000's)	2019 ($000's)
Cash at Bank	24,110	26,916
Trade and other Receivables (current and non-current)	8,070	9,106
Financial assets	55,000	47,000
Fixed Assets	50,945	53,246
Total Assets	162,279	160,463
Trade Creditors	3,717	4,082
Total Liabilities	16,314	19,923
Shared Capital	73,155	73,155
Retained Earnings	72,811	67,385

Groups Financial Position

The Balance Sheet for FPCL Group remains strong, with a sound cash balance with zero external borrowings, even after dividend payment of FJ$16.82m to shareholders.

The Group has maintained a strong financial position with total increase in assets of FJ$1.8m which is attributable to increased financial assets which relate to term deposits. This sets a positive foundation for future increased returns until the extensive capital expenditure program takes traction. This increase is offset by decrease in fixed assets due to depreciation. In addition, the total liabilities have decreased by FJ$3.6m when compared to 2019 and this shows a positive trend reflecting to the Group's strong ability to pay off its liabilities as it becomes due. The major drop in liability is due to the payout of rental dues to Assets Fiji Limited.

Group Key Performance Indicator

Based on the performance indicators, the Group has a 40.05% operating profitability. This reflects the Group's margin on EBIT which has been maintained favorably when compared to 2019, however, showing a drop due to direct impacts of COVID-19 on income levels of the Group. The Group has a 30.41% net profitability on its capital invested reflecting the Company's efficiency at allocating capital under its control to profitable investments.

The Group also has recorded a 15.24% return on equity showing profitability of the Group in relation to stockholders' equity and this has slightly decreased with lower Group profits when compared to 2019. The Group also maintains a strong liquidity ratio of 15.1:1 in 2020 which shows an increase from 8.9:1 in 2019.

Group Key Performance Indicator

Ratio	2020	2019	2018
EBIT/Total Income	40.05%	42.36%	44.16%
Return on Invested Capital	30.41%	36.23%	38.33%
Return on Equity	15.24%	18.86%	21.52%
Current Liquidity Ratio	15.1:1	8.9:1	8.0:1

ORGANISATIONAL CAPACITY

Our Employees

Our employees continue to be the key to FPCL's continued success. The year 2020 was quite challenging for everyone. From managing its core operations to managing people, FPCL looked after its employees' well-being and interests.

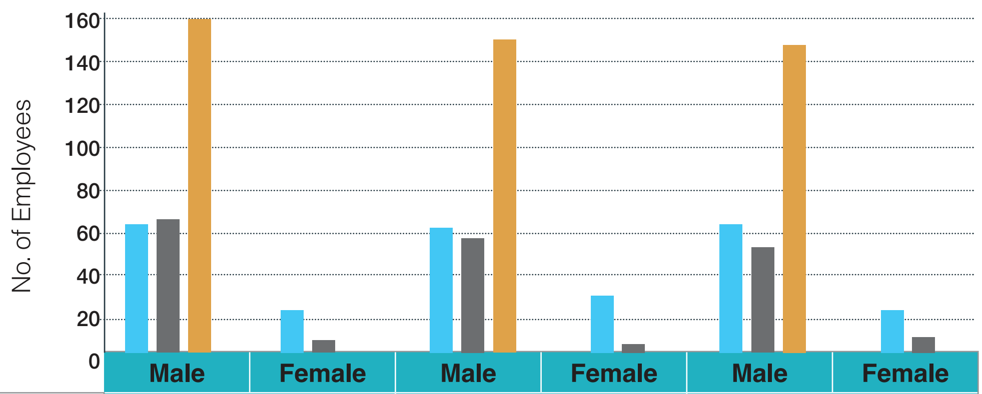
The total number of staff employed by FPCL as of December 2020 was 90 plus 66 registered relieved workers (RRW). Staffing level was maintained, and a few new positions was introduced to cater for the manpower and competencies required for goals set in the 5-Year Strategic Plan (2019 – 2023).

FPCL Employee by Contract and Gender Distribution

The year saw a slight decrease of 1% in the number of employees employed at FPCL due to staff's demise, retirement, or resignation. However, vacant positions were quickly filled so that no or minimal disturbances is made to the business operations.

	2018		2019		2020	
Gender	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Contract	63	27	61	30	63	27
Support	62	8	59	7	57	9
Total	**125**	**35**	**120**	**3**	**120**	**36**
Total Male & Female	**160**		**157**		**157**	
Year - to - Year % Change	**1%**		**-1%**		**-1%**	

FPCL Employee by Contract and Gender Distribution - 2018, 2019 and 2020



Type of Employment	2018		2019		2020	
Contract	63	27	61	30	63	27
Support	62	8	59	7	57	9
Total Male & Female	160		157		156	

Gender Equity

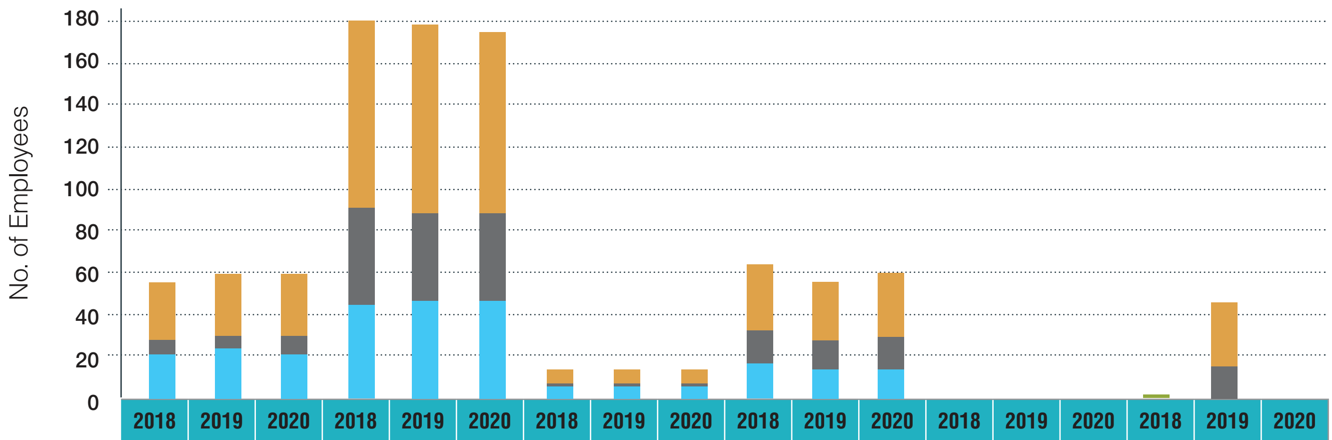
FPCL strongly believes that gender equity is more than a goal in itself. It is a precondition for meeting the challenge of equal employment opportunities, promoting sustainable development and building good governance.

The Company continues to support for Equal Employment Opportunities by providing relevant trainings and appointment of suitably qualified females in positions traditionally held by males.

During the year, FPCL:

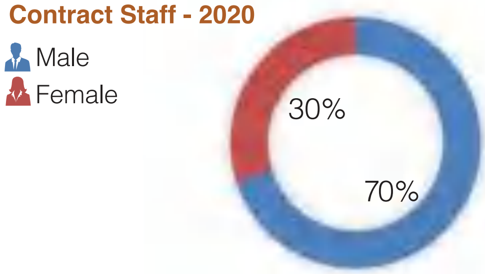
- Recruited an additional female employee to its Local Wharf Department in Suva as a Wharf Attendant; and
- Promoted a female employee to a supervisory role as the Local Wharf Operations Coordinator in Lautoka to oversee roles and functions of the Wharf Attendants.

Workforce Availability by Contract Type / Location / Gender - 2018, 2019 and 2020

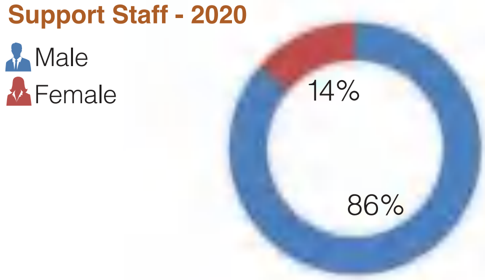


Type of Employment	Suva Female 2018	Suva Female 2019	Suva Female 2020	Suva Male 2018	Suva Male 2019	Suva Male 2020	Lautoka Female 2018	Lautoka Female 2019	Lautoka Female 2020	Lautoka Male 2018	Lautoka Male 2019	Lautoka Male 2020	Levuka Female 2018	Levuka Female 2019	Levuka Female 2020	Levuka Male 2018	Levuka Male 2019	Levuka Male 2020
Total	28	30	29	90	89	87	7	7	7	32	28	30	0	0	0	1	3	3
Support	7	6	8	45	43	39	1	1	1	15	14	16	0	0	0	0	2	2
Contract	21	24	21	45	46	48	6	6	6	17	14	14	0	0	0	1	1	1

Contract Staff - 2020



Support Staff - 2020



Reinstating of FNPF Employer contribution from 5% to 10%

Due to the COVID-19 pandemic, FPCL had to re-align its priorities to enable a sense of direction and outline measurable goals for 2020. It was critical for FPCL to strategically plan its day-to-day decisions, evaluate progress and change approaches when moving forward. FPCL spent considerable time and effort in ensuring the operations are run smoothly without making staff redundant or cutting staff's wages and salaries.

Government of Fiji in its COVID-19 response budget on 27th March 2020, announced various incentives to assist the business and its people to cushion the impact of COVID-19. One of the incentives was reduction of FNPF employer superannuation contribution from 10% to 5% and employee contribution from 8% to 5% from 1st April to 31st December 2020.

FPCL has reinstated FNPF employer contribution from 5% to 10% retrospective from 1st of April. FPCL believes that it is the corporate social responsibility of the organisation to revert and contribute 10% employer contribution to their retirement fund earning, which also yields interest income to support staff once they complete their work life.

FPCL believes that employees are the most valuable assets of the organisation and over the years they have contributed to the success of the company; and FPCL believes it is prudent of the company to reinstate the 5% that was withheld towards the employee's superannuation fund to assist them when they complete their work life as FPCL is a leading and caring corporate citizen.

The additional FNPF contribution of 5% will also assist FPCL's shareholders, the Government and FNPF in their bid to stimulate the economy which will ultimately benefit FPCL. Positive reinforcement is critical to keep employees engaged with the company's goals and strategies. FPCL will continue building a resilient and adaptable company that will benefit its shareholders, staff, key stakeholders and customers.

FPCL staff and Chairman at Bonus Payout celebrations

2019 Bonus Payout

FPCL for the first time has adopted a different approach in determining bonus payout through Performance Management System (PMS) as a way to encourage and reward its staff for their performance. The PMS assessment framework progressed from the pilot stage by expanding the performance assessments to 77 employees in middle and lower management levels, compiled by an external Human Resource Consultant and finalised by the Executive Management. A total sum of $203,785 was shared amongst 159 staff as bonus and reward for their performance in 2019.

Some of the Cost Saving Measures Implemented

FPCL has been and continues to closely monitor its approach towards employment expenses while ensuring compliance with the surrounding economic implications. A significant improvement was evident from these cost initiatives such as the decline in electricity cost, overtime cost, usage of taxi claims, usage of company transport and enforcement of salary deductions if employees did not comply to cost saving initiatives and internal policies.

Although stringent measures were in place; FPCL did not enforce companywide salary cuts or minimize other employment benefits. Employees provided an immense value towards the achievement of FPCL objectives therefore the Management has chosen to take care of our most valuable assets by ensuring employee job security.

Due to the unprecedented times, FPCL has been proactive in implementing cost saving measures while ensuring no reduced hours or redundancy.

Cost Saving initiatives

Addressed daily costs such as electricity, water, travel allowances, printing and stationery, seminars and conferences, mini asset replacement, personal protective equipment (PPE) replacement and taxi usage cost.

Procurement relations initiatives

Reinforcing procurement processes to avoid additional unbudgeted costs.

Human Resources Relating

Staff were encouraged to practice moral HR policies and procedures by taking responsibility and accountability. There were no reduced hours for staff only for the exception of two (2) Levuka support staff.

Operations Relating Initiatives

Staff were advised to assure all data was captured and recorded, all collection of parking fee, no abuse of assets, duty of care and the failure to use of company PPE's.

Technology & Communications Relating Initiatives

Staff were informed of the consequences of the breach of FPCL communication procedures. A guideline cataloguing issues and the impact it would have to the company would lead to possible actions by management.

Development of Employee Demographics

It became essential for FPCL to develop an employee demographic spreadsheet during Suva lockdown to capture key employee demographics whereby the integration of workforce identification concept was later endorsed by the Board. The workforce was identified in three categories:

Critical:
critical roles whose incumbents are highly skilled, trained and has a major value contribution towards FPCL's success. The competencies compromised by these incumbents are not transferable.

Core:
considered as the backbone of FPCL however knowledge and skills of these incumbents can be replaced.

Flexible:
group of incumbents provides alternatives for FPCL to utilize during peak demand or reduce employees should there need to be a reduction.

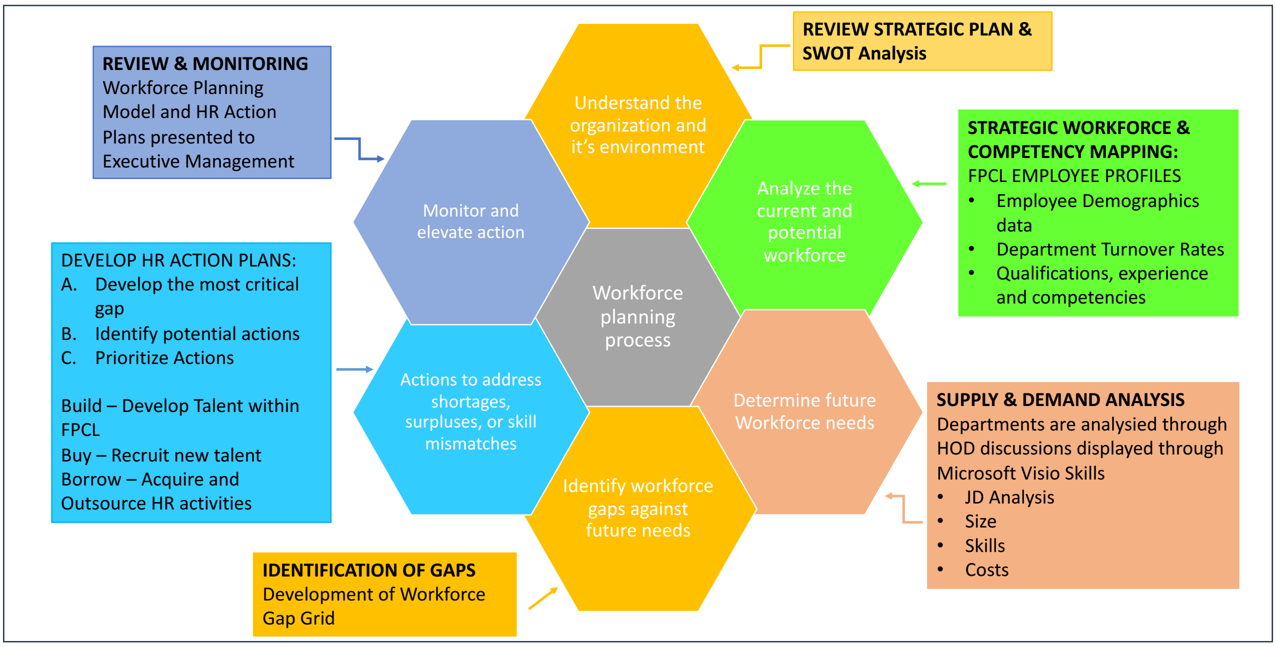
Additionally, FPCL continued to further analyze individual employee demographics through a Flexible Employee Working Survey to facilitate remote working should need be. With the support of ICT department, FPCL was prepared to switch to flexible working conditions for job roles designed for administrative duties such as Finance.

Concurrently, FPCL worked closely with external stakeholders such as the Ministry of Employment, Productivity and Employment Relations and the Ministry of Health and Medical Services to update FPCL with COVID-19 awareness and control measures as and when required.

Strategic Workforce Planning for Organisational Re-alignment

The Strategic Workforce Planning is implemented to improve business performance and reduce organisational risk by narrowing the gap between actual manpower required with existing and future role functions. This will ultimately lead to:

- Effective recruitment and manpower planning, employee retention, training and development, performance management, technology and career management strategies to drive the organization.
- Allow FPCL to understand likely risks and opportunities and how their workforce can ensure they have the resources they need to respond successfully to scenarios lying ahead.
- Development of Succession and Career Management strategy for further retention of core staff to be introduced in 2021.



Talent and Training Development

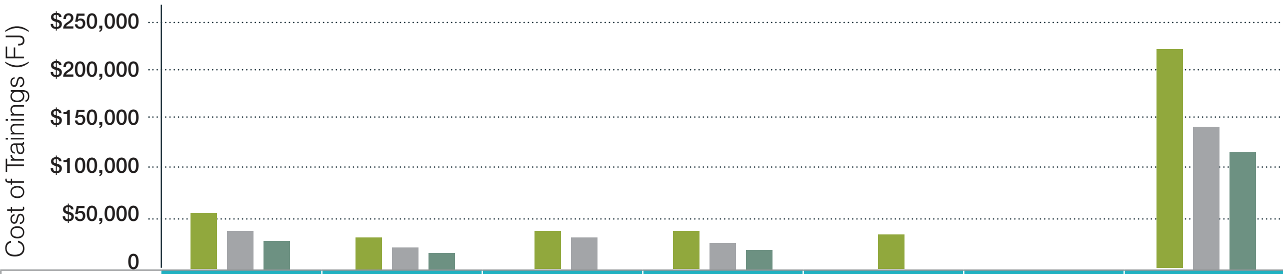
Talent and training development provide opportunities for employees to expand their knowledge and uplift their skills and abilities to be further effective in a working environment. The Training Plan for 2020 focused on the ongoing education for all workers, staffs were recommended and referred to trainings, workshops, seminars and webinars that will expand their knowledge in their field.

Due to COVID-19 restrictions many trainings were put on hold, which led the Training and Talent Development Unit to create manuals and conduct trainings in-house for staff from next year. FPCL has internal experts / professionals that are keen on training their subordinates; and FPCL encourages knowledge sharing.

Training Expenditure

Trainings	Cost of Training (FJD)		
	2018	2019	2020
In-House	$54,835	$39,099	$27,111
Professional	$32,293	$21,224	$11,354
Overseas	$41,476	$36,408	$2,006
USP/FNU/NTPC	$42,389	$35,122	$28,139
Seminars & Conferences	$38,150	-	-
Safety	-	-	$160
Total	**$209,243**	**$131,853**	**$68,770**

Training Expenditure - 2018, 2019 and 2020

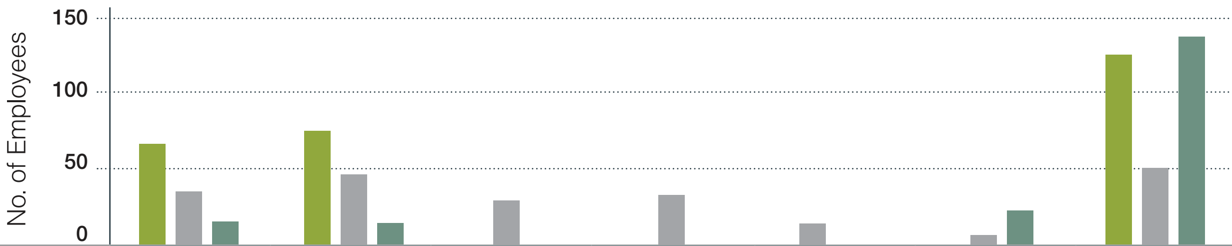


Trainings	In-House	Professional	Overseas	USP/FNU/ NTPC	Seminars & Conferences	Safety	Total
2018	$54,835	$32,293	$41,476	$42,389	$38,150	-	$209,243
2019	$39,099	$21,224	$36,408	$35,122	-	-	$131,853
2020	$27,111	$11,354	$2,006	$28,139	-	$160	$68,770

Training Attendance

Trainings	Number of Staff Attended		
	2018	2019	2020
Fire Warden	64	33	17
First Aid	70	48	13
Fire Safety at Work	0	24	0
OHS Modules 1 & 2	0	29	0
OHS Modules 3 & $	0	15	0
Tsunami Awareness	0	10	19
Fire Drills	128	51	134
Total	**2,280**	**2,229**	**2,203**

Training Attendance - 2018, 2019 and 2020



Trainings	Fire Warden	First Aid	Fire Safety At Work	OHS Modules 1 3 & 4	OHS Modules 3 & 4	Tsumani Awareness	Fire Drills
2018	64	70	0	0	0	0	128
2019	33	48	24	29	15	10	51
2020	17	13	0	0	0	19	134

Management / Supervisory Development Training

Number of Courses	27
Total Training Hours	4,533.2 hours
Total Number of Employees Attended Training	157

"Employees are a company's greatest asset. They are your competitive advantage. You want to attract and retain the best, provide them with encouragement, stimulus and make them feel that they are an integral part of the company's mission."

The New Learning and Development Framework

The existing learning and development function at FPCL has been practicing a formal and structured class-room based learning process which can be inflexible, costly and lacks emphasis on critical thinking required from employees. This methodology is outdated and will require an innovate approach to suit the current business environment and more importantly to create an innovative learning initiative to promote learning while working.

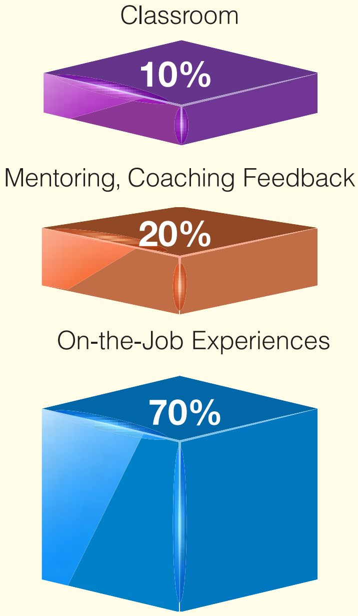
Therefore, Human Capital Services is adopting a new learning and development framework from 2021 known as the 70:20:10 Learning and Development Strategy. The model provides a different perspective of performing while working and learning.

70:20:10 Model Of Learning

The integration of this model aims to shift its focus from training to a performance driven culture providing a more holistic approach of learning by maximizing its impact through experience, socialization and formal training methods.

- One on one meetings
- 360 degree ongoing feedback
- Coaching circles
- Being Mentored
- Strengths coaching
- After-action review meetings
- Start – Stop - Continue

- Internal training programs
- Colleague coursework
- MBA programs
- Self study modules
- Action Learning
- Conferences and seminars
- Books and articles
- Professional organisation memberships



- Increasing scope or responsibility
- Taking on a new project
- Onboarding a new team member
- Being a Mentor
- Learning and using new tools or technology
- Taking on a high stakes, high visibility assignment
- Tackling a persistent unsolved problem
- Doing a cross-functional project
- Participating in a special committee
- Networking
- Community volunteering
- Board of Directors positions

Allocating more time to experiential, applied learning yields better developement and business outcomes.

70:20:10 model is a catalyst for change in FPCL shifting learning to productive outcomes whilst supporting employee development in all its forms enables FPCL to nurture a high performing workforce, provides flexibility than formal approaches of learning allowing FPCL to adapt to new training initiatives in variety of ways. The implementation of the new strategy creates a learning platform by involving supervisors and managers in the training and development of their subordinates thus resulting in an engaged workforce and improves FPCLs' productivity levels.

Health and Wellness

Pinktober Health Walk

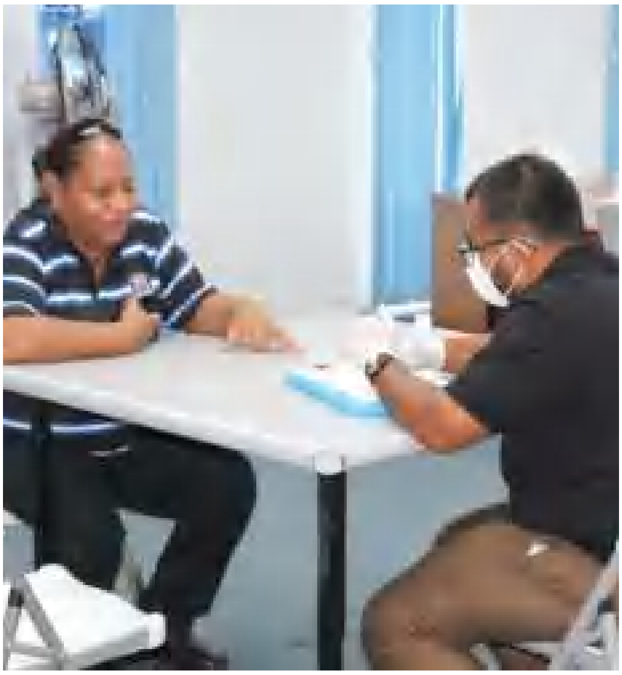
Every year as part of the Company's corporate social responsibility (CSR), FPCL supports the Cancer Society's Pinktober campaign for breast cancer awareness.

This year, on 31st October, FPCL has shown its support by participating in a health walk from Sukuna Park, Suva City to FPCL Car Park in Walu Bay followed by staff's health check in partnership with the Ministry of Health and Medical Services.

The FPCL team showing support for Pinktober

COVID-19 Awareness

In collaboration with the Ministry of Employment, Productivity & Industrial Relations and the Ministry of Health and Medical Services, an awareness workshop and health checks was conducted for FPCL staff. This was additional to the precautions put in place by FPCL for the benefit of staff that included the provision of hand sanitisers, hand gloves, full body Personal Protective Equipment (PPE) and face mask. Staff were also trained in the correct use and safe disposal of used equipment.



Medical Checkup

As part of taking care of staff's well-being, FPCL annually engages the services of Fiji Care Medical Centre to check on staff's health and give advice where needed.

Community Involvement

Clean surroundings combat Leptospirosis, Typhoid, Dengue and Diarrhea

In collaboration with the Mua-i-Walu Community Police Post, FPCL staff joined the cleanup campaign within the vicinity of Walu Bay area, in response to the announcement by made by the Prime Minister in regards to infectious disease such as Leptospirosis, Typhoid, Dengue and Diarrhea (LTDD).

While FPCL operational requirements limited the number of company participants, the clean up campaign was well attended with other business houses and organisations also joining hands to help combat the spread of infectious diseases by keeping the environment clean and garbage – free.

Clean Up Campaign at Kings Jetty

Local Wharf Department at Lautoka Port arranged for a cleanup campaign for Kings Jetty.

Donation to Society for the Prevention of Cruelty to Animals

FPCL donated boxes of newspapers to Society for the Prevention of Cruelty to Animals (SPCA) in response to appeal for help.

CPUs donated to Richmond Methodist High School and Kadavu Provincial Secondary School

FPCL donated 14 refurbished CPUs to the Richmond Methodist High School and Kadavu Provincial Secondary School. As a result of this initiative, FPCL is positively impacting the learning and teaching across all subjects and the programs at the two schools.

FPCL Assistant Manager Human Capital Services, Dushan Karunaratne, handing over CPUs to the principal of Kadavu Provincial Secondary School

Blood Drive

FPCL encourages its staff to take part in worthy activities that benefits the wider community. FPCL staff donated blood at the Ministry of Health and Medical Services mobile Blood Drive when it visited Walu Bay.

World Maritime Day

On 24th September 2020, FPCL and FSHIL management and employees joined the stakeholders in the maritime sector in Lautoka to celebrate the annual World Maritime Day, with the theme being, "*Sustainable Shipping for a Sustainable Planet*". The COVID-19 global pandemic has demostrated the importance of shipping as the most reliable and cost effective method of transporting goods internationally, and that shipping remains the leading facilitator of the globally economy, carrying more than 80% of global trade. Thus, shipping and maritime will be at the heart of the economic recovery and future sustainable growth far into the future, both at sea and ashore, supporting an inclusive and resilient economy to underpin the achievement of sustainable development goals.

50 Years of Independence celebrated

Fiji Ports joined the nation in celebrating 50 years of independence. Staff participated in the celebrations by decorating their departments to reflect 50 years of independence and reminiscing on the significance of this momentous milestone in our nation's history.

OPERATIONAL EFFICIENCY

FPCL is the Port Management Company in Fiji and plays a regulatory role in maintaining standards relating to main Ports of Entry and other secondary ports throughout Fiji. FPTL an associate company of FPCL manages the cargo terminals in Suva and Lautoka ports.

FPCL's Port Operations 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.

Operational Performance

The Fijian Government has allowed for importing and exporting via cargo ships throughout the COVID-19 pandemic to maintain economically vital flows of goods in and out of the country. With the outbreak of the pandemic and downtime in the marine and transport sector, Fiji Ports as a company faced significant challenges in terms of containing the virus as well as effectively managing the day-to-day operations.

FPCL's total income decreased by 12% or $7.7m for the year ended 2020 when compared to the same period last year. The decrease is attributed to reduced cruise liners that were restricted entry into Ports of Fiji from March 2020, as well as lockdowns globally that disrupted the movements of cargo vessels due to COVID-19 which resulted in a significant revenue gap.

FPCL also noted decreases when compared to 2019 in Marine Service Charges by 8%, Dockage revenue by 21% & Wharfage by 13% due to lower vessel numbers arriving and faster turnaround of vessels due to lower cargo volumes, respectively.

The cost base for FPCL is significantly low, however, Management critically analyzed all areas of FPCL operations and managed the business to keep the financial impact due to COVID-19 at its minimal. FPCL was also wary of the impact on its port users and tenants, and in line with the Fijian Government's initiative, FPCL developed models and mechanisms to assess the impact on the port users and tenants and approve concessions on case-by-case basis as part of its Corporate Social Responsibility.

Whilst many organisations were laying off staff and working on reduced hours, FPCL continued to maintain its staff with normal payroll during the lockdown period inconsideration of the wellbeing of its people and to manage healthy relationships with all stakeholders e,g trade union. Whilst the volume of vessels had declined in 2020, however, the vessel arrivals had been consistent throughout the year, enabling FPCL to maintain its current workforce to manage its port operations.

Acquisition of a new Pilot Boat

Despite the setbacks, Fiji Ports continues to focus on the implementation of its 5-Year Strategic Plan (2019-2023) goals. The Board and Management have prioritized the need to modernize both infrastructure and superstructure that are vital for the efficient operation of its ports. The decision to acquire a new pilot boat replacing the existing 10-year-old boat with outboard engines was taken in 2018. With that, FPCL has acquired a new modern boat "Senitakali". The acquiring of a modern Pilot Boat will improve FPCL's capacity to carry out piloting duties in outer port areas such as Wairiki, Levuka, Dravuni, Denarau and Yasawa Islands.

Online Berthing Application introduced

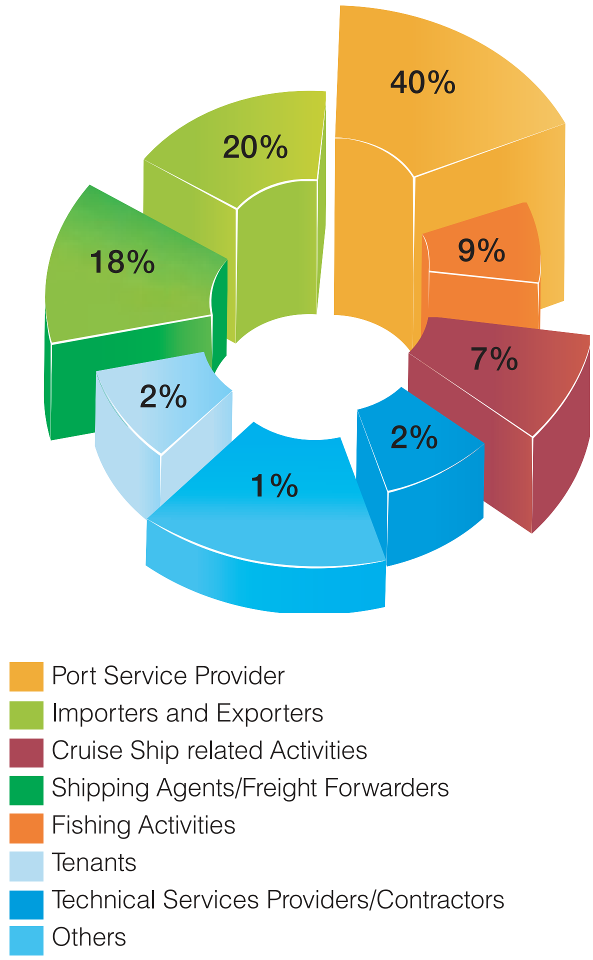
The development and implementation of the online Berthing Application was built in-house to cater for all local and international vessels, with the roll-out taking place in phases. The new system provides FPCL's customers with advantages that include: having automatic electronic records of their applications; the ability to voice their concerns on the "Feedback" module; free of charge use of the application; User support on the platform, and it saves time and resources.

The Berthing Application System is also in line with the FPCL's Go-Green initiative, in support of the FPCL's vision, to work smarter by harnessing technology wherever possible. It also promotes increased digitization and provides the means for continuous improvement through further analysis and reporting. It increases efficiency by saving resources, time and money, and is environmentally friendly.

Number of Port User Licenses (PUL) issued

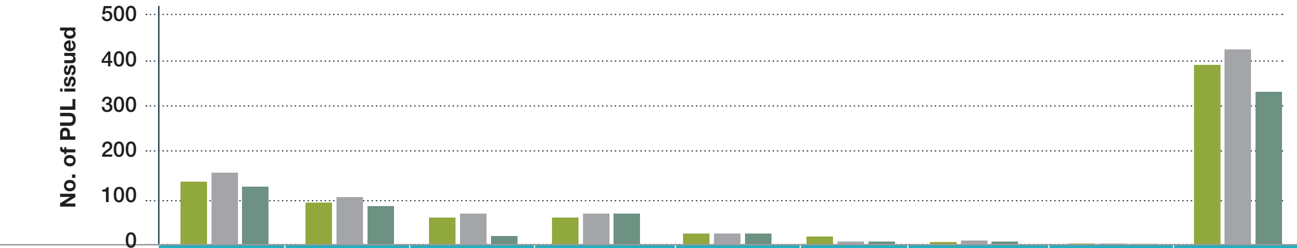
In 2020, Port User Licenses (PUL) issued by category decreased by 26% compared with 2019. This is attributed to the decrease in numbers for Cruise Ship Related Activities (-171%), Tenants (-67%), Importers and Exporters (-35%), followed by Port Service Providers and Technical Services Providers/Contractors (-14%). This decline is due to border restrictions imposed by the Fijian Government in light of COVID-19.

No. of PUL issued by Category - 2020



"Despite the decline in the number of vessels calls for 2020, it was an extra-ordinary business operations for FPCL's Port Operations. The Operations Team ensured to keep all of our Ports safe and secure during the year."

No. of PUL issued by Categories - 2018, 2019 and 2020



Category	Port Service Providers	Importers and Exporters	Cruise Ship Related Activities	Shipping Agents/ Freight Forwarders	Fishing Activities	Tenants	Technical Services Providers/ Contractors	Others	Total
2018	142	75	57	59	26	18	5	7	389
2019	158	93	65	63	29	10	8	5	431
2020	138	69	24	63	29	6	7	5	341

No. of PUL issued by Categories - 2018, 2019 and 2020

Category No. of PUL Issued	2018	% Change from 2017 & 2018	2019	% Change from 2018 & 2019	2020	% Change from 2019 & 2020
Port Service Providers	142	-6%	158	10%	138	-14%
Importers and Exporters	75	-8%	93	19%	69	-35%
Cruise Ship Related Activities	57	0%	65	12%	24	-171%
Shipping Agents/Freight Forwarders	59	15%	63	6%	63	0%
Fishing Activities	26	-31%	29	10%	29	0%
Tenants	18	-17%	10	-80%	6	-67%
Technical Services Providers/Contractors	5	0%	8	38%	7	-14%
Others	7	-14%	5	-40%	5	0%
Total	**389**	**-5%**	**431**	**10%**	**341**	**-26%**

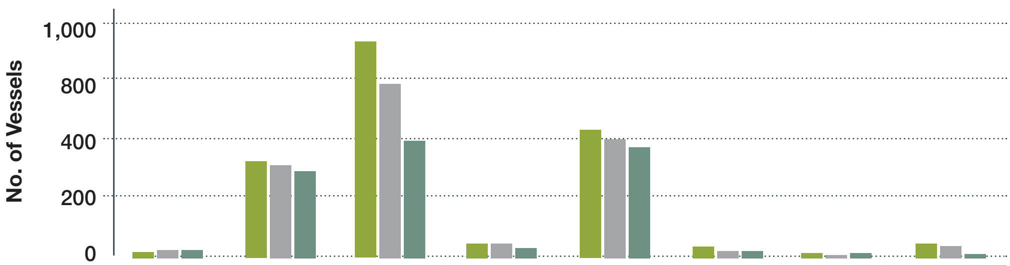
Vessel Calls for all Ports

Total vessel calls for all FPCL Ports of Entry was 1,383, a 22% decline over the previous year. The decrease is attributed to reduced cruise liners that were restricted entry into Ports of Fiji from March 2020, as well as lockdowns globally that disrupted the movements of cargo vessels due to the pandemic, which also had a significant impact on revenue.

Total Vessel Calls by Vessel Type – 2018, 2019 and 2020

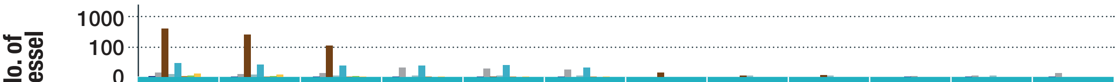
Vessel Type	2018	2019	2020
Dry Bulk	34	37	39
Liquid Bulk	298	281	263
Fishing	898	766	593
Cruise Liner	64	65	31
LOLO	440	410	361
RORO/LOLO	47	44	45
Car Carrier	29	21	29
Others	67	61	22
Total	**1,877**	**1,685**	**1,383**
Percentage Change	**-15%**	**-11%**	**-22%**

Total Vessel Calls by Vessel Type - 2018, 2019 and 2020



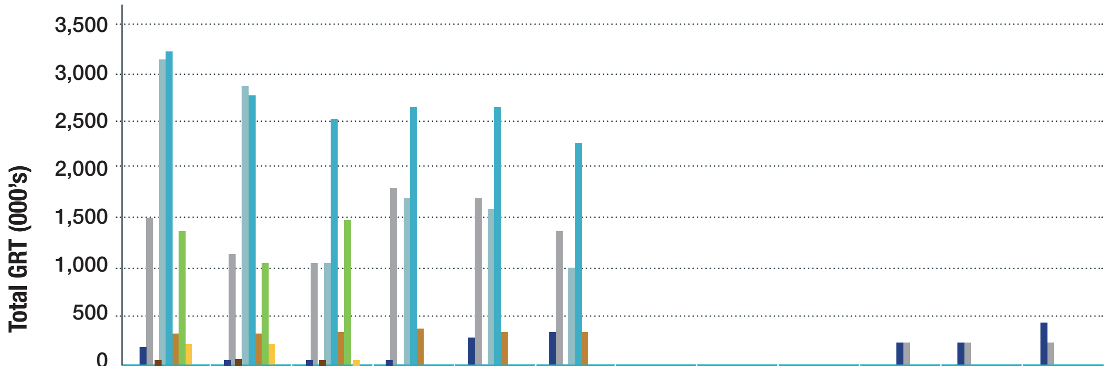
Category	Dry Bulk	Liquid Bulk	Fishing	Cruise Liner	LOLO	RORO/ LOLO	Car Carrier	Others
2018	34	298	898	64	440	47	29	67
2019	37	281	766	65	410	44	21	61
2020	39	263	593	31	361	45	29	22

Vessel Calls by Type and Port - 2018, 2019 ad 2020



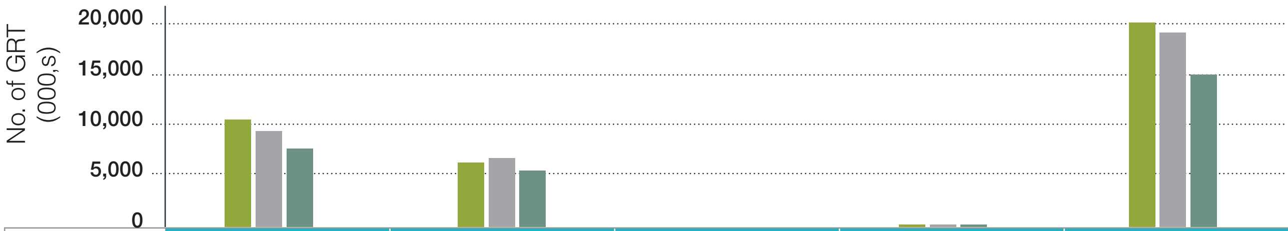
Vessel type	Suva			Lautoka			Levuka			Malau, Wairiki & Savusavu		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Dry Bulk	14	11	9	10	16	16	0	0	0	10	10	14
Liquid Bulk	78	69	64	167	154	138	0	0	0	53	58	61
Fishing	820	711	542	0	8	0	78	47	51	0	0	0
Cruise Liner	41	39	15	23	24	15	0	1	1	0	1	0
General Cargo - LOLO	238	213	196	202	197	165	0	0	0	0	0	0
General Cargo - RORO/LOLO	24	22	23	23	22	22	0	0	0	0	0	0
Car Carrier	29	21	29	0	0	0	0	0	0	0	0	0
Others	54	47	14	13	14	8	0	0	0	0	0	0

Vessel Calls by GRT and Port - 2018, 2019 and 2020



Vessel type	Suva			Lautoka			Levuka			Malau, Wairiki & Savusavu		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Dry Bulk	267	225	192	223	345	353	0	0	0	331	335	470
Liquid Bulk	1,558	1,231	1,035	1,868	1,761	1,429	0	0	0	232	270	280
Fishing	210	202	157	0	4	0	26	20	25	0	4	0
Cruise Liner	3,157	2,829	1,109	1,681	1,669	1,057	0	4	29	0	0	0
General Cargo - LOLO	3,223	2,747	2,492	2,609	2,661	2,262	0	0	0	0	0	0
General Cargo - RORO/LOLO	415	388	405	394	388	388	0	0	0	0	0	0
Car Carrier	1,405	1,071	1,504	0	0	0	0	0	0	0	0	0
Others	281	335	108	11	35	7	0	0	0	0	0	0

Vessel Calls by GRT and Port of Entry - 2018, 2019 and 2020



Port of Entry	Suva	Lautoka	Levuka	Malau, Wairiki, & Savusavu	Total GRT (000's)
2018	10,516	6,786	26	563	19,909
2019	9,028	6,863	24	609	18,543
2020	7,002	5,496	54	750	15,322

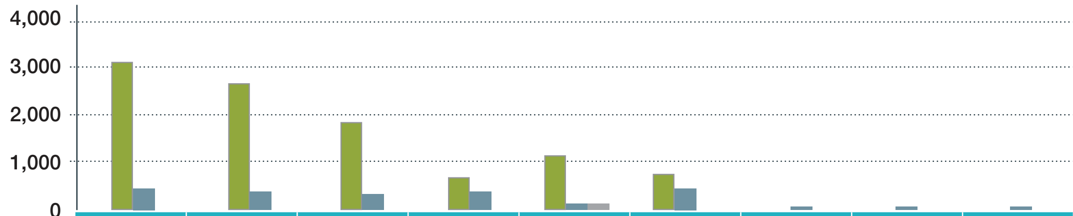
Piloting Movements

Pilotage and marine pilots are an essential element of the global marine industry. Pilots' responsibilities include ensuring and enhancing the commercial efficiency of the port, while ensuring the safety of navigation within the ports, thereby protecting the port infrastructure, local marine environment, and the safety of those living and working within the port and its waterways.

As mentioned above that there was a decline of 22% in the number of vessel calls for 2020, this had a correlated impact on pilotage services. The year saw a 17% decrease in the number of piloting movements carried out for Ports of Suva, Lautoka and Levuka. The decline is attributed to the low number of vessel arrivals into the country due to the restrictions imposed on cruise liners and cargo vessels, following the impacts of global pandemic.

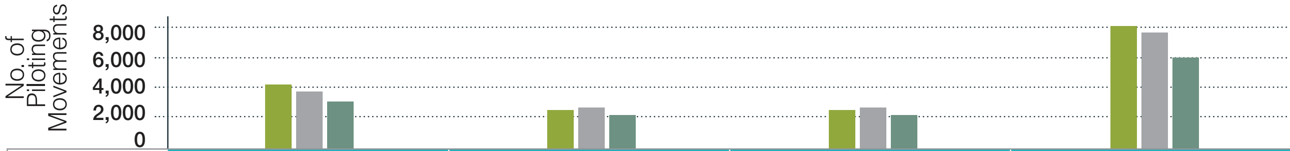
"It was business as usual but at the same time maintaining COVID-19 restrictions especially when dealing with public and foreign vessels has been challenging."

Piloting Movements by Port ; 2018, 2019 and 2020



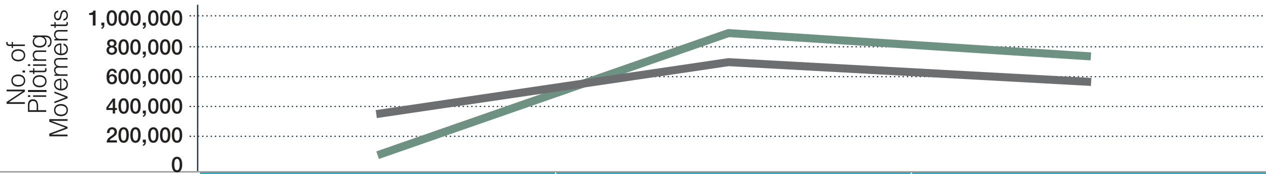
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Vessel type	Suva			Lautoka			Levuka		
FPCL Port Pilots	3,132	2,698	1,877	663	1,150	752	0	0	0
External Pilots	434	392	341	369	133	442	42	46	55

Piloting Movement (Suva, Lautoka & Levuka) - 2018, 2019 and 2020



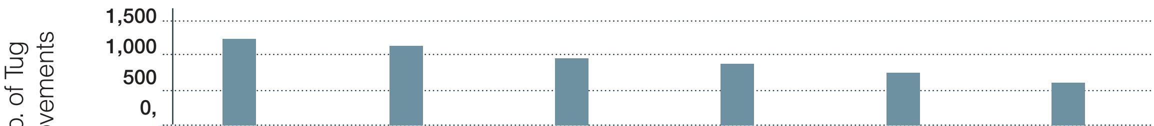
Category	Suva	Lautoka	Levuka	Total GRT (000's)
2018	3,566	1,032	42	6,658
2019	3,090	1,283	46	6,438
2020	2,218	1,194	55	5,487

Piloting Boat Revence - 2018, 2019 and 2020



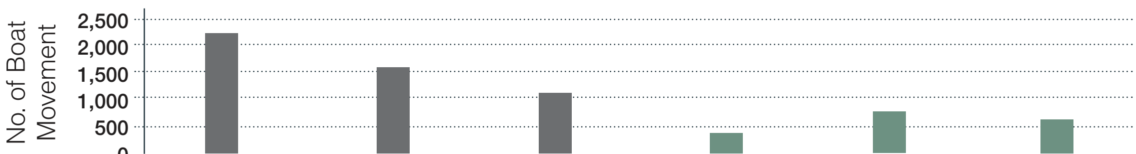
	2018	2019	2020
Suva	91,017	865,800	692,733
Lautoka	331,846	677,316	564,738

Tug Movements



	2018	2019	2020	2018	2019	2020
	Suva			Lautoka		
Tug Movements	1,149	1,121	985	897	834	745

FPCL Pilot Boat Movements for Port of Suva and Lautoka - 2018, 2019 and 2020



	2018	2019	2020	2018	2019	2020
FPCL Pilot Boats	Suva			Lautoka		
Port of Suva Pilot Boat "Muri Mai" Movements	2,293	1,561	1,045	-	-	-
Port of Lautoka Pilot Boat "Senibiau" Movements	-	-	-	401	722	550

ENVIRONMENT & SUSTAINABILITY

Green Port Initiative

The Green Port initiative aims at improving efficiency and resilience of port operations and infrastructure, whilst reducing environmental and carbon footprints. This requires an integrated approach towards quality, energy and environmental management of ports and its operations.

As part of FPCL's vision in becoming a Smart Green Port in the Pacific, a number of key projects rolled out in 2020.

Muaiwalu 2 Facility Upgrade

Designated as FPCL's green facility the Muaiwalu 2 carpark consists of a container office (change/meal room) and carpark. The facility is made accessible to the general public for parking to minimize traffic congestion during peak hours and FPCL staff as well.

The facility consists of efficient lighting and equipment and it is powered through solar pv systems, which makes the facility net zero in-terms of electricity usage. Aligning with the FPCL's Green Port Masterplan that will not only be of beneficial to FPCL but to the general public that commute through the interisland ferry services.

Addition of new Pilot Boat

FPCL has two (2) Pilot boats in its existing fleet of assets, each one services both ports in Suva and Lautoka. The boats are more than 10 years old since commissioned in 2007 and 2009.

The decision of investing into a new Pilot boat was made since FPCL could not reach out to other ports for piloting duties such as Dravuni, Denarau, Yasawa Islands, Malau and Wairiki due to the challenges faced with the current pilot boat's structural paradigm which is not suitable for outer port operations.

In line with FPCL's aim in becoming Smart Green Gateway for Trade in the Pacific and in alignment of FPCL's Strategic Goal 2 – Infrastructure – it was essential to upgrade pilot boats to meet the international standards. Therefore, the Pilot boat was fully funded by FPCL.

With the addition to the new Pilot boat, FPCL would be in a better position to provide for reliable and safe pilotage services for those vessels visiting Fiji.

The primary objective is to provide safe and efficient working environment for FPCL's Pilot boat staff and other stakeholders. The secondary objective is to provide swift and efficient pilot services within the port boundary and provide pilotage services at cruise destination at outer island ports not only cruise ships but bulk ships outside the Port boundaries.

With the new Pilot boat, FPCL is in a better position to safeguard its Pilots safety and meet the international standards under the "Solas Convention 1974: *"The International Convention for the Safety of Life at Sea (SOLAS) is an international maritime treaty which sets minimum safety standards in the construction, equipment and operation of merchant ships. The convention requires signatory flag states to ensure that ships flagged by them comply with at least these standards."*

When compared with the existing Pilot boats which has outboard engines, the new Pilot boat is fully fledged modern purpose-built boat, equipped with inboard

engines. The new Pilot boat has accommodation provision which can cater for 6 Pilots and 4 crew (with berth and amenities on board).

The new Pilot boat is bigger in size and capacity, enabling it to be more cyclone resilient when compared with the current Pilot boat. The materials used is said to be environmentally friendly.

Energy Efficiency Upgrades

FPCL has developed plans and have rolled out replacement of outdated lighting and assets to high-efficiency modern systems. With this approach FPCL is able to reduce the electricity consumption and its carbon foot print.

Derelict Vessels

The issue of derelict vessels continues to be of importance, and at times highly emotive. FPCL is empowered to order the removal of derelict vessels from its harbour boundaries under Part 8, Section 27, Subsection (1) of the Seaport Management Act (2005), but such an order is to be delivered to the owner or master of the vessel, if their identity and whereabouts are known. It is vital that FPCL follows set procedures to strictly enforce the powers invested in the Corporation by the Seaport Management Act (2005) Act. The removal of derelict vessel is the responsibility of the owner. However, locating vessel owners to ensure they take accountability, can be an extremely time consuming and complex process as owners are often based overseas based and locating them can be extremely problematic.

For the past five years, FPCL in collaboration with a number of vessel owners, removed fourteen (14) derelict vessels as of 31st December 2020 from the port area and scuttled out of Suva harbour. For this exercise, FPCL had to bear removal costs for some vessels totaling to more than FJ$750k.

It was noted the successful removal of Southern Phoenix without having significant environment impact. Also, Southern Phoenix was a significant risk to port navigation path if it was not removed carefully and professionally.

“Sustainable development is the pathway to the future we want for all. It offers a framework to generate economic growth, achieve social justice, exercise environmental stewardship and strengthen governance.”

SAFETY, SECURITY & TECHNOLOGY

Safety Overview

Fiji Ports remains committed with the health and safety of all workers, contractors, visitors, and the environment within its administrations, workplaces and jurisdictions. Thriving in high standards of excellence towards a healthy and safe working environment and systems is the essential aim of FPCL to attain within its business corporation.

FPCL is committed to fulfilling its Duty of Care by providing and maintaining a safe and healthy working environment in parallel to the principles and requirements pertaining to the Occupational Health and Safety at Work Act 1996 (HASAWA 1996), and its relevant subsidiary legislations.

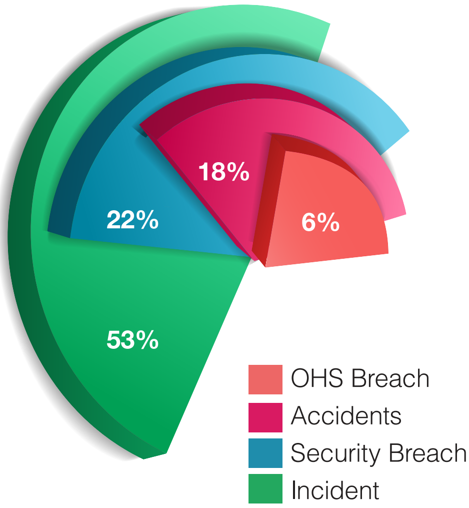
The year in review saw Fiji Ports putting at most priortiy towards the saftey of its employees and port users (customers, contractors, sub-contractors and visitors). FPCL's OHS staff and committee worked very closely with the COVID-19 Response Team, ensuring that proper COVID-19 protocols were being practiced at the ports and work place. Relevant signages on safety measures were placed at all ports and office, with adhoc internal audits taking place to ensure protocols were being followed.

"Success will always be with you, as long as you place safety as the first priority. Safety does not come instantly, you should implement it consistently."

Occupational Health and Safety

Year 2020	OHS Breach	Accidents	Incident	Security Breach
January	0	0	1	1
February	0	0	4	1
March	0	0	4	2
April	1	1	2	0
May	0	0	2	1
June	1	1	3	1
July	0	2	2	0
August	0	1	4	2
September	1	1	2	1
October	0	0	1	1
November	0	1	1	1
December	0	2	0	0
Total	**3**	**9**	**26**	**11**

Occupational Health & Safety Update - 2020



Integrated Management System (IMS) Certification

FPCL and FSHIL successful achieved the certification of the Integrated Management System (IMS), which conforms to ISO 9001:2015; ISO 14001:2015 and ISO 45001:2018.

- ISO 9001:2015 Quality Management System requirements are based on seven principles: Leadership; Customer focus; Evidence-based decision making; Relationship management; Engagement of people; Process approach, and Improvement.
- ISO 14001:2015 provides for systematic management of environmental responsibilities.
- ISO 45001:2018 Occupational Health and Safety provides a management system for a safe and healthy workplace.

FPCL has continued to play its essential role while adapting to the current unsual circumstances presented by COVID-19. Key to this has been the close connectios FPCL has maintained with its staff and the wider community through regular and informative communication.

FPCL CEO, Vajira Piyasena, receiving ISO Certification

Regular meetings have taken place during the year with stakeholders, Government officials and FPCL staff, to ensure that no one was at risk. COVID-19 awareness workshops for staff and stakeholders were facilitated by the Ministry of Health and Medical Services (MOHMS).

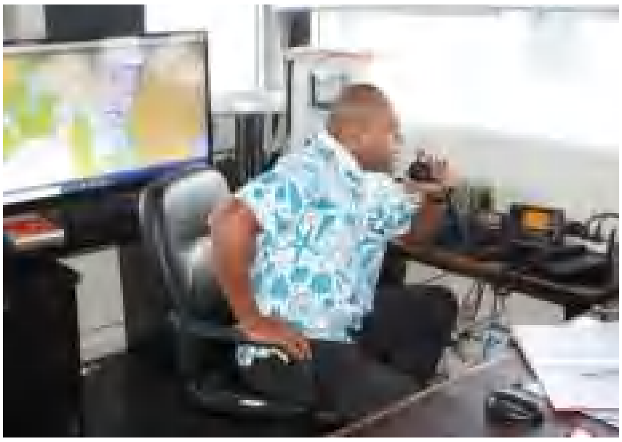
FPCL put more stringent physical safety and hygiene measures in place, following the ongoing advice from MOHMS. For public awareness, sign boards were placed within the vacinity of entrances and exits to FPCL Port facilities.

"At the end of the day, Safety and Security of FPCL's staff, clients and customers matters the most."

Ports' Safety and Security Maintained

FPCL's Safety and Security Committee regulary meets with all relevant stakeholders to discuss port security functions and operations as decsribed within the Maritime (ISPS) Regulation 2014. ISPS refers to the International Ship and Port Facility Secirity Code.

Discussions evolve around common threats witin the maritime industry, dangerous goods and products that could be used in illegal activities, inclduing terrorism, the Port Security Plan and other appropriate security measures. The Committee meets regulary to ensure that all stakeholders continue to be updated on issues related to upholding the ISPS code.



Joint Collaboration against Illegal, Unreported and Unregulated fishing boats

In July HMNZS Otago, a protector-class, offshore patrol vessel, was at the Port of Suva for refueling. The officers and crew of HMNZS Otago observed Fiji's COVID-19 health protocols, and no naval personnel disembarked from the vessel. The Republic of Fiji Navy conducted joint patrols with HMNZS Otago, an initiative to target the protection of food security by enforcing fishing regulations and deterring illegal, unreported and unregulated (IUU) fishing boats in Fiji's waters.

IUU fishing activities are a major concern for maritime nations like Fiji, as they do not comply with national, regional, or global fisheries conservation and management obligations, and can have a major economic impact. This impact can include loss of revenue from landing fees, licences and taxes, all of which are paid by legal fishing operators. There is also the loss of the value of the illegal catch as income for legitimate fishing companies. Indirectly, related industries can also be affected by IUU activities, with loss of employment possibilities and income.

Technology Overview

The vision for FPCL ICT is to be the business enabler for FPCL on the digital frontier. This would help FPCL achieve greater heights in the maritime industry.
With the declaration of COVID-19 pandemic, one of the major focus for the year was to enable remote connectivity and access to users enabling them to connect via digital platforms for collaboration. This enabled users to conduct meetings and collaborate with clients and colleagues within the comfort of their home and office desks.

Following projects where undertaken to enhance and upgrade existing ICT infrastructure to better service business needs.

Software Defined Wide Area Network (SDWAN) Introduced

Software Defined Wide Area Network (SDWAN) was introduced for the compression of Microsoft 365 (M365) Application data from and to FPCL Network and M365 Servers (formerly known as Office 365).

The project was executed in partnership with a local telecommunication service provider. The project not only increased the bandwidth, but also increased the service delivery and reduced the latency of accessing information by better managing access to cloud data via intelligent networks and compression.

PayGlobal Time & Attendance Integration

A new biometric time and attendance (TNA) system was introduced to enable Human Capital Services Department better insight into the time and attendance of staff. It created opportunities for better reporting and with automation of data import into PayGlobal increased efficiency and reduced human effort.

The TNA data import from the TNA system to PayGlobal (Payroll system) was also partially automated. Prior to the integration, entries were manually processed into the PayGlobal system which resulted in increased effort hours and was more prone to input errors.

Network Monitoring

The project was developed to support a critical IT process where all networking components like routers, switches, firewalls, wireless access points, servers and VMs are monitored for fault and performance and evaluated continuously to maintain and optimize their availability.

The project was done in partnership with a local ICT service provider company. This project has helped FPCL to have a holistic view of the systems and take a more pro-active approach rather than a reactive approach for incident / issue management.

New Storage Area Network (SAN) and Server Installation

A Storage Area Network (SAN) and a server as a virtual host was procured and implemented in FPCL's core ICT infrastructure to cater for the growing server needs. This installation would assist FPCL in achieving high availability at production site. This project was focused on building resilience within the primary datacenter and as such allowing for smarter and easier management of virtual servers.

Virtualization Platform (VMWare) Upgrade

FPCL utilizes VMware, which is one of the leading products for server virtualization. The upgrade not only provided version update, but also has features for future requirements of high availability. This saw an upgrade of ESXI Hosts from version 6.7 to 7.0.

Read Only Domain Controller

A remote read only domain controller was introduced for FPCL Lautoka Office. This was done to introduce fault tolerance on domain level, reduce and localize Domain Name Service (DNS) and Active Directory queries.

Uninterruptible Power Supply (UPS) Upgrade for Communications Rack

Uninterruptible Power Supply (UPS) was also installed in all FPCL and FSHIL ICT communications rack. These UPS's would provide backup power to network devices to maintain connectivity during power outages. These are also smart UPS which connect to the network and provide real-time notifications on power outages and other critical events.

PayGlobal Server Upgrade

The server for PayGlobal (Human Resource Management Software) was upgraded from Windows 2008 Server to Windows 2016 Server. The Employee Self Service (ESS) module was also upgraded to enable email notifications.

Site to Site Connectivity

All network switches, routers, firewall and access points were upgraded for required sites. This was done to ensure stable, reliable, and secure connectivity across FPCL sites.

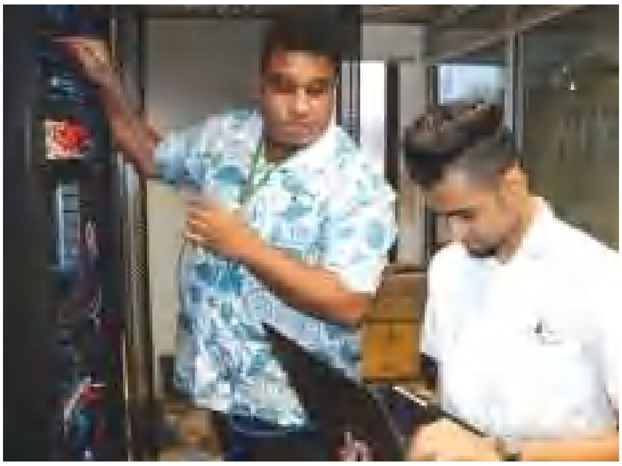
Endpoint Management

A software tool, Desktop Central was implemented to manage all computers for FPCL and FSHIL was deployed. Desktop Central is a unified endpoint management (UEM) solution that helps in managing servers, laptops, desktops, smartphones, and tablets from a central location.

Application Projects Developed

The following applications (Apps) were developed in-house to enhance and upgrade existing business applications to better service business needs.

- New Project Assignment
- Finance PNL Schedule
- Logistic Request
- OHS Asset Management
- Transport
- Berthing Application System Web
- Birthday
- ICT New User



"FPCL has invested quite significantly towards its ICT equipment and infrastructure. Technology now allows people to connect anytime, anywhere, to anyone in the world, from almost any device. This is dramatically changing the way people work, facilitating 24/7 collaboration with colleagues who are dispersed across time zones and different locations."

FIJI SHIPS & HEAVY INDUSTRIES PTE LIMITED

Highlights

- ✓ Challenges of global pandemic COVID-19
- ✓ 500 tonne slipway upgrade
- ✓ Quality Management System - audit
- ✓ Memorandum of Understanding signed with Centre for Appropriate Technology Development
- ✓ FSHIL Change Management Committee

Financial Performance

The COVID-19 pandemic had severely affected FSHIL's operations due to the closure of borders. Foreign clients from regional Pacific Island countries were unable to bring their vessels for docking. Hence, there was a revenue loss of 40% from these clients.

FSHIL has recorded a Net Loss of $733k for 2020 financial year. In 2019, the Company made a profit of $112k. The year had been riddled with many breakdowns to the slipway infrastructures particularly the 500T slipways that had negatively impacted the overall ship repair income. Total income exhibited a decrease by $3.4m or 59.38% when compared to 2019.

A total of 28 vessels were repaired in 2020 compared to 59 vessels in 2019. There is a decline by 31 vessels or 53%. Prior to 2019, the Company was able to repair over 120 vessels in a year. The COVID-19 pandemic and ageing slipway infrastructure contributed to a lower vessel turnover.

Expenses decreased by $2.5m or 45.43% over 2019 and is mainly attributed to lower vessel turnover leading to lower production costs. Management also implemented various cost cutting measures to cushion the impact of COVID-19. Net Profit After Tax (NPAT) decreased by $844k or 756% when compared to 2019.

Despite the challengers in 2020, the Company was able to meet the financial obligations throughout the year. FSHIL's financial position remained strong with a cash balance of $1.6m, term deposits of $1.5m and a low gearing of 0.10. The losses made would have been greater if Management had not implemented various cost cutting methods. Implementation of control processes in terms of deposit collections for vessel repairs helped improve on debtor days.

Client Base & Customer Focus

FSHIL's client base continues to include Pacific Island countries, such as Kiribati, Vanuatu, Tonga, Solomon Islands, Tuvalu, Marshall Islands, Nauru, and Samoa, as well vessels owned by Fiji-based overseas fishing companies and Fiji registered vessels.

Core Function

In 2020 FSHIL continued to provide high-level services in the area of Slipping of marine vessels and Ship Repairs and Maintenance. The Heavy Industry and Engineering works section provided services in the area of building and fabrication.

Slipways

- 200tonne slipway (to be upgraded to 500tonne for 46metre vessels with 11metre beams)
- 500tonne slipway (46metre vessels with 11metre beams)
- 1,000tonne slipway (65metre vessels with 13metre beams)

Heavy Industries

FSHIL continued providing services for marine and other industry customers in Fiji by undertaking steel, engineering, electrical, timber and technical works. The Company has the capacity for steel fabrication work up to 300tonnes, making it possible for FSHIL to design multipurpose, roll-on, roll-off vessels, specifically for inter-island trade and transport.

Steel Section
Work includes steel and aluminum ship construction and repairs, industrial fabrication and heavy machinery welding.

Engineering Section
Engineering includes general pipework, machining and turning stern gear servicing, installation and repair of deck machinery and valve and pump repairs.

Electrical Section
Work includes marine electrical services, industrial electrical services, servicing and repair of electrical generators and motors, and auto electrical services, including marine, industrial and heavy mobiles, and the rewinding of generators and motors.

Timber Section
Work includes ship repair outfitting, wooden boat building, machining and installation of timber decking, marine and industrial painting, fibreglassing, building construction, office renovation and furniture making.

Technical Section
Work includes boat designing, ship calculations, conducting of inclining experiments, compiling of visibility data, hull ultrasonic gauging and general estimating.

Fibreglass Boat Manufacture

FSHIL manufactures two sizes of fibreglass boats using the WR 23D and 23SR hull designs, with redesigned internal structures, which meet the compliance and approval of the Maritime Safety Authority of Fiji (MSAF).

All FSHIL fibreglass boats are fitted with grabbers, in case of capsizing, and equipped with a Safety of Life at Sea compliant kit of oars and rowlocks, flares, life jackets and a first aid kit. Each boat goes through a swamp test conducted by MSAF officials, in compliance with ISO 12217-2 Boat Building Standards of the International Classification Society (IACS) of which Fiji is a member.

Specialised Services

FSHIL also offers other specialised services that include:

- Vessel conversion, upgrading and reconstruction
- Gangway hire
- Diving services
- Three-ton crane hire
- Berthing
- Garbage disposal
- Pontoon hire

Departments

The FSHIL Functional and Operational Departments and Sections consist of:

Steel
Ship Repairs and Heavy Engineering Works

Administration
Human Resources, Central Registry, Property and Security.

Finance
Accounts and Financial Management.

Stores
Purchasing Inventory Control and Transport.

Estimating
Estimating and Planning.

Painting
Painting and Water Blasting.

Production
Projects and Quality Control.

Engineering
Fitting, Machining, Electrical and Plumbing

Slipways
Dry Docking.

Quality Management System

Following the 2018 certification of the ISO 9001:2015 Quality Management System, FSHIL's preparatory works towards the May 2020 surveillance audit to be conducted by the Sri Lanka Standards Institution came to a halt due to the pandemic. However, FSHIL's Management continued with its internal audit system for the provision of services related to ship repair works, ship repair services, slipway facilities and heavy industries respectively. Consistent liaising and communication with the Sri Lankan appointed external auditor resulted in successfully undergoing "remote audit and video assessment" in January 2021.

FSHIL Change Management

The global pandemic outbreak had continued to severely affect the financial status of the business subsidiary as the international and regional borders had closed-up its entry and exit in which FSHIL's main clients – fishing vessels were not allowed to enter Fiji shores.

As a result, the Fiji Ports Executive Management appointed a Change Management Committee (CMC) compromising of lead Managers from Finance, Assets, Human Capital Services, Risks and Compliance and Quality Assurance Departments of FPCL to assist with its operational and management decision-making during the challenging time.

SMART Leadership

FSHIL's CMC team introduced the SMART leadership that is aligned to the SMART goals (Specific, Measurable, Achievable, Relevant, Timebound) where the committee worked together to overcome the operational challenges faced in 2020. This was done to ensure that FSHIL was equipped with the right resources, understanding of the work required, meeting timelines and set targets, and aligning to the overall objectives of the business.

500 tonne slipway upgrade

Since there were very little core business taking place at FSHIL due to the low number of vessel arrivals, Management redirected its resources to work on the replacement of the 500T instead of laying off workers while a few employees were deployed at Fiji Ports. The downtime in business operation also provided an opportune time for FSHIL to undertake maintenance of its ageing slipway facilities.

FSHIL and CATD MOU

A Memorandum of Understanding (MOU) was signed between FSHIL and Centre for Appropriate Technology Development (CATD) that proved to be a win-win situation for both parties. FSHIL gets to have additional manpower to do the work whist CATD trainees gain invaluable hands on experience. FSHIL offers CATD trainees hands on experience in various trade courses including welding & fabrication, plumbing & sheetmetal, carpentry & joinery and automotive engineering.

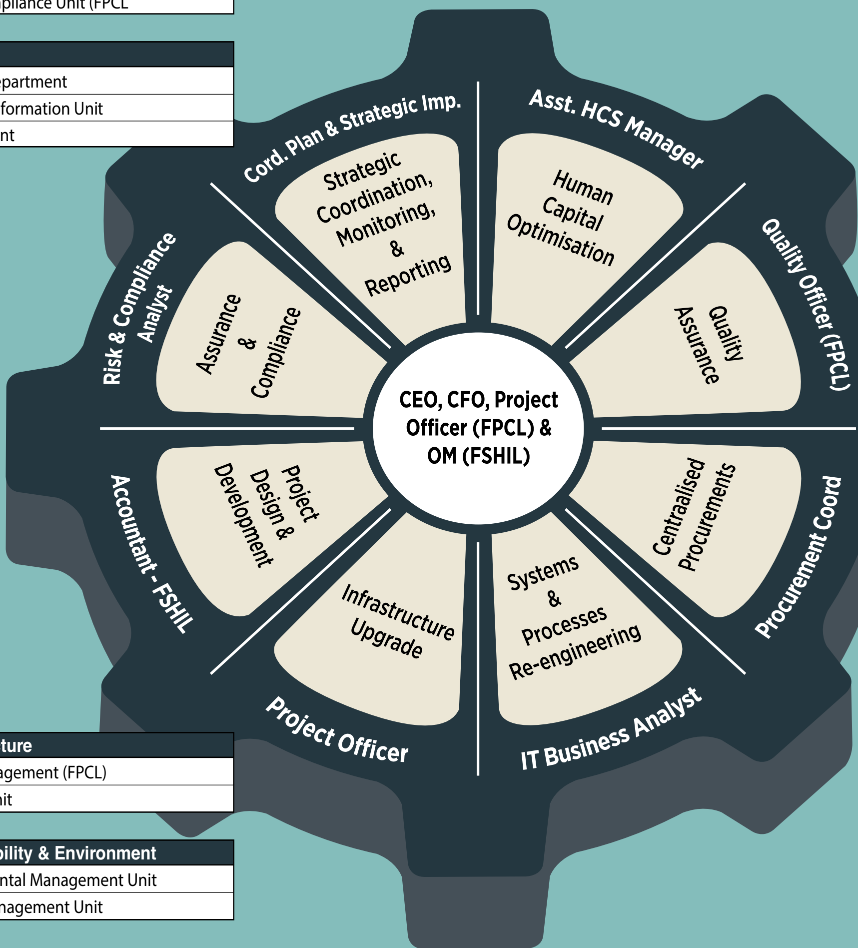
Workforce

FSHIL is committed to acquiring, retaining and developing the right people with the right skills, and prides itself on having a stable, professional and well-qualified workforce that adheres to national and international codes of OHS.

FSHIL Organisation Structure & Change Management Steering Team

Governance
FPCL Executive Management
Legal Unit (FPCL)
Risk & Compliance Unit (FPCL

Financial
Finance Department
Business Information Unit
Procurement



Infrastructure
Asset Management (FPCL)
Projects Unit

Sustainability & Environment
Environmental Management Unit
Energy Management Unit

OM	General Management
Production Department	
HR Department	
Technical & Estimation Department	
Quality Assurance Department	

WM	Slipway Operations
Slipway	
Steel	
Water Blasting/Painting/Boatbuildings	
Carpentry and Joinery	
Engineering	
Heavy Industries	

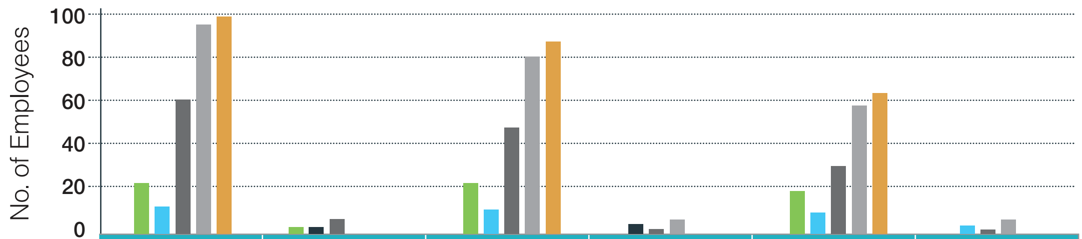
HRC	Organisation
Skills & Knowledge Development	
Motivation, PMS and Capacity Building	
Startegic Goals, KPI, Monitoring and Check and Balance Control System.	

SE	Technical & Estimation
Onboard Assessment Survey Report	
Quotation & Invoice Template	
Ship Design,Workshop Dawings & Dafting Works/Ship Repair & Havy Industries.	

QAO	Quality Systems
ISO 9001:2015 / ISO 14001:2018	
Standard Operaton Procedures (SOP)	
Quality Checklist/IACS/MSAF Reg. Risk Management .	

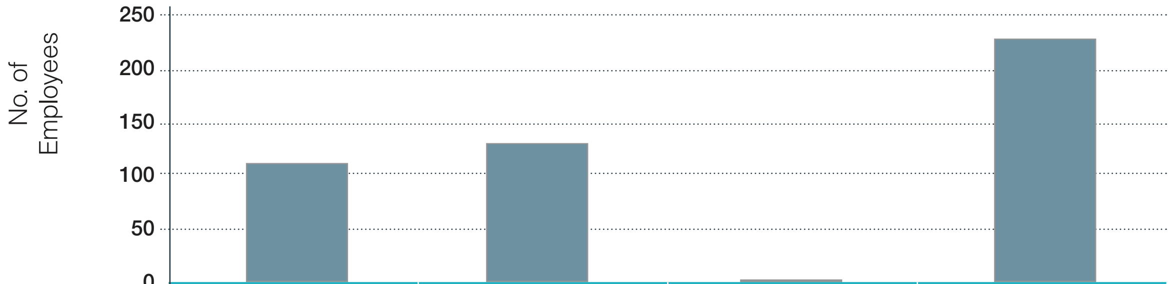
ACC	Finance
Budget Income Forecast	
CAPEX/OPEX/Finance Risks Check & Balance / Financial Report, P&L Statement.	
Stores & Transport	

FSHIL Employee by Contract and Gender Distribution - 2018, 2019 and 2020



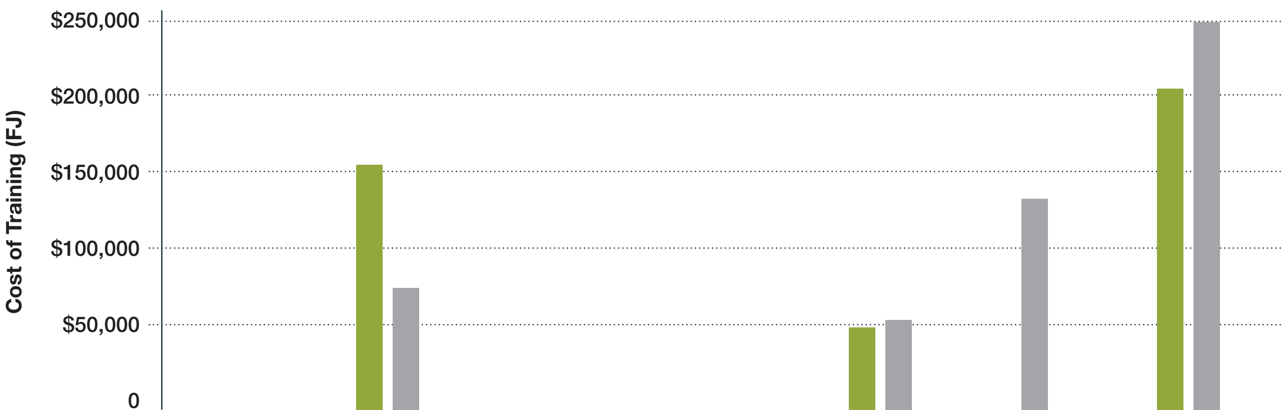
Type of Employment	2018		2019		2020	
	Male	Famale	Male	Famale	Male	Famale
Permanent	22	0	22	0	18	0
Contract	12	3	10	4	9	4
Project	59	3	48	2	30	2
Total	93	6	80	6	57	6
Total Male & Female	99		86		63	

Training Attendance - 2018, 2019 and 2020



	2018	2019	2020	TOTAL
No. of Employees	102	124	4	230

Training Expenditure - 2018, 2019 and 2020



Trainings	In-House	Professional	Overseas	USP/FNU/ NTPC	Seminars & Conferences	Safety	Total
2018	-	15,382.69	-	-	4,925.00	-	$20,308
2019	-	7,312.80	-	-	5,030.00	13,197.39	$25,540
2020	-	-	-	-	-	-	-

Fiji Ports Cargo & Vessel Statistics

Foreign Vessels (excluding Fishing)

Year	Nos	GRT	100 GRT/HS
2011	739	9,180,823	2,288,756
2012	719	8,636,293	2,313,947
2013	952	14,636,282	3,205,089
2014	926	15,929,778	2,952,331
2015	900	14,546,797	3,245,154
2016	936	17,637,430	3,559,033
2017	1083	20,974,320	4,040,687
2018	979	17,654,116	3,655,158
2019	919	16,304,021	3,540,229
2020	790	13,124,514	2,932,466

2018 Foreign Vessels (excluding Fishing)

Year	Nos	GRT	100 GRT/HS
Cruise	64	4,837,799	496,315
Dry Bulk	34	821,172	549,915
Liquid Bulk	298	3,657,892	645,839
LOLO	440	5,831,296	1,444,402
LOLO/RORO	47	808,998	143,735
Car Carrier	29	1,404,504	167,848
Others	67	292,455	207,104
Total	**979**	**17,654,116**	**3,655,158**

2019 Foreign Vessels (excluding Fishing)

Year	Nos	GRT	100 GRT/HS
Cruise	65	4,507,764	454,710
Dry Bulk	37	905,843	750,902
Liquid Bulk	281	3,262,813	439,472
LOLO	410	5,408,069	1,371,234
LOLO/RORO	44	776,490	122,884
Car Carrier	21	1,071,779	103,403
Others	61	371,263	297,625
Total	**919**	**16,304,021**	**3,540,229**

2020 Foreign Vessels (excluding Fishing)

Year	Nos	GRT	100 GRT/HS
Cruise	31	2,194,742	281,410
Dry Bulk	39	1,015,369	718,737
Liquid Bulk	263	2,744,582	443,369
LOLO	361	4,757,179	1,210,339
LOLO/RORO	45	793,601	120,921
Car Carrier	29	1,503,645	134,931
Others	22	115,396	22,759
Total	**790**	**13,124,514**	**2,932,466**

Local Vessels 2018

Year	Nos	GRT	100 GRT/HS
RORO/Passenger	392	1,419,547	2,785,878
Conventional	183	45,508	223,755
Fishing/Others	1980	494,605	1,573,862
Total	**2555**	**1,959,659**	**4,583,495**

Local Vessels 2019

Year	Nos	GRT	100 GRT/HS
RORO/Passenger	831	1,586,970	36,737
Conventional	174	41,089	979
Fishing/Others	2354	394,509	136,040
Total	**3359**	**2,022,568**	**173,756**

Local Vessels 2020

Year	Nos	GRT	100 GRT/HS
RORO/Passenger	783	1,190,283	5,099,854
Conventional	702	158,510	1,485,509
Fishing/Others	842	449,261	491,990
Total	**2327**	**1,798,054**	**7,077,353**

Cargo Throughout 2019

Type	Import	Export	Total
Break Bulk	40,875	950	41,825
Dry Bulk	355,669	540,750	896,419
Liquid Bulk	805,103	145,940	951,043
MV Bulk	131,308	3,442	134,750
Total Foreign Cargo	1,332,954	691,083	2,024,037
Total Local Cargo	217,247	443,256	660,503
Total Cargo Fiji	**1,550,201**	**1,134,339**	**2,684,540**

Cargo Throughout 2018

Type	Import	Export	Total
Break Bulk	89,924	5,841	95,765
Dry Bulk	287,221	392,248	679,469
Liquid Bulk	460,144	191,811	651,955
MV Bulk	178,557	1,703	180,260
Total Foreign Cargo	1,015,846	591,603	1,607,449
Total Local Cargo	113,727	163,478	277,205
Total Cargo Fiji	**1,129,573**	**755,081**	**1,884,654**

Cargo Throughout 2020

Type	Import	Export	Total
Break Bulk	25,093	4,490	29,583
Dry Bulk	284,894	458,988	743,882
Liquid Bulk	590,768	192,713	783,480
MV Bulk	74,732	1,874	76,606
Total Foreign Cargo	975,487	658,065	1,633,551
Total Local Cargo	101,009	145,444	246,452
Total Cargo Fiji	**1,076,495**	**803,508**	**1,880,004**

Containerised Cargo 2018

Type	Laden	Empty	TEUs
20Ft	77,512	43,219	120,731
40Ft	17,476	12,653	60,258
Total	**94,988**	**55,872**	**180,989**

Containerised Cargo 2019

Type	Laden	Empty	TEUs
20Ft	73,908	39,433	113,341
40Ft	15,071	11,978	54,098
Total	**88,979**	**51,411**	**167,439**

Containerised Cargo 2020

Type	Laden	Empty	TEUs
20Ft	67,698	32,560	100,258
40Ft	14,474	9,641	48,230
Total	**82,172**	**42,201**	**148,488**

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

TABLE OF CONTENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

In accordance with a resolution of the Board, the Directors present their report on the consolidated entity consisting of Fiji Ports Corporation Limited ("the Company") and its subsidiary (collectively "the Group") as at 31 December 2020. Financial comparisons used in this report are of results for the year ended 31 December 2020 compared with the year ended 31 December 2019.

The historical financial information included in this Directors' Report has been extracted from the audited Financial Statements accompanying this Directors' Report.

Information in this Directors' Report is provided to enable shareholders to make an informed assessment of the operations, financial position, performance and other aspects of the Company and the Group, and whether the Company and the Group are a going concern.

Principal activity

The principal activity of the 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.

Review and results of operations

The operating Group profit for the year was $22,246,589 (2019: $26,500,505) after providing for income tax expense of $4,709,143 (2019: $5,664,291). The operating profit for the Company for the year was $22,729,515 (2019: $28,035,714) after providing for income tax expense of $4,709,143 (2019: $5,620,759).

Our values

In financial year 2020 and looking forward in 2021, we have been progressively working towards delivering results for our key priorities as identified within our strategy. These key priorities are:

At Fiji Ports Corporation Limited and its subsidiary, we have 6 key values that are the core of our business, as listed below:

- Professionalism - We are guided by the highest level of honesty and integrity in everything we do and will always demonstrate fair, open, honest and ethical business practices. We aim to treat our people, customers and stakeholders with respect. Our people and our conduct is a measurement of high standards of professional integrity;
- Commercial Stewardship - We will manage our business and activities in a commercial manner and ensure that competitive and compensatory financial returns provide for a long and prosperous future for the organization. We will commit to being accountable to effective business planning, and reward our people for achieving success;
- Strategic Innovation - Through our people and our development strategy, we will challenge the status quo of the maritime transportation and logistic sector to become recognized leaders by being responsive to the changing needs of maritime and industrial sectors, and by bringing value to our customers through being an effective link in the supply chain;
- Progressive Leadership - We will promote a proactive and creative environment that supports a work culture of collaboration and teamwork, and aim to develop leaders who enthusiastically embrace achievement and innovation. We will encourage the continuous learning, training and development of our people. We will always try to do better;
- Corporate Citizenship - We will integrate corporate citizenship and social responsibility into every aspect of our operations. We recognize that it is a privilege to share the marine and land assets of Fiji Ports with the community, and the people in the various associated regions, and that we have responsibility to the community to communicate openly with residents, participate in, and support development, and ensure that our actions protect the environment and Fiji culture; and
- Employees Well Being Diversity - As a company we hold advancing the health, safety and well being of our workforce as an absolute priority. It's a commitment that encompasses the environments in which employees work, and the communities in which they live. We aim to be a leader in diversity aiming always to be non-discriminatory in respect to culture, race, sex or age, and consequently providing a fair and accepting workplace.

DIRECTORS' REPORT *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

Our strategy

Fiji Ports Corporation Limited (FPCL) aims to be the Smart Green Gateway for Trade in the Pacific Region. The 5 Year Strategic Plan (2019 - 2023) is a cornerstone of the overall alignment of the Port to an increasingly dynamic and competitive business environment. Through the Strategic Plan, the Port will meet key challenges and leverage opportunities to achieve its goals. The Plan addresses the physical, operational, economic, environmental and recreational requirements of the company. It forms the basis for the strategic policy for effective resources utilization and efficient service delivery.

The company implemented 5 Year Strategic Plan commencing from 2019 – 2023. The strategic goals is adopted from previous strategy which had nine goals and only six goals have been adopted for 5 – Year Strategic Plan. These goals are targeted to the challenges that lie ahead as well as reflecting the nature of the ownership model of FPCL. The six strategic goals include:

Strategic Goal 1 - Governance
Protect Shareholders integrity and transparency while achieving a balance between commercial and social deliverables.

Strategic Goal 2 - Infrastructure
Invest strategically to ensure necessary availability of fit for purpose facilities while investigating future asset options for long term efficiency and productivity.

Strategic Goal 3 - Financial Performance
To spearhead the Commercial and Financial stewardship of FPCL and to ensure that shareholder value is enhanced, in the midst of implementing capital intensive projects.

Strategic Goal 4 - Organization/ Capacity
Align organizational structure to objectives and capacity requirements, while promoting gender equality and retention.

Strategic Goal 5 - Environment
Implement Port Sustainability Guidelines and Energy Management Initiatives to become a Green Port in the Pacific.

Strategic Goal 6 - Safety, Security and Technology
Adopt Smart Port initiatives to achieve best practice in international Port Security and safe working environment.

Our priorities this year

In financial year 2020 and looking forward in 2021, we have been progressively working towards delivering results for our key priorities as identified within our Strategy. These key priorities are:

- Planning of the 5-year Green Port Master Plan.
- Successful certification of the Company's Integrated Management System (IMS) , which conforms to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards.
- To mobilize Wharf Rehabilitation works for the Ports of Suva & Lautoka.
- Investigate and Develop computerized Asset Management and or Maintenance Management System.
- Conduct feasibility studies to increase port capacities.
- Review of Port fees & charges for International and Local operations.
- Upgrade pilot boats to meet the international standards.
- Improve capacity building and recruitment process.

Key statistics

	Group	Company
Number of employees	218	156
Dividend per share	$ 0.23	$ 0.23
Total Income	$ 50,281,700	$ 51,983,395
Net Assets	$ 145,965,450	$ 141,999,403

DIRECTORS' REPORT *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

The future

Major future strategies of the Group are:

- Implement Vessel Traffic Management System.
- Implement automated revenue system and integrated with Vessel Traffic Management System.
- Installation of solar system at Local Wharf.
- Lautoka Yard 3 development to increase port capacity.
- Review of Port fees & charges for International and Local operations.
- Commence rehabilitation at various wharves based on the risk matrix.
- Procure second pilot boat to align to international standards.
- Develop marketing strategies and invest in business development to build key throughputs and revenues. Identify regional trade and market share opportunities, interface with industry groups including shipping forums and regional commissions.
- Enterprise training [enterprise value and thinking].
- Initiate Information Systems and Strategic Plan.
- Review International Ship Port Facility Security (ISPS) compliance.
- Implementation of the 5-year Green Port Master Plan.

Dividends

On 6th May 2020, the Directors resolved to pay a dividend of twenty-three cents per share ($0.23) for the 2019 financial year.

Dividends paid out during the year were as follows:

Dividend	Date resolved	Date paid	Dividend per share	Total dividends
Final Dividend	06/05/2020	25/05/2020	$ 0.23	$ 16,821,428

Significant Events occurring during the financial year

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

The Company has remained operational since this declaration and continuing to provide and manage the port infrastructure and services within declared ports. We have seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

The scale and duration of these developments remain uncertain as at the date of this report however they are having an impact on our earnings, cash flow and financial condition. The Directors confirm that they considered all currently known impacts of COVID-19 when preparing the financial statements and applying the going concern concept.

DIRECTORS' REPORT *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

<u>Details of Directors and executives</u>

Directors of the Company and the Group during the financial year and up to the date of this report were:

- Mr. Shaheen Ali	Reappointed on 18th November 2018
- Mr. Vilash Chand	Reappointed on 3rd July 2018
- Ms. Tupoutua'h Baravilala	Reappointed on 28th April 2018
- Mr. Vijay Prakash Maharaj	Reappointed on 3rd July 2018
- Mr. Sashi Singh	End of term on 9th September 2020
- Dr. Parakrama Dissanayake	Appointed on 18th March 2019
- Mr. Iqram Cuttilan	Appointed on 1st July 2017
- Mr.Tevita Kuruvakadua	Appointed on 16th November 2015
- Mr. Niranjawan Chettiar	Appointed on 9th September 2020
Mr. Ashnil Prasad	Appointed on 9th September 2020

None of the directors had shareholding in the Company as at 31 December 2020.

<u>Board and Committee meeting attendance</u>

Details of the number of meetings held by the Board and its committees during the financial year ended 31 December 2020, and attendance by Board members, are set out below:

Directors	Board		Committees					
			Board Finance, Audit & Risk Management Sub-Committee		Board HR Sub-Committee		Board Technical and Infrastructure Development Sub-Committee	
	A	B	A	B	A	B	A	B
Mr. Shaheen Ali	2	2	-	-	-	-	4	1
Mr. Vijay Maharaj	2	1	3	1	2	2	-	-
Mr. Vilash Chand	2	2	3	2	2		4	3
Ms. Tupou Baravilala	2	2	-	-	-	-	-	-
Mr. Tevita Kuruvakadua	2	-	3	1	-	-	-	-
Mr. Sashi Singh	2	1	-	-	2	1	4	3
Mr. Niranjawan Chettiar	2	1	-	-	-	-	-	-
Mr. Ashnil Prasad	2	1	-	-	-	-	-	-
Mr. Iqram Cuttilan	2	1	-	-	-	-	-	-
Dr. Parakrama Dissanayake	2	1	-	-	-	-	-	-

A: number of meeting held while a member
B: number of meetings attended

Auditor independence

The Directors have obtained an independence declaration from the Company's auditor, Ernst & Young. A copy of the auditor's independence declaration is set out in the Auditor's Independence Declaration to the Directors of Fiji Ports Corporation (Fiji) Limited on page 7.

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

Dated this 21st day of April 2021.

....
Director **Director**

DIRECTORS' DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2020

This Directors' Declaration is required by the Companies Act 2015.

The Directors of Fiji Ports Corporation Limited ("the Company") and its subsidiary (collectively "the Group") have made a resolution that declared:

a) in the Directors' opinion, the financial statements and notes of the Company and the Group for the financial year ended 31 December 2020:

   i) give a true and fair view of the financial position of the Company and the Group as at 31 December 2020 and of the performance of the Company and the Group for the year ended 31 December 2020.

   ii) have been made out in accordance with the Companies Act 2015.

b) they have received declarations as required by section 395 of the Companies Act 2015.

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

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

Dated this 21st day of April 2021.

....
Director Director

Building a better working world

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1 Butt Street Suva Fiji
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Auditor's Independence Declaration to the Directors of Fiji Ports Corporation Limited

As lead auditor for the audit of Fiji Ports Corporation Limited ("the Company") and its subsidiary (collectively "the Group") for the financial year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the Companies Act 2015 in relation to the audit; and

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

This declaration is in respect of Fiji Ports Corporation Limited and the entities it controlled during the financial year.

Ernst & Young
Chartered Accountants

Sikeli Tuinamuana
Partner
Suva, Fiji

21 April 2021

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Independent Auditor's Report

To the members of Fiji Ports Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fiji Ports Corporation Limited ("the Company") and its subsidiary (collectively "the Group"), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2020, 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 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.

Other information

The Directors and management are responsible for the other information. The other information comprises the information in the Director's Report for the year ended 31 December 2020 but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Auditor's Report *continued*

Responsibilities of the Directors and management for the 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 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 the Directors and management.

- 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 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 concern; and

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

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Independent Auditor's Report *continued*

Auditor's Responsibilities for the Audit of the Financial Statements *continued*

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 our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2015 in all material respects, and;

a. we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b. the Company and the Group has kept financial records sufficient to enable the financial statements to be prepared and audited.

Ernst & Young
Ernst & Young
Chartered Accountants

Sikeli Tuinamuana
Partner
Suva, Fiji

21 April 2021

A member firm of Ernst & Young Global Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group		Company	
		2020	2019	2020	2019
		$	$	$	$
Operating revenue	2(a)	48,646,060	57,607,628	46,807,567	52,251,199
Other revenue	2(b)	1,635,640	1,644,692	5,175,828	6,974,722
Total income		50,281,700	59,252,320	51,983,395	59,225,921
Depreciation		(5,836,430)	(6,130,423)	(5,148,600)	(5,472,969)
Employee benefit expenses	3(a)	(7,205,650)	(8,310,509)	(6,065,175)	(6,158,434)
Property expenses	3(b)	(1,980,626)	(2,359,241)	(1,980,626)	(2,359,241)
Marine service charges	3(c)	(11,005,977)	(10,803,427)	(11,005,977)	(10,803,427)
Operating expenses	3(d)	(4,115,826)	(6,547,535)	(2,898,292)	(3,768,841)
Total expenses		(30,144,509)	(34,151,135)	(27,098,670)	(28,562,912)
Profit from operations		**20,137,191**	**25,101,185**	**24,884,725**	**30,663,009**
Finance income	3(e)	2,611,667	3,009,436	2,554,643	2,994,958
Finance costs	3(f)	(710)	(1,494)	(710)	(1,494)
Share of profit in associate	19	4,207,584	4,055,669	-	-
Profit before income tax		**26,955,732**	**32,164,796**	**27,438,658**	**33,656,473**
Income tax expense	4	(4,709,143)	(5,664,291)	(4,709,143)	(5,620,759)
Net profit for the year		**22,246,589**	**26,500,505**	**22,729,515**	**28,035,714**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year, net of tax		**22,246,589**	**26,500,505**	**22,729,515**	**28,035,714**

The accompanying notes form an integral part of this Statement of Profit or loss and Other Comprehensive Income.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group		Company	
		2020	2019	2020	2019
		$	$	$	$
Share capital					
As at 1 January		73,154,852	73,154,852	73,154,852	73,154,852
At 31 December	17(a)	73,154,852	73,154,852	73,154,852	73,154,852
Retained earnings					
As at 1 January		67,385,437	57,124,219	62,936,464	51,140,037
Operating profit after income tax		22,246,589	26,500,505	22,729,515	28,035,714
Dividends	17(b)	(16,821,428)	(16,239,287)	(16,821,428)	(16,239,287)
At 31 December		72,810,598	67,385,437	68,844,551	62,936,464
Total shareholders' equity		**145,965,450**	**140,540,289**	**141,999,403**	**136,091,316**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	Group		Company	
		2020	2019	2020	2019
Assets		$	$	$	$
Current assets					
Cash and cash equivalents	16	24,109,858	26,916,064	22,466,312	24,501,932
Trade and other receivables	5	3,872,689	4,317,845	3,382,941	3,248,858
Financial assets	6	55,500,000	47,000,000	54,000,000	46,000,000
Inventories	7	838,196	1,526,544	642,077	1,360,744
Other assets	8	1,291,678	1,239,795	1,179,777	1,089,553
Loan to subsidiary	18(e)	-	-	130,172	130,172
Income tax asset		135,879	642,989	-	538,124
Total current assets		85,748,300	81,643,237	81,801,279	76,869,383
Non-current assets					
Trade and other receivables	5	4,196,984	4,788,382	4,196,984	4,788,382
Property, plant and equipment	9	50,675,202	53,195,784	44,394,378	46,417,910
Right of use asset	10	6,375	25,499	6,375	25,499
Investment property	12	263,011	24,654	263,011	24,654
Loan to subsidiary	18(e)	-	-	714,233	844,405
Investment in subsidiary		-	-	6,660,000	6,660,000
Investment in associate company	19	12,873,233	12,623,597	10,511,536	10,511,536
Deferred tax assets	4	8,515,896	8,161,998	8,345,628	7,967,956
Total non-current assets		76,530,701	78,819,914	75,092,145	77,240,342
Total assets		**162,279,001**	**160,463,151**	**156,893,424**	**154,109,725**
Liabilities					
Current liabilities					
Trade and other payables	13	3,717,347	4,081,596	3,234,808	3,191,662
Lease liability	10	6,852	20,016	6,852	20,016
Provisions	14	287,977	4,165,077	287,977	4,165,077
Employee benefit liability	15	769,064	756,489	715,953	647,758
Income tax liability		899,719	-	899,719	-
Total current liabilities		5,680,959	9,023,178	5,145,309	8,024,513
Non-current liabilities					
Deferred income	23	10,074,652	10,298,949	9,209,256	9,414,286
Lease liability	10	-	6,852	-	6,852
Employee benefit liability	15	557,940	593,883	539,456	572,758
Total non-current liabilities		10,632,592	10,899,684	9,748,712	9,993,896
Total liabilities		**16,313,551**	**19,922,862**	**14,894,021**	**18,018,409**
Net assets		**145,965,450**	**140,540,289**	**141,999,403**	**136,091,316**
Shareholders' equity					
Share capital	17(a)	73,154,852	73,154,852	73,154,852	73,154,852
Retained earnings		72,810,598	67,385,437	68,844,551	62,936,464
Total shareholders' equity		**145,965,450**	**140,540,289**	**141,999,403**	**136,091,316**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
Operating Activities					
Receipts from customers		52,539,265	62,257,820	49,738,129	56,490,622
Payments to suppliers and employees		(27,586,957)	(27,446,288)	(24,872,807)	(23,262,277)
Interest paid		(710)	(1,494)	(710)	(1,494)
Interest received		478,859	490,763	515,473	515,473
Income tax paid		(3,300,000)	(5,946,524)	(3,300,000)	(5,771,524)
Net cash provided by Operating Activities		**22,130,457**	**29,354,277**	**22,080,085**	**27,970,800**
Investing Activities					
Acquisition of property, plant and equipment		(3,553,167)	(4,672,112)	(3,362,381)	(3,584,156)
Proceeds from sale of property, plant and equipment		-	47,944	-	47,944
Placement of Term deposits		(13,500,000)	(15,000,000)	(12,000,000)	(14,000,000)
Redemption of Term deposits		5,000,000	5,000,000	4,000,000	4,000,000
Dividend from investment in associate and subsidiary		3,957,949	5,035,997	3,957,949	5,702,606
Proceeds from repayment of borrowings by related parties		-	-	130,172	125,076
Net cash (used in) Investing Activities		**(8,095,218)**	**(9,588,171)**	**(7,274,260)**	**(7,708,530)**
Financing Activities					
Payment of special and final dividends	17 (b)	(16,821,428)	(16,239,287)	(16,821,428)	(16,239,287)
Repayment of lease on right of use asset		(20,017)	(19,234)	(20,017)	(19,234)
Net cash (used in) Financing Activities		**(16,841,445)**	**(16,258,521)**	**(16,841,445)**	**(16,258,521)**
Net (decrease)/increase in cash and cash equivalents		**(2,806,206)**	**3,507,585**	**(2,035,620)**	**4,003,749**
Cash and cash equivalents at the beginning of the year		**26,916,064**	**23,408,479**	**24,501,932**	**20,498,183**
Cash and cash equivalents at the end of the year	16	**24,109,858**	**26,916,064**	**22,466,312**	**24,501,932**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1.0 Corporate Information

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

The registered office of the Company is located at Muaiwalu House, Walu Bay. The principal place of business is Suva Kings Wharf, Port of Suva, Fiji.

The consolidated financial statements of the Company and the Group for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on …............................

1.1 Basis of preparation

The consolidated financial statements of the Group have been drawn up in accordance with the provisions of the 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.

The consolidated financial statements provide comparative information in respect of the previous financial year. Where necessary, comparative information has been reclassified to achieve consistency in disclosure with the current financial year amounts and other disclosures. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

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.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements. The group has not early adopted any standards, interpretations or amendments that have been issued but not effective.

a) Company financial statements

The financial statements prepared are separate (non-consolidated) financial statement of Fiji Ports Corporation Limited. As permitted by IAS 27 Consolidated and Separate Financial Statements, the financial statements have not been consolidated to account for the Company’s investments in either its associates, joint ventures or subsidiaries. The Company has elected to account for the investment in subsidiaries and its associate at cost. The Company applies the same accounting for each category of investments. Dividends from subsidiaries and associates are recognised in the profit or loss in the separate financial statements prepared when its right to receive the dividend is established.

b) Principles of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary and are drawn up to 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

1.1 Basis of preparation *continued*

b) Principles of consolidation *continued*

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies.

From 1 August 2013, Fiji Ports Terminal Limited was assessed to be an associate company and is accounted for using equity accounting at group level.

1.3 Significant accounting judgments, estimates and assumptions

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

Judgments

In the process of applying the Company's and the Group'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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

1.3 Significant accounting judgments, estimates and assumptions *continued*

Impairment of non-financial assets

The Company and the Group 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.

Application of IFRS 16 - Leases

The application of IFRS 16 requires the Group to make judgements and estimates that affect the measurement of right-of-use assets and liabilities. In determining the lease term, management must consider all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options). Assessing whether a contract includes a lease also requires judgement. Estimates are required to determine the appropriate discount rate used to measure liabilities.

Provision for expected credit losses (ECL) of trade receivables

The Company and the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Company and the Group's historical observed default rates. The Company and Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company and the Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 5.

Performance obligations

The performance obligation from provision of port related services, which are detailed in note 2(a), is satisfied upon provision of these services and payment is generally due within 30 to 90 days from delivery. In the event of sale of assets, performance obligation is satisfied when the buyer obtains control of the asset.

Methods, inputs and assumptions used in allocating transaction price to performance obligation is determined after considering factors identified in note 1.4(z).

1.4 Summary 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. Details of revenue recognition criteria is outlined in note 1.4(z).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

1.4 Summary of significant accounting policies *continued*

(c) Revenue recognition *continued*

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

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%	Plant and equipment	10% - 33%
Buildings	5% - 20%	Office equipment	10% - 33%
Motor vehicles and motorised equipn	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

1.4 Summary 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 credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

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

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

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

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

Value Added Tax
Revenue, expenses and assets are recognised net of the amount of Value Added Tax (VAT) except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of VAT included.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

1.4 Summary of significant accounting policies *continued*

(h) Cash and cash equivalents

Cash and cash equivalents comprises of 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

Initial recognition and measurement

Financial assets within the scope of IFRS 9 are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit and loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company and the Group has applied the practical expedient, the Company and the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company and the Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company and the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortised cost

This category is the most relevant to the Company and the Group. The Company and the Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company and the Group's financial assets at amortised cost includes trade receivables, and loan to subsidiary and associate companies.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

1.4 Summary of significant accounting policies *continued*

(i) Financial assets *continued*

Derecognition continued

- The Company and the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company and the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company and the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company and the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company and the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company and the Group has retained.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:
- Disclosures for significant assumptions (note 1.3)

The Company and the Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company and the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company and the Group applies a simplified approach in calculating ECLs. Therefore, the Company and the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company and the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(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) Trade and other receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are initially recognised at original invoice (inclusive of VAT where applicable).

(l) Other assets

Other assets include insurance and other prepayments, Energy Fiji Limited and other deposits, and VAT receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

1.4 Summary of significant accounting policies *continued*

(m) 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.

(n) 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 and the Group 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 the 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 the statement of comprehensive income when the asset is derecognised.

(o) 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.

(p) 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.

(q) Deferred income

An unconditional grant related to assets is recognised in statement of comprehensive income as other income when the grant becomes receivable.

Other grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in the statement of comprehensive income as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in the statement of comprehensive income on a systematic basis in the same periods in which the expenses are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

1.4 Summary of significant accounting policies *continued*

(r) 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.

(s) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at net of directly attributable transaction costs.

The Group’s financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities is described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(t) 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 2015.

(u) Leased assets

Previously, the Company determined at contract inception whether an arrangement is or contains a lease. Under IFRS 16, the Company assesses whether a contract is or contains lease based on definition of a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset’s use and to obtain substantially all the economic benefits from that use.

Company and the Group as a lessee

Leases classified as operating leases
Under IFRS 16, the Company recognises right-of-use assets and lease liabilities i.e. these leases are on-balance sheet.

Rights-of-use assets are measured at either:

- their carrying amounts as if IFRS 16 had been applied since the commencements date, discounted using lessee's incremental borrowing rate at the date of initial application; or

- an amount equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments.

The Company applied the second approach.
The Company used the following practical expedients when applying IFRS 16 to lease previously classified as operating leases under IAS 17:

1.4 Summary of significant accounting policies *continued*

(u) Leased assets *continued*

- applied a single discount rate to a portfolio of leases with similar characteristics;
- adjusted the right-of-use assets by the amount of onerous contract provision immediately before the date of initial application, as an alternative to an impairment review;
- applied the exemption not to recognise the right-of-use assets and liabilities for leases with less than 12 months of lease term;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 July 2017 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date. The Company had no finance leases under IAS 17.

Company and the Group as a lessor

The Company and the Group as a lessor classifies each lease as an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

Upon lease commencement, the Company recognises assets held under a finance lease as a receivable at an amount equal to the net investment in the lease. The Company recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.

For leases classified as operating lease, the Company was not required to make any adjustments for IFRS 16, except for a sub-lease. The Company had accounted for its leases in accordance with IFRS 16 from date of application.

(v) Comparative figures

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

(w) 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 and the Group 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.

(x) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

1.4 Summary of significant accounting policies *continued*

(x) Investment in associates *continued*

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'share of profit in associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(y) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

(z) Revenue from contracts with customers

The Group is in the business of providing and managing the port infrastructure and services within declared ports, as well as provision of ship repair and slipway services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangement because it typically controls the goods or services before transferring them to the customer.

1.4 Summary of significant accounting policies *continued*

(z) Revenue from contracts with customers *continued*

Sale of equipment

Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

IFRS 15 requires that an entity considers the effects of all of the following in determining the transaction price:

- Variable consideration
- Constraining estimates of variable consideration
- The existence of a significant financing component in the contract
- Non-cash consideration
- Consideration payable to a customer

The Group did not incur any consideration payable to a customer. Consideration payable to a customer includes cash amounts that an entity pays, or expects to pay, to the customer. The consideration payable to a customer is accounted for as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity.

(aa) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.5 Changes in accounting policies and disclosures

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

- **An amendment to IFRS 3 Business Combination on the definition of a business**

  The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

- **Amendments to IAS 1 and IAS 8 in the definition of "material" to ensure the definition is aligned across the standards**

  The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

1.5 Changes in accounting policies and disclosures *continued*

- **Amendments to IFRS 7, IFRS 9 and IAS 39 Interest rate benchmark reform**

  The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

- **Amendments to IFRS 16 Covid-19 related rent concessions.**

  On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

The Group intends to adopt these amendments when they become effective. The amendments will not have any material impact on the Group.

2 REVENUE

	Group 2020	Group 2019	Company 2020	Company 2019
(a) Operating revenue	$	$	$	$
Dockage	8,948,323	11,300,893	8,948,323	11,300,893
Licence fees	295,659	317,590	295,659	317,590
Marine services	20,486,158	22,157,366	20,486,158	22,157,366
Other service income	6,723,760	6,571,676	6,723,760	6,571,676
Ship repair and heavy industries	1,333,649	3,902,925	-	-
Slipway	504,844	1,453,504	-	-
Wharfage	10,353,667	11,903,674	10,353,667	11,903,674
	48,646,060	57,607,628	46,807,567	52,251,199

	Group 2020	Group 2019	Company 2020	Company 2019
(b) Other revenue				
Release of deferred income	224,297	224,297	205,030	205,030
Dividend income	-	-	3,957,949	5,702,606
Gain on sale of assets	-	13,429	-	13,429
Management fees	72,000	72,000	72,000	72,000
Other income	93,090	78,180	-	-
Rent income	1,246,253	1,256,786	940,849	981,657
	1,635,640	1,644,692	5,175,828	6,974,722

3 EXPENSES

	Group 2020	Group 2019	Company 2020	Company 2019
	$	$	$	$
(a) Employee benefit expenses				
Allowances	68,435	239,162	21,849	35,043
Annual leave	307,719	256,242	258,041	195,726
FNPF and FNU levy	651,474	778,011	576,265	600,134
Fringe benefit tax	47,519	45,467	37,465	33,097
Movement in long service leave	(14,787)	61,931	(12,913)	60,011
Medical expenses	404,985	384,454	336,781	315,853
Retirement benefit	180,087	126,626	180,087	126,626
Salaries and wages	4,858,390	5,468,009	3,961,910	3,992,896
Sick leave	205,624	211,554	159,554	155,270
Staff incentive pay	237,431	370,206	294,479	324,322
Staff welfare	189,956	205,888	182,886	187,603
Staff training	68,817	162,959	68,771	131,853
	7,205,650	8,310,509	6,065,175	6,158,434

	Group 2020	Group 2019	Company 2020	Company 2019
(b) Property expenses				
Cleaning and sanitation	172,827	194,601	172,827	194,601
Electricity	679,572	731,402	679,572	731,402
Property rates	135,890	125,104	135,890	125,104
Repairs and maintenance	314,940	421,139	314,940	421,139
Loss on sale of assets	8,587	-	8,587	-
Water	605,723	828,360	605,723	828,360
Mini assets replacement cost	63,087	58,635	63,087	58,635
	1,980,626	2,359,241	1,980,626	2,359,241

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
3	**EXPENSES *continued***	**2020**	**2019**	**2020**	**2019**
		$	**$**	**$**	**$**
(c)	**Marine service charges**				
	Tug/pilot/lines boat hire	8,904,059	8,728,146	8,904,059	8,728,146
	Linesman hire	181,422	209,552	181,422	209,552
	Pilotage service - external	1,433,247	1,379,158	1,433,247	1,379,158
	Security hire	487,249	486,571	487,249	486,571
		11,005,977	10,803,427	11,005,977	10,803,427
(d)	**Operating expenses**				
	Advertising and publicity expense	109,664	137,247	97,763	116,171
	Auditors' remuneration	21,300	21,300	15,000	15,000
	Professional accounting fee	94,785	35,130	77,827	16,090
	Direct material cost	351,477	985,159	-	-
	Directors fees	66,000	71,499	66,000	71,499
	Movements in expected credit loss	246,039	(43,497)	233,819	(252,645)
	Insurance expense	674,712	1,554,312	530,104	1,396,047
	Professional legal fees	159,626	127,661	127,001	119,636
	Repairs and maintenance - cranes	159,099	103,936	159,099	103,936
	Repairs and maintenance - others	392,587	728,763	216,445	240,479
	Other expenses	1,840,537	2,826,025	1,375,234	1,942,628
		4,115,826	6,547,535	2,898,292	3,768,841
(e)	**Finance income**				
	Interest income on term deposits and inter-company loans	2,611,667	3,009,436	2,554,643	2,994,958
(f)	**Finance costs**				
	Interest charges on borrowings	710	1,494	710	1,494
4	**INCOME TAX**				
	The major components of income tax expenses for the years ended 31 December 2020 and 2019 are:				
	Operating profit before tax	26,955,732	32,164,796	27,438,658	33,656,473
	Prima facie tax thereon at 20%	5,391,146	6,432,959	5,487,732	6,731,295
	(Over)/under-provision from prior years	(19,686)	(20,233)	2,838	(17,876)
	Tax losses not recognised/(recognised)	170,045	(4,449)	-	-
	Restatement of deferred tax balances	5,492	(10,010)	4,944	(8,550)
	Tax effect of items treated as non-deductible difference	(837,854)	(733,976)	(786,371)	(1,084,110)
	Income tax expense reported in the statement of comprehensive income	4,709,143	5,664,291	4,709,143	5,620,759

	Group		Company	
	2020	2019	2020	2019
4 INCOME TAX *continued*	$	$	$	$
Current tax (liability)/asset				
Current tax asset as at 31 December relates to the following:				
Balance at the beginning of the year	642,989	14,975	538,124	21,910
Current tax provision	(4,677,587)	(5,698,983)	(4,701,361)	(5,647,185)
Deferred tax expense	(378,884)	(455,937)	(378,884)	(361,732)
Net payments made during the year	3,300,000	5,946,524	3,300,000	5,771,524
Credits transferred from VAT account	-	424,523	-	412,438
Provisional and Withholding tax credits	356,211	391,654	348,971	323,293
(Over)/under provision in the prior year	(6,569)	20,233	(6,569)	17,876
Income tax asset	(763,840)	642,989	(899,719)	538,124
Deferred tax assets				
Reflected in the statement of financial position as follows:				
Deferred tax assets	8,515,896	8,161,998	8,345,628	7,967,956
Net deferred tax assets at 31 December relates to the following:				
Deferred tax assets				
Doubtful debts	197,315	183,524	118,935	72,975
Employee entitlements	265,403	270,074	251,082	244,103
Lease liability	1,370	5,363	1,370	5,363
ROU assets	(1,275)	(5,100)	(1,275)	(5,100)
Legal claims	15,554	18,752	15,554	18,752
Decelerated depreciation for tax purposes	8,037,529	7,689,385	7,959,962	7,631,863
	8,515,896	8,161,998	8,345,628	7,967,956

5 TRADE AND OTHER RECEIVABLES

	Group 2020	Group 2019	Company 2020	Company 2019
Current				
Trade receivables	2,433,390	1,785,526	1,682,292	1,185,098
Less: Allowance for expected credit losses	(923,567)	(681,545)	(531,668)	(301,867)
	1,509,823	1,103,981	1,150,624	883,231
Staff advances	41,192	2,564	41,192	2,564
Shore crane sale receivables	804,343	804,343	804,343	804,343
Other receivables	1,517,331	2,535,438	1,383,395	1,510,167
Receivable from associate [note 18(d)]	-	44,587	-	44,587
Receivable from subsidiary [note 18(d)]	-	-	3,387	3,966
Allowance for expected credit losses - accrued income	-	(173,068)	-	-
	3,872,689	4,317,845	3,382,941	3,248,858
Non-Current				
Shore crane sale receivables	4,196,984	4,788,382	4,196,984	4,788,382
Total trade and other receivables	8,069,673	9,106,227	7,579,925	8,037,240

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.

The information on credit exposure is disclosed in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	**2019**	**2020**	**2019**
5 TRADE AND OTHER RECEIVABLES *continued*	**$**	**$**	**$**	**$**
Movement in the provision for impairment of receivables were as follows:				
Balance at 1 January	854,613	898,110	301,867	554,512
Additional provision	343,381	446,994	280,161	138,908
Unused amount reversed	(274,427)	(490,491)	(50,360)	(391,553)
Balance at 31 December	923,567	854,613	531,668	301,867

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	2020	2,433,390	1,104,436	145,355	276,428	907,171
	2019	1,785,526	747,465	352,153	49,609	636,299
Company	2020	1,682,292	994,890	133,784	38,344	515,274
	2019	1,185,098	586,972	315,062	49,609	233,455

6 FINANCIAL ASSETS				
Term deposits	55,500,000	47,000,000	54,000,000	46,000,000
7 INVENTORIES				
Parts	823,056	795,932	626,937	630,132
Goods in transit	15,140	730,612	15,140	730,612
	838,196	1,526,544	642,077	1,360,744
8 OTHER ASSETS				
Prepayments	340,205	638,666	280,978	544,505
Less: Allowance for expected credit losses	(63,006)	(63,006)	(63,006)	(63,006)
	277,199	575,660	217,972	481,499
Deposits	469,515	469,102	424,844	424,431
VAT receivable	544,964	195,033	536,961	183,623
	1,291,678	1,239,795	1,179,777	1,089,553
9 PROPERTY, PLANT AND EQUIPMENT				
Land				
Cost:				
At 1 January	16,944,157	16,944,157	15,980,821	15,980,821
At 31 December	16,944,157	16,944,157	15,980,821	15,980,821

9 PROPERTY, PLANT AND EQUIPMENT continued	Group		Company	
	2020	2019	2020	2019
Land continued	$	$	$	$
Depreciation, impairment and amortisation				
At 1 January	915,879	691,582	837,206	632,176
Depreciation charge for the year	224,297	224,297	205,030	205,030
At 31 December	1,140,176	915,879	1,042,236	837,206
Net book value	15,803,981	16,028,278	14,938,585	15,143,615
Building				
Cost:				
At 1 January	15,196,444	14,886,304	10,556,035	10,266,051
Additions	45,147	20,770	45,147	614
Transfers	28,418	289,370	28,418	289,370
Disposals	(14,325)	-	(14,325)	-
At 31 December	15,255,684	15,196,444	10,615,275	10,556,035
Depreciation and impairment				
At 1 January	11,222,597	10,728,885	8,822,221	8,578,647
Depreciation charge for the year	554,486	493,712	309,723	243,574
Disposals	(10,929)	-	(10,929)	-
At 31 December	11,766,154	11,222,597	9,121,015	8,822,221
Net book value	3,489,530	3,973,847	1,494,260	1,733,814
Wharves				
Cost:				
At 1 January	92,236,741	92,323,540	92,236,741	92,323,540
Additions	106,990	40,600	106,990	40,600
Transfers	407,365	47,319	407,365	47,319
Disposals	(21,781)	(174,718)	(21,781)	(174,718)
At 31 December	92,729,315	92,236,741	92,729,315	92,236,741
Depreciation and impairment				
At 1 January	69,268,940	65,241,868	69,268,940	65,241,868
Depreciation charge for the year	3,580,060	4,167,350	3,580,060	4,167,350
Disposals	(16,618)	(140,278)	(16,618)	(140,278)
At 31 December	72,832,382	69,268,940	72,832,382	69,268,940
Net book value	19,896,933	22,967,801	19,896,933	22,967,801
Plant and equipment				
Cost:				
At 1 January	11,669,178	10,658,464	3,952,881	3,358,435
Additions	429,085	556,483	347,623	140,215
Transfers	1,108,125	454,231	22,580	454,231
Disposals	(81,124)	-	(81,124)	-
At 31 December	13,125,264	11,669,178	4,241,960	3,952,881

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

9 PROPERTY, PLANT AND EQUIPMENT *continued*	Group		Company	
	2020	2019	2020	2019
Plant and equipment *continued*	$	$	$	$
Depreciation and impairment				
At 1 January	8,934,953	8,338,404	2,989,323	2,736,051
Depreciation charge for the year	737,425	596,551	351,806	253,272
Disposals	(81,124)	-	(81,124)	-
At 31 December	9,591,254	8,934,955	3,260,005	2,989,323
Net book value	3,534,010	2,734,223	981,955	963,558
Furniture and fittings				
Cost:				
At 1 January	445,873	363,911	259,449	224,774
Additions	35,070	41,045	30,664	39,990
Transfers	-	46,232	-	-
Disposals	(11,767)	(5,315)	(11,767)	(5,315)
At 31 December	469,176	445,873	278,346	259,449
Depreciation and impairment				
At 1 January	313,616	283,065	200,328	190,040
Depreciation charge for the year	48,746	35,793	24,129	15,530
Disposals	(11,767)	(5,242)	(11,767)	(5,242)
At 31 December	350,595	313,616	212,690	200,328
Net book value	118,581	132,257	65,656	59,121
Motor vehicles				
Cost:				
At 1 January	670,786	641,120	487,481	457,815
Additions	72,477	29,666	72,477	29,666
Transfers	17,915	-	17,915	-
At 31 December	761,178	670,786	577,873	487,481
Depreciation and impairment				
At 1 January	510,753	394,737	327,448	211,432
Depreciation charge for the year	88,082	116,016	88,082	116,016
At 31 December	598,835	510,753	415,530	327,448
Net book value	162,343	160,033	162,343	160,033
Cranes				
Cost:				
At 1 January	6,838,265	6,838,265	6,838,265	6,838,265
Disposals	-	-	-	-
At 31 December	6,838,265	6,838,265	6,838,265	6,838,265
Depreciation and impairment				
At 1 January	4,796,328	4,497,858	4,796,328	4,497,858
Depreciation charge for the year	309,126	298,470	309,126	298,470
At 31 December	5,105,454	4,796,328	5,105,454	4,796,328
Net book value	1,732,811	2,041,937	1,732,811	2,041,937

9 PROPERTY, PLANT AND EQUIPMENT *continued*	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
<u>Office equipment and software</u>				
Cost:				
At 1 January	2,611,282	2,200,377	2,421,954	2,024,508
Additions	293,946	373,197	293,946	359,738
Transfer	27,108	53,434	27,108	53,434
Disposals	(896,705)	(15,726)	(896,705)	(15,726)
At 31 December	2,035,631	2,611,282	1,846,303	2,421,954
Depreciation and impairment				
At 1 January	2,132,721	1,990,429	1,969,977	1,851,564
Depreciation charge for the year	226,081	158,018	212,510	134,139
Disposals	(896,677)	(15,726)	(896,677)	(15,726)
At 31 December	1,462,125	2,132,721	1,285,810	1,969,977
Net book value	573,506	478,561	560,493	451,977
<u>Work in progress</u>				
At 1 January	4,678,847	2,379,653	2,896,054	1,187,643
Additions	2,570,452	3,585,633	2,465,534	2,948,615
Transfers	(1,876,292)	(890,586)	(790,746)	(844,354)
Reversed	(9,500)	(395,853)	(9,500)	(395,850)
At 31 December	5,363,507	4,678,847	4,561,342	2,896,054
Net written down value at 31 December	50,675,202	53,195,784	44,394,378	46,417,910

As part of the share divestment agreement signed on 5th November 2015, the Group during the financial year 2018 transferred $963,336 worth of interests in two pieces of land recorded under Property, Plant and Equipment to a Government owned company ("Assets Fiji Limited") for $nil consideration. Both land pieces were required by the Group for its operational use. Thus, it was assigned to the Group from Assets Fiji Limited in form of Government grant. The opening balances of the statement of financial position and changes in equity were restated to effect these asset transfers on the date on which the share divestment agreement was signed.

As at 31 December 2020, the Group is yet to transfer 7 land titles of written down value $5,199,318 to Assets Fiji Limited.

<u>Disposals of property, plant and equipment</u>

In 2020, the Group sold plant and machinery, motor vehicles and furniture and fittings with a total net carrying amount of $8,587 (2019: $34,515) for a cash consideration of $0 (2019: $47,944). The net gains/losses on these disposals were recognised as part of other operating income/(expenses) in the statement of profit or loss and other comprehensive income.

10 LEASES

<u>Group as a lessee</u>

The Group has lease contracts for motor vehicles used in its operations. Leases of motor vehicles generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	2019	2020	2019
10 LEASES *continued*	$	$	$	$
Group as a lessee *continued*				
Set out below are the carrying amounts of right-of-use-assets recognised and the movements during the period:				
Motor vehicles				
Cost				
At 1 January	44,624	-	44,624	-
Additions	-	44,624	-	44,624
At 31 December	44,624	44,624	44,624	44,624
Depreciation:				
At 1 January	(19,125)	-	(19,125)	-
Depreciation expense	(19,124)	(19,125)	(19,124)	(19,125)
At 31 December	(38,249)	(19,125)	(38,249)	(19,125)
Book value	6,375	25,499	6,375	25,499
Set out below are the carrying amounts of lease liabilities and the movements during the period:				
As at 1 January	26,868	46,101	26,868	46,101
Payments	(20,728)	(20,728)	(20,728)	(20,728)
Accretion of interest	712	1,495	712	1,495
As at 31 December	6,852	26,868	6,852	26,868
Comprising:				
Current	6,852	20,016	6,852	20,016
Non-current	-	6,852	-	6,852
	6,852	26,868	6,852	26,868
The following are the amounts recognised in profit or loss:				
Depreciation expense of right-of-use assets	19,124	19,125	19,124	19,125
Interest expense on lease liabilities	712	1,495	712	1,495
Total amount recognised in profit or loss	19,836	20,620	19,836	20,620

The Group had total cash outflows for leases of $20,017 in 2020 ($19,234 in 2019). The Group non-cash additions to right-of-use assets and lease liabilities of $Nil. The future cash outflows relating to leases that have not yet commenced are disclosed in the notes.

11 INTANGIBLE ASSET

Cost				
At 1 January	45,349	45,349	-	-
At 31 December	45,349	45,349	-	-
Accumulated depreciation				
At 1 January	45,349	44,718	-	-
Depreciation charge for the year	-	631	-	-
At 31 December	45,349	45,349	-	-
Net book value at 31 December	-	-	-	-

		Group		Company	
		2020	2019	2020	2019
12	**INVESTMENT PROPERTY**	$	$	$	$
	Cost				
	At 1 January	613,553	588,835	613,553	588,835
	Transfers	287,360	24,718	287,360	24,718
	At 31 December	900,913	613,553	900,913	613,553
	Accumulated depreciation				
	At 1 January	588,899	568,439	588,899	568,439
	Depreciation charge for the year	49,003	20,460	49,003	20,460
	At 31 December	637,902	588,899	637,902	588,899
	Net book value at 31 December	263,011	24,654	263,011	24,654
13	**TRADE AND OTHER PAYABLES**				
	Trade creditors	541,365	774,127	505,507	574,987
	Payable to subsidiary [Note 18(d)]	-	-	14,122	2,285
	Payable to associate [Note 18(d)]	13,038	-	13,038	-
	Sundry creditors	3,162,944	3,307,469	2,702,141	2,614,390
		3,717,347	4,081,596	3,234,808	3,191,662

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- For terms and conditions relating to related parties, refer to Note 18.
- For explanations on the Group's liquidity risk management processes, refer to Note 24 (c).

14 PROVISIONS

a) Legal Claims

	Group 2020	Group 2019	Company 2020	Company 2019
At 1 January	93,760	93,760	93,760	93,760
Utilised during the year	(140,993)	-	(140,993)	-
Provisions arising during the year	125,001	-	125,001	-
At 31 December	77,768	93,760	77,768	93,760

Provision for legal claim at balance date represents the 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 payments beyond the amounts provided as at 31 December 2020.

b) Other Provisions

	Group 2020	Group 2019	Company 2020	Company 2019
At 31 December	182,071	4,043,179	182,071	4,043,179

Other Provisions represents rental income (less property expenses) received by the Company for the year 2020 that will be remitted to a Government's asset company ("Assets Fiji Limited"). The net rental income received are from properties that have or will be transferred to Assets Fiji Limited as part of the share divestment agreements signed on 5 November 2015. The Directors are of the opinion that the outcome of these rental income remittance will not give rise to any significant payments beyond the amounts provided as at 31 December 2020.

c) Job Evaluation Exercise

	Group 2020	Group 2019	Company 2020	Company 2019
At 31 December	28,138	28,138	28,138	28,138

Provision for job evaluation exercise at balance date presents the expected overall increase in staff salary due to Job Evaluation Exercise.

	Group 2020	Group 2019	Company 2020	Company 2019
Total Provision as at 31	287,977	4,165,077	287,977	4,165,077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
15	**EMPLOYEE BENEFIT LIABILITY**	$	$	$	$
	At 1 January	1,350,372	1,317,173	1,220,516	1,190,525
	Arising during the year	1,271,089	1,101,947	1,256,608	1,027,755
	Utilised/reversed during the year	(1,294,457)	(1,068,748)	(1,221,715)	(997,764)
	At 31 December	1,327,004	1,350,372	1,255,409	1,220,516
	Analysis of employee benefit liability:				
	Current	769,064	756,489	715,953	647,758
	Non-current	557,940	593,883	539,456	572,758
		1,327,004	1,350,372	1,255,409	1,220,516

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:

	2020	2019	2020	2019
Cash on hand	4,580	4,580	3,580	3,580
Cash at bank	24,105,278	26,911,484	22,462,732	24,498,352
	24,109,858	26,916,064	22,466,312	24,501,932

17 SHARE CAPITAL

a) Issued and paid up capital

	2020	2019	2020	2019
73,154,852 ordinary shares	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.

b) Dividends

	2020	2019	2020	2019
At 1 January	-	-	-	-
Add: dividends declared during the year	16,821,428	16,239,287	16,821,428	16,239,287
Less: dividends paid during the year	(16,821,428)	(16,239,287)	(16,821,428)	(16,239,287)
At 31 December	-	-	-	-

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:

Mr. Shaheen Ali	Reappointed on 18th November 2018
Mr. Vilash Chand	Reappointed on 3rd July 2018
Ms. Tupoutua'h Baravilala	Reappointed on 28th April 2018
Mr. Vijay Prakash Maharaj	Reappointed on 3rd July 2018
Mr. Sashi Singh	End of term on 9th September 2020
Dr. Parakrama Dissanayake	Appointed on 18th March 2019
Mr. Iqram Cuttilan	Appointed on 1st July 2017
Mr.Tevita Kuruvakadua	Appointed on 16th November 2015
Mr. Niranjawan Chettiar	Appointed on 9th September 2020
Mr. Ashnil Prasad	Appointed on 9th September 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

18 RELATED PARTY TRANSACTIONS *continued*

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
Roshan Abeyesundere	Chief Financial Officer

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	
		2020	2019	2020	2019
(a)	**Key management personnel compensation**	$	$	$	$
	Directors				
	Short-term benefits	66,000	71,499	66,000	71,499
	Management				
	Short-term benefits	528,333	708,877	528,333	708,877

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

		Group 2020	Group 2019	Company 2020	Company 2019
(b)	**Sales of goods and services**				
	Management fees income from associate	72,000	72,000	72,000	72,000
	Rental income from associate	2,563,598	2,563,598	2,563,598	2,563,598
	Dividend income from associate	-	-	3,957,949	5,035,997
	Dividend income from subsidiary	-	-	-	666,609
(c)	**Purchases of goods and services**				
	Purchase of services from subsidiary	-	-	-	131,571
(d)	**(Payable to)/receivable from subsidiary/associate**				
	Fiji Ports Terminal Limited - Associate	(13,038)	44,587	(13,038)	44,587
	Fiji Ships and Heavy Industries Limited - Subsidiary	-	-	(10,735)	1,681
		(13,038)	44,587	(23,773)	46,268
	Disclosed as:				
	Receivable from associate (Note 5)	-	44,587	-	44,587
	Payable to associate (Note 13)	(13,038)	-	(13,038)	-
	Receivable from subsidiary (Note 5)	-	-	3,387	3,966
	Payable to subsidiary (Note 13)	-	-	(14,122)	(2,285)
		(13,038)	44,587	(23,773)	46,268

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

18 RELATED PARTY TRANSACTIONS *continued*

	Group		Company	
	2020	2019	2020	2019
(e) Loan to subsidiary	$	$	$	$
Beginning of the year	-	-	974,577	1,099,653
Loan repayments received	-	-	(166,785)	(166,785)
Interest charged	-	-	36,613	41,709
End of the year	-	-	844,405	974,577
Comprising:				
Current	-	-	130,172	130,172
Non-current	-	-	714,233	844,405
	-	-	844,405	974,577

The loan to the Subsidiary Company is unsecured and based on approval from the Board of the 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.

(f) Receivable from associate - for sale of Shore Cranes

	Group 2020	Group 2019	Company 2020	Company 2019
Beginning of the year	5,592,725	7,574,226	5,592,725	7,574,226
Notional interest on related party note	-	(1,561,306)	-	(1,561,306)
Interest released to profit and loss for the year	212,945	384,148	212,945	384,148
Payments received during the year	(804,343)	(804,343)	(804,343)	(804,343)
	5,001,327	5,592,725	5,001,327	5,592,725

The sale of shore cranes by the Company to FPTL is receivable over ten years at zero interest. Notional interest has been calculated on the interest-free loan at the FPTL's incremental borrowing rate of 4% per annum. The notional interest adjustment has been recognised as an increase in investment in associate at group level.

(g) Other related parties

	Group 2020	Group 2019	Company 2020	Company 2019
Fiji National Provident Fund - member contribution	587,820	675,092	522,410	522,820

19 INVESTMENT IN AN ASSOCIATE

The Group has a 49% interest in Fiji Ports Terminal Limited at balance date, which is involved in terminal operations including stevedoring at the Ports of Suva and Lautoka. The Group's interest in 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	
	2020	2019
	$	$
Current assets	17,693,850	13,654,820
Non-current assets	29,798,209	33,796,542
Current liabilities	(6,945,732)	(5,444,180)
Non-current liabilities	(21,892,950)	(23,863,265)
Equity	**18,653,377**	**18,143,917**
Proportion of the Group's ownership	49%	49%
	9,140,155	8,890,519
Goodwill	3,733,078	3,733,078
Carrying amount of the investment	**12,873,233**	**12,623,597**
Revenue	30,575,355	35,111,667
Operating expenses	(19,210,263)	(23,340,291)
Finance costs	(952,072)	(1,045,395)
Finance income	370,252	334,557
Profit before tax	**10,783,272**	**11,060,538**
Income tax expense	(2,196,365)	(2,783,662)
Profit for the year	8,586,907	8,276,876
Group's share of profit for the year	**4,207,584**	**4,055,669**

		Group		Company	
		2020	2019	2020	2019
20	**CAPITAL COMMITMENTS**	**$**	**$**	**$**	**$**
	Capital expenditure:				
	- approved by the Board and committed	2,346,923	4,088,511	1,568,380	3,309,968
21	**RENTAL INCOME COMMITMENTS**				
	Not later than one year	752,035	754,662	752,035	754,662
	Later than one year but not later than five years	163,318	435,922	163,318	435,922
	Later than five years	4,403,506	4,403,506	4,403,506	4,406,358
		5,318,859	5,594,090	5,318,859	5,596,942
22	**CONTINGENT LIABILITIES**				
	Bank guarantee for HM Customs and FEA bonds	81,000	81,000	81,000	81,000
	Bank guarantee for Ministry of Primary Industries	7,000	7,000	-	-
		88,000	88,000	81,000	81,000
a)	**FUTURE LEASE COMMITMENTS**				
	Not later than one year	6,852	20,016	6,852	20,016
	Later than one year but not later than five years	-	6,852	-	6,852
		6,852	26,868	6,852	26,868

23 DEFERRED INCOME

Deferred income represents assets assigned to the Group to use in its operations by the Government of Fiji through Assets Fiji Limited. The assets assigned to the Group are based on conditions that these would only be used for the operating activities of the Group.

	Group 2020 $	Group 2019 $	Company 2020 $	Company 2019 $
Opening balance	10,298,949	10,523,246	9,414,286	9,619,316
Less: Amortisation charges during the year	(224,297)	(224,297)	(205,030)	(205,030)
Closing balance	10,074,652	10,298,949	9,209,256	9,414,286
Movement in the accumulated amortisation are as follows:				
As at 1 January	915,879	691,582	837,206	632,176
Amortisation charge for the year	224,297	224,297	205,030	205,030
As at 31 December	1,140,176	915,879	1,042,236	837,206

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial liabilities comprises of interest bearing borrowings, trade payables and other accruals. The financial liabilities is the result of the Group's operations. The Group has various financial assets such as trade and other 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its 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

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 or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group is exposed to currency risk through transaction in foreign currencies. These currencies include the Australian (AUD) and US (USD) dollar. As the currency in which the Group presents its financial statements is the Fiji dollar, the Group's financial statements are affected by movements in the exchange rates between these currencies and the Fiji dollar.

Sensitivity analysis

A strengthening/(weakening) of the Fiji dollar as at 31 December 2020, as indicated below, against the USD and AUD would have increased/(decreased) equity and the statement of profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. Analysis is performed accordingly for 2019.

The following significant exchange rates were applied during the period:

	Reporting date mid spot rate 2020	2019
AUD	0.64	0.67
USD	0.49	0.47

		Strengthening/(Weakening) Statement of profit or loss and other comprehensive income
Effect in FJD		
31 December 2020		
AUD	+10%	35,600
	-10%	(35,600)
USD	+10%	1,205
	-10%	(1,205)
31 December 2019		
AUD	+10%	49,153
	-10%	(49,153)
USD	+10%	935
	-10%	(935)

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

(b) Credit risk *continued*

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 2020 $	Carrying amount 2019 $
Cash and cash equivalents	16	24,109,858	26,916,064
Trade and other receivables	5	3,872,689	4,317,845
Other assets	8	1,291,678	1,239,795
Financial assets	6	55,500,000	47,000,000
		84,774,225	**79,473,704**

Ageing of trade receivables

The table below summarises the ageing of trade receivables as at 31 December based on contractual undiscounted payments:

Group	Total	0-30 days	31-60 days	61-90 days	Over 90 days
31 December 2020					
Expected credit loss rate	37.95%	0.00%	0.00%	5.93%	100.00%
Trade receivable	2,433,390	1,104,436	145,355	276,428	907,171
Expected credit loss	923,567	-	-	16,396	907,171
31 December 2019					
Expected credit loss rate	47.86%	0.00%	47.91%	100.00%	100.00%
Trade receivable	1,785,526	747,465	352,153	49,609	636,299
Expected credit loss	854,613	-	168,705	49,609	636,299

(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 2020	On demand $	< 1 year $	1 to 5 years $	> 5 years $	Total $
Trade and other payables	-	3,717,347	-	-	3,717,347
Lease liability	-	6,852	-	-	6,852
Provisions	-	287,977	-	-	287,977
Employee benefit liability	-	769,064	153,071	404,869	1,327,004
Income tax liability	-	899,719	-	-	899,719
	-	5,680,959	153,071	404,869	6,238,899

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 31 DECEMBER 2020

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

(c) Liquidity risk *continued*

31 December 2019	On demand $	< 1 year $	1 to 5 years $	> 5 years $	Total $
Trade and other payables	-	4,081,596	-	-	4,081,596
Lease liability	-	20,016	6,852	-	26,868
Provisions	-	4,165,077	-	-	4,165,077
Employee benefit liability	-	756,489	-	593,883	1,350,372
	-	9,023,178	6,852	593,883	9,623,913

(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	
	2020 $	2019 $
Interest bearing borrowings	-	-
Equity	145,965,450	140,540,289
Capital and debt	**145,965,450**	**140,540,289**
Gearing ratio	0%	0%

25 SIGNIFICANT EVENTS DURING THE YEAR

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

The Company has remained operational since this declaration and continuing to provide and manage the port infrastructure and services within declared ports. We have seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business.

The scale and duration of these developments remain uncertain as at the date of this report however they are having an impact on our earnings, cash flow and financial condition. The Directors confirm that they considered all currently known impacts of COVID-19 when preparing the financial statements and applying the going concern concept.

26 PRINCIPAL ACTIVITIES

The principal activity of the 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.

27 SUBSEQUENT EVENTS

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 of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

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ANNUAL REPORT
2020