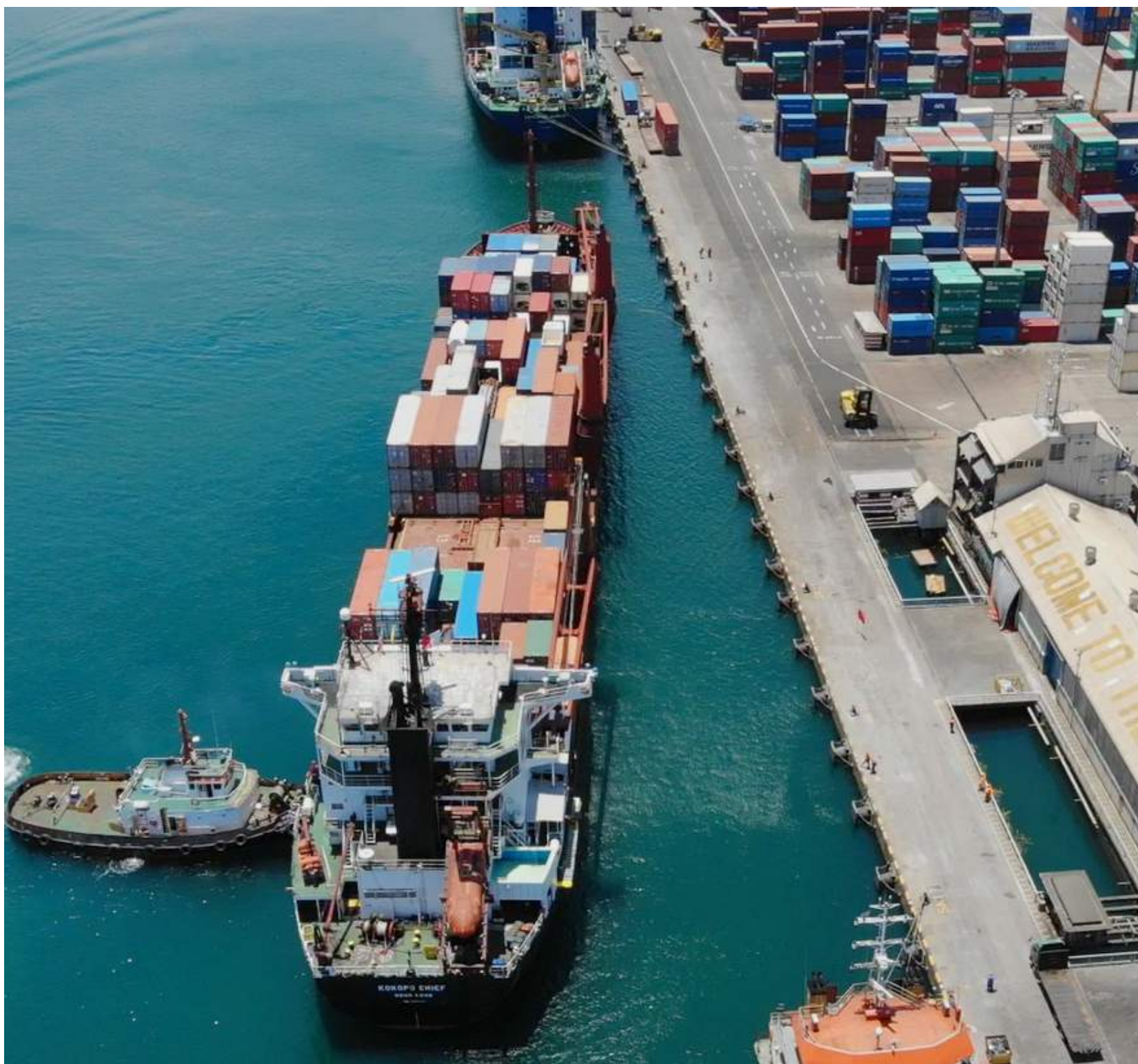




FIJI PORTS CORPORATION PTE LIMITED

2022

ANNUAL REPORT



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.

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OUR VALUES

Professionalism
 Progressive Leadership
 Commercial Stewardship
 Corporate Citizenship
 Strategic Innovation
 Employee Wellbeing / Diversity



COVER PAGE:

Fiji Ports plays a pivotal role in the supply chain, serving as a crucial link that sustains Fijian trade, tourism, and sea transportation. Our commitment extends across various domains, including infrastructure modernization, digital transformation, and a steadfast focus on environmental sustainability in every facet of our port operations.

OUR HISTORY

BEFORE 1975

- Port Operation
- Run by Government Departments
- Cargo Handling & Stevedoring
- Controlled by Overseas Companies with Agents in Fiji

Established by Act of Parliament

1975

Ports Authority of Fiji (PAF)

1998

- Commercial Statutory Authority
- Maritime and Ports Authority of Fiji (MPAF)
- Ports Terminal Limited

Reform created 2 entities

Declared fully owned Government Commercial Company

Registered under Companies Act

Fiji Ports Corporation Limited

2004

- With subsidiary Ports Terminal limited (PTL)
- Government Commercial Company

2009

- FPCL takes over FSHIL Management and Operations
- Fiji Ships & Heavy Industries Limited (FSHIL)

FPCL & AITKEN SPENCE PCL

Ports Terminal Limited associate company

Public Private Partnership

2013

2015

- Divestment of Shares Agreement
 - 41% Fijian Government owned
 - 39% Fiji National Provident Fund owned
 - 20% Aitken Spence PLC owned
- FSHIL 100% owned subsidiary of FPCL

CORPORATE PROFILE

Fiji Ports Corporation Pte Limited (FPCL) is the Port Management Company of Fiji appointed under the Sea Ports Management Act 2005 (SPMA). It is responsible for the management of the Ports and approaches to Ports has been declared under the SPMA. The main Ports of Entry – Suva and Lautoka Ports and other declared ports include, Levuka, Malau and Wairiki.

FPCL also plays a regulatory role under the SPMA and regulates various Port activities including monitoring of environmental infringements within the Port boundary. FPCL continues to work with its stakeholders in ensuring effective sustainable management of our Ports and entries to Ports. As such, one of its focuses is growing trade through Fiji's Ports in a sustainable manner that will optimise returns.

Ownership Structure

FPCL is a Public Private Partnership (PPP) registered as a Private Company under the Companies Act 2015. It solely owns Fiji Ships & Heavy Industries Limited (FSHIL) and has shares in the Ports Terminal Operator – Fiji Ports Terminal Limited.

- FPCL - Ports Management Company
- FPTL - Ports Terminal Operator
- FSHIL - Provides Slipway and Ship Repair Services & Heavy Industry works

Principles upon which this report is based:

Obligations Under Law

- Sea Ports Management Act 2005
- Maritime Transport Act 2013
- Companies Act 2015
- Income Taxation Act 2015
- Environment Management Act 2005
- Health and Safety at Work Act (HASAWA) 1996
- Employment Relations Act 2007
- Fijian Competition & Consumer Commission Act 2010
- Maritime (ISPS Code) Regulations 2014
- International Ship & Port Facility Security (ISPS) Code

International Certifications

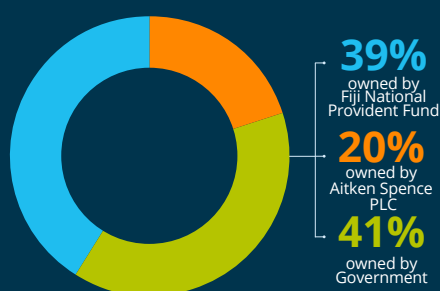
FPCL

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

FSHIL

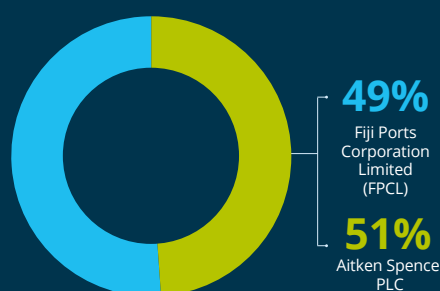
- ISO 9001:2015 Quality Management System

SHAREHOLDING STRUCTURE

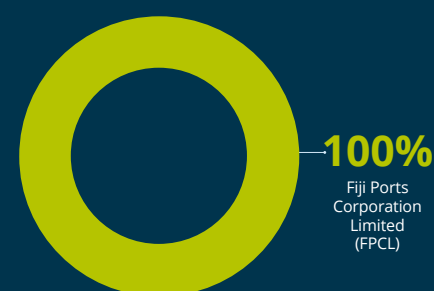


Fiji Ports Corporation Limited (FPCL)

A Port Management Company in Fiji



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



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

HIGHLIGHTS KEY EVENTS IN 2022



- 1 ▶ **SUCCESSFUL IMPLEMENTATION OF THE VESSEL TRAFFIC MANAGEMENT SYSTEM**
- 2 ▶ **COMPLETION OF PORT OF LAUTOKA CONTAINER YARD 3 PROJECT**
- 3 ▶ **WHARF AND ASSOCIATED FACILITIES UPGRADE**
- 4 ▶ **2021 DIVIDEND & BONUS PAYOUT**
- 5 ▶ **SUCCESSFUL COMPLETION OF CERTIFICATION OF INTEGRATED MANAGEMENT SYSTEM (IMS)**
- 6 ▶ **CHANGE OVER OF THE SUVA HARBOUR CONTROL CALL SIGN TO SUVA VTS**
- 7 ▶ **PORT OF SUVA WINS THE OCEANIA'S CRUISE AWARD FOR A SECOND CONSECUTIVE YEAR**
- 8 ▶ **GREEN PORT INITIATIVE WINS IAPH AKIYAMA AWARD**
- 9 ▶ **ARRIVAL OF FIRST CRUISE SHIP POST COVID-19 PANDEMIC**
- 10 ▶ **ISPS ASSESSMENT CONDUCTED BY US COAST GUARD**
- 11 ▶ **FPCL PARTICIPATES IN THE BOMB THREAT TABLETOP EXERCISE**
- 12 ▶ **FSHIL RECORDS NET PROFIT AFTER TWO CONSECUTIVE YEARS OF MAKING LOSSES DURING THE COVID-19 PANDEMIC**



01 EXECUTIVE SUMMARY

CHAIRMAN'S REPORT



“The Fijian economy has remained resilient, and FPCL has played a pivotal role in facilitating the smooth flow of imports and exports amidst the global supply chain challenges.”

It is a privilege to present the 2022 Annual Report of the Fiji Ports Corporation Limited (FPCL) and its subsidiary company, Fiji Ships & Heavy Industries Limited (FSHIL).

The Fijian economy has remained resilient, and FPCL has played a pivotal role in facilitating the smooth flow of imports and exports amidst the global supply chain challenges. It is noteworthy that FPCL has actively managed and mitigated challenges to minimize impact on our customers, business partners, and stakeholders. As a result, the year concluded with generally positive trade and financial outcomes.

We recognize the dedication and efforts of the FPCL and FSHIL teams in maintaining our services and supporting the Fiji economy as we embark on recovery. Despite the uncertainties, FPCL remains committed to providing reliable and efficient port operations while navigating the ever-evolving landscape of the maritime industry.

Retaining a strong Financial Performance

The FPCL and FSHIL as a Group, places significant importance on maintaining a strong and healthy balance sheet. This priority is driven by the Group's aim to achieve financial stability, mitigate risks, and support long-term growth and sustainability.

Despite the challenging global commercial maritime environment, the Group has demonstrated exceptional performance for the year, recording a Net Profit After Tax of \$27.06 million, marking a notable 19% increase from the previous year. This impressive growth can be attributed to the post-COVID-19 economic recovery and substantial increases in export and import volumes following the reopening of borders and revival of the tourism sector. These factors have also contributed to the strong performance of the Associate Company, Fiji Ports Terminal Pte Limited (FPTL), leading to a 16% increase in the share of profits. While FSHIL continued to face significant challenges due to aging infrastructure, it managed to achieve a marginal Net Profit After Tax of \$13,000 through prudent management.

In addition to the positive financial results, FPCL maintained stability and recorded a remarkable Net Profit After Tax of \$25.97 million. To achieve this, FPCL remained focused on several crucial aspects. Firstly, the implementation of prudent financial management practices ensured effective resource allocation, expense monitoring, and optimization of financial performance. This involved careful budgeting, cost control measures, and regular financial analysis to identify areas for improvement.

Furthermore, FPCL intends to pay \$15.5 million in dividends to its shareholders for the financial year 2022. With this dividend commitment, the Group's Balance Sheet remains stable, with a healthy cash position of \$40.5 million, including interest-bearing deposits and short-term term deposits. Notably, the Group has zero external borrowings.

The Group has consistently maintained a strong financial position, with a total increase in assets of \$17.4 million. This growth is primarily attributed to increased financial assets related to term deposits, fixed assets, and cash balance. These developments position the Group to maximize returns as extensive capital expenditure programs are being implemented.

The Group's net profitability on its invested capital stands at an impressive 36.99%, showcasing the company's efficiency in allocating capital to profitable investments. Additionally, the Group maintains a strong liquidity ratio of 12.3:1 as of 2022.

By maintaining a healthy balance sheet, the Group strengthens its overall financial position, enhances its creditworthiness, and creates a solid foundation for sustainable growth and success in the maritime industry.

Summary of Key Projects

FPCL has successfully implemented the Vessel Traffic Management System (VTMS) that will improve the safety and efficiency of navigation and safeguard the marine environment at the Suva Harbour. The VTMS will help FPCL to monitor the movements within the harbour remotely with the use of sophisticated technology. It will also provide real time data to assist in minimizing errors and tracking to eliminate revenue leakage. The system will modernize vessel traffic control at the Port of Suva with future plans to extend to the Port of Lautoka.

In 2021, FPCL initiated a significant milestone with the construction of the Lautoka Container Yard 3 project. Despite the challenges, FPCL's determination and resilience enabled the successful completion of the project in December 2022. The construction of Container Yard 3 required a total investment of \$8.2 million, reflecting FPCL's commitment to enhancing its infrastructure and capacity.

Looking ahead, FPCL has embarked on the detailed design phase for Lautoka Yard 4 in 2022, setting the stage for its construction slated to begin in 2023. This strategic initiative underscores FPCL's dedication to expanding and enhancing the facilities at Lautoka Port, catering to the increasing demands of trade and fostering economic growth in Fiji.

By investing in the development of Lautoka Port, FPCL aims to facilitate smoother operations, accommodate larger volumes of cargo, and support the flourishing trade activities in the region.

Furthermore, mobilization for the construction works for the various wharf rehabilitation projects have begun simultaneously at Kings and Walu Bay Wharf in Suva, including Muaiwalu I & II, Queens Wharf in Lautoka, as well as Levuka Port.

The Lautoka Foreshore Development Project is another significant undertaking by FPCL aimed at transforming and revitalizing the foreshore area in Lautoka. The project seeks to enhance the overall appeal and functionality of the waterfront, creating a vibrant and attractive destination for both locals and visitors. The project demonstrates FPCL's commitment to sustainable urban planning and community development. By investing in the transformation of this waterfront area, FPCL aims to contribute to the economic growth of Lautoka and promote Fiji as an attractive destination for tourism and investment.

The FSHIL Slipway Rehabilitation project is also a significant endeavour undertaken by FSHIL to improve and upgrade its slipway facilities. The project aims to enhance the functionality, efficiency, and safety of the slipway, ensuring that it meets the industry's standards and requirements. Overall, the project reflects the company's dedication to continuous improvement and maintaining high standards in vessel repair and maintenance. It aims to enhance the overall capabilities and competitiveness of FSHIL in serving its customers and contributing to the maritime sector's growth in Fiji.

The Suva Port Relocation Feasibility Study project is an important initiative undertaken to assess the viability and potential benefits of relocating the existing Suva Port to a new location. The project aims to evaluate various factors and considerations to determine if moving the port would be advantageous in terms of operational efficiency, economic impact, and overall development. The project, nearing its completion in 2023, plays a crucial role in assessing the feasibility and desirability of relocating the Suva Port to a new site. It provides valuable insights into the potential benefits and challenges involved, enabling stakeholders to make informed decisions that will shape the future of maritime operations in the area.



Aerial view of Port of Lautoka undergoing wharf rehabilitation works

Ultimately, these endeavours exemplify FPCL's proactive approach to infrastructure development and its steadfast commitment to meeting the evolving needs of the maritime industry. With a focus on continuous improvement and expansion, FPCL is well-positioned to contribute to the growth and prosperity of Fiji's economy while providing efficient and reliable services to its valued customers.

Appreciation

I extend my heartfelt gratitude to the diligent staff of FPCL and FSHIL for their exceptional contributions, unwavering efforts and dedication. It is their diligence and commitment that has allowed FPCL and FSHIL to operate safely and efficiently, even in the face of challenging circumstances.

I would also like to express my sincere appreciation to my fellow Directors for their invaluable support and service. Their wealth of experience, knowledge, and guidance have been instrumental in guiding our team forward amidst the turbulence we have encountered.

Special thanks go to the Chief Executive Officer and the Executive Management Team for their remarkable performance throughout the year.

I am delighted to highlight that the Port of Suva, with the support of FPCL, received esteemed recognition at the 2022 World Cruise Awards, where we were honoured again with the title of Oceania's Best Cruise Terminal 2022. This accomplishment not only places the Port of Suva on the global stage but also instils a sense of pride for Fiji as a whole.

I would also like to express my deep appreciation to our shareholders, the Government, Fiji National Provident Fund, and Aitken Spence PLC, for their unwavering support and guidance over the years. I eagerly anticipate the continued partnership of our esteemed stakeholders as we embark on another promising year together.

Once again, I extend my heartfelt thanks to all those who have contributed to the success and resilience of FPCL. Your dedication and commitment are truly commendable, and I look forward to our collective achievements in the future.

Shaheen Ali
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT



“FPCL is unwavering in its commitment to implementing our 5-Year Strategic Plan and Green Port Initiatives, which serve as guiding principles for our growth, development, and sustainability goals.”

I am pleased to present FPCL's Chief Executive Officer's Report for the year 2022, highlighting our notable achievements and progress amidst challenging circumstances. Throughout the year, FPCL demonstrated resilience, adaptability, and a forward-thinking approach, ensuring our commitment to facilitating trade and contributing to the economic growth of Fiji.

Operational Resilience and Adaptability

FPCL successfully navigated the post-pandemic landscape, adapting to evolving situations and finding innovative solutions to ensure the smooth functioning of port operations. Despite global supply chain disruptions, we remained focused on facilitating trade, and our commitment to service excellence remained unwavering.

Managing Staff Turnover Challenges in the Context of Global Workforce Issues

One of the key strengths exhibited by FPCL was our ability to effectively manage staff turnover challenges in the context of global workforce issues. In today's interconnected world, organizations face unique workforce dynamics, such as talent scarcity, regional competition, and diverse cultural backgrounds. Despite these challenges, FPCL remained focused and ensured continuity of operations by addressing workforce issues and providing necessary training and support to new employees.

In the face of talent scarcity, FPCL actively implemented strategies to attract and retain top talent within the company. Recognizing the importance of a diverse workforce, the organization embraced cultural diversity and actively recruited employees from different backgrounds. This approach not only enriched the organization's perspective but also fostered an inclusive and innovative work environment.

Progress on Strategic Initiatives

FPCL continued to make progress on its strategic initiatives, driving positive change within the organization and the port industry as a whole. By leveraging technology and digital solutions, we enhanced operational efficiency and customer service, contributing to the overall improvement of the supply chain.

Sustainability and Environmental Stewardship

Sustainability and environmental stewardship are paramount to FPCL, as we strive to uphold our responsibilities as a conscientious corporate citizen. We place a strong emphasis on minimizing the ecological footprint of our port operations and actively promoting energy efficiency. By embracing Green Port initiatives, we actively seek innovative ways to reduce emissions, conserve resources, and protect the environment.



Our commitment to sustainability extends beyond our immediate community, encompassing the well-being of our regional counterparts. Through robust eco-friendly practices, we aim to foster a healthier and more sustainable future for everyone. By prioritizing sustainable practices and environmental stewardship, FPCL not only fulfills its social and environmental obligations but also contributes to the collective efforts towards a greener and more sustainable world. We continuously strive to be at the forefront of sustainable port operations, ensuring that our actions today pave the way for a better tomorrow.

Financial Performance

During the 2022 fiscal year, FPCL demonstrated extraordinary financial resilience and effective management in the face of global recessionary and inflationary pressures resulting from the geopolitical conflicts. Despite these challenges, FPCL achieved a Net Profit After Tax (NPAT) of \$25.97 million, highlighting our ability to navigate turbulent times successfully.

A significant driver behind our strong performance was the 18% increase in operating revenue. This growth can be attributed to multiple factors, including the global economic recovery following the COVID-19 pandemic and the rise in dividend income from our Associate Company, FPTL.

These positive developments not only underline our capacity to adapt to changing market conditions but also reflect the robustness of our business strategy and the effectiveness of our operational execution. By capitalizing on opportunities and optimizing our investments, FPCL continues to position itself as a leader in the industry, delivering sustained growth and value to our stakeholders.

Infrastructure Development

FPCL has prioritized infrastructure development to improve operational efficiency and strengthen the supply chain in Fiji. In 2022, the company successfully completed 12 key projects, focusing on upgrading the infrastructure at the Suva, Lautoka, and Levuka Ports. These upgrades have enabled FPCL to accommodate larger vessels, optimize cargo handling capabilities, and provide improved facilities that support the growth of trade and commerce in the region. By modernizing the ports, FPCL has enhanced connectivity to the global market, attracted international shipping lines, and facilitated swift movement of goods, ultimately fostering a vibrant trade ecosystem.

Looking ahead, FPCL remains dedicated to continuous infrastructure development. The company recognizes that a resilient and efficient infrastructure network is crucial for promoting economic growth, attracting investment, and ensuring the sustainable progress of Fiji's trade sector.



FPCL aims to undertake further infrastructure upgrades that meet the evolving needs of stakeholders and position Fiji as a regional hub for trade and commerce.

Continuation of Strategic Plans and Green Port Initiatives

FPCL is unwavering in its commitment to implementing our 5-Year Strategic Plan and Green Port Initiatives, which serve as guiding principles for our growth, development, and sustainability goals. Our primary focus will remain on infrastructure development, as we align our actions with strategic objectives, aiming to foster positive change and make significant contributions to Fiji's economic prosperity. Fiji Ports has achieved 11% average reduction of GHG emissions over the last 5 years. It is intended to reduce carbon footprint by 220 tonnes of carbon emission by 2023 (or 25% reduction) with a goal to reach carbon neutral status with respect to energy usage by 2027.

Digital Transformation and Smart Port Initiatives

FPCL is fully committed to digitalization and advancing towards Smart Port initiatives. By embracing technology and innovative systems, we aim to enhance efficiency, optimize operations, and provide a seamless experience for our customers. Our pursuit of digitalization not only improves our performance but also promotes sustainable practices and environmental stewardship.

Beyond its operational advantages, our digitization drive resonates deeply with our environmental conscience. As pioneers in the maritime domain, we see this digital voyage as an opportunity to foster sustainability and uphold environmental stewardship. By employing intelligent and eco-friendly practices, we aim to reduce our ecological footprint and lead by example, inspiring other port authorities to embrace green initiatives. This fusion of technology and environmental responsibility exemplifies our unwavering commitment to shaping a future where efficiency, innovation, and sustainability intertwine harmoniously.

Milestone Achievements

In the remarkable year of 2022, we celebrated numerous milestone achievements that reflect our unwavering dedication to excellence and sustainability. One of our proudest moments was the successful recertification of FPCL's Quality Management System ISO 9001:2015, underscoring our steadfast commitment to maintaining exceptional quality standards. Moreover, we were honoured to receive the prestigious IAPH Akiyama Award, which recognized our outstanding efforts in driving Green Port initiatives and promoting sustainability. As a testament to our dedication to delivering unparalleled service, the Port of Suva was also acknowledged as Oceania's Best Cruise Terminal, showcasing our commitment to offering a world-class experience to cruise operators and passengers alike.

These milestones demonstrate our passion for continuous improvement and reinforce our position as a leader in the industry. We look forward to building on this momentum and furthering our positive impact in the years to come.

Outlook for 2023

The outlook for 2023 at FPCL revolves around the critical importance of Enterprise Risk Management (ERM) and Business Continuity Planning (BCP) in ensuring the resilience and continuity of our operations.

ERM serves as the foundation for identifying, assessing, and managing potential risks that could impact our strategic objectives. By implementing a comprehensive ERM framework, FPCL aims to proactively address risks, seize opportunities, and improve decision-making processes. This approach enables us to develop effective risk management strategies, allocate resources efficiently, and adapt to changing circumstances.

Aligned with ERM, FPCL will enlist an external consulting firm to develop a robust BCP, guaranteeing the continuity of our crucial business functions during disruptions or crises. The BCP will encompass procedures, protocols, and strategies to minimize the impact of unforeseen events and enable a timely and effective response. It will cover emergency response, communication protocols, resource allocation, and alternative operating strategies.

Recognizing the dynamic nature of risks, FPCL will continuously monitor and adapt risk management and business continuity practices, collaborating with internal and external stakeholders, including government agencies, industry experts, and regulatory bodies, to stay informed on emerging risks and best practices. Through proactive risk management and robust business continuity planning, we aim to safeguard our operations, maintain service excellence, and ensure resilience against potential challenges.

Additionally, FPCL plans to implement ISO 22316:2017 Security and Resilience — Organisational Resilience in the upcoming year. This standard focuses on organizational resilience, emphasizing FPCL's ability to adapt and thrive amidst significant disruptions and uncertainties. It encourages a holistic approach to enhancing resilience, enabling us to assess current resilience levels, identify vulnerabilities, and develop appropriate strategies and plans.

Implementing ISO 22316:2017 will strengthen our security and resilience practices, providing a framework for identifying and mitigating risks, ensuring effective emergency preparedness and response, and enhancing our ability to recover from disruptions. Aligning with this standard demonstrates FPCL's commitment to organizational resilience, protecting critical infrastructure, and maintaining reliable and secure port operations.

Acknowledgement

I express my heartfelt gratitude to the entire FPCL and FSHIL team for their exceptional dedication and contributions, which have made this year a resounding success. Despite the heightened expectations and challenges brought about by the post-pandemic era, I am proud to be part of a team that consistently raised the bar and exceeded expectations.

I am immensely thankful for the support and leadership provided by our talented staff and management team. Their unwavering commitment, trust, and support have propelled Fiji Ports to achieve remarkable results in a year filled with obstacles. The successful execution of our day-to-day operations would not have been possible without their immense dedication.

I would also like to express my sincere appreciation to the Chairman and the Board of Directors for their invaluable guidance, wise counsel, and prompt decision-making. Their ability to strike a balance between business performance, social responsibility, environmental stewardship, and the implementation of essential policies has been truly commendable.

Furthermore, I acknowledge and thank our colleagues from the relevant Ministries, the management of FPTL, and all our key stakeholders for their continuous support. It is through their collaboration and partnership that we are able to always achieve our goals and make a meaningful impact.

As we move forward, we are excited to work hand in hand with all our stakeholders to implement our 5-Year Strategic Plan, and we deeply appreciate their ongoing support and collaboration.

Lastly, I extend my best wishes to everyone for a year filled with safety, growth, and prosperity. Together, we will overcome any challenges.



Vajira Piyasena
Chief Executive Officer

APPROACH TO REPORTING

Progress in Achieving Our Six Strategic Perspectives



Strategic Perspective 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 Perspective 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 projects are implemented to improve efficiency by benchmarking against world-class international operational standards. FPCL will collaborate with key stakeholders/agencies in all aspects of port development on the relocation plan for Suva Port.



Strategic Perspective 3 - Finance

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 Perspective 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 Perspective 5 - Environment and Sustainability

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



Strategic Perspective 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



Vijay Maharaj
DIRECTOR



**Tupoutua'h
Baravilala**
DIRECTOR



Vilash Chand
DIRECTOR

FIJI NATIONAL PROVIDENT FUND REPRESENTATIVES



**Tevita
Kuruvakadua**
DIRECTOR



**Niranjwan
Chettiar**
DIRECTOR



Ashnil Prasad
DIRECTOR

AITKEN SPENCE PLC REPRESENTATIVES



**Dr. Parakrama
Dissanayake**
DIRECTOR



Igram Cuttilan
DIRECTOR

CORPORATE GOVERNANCE

FPCL firmly believes in the significance of good governance, as it fosters trust, enhances business performance, and contributes to social and environmental stability. At FPCL, the Board plays a crucial role as the ultimate decision-making authority responsible for steering the organization's strategic functions in alignment with its vision and mission. In order to ensure effective governance, FPCL has implemented a comprehensive system that encompasses all relevant business processes.

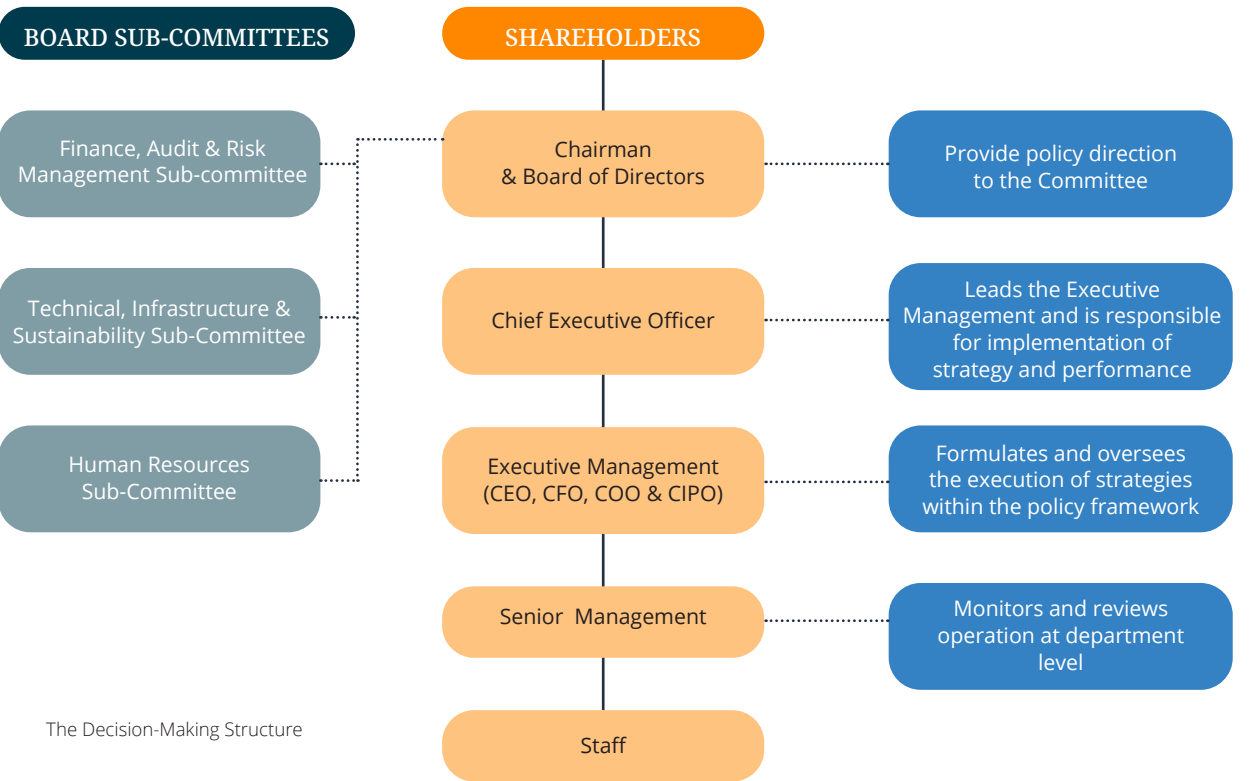
Our governance system consists of three key components: the internal audit system, the risk management system, and the compliance management system. These systems work in tandem to ensure that FPCL operates in a transparent, accountable, and responsible manner.

To monitor and oversee the functioning of these systems, FPCL has established Board Sub-Committees. These sub-committees include the Finance, Audit & Risk Management Committee, the Technical Infrastructure

& Sustainability Committee, and the Human Resources Committee. Each committee focuses on specific areas and provides valuable guidance and support to the Executive Management team.

Throughout the years, and particularly in 2022, the Board has played a pivotal role in providing strategic guidance and support to the Executive Management team. This support has been instrumental in ensuring the seamless operation of the ports, enabling trade to contribute to the Fijian economy. The application of a robust risk management system has played a crucial role in mitigating risks that could potentially disrupt FPCL's operations.

By emphasizing good governance practices, FPCL strives to uphold its commitment to transparency, efficiency, and sustainability in all its operations, thereby ensuring the continued growth and success of the organization.



The Decision-Making Structure

Structure

The Board at FPCL has taken on the responsibility of implementing a framework that ensures a balance between business performance and the promotion of social and environmental stability. Recognizing the interconnectedness of these aspects, the Board aims to achieve sustainable outcomes that benefit all stakeholders.





































































By adopting a comprehensive approach, the Board considers the long-term implications of business decisions on social and environmental factors. This involves assessing the potential impacts of FPCL's operations on the community, employees, and the natural environment. The Board strives to incorporate sustainable practices into the organization's strategies and operations.

In doing so, the Board recognizes the importance of maintaining a balance between economic growth, social well-being, and environmental protection. It seeks to drive business performance while also considering the broader implications of its actions on society and the environment.


Through its governance framework, the Board ensures that FPCL operates in a manner that is not only financially sound but also socially responsible and environmentally conscious. This approach reflects the commitment of FPCL towards achieving sustainable development and creating a positive impact on the communities it serves.


Meetings

The Board and Sub-Committees were scheduled to meet three times during the financial year which ended on 31st December 2022.

| Directors | Board | | Committees | | | | | |
|---------------------------|-------|---|---|---|--|---|---|---|
| | | | Board Finance, Audit & Risk Management Sub-committee | | Board HR Sub-committee | | Board Technical, Infrastructure & Sustainability Sub-committee | |
| | A | B | A | B | A | B | A | B |
| Mr. Shaheen Ali | 4 | 3 | | | | | | |
| Mr. Vijay Maharaj | 4 | - | | |    |     | | |
| Mr. Vilash Chand | 4 | 4 |     |     |     |      |     |    |
| Ms. Tupou Baravilala | 4 | 3 | | |    |  | | |
| Mr. Tevita Kuruvakadua | 4 | 1 |     |  | | | | |
| Mr. Niranjwan Chettier | 4 | 4 | | | | |     |     |
| Mr. Ashnil Prasad | 2 | 2 |   |  | | | | |
| Mr. Tevita Lomalagi | 1 | 1 | | | | | | |
| Mr. Iqram Cuttilan | 4 | 4 | | |     |      |     |     |
| Dr. Parakrama Dissanayake | 4 | 3 | | | | | | |

NT:

A (): Number of meetings held while being a member.

B (): Number of meetings attended.

Legal, Enterprise Risk & Compliance

FPCL places utmost importance on compliance with statutory, regulatory, internal policies, international best standards, and stakeholder obligations as a core component of its governance framework. To ensure effective governance and risk management, **FPCL has adopted the three lines of defence ("3LOD") model:**

- i. **First Line:** The first line of defence is composed of management and process owners who have the primary responsibility for owning and managing risks associated with day-to-day operational activities. This includes ensuring that policies and standard operating procedures are up to date and effectively communicated to staff.
- ii. **Second Line:** The second line of defence supports the identification of emerging risks in the daily operations of the business. This function provides compliance and oversight through the implementation of frameworks, policies, tools, and techniques that support risk and compliance management.
- iii. **Third Line:** The third line of defence provides objective and independent assurance. This function is carried out by an audit service provider engaged by the Board and the Board's FARM (Finance, Audit & Risk Management) Subcommittee. The third line ensures that internal controls and risk management practices are effectively implemented and monitored.

By adopting the three lines of defence model, FPCL establishes a robust governance framework that ensures accountability, risk mitigation, and compliance with relevant regulations and obligations. This approach enhances transparency, strengthens internal controls, and provides assurance to stakeholders that FPCL is operating in a responsible and compliant manner.

First Line

Operational Strategies

At FPCL, management plays a pivotal role in directing and guiding employees to achieve the organization's business and operational strategies. This includes allocating resources effectively to support the execution of these strategies. To facilitate smooth communication and collaboration between management and employees, FPCL has established various teams and units that maintain continuous correspondence with management. Examples of these teams and units include the Strategy Execution Team, Policy Review Team, and FSHIL (Fiji Ships and Heavy Industries Limited) Management Committee, among others.

One key aspect of FPCL's governance framework is the development and updating of policies and standard operating procedures (SOPs). These documents ensure that the organisation's operations are aligned with legal, regulatory, and ethical expectations. By regularly reviewing and revising these policies and SOPs, FPCL have adapted to changes in the external environment and have ensured compliance with evolving standards and requirements.

Policies & Procedures

Through effective policy development and maintenance of SOPs, FPCL ensures clarity and consistency in its operations. These guidelines serve as a reference for employees, providing them with clear instructions on how to perform their tasks in a compliant and efficient manner. Furthermore, aligning the organization's practices with legal, regulatory, and ethical expectations contributes to building trust and maintaining FPCL's reputation as a responsible and ethical entity.

Overall, the active involvement of management, the formation of teams and units, and the development of policies and SOPs reflect FPCL's commitment to effective governance, strategy execution, and adherence to legal obligations and ethical standards.

Second Line

Risk Management

The Board of Directors at FPCL takes a proactive approach in identifying and addressing potential risks that may arise from the company's operations. To facilitate this process, management has developed an Enterprise Risk Management (ERM) Register, which serves as a comprehensive tool for highlighting and managing the top-tier risks faced by the organisation.

The development of the risk register was carried out in collaboration with FPCL's insurance service provider, and their external consultant. Their expertise and knowledge in risk management supported the creation of a robust and effective risk register. The register captures key risks and provides a structured framework for assessing, monitoring, and mitigating these risks.

To ensure thorough oversight and review, the ERM Register was reviewed by the Board's FARM (Finance, Audit & Risk Management) Subcommittee. The Subcommittee endorsed the ERM Register for independent consultant's for further review, demonstrating the commitment of FPCL to obtaining objective and unbiased assessment of its risk management practices.

By implementing the ERM Register and engaging external expertise, FPCL demonstrates its commitment to proactive risk management. This approach helps the organisation identify and address potential risks in a systematic manner, enabling effective decision-making and enhancing the overall resilience of the company.

Regulatory Matters

FPCL places great importance on compliance with laws and regulations in all the jurisdictions in which it operates. To reinforce this commitment, FPCL has established a dedicated Legal, Risk and Compliance Unit. This Unit is responsible for ensuring that FPCL adheres to applicable laws, regulations, and industry standards.

By having a dedicated unit focused on legal, risk, and compliance matters, FPCL demonstrates its commitment to upholding the highest standards of ethical conduct and legal compliance. The Unit is tasked with monitoring and staying updated on relevant laws and regulations, assessing FPCL's operations for compliance, and implementing necessary measures to address any identified gaps or risks.

Furthermore, FPCL recognizes the importance of allocating appropriate resources to the Legal, Risk and Compliance Unit. By providing sufficient resources, FPCL ensures that the Unit has the necessary capacity and expertise to effectively carry out its responsibilities. This commitment to resource allocation underscores the organisation's dedication to full compliance with laws and regulations within its jurisdictions of operation.

Overall, FPCL's establishment of the Legal, Risk and Compliance Unit, along with its commitment to allocating appropriate resources to the unit, signifies the organisation's proactive approach to compliance management. It demonstrates FPCL's determination to operate in accordance with legal requirements, promoting a culture of integrity and responsible business practices.

Compliance

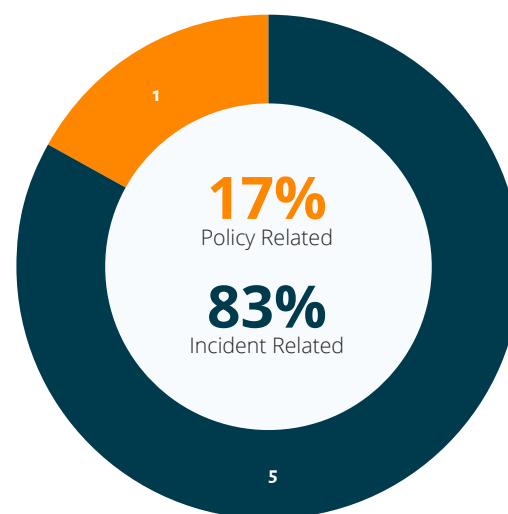
FPCL upholds a strong commitment to compliance management principles, as reflected in its Code of Conduct. This commitment extends to the Board, Management, and staff, who are expected to adhere to the highest standards of ethical conduct and compliance with applicable laws and regulations. FPCL enforces a "Zero Tolerance" policy towards non-compliance, emphasizing the importance of maintaining a culture of integrity and responsible behaviour throughout the organisation.

In order to ensure compliance, FPCL maintains ongoing awareness among its employees regarding the importance of following established processes and procedures. This includes providing regular training and communication on compliance-related matters to enhance understanding and reinforce the organisation's commitment to compliance.

As part of its commitment to compliance, FPCL conducts internal investigations when instances of non-compliance are suspected. These investigations aim to identify and address any breaches of internal policies, regulations, or legal requirements. Such investigations may involve both FPCL staff and external stakeholders, demonstrating the organisation's dedication to upholding its compliance standards.

By maintaining a strong focus on compliance and conducting internal investigations, FPCL demonstrates its commitment to maintaining a culture of accountability, transparency, and ethical behaviour. This process helps to mitigate risks, promote trust among stakeholders, and safeguard the organisation's reputation.

Investigations Relating to Non-Compliance



Third Line

Transparency

FPCL places a strong emphasis on maintaining financial transparency and accountability through annual audits conducted by two independent external auditors. These auditors are responsible for reviewing and assessing FPCL's financial statements and processes to ensure compliance with applicable accounting standards and regulations.

To oversee the audit process and ensure effective financial governance, FPCL has established the Board Finance, Audit & Risk Management (FARM) Subcommittee. This Subcommittee is responsible for monitoring both internal and external audits, as well as overseeing risk management and financial processes within the organisation.

The Board FARM Subcommittee plays a crucial role in ensuring that finance, audit, and risk management processes at FPCL align with international best standards. By regularly reviewing and evaluating these processes, the Subcommittee ensures that they meet industry benchmarks and contribute to the achievement of FPCL's 5-Year Strategic Plan.

Through the involvement of the Board FARM Subcommittee, in 2022 FPCL has maintained a strong focus on financial integrity, risk management, and adherence to international standards. This oversight has contributed to the organisation's overall financial stability, instills confidence in stakeholders, and helps FPCL achieve its long-term strategic objectives.

External Audit

FPCL and its subsidiary company, FSHIL are committed to preparing and auditing their accounts in compliance with International Financial Reporting Standards (IFRS). This ensures that the financial statements accurately reflect the financial position and performance of the organisation.

The Board Finance, Audit & Risk Management (FARM) Subcommittee plays a critical role in providing oversight and verifying the effectiveness of FPCL's internal controls. This oversight includes safeguarding the integrity of the company's financial reporting and ensuring that appropriate controls are in place to mitigate financial risks.

The review conducted for the 2022 financial year of FPCL and FSHIL accounts, processes, and internal controls has resulted in an unqualified opinion report. By adhering to IFRS standards, implementing effective internal controls, and obtaining an unqualified opinion report, FPCL demonstrates its commitment to transparency, accountability, and sound financial management. These practices have enhanced the credibility of FPCL's financial information and inspire confidence among stakeholders, including investors, lenders, and regulatory authorities.

Internal Audit

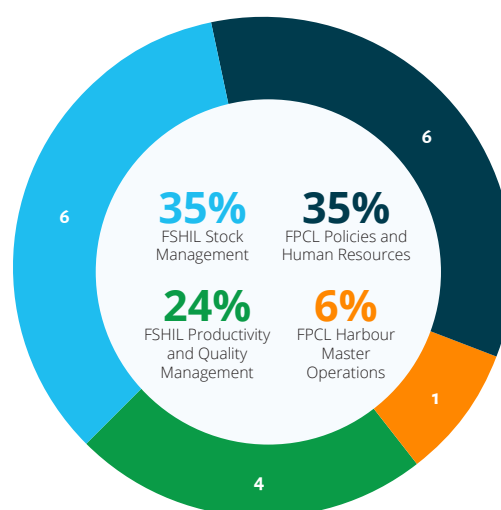
The FPCL Board, specifically through the Board FARM Subcommittee, bears the ultimate responsibility for ensuring the efficiency and effectiveness of FPCL's internal controls. This includes making recommendations and overseeing the appointment of the internal auditor. To ensure a robust internal audit function, FPCL has engaged an internal auditor who is responsible for conducting periodic internal reviews of FPCL and FSHIL internal controls.

In line with good governance practices, FPCL follows a policy of rotating our internal auditors. This policy stipulates that the internal auditor is rotated every three years. By implementing this rotation policy, FPCL aims to promote independence, fresh perspectives, and the continuous improvement of internal audit processes.

Through the involvement of the Board FARM Subcommittee, the re-engagement of the internal auditor for an additional year, and the rotation policy for internal auditors, FPCL demonstrates its commitment to maintaining strong internal controls, effective risk management, and a robust internal audit function in 2022. These measures contribute to enhancing the organisation's governance practices, ensuring transparency, and safeguarding the interests of shareholders.

Summary of 2022 Internal Audit Findings are as follows:

Internal Audit Findings



FPCL Management has implemented an Audit Tracker system to effectively track and monitor the implementation of audit recommendations. This tool ensures that audit findings are addressed, and necessary actions are taken to rectify any identified issues. Regular updates on the progress of audit recommendations are provided to the Board FARM Sub-Committee on a quarterly basis. This reporting mechanism enables the Board to stay informed about the status of audit implementation and take appropriate actions as required.

Communication with Stakeholders

FPCL recognizes the importance of engaging with external stakeholders to gather valuable insights and feedback. To facilitate effective communication and collaboration, operational departments within FPCL are required to schedule regular meetings with external stakeholders. Such meetings provide an opportunity for stakeholders to express their views, share their opinions, and contribute to the improvement of FPCL's operations. By actively seeking input from stakeholders, FPCL demonstrates its commitment to incorporating diverse perspectives and enhancing stakeholder satisfaction.

Recognizing stakeholders as key contributors to the business environment, FPCL acknowledges the significance of maintaining regular communication. By effectively engaging with stakeholders, FPCL has identified their needs, address their concerns, and foster positive relationships. This approach enables FPCL to improve its operational effectiveness, enhance stakeholder trust, and ultimately contribute to the overall success of the organisation.

Quality Assurance

As a company certified to be number of international standards, FPCL is committed to maintaining its competitiveness through continual improvement and the provision of high-quality services. FPCL recognizes the importance of mitigating risks, capitalizing on opportunities, and utilizing tools for continual improvement within the organization.

2022 started with new opportunities for continual improvement for the Quality Assurance Unit. The Unit placed a strong emphasis on achieving ongoing compliance with the Integrated Management System (IMS) of FPCL and the Quality Management System certification for FSHIL. Clear objectives were established as guidelines for the year ahead, ensuring a focus on maintaining operational excellence.

By adhering to ISO standards, FPCL strives to enhance its performance, optimize its processes, and meet the expectations of its stakeholders. The commitment to continual improvement helps FPCL stay at the forefront of industry practices, foster a culture of excellence, and drive positive outcomes for both the organisation and its customers.

Through the implementation of the ISO standards and the pursuit of continual improvement, FPCL demonstrated its dedication to providing superior services, managing risks effectively, seizing opportunities for growth, and upholding the highest standards of quality within the organisation.

Highlights of Key Projects:

- Establishment of Quality Circle teams and commencement of quality circle projects.
- Successful completion of the Integrated Management System (IMS) Audit [re-certification of ISO 9001: 2015 Quality Management System and Surveillance Audit of ISO 14001:2015 Environmental Management System; ISO 45001:2018 Occupational Health & Safety Management System].
- Review of FPCL Policies and Standard Operating Procedures: Procurement Policy, Tender Policy, Flexible and Other Working Arrangement Policy, Training & Talent Development Policy, Human Capital Services Policy, Bunker Barge Policy and Continual Improvement Policy.
- Review of FPCL Manuals: Quality Management System Manual, OHS and Environment Management System.
- Completion of internal audit (Stage 1 & Stage 2).
- Development, review and implementation of organisation-wide standard operating procedures.

IMS Certification Audit

FPCL achieved a significant milestone in September 2022 with the successful completion of the external audit for its Integrated Management System. The audit was conducted by Det Norske Veritas (DNV), an internationally recognized certifying body.

The scope of the external audit encompassed the ISO 9001:2015 Quality Management System, which underwent a re-certification audit, as well as the ISO 45001:2018 Occupational Health & Safety Management System and ISO 14001:2015 Environment Management System, which underwent a second surveillance audit.

The audit process, conducted through a combination of remote and on-site activities, evaluated FPCL's adherence to the respective ISO standards. Management is pleased to report the successful recertification of its Quality Management System ISO 9001:2015, which extends the validity of the certification until November 2025. This accomplishment reflects FPCL's commitment to maintaining high level of quality across its operations.

The successful completion of the external audit is a notable milestone for FPCL. It demonstrates the organisation's commitment for continual improvement, adherence to internationally recognized standards, and the ability to meet the requirements of customers and stakeholders. FPCL remains committed to upholding its integrated management systems and delivering exceptional services while prioritizing occupational health and safety and environmental sustainability.

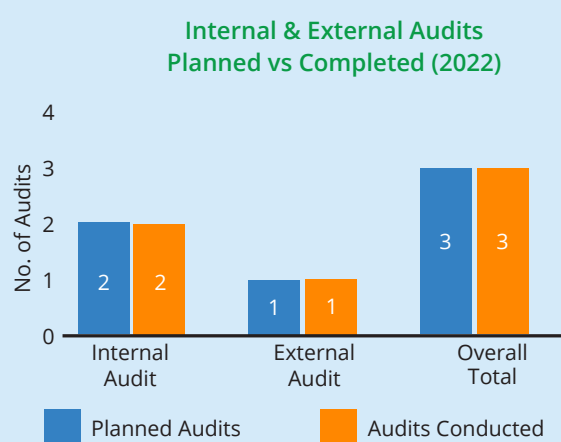
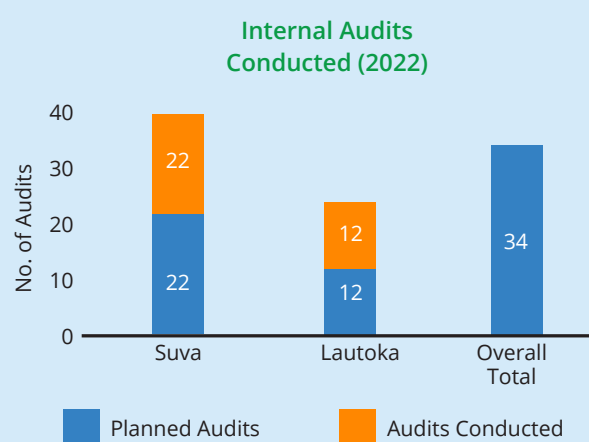
Internal Quality Audits

In August 2022, FPCL made a significant investment in Internal Audit Training, providing comprehensive training to fifteen (15) of its employees. This training initiative also included six (6) staff members from FSHIL, demonstrating FPCL's commitment to ensure strong internal audit capabilities across its subsidiary company. The training program spanned two days and was conducted virtually, by an external consultant.

Following the completion of the training, the trained internal auditors were equipped with the necessary knowledge and skills to effectively conduct internal audits within other departments. This investment aimed to enhance the organisation's internal audit function, promoting a culture of continual improvement and risk management.

Throughout the year 2022, the Quality Assurance Unit, supported by the trained internal auditors, successfully facilitated a total of thirty-four (34) departmental audits. These audits played a crucial role in evaluating and monitoring the effectiveness of internal controls, identifying areas for improvement, and ensuring compliance with applicable standards and regulations.

In 2022, by leveraging the expertise of trained internal auditors, FPCL has enhanced its ability to proactively identify and address potential risks and inefficiencies within its operations. This investment in internal audit training reflects FPCL's commitment to maintain a robust set of internal controls, promoting accountability, and fostering a culture of excellence and continual improvement throughout the organisation.



EXECUTIVE MANAGEMENT TEAM



Roshan Abeyesundere

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

Chief Finance 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 processors 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.

Vajira Piyasena

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

Chief Executive Officer

Vajira Piyasena assumed the role of CEO at Fiji Ports Corporation Limited (FPCL) in 2011. Vajira then steered the transformation of the then state-owned entity and its subsidiaries, into a dynamic private entity. His tenure has been marked by strategic foresight and transformative leadership during a period of unprecedented change at FPCL.

Having earned his qualifications as a Marine Chief Engineer in the UK in 1987, he has worked with major international shipping companies. More than 35 years of his multifaceted experience in the maritime industry encompasses international shipping, marine engineering, maritime education and training, ship repairs, shipbuilding, and maritime safety.

As a co-founder of a consultancy firm dedicated to the maritime sector, Vajira has collaborated with over 100 companies on diverse projects including corporate restructuring and international business development.

Vajira holds an MBA, an MSc in Engineering Management, and several postgraduate qualifications in Production & Technology, Operations & Quality Management, and International Affairs with a concentration in International Law. He has also received executive training from Harvard Business School and Goizueta Business School.

Beyond his executive roles, Vajira actively contributes to academia as a member of the MBA Advisory Committee at the University of the South Pacific. Additionally, he serves as a Member of the Panel of Review for the Fiji Business Excellence Award, reflecting his dedication to fostering excellence in sustainable business practices.

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.



02 OPERATIONS SUMMARY

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.

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.

CORPORATE

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.

BUSINESS

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.

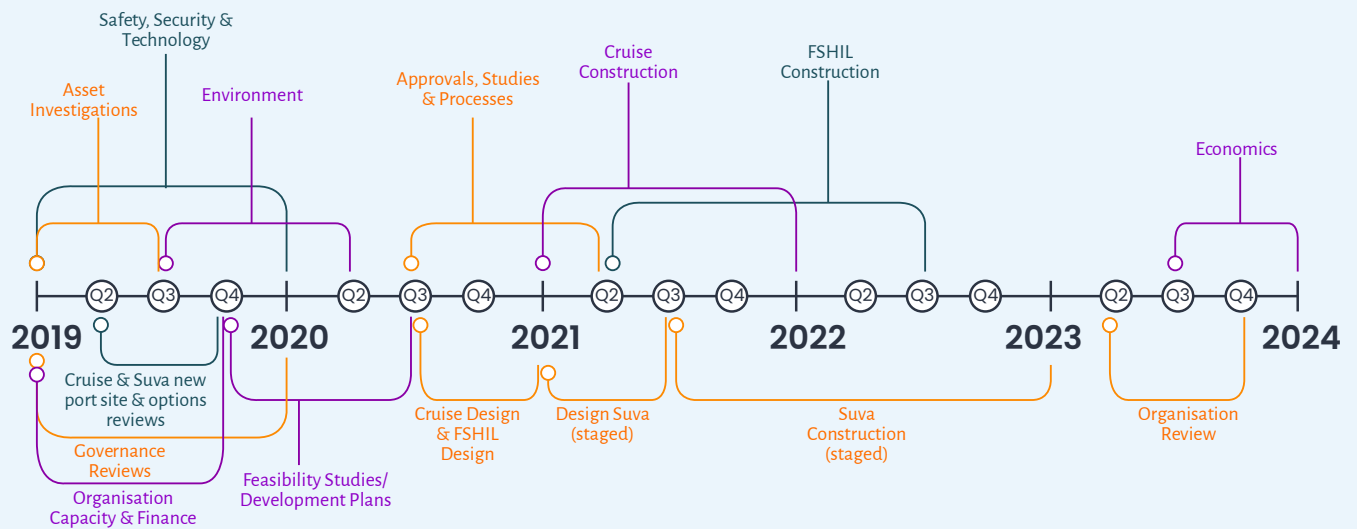
PARTNERSHIP

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.

COMMUNITY & 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 brought 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 capsizing, due to cargo liquefaction, fire or explosion due to chemical hazard, and damage to ship structures due to poor loading procedures.

5 - YEAR STRATEGIC PLAN PROGRAMME SUMMARY



ORGANISATION STRUCTURE & STRATEGY EXECUTION AT FPCL

| | |
|---|-----------------------------------|
| CEO | Governance |
| Executive Management | |
| Company/Board Secretary | |
| Legal Unit | |
| CFO | Risk & Compliance Unit |
| CFO | |
| Financial | |
| Finance Department - Suva | |
| Finance Department - Lautoka | |
| Procurement Unit | |
| CI&PO | |
| Planning & Infrastructure | |
| Port Engineering Department | |
| Maintenance Unit | |
| Assets and Facilities Management Unit | |
| Projects Unit | |
| Planning & Strategy Implementation Unit | |
| Systems Development Unit | |
| COO | |
| Sustainability & Environment | |
| Environmental Management Unit | |
| Energy Management Unit | |



| | |
|---|----------------------------------|
| COO | Port Operations |
| Environmental Management Unit | |
| Harbour Masters Office/Port Admin Suva | |
| Harbour Masters Office/Port Admin Lautoka | |
| Local Wharf Office - Suva | |
| Local Wharf Office - Lautoka | |
| Levuka Office | |
| Enforcement Unit | |
| CEO | Organization |
| Human Capital Services Department | |
| Talent Development and Training Unit | |
| Human Resources Business Analyst Unit | |
| Quality Assurance Unit | |
| Marketing & Communications Unit | |
| OHS Unit | |
| CFO | Technology |
| ICT Department | |
| MICT | Business Information Unit |
| CEO | |
| Port Security | |
| Port Security - Suva | |
| Port Security - Suva | |

INFRASTRUCTURE

FPCL remains committed to investing in the infrastructure of Ports, aligning with our 5-Year Strategic Plan (2019 – 2023). The organization has consistently made progress in executing its planned projects and carrying out essential maintenance tasks.

- Installation of the Vessel Traffic Management System (VTMS)
- Completion of the Port of Lautoka Container Yard 3 Project
- Designing of Port of Lautoka Yard 4 Project
- Commencement of Lautoka Wharf Rehabilitation Project

- Feasibility study for New Muaiwalu 2 Inter-island Passenger Terminal
- Commencement of FSHIL Slipway Rehabilitation Project
- Feasibility study for Lautoka Foreshore Development Project

- Levuka Wharf Condition Assessment Project
- Suva Port Strategic Review Workshops
- Muaiwalu 1 Tenants EFL Account Transfer Project
- Land Vesting to AFL
- Construction of Incinerator Drying Shed



Highlights of Key Projects

Port of Suva - Vessel Traffic Management System

FPCL has successfully completed the Vessel Traffic Management System (VTMS) Project at Suva Port. This significant milestone includes comprehensive training for Port Pilots, Wharf Attendants, and VTS Operators, made possible through collaboration with the Australian vendor and its consultant. As a result of the implementation, Suva VTS Controllers can now effectively monitor vessel movement within the Port of Suva and the surrounding Fiji waters, utilizing advanced VTM technology.

With the operational VTMS in place, FPCL can now track real-time vessel location, course, speed, and establish communication using a range of integrated subsystems such as radar, Automatic Identification System (AIS), metocean data, PTZ cameras, and other cutting-edge components within the state-of-the-art Maritime Control system. The successful implementation of the VTMS system have significantly enhanced FPCL's ability to manage port safety, security, and ensure compliance with the International Maritime Organisation (IMO) requirements.



New Suva VTS Office

Port of Lautoka - Container Yard Development Projects

As part of the Government's economic development plan for Fiji, FPCL has undertaken the rehabilitation of Yard 3 in Lautoka. This development project was initiated by FPCL to accommodate the growing demand and trade expansion in the region. The primary objective of the project is to enhance storage capacity and operational efficiency by improving the condition of the Yard's running surface. Additionally, the project involves elevating the Yard surface levels to address issues of flooding during adverse weather conditions and tidal changes.

In 2021, FPCL commenced the construction of Container Yard 3. Despite the challenges posed by the COVID-19 pandemic, the company has been able to successfully complete the project in December 2022. The total investment for the development of Container Yard 3 amounted to \$8.2 million.

Further, FPCL has commenced the detailed design phase for Lautoka Yard 4 in 2022, with plans to commence construction in 2023. This demonstrates our commitment to further expanding and improving the facilities at Lautoka Port to meet the growing demand of trade and promote economic development in Fiji.



Lautoka Container Yard 3 - Before Development



Lautoka Container Yard 3 - After Completion

Port of Lautoka Wharf Rehabilitation Project

After commencement of the project in October 2022, significant progress has been made in the Wharf Rehabilitation Project. FPCL have engaged an experience maritime construction company to undertake repair works for the Lautoka Wharf 1959 and 2005 sections and Lautoka Local Wharf Rehabilitation.

FPCL has invested for this rehabilitation project and is being carried out in stages to minimise any impact to operations. The construction process will be supervised by an external engineering consulting firm, with the support of FPCL's Site Engineer.

The target completion date for the project is August 2023. However, it is anticipated that additional time may be required due to further deterioration of the structure, which would necessitate additional remedial work. FPCL remains committed to ensuring the successful completion of the project and the restoration of the wharf to a safe and improved condition.

New Interisland Passenger Terminal - Muaiwalu 2

The initial phase of the new Muaiwalu 2 Interisland Passenger Terminal was completed with the Feasibility Study finalized in April 2022. During the Feasibility Study, all relevant stakeholders were consulted, and two solutions were recommended that meets the objective of the project i.e., modernize interisland travel, increase passenger waiting area capacity for the travelling public, reduce congestion along access road, and extend the life of the wharf asset.

FPCL advertised an Expression of Interest (EOI) to ascertain consumer demand for tenantable spaces from the public and based on the responses received, the Board has approved progressing into the Detail Design Phase.

Fiji Ships Slipway Rehabilitation Project

The Slipway Rehabilitation Project progressed into the construction phase with the signing of the contract with an contractor in December 2022. The contractor is expected to mobilize on site towards early 2023 and the overall project is expected to be completed within eight months from commencement.



FSHIL 200T, 500T & 1000T Slipways

Port of Lautoka Foreshore Development Project

FPCL has made progress in the initial phase of the Lautoka Foreshore Development Project by initiating a tender process to engage a reputable consultant responsible for conducting a comprehensive Feasibility Study. The primary objective of this study is to assess the current utilization of the area and explore potential development opportunities that would enhance the services provided by FPCL.

The Feasibility Study will involve an examination of various factors, including existing land use, zoning regulations, local market conditions, available infrastructure, as well as FPCL's strategic objectives and available resources. The aim is to identify the most viable development options that align with economic, social, and environmental considerations.

Upon completion, the study will provide recommendations that will enable FPCL to make informed decisions regarding the commercial, retail, or tourism development of the area. The report from the Feasibility Study is expected to be finalized in the second quarter of 2023. Its findings will serve as a valuable source for FPCL, developing future plans for land usage and maximizing the potential of the Lautoka Foreshore area within the port boundary.

Port of Levuka Wharf Rehabilitation Project

FPCL initiated the Levuka Wharf Rehabilitation Project with our Projects & Assets Team inspecting the Port of Levuka and a study to determine the best project delivery method. A tender process was carried out to engage a reputable engineering consultant to undertake the condition assessment of the wharf. Considering that the wharf piles are over 100 years old, FPCL accepted a proposal from one of the bidders that a carbonation and chloride iron testing can determine whether it is feasible to repair the existing structure or construct a new wharf. This approach was accepted by the Management and the tests are scheduled to commence in the beginning of 2023.

Suva Port Strategic Review Workshops

With the support from the Asian Development Bank (ADB), the Fiji Government has initiated a study to conduct a strategic review of Fiji's maritime sector generally, and in particular, to identify a site for relocation of Suva Port. Consideration of the new port site is to include full or partial relocation of the activities/operations currently performed at the existing port, growth in trade volumes and new commodities, consolidation of activities that are currently spread across several ports, and to explore the potential to grow Fiji's role as a hub for the wider South Pacific Islands community.

ADB has engaged an overseas consulting firm to undertake the strategic review and to identify a preferred site for relocation of Suva Port. In early November, the Ministry of Economy together with the consultants organised workshops in Suva to obtain the inputs from various Government departments and key stakeholders about the selection of a preferred site for the relocation of Suva Port.

The workshops provided the consultants with the opportunity to gather knowledge held by these departments that is relevant to the selection of a preferred port relocation site, as well as to gauge their thoughts more generally. Fiji Ports as the implementing agency participated in all the workshops and provided insights and support to the facilitators.

Currently, geotechnical assessments of sites are underway for the potential sites. The Project was initially expected to be completed by end of June of 2021. However, due to COVID-19 pandemic travel restrictions in 2021 and assessment of two additional sites in 2022, timelines were re-looked, and the Project is now expected to be completed by end of August 2023.

ASSETS & FACILITIES

The Assets and Facilities Department is responsible for managing all company's property assets related to FPCL's tenants, and wharf infrastructure across main three Ports of Suva, Lautoka and Levuka.

EFL Account Transfer Project

Apart from the major projects, the Projects & Assets Department also implemented other important projects including the Muaiwalu 1 Energy (Fiji) Limited Account Transfer project with the objective to address the issue of such as meter tampering, power theft and power leakage at Muaiwalu 1 wharf area. Following the traditional Design-Bid-Build delivery method, FPCL carried out the tender to engage a reputable electrical engineering consultant to survey the existing electrical layout and connections and design a new power distribution system for the tenants of Muaiwalu 1. A local consultant was approved to undertake the consultancy works of the project.

Land Vesting

FPCL and FSHIL continues to work collaboratively with Assets Fiji Limited (AFL) in the vesting and leasing back of land asset for port operations and for future port developments. Prior to becoming a Public Private Partnership, FPCL held a total of forty-one (41) land assets that was required under the Public Enterprise Act 1996 legal notice No.95 to transfer all interest in the land to AFL.

At the end of the year, FPCL has vested thirty-four (34) land titles while progressing on with the pending seven (7) as their survey plans were completed and registration with the respective local entities for lodgement of vested orders and leasebacks thereafter. The acquisition of land by FPCL is a very critical aspect as the organisation continuous to operate in its mandated role, i.e. to manage all maritime operations and the support services while contributing towards Fiji's economic progress.

Port Facility Upgrades and Maintenance at Ports

FPCL commenced several important facility upgrades and maintenance projects in Suva, Lautoka and Levuka facilities. These ranged from building renovations, facility modernisation, electrical and other service upgrades. These initiatives were a timely projects to ensure stakeholders and staff are provided with safe and morden facilities ensuring duty of care for both international and local customers.

New Maintenance Software

FPCL has commissioned CARL, a new maintenance software that will provide a very simple yet powerful and user-friendly solution for work order management, preventive maintenance, equipment maintenance, inventory optimisation, budget control, reporting and port maintenance related functions.

Installation of Emergency Generators

Ensuring that operations at its facilities are not hindered due to unforeseen power outages, FPCL have successfully installed standby generators at the Port of Suva and Kings Jetty in Lautoka to cater for such circumstances. This installation will be extended all other facilities in the coming years.

FINANCIAL PERFORMANCE

Financial Strategies – Maximizing Synergies for Success

FPCL has diligently crafted and executed impactful financial strategies, propelling its transformation into a resilient corporate entity that consistently delivers robust financial performance. Embracing its vision of becoming a Smart, Green gateway for trade in the Pacific, FPCL has navigated the challenges posed post-pandemic, leveraging its commercial and financial stewardship to enhance shareholder value. Amidst these extraordinary circumstances, FPCL has remained committed to its 5-Year Strategic Plan, driving forward capital-intensive projects that unlock synergies and pave the way for enduring success.

In 2022, FPCL demonstrated strong financial management and a keen focus on connectivity. Strictly managing operational costs was a key priority for the company, allowing to navigate economic uncertainties while maintaining stability. FPCL implemented various cost-saving initiatives to streamline its operations and optimize efficiency. By doing so, FPCL was able to allocate resources strategically, ensuring that the company remained financially robust. This approach not only enhanced FPCL's financial performance but also supported its overarching goal of improving connectivity. By carefully managing costs and investing in connectivity-related initiatives, FPCL strengthened its position as a leading player in the industry, fostering seamless trade and communication networks across the Pacific region.

FPCL made an investment of \$15.9 million in capital projects in 2022. This substantial capital infusion underscores FPCL's commitment to enhancing the efficiency, capacity, and overall performance of the port facilities. This investment empowers FPCL to meet the growing demands of its valued customers, optimize operational processes, and strengthen its position as a leading player in the maritime industry in the region. FPCL remained dedicated to driving sustainable growth, fostering innovation, and delivering exceptional service to its stakeholders, and this substantial investment marks another step towards achieving those goals.

During the financial year 2022, FPCL also remained committed to evaluating its financial and operational performance against the United Nations Port Performance Indicators. The indicators consistently demonstrated FPCL's ability to maintain a high level of performance. Nevertheless, the company is dedicated to further enhancing its performance compared to national, regional, and global benchmarks. FPCL recognizes the importance of continuous improvement and strives to exceed industry standards on an ongoing basis.



Fiji Ports Corporation's Performance for the Year Ended 2022

With the country clawing its way back towards economic recovery post the COVID pandemic, the company recorded a positive performance for the 2022 financial year with a Net Profit After Tax of \$25.97 million which is an increase of 16% compared to 2021 given the economic recovery post-COVID. This profit has been achieved under the careful guidance and leadership of the executive management given the global recessionary and inflationary impacts arising from the Ukraine and Russia war.

Through the perseverance and hard work of FPCL management and staff, the increased operational demands were challenging yet encouraging whereby all efforts were made to capture and optimize the economic rebound leading to a strong financial performance. There were increases in cruise vessel arrivals as well as container throughput during the year because of the opening of borders and boost in the tourism sector.

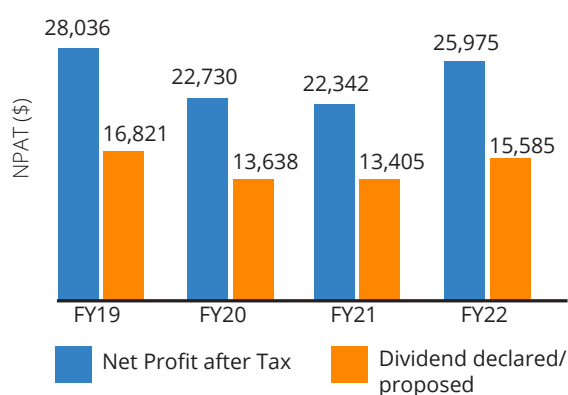


Return to Shareholders

With the entire world on track for economic recovery post-COVID, Fiji positioned itself well in terms of post-pandemic readiness whereby the tourism sector bounced back very strongly with tourist visitor arrivals nearing 2019 pre-COVID levels. This propelled Fiji's economic recovery towards a positive trend. This has positively resulted in increased revenues for FPCL with increased trade volumes as well as a higher number of cruise liner vessels.

For the financial year 2022, FPCL's dividend payout to its shareholders increased by 16% which is directly attributable to increased economic growth post the border openings and boost in the tourism sector.

FPCL Profitability vs Dividend



| Description | Actuals (\$000) | | | |
|----------------------------|-----------------|--------|--------|--------|
| | FY19 | FY20 | FY21 | FY22 |
| Net Profit after Tax | 28,036 | 22,730 | 22,342 | 25,975 |
| Dividend declared/proposed | 16,821 | 13,638 | 13,405 | 15,585 |



Key Challenges

The year 2022 was expected to be the year of recovery with increased trade volumes and resumption of cruise vessels into the ports, this being a positive outlook came with its set of challenges.

The increased incoming vessel numbers together with cruise vessels pushed the operational team to great extent in managing and planning its berthing and coordination to ensure smooth services at the ports. The current infrastructure investment projects are put in place to work on increasing the port capacity as well as efficiency.

FPCL and its management have invested in term deposits through prudent cash management ensuring other means of income generation. Given the current financial market conditions, the current interest rates have considerably dropped when compared to prior periods. This is due to high liquidity in the financial sector resulting in lower interest rates. This had been a challenge and the management continues to carefully look at re-investments to maximize returns.

Fiji Ships and Heavy Industries Limited which is FPCL's subsidiary company, has expertise in providing ship repair services to international and local customers. However, given the aging slipway infrastructure, the company had to maneuver through challenging times while planning the slipway rehabilitation. In 2023, the rehabilitation project will be mobilized which will provide a boost for the revival of the industry and the company creating opportunities to grow and progress.

The FPCL group through the management and team in 2022 achieved growth in Net Profit After Tax of 19% despite the challenges faced which is a testament to the resilience and progress of FPCL.



Strategic Initiatives

In 2022, FPCL has made significant strides in implementing strategic initiatives aimed at enhancing capacity, efficiency, and revenue generation. The following highlights our achievements in key areas and outlines upcoming capital projects that will further strengthen FPCL's position in the Pacific region.

FPCL invested in Wharf Rehabilitation projects to increase capacity and efficiency recognizing the importance of maximizing berth and storage capacity. FPCL has undertaken substantial investments in Wharf Rehabilitation and commenced the construction works in Lautoka Port (Package B). These efforts will result in significant improvements in our infrastructure, enabling FPCL to handle larger volumes of cargo efficiently. By enhancing its wharf facilities, FPCL will have not only increase its capacity but also optimized operations, leading to reduced turnaround times and improve customer satisfaction.

The company also invested in Yard 3 in Lautoka Port to increase capacity for container storage to cater to the growing demand for container storage. FPCL has effectively utilized the available space to accommodate a greater number of containers. This expansion has allowed FPCL to handle higher volumes of containers, streamlining operations and ensuring seamless flow throughout the port. The increased capacity in Yard 3 has not only improved our operational efficiency but also provided our customers with greater flexibility and convenience.

The Revenue Automation project is one of FPCL's key achievements in the financial year 2022 as well. This project has revolutionized FPCL's financial monitoring and reporting systems, providing management with real-time vessel statistics and revenue monitoring reports.

The availability of timely and accurate data has significantly enhanced the decision-making capabilities and enabled the management to conduct thorough trend analysis. As a result, management has been able to make informed strategic decisions, optimize resource allocation, and drive revenue growth.

FPCL remains committed in strategic investments and has exciting capital projects on the horizon that will further strengthen its infrastructure and capabilities. The upcoming capital projects year marked for 2023 includes the Yard 4 upgrade for the Lautoka Port and King's Wharf Rehabilitation for Suva Port. FPCL is embarking on the development of Yard 4, dredging works which will significantly expand its container storage capacity in Lautoka port, allowing FPCL to meet the escalating demand in the market. Furthermore, the company has plans for the rehabilitation of King's Wharf, another critical component of FPCL's port operations. These upcoming projects demonstrate the company's commitment to continuous improvement and positioning itself as a premier port management company in the region.

The strategic initiatives undertaken by FPCL over the past year have been instrumental in bolstering its operational efficiency, expanding its capacity, and enhancing its revenue generation capabilities. Through investments in Wharf Rehabilitation, increasing container storage capacity in Yard 3, and completing the Revenue Automation project, Vessel Traffic Management System project, management has positioned FPCL at the forefront of the industry. As we look towards the future, the upcoming capital projects, including Yard 4 development, dredging works and King's Wharf rehabilitation, reflect FPCL's dedication to ongoing growth and excellence in port management.



Revenue

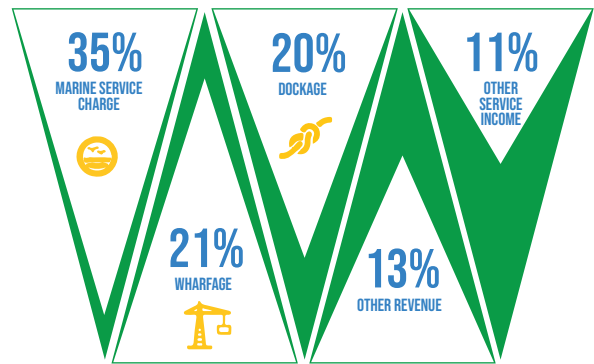
The Company's operating revenue had increased by 18% when compared to 2021. This increase was largely due to the economic recovery post-COVID-19 whereby the borders opened, and the revival of the tourism sector materially contributed to the increased recovery in economic performance. The global recovery in trade led to higher vessel numbers together with the resumption of cruise liner visits which resulted in additional revenues. Additionally, there was a 17% increase noted for other revenue which was attributed to increased dividend income from associate company, FPTL as well as increased rental income. There was a decrease noted in other income mainly due to lower interest income where interest rates offered by banks were materially lower when compared to prior years due to higher liquidity in the financial market.



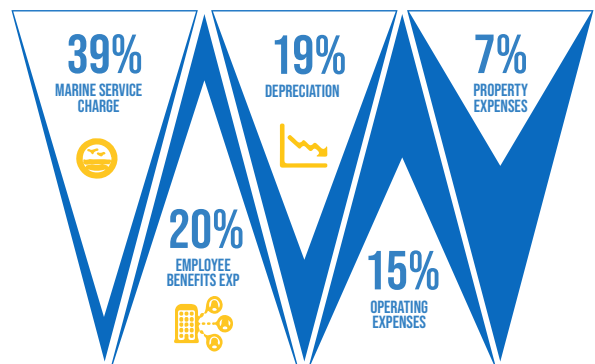
Expenses

The expenditure of the Company mainly comprised of marine service charges, employee expenses, depreciation, operating expenses and property expenses. There was a 16% increase in total expenses when compared to 2021. The major areas of increase were noted in depreciation, operating expenses and marine service charges. The increase in depreciation was attributed to the capitalization of new asset improvements leading to higher depreciation. There were increases noted in marine service charge expense of 29% which was due to higher vessel numbers and GRT when compared to 2021 and the resumption of cruise liners in 2022 which correlate to increased marine service charge income. There were reasonable movements noted in employee benefit expenses. Additionally, there were noted increases in property expenses of 17% when compared to 2021 whereby multiple repair and maintenance programs were mobilized on properties in phases that were delayed due to COVID-19.

Composition of Company Income



Composition of Company Expenses



There was a 15% increase noted in operating expenditure with the financial year 2022 being the post-COVID year with full operational demand, these had increased operational and overhead costs.



Financial Results of the Group (FPCL, FPTL & FSHIL)

With the Company's positive performance, the Group achieved a group Net Profit After Tax of \$27.06 million for the financial year 2022 which represents a 19% increase from 2021. The growth noted is due to the economic recovery post-COVID-19 and notable increases in the volume of exports and imports after the opening of the borders and revival of the tourism Sector. This also enabled the stronger performance of the associate company, FPTL leading to a 16% increase in the share of profits from the associate. On the other hand, FSHIL experiencing significant challenges with its aging infrastructure achieving through prudent management a marginal Net Profit After Tax of \$13k.



Group Revenues & Expenses

The Group's operating revenue showed an increase of 18% over 2021. There was an increase noted in all revenue streams including dockage, wharfage, and marine service charges. There were high vessel arrival numbers including cruise liner vessels and an increase in cargo throughput at the ports resulting in vessels staying for longer hours. Vessels calling at outer ports increased as well. The year 2022 saw cruise vessel arrivals resume and this contributed to higher marine service income. There was a drop in interest on term deposits with lower rates on offer with higher liquidity in the financial market. FSHIL contributed with an increase in ship repair and slipway revenue by 31% when compared to 2021. Compared to 2021, FSHIL was able to generate increased revenues from island vessels and fishing vessels for repairs, painting, and engineering works.

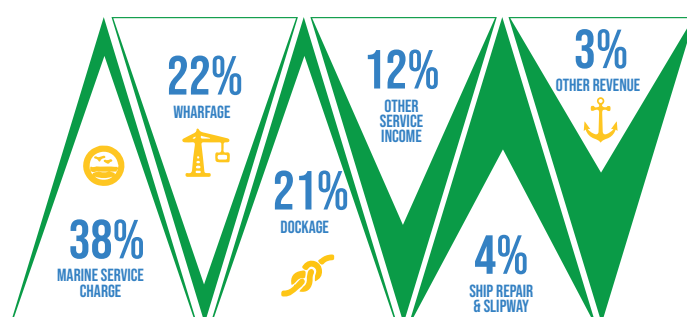
Net Finance (interest) income has significantly decreased by 41% when compared to 2021 due to lower interest rates offered on investments for the year 2022 due to increasing liquidity with commercial banks.

The share of profits from the associate company, FPTL, has increased when compared to the 2021 financial year by 16%, which is attributed to higher container throughput amidst economic recovery and revival of the tourism sector.

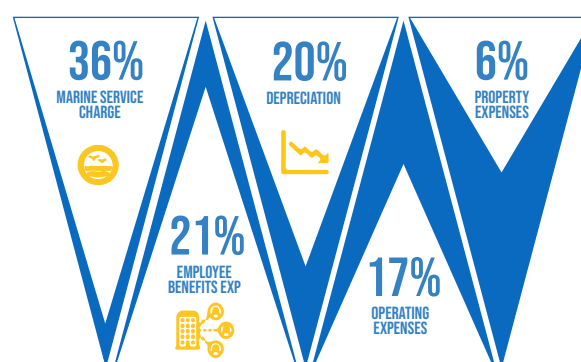
The Group's total expenditure increased by 14% compared to the 2021 financial year. This is mostly correlated to increased operational revenue for FPCL together with a decrease in expenses for the subsidiary company, FSHIL, by 19.2% over 2021 due to cost-cutting initiatives implemented in 2022 to minimize the impacts of the drop in revenues due to the aging infrastructure. FSHIL's Slipway Rehabilitation project is to commence in 2023.

The areas of increase were noted in marine service charges of 29% which was due to higher vessel number and GRT when compared to 2021 together with the resumption of cruise liner visits in 2022 increasing the GRT. The property expenses increased by 11% with repair and maintenance programs being mobilized in 2022. There were reasonable movements noted in employee benefits expense. Additionally, the employee expenses remained in line with 2022, as manpower was maintained through our facilities to support the implementation of the 5-Year Strategic Plan that FPCL embarked upon together ensuring 100% operational capacity despite the COVID restrictions. The major areas of increase were noted in depreciation and operating expenses which were attributed to the capitalization of new assets and improvements.

Composition of FPCL Group Income



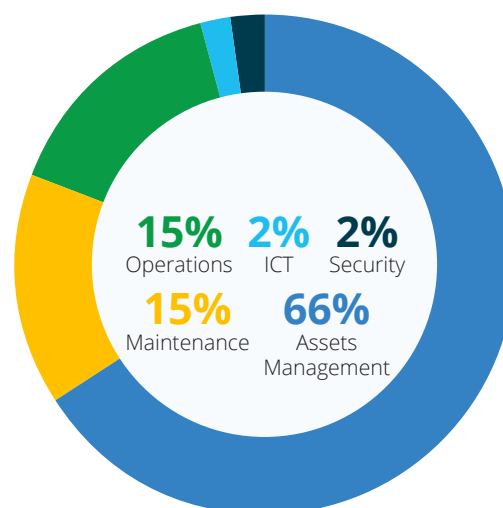
Composition of FPCL Group Expenses



Capital Expenditure

FPCL has remained unwavering in its pursuit of realizing its vision to become a Smart, Green Gateway of the Pacific. The fulfillment of this vision is closely tied to the successful implementation of a comprehensive 5-Year Strategic Plan. Despite the formidable challenges posed by the post-pandemic climate, FPCL has diligently formulated strategies to ensure the seamless progression of vital capital projects throughout 2022. Notably, significant portions of the capital expenditure were allocated to the rehabilitation of wharves and the development of container yards, reflecting the company's commitment to modernizing and expanding its infrastructure. Furthermore, substantial investments were made in information and communication technology (ICT) and various aspects of port operations, reinforcing FPCL's dedication to leveraging cutting-edge technologies and enhancing overall efficiency.

Capital Expenditure 2022



FPCL Group Profit & Loss Summary for 2022 and 2021

| Group Income Category | 2022 \$(000's) | 2021 \$(000's) | % Change |
|------------------------------|-------------------|-------------------|-------------|
| Operating Income | 56,228 | 47,584 | 18% |
| Other Income | 1,748 | 1,567 | 12% |
| TOTAL INCOME | 57,976 | 49,150 | 18% |
| Operating Expense | (27,275) | (23,687) | 15% |
| EBITDA | 30,701 | 25,464 | 21% |
| Depreciation | (6,656) | (6,133) | 9% |
| EBIT(Loss)/Profit | 24,044 | 19,331 | 24% |
| Net Interest | 1,186 | 2,004 | -41% |
| Share of profit in associate | 6,812 | 5,891 | 16% |
| Net Profit Before Tax (NPBT) | 32,043 | 27,225 | 18% |
| Income Tax | (4,983) | (4,461) | 12% |
| NPAT | 27,060 | 22,765 | 19% |

Balance Sheet Extract (Consolidated 2022-2021)

| Accounts | 2022 (\$000's) | 2021 (\$000's) |
|---|-------------------|-------------------|
| Cash at Bank | 55,493 | 44,526 |
| Trade and other Receivables (current and non-current) | 7,215 | 6,845 |
| Financial assets | 45,000 | 45,000 |
| Fixed Assets | 53,556 | 49,789 |
| Total Assets | 188,748 | 171,344 |
| Trade Creditors | 6,207 | 4,178 |
| Total Liabilities | 20,001 | 16,252 |
| Shared Capital | 73,155 | 73,155 |
| Retained Earnings | 95,592 | 81,937 |

Groups Financial Position

The Balance Sheet for FPCL Group remains strong, with sound cash & cash equivalents (including Interest bearing deposits & short-term term deposits) of \$40.5 million with zero external borrowings, even after a proposed dividend payment of \$13.4 million to shareholders.

The Group has maintained a strong financial position with a total increase in assets of \$17.4 million which is attributable to increased financial assets related to term deposits, fixed assets, and cash balance. This positions the Group for maximized returns as extensive capital expenditure programs are being mobilized. With no major debt holding, the total liabilities have increased by \$3.7 million when compared to 2021 and this is majorly due to an increase in lease liability and also increased trade payables with major capital projects gaining traction.

Group Key Performance Indicators (FPCL, FPTL & FSHIL) Based on the performance indicators, the Group has a 41.47% operating profitability. This reflects the Group's margin on EBIT which has increased when compared to 2021 due to the positive financial performance post-COVID. The Group has a 36.99% net profitability on its capital invested reflecting the company's efficiency in allocating capital under its control to profitable investments.

The Group also has recorded a 16% return on equity showing the profitability of the Group in relation to shareholders' equity and this has increased with higher Group profits when compared to 2021. The Group also maintains a strong liquidity ratio of 12.3:1 in 2022.

Group Key Performance Indicators

| Ratio | 2022 | 2021 | 2020 |
|----------------------------|--------|--------|--------|
| EBIT/Total Income | 41.47% | 39.33% | 40.05% |
| Return on Invested Capital | 36.99% | 31.12% | 30.41% |
| Return on Equity | 16.04% | 14.68% | 15.24% |
| Current Liquidity Ratio | 12.3 | 16 | 15 |



ORGANISATIONAL CAPACITY

Our Employees

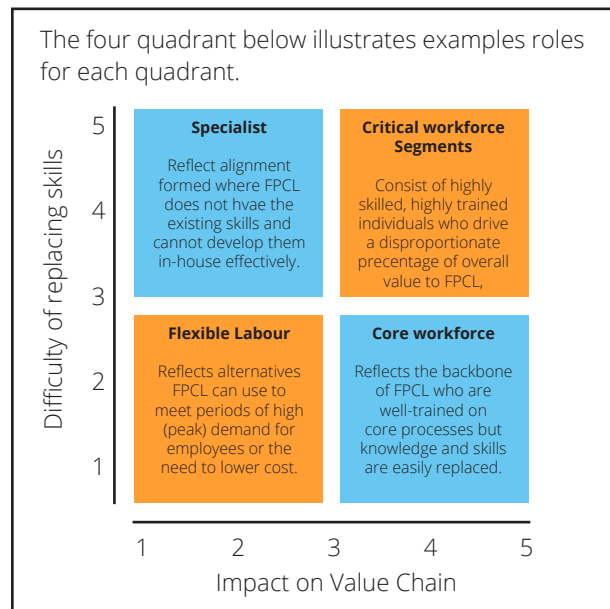
To ensure FPCL builds an effective and supportive workforce environment, leadership, human capital, and facilities are reviewed and updated for current and future workforce needs. FPCL creates initiatives to ensure this is the case and that it remains a 'great place to work'. In this regard FPCL conducts regular staff climate surveys and most importantly operates a comprehensive and continuous training program to guarantee workforce capability and capacity.

FPCL is constantly updating and assessing workforce capability and capacity needs including skills, competencies and staffing levels based on Employment Value Propositions (EVPs). FPCL uses a strategic human resources model as a systematic approach for the development of a structured HR Plan.

FPCL takes a strategic approach to its workforce planning. Through its strategic planning, FPCL establishes its aims, objectives and goals and reviews these annually. Human Capital Services align recruitment, staff training and capability to meet these objectives. An organized and strategic approach to workforce planning is an important commitment for FPCL.

Workforce Planning is an annual event in the FPCL Human Capital Services calendar. During this activity, the workforce budget is determined for the consecutive year. The Human Resource Business Analyst of FPCL is involved in the workforce planning exercise in conjunction with the Manager Human Capital Services and Executive Office.

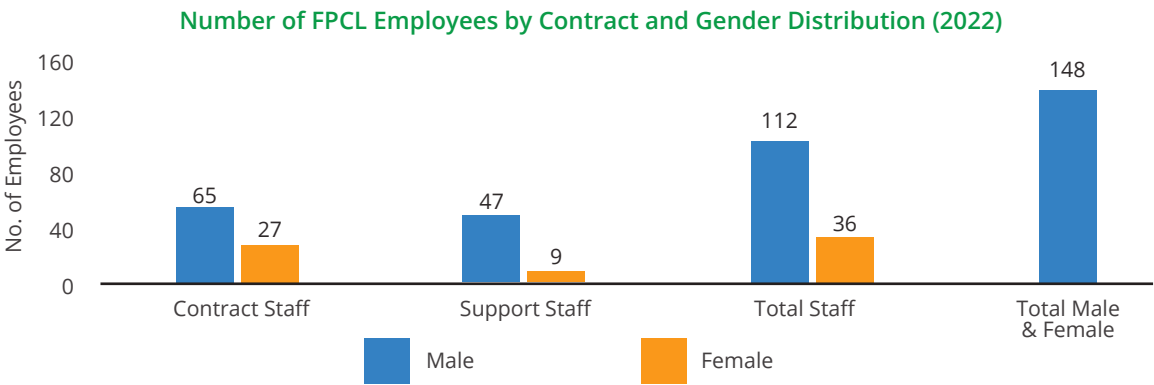
Every role at FPCL has a minimum qualification requirement (MQR) attached to its Job Description. Capability building starts at the selection process at FPCL. To build on capability after recruitment, trainings and competency assessments are conducted. In this activity, the Training and Talent Development Unit and the Human Capital Services team work concurrently to achieve the objectives of the program. FPCL has segmented its workforce into four quadrants as below: Specialist, Critical, Core and Flexible.



Employee segmentation at FPCL

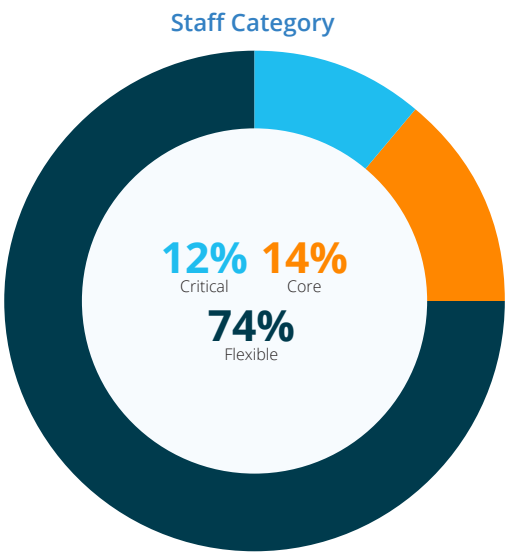
Gender Balance

To attract suitable employees FPCL understands it needs to be seen as a 'growth organisation' and as an employer that it can provide its employees with a defined career path. To achieve such outcomes, it is important that critical management positions are not only filled but high-level contributing candidates are selected. The organisation endeavours to recruit the best-qualified personnel available in the job market in its effort to maintain suitably qualified and competent work force. It will explore both the local and overseas job markets towards this objective. The Organisation maintains an equal opportunities employment policy and will employ people regardless of race, gender, religious belief or political opinion. Appointments to positions is to be made on the basis of their suitability for the position.



Staff Categorization

FPCL has three types of employee categorization known as Critical, Core and Flexible staff. Critical staff are vital to maintain port operations and without employees in this category FPCL would be at a standstill including roles such as Port Pilots, Pilot Boat Crew etc. The second categorization of employees are Core staff which perform as the backbone of the organisation however the company can remain operational without their involvement such as Executive Management, Managers etc. Similarly, Flexible staff categorization are staff that have minimal impact to business operations and ports will have minimal disruptions if Flexible staff roles are not filled.



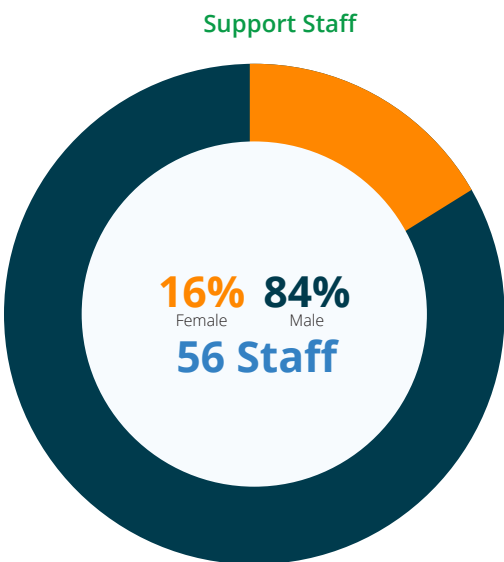
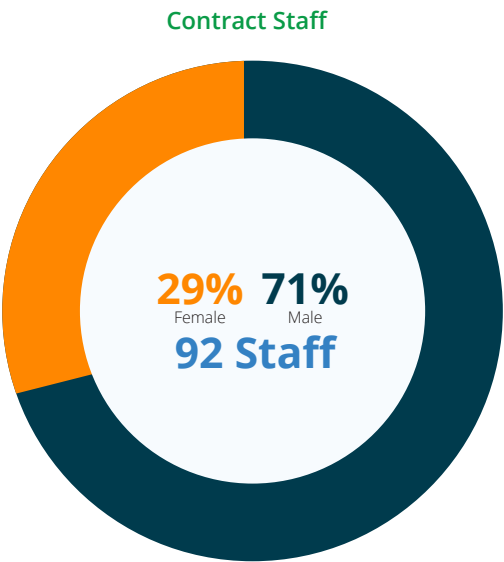
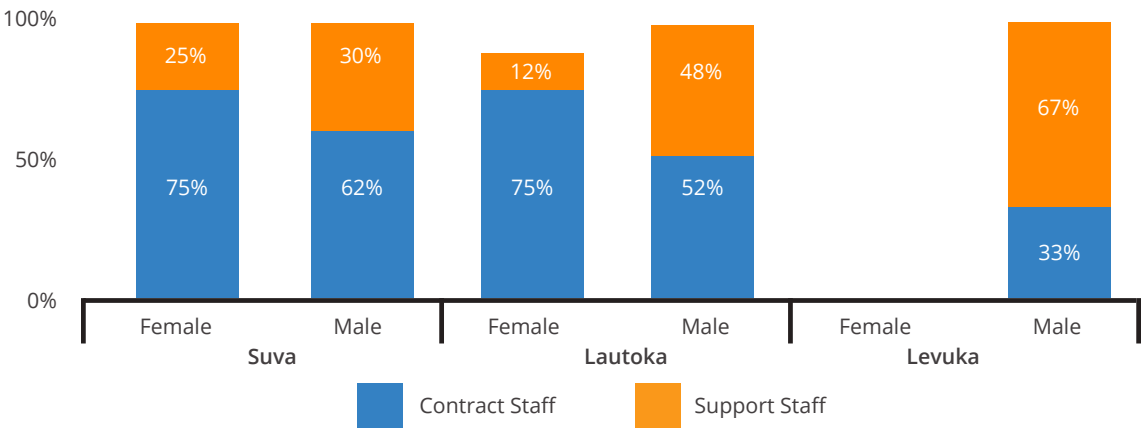
Equal Opportunities

FPCL continues to support Equal Employment Opportunities by providing relevant trainings, seminars, and appointment of suitable qualified females on positions previously and traditionally held by males.

Appointment of women to the following key roles:

- 1. Two women holding managerial positions at FPCL in 2022 particularly in Legal, Enterprise Risk & Compliance Unit and the Planning and Strategy Implementation Unit.
- 2. Female OHS personnel supervising OHS Operations in Suva Port.
- 3. Recruitment of an additional female in Local Wharf Department as Wharf Attendant Support Staff.
- 4. Internship program of a female engineer graduate in the Project Management Unit.
- 5. Port Senior Management training provided to Human Resource Assistant conducted by the Galilee Institute, Israel under the International Maritime Organization Fellowship program.

Workforce Composition



Board of Directors, Management and Staff of FPCL with invited guests during the 2021 Bonus Payout

Over the years, FPCL has been utilizing the Performance Management System (PMS) approach in determining bonus payouts which was initiated in 2015. The Performance Assessment Framework was further improved using a value-based concept to determine the contribution made by employees into five areas namely, Shareholder Value Creation, Internal Customer Value Creation, External Customer Value Creation, Public and Stakeholder Value Creation and Work-Life Balance.

The PMS implementation is led by the HR Business Analyst Unit with the assistance provided by an external HR Consultant. The HR consultant reviews the performance evaluation sheets and mediates the entire performance management process for transparency purposes. During this process, staff's performance and their eligibility for bonus is assessed and determined. A total sum of \$240,423.81 was shared amongst 133 staff as bonus and reward for their performance in 2021. The staff bonus payout is a key aspect of FPCL recognizing staff's performance throughout the year.

Key Human Capital Initiatives

Workforce Planning

In addition to the introduction of HR Business Partners initiative, Human Capital Services (HCS) has also introduced the Workforce Strategy Planning and Implementation conducted by the respective HR business partners.

Maintaining healthy employee relations remains top priority for HCS and with the implementation of the Workforce Strategy Planning and the implementation exercise enables HCS to identify and address employment related issues through employee engagement. The workforce planning encompasses recruitment, development, and retention of FPCL staff. This project will be an ongoing project, given that all HCS personnels are HR Business Partners overlooking departments and units. This project also enables the capacity building for the HCS staff.

Enhancing Work-Life Balance

FPCL is an organisation that prioritizes value creation by employees. However the organisation has introduced measures for employee wellbeing including personal and professional development by implementing practices to improve personal and professional development of staff through work-life balance initiatives. FPCL believes that having a healthy work-life balance results in happy employees, improved physical and mental health, increase commitment and motivation to work.

One of the highlight is the incorporation of work-life balance of staff recognized through the improved performance management system. In addition, HCS has introduced a flexible and remote working arrangement policy for staff to have flexible working hours or to work remotely with output monitored by respective head of departments. In addition, staff are encouraged to participate in company organized corporate social responsibility activities and other programs allowing time to give back to the communities.

Organisational Resilience

The pandemic has introduced new measures to our lifestyles and workforce has embraced the "new normal". It is evident that some economies are thriving post pandemic whilst others are struggling to meet pre-pandemic times. FPCL however has been resilient to adapt the new normal. Flexible and other work arrangements was a benefit provided to staff to maintain following the pandemic. FPCL saw the extended benefit of staff working from home or remotely, allowing flexibility with working days.

While remote working arrangements enhances flexibility may limit employee engagement and retention. As an initiative to enhance employee engagement a series of employee engagement initiatives has been proposed by the Social Committee. Similarly, with the new normal, the training and talent development unit timely implemented the Learning Management System for FPCL Staff to provide flexible trainings and to further enhance the existing 70:20:10 learning methodology emphasizing the 70% of on-the-job learning implemented in 2021.

For Human Capital to become a strategic player in organizational strategy must prepare competencies of its staff post pandemic to maintain its strategic position and operational effectiveness. Facilitating career, succession planning, capacity building and maintaining employee satisfaction remains key priorities for HCS post pandemic.

Talent Development and Training

The Talent Development and Training Unit provide opportunities for employees to expand their knowledge, skills and capabilities to uplift their abilities to be more effective in the working environment. The Training Plan for 2022 focused on the ongoing education for all employees. Staff were recommended and referred to trainings, workshops, seminars and webinars that will expand their knowledge in their field of work.

New Learning Management System

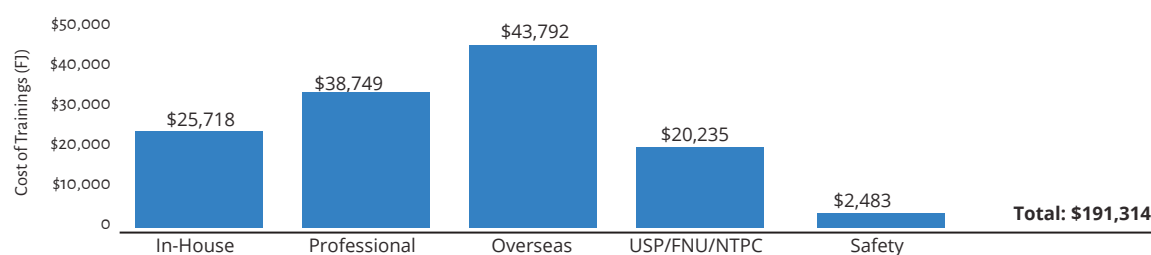
The Training and Talent Development Unit officially launched the new Learning Management System (LMS) with the training providers Percipio. In addition to utilizing FPCL's internal accredited trainers, the Talent Development and Training Unit had introduced a Learning Management System (LMS) to replace the traditional learning to a modern digital system which was launched officially in May 2022. At the end of 2022, 50 trainings were assigned on LMS benefiting 106 users.



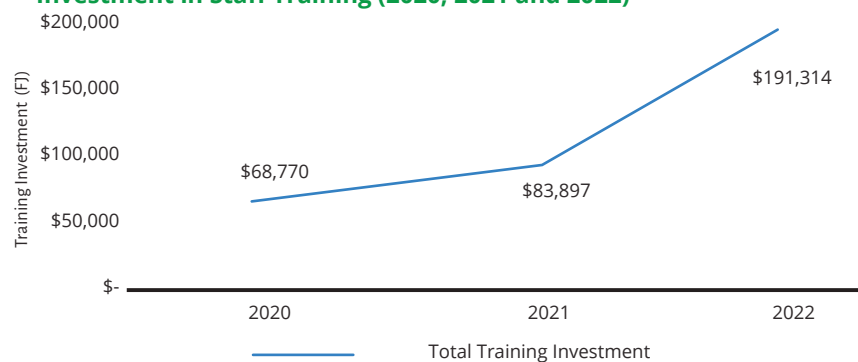
The soft launch of the Learning Management System

Training Expenditure

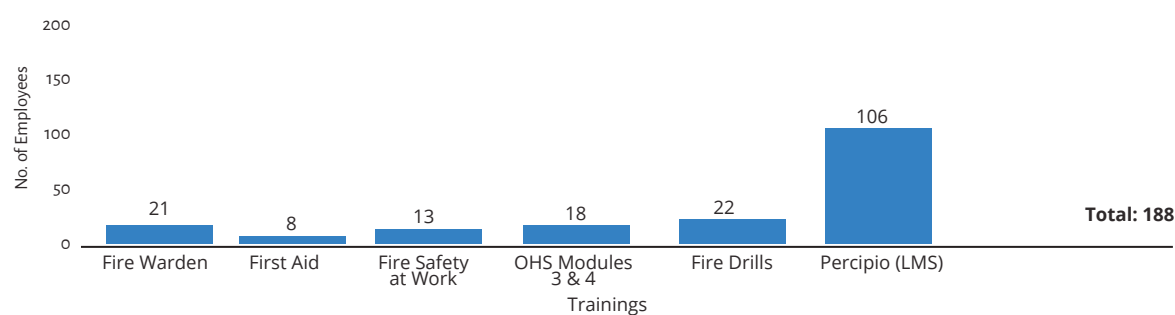
Training Expenditure (2022)



Investment in Staff Training (2020, 2021 and 2022)



Training Attendance (2022)



Most training and development initiatives were to be re-scheduled for 2022 considering the impact of COVID-19 with restrictions imposed with social distancing. In 2022, FPCL was committed to resume staff development initiatives showing an increase in training expenditure by 128%. The table below shows the cost allocation for training categories attended by FPCL staff.

| | |
|---|-------|
| Number of Courses | 64 |
| Total Training Hours | 618.9 |
| Total Number of Employees Attended Training | 154 |

Health and Wellness

Pinktober Walk-a-Thon

For the past four years, FPCL continues to demonstrate its support to the Fiji Cancer Society through awareness by means of a health walk from Sukuna Park, Suva City to FPCL HQ in Walu Bay, followed by a Pinktober program with invited guest from Fiji Cancer Society and a Cancer Survivor.

This year was different as staff were requested to raise funds through walkathon. The 4.2km walkathon was attended by 35 participants in Suva and all funds raised was donated to the Fiji Cancer Society to assist them financially in the treatment of their members and awareness to the public.

Family Fun Day

After a lapse of five (5) years, FPCL had hosted a Family Fun Day in 2022. The Social Committee organised a staff and family fun day, bringing families and friends to this event. Thanking them for their unwavering support enabling FPCL to achieve set goals for financial year 2019 – 2021 despite the pandemic. Some of the activities took place on the day were: Zumba, volleyball, netball, touch rugby, soccer, sack race, tug of war, amazing race, fire safety awareness and demonstration by the National Fire Authority.



Some of the activities organised for staff and their family members during family fun day

Wellness Wednesday's

As part of FPCL's Corporate Social Responsibility to Health and Wellness program, Wellness Wednesday's was re-introduced in Quarter 4 of 2022. Every Wednesday's from 1700hrs, where staff were encouraged to train an hour of sports at the Head Office carpark.

Health Check and NCD Screening

With NCD being the number one killer in the world, it is crucial to ensure that FPCL staff are aware of their health status and take necessary preventative measures at an early stage. A 2-day health check for all staff was organised by the Human Capital Services department where the medical team had conducted a height and weight assessment, BMI (Body Mass Index), Over-weight category, blood pressure test, sugar and cholesterol checks.

Blood Donation

Every year, FPCL organises blood donation drive with the Ministry of Health & Medical Services. This is one of the important CSR activities where staff gives back to the community by voluntarily donating blood. In 2022 staff participated in this blood donation.

Community Involvement

International Women's Day

The 2022 theme for International Women's Day was "Break the Bias." FPCL celebrated the achievements of women in the organisation, their full and effective participation and leadership in all areas drives progress for everyone. This event was arranged by male staff of FPCL where they invited Ms. Varanisese Kinivuniwai, Director Transport for Government Shipping Services as the chief guest.

International Day for Women in Maritime

The Women in Maritime (Fiji) Association (Fiji WIMA) commemorated International Day for Women in Maritime (D4WIM) with a mini symposium held at the Grand Pacific Hotel in Suva, to recognise and celebrate the progress and success of all women in the maritime, recognize their valuable contributions to the overall industry and address skills development for women in the maritime sector. FPCL along with Captain Cook Cruises was awarded the Exemplary Response to COVID-19 Award. It is a testament to the efforts placed to mitigate risk to Fiji.

Lautoka Local Wharf Clean-up

Staff at the Lautoka Port carried out their first clean up campaign for 2022 as part of the Lautoka Local Wharf Monthly Clean Up Campaign. The Lautoka Social Committee decided to start the company's CSR programs for 2022 by first looking after its own work environment. There was a total of twenty-two (22) staff that turned out for the day, all wearing appropriate PPEs, footwear and clothing. The most shore rubbish were plastics. Other than picking of rubbish along the shore and the wharf, grass, weeds, and overgrown branches was cut, raked, and cleared to tidy the area.

Levuka Clean Up Campaign

Port of Levuka staff, with other stakeholders assisted the Levuka Town Council (LTC) & the Levuka community in their Clean Up Campaign. The clean up campaign started where individuals picked up all sorts of rubbish including paper, plastic, bottles, cans. Later that same day, the FPCL Levuka team assisted the Fiji Bitter Yalovata Rugby Club with repairs and re-painting of the Nora Frazier School for disability. More than 100 people had attended the clean up campaign which included NFA, Police, Education, Fisheries, PA's office, Customs and the community and 30 people had assisted for the Nora Frazier repair and paintings.

Tree Planting in a Local Community

The tree planting campaign at the Kalokolevu Biodiversity Park in collaboration with the Ministry of Forestry was held on 9th April 2022 to commemorate the International Day of Forests. A total of 100 native trees, 50 fruit trees and 1,000 mangrove seedlings were planted on the day.

The park is being maintained by the youths of Kalokolevu Village. Joint monitoring inspection was conducted on 6th September 2022 to check the progress of the seedlings planted which was a success. FPCL donated: 2 x brush cutters, 4 x fan rakes with handles, 4 x cleaning gloves, 2 x 20L Gallon and 1 x trimmer line. The equipment is to assist the youths of Kalokolevu Village maintain the

biodiversity park following the contribution of plants donated by FPCL which is growing and well taken care off.

The donation and visitation were led by the Social Committee in December 2022.



FPCL Staff during the tree planting campaign at the Kalokolevu Biodiversity Park

World Ocean Day and World Environment Day

To commemorate World Oceans Day, the Maritime Safety Authority of Fiji and FPCL collaborated in organising a Suva Harbour and surrounding areas along Narain Jetty, Walu Bay Clean Up Campaign. With the theme "Revitalisation: Collective Action for the Ocean", members of the two organisations set out in their bid to create awareness on the need to keep our oceans, beaches and surrounding areas clean.

Feeding the Homeless

On the morning of 30th December 2022, the Social Committee together with a group of volunteering staffs feed a total number of 60 street dwellers in the Suva City Vicinity, the group covered the whole town area, Toorak, Samabula, Nabua, Nasese and Vatuwaqa area.

Marketing & Communications

The Marketing and Communications Unit at FPCL serves as the vital link between the organisation and its stakeholders, both internal and external. This Unit plays a crucial role in establishing and maintaining open lines of communication with various stakeholders, fostering positive relationships and building a strong reputation for FPCL.

One of the key responsibilities of the Marketing and Communications Unit is to develop and implement strategies and marketing plans aimed at enhancing

the image of FPCL. These initiatives are designed to showcase the organisation's strengths, highlight its achievements, and promote its services and offerings to the target audience.

By effectively managing the organisation's communication channels, the Unit ensures that accurate and timely information is disseminated to stakeholders. This includes providing updates on key developments, addressing queries and concerns, and promoting transparency in FPCL's operations.

Additionally, the Marketing and Communications Unit works towards sustaining and strengthening confidence in FPCL among its customers and the public. By fostering a positive image and projecting FPCL as a reliable and trustworthy organisation, the unit helps build trust and credibility, which are crucial for long-term relationships with stakeholders.

Through proactive engagement with the media, industry partners, and other relevant stakeholders, the Marketing and Communications Unit strives to create a favourable perception of FPCL. This entails managing public relations, organizing events, and leveraging various communication channels to convey FPCL's message effectively.

Overall, the Marketing and Communications Unit at FPCL plays a pivotal role in promoting the organisation's brand, maintaining open communication, and cultivating a positive reputation that inspires confidence and trust among stakeholders.

Event Highlights

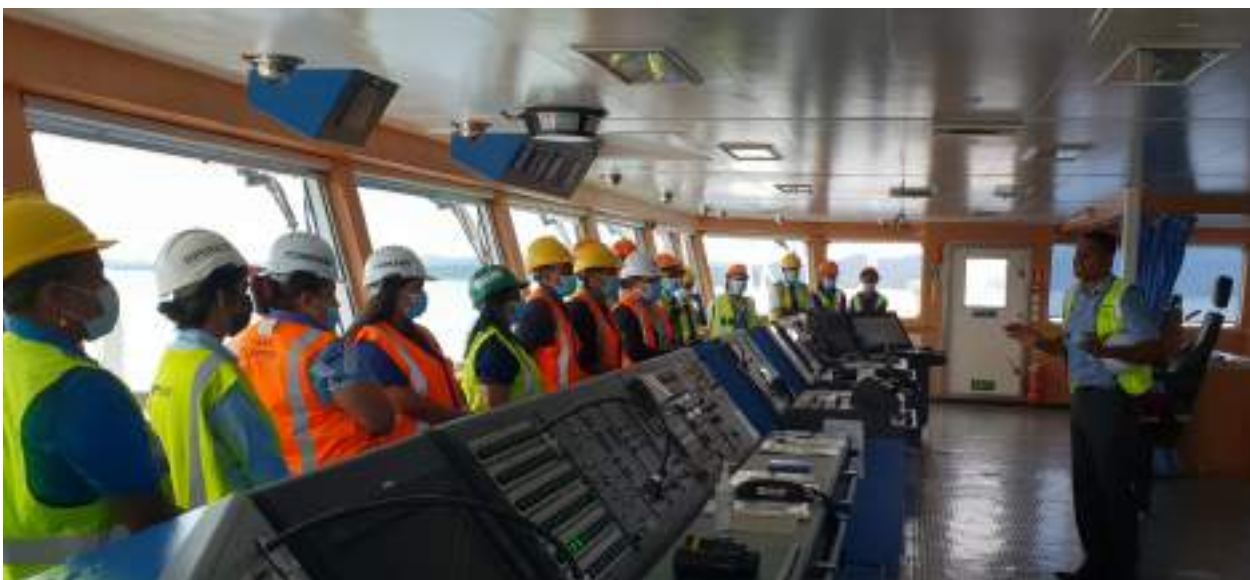


Port of Suva wins World Cruise Award for 'Oceania Best cruise Terminal 2022'

The Port of Suva has once again achieved a remarkable feat by winning the prestigious title of Oceania's Best Cruise Terminal 2022 at the World Cruise Awards for the second consecutive year. This recognition is a testament to the port's excellence in providing top-notch services and facilities to the cruise industry.

Votes were cast by cruise industry professionals as well as the general public, with each nominee vying for the highest number of votes in their respective categories. The Port of Suva emerged as the winner in the category of Oceania's Best Cruise Terminal, showcasing its commitment to delivering exceptional experiences to cruise passengers and cruise lines. This prestigious accolade reflects the port's dedication to providing excellent customer service and seamless operations.

By consistently delivering outstanding performance and continuously enhancing its offerings, the Port of Suva has secured its position as a leading cruise terminal in Oceania. This recognition not only validates the port's efforts but also highlights its contribution to the growth and success of the cruise industry in the region. The Port of Suva's achievement of being crowned Oceania's Best Cruise Terminal for two consecutive years is a testament to its commitment to excellence and its ability to meet and exceed the expectations of both cruise industry and passengers.



Students and members of WIMA tour port facilities



Cruise liners at berth at the Port of Suva

Day of the Seafarers

In recognizing the special Day of Seafarers on 25th June 2022, FPCL and FPTL in conjunction with Fiji Women in Maritime Association (WIMA) welcomed and opened its doors to members of Fiji WIMA, few local secondary schools and university students to visit the FPCL and FPTL facilities, local and international wharves and offices for both the Lautoka and Suva locations. The groups were taken on tours of the Port facilities to observe operations for educational purpose and to raise awareness of the significance of port operators when vessels visit our shores. It was an opportunity to promote career paths of being a sea pilot, engineers, operators etc in the maritime space. The group were given a unique opportunity to also visit a container vessel that was at berth in the port.

World Maritime Day Celebrations

FPCL celebrated and recognized World Maritime Day this year on 29th September 2022. With more than 80% of the world's global trade being transported through international shipping, recognizing the contributions of those in the Maritime industry is vital to the World's trade industry. This year's World Maritime Day theme "New Technologies for Greener Shipping" is very much aligned with FPCL's vision of "becoming the Smart, Green Gateway for Trade in the Pacific Region" and our Green Port Master Plan.

Day celebrations started with a March from the Suva Flea Market to the Suva Civic Center Auditorium. Members from different schools and maritime associations (Fiji Maritime Academy, Fiji Navy, FSHIL, FPCL and more) joined the march. It was a full day of celebrations, speeches, wreath laying, Plenary sessions and entertainment provided by the Fiji Navy band.

Corporate Social Responsibility

FPCL has a social responsibility to the wider community and other relevant stakeholders to consider social and environmental matters. FPCL supports organisations such as Fiji Cancer Society, Homeless People, Suva Special School, Women in Maritime, Shipping Services, MSAF, Fiji Climbing, Draiba Primary School, Lami Primary School, and others. Donations and sponsorship of approximately \$20k were made as part of FPCL corporate social responsibility in engaging the community and providing support for these organisations therefore ensuring FPCL is committed to its values of corporate citizenship.



Donation to Suva Special School and Fiji Cancer Society



OPERATIONAL EFFICIENCY

FPCL's Port Operations are managed through Harbour Master Offices in Suva & Lautoka Ports and administer the safety protocols of the main Ports of Entry and other secondary ports throughout Fiji. The associate company of FPCL, Fiji Ports Terminal Limited (FPTL) manages the cargo terminals in Suva and Lautoka ports.

Maintaining port operations is essential to FPCL's continued contribution to the nation's economic well-being and especially during the difficult times of the global pandemic. Ensuring 100% operation for maritime borders is vital for Fiji's trade. FPCL's port operations maintains standards, safety and protocols to the 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 operational activities are handled through Harbour Masters Offices at Ports of Suva and Lautoka including provision of Pilotage and Tug services. The Harbour Master Offices oversees operations at the Port of Levuka, and Local Wharfs in Suva and Lautoka.



Fiji welcomes first Cruise Vessel after post COVID-19 Pandemic

On 15th August 2022, Fiji welcomed its first cruise vessel "Carnival Explorer" to the Port of Lautoka with approximately 2,000 passengers and crew. On 24th September 2022, the Carnival Splendor arrived into the Port of Suva with over 3,500 passengers and crew. This created a hub of activity in both ports ensuring that commercial towns are thriving again post COVID-19.

The return of cruise vessels to Fiji waters signifies the turnaround point for Fiji in fully opening up all our international border routes and opportunity for the economy to flourish again. Cruise companies, passengers and crew combined spend approximately FJ\$44.2 million annually in Fiji — with every cruise bringing over \$300,000 and \$90 per passenger a day to the country (source: Assessment of the Economic Impact of Cruise Tourism in Fiji). We look forward to seeing more vessels in all our Ports!



Fiji welcomes first cruise vessel after post COVID-19 Pandemic

AIDamar Cruises Maiden Visit

On 23rd and 24th December 2022, the Ports of Suva and Lautoka had the privilege of hosting the AIDamar Cruise from Germany as part of its 117-day cruise itinerary themed "New Year." This visit marked the first time that the cruise ship had made a stop at these ports. The AIDamar Cruise brought approximately 1,600 tourists and had a crew of 600 onboard, creating a vibrant and bustling atmosphere at the ports.

FPCL takes pride in facilitating such cruise ship visits, as they contribute to the growth of tourism, promote economic development, and showcase the natural beauty and cultural diversity of Fiji to an international audience. The dedicated staff of FPCL played a crucial role in ensuring that the arrival and departure processes were efficiently managed, ensuring the safety and satisfaction of both the passengers and crew.

The successful visit of the AIDamar Cruise to the Ports of Suva and Lautoka further strengthens the reputation of these ports as sought-after destinations for cruise tourism. FPCL remains committed to providing exceptional services and experiences for cruise ships and their passengers, contributing to the overall growth and development of Fiji's tourism industry.

Changeover of Control Call Sign

On Friday, 18th March 2022, an important milestone was achieved at the Suva Harbor Masters Office of FPCL. The official changeover of the Suva harbor vessel traffic services took place, and the new call signage "Suva VTS" was introduced. This change marked a significant moment in the ongoing FPCL Vessel Traffic Management System (VTMS) project, which had been completed during the year.

With the introduction of the new call signage, all subsequent radio communications for vessels in the Suva harbor area were required to use the new call sign "Suva VTS" on their assigned radio channel. This change aimed to streamline and enhance communication processes between vessels and the harbor control office.

The Suva Harbor Control, which had been in operation since the 1960s, underwent an official name change to Suva VTS on this momentous day. This change not only symbolized a shift in terminology but also represented the modernization and technological advancements that have been implemented within FPCL's Vessel Traffic Management System.

The completion of the VTMS project and the introduction of the Suva VTS call signage demonstrate FPCL's commitment to enhancing safety and efficiency in vessel traffic management. By adopting state-of-the-art technologies and streamlined communication protocols, FPCL aims to provide better services and ensure smoother operations within the Suva harbor area.

This milestone event reflects FPCL's dedication to staying at the forefront of maritime operations and embracing advancements in vessel traffic management. The Suva VTS will serve as a crucial communication hub for vessels, enabling effective coordination and enhancing overall maritime safety in the Suva harbor region.





The official changeover of the Suva Harbour vessel traffic services to Suva VTS

Visit of Naval Vessel

The British Royal Naval Vessel HMS SPEY arrived at the Port of Suva in March 2022. The vessel can accommodate up to 60 sailors and 50 embarked forces such as the Royal Marines. HMS SPEY is going to be deployed in the Pacific for the next 5 years, to work with partner navy and maritime forces, regional allies and to promote joint training and national cooperation.

Korean Navy Vessel returns to Fiji's shores

On 16th November 2022, the Port of Suva welcomed the ROK Navy Cruise Training Task Group (CTTG) for the first time in 19 years since 2003. The Korean Navy vessel was greeted and welcomed by the Fiji Navy band, Fiji key personnel in the Korean embassy and Korean nationals living in Fiji. The CCTG plans to conduct various activities and aims to strengthen military ties and friendships with those living in Fiji.

Port User Licenses (PUL)

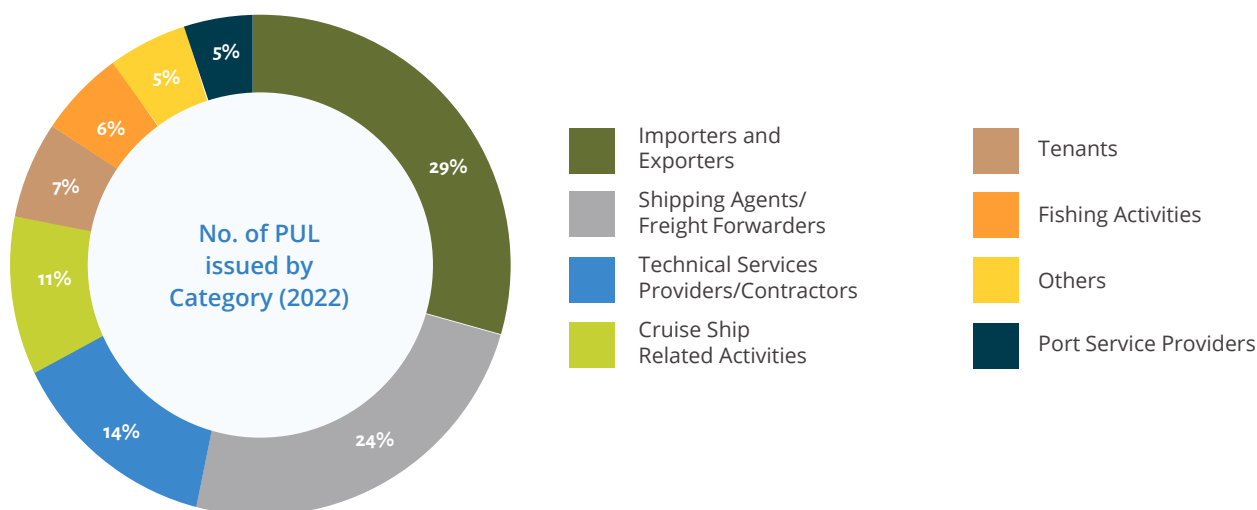
In 2022, there was a notable increase in the issuance of Port User Licenses (PUL) across various categories, with a 12% increase compared to the previous year (2021). This growth can be primarily attributed to the resurgence of Cruise Ship Related Activities, which experienced an 85% increase, and Importers & Exporters category, which saw a significant 29% increase.

The recovery in the global commercial activities following the COVID-19 pandemic environment played a crucial role in driving this upward trend. It resulted in the resumption of cruise ship arrivals to Fiji starting from August 2022, contributing to the growth in the Cruise Ship related activities. Additionally, the restored business confidence among importers and exporters further stimulated their engagement, leading to an increase in port users in this sector.

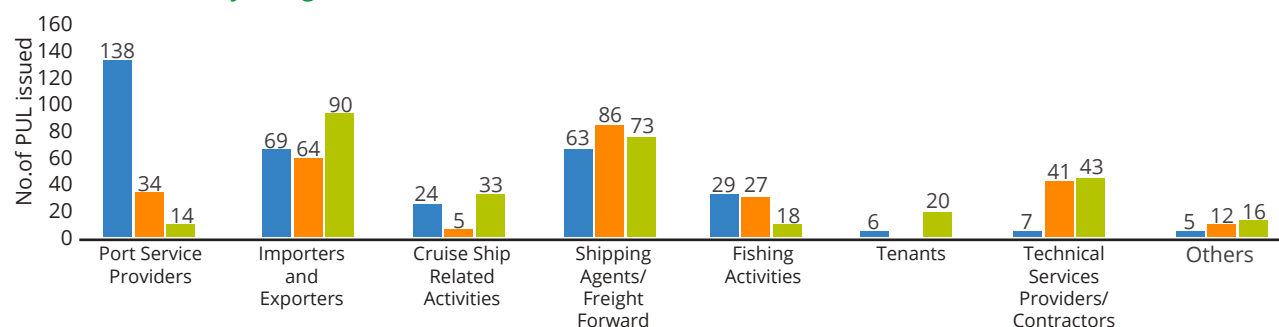
The increase in number of Port User Licenses across these categories reflects a positive trend for the Fiji ports, indicating a recovery and renewed trade activity in the post-pandemic period.

| No. of PUL issued by Categories for 2022 | 2022 |
|--|------------|
| Port Service Providers | 14 |
| Importers and Exporters | 90 |
| Cruise Ship Related Activities | 33 |
| Shipping Agents/Freight Forwarders | 73 |
| Fishing Activities | 18 |
| Tenants | 20 |
| Technical Services Providers/Contractors | 43 |
| Others | 16 |
| Total | 307 |

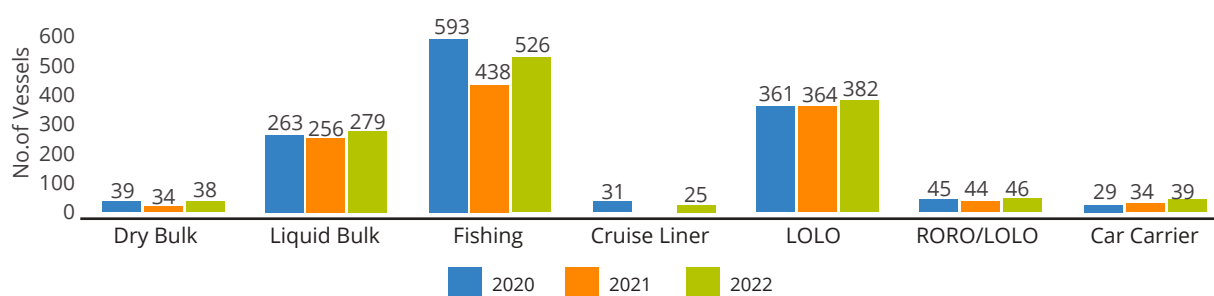
No. of PUL issued by Categories 2022



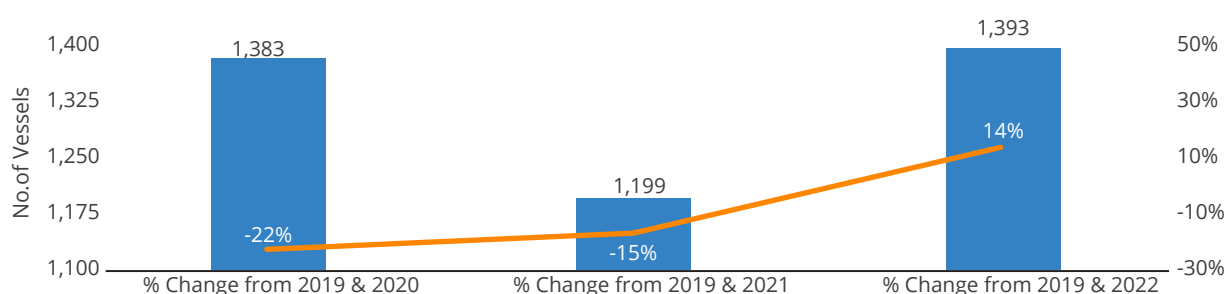
No. of PUL issued by Categories (2020, 2021 and 2022)



Total Vessel Calls by Vessel Type (No. & % Change) (2020, 2021 and 2022)

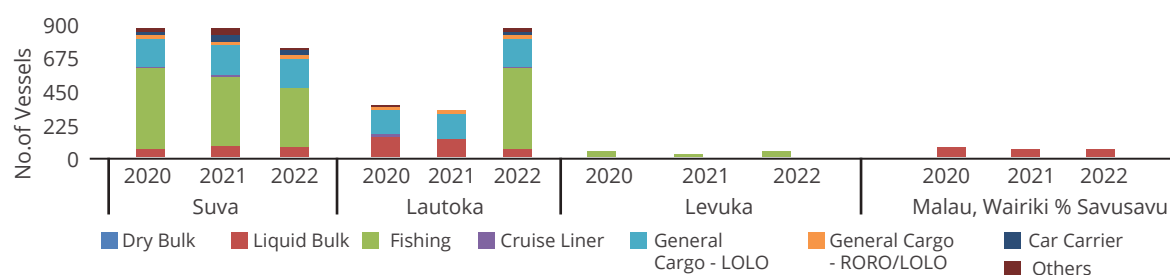


Total Vessel Calls by Vessel Type (No. & % Change) (2020, 2021 and 2022)



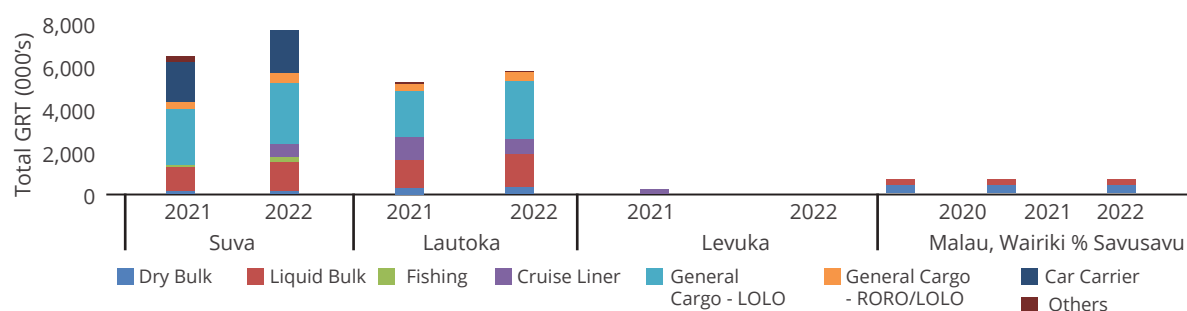
| Vessel Type | Suva | | | Lautoka | | | Levuka | | | Malau, Wairiki & Savusavu | | |
|----------------------------|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|---------------------------|-----------|-----------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Dry Bulk | 9 | 8 | 12 | 16 | 16 | 16 | - | - | - | 14 | 10 | 10 |
| Liquid Bulk | 64 | 75 | 83 | 138 | 127 | 141 | - | - | - | 61 | 54 | 55 |
| Fishing | 542 | 402 | 468 | - | - | - | 51 | 36 | 58 | - | - | - |
| Cruise Liner | 15 | - | 10 | 15 | - | 11 | 1 | - | 2 | - | - | 2 |
| General Cargo - LOLO | 196 | 201 | 210 | 165 | 163 | 172 | - | - | - | - | - | - |
| General Cargo - RORO/ LOLO | 23 | 22 | 23 | 22 | 22 | 23 | - | - | - | - | - | - |
| Car Carrier | 29 | 34 | 39 | - | - | - | - | - | - | - | - | - |
| Others | 14 | 21 | 21 | 8 | 8 | 10 | - | - | - | - | - | - |
| Total | 892 | 763 | 893 | 364 | 336 | 373 | 52 | 36 | 60 | 75 | 64 | 67 |

Vessel Calls by Type and Port (2020, 2021 and 2022)



| Vessel Type | Total GRT (000's) | | | | | | | | | | | |
|---------------------------|-------------------|--------------|--------------|--------------|--------------|--------------|-----------|-----------|-----------|---------------------------|------------|------------|
| | Suva | | | Lautoka | | | Levuka | | | Malau, Wairiki & Savusavu | | |
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Dry Bulk | 192 | 157 | 249 | 353 | 413 | 381 | - | - | - | 470 | 445 | 391 |
| Liquid Bulk | 1035 | 1176 | 1,370 | 1429 | 1395 | 1,603 | - | - | - | 280 | 255 | 261 |
| Fishing | 157 | 112 | 177 | - | - | - | 25 | 21 | 29 | - | - | - |
| Cruise Liner | 1109 | - | 703 | 1057 | - | 725 | 29 | - | 39 | - | - | 38 |
| General Cargo - LOLO | 2492 | 2723 | 3,001 | 2262 | 2367 | 2,977 | - | - | - | - | - | - |
| General Cargo - RORO/LOLO | 405 | 389 | 406 | 388 | 378 | 406 | - | - | - | - | - | - |
| Car Carrier | 1504 | 1928 | 2,141 | - | - | - | - | - | - | - | - | - |
| Others | 108 | 236 | 272 | 7 | 71 | 46 | - | - | - | - | - | - |
| TOTAL | 7,002 | 6,721 | 8,319 | 5,496 | 4,624 | 6,038 | 54 | 21 | 68 | 750 | 700 | 690 |

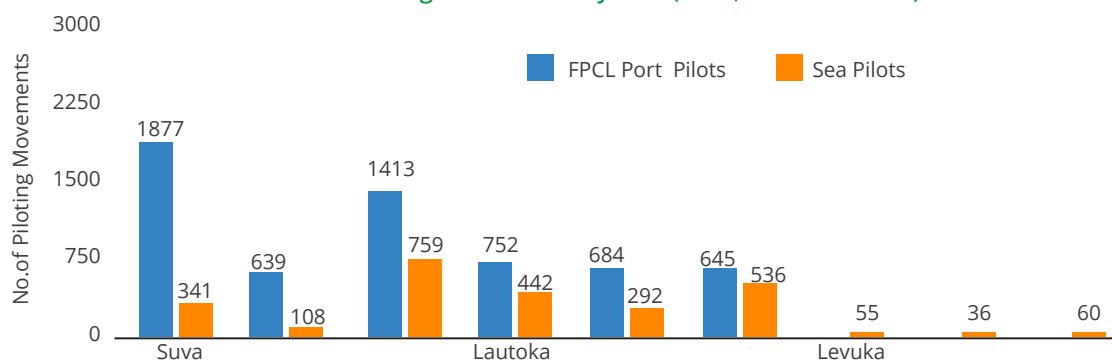
Vessel Calls by GRT and Port (2020, 2021 and 2022)



Piloting and Tug Movements

| Piloting Movements | Suva | | | Lautoka | | | Levuka | | |
|--------------------|--------------|------------|--------------|--------------|------------|--------------|-----------|-----------|-----------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| FPCL Port Pilots | 1877 | 639 | 1413 | 752 | 684 | 645 | 0 | 0 | 0 |
| Sea Pilots | 341 | 108 | 759 | 442 | 292 | 536 | 55 | 36 | 60 |
| TOTAL | 2,218 | 747 | 2,172 | 1,194 | 976 | 1,181 | 55 | 36 | 60 |

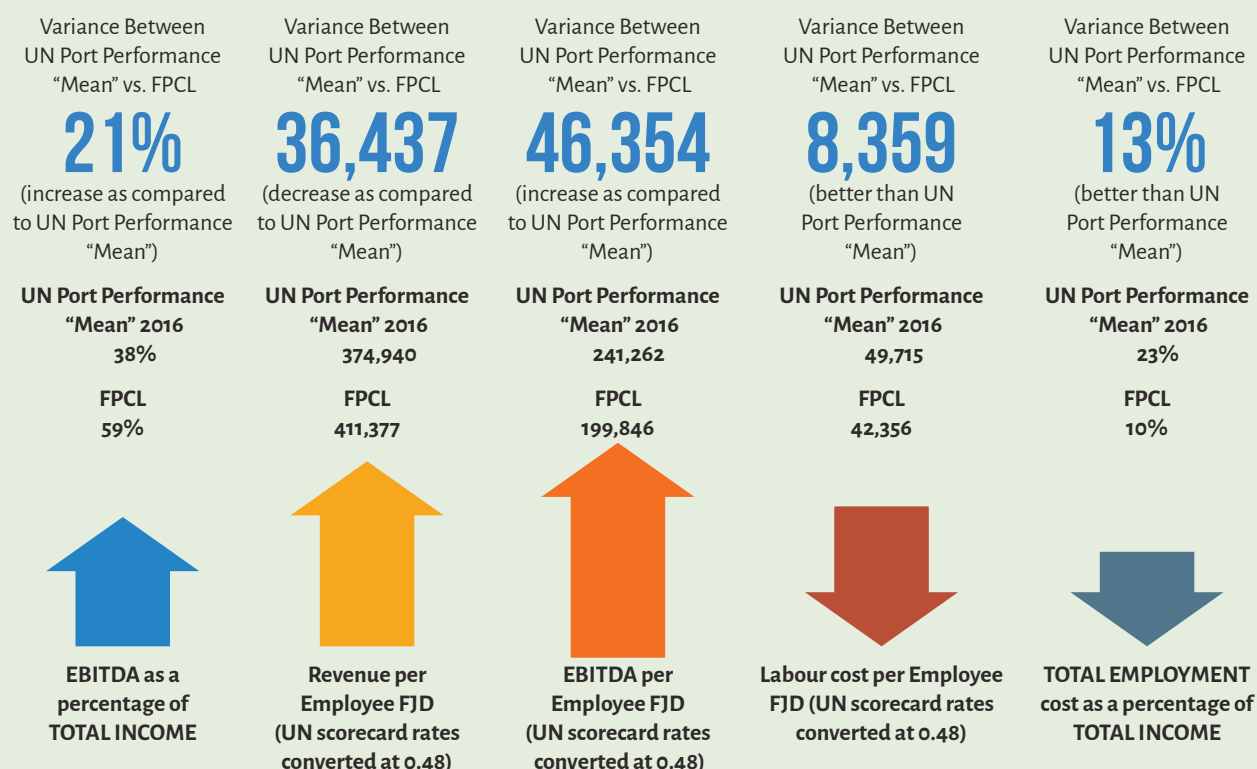
Piloting Movements by Port (2020, 2021 and 2022)



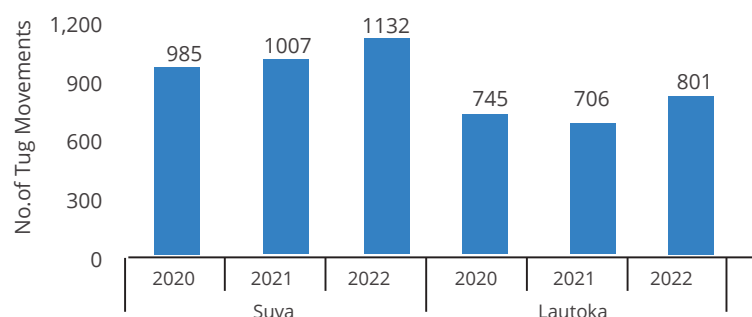
Pilot Movements for 2020, 2021 and 2022

| | Suva | | | Lautoka | | | Levuka | | |
|---------------|------|-------|-------|---------|------|------|--------|------|------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Tug Movements | 985 | 1,007 | 1,132 | 745 | 706 | 801 | 0 | 0 | 0 |

FPCL Performance Comparison with UN Port Performance Mean

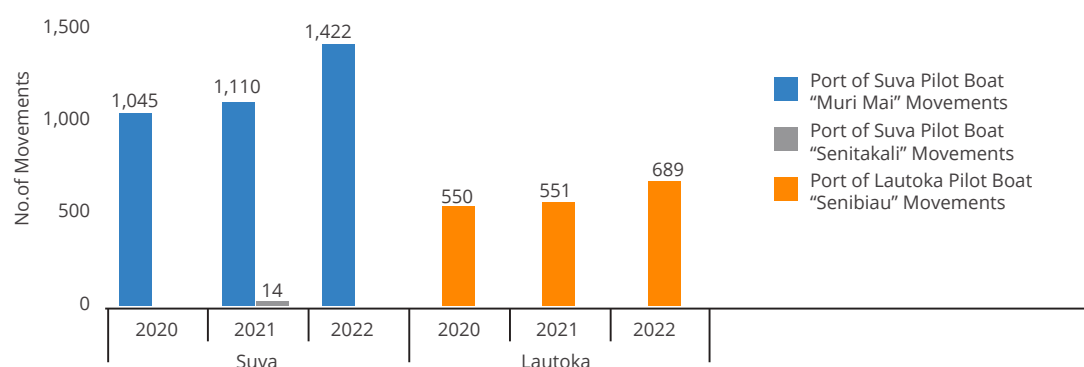


Tug Movements by Port (2020, 2021 and 2022)



| FPCL Pilot Boat Movements | Suva | | | Lautoka | | |
|---|--------------|--------------|--------------|------------|------------|------------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Port of Suva Pilot Boat 'Muri Mai' Movements | 1,045 | 1,110 | 1,422 | 0 | 0 | 0 |
| Port of Suva Pilot Boat 'Senitakali' Movements | 0 | 14 | 0 | 0 | 0 | 0 |
| Port of Lautoka Pilot Boat 'Senibiau' Movements | 0 | 0 | 0 | 550 | 551 | 689 |
| Total | 1,045 | 1,124 | 1,422 | 550 | 551 | 689 |

FPCL Pilot Boat Movements for Port of Suva & Lautoka (2020, 2021 and 2022)



Variance Between
UN Port Performance
"Mean" vs. FPCL

2%

(better than UN
Port Performance
"Mean")

UN Port Performance
"Mean" 2016
0.95%

FPCL
3%



**TRAINING
COST** as a per
centage of
WAGES

Variance Between
UN Port Performance
"Mean" vs. FPCL

18%

(better than UN
Port Performance
"Mean")

UN Port Performance
"Mean" 2016
18%

FPCL
36%



Vessel Dues as a
percentage of
TOTAL INCOME

Variance Between
UN Port Performance
"Mean" vs. FPCL

17%

(lower than UN
Port Performance
"Mean")

UN Port Performance
"Mean" 2016
38%

FPCL
21%



Cargo Dues as
a percentage
of TOTAL INCOME

Variance Between
UN Port Performance
"Mean" vs. FPCL

3,409

(lower than UN
Port Performance
"Mean")

UN Port Performance
"Mean" 2016
14,260

FPCL
10,851



**Average gross
tonnage** per vessel

Variance Between
UN Port Performance
"Mean" vs. FPCL

83

(better than UN
Port Performance
"Mean")

UN Port Performance
"Mean" 2016
116

FPCL
199



**Tonnes per working
hours** for dry bulk

Variance Between
UN Port Performance
"Mean" vs. FPCL

3%

(higher than UN
Port Performance
"Mean")

UN Port Performance
"Mean" 2016
21%

FPCL
24%



**Female Participation
Rate**

ENVIRONMENT & SUSTAINABILITY

FPCL's Green Port Master Plan, launched in 2019, outlines the organisation's commitment to reducing its environmental impact. This master plan is closely aligned with FPCL's 5-Year Strategic Plan and serves as a roadmap for implementing various activities and initiatives aimed at sustainability and contributing to the achievement of UN Sustainable Development Goals (SDGs).

Since its launch, FPCL has been actively engaged in implementing projects to fulfill its environmental objectives. These projects encompass a wide range of areas and initiatives focused on reducing carbon emissions, conserving energy, managing waste, and promoting sustainable practices in FPCL's operations.

Specifically, FPCL has undertaken efforts to enhance energy efficiency in its facilities, optimize resource consumption, and adopt renewable energy sources wherever feasible. FPCL has implemented measures to reduce greenhouse gas emissions, such as the use of cleaner fuels and the introduction of energy-efficient technologies.

In waste management, FPCL has implemented recycling programs and adopted practices to minimize waste generation, aiming for effective waste segregation and responsible disposal. Water conservation measures have also been implemented, including the efficient use of water resources and the promotion of water-saving practices.

Furthermore, FPCL has prioritized environmental awareness and education, engaging with employees, stakeholders, and the local community to promote sustainable practices and environmental stewardship. These efforts aim to foster a culture of environmental responsibility and ensure long-term sustainability within FPCL's operations.

By implementing these projects and initiatives, FPCL is actively working towards achieving its environmental objectives and contributing to a greener and more sustainable port operation. The Green Port Master Plan serves as a guiding framework, ensuring that FPCL remains committed to environmental stewardship and continuously improves its environmental performance.

Green Port Dashboard

In 2021, FPCL introduced a dashboard to provide an overview of the organisation's progress in implementing its Green Port initiatives as outlined in the Green Port Master Plan. The dashboard serves as a visual representation of FPCL's activities and aligns them with the organisation's vision and strategic plan.

The dashboard specifically focuses on FPCL's efforts in energy reduction and monitoring its carbon footprint. It provides a summary of key metrics and indicators related to energy consumption and carbon emissions. This allows FPCL to track its performance and assess the effectiveness of its initiatives in reducing energy usage and minimizing its environmental impact.

To gather the necessary data for the dashboard, an energy tracker system has been implemented and maintained by the respective department. This energy tracker captures and compiles relevant information on energy consumption and carbon emissions across FPCL's operations. The data collected is then used to populate the dashboard, providing up-to-date insights into FPCL's energy reduction progress.

By utilizing the dashboard and energy tracker, FPCL can monitor and analyze its energy usage trends, identify areas for improvement, and make informed decisions to further enhance its energy efficiency and sustainability efforts. The dashboard serves as a valuable tool in visualizing and communicating FPCL's progress and achievements in implementing its Green Port initiatives.

Pacific Ports Vision 2030-2050 Recognition Framework

The Pacific Ports Vision 2030–2050 Recognition Framework is a valuable tool that has been developed to support Pacific ports in their journey towards becoming more resilient, greener, and cleaner. The Framework provides a clear definition of terms such as "resilient," "green," and "clean," and identifies the dimensions and long-term objectives associated with each.

By using the Framework, ports can assess their performance in relation to these dimensions and objectives. The Framework includes performance indicators that allow ports to evaluate their progress and determine their level of engagement, ranging from unengaged to leading.

FPCL recognizes the importance of the Pacific Ports Vision 2030–2050 Recognition Framework and has conducted an internal comparative analysis. This analysis involves assessing FPCL's current status against the indicators provided in the Framework.

By doing so, FPCL can identify any compliance shortfalls or gaps, mitigate risks, enhance business performance, and improve systems and processes.

The Framework's simplicity and broad applicability ensure that it can be utilized by Pacific ports of varying sizes, technological advancements, and operational models. This allows all ports in the Pacific Islands region to adopt ambitious targets related to resilience, operational efficiency, energy management, and environmental sustainability.

By aligning with the Pacific Ports Vision 2030–2050 Recognition Framework, FPCL demonstrates its commitment to becoming a more resilient, environmentally friendly, and sustainable port. This not only benefits FPCL but also contributes to the overall development and progress of the Pacific Islands region's port industry.

FPCL Wins IAPH Akiyama Award

FPCL with its Green Port initiative was awarded the special IAPH Akiyama Award for its outstanding performance as a World Ports Sustainability Program (WPSP) project and an International Association Ports and Harbors (IAPH) Sustainability Awards Candidate. The award recognizes FPCL's exceptional efforts in implementing Green Ports initiatives and its dedication to sustainability practices.

Specifically, being a finalist in the Climate & Energy category highlights FPCL's commitment to addressing climate change and promoting energy efficiency within the port industry. This recognition further highlights the positive impact of FPCL's sustainability efforts on the environment and the maritime sector as a whole.

Receiving the Akiyama Award is a testament to FPCL's commitment to sustainable development and demonstrates its leadership in driving positive change within the port industry. This accolade not only brings honor to FPCL but also showcases Fiji's dedication to environmental stewardship and sustainability as a Small Island Developing State.



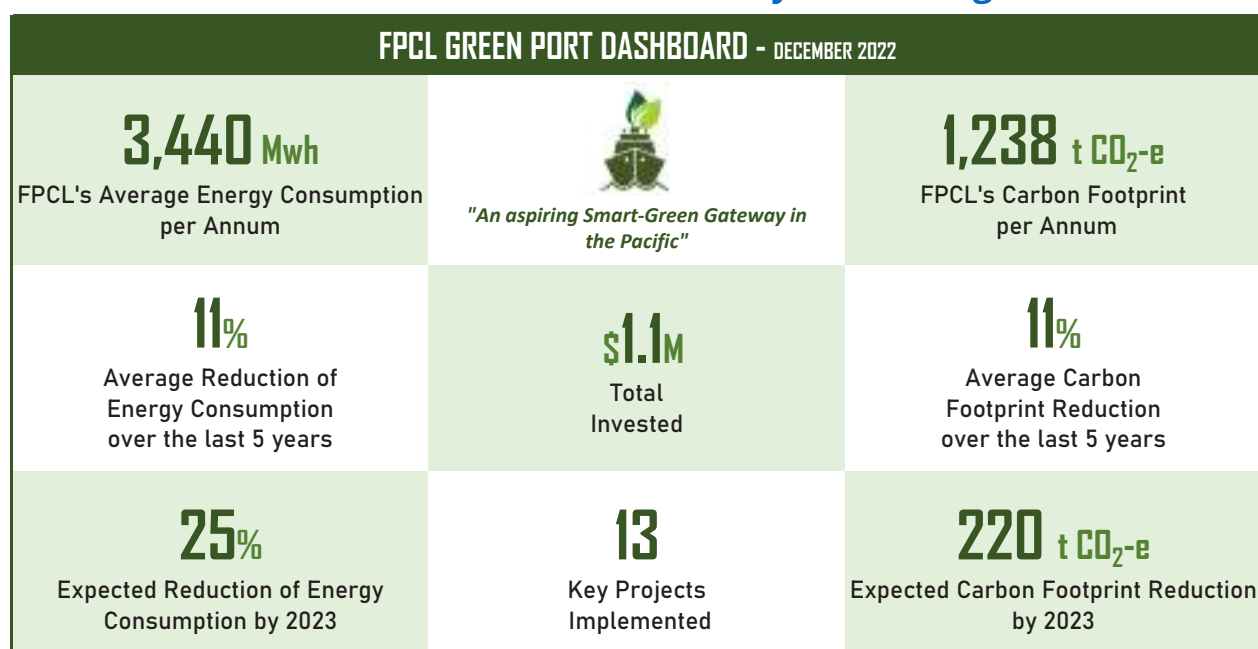
FPCL CFO, Mr Roshan Abeyesundere receives IAPH Akiyama Award in April, 2022

Highlights of Key Projects

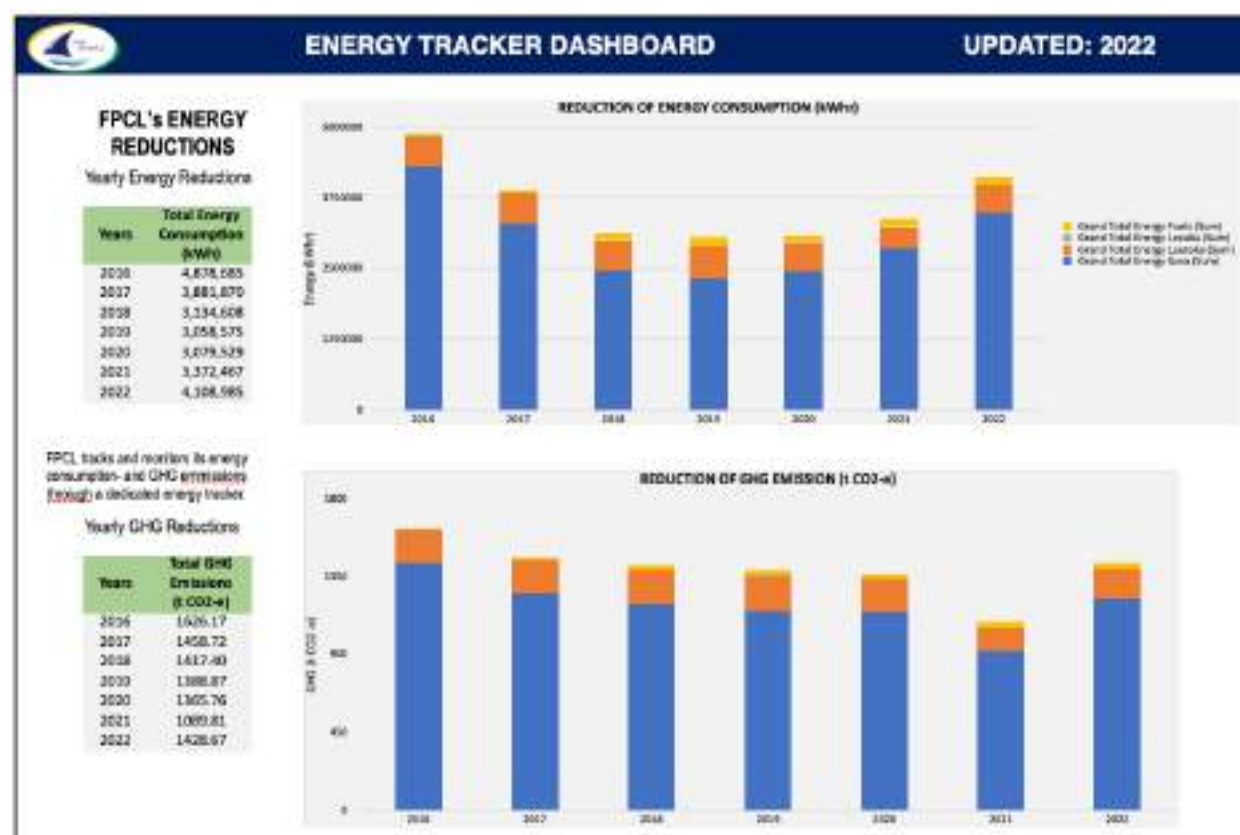
Continuous Lighting Upgrades

FPCL have dedicated resources to upgrade its facility lighting systems to the high-efficiency LED lighting. The upgrading of port lighting aims to address some of the challenges faced during port operations due to limited lighting at the facilities. It has also been a challenge to maintain and repair the outdated port lighting systems due to lack of replacement parts and its associated repair costs. Keeping in-line with FPCL's vision, these upgrades have been planned to bring about great benefits to the port and its stakeholders. A key advantage of this upgrade is that it will greatly reduce the energy consumption as well as the carbon emissions through the reduced energy use.

FPCL Green Port Master Plan Key Monitoring Tools



FPCL Green Port Dashboard



SAFETY, SECURITY & TECHNOLOGY

By implementing robust OHS policies training programs, and safety measures, FPCL actively promotes a culture of safety and aims to prevent accidents, injuries, and potential hazards.

Safety Overview

FPCL is committed to the health, safety, and security of its staff, contractors, visitors, and the environment. By prioritizing safety and security as top concerns, FPCL demonstrates its dedication to creating a secure and protected environment for everyone within its facilities.

Ensuring the well-being of staff and port users is crucial for maintaining a safe and productive work environment. By implementing robust OHS policy, training programs, and safety measures, FPCL actively promotes a culture of safety and aims to prevent accidents, injuries, and potential hazards.

Occupational Health and Safety

The site inspections and audits continued to be conducted in 2022 at the ports of Suva, Lautoka and Levuka. This demonstrates FPCL's proactive approach to ensuring safety and security within its operations. These inspections and audits help identify any potential risks or hazards, allowing FPCL to implement appropriate measures to mitigate them.

The inclusion of ergonomic aspects within the audits shows FPCL's dedication to promoting a safe and healthy working environment for its employees. By addressing ergonomic factors, such as proper workstation setup and equipment design, FPCL aims to prevent work-related injuries and improve overall employee well-being.

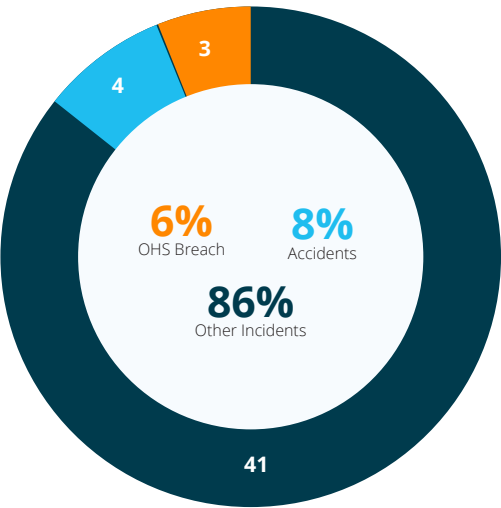


With the increasing number of cruise ships calling at the Port of Lautoka, maintaining safety and security becomes crucial. FPCL recognizes the importance of providing a secure environment for cruise passengers, staff, and the general public. By adhering to strict safety protocols and implementing necessary security measures, in 2022 FPCL has ensured a safe and enjoyable experience for all passengers and ship crew.

The upgrade of the fire alarm system at Lautoka Port in 2022 reflects FPCL's commitment to maintain high level safety in the work place. Recognizing the importance of reliable infrastructure, the organisation invested in upgrading and modernizing its facilities to enhance emergency preparedness and ensure the safety of staff and all parties visiting company facilities.

By fostering a culture of safety and involving both staff and stakeholders in promoting occupational health and safety (OHS), FPCL has managed to create a strong and effective OHS system. Through ongoing collaboration, training, and continuous improvement efforts, FPCL aims to safeguard the well-being of its staff and the general public using our facilities such as international and local wharves, prioritizing their safety in all aspects of its operations.

Occupational Health Safety Update (2022)



Highlights of Key Projects

Ergonomics and Employee Health Review

As part of FPCL's 5 Year Strategic Plan, one of the key projects emphasizes the importance of ergonomics and employee health. This project is designed to enhance the well-being of our staff members. Specifically, the focus is on improving ergonomics within the workplace. By addressing and enhancing ergonomics, we aim to enhance employee performance and productivity, while concurrently reducing burnout, absenteeism, and turnover rates.

One of the main challenges associated with this project is the complexity of work within the organisation. Given the diverse nature of FPCL's operations, it is crucial to consider different work settings and ensure that proper ergonomics are available to all staff members, regardless of their specific roles and responsibilities.

Efforts will be made to assess the ergonomic requirements of each work environment and identify areas for improvement. This may involve implementing ergonomic furniture, providing appropriate equipment, and offering training and guidance on ergonomic practices. By adopting a comprehensive approach, FPCL aspires to create a work environment that prioritizes the health and well-being of our employees, ultimately fostering a more productive and satisfied workforce.

Snap Back and Wharf Marking Project

Ports play a critical role in the global transportation sector, facilitating approximately 80% of global trade by volume through international maritime operations. Given the significance of ports in global trade, it is imperative to ensure the safety of all port users, including customers, employees, the public, and other stakeholders. Infrastructure and facilities provided at ports must prioritize safety to prevent accidents and protect lives.

To address safety concerns, the OHS Unit has launched a Snapback Zone Marking project. By implementing Snapback Zone Marking, FPCL aims to enhance safety measures and reduce the risk of accidents caused by snapbacks. This initiative will involve clearly demarcating these zones to raise awareness and ensure that individuals exercise caution and maintain a safe distance from the potential recoil area. By effectively identifying and communicating these areas, FPCL can mitigate the risks associated with snapbacks and safeguard the well-being of everyone involved in port operations.

Protecting the Marine Environment

The International Convention for the Prevention of Pollution from Ships (MARPOL) is the main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes. In support of this, FPCL has initiated to purchase relevant oil spill equipment, conduct drills and to train staff on the appropriate use of these equipment.

Fire Drills with External Stakeholders

Safety First! A fire drill was planned by FPCL and conducted by the National Fire Authority of Fiji at the Lautoka Port involving relevant stakeholders such as Biosecurity Authority of Fiji, FPTL, Customs and China Railway. Newly appointed FPCL fire wardens who recently underwent a fire warden training with the NFA observed the responsibilities and response time to evacuate the building. Fire drills allow staff to practice evacuation procedures in a simulated situation to ensure they are fully aware of how to safely exit the building. Training was conducted to ensure all FPCL, and stakeholders are fully aware of situations and procedures for everyone's safety in the event of a real fire.

Security Overview

Ports' Safety and Security Maintained

FPCL places great importance on safety and security and is committed to adhering to the International Ship and Port Facility Security (ISPS) code to ensure the protection and security of FPCL facilities and maritime borders.

In line with this commitment, FPCL Port Security conducts regular meetings with various stakeholders involved in maritime security. These stakeholders include the Fiji Police WaterPol Unit, Fiji Revenue and Customs Services, Ministry of Defence - National Security and Policy Division, and the contracted security service provider. These meetings serve as a platform for discussions on common threats faced within the maritime industry, such as thefts, robberies, and smuggling activities. Additionally, critical infrastructure assessments are conducted, and appropriate security measures are identified and implemented to address any potential vulnerabilities.

By actively engaging with relevant stakeholders and conducting these meetings, FPCL Port Security ensures a coordinated and collaborative approach to maritime security. This proactive approach helps in identifying and mitigating risks, enhancing security protocols, and safeguarding the integrity of FPCL facilities and the broader maritime borders.

FPCL remains committed to maintaining high standards of safety and security, aligning with international regulations and working closely with relevant stakeholders to safeguard the well-being of employees, customers, and the overall maritime community.

ISPS Assessment

An independent audit relating to the International Ship and Port Facility Security Code (ISPS) was conducted by the US Coast Guard, as the Port Security department effectively addressed the findings and implemented the areas for improvement from the previous Assessment in 2019. The FPCL Port Security Unit prioritised corrective actions and provided a response to address the identified issues. This approach was also applied to the Port of Lautoka, ensuring that the necessary improvements were implemented at both port facilities.

The successful ISPS Assessment demonstrates the commitment of FPCL and our Port Security Unit in maintaining and enhancing the security measures in line with international standards. By actively engaging with the US Coast Guard and implementing the recommended corrective actions, FPCL ensures that its port facilities are secure and comply with the requirements of the ISPS Code.

Continued collaboration with relevant stakeholders, including government agencies and international bodies like the US Coast Guard, is vital in upholding and improving security practices. FPCL remains dedicated to providing a safe and secure environment for all port users and will continue to strive for excellence in security standards.



ISPS assessment at Port of Lautoka

A Visit by the United Nations Counter Terrorism Executive Directorate

FPCL hosted a visit from the United Nations Counter Terrorism Executive Directorate (UNCTED), where the purpose of the visit was to assess and discuss the implementation and monitoring of the International Ship and Port Facility Security (ISPS) Code at Fiji's major port of entry.

During the visit, a representative from the International Maritime Organisation (IMO) was also present to provide expertise and support. The discussions focused on addressing any challenges faced by FPCL in implementing the ISPS Code and updating records related to Fiji's maritime sector.

As part of the visit, the Port Facility Security Officer (Suva) attended a round table discussion with the UNCTED representative and various security forces within the Ministry of Defense. The purpose of this discussion was to exchange information and insights on Fiji's security measures and actions taken to address potential threats.

By engaging with international organizations like UNCTED and the IMO, FPCL demonstrates its commitment to maintaining effective security measures and staying updated on global best practices. These discussions and visits provide valuable opportunities to share knowledge, strengthen security protocols, and ensure compliance with international standards.

FPCL, along with the Ministry of Defense and other security forces, actively collaborates with international partners to enhance security preparedness and safeguard the maritime industry in Fiji. Such interactions and exchange of information contribute to the ongoing efforts in maintaining a secure and resilient port environment.

Key Trainings Held

US Coast Guard Training

In the course of the year, an important seminar titled "Port Facility Security Assessments & Port Facility Security Plans" was facilitated by the US Coast Guard. This seminar served as a reminder to the participants of the special roles they hold within their respective organisations in ensuring port facility security.

The training session aimed to enhance the participants' knowledge and skills in conducting thorough security assessments and developing robust security plans for port facilities. The seminar covered crucial topics related to port security, emphasizing the importance of maintaining a secure and protected environment.

Upon successful completion of the seminar, certificates were awarded to the 20 participants representing the Ministry of Commerce, Trade, Tourism and Transport, the Maritime Safety Authority of Fiji (MSAF), and FPCL. These certificates recognized the participants' commitment to advancing their expertise in port facility security and their dedication to maintaining the highest standards of safety within their respective roles.

By actively participating in such training initiatives and obtaining certification, FPCL, along with its partners in the Ministry and MSAF, demonstrates its proactive approach to enhancing port facility security and safeguarding the well-being of all stakeholders involved in maritime operations.

FPCL remains committed to upholding international standards and continually improving its security practices, ensuring the safety and protection of its facilities, personnel, and the broader maritime community.

The Bomb Threat Tabletop Exercise

In September 2022, FPCL collaborated with various government agencies, including representatives from the Republic of Fiji Military Forces (RFMF), Police, National Fire Authority (NFA), Fiji Revenue and Customs Service (FRCS), Biosecurity, as well as shipping agencies such as Swire Shipping, William Goslings/NPDL, Shipping Services, and the Port Facility Security Officer (PFSO) from Tropic Pine.

Together, these entities participated in a Bomb Threat Tabletop exercise. The exercise aimed to simulate and test the response procedures in the event of a bomb threat. During the exercise, presentations were conducted by the Police, RFMF, NFA, and FPCL, covering topics related to the introduction of the International Ship and Port Facility Security (ISPS) code, bomb threat procedures, and evacuation protocols.

By conducting such tabletop exercises, FPCL and the participating agencies demonstrated their commitment to preparedness and effective response in potential security incidents. The exercise served as a platform to assess and enhance coordination, communication, and collaboration among the involved stakeholders, ensuring a synchronized and comprehensive approach to handling bomb threats and maintaining the safety and security of port facilities.

FPCL remains dedicated to working closely with relevant government agencies, shipping partners, and other stakeholders to continuously improve security measures, response capabilities, and overall safety standards within the maritime industry. Such exercises are crucial in fostering a proactive and resilient security environment, benefiting not only FPCL but also the broader maritime community.

Training on Port Facility Security

A training session on Port Facility Security Assessment and Port Facility Security Plan was facilitated by the US Coast Guard, a recognized authority in maritime security. The training focused on providing participants with the knowledge and skills necessary to conduct security assessments and develop comprehensive security plans for port facilities.

The session was attended by staff members from the Maritime Safety Authority of Fiji (MSAF), the Ministry of Commerce, Trade, Tourism and Transport (MCTTT), and FPCL. The training aimed to enhance the participants' understanding of the assessment process, including identifying vulnerabilities and potential threats, as well as developing effective security plans to mitigate those risks.

By participating in this training, MSAF, MCTTT, and FPCL staff members demonstrated their commitment to maintaining high standards of port facility security and upholding the International Ship and Port Facility Security (ISPS) Code requirements. The training session provided them with valuable insights and practical knowledge to ensure the safety and security of port facilities and operations.

FPCL, together with its government partners, recognizes the importance of continuous training and professional development in the field of port facility security. By collaborating with renowned organisations like the US Coast Guard, FPCL and its stakeholders strive to enhance their expertise and stay up-to-date with the latest security practices and protocols.

Such training initiatives contribute to the overall preparedness and resilience of the maritime industry in Fiji, ultimately ensuring the safety and security of port facilities, personnel, and the broader maritime community.

CCTV Surveillance System Upgrade

FPCL has undertaken a significant project to upgrade its CCTV Surveillance System across all its facilities. This project aims to enhance the overall port security system and provide comprehensive coverage at key locations such as Kings Wharf, Muaiwalu I, Muaiwalu II in Suva, and Queens Wharf, Kings Jetty in Lautoka.

As part of the upgrade, these advanced CCTV cameras were used offering improved image quality and greater zoom capabilities. This is currently being implemented and further installations are planned for 2023 to ensure complete coverage by deploying additional cameras.

FPCL aims to enhance situational awareness, strengthen security measures, and effectively monitor the activities and areas within the port facilities.

This CCTV Surveillance System Upgradation project demonstrates FPCL's commitment to maintaining a robust security infrastructure and ensuring the safety and security of its ports. The advanced cameras and expanded coverage will contribute to improved security operations, better incident response, and the prevention of unauthorized activities.

FPCL remains dedicated to adopting modern technologies and best practices to safeguard its facilities, personnel, and the interests of its stakeholders. The continued investment in port security initiatives reflects FPCL's proactive approach in maintaining a secure and resilient port environment.

Technology Overview

FPCL's 5-Year Strategic Plan highlights the importance of technology as a strategic initiative, specifically under Strategic Goal 6 - Safety, Security, and Technology. This initiative emphasizes the adoption of Smart Port initiatives to ensure international best practices in technology and foster an enhancing working environment.

To achieve this strategic initiative, FPCL has developed and implemented an overarching Information Systems Strategic Plan (ISSP). The ISSP will serve as a roadmap, outlining the steps and initiatives required to fulfill the strategic goal of embracing technology advancements.

The development of the ISSP aligns with the vision of FPCL's ICT department, which aims to be a driving force in enabling the organization's business objectives on the digital frontier. By leveraging technology, FPCL strives to attain new heights in the maritime industry, capitalizing on digital innovations and advancements to enhance operational efficiency, safety, and security.

The ISSP will guide FPCL in identifying and implementing appropriate information systems, infrastructure upgrades, and digital solutions. This strategic approach ensures that technology investments are aligned with FPCL's business goals, supporting the organization in achieving its vision and maintaining a competitive edge in the maritime industry.

FPCL recognizes that technology plays a vital role in transforming operations, improving decision-making processes, and enhancing customer experiences. By embracing Smart Port initiatives and developing the ISSP, FPCL demonstrates its commitment to staying at the forefront of digital transformation, harnessing the power of technology to drive growth, efficiency, and innovation within the organisation.

Highlights of Key Projects

Upgrade of Access Control System

FPCL has undertaken an upgrade of the Access Control System at Muaiwalu II, a key local wharf facility serving inter-island vessels in Suva, as part of its ongoing efforts to enhance security measures and ensure the safety of the port users.

The project involves implementing advanced technology and features to strengthen access management and control procedures at Muaiwalu II.

This project underscores our commitment to maintain a safe and secure working environment for employees, customers, and other stakeholders. By investing in modern security infrastructure, FPCL aims to align our systems with international standards and best practices in port security.

SD-WAN setup for Port Facilities

FPCL has implemented a Software-Defined Wide Area Network (SD-WAN) setup at Lautoka and Levuka Ports, Muaiwalu I, and at the Port Security Office. This initiative aims to enhance the network infrastructure and connectivity, improving operational efficiency and security across these locations.

SD-WAN technology offers a centralized and intelligent approach to network management, providing enhanced control, flexibility, and scalability. By implementing SD-WAN, FPCL have optimized network performance, prioritized critical applications, and have created a secure and reliable connectivity.

The SD-WAN setup at these locations enabled efficient data transmission and communication between these locations.

IT Server Upgrades

FPCL has undertaken an upgrade of the SQL Server and Windows Server infrastructure, recognizing the importance of maintaining an efficient and secure IT environment to support its operations.

The upgrade involves transitioning to newer versions of SQL Server and Windows Server, which offer enhanced features, improved performance, and strengthened security measures. By upgrading these server platforms, FPCL aims to optimize database management, streamline system operations, and ensure the overall reliability and stability of its IT infrastructure.

Upgrading the SQL Server provides FPCL with access to the latest database management capabilities, including advanced analytics, high availability, and improved data security features. The upgraded SQL Server allows for efficient data storage, retrieval, and processing, enabling FPCL to better manage its critical information and support its business processes.

Other benefits of these project includes the latest security patches, performance enhancements, and compatibility improvements. This upgrade enables FPCL to maintain a stable and secure server environment, protecting against potential vulnerabilities and supporting the smooth operation of applications and services.

Implementation of Disaster Recovery and CCTV Backup System

FPCL has implemented a robust Disaster Recovery (DR) and CCTV Backup system to ensure the availability and integrity of critical data and surveillance footage.

The DR system is designed to protect FPCL's IT infrastructure and data from unexpected events, such as system failures, natural disasters, or cyber threats. It involves creating redundant copies of data and implementing backup procedures to facilitate quick recovery in case of any disruptions. The DR system includes regular backups of databases, applications, and other essential files, which are stored in secure off-site locations.

In addition to the DR system, FPCL has implemented a CCTV Backup solution to preserve surveillance footage captured by the CCTV cameras at various port facilities. This backup system ensures that video recordings are securely stored and readily accessible for later review, investigations, or legal purposes. The CCTV Backup system includes features such as automated scheduled backups, redundant storage, and secure encryption to protect the integrity and confidentiality of the recorded footage.

By implementing a comprehensive DR and CCTV Backup system, FPCL mitigates the risk of data loss, system downtime, or video footage corruption. These measures support FPCL’s commitment to maintain business continuity, ensuring data resilience, and enhancing the security of its facilities.

Regular testing and maintenance of the DR and CCTV Backup systems are conducted to validate their effectiveness and address any potential vulnerabilities. FPCL’s IT team works diligently to ensure that the backup processes are reliable, the stored data is up-to-date, and the recovery procedures are well-documented and easily executable.

Further, the implementation of a robust DR and CCTV Backup system demonstrates FPCL’s proactive approach to risk management and our commitment to maintain the integrity and availability of critical data and surveillance footages. These measures have contributed to the overall improvement in security, operational efficiency, and business continuity of FPCL’s port facilities.



FIJI SHIPS & HEAVY INDUSTRIES PTE LIMITED

FSHIL successfully met its financial obligations throughout the year, maintaining a steady financial position with a cash balance of \$3.6 million and a low gearing ratio of 0.07.

Highlights

- Development & Implementation of FSHIL Dashboard for Reporting
- Temporary recommission of 1000 tonne to accommodate larger vessels
- Commencement of extension for 1000 tonne mid-section cradle
- Commencement of Major Hull Repairs

Financial Performance

Fiji Ships & Heavy Industries (FSHIL) successfully turned its financial performance around, achieving a Net Profit After Tax of \$13k. This marked a significant improvement compared to the previous two years, which saw consecutive losses amounting to \$1.3 million. Despite facing challenges such as low vessel calling and old

slipway infrastructure, the company managed to turn around the situation.

During the year, FSHIL repaired a total of 25 vessels, with 3 of them being substantial project works commissioned by customers from the Marshall Islands and Tonga. Although fishing vessel turnover remained low, there were improvements observed in the last quarter of 2022.

Total expenses decreased by \$10k compared to 2021, primarily attributed to better control over overhead costs and a reduction in slipway breakdowns. Implementing rostered workdays for staff resulted in savings on salaries and other related costs. Additionally, cost-saving measures, including streamlined security services and better control over administrative and other controllable expenses, were implemented to mitigate the impact of low-income generation periods.



The 1000T slipway, closed in November 2021 was temporarily recommissioned in 2022 to accommodate larger vessels that could not be handled by the 500T slipway. Minor repairs were carried out, including the replacement of a 10-meter mid-section of the 1000T cradle to strengthen it and to reduce any risks during slipping and de-slipping process.

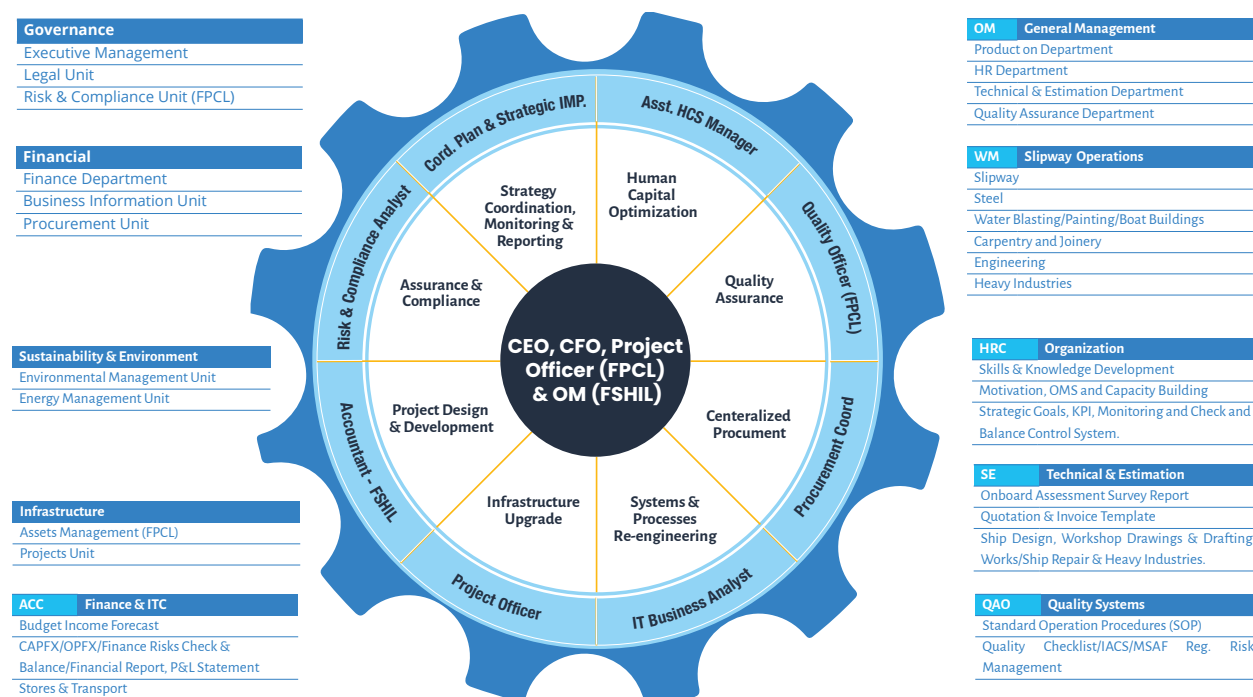
Despite the challenges faced, FSHIL successfully met its financial obligations throughout the year, maintaining a steady financial position with a cash balance of \$3.6 million and a low gearing ratio of 0.07. Although retained earnings had significantly declined due to the consecutive losses in the previous two years, the small profit generated in 2022 helped improve the retained earnings slightly.

Notably, the company's NPAT witnessed a substantial increase of \$618k or 1987% compared to 2021. This significant improvement was primarily attributed to the loss of \$587k incurred in 2021. The \$13k NPAT in 2022 was a result of strong revenues generated from project works and improved management control over job costing, overtime expenses, deposit collection, and overall job supervision to meet customer deadlines.

Slipways

1. 200 tonne slipway (to be upgraded to 500 tonne for 46metre vessels with 11metre beams)
2. 500 tonne slipway (46metre vessels with 11metre beams)
3. 1000 tons slipway (65metre vessels with 13-meter beams)

FSHIL Organisation Structure & Change Management Steering Team



Highlights of Major Projects

FSHIL completed 3 major projects in 2022 with a combined income of \$1.23m.

- MV Aemman, owned by the Government of Marshall Islands had major refit works after 5 years.
- Tug Olovaha, vessel owned by Ports Authority of Tonga including major engineering and steel works.
- MV Vaomapa, a privately owned vessel from Tonga had major refit works. The project works started in August 2022 and completed in December 2022.

Highlights of FSHIL's Quality Unit

FSHIL continued to maintain a high level of compliance during 2022 to the Quality Management System ISO 9001: 2015 with its certification status. During 2022, the Quality Unit set a new direction to review and streamline processes to maximize efficiency and output. FSHIL ensured ongoing compliance and continual improvement by deploying the following key projects that were initiated and/or completed in 2022:

- Review of FSHIL Quality Management System Manual.
- Review of FSHIL Standard Operating Procedures (SOP):
 - Estimation and Variation Procedure
 - Occupational Health & Safety Procedures
 - Procurement Procedure
- Establishment of two (2) Quality Circle teams and commencement of project.
- Initiation of 5S Project (sort, shine, set in order, standardize and sustain)
- Upgrade of FSHIL Quality Assurance Office
- Achieving and Digital Backup of Records
- Internal Audit
- Development, review and implementation of organization wide standard operating procedures

Internal & External Audits

With a team of eight (8) trained Internal Auditors, FSHIL successfully completed eight (8) Departmental Internal audits and produced extensive reports to support FSHIL's confidence in ensuring compliance and continual improvement. Internal Audits were part of the extensive preparation carried out to prepare FSHIL for the External Audit conducted by the third-party certifying body Shri Lanka Standard Institute (SLSI).

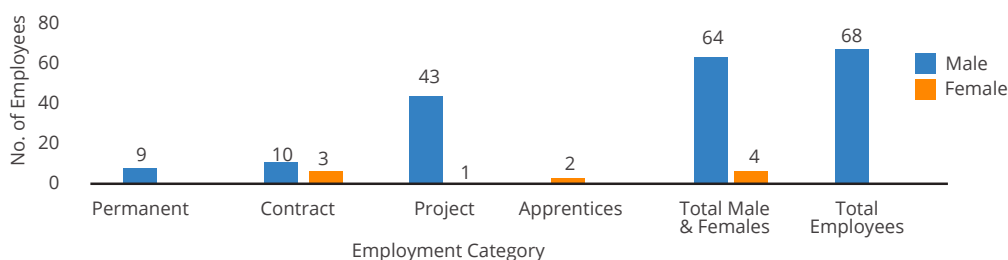
The initial audit was scheduled to be conducted in November 2022, however, was rescheduled to January 2023. FSHIL looked forward to the onsite audit after four (4) years of remote audit cycle due to the travel restrictions during the COVID-19 pandemic. FSHIL is hopeful of achieving 100 % compliance in the onsite external audit scheduled for January 2023.

Workforce

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

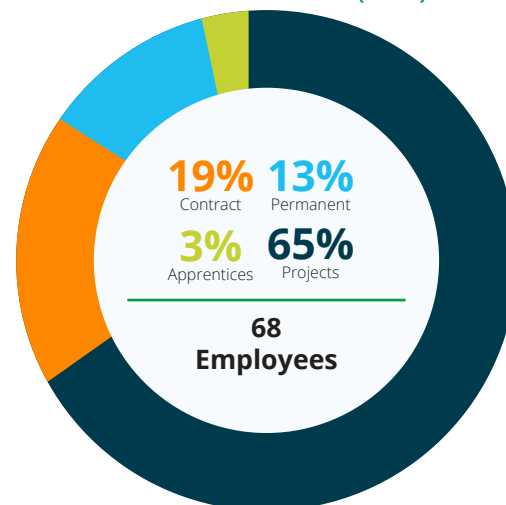
FSHIL employed total of 68 employees which included 13 contract employees, 9 permanent employees, 44 project employees and 2 apprentices.

Employment Categorising and Gender Distribution (2022)

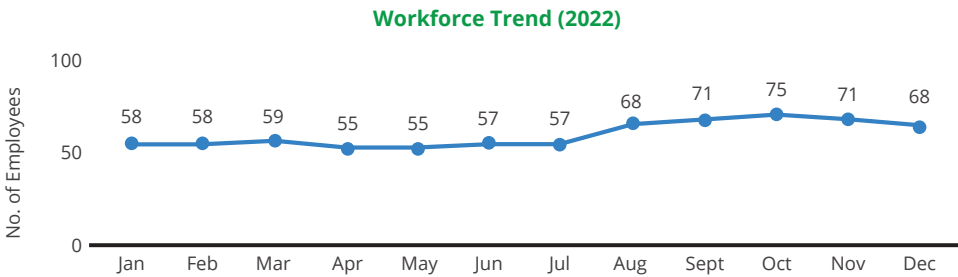


Project employees account for highest 65% of FSHIL workforce, followed by 19% of contract employees, 13% of permanent employees and 3% of apprentices.

Workforce Distribution (2022)

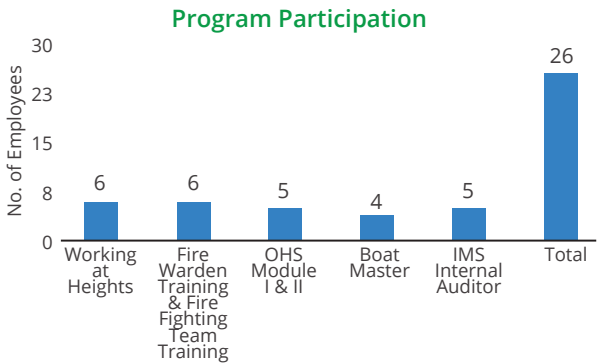


Workforce trend for 2022 shows increase in number of employees in the last quarter of the year, this is due to increase in number of projects and employment of project workers.



Staff Development

The Human Resource Department of FSHIL provides 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 2022 focused on the ongoing development of employees. Employees were recommended and referred to trainings, workshops, seminars, and webinars that will expand their knowledge in their field of work. FSHIL conducted mandatory trainings in collaboration with the FPCL training unit sharing the FPCL training budget.



FIJI PORTS CARGO & VESSEL STATISTICS

Foreign Vessels (excluding Fishing)

| Year | Nos | GRT | 100 GRT/HS |
|------|-------|------------|------------|
| 2008 | 852 | 9,368,207 | 2,127,985 |
| 2009 | 865 | 9,936,397 | 1,631,796 |
| 2010 | 836 | 9,922,208 | 1,941,675 |
| 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 | 1,083 | 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 |
| 2021 | 761 | 11,933,294 | 2,811,352 |
| 2022 | 867 | 14,909,877 | 3,781,169 |

2020 Foreign Vessels (excluding Fishing)

| Vessel Type | Nos | GRT | 100GRT/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 |

2021 Foreign Vessels (excluding Fishing)

| Vessel Type | Nos | GRT | 100GRT/HS |
|--------------|------------|-------------------|------------------|
| Cruise | - | - | - |
| Dry Bulk | 34 | 986,066 | 553,939 |
| Liquid Bulk | 256 | 2,826,469 | 397,254 |
| LOLO | 364 | 5,090,086 | 1,436,893 |
| LOLO/RORO | 44 | 767,322 | 135,249 |
| Car Carrier | 34 | 1,927,872 | 188,903 |
| Others | 29 | 335,479 | 99,114 |
| Total | 761 | 11,933,294 | 2,811,352 |

2022 Foreign Vessels (excluding Fishing)

| Vessel Type | Nos | GRT | 100GRT/HS |
|--------------|------------|-------------------|------------------|
| Cruise | 25 | 1,505,031 | 199,008 |
| Dry Bulk | 38 | 1,021,809 | 620,500 |
| Liquid Bulk | 279 | 3,233,953 | 504,097 |
| LOLO | 382 | 5,878,441 | 1,879,733 |
| LOLO/RORO | 46 | 811,855 | 160,821 |
| Car Carrier | 39 | 2,141,223 | 220,815 |
| Others | 58 | 317,565 | 196,195 |
| Total | 867 | 14,909,877 | 3,781,169 |

Local Vessels 2020

| Vessel Type | Nos | GRT | 100GRT/HS |
|-----------------|--------------|------------------|------------------|
| RORO/ Passenger | 783 | 1,190,283 | 5,099,854 |
| Conventional | 702 | 158,510 | 1,485,509 |
| Fishing/Others | 916 | 503,251 | 491,990 |
| Total | 2,401 | 1,852,044 | 7,077,353 |

Local Vessels 2021

| Vessel Type | Nos | GRT | 100GRT/HS |
|-----------------|--------------|------------------|------------------|
| RORO/ Passenger | 851 | 971,514 | 3,076,712 |
| Conventional | 634 | 130,821 | 941,185 |
| Fishing/Others | 1,126 | 291,446 | 193,155 |
| Total | 2,611 | 1,393,781 | 4,211,052 |

Local Vessels 2022

| Vessel Type | Nos | GRT | 100GRT/HS |
|-----------------|--------------|------------------|------------------|
| RORO/ Passenger | 1,743 | 1,490,251 | 2,308,015 |
| Conventional | 750 | 26,087 | 42,385 |
| Fishing/Others | 1,301 | 287,961 | 295,139 |
| Total | 3,794 | 1,804,299 | 2,645,539 |

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 |
| M/Vehicle 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 |

Cargo Throughout 2021

| Type | Import | Export | Total |
|-------------------------|------------------|----------------|------------------|
| Break Bulk | 21,048 | 11,745 | 32,793 |
| Dry Bulk | 258,916 | 574,588 | 833,504 |
| Liquid Bulk | 555,241 | 158,136 | 713,377 |
| M/Vehicle Bulk | 112,037 | 1,420 | 113,457 |
| Total Foreign Cargo | 947,241 | 745,890 | 1,693,131 |
| Total Local Cargo | 160,395 | 103,030 | 263,424 |
| Total Cargo Fiji | 1,107,636 | 848,919 | 1,956,555 |

Cargo Throughout 2022

| Type | Import | Export | Total |
|-------------------------|------------------|----------------|------------------|
| Break Bulk | 11,602 | 12,278 | 23,880 |
| Dry Bulk | 312,285 | 306,285 | 618,570 |
| Liquid Bulk | 683,971 | 166,626 | 850,597 |
| M/Vehicle Bulk | 191,983 | 1,717 | 193,700 |
| Total Foreign Cargo | 1,199,841 | 486,907 | 1,686,748 |
| Total Local Cargo | 146,473 | 136,281 | 282,754 |
| Total Cargo Fiji | 1,346,314 | 623,188 | 1,969,502 |

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 |
| Tonnage @ 25/ teu container | | | 3,712,200 |

Containerised Cargo 2021

| Type | Laden | Empty | TEUs |
|-----------------------------|---------------|---------------|----------------|
| 20Ft | 76,270 | 40,203 | 116,473 |
| 40Ft | 15,193 | 10,234 | 50,854 |
| Total | 91,463 | 50,437 | 167,327 |
| Tonnage @ 25/ teu container | | | 4,183,175 |

Containerised Cargo 2022

| Type | Laden | Empty | TEUs |
|-----------------------------|----------------|---------------|----------------|
| 20Ft | 82,456 | 46,254 | 128,710 |
| 40Ft | 19,986 | 11,929 | 63,830 |
| Total | 102,442 | 58,183 | 192,540 |
| Tonnage @ 25/ teu container | | | 4,813,500 |

2020 International Fishing Vessel

| Vessel Type | Nos | GRT | 100GRT/ HRS |
|-------------|-----|---------|-------------|
| Fishing | 593 | 181,780 | 26,669 |

2021 International Fishing Vessel

| Vessel Type | Nos | GRT | 100GRT/ HRS |
|-------------|-----|---------|-------------|
| Fishing | 438 | 133,047 | 11,584 |

2022 International Fishing Vessel

| Vessel Type | Nos | GRT | 100GRT/ HRS |
|-------------|-----|---------|-------------|
| Fishing | 526 | 205,774 | 33,584 |

FII PORTS CORPORATION LIMITED AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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03

FINANCIAL STATEMENTS

DIRECTOR'S REPORT

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 2022. Financial comparisons used in this report are of results for the year ended 31 December 2022 compared with the year ended 31 December 2021.

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 \$27,059,625 (2021: \$22,764,086) after providing for income tax expense of \$4,982,958 (2021: \$4,460,763). The operating profit for the Company for the year was \$25,974,909 (2021: \$22,341,596) after providing for income tax expense of \$4,965,137 (2021: \$4,459,871).

Our values

In the financial year 2022 and looking forward in 2023, 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.

DIRECTOR'S REPORT cont'd

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 perspectives include:

Strategic Perspective 1 - Governance

Protect Shareholders integrity and transparency while achieving a balance between commercial and social deliverables.

Strategic Perspective 2 - Infrastructure

Invest strategically to ensure necessary availability of fit for purpose facilities while assessing future asset options for long term efficiency and productivity.

Strategic Perspective 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 Perspective 4 - Organization/ Capacity

Align organizational structure to objectives and capacity requirements, while promoting gender equality and retention.

Strategic Perspective 5 - Environment

Implement Port Sustainability Guidelines and Energy Management Initiatives to become a Green Port in the Pacific.

Strategic Perspective 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 2022 and looking forward in 2023, we have been progressively working towards delivering results for our key priorities as identified within our Strategy. These key priorities are:

- Lautoka Yard 4 development planning phase to increase port capacity.
- Progressed the construction works for the Wharf Rehabilitation for the Ports of Suva & Lautoka.
- Progressed the feasibility studies to increase port capacities.
- Review of Port fees & charges for International operations.
- Progressed implementation of Information Systems and Strategic Plan.
- Progressed the implementation of the 5-year Green Port Master Plan
- Improve capacity building and recruitment process.

Key statistics

| | Group | Company |
|---------------------|----------------|----------------|
| Number of employees | 218 | 150 |
| Dividend per share | \$ 0.18 | \$ 0.18 |
| Total Income | \$ 57,975,869 | \$ 60,883,778 |
| Net Assets | \$ 168,746,494 | \$ 163,273,241 |

DIRECTOR'S REPORT cont'd

The future

Major future strategies of the Group are to:

- Explore to implement Vessel Traffic Management System at Lautoka Port.
- Explore the integration of the financial system with the Vessel Traffic Management System.
- Progress the dredging works to increase the port capacity.
- Commence the construction works for the Wharf Rehabilitation for the Ports of Suva.
- 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 international agents.
- Enterprise value creation.
- Implement the 5-year Green Port Master Plan.
- Develop Lautoka Yard 4 further to increase port capacity.
- Suva Port Relocation project.

Dividends

On 06th June 2022, the Directors resolved to pay a dividend of eighteen cents per share (\$0.18) for the 2021 financial year.

Dividends paid out during the year were as follows:

| Dividend | Date resolved | Date paid | Dividend per share | Total dividends |
|----------------|---------------|------------|--------------------|-----------------|
| Final Dividend | 06/06/2022 | 01/08/2022 | \$ 0.18 | \$ 13,404,958 |

Significant Events occurring during the financial year

Post pandemic economic recovery gained traction with increases reflected in the import volumes which are a result of improvement in the Tourism sector as well as overall consumption in the market.

The Company has stood up to the increase in business activity and has mobilized resources adequately and efficiently to deliver and absorb the re-bounce in the economy in 2022.

The Directors and management believe the Company has sufficient financial resources together with arrangements with their customers and suppliers currently to be able to successfully manage their business risks. FPCL is embarking on progressing towards the implementation of the 5- year strategic plan where key capital projects have been commissioned and some are in its planning phases. The Company and management are optimistic of the successful implementation of the 5-year strategic plan.

The opening of the borders and the boost in the Tourism sector continued to have positive impacts on the economy as a whole and drove increased trade subsequently increasing imports. There were also notable increases in cruise vessels visiting Fiji ports which was a boost to the business as well as to the entire Tourism industry. Additionally, the normalizing of the Fijian economy increased the consumer spending which led to increased demand and imports into the country.

Other than the matters described above, no other matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results, or cash flows of those operations, or the state of affairs of the Company in future financial years.

DIRECTOR'S REPORT cont'd

Details of Directors and executives

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

| | |
|------------------------------|------------------------------------|
| - Mr. Shaheen Ali (Chairman) | Term expired on 18th November 2022 |
| - Mr. Vilash Chand | Reappointed on 3rd July 2022 |
| - Ms. Tupoutua'h Baravilala | Reappointed on 28th April 2021 |
| - Mr. Vijay Maharaj | Reappointed on 3rd July 2022 |
| - Mr. Tevita Lomalagi | Appointed on 26th September 2022 |
| - Dr. Parakrama Dissanayake | Appointed on 18th March 2019 |
| - Mr. Iqram Cuttilan | Appointed on 1st July 2017 |
| - Mr. Tevita Kuruvakadua | Appointed on 08th August 2015 |
| - Mr. Niranjwan Chettiar | Appointed on 9th September 2020 |
| - Mr. Ashnil Prasad | Exited on 26th September 2022 |

None of the directors had shareholding in the Company as at 31 December 2022.

Board and Committee meeting attendance

Details of the number of meetings held by the Board and its committees during the financial year ended 31 December 2022, 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, Infrastructure & Sustainability Sub-committee | |
| | A | B | A | B | A | B | A | B |
| Mr. Shaheen Ali | 4 | 3 | | | | | | |
| Mr. Vijay Maharaj | 4 | - | | | 4 | 4 | | |
| Mr. Vilash Chand | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 |
| Ms. Tupoutua'h Baravilala | 4 | 3 | | | 4 | 1 | | |
| Mr. Tevita Kuruvakadua | 4 | 1 | 4 | 1 | | | | |
| Mr. Niranjwan Chettiar | 4 | 4 | | | | | 4 | 4 |
| Mr. Ashnil Prasad | 2 | 2 | 2 | 1 | | | | |
| Mr. Tevita Lomalagi | 1 | 1 | - | - | | | | |
| Mr. Iqram Cuttilan | 4 | 4 | | | 4 | 4 | 4 | 4 |
| Dr. Parakrama Dissanayake | 4 | 3 | | | | | | |

A: number of meeting held while a member

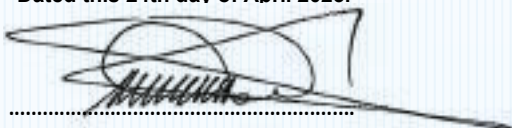
B: number of meetings attended

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 24th day of April 2023.




DIRECTOR'S DECLARATION

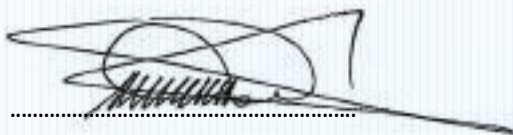
This Directors' Declaration is required by the Companies Act 2015.

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 2022:
 - i) give a true and fair view of the financial position of the Company and the Group as at 31 December 2022 and of the performance of the Company and the Group for the year ended 31 December 2022.
 - 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 24th day of April 2023.


.....
.....

AUDITOR'S INDEPENDENCE DECLARATION



Pacific House
Level 7
1 Butt Street Suva Fiji
PO Box 1359 Suva Fiji

Tel: +679 331 4168
ey.com

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 2022, 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


Minay Prasad
Partner
Suva, Fiji

24 April 2023

INDEPENDENT AUDITOR'S REPORT



Pacific House
Level 7
1 Butt Street Suva Fiji
PO Box 1359 Suva Fiji

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ey.com

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 2022, 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 2022, 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 Accountants' 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 2022 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.

INDEPENDENT AUDITOR'S REPORT cont'd



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.

INDEPENDENT AUDITOR'S REPORT cont'd



Independent Auditor's Report continued

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

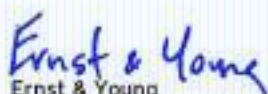
We communicate with the Directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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
Chartered Accountants


Minay Prasad
Partner
Suva, Fiji

24 April 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | Group | | Company | |
|--|-------|---------------------|---------------------|---------------------|---------------------|
| | | 2022 \$ | 2021 \$ | 2022 \$ | 2021 \$ |
| Operating revenue | 2(a) | 56,227,959 | 47,583,533 | 53,838,701 | 45,670,702 |
| Other revenue | 2(b) | 1,747,910 | 1,566,673 | 7,045,077 | 6,020,405 |
| Total income | | 57,975,869 | 49,150,206 | 60,883,778 | 51,691,107 |
| Depreciation | | (6,656,434) | (6,132,610) | (5,978,339) | (5,399,965) |
| Employee benefit expenses | 3(a) | (7,276,547) | (7,248,180) | (6,120,688) | (6,148,907) |
| Property expenses | 3(b) | (2,199,302) | (1,974,435) | (2,318,322) | (1,974,435) |
| Marine service charges | 3(c) | (12,121,756) | (9,368,279) | (12,121,756) | (9,368,279) |
| Operating expenses | 3(d) | (5,677,618) | (5,096,435) | (4,616,204) | (4,022,710) |
| Total expenses | | (33,931,657) | (29,819,939) | (31,155,309) | (26,914,296) |
| Profit from operations | | 24,044,212 | 19,330,267 | 29,728,469 | 24,776,811 |
| Finance income | 3(e) | 1,227,285 | 2,003,904 | 1,252,861 | 2,024,713 |
| Finance costs | 3(f) | (41,284) | (57) | (41,284) | (57) |
| Share of profit in associate | 19 | 6,812,370 | 5,890,735 | - | - |
| Profit before income tax | | 32,042,583 | 27,224,849 | 30,940,046 | 26,801,467 |
| Income tax expense | 4 | (4,982,958) | (4,460,763) | (4,965,137) | (4,459,871) |
| Net profit for the year | | 27,059,625 | 22,764,086 | 25,974,909 | 22,341,596 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the year, net of tax | | 27,059,625 | 22,764,086 | 25,974,909 | 22,341,596 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Notes | Group | | Company | |
|-----------------------------------|-------|--------------------|--------------------|--------------------|--------------------|
| | | 2022 \$ | 2021 \$ | 2022 \$ | 2021 \$ |
| 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 | | 81,936,975 | 72,810,598 | 77,548,438 | 68,844,551 |
| Operating profit after income tax | | 27,059,625 | 22,764,086 | 25,974,909 | 22,341,596 |
| Dividends | 17(b) | (13,404,958) | (13,637,709) | (13,404,958) | (13,637,709) |
| At 31 December | | 95,591,642 | 81,936,975 | 90,118,389 | 77,548,438 |
| Total shareholders' equity | | 168,746,494 | 155,091,827 | 163,273,241 | 150,703,290 |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | Group | | Company | |
|--------------------------------------|-------|--------------------|--------------------|--------------------|--------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | \$ | \$ | \$ | \$ |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 16 | 55,493,145 | 44,525,782 | 51,817,971 | 41,734,808 |
| Trade and other receivables | 5 | 4,273,805 | 3,263,613 | 4,054,410 | 3,094,263 |
| Financial assets | 6 | 45,000,000 | 45,000,000 | 45,000,000 | 45,000,000 |
| Inventories | 7 | 890,601 | 843,360 | 669,359 | 672,976 |
| Other assets | 8 | 2,346,692 | 1,488,998 | 2,190,216 | 1,359,098 |
| Loan to subsidiary | 18(e) | - | - | 130,172 | 130,172 |
| Income tax asset | | - | 142,485 | - | - |
| Total current assets | | 108,004,243 | 95,264,238 | 103,862,128 | 91,991,317 |
| Non-current assets | | | | | |
| Trade and other receivables | 5 | 2,940,923 | 3,581,492 | 2,940,923 | 3,581,492 |
| Property, plant and equipment | 9 | 51,643,125 | 49,518,354 | 46,282,100 | 43,552,410 |
| Intangible asset | 11 | 202,959 | 47,682 | 202,958 | 47,682 |
| Right of use asset | 10 | 1,540,638 | - | 1,540,638 | - |
| Investment property | 12 | 168,976 | 222,571 | 168,976 | 222,571 |
| Loan to subsidiary | 18(e) | - | - | 437,764 | 578,758 |
| Investment in subsidiary | | - | - | 6,660,000 | 6,660,000 |
| Investment in associate company | 19 | 14,954,569 | 13,883,167 | 10,511,536 | 10,511,536 |
| Deferred tax assets | 4 | 9,292,487 | 8,826,734 | 9,140,931 | 8,657,358 |
| Total non-current assets | | 80,743,676 | 76,080,000 | 77,885,827 | 73,811,807 |
| Total assets | | 188,747,919 | 171,344,238 | 181,747,955 | 165,803,124 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 13 | 6,206,713 | 4,178,218 | 5,569,962 | 3,946,558 |
| Deferred income | 23 | 224,297 | 224,297 | 205,030 | 205,030 |
| Lease liability | 10 | 387,813 | - | 387,813 | - |
| Provisions | 14 | 222,425 | 265,969 | 222,425 | 265,969 |
| Employee benefit liability | 15 | 783,004 | 752,746 | 739,507 | 696,772 |
| Income tax liability | 4 | 953,595 | 661,306 | 953,595 | 661,306 |
| Total current liabilities | | 8,777,847 | 6,082,536 | 8,078,332 | 5,775,635 |
| Non-current liabilities | | | | | |
| Deferred income | 23 | 9,401,761 | 9,626,058 | 8,594,166 | 8,799,196 |
| Lease liability | 10 | 1,171,365 | - | 1,171,365 | - |
| Employee benefit liability | 15 | 650,451 | 543,817 | 630,851 | 525,003 |
| Total non-current liabilities | | 11,223,577 | 10,169,875 | 10,396,382 | 9,324,199 |
| Total liabilities | | 20,001,425 | 16,252,411 | 18,474,714 | 15,099,834 |
| Net assets | | 168,746,494 | 155,091,827 | 163,273,241 | 150,703,290 |
| Shareholders' equity | | | | | |
| Share capital | 17(a) | 73,154,852 | 73,154,852 | 73,154,852 | 73,154,852 |
| Retained earnings | | 95,591,642 | 81,936,975 | 90,118,389 | 77,548,438 |
| Total shareholders' equity | | 168,746,494 | 155,091,827 | 163,273,241 | 150,703,290 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Notes | Group | | Company | |
|---|--------|---------------------|---------------------|---------------------|---------------------|
| | | 2022 \$ | 2021 \$ | 2022 \$ | 2021 \$ |
| Operating Activities | | | | | |
| Receipts from customers | | 57,659,223 | 51,089,561 | 54,879,849 | 48,448,256 |
| Payments to suppliers and employees | | (25,908,148) | (23,122,762) | (24,110,244) | (20,713,436) |
| Interest paid | | - | (57) | - | (57) |
| Interest received | | 489,682 | 484,163 | 515,473 | 515,473 |
| Income tax paid | | (4,983,901) | (4,794,584) | (4,983,901) | (4,794,584) |
| Income tax refund | | 142,485 | - | - | - |
| Net cash provided by Operating Activities | | 27,399,341 | 23,656,321 | 26,301,177 | 23,455,652 |
| Investing Activities | | | | | |
| Acquisition of property, plant and equipment | | (8,575,279) | (4,966,028) | (8,500,726) | (4,548,262) |
| Proceeds from sale of property, plant and equipment | | 1,583 | - | - | - |
| Acquisition of Intangibles | | (194,292) | (10,608) | (194,292) | (10,608) |
| Placement of Term deposits | | (14,000,000) | (34,500,000) | (14,000,000) | (34,500,000) |
| Redemption of Term deposits | | 14,000,000 | 30,000,000 | 14,000,000 | 28,500,000 |
| Dividend from investment in associate and subsidiary | | 5,740,968 | 4,880,800 | 5,740,968 | 4,880,800 |
| Proceeds from repayment of borrowings by related parties | | - | - | 140,994 | 135,475 |
| Net cash (used in) Investing Activities | | (3,027,020) | (4,595,836) | (2,813,056) | (5,542,595) |
| Financing Activities | | | | | |
| Payment of special and final dividends | 17 (b) | (13,404,958) | (13,637,709) | (13,404,958) | (13,637,709) |
| Repayment of lease on right of use asset | | - | (6,852) | - | (6,852) |
| Net cash (used in) Financing Activities | | (13,404,958) | (13,644,561) | (13,404,958) | (13,644,561) |
| Net increase/(decrease) in cash and cash equivalents | | 10,967,363 | 5,415,924 | 10,083,163 | 4,268,496 |
| Cash and cash equivalents at the beginning of the year | | 44,525,782 | 39,109,858 | 41,734,808 | 37,466,312 |
| Cash and cash equivalents at the end of the year | 16 | 55,493,145 | 44,525,782 | 51,817,971 | 41,734,808 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2022 were authorised for issue in accordance with a resolution of the Directors on 24th April 2023.

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 2022, 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 2022. 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 *con'd*

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.

1.2 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:

Determining the lease term – Group as lessee

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 judgment. Estimates are required to determine the appropriate discount rate used to measure liabilities.

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 con'd

1.2 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.

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 1.3(z).

1.3 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 1.3(z).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

1.3 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 & Cranes | 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 con'd

1.3 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 con'd

1.3 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 *con'd*

1.3 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 1.2)

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 con'd

1.3 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 & retirement benefits 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 *con'd*

1.3 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 :

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

1.3 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.

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 con'd

1.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *con'd*

1.3 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.

1.4 Changes in accounting policies and disclosures

The Group continues to apply certain standards and amendments, which are already effective. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

1.4 Changes in accounting policies and disclosures *continued*

- **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- **IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

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

1.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

| New standards and amendments | Effective date |
|--|----------------|
| IFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to IAS 1: Classification of Liabilities as Current or Non-current | 1 January 2023 |
| IFRS 9 Financial instruments - Fees in the '10 per cent' test for derecognition of financial liabilities | 1 January 2023 |
| Definition of Accounting Estimates - Amendments to IAS 8 | 1 January 2023 |
| Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 | 1 January 2023 |
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 | 1 January 2023 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

2 REVENUE

| | Group | | Company | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| (a) Operating revenue | | | | |
| Dockage | 12,259,360 | 9,964,259 | 12,259,360 | 9,964,259 |
| Licence fees | 293,056 | 266,874 | 293,056 | 266,874 |
| Marine services | 21,811,807 | 18,568,864 | 21,811,807 | 18,568,864 |
| Other service income | 6,617,739 | 5,600,726 | 6,617,739 | 5,600,726 |
| Ship repair and heavy industries | 1,705,691 | 1,274,292 | - | - |
| Slipway | 683,567 | 638,539 | - | - |
| Wharfage | 12,856,739 | 11,269,979 | 12,856,739 | 11,269,979 |
| | <u>56,227,959</u> | <u>47,583,533</u> | <u>53,838,701</u> | <u>45,670,702</u> |
| (b) Other revenue | | | | |
| Release of deferred income | 224,297 | 224,297 | 205,030 | 205,030 |
| Dividend income | - | - | 5,740,968 | 4,880,800 |
| Gain on sale of assets | 198 | - | - | - |
| Management fees | 72,251 | 72,000 | 72,251 | 72,000 |
| Other income | 110,553 | 89,124 | - | - |
| Rent income | 1,340,611 | 1,181,252 | 1,026,828 | 862,575 |
| | <u>1,747,910</u> | <u>1,566,673</u> | <u>7,045,077</u> | <u>6,020,405</u> |

3 EXPENSES

| | \$ | \$ | \$ | \$ |
|--------------------------------------|------------------|------------------|------------------|------------------|
| (a) Employee benefit expenses | | | | |
| Allowances | 124,895 | 81,544 | 29,512 | 36,102 |
| Annual leave | 260,357 | 245,970 | 215,400 | 188,881 |
| FNPF and FNU levy | 678,589 | 633,085 | 612,137 | 583,579 |
| Fringe benefit tax | 49,228 | 47,013 | 40,702 | 38,267 |
| Movement in long service leave | 38,299 | 48,856 | 35,303 | 46,651 |
| Medical expenses | 353,120 | 363,129 | 306,072 | 317,699 |
| Retirement benefit | 115,185 | 158,896 | 115,185 | 158,896 |
| Salaries and wages | 4,805,901 | 4,676,737 | 3,976,430 | 3,886,853 |
| Sick leave | 234,753 | 160,568 | 188,573 | 129,562 |
| Staff incentive pay | 426,643 | 488,354 | 426,643 | 488,354 |
| Staff welfare | 56,744 | 256,183 | 43,754 | 190,165 |
| Staff training | 132,833 | 87,845 | 130,977 | 83,898 |
| | <u>7,276,547</u> | <u>7,248,180</u> | <u>6,120,688</u> | <u>6,148,907</u> |
| (b) Property expenses | | | | |
| Cleaning and sanitation | 166,494 | 174,514 | 166,494 | 174,514 |
| Electricity | 733,767 | 557,046 | 733,767 | 557,046 |
| Property rates | 130,793 | 120,442 | 130,793 | 120,442 |
| Repairs and maintenance | 436,833 | 406,173 | 555,853 | 406,173 |
| Loss on sale of assets | 1,034 | - | 1,034 | - |
| Water | 638,350 | 626,499 | 638,350 | 626,499 |
| Mini assets replacement cost | 92,031 | 89,761 | 92,031 | 89,761 |
| | <u>2,199,302</u> | <u>1,974,435</u> | <u>2,318,322</u> | <u>1,974,435</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

3 EXPENSES *continued*

| | Group | | Company | |
|--|-------------------|------------------|-------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| (c) Marine service charges | | | | |
| Tug/pilot/lines boat hire | 9,216,429 | 7,558,196 | 9,216,429 | 7,558,196 |
| Linesman hire | 207,292 | 138,061 | 207,292 | 138,061 |
| Pilotage service - external | 2,078,845 | 1,128,526 | 2,078,845 | 1,128,526 |
| Security hire | 619,190 | 543,496 | 619,190 | 543,496 |
| | <u>12,121,756</u> | <u>9,368,279</u> | <u>12,121,756</u> | <u>9,368,279</u> |
| (d) Operating expenses | | | | |
| Advertising and publicity expense | 105,436 | 80,059 | 102,017 | 77,039 |
| Auditors' remuneration | 21,300 | 21,300 | 15,000 | 15,000 |
| Professional accounting fee | 84,529 | 108,702 | 68,680 | 83,400 |
| Direct material cost | 410,361 | 261,120 | - | - |
| Directors fees | 268,833 | 70,583 | 268,833 | 70,583 |
| Movements in expected credit loss | 303,222 | 357,231 | 303,222 | 355,000 |
| Insurance expense | 1,693,725 | 1,454,611 | 1,498,458 | 1,267,719 |
| Professional legal fees | 131,514 | 139,255 | 105,000 | 135,005 |
| Repairs and maintenance - cranes | 13,133 | 111,216 | 13,133 | 111,216 |
| Repairs and maintenance - others | 352,890 | 381,902 | 241,965 | 251,741 |
| Other expenses | 2,292,675 | 2,110,456 | 1,999,896 | 1,656,007 |
| | <u>5,677,618</u> | <u>5,096,435</u> | <u>4,616,204</u> | <u>4,022,710</u> |
| (e) Finance income | | | | |
| Interest income on term deposits and inter-company loans | 1,227,285 | 2,003,904 | 1,252,861 | 2,024,713 |
| (f) Finance costs | | | | |
| Interest charges on borrowings | 41,284 | 57 | 41,284 | 57 |

4 INCOME TAX

The major components of income tax expenses for the years ended 31 December 2022 and 2021 are:

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Operating profit before tax | 32,042,583 | 27,224,849 | 30,940,046 | 26,801,467 |
| Prima facie tax thereon at 20% | 6,408,517 | 5,444,970 | 6,188,009 | 5,360,293 |
| (Over)/under-provision from prior years | (55,692) | 52,479 | (55,692) | 51,586 |
| Tax losses not recognised | 12,248 | 117,309 | - | - |
| Restatement of deferred tax balances | (20,804) | 16,336 | (20,149) | 16,336 |
| Tax effect of items treated as non-deductible difference | (1,361,311) | (1,170,331) | (1,147,031) | (968,344) |
| Income tax expense reported in the statement of comprehensive income | <u>4,982,958</u> | <u>4,460,763</u> | <u>4,965,137</u> | <u>4,459,871</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| 4 INCOME TAX <i>continued</i> | | | | |
| <u>Current tax (liability)/asset</u> | | | | |
| Current tax asset as at 31 December relates to the following: | | | | |
| Balance at the beginning of the year | (518,821) | (763,840) | (661,306) | (899,719) |
| Current tax provision | (5,040,978) | (4,409,176) | (5,040,978) | (4,408,284) |
| Deferred tax expense | (463,424) | (380,467) | (463,424) | (381,359) |
| Net payments made during the year | 4,841,416 | 4,780,527 | 4,983,901 | 4,780,527 |
| Provisional and Withholding tax credits | 172,520 | 222,036 | 172,520 | 215,430 |
| (Over)/under provision in the prior year | 55,692 | 32,099 | 55,692 | 32,099 |
| Income tax payable | <u>(953,595)</u> | <u>(518,821)</u> | <u>(953,595)</u> | <u>(661,306)</u> |
| <u>Deferred tax assets</u> | | | | |
| Reflected in the statement of financial position as follows: | | | | |
| Deferred tax assets | <u>9,292,487</u> | <u>8,826,734</u> | <u>9,140,931</u> | <u>8,657,358</u> |
| Net deferred tax assets at 31 December relates to the following: | | | | |
| <u>Deferred tax assets</u> | | | | |
| Expected credit losses | 301,783 | 268,315 | 250,579 | 189,935 |
| Employee entitlements | 286,691 | 258,676 | 274,071 | 244,355 |
| ROU assets | 3,708 | - | 3,708 | - |
| Legal claims | 42,230 | 29,702 | 42,230 | 29,702 |
| Decelerated depreciation for tax purposes | 8,658,075 | 8,270,041 | 8,570,343 | 8,193,366 |
| | <u>9,292,487</u> | <u>8,826,734</u> | <u>9,140,931</u> | <u>8,657,358</u> |
| 5 TRADE AND OTHER RECEIVABLES | | | | |
| <u>Current</u> | | | | |
| Trade receivables | 3,906,124 | 2,355,684 | 3,628,529 | 1,874,245 |
| Less: Allowance for expected credit losses | <u>(1,445,909)</u> | <u>(1,280,797)</u> | <u>(1,189,890)</u> | <u>(886,668)</u> |
| | 2,460,215 | 1,074,887 | 2,438,639 | 987,577 |
| Staff advances | 13,054 | 19,451 | 13,054 | 19,451 |
| Shore crane sale receivables | 804,343 | 804,343 | 804,343 | 804,343 |
| Other receivables | 996,193 | 1,364,932 | 795,286 | 1,279,804 |
| Receivable from subsidiary [note 18(d)] | - | - | 3,088 | 3,088 |
| | <u>4,273,805</u> | <u>3,263,613</u> | <u>4,054,410</u> | <u>3,094,263</u> |
| <u>Non-Current</u> | | | | |
| Shore crane sale receivables | 2,940,923 | 3,581,492 | 2,940,923 | 3,581,492 |
| Total trade and other receivables | <u>7,214,728</u> | <u>6,845,105</u> | <u>6,995,333</u> | <u>6,675,755</u> |

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 con'd

5

TRADE AND OTHER RECEIVABLES continued

2022
\$

2021
\$

2022
\$

2021
\$

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

Balance at 1 January

1,280,797

923,567

886,668

531,668

Additional provision

313,814

357,230

303,222

355,000

Bad debts written-off

(148,702)

-

-

-

Balance at 31 December

1,445,909

1,280,797

1,189,890

886,668

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

2022

3,906,124

1,705,550

773,848

228,855

1,197,871

2021

2,355,684

887,413

185,384

43,508

1,239,379

Company

2022

3,628,529

1,688,875

768,947

228,855

941,852

2021

1,874,245

820,810

174,008

34,175

845,252

6

FINANCIAL ASSETS

Term deposits

45,000,000

45,000,000

45,000,000

45,000,000

Financial assets carried at \$45,000,000 (31/12/2021: \$45,000,000) which represents term deposits with BRED Bank (Fiji) Limited & Home Finance Company Limited. These are for a term of 6 months and interest rates range between 0.85% to 1.25%p.a.

7

INVENTORIES

Parts

878,805

843,360

657,563

672,976

Goods in transit

11,796

-

11,796

-

890,601

843,360

669,359

672,976

8

OTHER ASSETS

Prepayments

762,758

726,692

659,268

640,857

Less: Allowance for expected credit losses

(63,006)

(63,006)

(63,006)

(63,006)

699,752

663,686

596,262

577,851

Deposits

469,697

469,647

425,026

424,976

VAT receivable

1,177,243

355,665

1,168,928

356,271

2,346,692

1,488,998

2,190,216

1,359,098

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

9 PROPERTY, PLANT AND EQUIPMENT continued

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| <u>Land continued</u> | | | | |
| <i>Depreciation, impairment and amortisation</i> | | | | |
| At 1 January | 1,364,473 | 1,140,176 | 1,247,265 | 1,042,236 |
| Depreciation charge for the year | 224,297 | 224,297 | 205,030 | 205,030 |
| At 31 December | 1,588,770 | 1,364,473 | 1,452,295 | 1,247,266 |
| Net book value | 15,355,387 | 15,579,684 | 14,528,526 | 14,733,555 |
| <u>Building</u> | | | | |
| <i>Cost:</i> | | | | |
| At 1 January | 15,447,225 | 15,255,684 | 10,806,815 | 10,615,274 |
| Additions | 5,013 | 27,775 | 5,013 | 27,775 |
| Transfers | 692,420 | 251,924 | 692,420 | 251,924 |
| Disposals | (7,343) | (88,158) | (7,343) | (88,158) |
| At 31 December | 16,137,315 | 15,447,225 | 11,496,905 | 10,806,815 |
| <i>Depreciation and impairment</i> | | | | |
| At 1 January | 12,261,594 | 11,766,154 | 9,388,943 | 9,121,015 |
| Depreciation charge for the year | 560,193 | 583,598 | 341,307 | 356,086 |
| Disposals | (7,343) | (88,158) | (7,343) | (88,158) |
| At 31 December | 12,814,444 | 12,261,594 | 9,722,907 | 9,388,943 |
| Net book value | 3,322,871 | 3,185,631 | 1,773,998 | 1,417,872 |
| <u>Wharves</u> | | | | |
| <i>Cost:</i> | | | | |
| At 1 January | 92,921,241 | 92,729,315 | 92,921,241 | 92,729,315 |
| Additions | 58,076 | 83,480 | 58,076 | 83,480 |
| Transfers | 149,538 | 108,446 | 149,538 | 108,446 |
| Disposals | (3,500) | - | (3,500) | - |
| At 31 December | 93,125,355 | 92,921,241 | 93,125,355 | 92,921,241 |
| <i>Depreciation and impairment</i> | | | | |
| At 1 January | 76,462,678 | 72,832,382 | 76,462,678 | 72,832,382 |
| Depreciation charge for the year | 3,871,253 | 3,630,296 | 3,871,253 | 3,630,296 |
| Disposals | (2,466) | - | (2,466) | - |
| At 31 December | 80,331,465 | 76,462,678 | 80,331,465 | 76,462,678 |
| Net book value | 12,793,890 | 16,458,563 | 12,793,890 | 16,458,563 |
| <u>Plant and equipment</u> | | | | |
| <i>Cost:</i> | | | | |
| At 1 January | 13,437,969 | 13,125,264 | 4,519,428 | 4,241,960 |
| Additions | 188,583 | 268,937 | 184,173 | 233,700 |
| Transfers | 449,013 | 48,415 | 449,013 | 48,415 |
| Disposals | (406,407) | (4,647) | (406,407) | (4,647) |
| At 31 December | 13,669,158 | 13,437,969 | 4,746,207 | 4,519,428 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

9 PROPERTY, PLANT AND EQUIPMENT *continued*

| | Group | | Company | |
|---|------------|------------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| <u>Plant and equipment <i>continued</i></u> | | | | |
| <i>Depreciation and impairment</i> | | | | |
| At 1 January | 10,391,543 | 9,591,254 | 3,608,512 | 3,260,005 |
| Depreciation charge for the year | 838,393 | 804,936 | 430,395 | 353,154 |
| Disposals | (406,407) | (4,647) | (406,407) | (4,647) |
| At 31 December | 10,823,529 | 10,391,543 | 3,632,500 | 3,608,512 |
| Net book value | 2,845,629 | 3,046,426 | 1,113,707 | 910,916 |
| <u>Furniture and fittings</u> | | | | |
| <i>Cost:</i> | | | | |
| At 1 January | 537,022 | 469,176 | 341,137 | 278,346 |
| Additions | 8,072 | 18,447 | 6,054 | 13,392 |
| Transfers | 4,152 | 49,399 | 4,151 | 49,399 |
| Disposals | (88,187) | - | (88,187) | - |
| At 31 December | 461,059 | 537,022 | 263,155 | 341,137 |
| <i>Depreciation and impairment</i> | | | | |
| At 1 January | 402,847 | 350,595 | 242,464 | 212,690 |
| Depreciation charge for the year | 51,529 | 52,252 | 31,629 | 29,774 |
| Disposals | (88,187) | - | (88,187) | - |
| At 31 December | 366,188 | 402,847 | 185,906 | 242,464 |
| Net book value | 94,871 | 134,175 | 77,249 | 98,673 |
| <u>Motor vehicles</u> | | | | |
| <i>Cost:</i> | | | | |
| At 1 January | 2,842,719 | 761,178 | 2,659,414 | 577,873 |
| Additions | 83,945 | 41,285 | 83,945 | 41,285 |
| Transfers | 52,060 | 2,040,256 | 52,060 | 2,040,256 |
| At 31 December | 2,978,724 | 2,842,719 | 2,795,419 | 2,659,414 |
| <i>Depreciation and impairment</i> | | | | |
| At 1 January | 767,879 | 598,835 | 584,573 | 415,530 |
| Depreciation charge for the year | 273,461 | 169,044 | 273,461 | 169,043 |
| At 31 December | 1,041,340 | 767,879 | 858,034 | 584,573 |
| Net book value | 1,937,384 | 2,074,840 | 1,937,385 | 2,074,841 |
| <u>Cranes</u> | | | | |
| <i>Cost:</i> | | | | |
| At 1 January | 6,838,265 | 6,838,265 | 6,838,265 | 6,838,265 |
| At 31 December | 6,838,265 | 6,838,265 | 6,838,265 | 6,838,265 |
| <i>Depreciation and impairment</i> | | | | |
| At 1 January | 5,414,581 | 5,105,454 | 5,414,581 | 5,105,454 |
| Depreciation charge for the year | 309,127 | 309,127 | 309,127 | 309,127 |
| At 31 December | 5,723,708 | 5,414,581 | 5,723,708 | 5,414,581 |
| Net book value | 1,114,557 | 1,423,684 | 1,114,557 | 1,423,684 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

| | Group | | Company | |
|---|-------------|-------------|-------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| 9 PROPERTY, PLANT AND EQUIPMENT <i>continued</i> | | | | |
| <u>Office equipment</u> | | | | |
| <u>Cost:</u> | | | | |
| At 1 January | 1,655,102 | 1,490,252 | 1,437,002 | 1,300,924 |
| Additions | 147,044 | 149,584 | 128,324 | 136,078 |
| Transfer | (2,372) | 15,266 | - | - |
| Disposals | (112,510) | - | (112,510) | - |
| At 31 December | 1,687,264 | 1,655,102 | 1,452,816 | 1,437,002 |
| <u>Depreciation and impairment</u> | | | | |
| At 1 January | 1,256,920 | 975,157 | 1,068,997 | 798,843 |
| Depreciation charge for the year | 232,091 | 281,763 | 220,050 | 270,154 |
| Disposals | (113,497) | - | (112,510) | - |
| At 31 December | 1,375,514 | 1,256,920 | 1,176,537 | 1,068,997 |
| Net book value | 311,750 | 398,182 | 276,278 | 368,004 |
| <u>Work in progress</u> | | | | |
| At 1 January | 7,217,171 | 5,363,507 | 6,066,300 | 4,561,342 |
| Additions | 8,084,547 | 4,376,520 | 8,035,143 | 4,012,552 |
| Transfers | (1,430,218) | (2,522,859) | (1,430,218) | (2,507,594) |
| Reversed | (4,716) | - | (4,716) | - |
| At 31 December | 13,866,784 | 7,217,168 | 12,666,509 | 6,066,300 |
| Net written down value at 31 December | 51,643,125 | 49,518,354 | 46,282,100 | 43,552,410 |

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 2022, the Group is yet to transfer (seven) 7 land titles of written down value \$5.2m to Assets Fiji Limited. After the transfer is completed, the assets will be leased back to the Group. When the transfers and lease back arrangements are completed, the land values will be transferred from PPE to ROU asset category.

Disposals of property, plant and equipment

In 2022, the Group sold plant and machinery, motor vehicles, and furniture and fittings with a total net carrying amount of \$1,034 (2021: nil) for a cash consideration of \$0 (2021: \$0). 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

Group as a lessee

The Group has a lease contract for a Vessel traffic management system used in its operations. Leases of this equipment 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. The Group is restricted from assigning and subleasing the leased assets. 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 con'd

| | Group | | Company | |
|---|------------------|--------------|------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| 10 LEASES <i>continued</i> | | | | |
| <i>Group as a lessee continued</i> | | | | |
| Set out below are the carrying amounts of right-of-use-assets recognised and the movements during the period: | | | | |
| Vessel Traffic Management system | | | | |
| At 1 January | - | - | - | - |
| Additions | 1,744,118 | - | 1,744,118 | - |
| At 31 December | 1,744,118 | - | 1,744,118 | - |
| Depreciation: | | | | |
| At 1 January | - | - | - | - |
| Depreciation expense | (203,480) | - | (203,480) | - |
| At 31 December | (203,480) | - | (203,480) | - |
| Book value | 1,540,638 | - | 1,540,638 | - |
| Motor Vehicle | | | | |
| At 1 January | 44,624 | 44,624 | 44,624 | 44,624 |
| At 31 December | 44,624 | 44,624 | 44,624 | 44,624 |
| Depreciation: | | | | |
| At 1 January | (44,624) | (38,249) | (44,624) | (38,249) |
| Depreciation expense | - | (6,375) | - | (6,375) |
| At 31 December | (44,624) | (44,624) | (44,624) | (44,624) |
| Book value | - | - | - | - |
| Set out below are the carrying amounts of lease liabilities and the movements during the period: | | | | |
| Vessel Traffic Management system | | | | |
| As at 1 January | - | - | - | - |
| Additions | 1,744,118 | - | 1,744,118 | - |
| Payments | (226,224) | - | (226,224) | - |
| Accretion of interest | 41,284 | - | 41,284 | - |
| As at 31 December | 1,559,178 | - | 1,559,178 | - |
| Comprising: | | | | |
| Current | 387,813 | - | 387,813 | - |
| Non-current | 1,171,365 | - | 1,171,365 | - |
| | 1,559,178 | - | 1,559,178 | - |
| Motor Vehicle | | | | |
| As at 1 January | - | 6,852 | - | 6,852 |
| Payments | - | (6,852) | - | (6,852) |
| As at 31 December | - | - | - | - |
| The following are the amounts recognised in profit or loss: | | | | |
| Depreciation expense of right-of-use assets | 203,480 | 6,375 | 203,480 | 6,375 |
| Interest expense on lease liabilities | 41,284 | - | 41,284 | - |
| Total amount recognised in profit or loss | 244,764 | 6,375 | 244,764 | 6,375 |

The Group had total cash outflows for leases of \$nil in 2022 (\$6,852 in 2021). The Group non-cash additions to right-of-use assets and lease liabilities was \$1,744,118. The future cash outflows relating to leases that have not yet commenced are disclosed in the notes.

| | | | | |
|----------------------------|----------------|----------------|----------------|----------------|
| 11 INTANGIBLE ASSET | | | | |
| At 1 January | 601,336 | 590,728 | 555,987 | 545,379 |
| Additions | 111,255 | 10,608 | 111,255 | 10,608 |
| Transfers | 83,037 | - | 83,037 | - |
| Disposals | (2,257) | - | (2,257) | - |
| At 31 December | 793,371 | 601,336 | 748,022 | 555,987 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| 11 INTANGIBLE ASSET <i>continued</i> | | | | |
| <i>Accumulated depreciation</i> | | | | |
| At 1 January | 553,654 | 532,316 | 508,305 | 486,967 |
| Depreciation charge for the year | 39,016 | 21,338 | 39,016 | 21,338 |
| Disposals | (2,257) | - | (2,257) | - |
| At 31 December | 590,413 | 553,654 | 545,064 | 508,305 |
| Net book value at 31 December | 202,959 | 47,682 | 202,958 | 47,682 |
| 12 INVESTMENT PROPERTY | | | | |
| <i>Cost</i> | | | | |
| At 1 January | 910,067 | 900,913 | 910,067 | 900,913 |
| Transfers | - | 9,154 | - | 9,154 |
| At 31 December | 910,067 | 910,067 | 910,067 | 910,067 |
| <i>Accumulated depreciation</i> | | | | |
| At 1 January | 687,496 | 637,902 | 687,496 | 637,902 |
| Depreciation charge for the year | 53,595 | 49,594 | 53,595 | 49,594 |
| At 31 December | 741,091 | 687,496 | 741,091 | 687,496 |
| Net book value at 31 December | 168,976 | 222,571 | 168,976 | 222,571 |
| 13 TRADE AND OTHER PAYABLES | | | | |
| Trade creditors | 772,177 | 524,277 | 708,062 | 456,677 |
| Payable to subsidiary [Note 18(d)] | - | - | 111,034 | 16,155 |
| Payable to associate [Note 18(d)] | 4,862 | - | 4,862 | - |
| Sundry creditors | 5,429,674 | 3,653,941 | 4,746,004 | 3,473,726 |
| | 6,206,713 | 4,178,218 | 5,569,962 | 3,946,558 |
| 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 | | | | |
| At 1 January | 148,508 | 77,768 | 148,508 | 77,768 |
| Utilised during the year | (42,360) | (64,260) | (42,360) | (64,260) |
| Provisions arising during the year | 105,000 | 135,000 | 105,000 | 135,000 |
| At 31 December | 211,148 | 148,508 | 211,148 | 148,508 |
| Provision for legal claim at balance date represents the legal claims & expenditures incurred by the Company and the Group. 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 2022. | | | | |
| b) Other Provisions | | | | |
| At 31 December | 11,277 | 89,323 | 11,277 | 89,323 |
| Other Provisions represent rental income (less property expenses) received by the Company for the year 2022 that will be remitted to a Government's asset company ("Assets Fiji Limited"). The net rental income received is 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 this rental income remittance will not give rise to any significant payments beyond the amounts provided as at 31 December 2022. It also includes other provisions that are in relation to future committed events that were not possible due to Covid related restrictions. | | | | |
| c) Job Evaluation Exercise | | | | |
| At 31 December | - | 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. | | | | |
| Total Provision as at 31 December | 222,425 | 265,969 | 222,425 | 265,969 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

| | Group | | Company | |
|--|------------------------------------|--------------|--------------|--------------|
| | 2022 \$ | 2021 \$ | 2022 \$ | 2021 \$ |
| 15 EMPLOYEE BENEFIT LIABILITY | | | | |
| At 1 January | 1,296,563 | 1,327,004 | 1,221,775 | 1,255,409 |
| Arising during the year | 1,392,369 | 1,227,168 | 1,382,637 | 1,205,007 |
| Utilised/reversed during the year | (1,255,477) | (1,257,609) | (1,234,055) | (1,238,641) |
| At 31 December | 1,433,455 | 1,296,563 | 1,370,357 | 1,221,775 |
| Analysis of employee benefit liability: | | | | |
| Current | 783,004 | 752,746 | 739,507 | 696,772 |
| Non-current | 650,451 | 543,817 | 630,851 | 525,003 |
| | 1,433,455 | 1,296,563 | 1,370,357 | 1,221,775 |
| 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: | | | | |
| Cash on hand | 4,580 | 4,580 | 3,580 | 3,580 |
| Short term deposits | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 |
| Cash at bank | 40,488,565 | 29,521,202 | 36,814,391 | 26,731,228 |
| | 55,493,145 | 44,525,782 | 51,817,971 | 41,734,808 |
| 17 SHARE CAPITAL | | | | |
| <i>a) Issued and paid up capital</i> | | | | |
| 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. | | | | |
| <i>b) Dividends</i> | | | | |
| At 1 January | - | - | - | - |
| Add: dividends declared during the year | 13,404,958 | 13,637,709 | 13,404,958 | 13,637,709 |
| Less: dividends paid during the year | (13,404,958) | (13,637,709) | (13,404,958) | (13,637,709) |
| 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 (Chairman) | Term expired on 18th November 2022 | | | |
| - Mr. Vilash Chand | Reappointed on 3rd July 2022 | | | |
| - Ms. Tupoutua'h Baravilala | Reappointed on 28th April 2021 | | | |
| - Mr. Vijay Maharaj | Reappointed on 3rd July 2022 | | | |
| - Mr. Tevita Lomalagi | Appointed on 26th September 2022 | | | |
| - Dr. Parakrama Dissanayake | Appointed on 18th March 2019 | | | |
| - Mr. Iqram Cuttilan | Appointed on 1st July 2017 | | | |
| - Mr. Tevita Kuruvakadua | Appointed on 08th August 2015 | | | |
| - Mr. Niranjwan Chettiar | Appointed on 9th September 2020 | | | |
| - Mr. Ashnil Prasad | Exited on 26th September 2022 | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

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:

| <u>Name</u> | <u>Title</u> |
|---------------------|-------------------------|
| 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 | |
|--|--------------|-------------|----------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| (a) Key management personnel compensation | | | | |
| Directors | | | | |
| Short-term benefits | 268,833 | 70,583 | 268,833 | 70,583 |
| Management | | | | |
| Short-term benefits | 520,252 | 501,345 | 520,252 | 501,345 |
| The aggregate compensation of the key management personnel comprises only of salary and short term benefits. | | | | |
| (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 | - | - | 5,740,968 | 4,880,800 |
| | 2,635,598 | 2,635,598 | 8,376,566 | 7,516,398 |
| (c) Purchases of goods and services | | | | |
| Purchase of services from subsidiary | 119,020 | 46,499 | 119,020 | 46,499 |
| (d) (Payable to)/receivable from subsidiary/associate | | | | |
| Fiji Ports Terminal Limited - Associate | (4,862) | - | (4,862) | - |
| Fiji Ships and Heavy Industries Limited - Subsidiary | - | - | (107,946) | (13,068) |
| | (4,862) | - | (112,808) | (13,068) |
| <i>Disclosed as:</i> | | | | |
| Payable to associate (Note 13) | (4,862) | - | (4,862) | - |
| Receivable from subsidiary (Note 5) | - | - | 3,088 | 3,087 |
| Payable to subsidiary (Note 13) | - | - | (111,034) | (16,155) |
| | (4,862) | - | (112,808) | (13,068) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

18 RELATED PARTY TRANSACTIONS *continued*

| | Group | | Company | |
|-------------------------------|-------|------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| (e) Loan to subsidiary | | | | |
| Beginning of the year | - | - | 708,930 | 844,405 |
| Loan repayments received | - | - | (166,785) | (166,785) |
| Interest charged | - | - | 25,791 | 31,310 |
| End of the year | - | - | 567,936 | 708,930 |
| <i>Comprising:</i> | | | | |
| Current | - | - | 130,172 | 130,172 |
| Non-current | - | - | 437,764 | 578,758 |
| | - | - | 567,936 | 708,930 |

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 instalments of \$13,899. The repayment schedule is reviewed annually.

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

| | | | | |
|---|-----------|-----------|-----------|-----------|
| Beginning of the year | 4,385,835 | 5,001,327 | 4,385,835 | 5,001,327 |
| Interest released to profit and loss for the year | 163,774 | 188,851 | 163,774 | 188,851 |
| Payments received during the year | (804,343) | (804,343) | (804,343) | (804,343) |
| | 3,745,266 | 4,385,835 | 3,745,266 | 4,385,835 |

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**

| | | | | |
|--|---------|---------|---------|---------|
| Fiji National Provident Fund - member contribution | 614,088 | 568,987 | 557,826 | 528,737 |
|--|---------|---------|---------|---------|

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 | |
|---|-------------------|-------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| Current assets | 25,559,056 | 22,867,726 |
| Non-current assets | 20,841,832 | 23,306,240 |
| Current liabilities | (9,843,593) | (9,250,007) |
| Non-current liabilities | (16,842,632) | (19,395,830) |
| Equity | 19,714,663 | 17,528,129 |
| Proportion of the Group's ownership | 49% | 49% |
| | 9,660,185 | 8,588,783 |
| Goodwill | 5,294,384 | 5,294,384 |
| Carrying amount of the investment | 14,954,569 | 13,883,167 |
| Revenue | 39,364,938 | 34,907,988 |
| Operating expenses | (21,493,487) | (19,329,046) |
| Finance costs | (754,025) | (854,999) |
| Finance income | 230,851 | 326,112 |
| Profit before tax | 17,348,277 | 15,050,055 |
| Income tax expense | (3,445,482) | (3,028,147) |
| Profit for the year | 13,902,795 | 12,021,908 |
| Group's share of profit for the year | 6,812,370 | 5,890,735 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS con'd

| | Group | | Company | |
|---|------------|------------|------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ |
| 20 CAPITAL COMMITMENTS | | | | |
| Capital expenditure: | | | | |
| - approved by the Board and committed | 22,464,873 | 20,703,490 | 13,144,919 | 7,039,190 |
| 21 RENTAL INCOME COMMITMENTS | | | | |
| Not later than one year | 1,035,855 | 867,582 | 1,035,855 | 867,582 |
| Later than one year but not later than five years | 438,021 | 332,965 | 438,021 | 332,965 |
| Later than five years | 5,700,078 | 4,403,506 | 5,700,078 | 4,403,506 |
| | 7,173,954 | 5,604,053 | 7,173,954 | 5,604,053 |
| 22 CONTINGENT LIABILITIES | | | | |
| Bank guarantee for HM Customs and FEA bonds | 1,702,423 | 1,709,423 | 81,000 | 81,000 |
| | 1,702,423 | 1,709,423 | 81,000 | 81,000 |
| a) FUTURE LEASE COMMITMENTS | | | | |
| Not later than one year | 557,232 | 325,052 | 557,232 | 325,052 |
| Later than one year but not later than five years | 1,903,874 | 2,461,106 | 1,903,874 | 2,461,106 |
| | 2,461,106 | 2,786,158 | 2,461,106 | 2,786,158 |
| 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. | | | | |
| Opening balance | 9,850,355 | 10,074,652 | 9,004,226 | 9,209,256 |
| Less: Amortisation charges during the year | (224,297) | (224,297) | (205,030) | (205,030) |
| Closing balance | 9,626,058 | 9,850,355 | 8,799,196 | 9,004,226 |
| <i>Comprising:</i> | | | | |
| Current | 224,297 | 224,297 | 205,030 | 205,030 |
| Non-current | 9,401,761 | 9,626,058 | 8,594,166 | 8,799,196 |
| | 9,626,058 | 9,850,355 | 8,799,196 | 9,004,226 |
| Movement in the accumulated amortisation are as follows: | | | | |
| As at 1 January | 1,364,473 | 1,140,176 | 1,247,266 | 1,042,236 |
| Amortisation charge for the year | 224,297 | 224,297 | 205,030 | 205,030 |
| As at 31 December | 1,588,770 | 1,364,473 | 1,452,296 | 1,247,266 |

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 *con'd*

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 climate

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

(ii) Currency risk

Foreign currency risk is the risk that the fair value 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 2022, 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 2022.

The following significant exchange rates were applied during the period:

| | Reporting date mid spot rate 2022 | 2021 |
|-----|--------------------------------------|------|
| AUD | 0.65 | 0.64 |
| USD | 0.44 | 0.48 |

Statement of profit or loss and other comprehensive income

Effect in FJD

31 December 2022

| | | |
|-----|------|----------|
| AUD | +10% | 41,842 |
| | -10% | (41,842) |
| USD | +10% | 1,335 |
| | -10% | (1,335) |

31 December 2021

| | | |
|-----|------|----------|
| AUD | +10% | 42,326 |
| | -10% | (42,326) |
| USD | +10% | 1,228 |
| | -10% | (1,228) |

(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.

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 | |
|-----------------------------|-------|--------------------|-------------------|
| | | 2022 \$ | 2021 \$ |
| Cash and cash equivalents | 16 | 55,493,145 | 29,525,782 |
| Trade and other receivables | 5 | 4,273,805 | 3,263,613 |
| Other assets | 8 | 2,346,692 | 1,488,998 |
| Financial assets | 6 | 45,000,000 | 45,000,000 |
| | | 107,113,642 | 79,278,393 |

Ageing of trade receivables

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

| <u>Group</u> | <u>Total</u> | <u>0-30 days</u> | <u>31-60 days</u> | <u>61-90 days</u> | <u>Over 90 days</u> |
|---------------------------|--------------|------------------|-------------------|-------------------|---------------------|
| 31 December 2022 | | | | | |
| Expected credit loss rate | 37.02% | 0.00% | 0.00% | 108.38% | 100.00% |
| Trade receivable | 3,906,124 | 1,705,550 | 773,848 | 228,855 | 1,197,871 |
| Expected credit loss | 1,445,909 | - | - | 248,038 | 1,197,871 |
| 31 December 2021 | | | | | |
| Expected credit loss rate | 54.37% | 0.00% | 0.00% | 95.20% | 100.00% |
| Trade receivable | 2,355,684 | 887,413 | 185,384 | 43,508 | 1,239,379 |
| Expected credit loss | 1,280,797 | - | - | 41,418 | 1,239,379 |

(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 2022 | On demand \$ | < 1 year \$ | 1 to 5 years \$ | > 5 years \$ | Total \$ |
|----------------------------|-------------------------|---------------------------|----------------------------|----------------------------|---------------------|
| Trade and other payables | - | 6,206,713 | - | - | 6,206,713 |
| Provisions | - | 222,425 | - | - | 222,425 |
| Employee benefit liability | - | 783,004 | 202,590 | 447,861 | 1,433,455 |
| Income tax liability | - | 953,595 | - | - | 953,595 |
| | - | 8,165,737 | 202,590 | 447,861 | 8,816,188 |

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *continued*

(c) Liquidity risk *continued*

| 31 December 2021 | On demand \$ | < 1 year \$ | 1 to 5 years \$ | > 5 years \$ | Total \$ |
|----------------------------|-----------------|----------------|--------------------|-----------------|-------------|
| Trade and other payables | - | 4,178,218 | - | - | 4,178,218 |
| Provisions | - | 265,969 | - | - | 265,969 |
| Employee benefit liability | - | 752,746 | 193,238 | 350,579 | 1,296,563 |
| Income tax liability | - | 661,306 | - | - | 661,306 |
| | - | 5,858,239 | 193,238 | 350,579 | 6,402,056 |

(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 | |
|-----------------------------|--------------------|--------------------|
| | 2022 \$ | 2021 \$ |
| Interest bearing borrowings | - | - |
| Equity | 168,746,494 | 155,091,827 |
| Capital and debt | <u>168,746,494</u> | <u>155,091,827</u> |
| Gearing ratio | 0% | 0% |

25 SIGNIFICANT EVENTS DURING THE YEAR

Post pandemic economic recovery gained traction with increases reflected in the import volumes which are a result of improvement in the Tourism sector as well as overall consumption in the market.

The Company has stood up to the increase in business activity and has mobilized resources adequately and efficiently to deliver and absorb the re-bounce in the economy in 2022.

The opening of the borders and the boost in the Tourism sector continued to have positive impacts on the economy as a whole and drove increased trade subsequently increasing imports. There were also notable increases in cruise vessels visiting Fiji ports which was a boost to the business as well as to the entire Tourism industry. Additionally, the normalizing of the Fijian economy increased the consumer spending which led to increased demand and imports into the country.

Other than the matters described above, no other matter or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results, or cash flows of those operations, or the state of affairs of the Company in future financial years.

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

No events have manifested in the interval between the end of the financial year and the date of this report that have significantly affected the operations of the Company in the subsequent financial year.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.



Fiji Ports
Corporation Limited