FIJI PORTS

Fiji Ports Corporation Limited

Annual Report 2014

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Vision, Mission, Values & Corporate Culture

Vision

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

Mission

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

Values

- Professionalism
- Progressive Leadership and Succession Planning
- Commercial Stewardship
- Corporate Citizenship
- Strategic Innovation
- Employee Well-being and Diversity

Corporate Culture

Attitude and behaviour define the workplace environment, and FPCL's Board, management and senior staff understand the need for openness when addressing issues that relate to the organisation's Corporate Culture.

Plans to enhance FPCL's Corporate Culture, with the view to maximising the often unrecorded and unseen benefits that flow from achieving a positive workplace environment, remain crucial to the organisation and are open to regular review.

Letter to the Minister

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

July 2015

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

Dear Minister

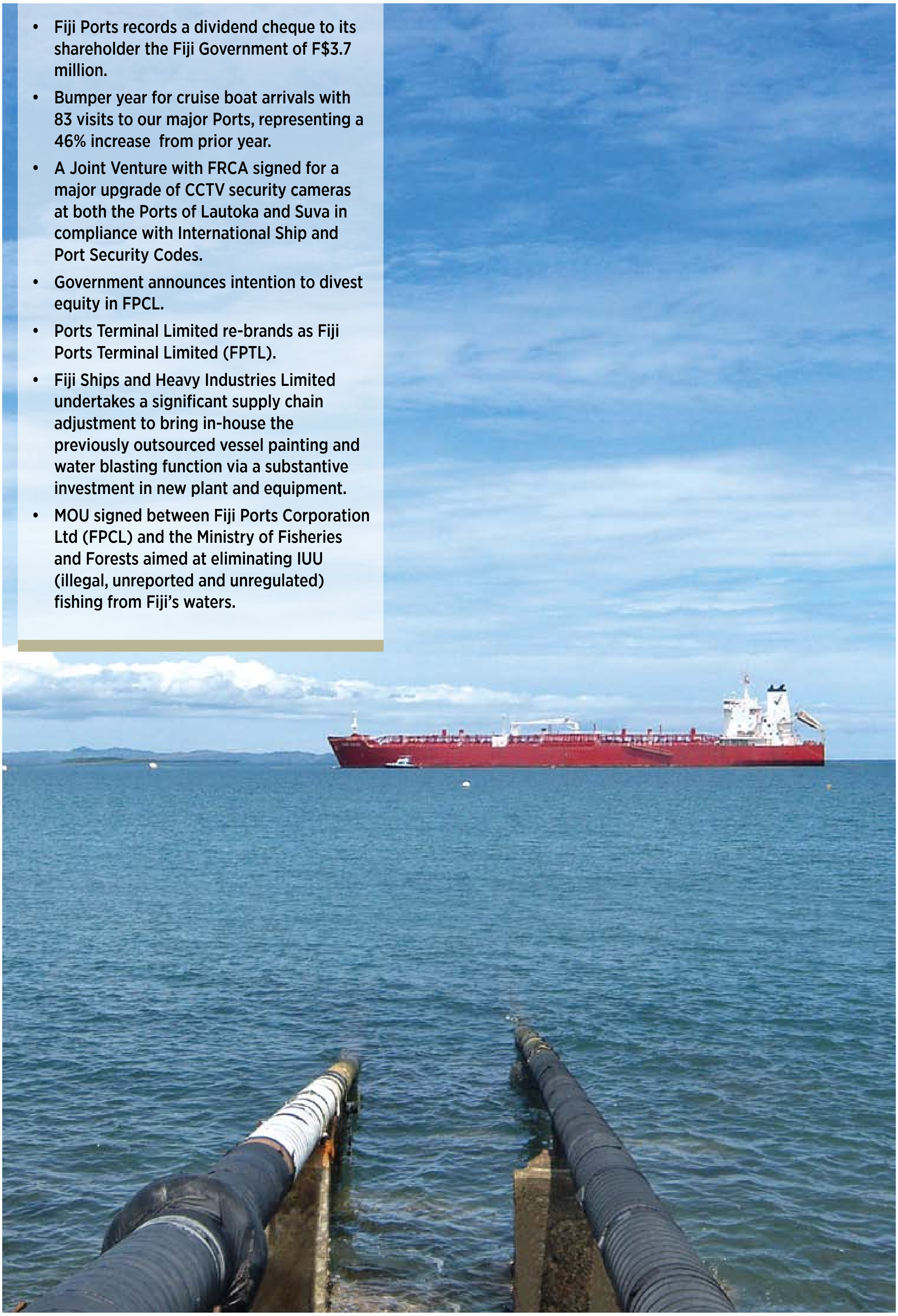
I have much pleasure in submitting this Annual Report for Fiji Ports Corporation Limited (FPCL), and its subsidiary company, Fiji Ships and Heavy Industries Limited (FSHIL) for the year 2014, which has been produced in accordance with the provisions provided in the Public Enterprises Act 1996.

Yours sincerely

Tevita Kuruvakadua
Chairman
FPCL Board of Directors

The Year at a Glance

- Fiji Ports records a dividend cheque to its shareholder the Fiji Government of F$3.7 million.
- Bumper year for cruise boat arrivals with 83 visits to our major Ports, representing a 46% increase from prior year.
- A Joint Venture with FRCA signed for a major upgrade of CCTV security cameras at both the Ports of Lautoka and Suva in compliance with International Ship and Port Security Codes.
- Government announces intention to divest equity in FPCL.
- Ports Terminal Limited re-brands as Fiji Ports Terminal Limited (FPTL).
- Fiji Ships and Heavy Industries Limited undertakes a significant supply chain adjustment to bring in-house the previously outsourced vessel painting and water blasting function via a substantive investment in new plant and equipment.
- MOU signed between Fiji Ports Corporation Ltd (FPCL) and the Ministry of Fisheries and Forests aimed at eliminating IUU (illegal, unreported and unregulated) fishing from Fiji's waters.



Chairman's Report

Tevita Kuruvakadua
CHAIRMAN

This year Fiji Port's Board and senior management continued with their commitment to deliver solid financial outcomes to the Company's shareholder while providing services that bring benefit to the people of Fiji and the broader regional community.

In terms of finance the operating Group profit for the year was $7,438,382, compared to the previous year of $13,734,734, after providing for income tax expense of $1,528,299, compared to 2013's figure of $1,779,038. The operating profit for FPCL for the year was $6,637,848 compared to $21,041,282 in 2013 after providing for income tax expense of $1,263,163, compared to 2013's figure of $1,094,707. The 2013 result included a one-off gain from disposal of equity in Ports Terminal Limited under the Public Private Partnership and on an adjusted equivalent comparative basis, FPCL has had a strong year in 2014, which represented the first full year of operations post sale of 51% FPTL shares. Yet, despite a leaner group excluding full consolidation of FPTL financials, the Group managed to maintain profitability levels and even managed to achieve a 1% growth.

15-Year Fiji Ports Development Plan

A major focus for the Company's executive this year was to further long-standing plans for the proposed 15-Year Fiji Ports Development Plan. The urgency for such a Plan becomes more critical with each passing year owing to the need for a comprehensive investment strategy aimed specifically to address a number of issues primarily to do with the Port of Suva. We remain convinced that implementation of a sustainable development master planning exercise encompassing all our Ports will bring positive long-term benefits and enhanced financial returns to the Company and, therefore, to Government as its shareholder. Critical, too, is that an upgrade to more modern infrastructure will assist FPCL meet its aim of becoming a world class regional 'Hub'. By close of year, discussions with the ADB, originally initiated by the CEO in 2013 for financial and technical support, had resumed and we remain hopeful that positive outcomes are on the horizon during the months ahead.

Beyond ensuring plans for national infrastructure upgrades are in place, this year FPCL prioritised furthering the promotion, and associated development of, Fiji's key maritime industries, principally that of the cargo, fishing and ship-repair sectors, and worked to provide more support to the emerging sectors of excursion, ferries, cruise ships, recreation, and other harbour-based services and activities.

Improving Tourism Services

In response to Government's 2013 decision to divest FPCL of its subsidiary company FPTL, formerly PTL, the Board and senior management were provided more scope to focus on its role of Port Landlord/Regulator.

Owing to the importance of tourism to Fiji's economy, improving Port-related services to this sector is a major objective for Fiji Ports - whether it be the provision of basic arrival facilities for new and return visitors, or being on hand to meet and greet and offer customer assistance. Improving infrastructure and facilities at our two main Ports of Suva and Lautoka, in ways that can also generate income for the Company, takes precedence.

Accordingly, in our capacity as Port Landlord the following projects were progressed this year:

- Plans were commenced for development of Cruise Liner facilities on Kings Wharf and Queens Wharf, subject to traffic proposals and adjustments.
- Planning for an upgrade of facilities for FPCL staff and port users at our local and Suva Fishing Wharfs to result in better stakeholder services, increased public safety and security;
- Further work on the proposed expansion and re-configuration of Lautoka Local and Tenant Wharfs, including the creation of a permanent commercial barge-loading facility, needed to support the growing number of cruise boat arrivals to the Western Division Port and
- Advances in plans for the construction of a major office complex, retail and terminal building at our Walu Bay site, adjacent to Muaiwalu II.

Supporting Fiji's Fishing Sector

Providing support to Fiji's fishing sector, which generates approximately $250 million annually to the Fiji economy, and employs several thousand people, was also central to FPCL's activities during the year in review.

Fishing activities that do not comply with national, regional or global fisheries conservation and management obligations are an issue of great importance for maritime nations such as Fiji as IUU fishing has an economic impact that includes lost revenue from landing and licence fees and taxes, which all legitimate fishing companies are obligated to pay. Indirectly, IUU fishing impacts on maritime related industries through loss of employment and income, and may also contribute to imbalances in the ecosystem, as well as reduced productivity, biodiversity and food security, through non-compliance with regulations that mitigate environmental impacts.

In an attempt to mitigate some of the damaging effects of IUU, an MOU between Fiji Ports and the Ministry of Fisheries and Forests was initiated. The MOU determines that the two organisations share information on foreign and Fiji fishing vessels to enable the monitoring, surveillance and control of fishing vessels suspected of being engaged in IUU fishing activities. The MOU also allows for regular inter-agency consultation regarding management of fishing vessels when in Port. It is also anticipated that the MOU will assist in carrying out port-related measures or requirements under regional and international fisheries treaties.

Succession Planning

This year FPCL was again tested on the issue of securing qualified, senior personnel in a timely manner. The issue continued to impact on the Company's ability to function at maximum capacity, and its ability to deliver on a number of KPIs.

Further to a lengthy search for qualified candidates in the local market place to fill the newly created position of Chief Operating Officer, an overseas based campaign was initiated. A suitable candidate has been selected, however, the appointee had still not been taken up by close of the year, resulting in the position being vacant for almost two years. Given the importance of such a role to the Company, we all very much look forward to the rewards ahead when the position is activated in the coming year.

On a positive note, Mr Shyman Reddy was appointed CFO by the close of year. Mr Reddy was appointed Acting General Manager Finance in 2012 and was promoted to the position of Chief Financial Officer in 2014.

FSHIL's Plans for the Future

2014 saw management and staff at Fiji Port's subsidiary company, Fiji Ships and Heavy Industries Limited, continue to work through their specific goals as set out in the Group's Strategic Plan developed during the previous year.

The company's strategic plans relate principally to those associated with modernising infrastructure and capacity building within its specialised workforce. Fiji Ship's corporate objectives also extend to identifying new ways to generate revenue by expanding its current services.

With the support of its parent company, FSHIL continues to identify and forge partnerships with similar organisations such as other ship repair facilities, suppliers of goods and services, and with ship-owners and other companies in the ship building industry.

In response to the need to introduce 'world's best practice' environmental standards, this year FSHIL's staff and management pursued options to supply energy efficient refits, and introduced initiatives aimed at improving the overall running of the facility. Educating staff members - and facility users - on the need to be more environmentally aware is an ongoing commitment.

In the year ahead Fiji Ships aims to develop and implement a long-term Business Development Plan that will provide the company with a clear way forward. In the meantime, management will continue to identify ways to generate greater returns for our shareholder and improve on its service delivery.

Looking Ahead

Fiji Ports will continue to play its role in achieving efficiency in line with the transformation agenda of Government.

The announcement in the 2014 Budget by Government of its intention to divest some level of equity in FPCL has been at the forefront of our planning over the past year. Having participated in negotiations for the sale of 51 percent of FPTL to AS PLC, the Board and senior management are very much aware of the time and focus required to bring such negotiations to fruition and we await further developments in this area.

Notwithstanding, as we carry out our plans for the future, we are confident that we are well placed to identify opportunities for generating effective asset management, and ensuring our role as Port Landlord remains effective and continues to meet industry expectations and requirements. We fully understand our statutory obligations in our role as a Landlord Port Operator/ Regulator under the Sea Port Management Act 2005, and look forward to continuing to improve on our performance. We have also addressed the need to review the Sea Port Management Act 2005 and Sea Port Management Regulations 2008 and the need to align these with relevant laws and decrees.

Appreciation

In closing, I would like to acknowledge the support of my fellow Board members for their continued dedication and valuable input during yet another year of adjustment for the Company. On their behalf I would like to express our thanks to our shareholders, the Fiji Government and specifically the Ministry of Public Enterprises and the Ministry of Finance. To our many stakeholders for their assistance, feedback and support during the year, your engagement is always appreciated. Special thanks, too, goes to our senior managers, department heads and all the Group staff for their important and varied contributions.

Tevita Kuruvakadua
Chairman

CEO's Report

Vajira Piyasena
CHIEF EXECUTIVE OFFICER

While the organisational restructure of Fiji Ports Corporation Limited (FPCL) commenced as recently as July 2013, I am pleased to report that significant benefits were recorded throughout 2014, specifically increased overall efficiency at our Ports and a major reduction in berthing delays at wharfs.

In the longer-term, key benefits expected to accrue from the public private partnership between Ports Terminal Ltd (now FPTL) and FPCL include a further increase in efficiency and productivity of cargo operations, the ongoing improvement in ship and shore crane moves plus, further reductions in vessel turnaround times. FPCL as the landlord and the provider of a wide range of services to FPTL played a vital and ongoing role in all critical port operations.

Given the year 2014 was FPCL's first full year of operation as a Landlord Port, enhancement and expansion plans dominated the Company's activities and, I am pleased to report, much was achieved. Essentially, a recent review of operations confirms our belief that Fiji is well placed to achieve its aspiration 'To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce.'

Upgrading Programme

Several key projects and new initiatives were undertaken during the year aimed at enhancing or improving general operations and meeting the demands of our role as Port Landlord and administrator.

Amongst those of note were a project aimed at re-vamping the operations and upgrading of Local and Fishing Wharf facilities in Suva and Lautoka, and the installation of the new weighbridge at the Muaiwalu Wharf that provides FPCL with a more accurate tonnage of cargo being off-loaded from fishing vessels. This installation provides a more accurate 'rate to charge' to vessel operators, and ensures an increased revenue stream for the Company.

Installation of the latest technology in Closed Circuit Television (CCTV) cameras at the Kings Wharf, Queens Wharf and coverage of Muaiwalu I and II was also a significant development that took place this year. The upgrade was carried-out following the signing of a MoU with Fiji Revenue and Customs Authority (FRCA) in January. The high-tech cameras provide enhanced image and video quality. This contributes to the security enhancement in our port facilities to an international level.

Installation of a state-of-the-art Automatic Identification System (AIS) in Suva and Lautoka Ports at the Port control offices was another important project for the Company. An automatic tracking system that identifies and locates vessels through the exchange of information between ships provides Fiji Ports with greater security and a more efficient vessel tracking operation.

New Initiatives

Importantly, too, this year was our investment in a safety/pollution patrol vessel for a safer and pollution free harbour in Suva. The launching of the "Dausasamaki" has provided FPCL with a vessel for the specific purpose of maintaining a clean, safe harbour by detecting illegal rubbish dumping and oil-spill deployment. A pool of qualified boat masters from the Fiji Port's staff are rostered on to man the boat, providing an opportunity for multi-skilling the operational staff and acquiring qualification from MSAF.

Fiji Ports continues to address the removal of derelict vessels submerged in the waters of the Port of Suva, a key initiative undertaken by the Company this year. The process will involve an Environmental Impact Assessment (EIA), a provision essential to FPCL meeting the statutory requirements of the Department of Environment, and adheres to terms as set out in Fiji Port's recently implemented Environmental Policy.

Company Policies and Procedures Overhaul

Another significant achievement during the year was the drafting, or redrafting, of 120 company policies and procedures, which are now being linked to FPCL's Performance Management System (PMS).

This work was undertaken specifically to ensure the Company remains on track to secure a comprehensive policy and procedures structure whereby eliminating any employee uncertainty regarding a job's role or expectations. Work continues on this initiative which, once completed, will see FPCL benefit from having the most up to date policy and procedures manual that meets world's best practice expectations and standards.

Other corporate level enhancements include the revamping of day to day planning processes using a corporate calendar with a view to achieving better monitoring and synchronisation of high level Company and departmental activities. The introduction of a Biometric Attendance System for accurate employee time recording was also introduced during the year.

Strategic Planning

For the third consecutive year Fiji Port's Board, senior management, and department staff engaged in the drafting of FPCL Strategic Plan for the period 2015-2017. Comprehensive goals with aims, objectives, KPI's, and targets (time lines) across fifteen key strategic goals made up the plan. This will be published annually with other accompanying planning documents: Corporate Plan 2015, Human Resources Plan 2015, and FPCL's Statement of Corporate Intent 2015.

I am pleased to report that this year's strategic planning phase reflected an even greater level of participation from management and senior staff than any previous years. I am pleased, too, to report that a significant number of industry practitioners and stakeholders took the time to participate in interviews, discussion sessions, and one-on-one meetings. Their input, together with rigorous analysis and thoughtful dialogue, provided a firm basis for the future planning for both companies, FPCL and FSHIL.

Other than meeting specific obligations to government, and its international requirements, the forward planning process was devised and agreed to by those staff responsible for the delivery of services. All senior staff have reconfirmed their commitment to achieving the stated outcomes contained within this document and, accordingly, these aims, strategies and targets are incorporated in the KPI's for individual managers and departmental heads. Although in some instances the aims and objectives of some of the Plan's goals may seem aspirational, all are achievable.

Importantly, this three-year Strategic Plan articulates the requirements of the Company under its role of Port Landlord, and emphasises the need to deliver on FPCL's social obligations while meeting the expectation of strong returns to our shareholder.

Moving forward, FPCL will review performance measurement frameworks to ensure all operational processes are meaningful, unambiguous and commonly understood by those within the Company, and are, in fact, owned and managed by the teams within the Company. In 2014, a solid foundation has been laid to an organisation culture, that senior leaders provide the fundamental framework for corporate and business standards within the organisation. The FPCL management team understands it is their collective responsibility to gain the support of the entire Company to work in unison towards achieving these common goals.

Fiji Ships's Business Model

By taking advantage of Fiji Ships & Heavy Industry Limited's (FSHIL) skilled and experienced personnel, along with better utilisation of company resources, FSHIL made a significant improvement to its business model during the year.

Recognisable upgrades introduced across the company's entire operation are also expected to further improve Fiji Ship's financial outcomes over the next few years.

Plans to invest in and/or upgrade key facilities and equipment along with the company's further investment in heavy industry equipment to enable the servicing of larger sized vessels, is also expected to increase the Company's existing client base and attract new ones. This year FSHIL's management team has been active in their endeavours to capture new markets primarily from neighboring Island nations of Tuvalu, the Marshall Islands, Tonga, Vanuatu, Kiribati, and Wallis and Futuna.

Amongst the highlights for FSHIL in 2014 was completion of the significant supply chain adjustment to bring in-house the previously outsourced vessel painting and water blasting function after investing FJD1.2million on new equipment.

Corporate Culture

As we move into second half of the decade, we are committed to meet and maintain recognised world-class business excellence standards; this is an ambition of the highest order for Fiji Ports management and staff.

Our commitment, therefore, is to put in place management systems and processes that will ensure standards of business excellence are achieved and maintained, and establish suitable mechanisms to review business and operational outcomes.

Creating a positive workplace environment for all Fiji Port's employees is central to the Company's values of Professionalism, Progressive Leadership and Succession Planning, Commercial Stewardship, Corporate Citizenship, Strategic Innovation and Employee Well-being and Diversity.

Further, the awarding of FJD30k as a performance bonus to FSHIL staff, as a result of the hard work by all levels of staff, also took place during the year. This resulted in a full schedule of commissions delivered on time. As FSHIL is a 24/6 operational facility, crews often work twelve-hour shifts to meet targets. The company also relies on project personnel to work additional shifts. They are drawn from a pool of approximately 50 skilled and semi-skilled workers such as marine fitters, welders and electricians to ensure all ship repairs are completed in a timely and efficient manner.

During the year, while FSHIL management was working on required documentation for ISO 9001 QMS standard, employees participated in a series of 5S workshops with the view to establishing consistency in company standards. This basic, fundamental, systematic approach for productivity, quality and safety improvement in all departments was seen as the preparation for FSHIL's much larger goal in achieving ISO 9001 certification. The Company's management has seized this opportunity to educate all staff on the need to be aware of the negative impact FSHIL's workplace activities could have on the environment, and to encourage all members of the staff to take measures to mitigate such effects. The company is also working diligently with FSHIL tenants to ensure they meet and sustain necessary standards.

Through its plan to identify new business opportunities and form sustainable strategic partnerships, the company is set to achieve its desired level of growth. Further, increasing FSHIL's diversity and business portfolio is expected to assist the company fulfill its longer-term objective of becoming the premier regional provider of maritime ship repair and specialised services.

Responding to Challenges

Port authorities worldwide are, more and more, required to respond to changes in market place conditions, especially since traditional methods of financing prove progressively inadequate. The industry leaders are often, therefore, forced to explore new avenues for forging sustainable partnerships to address the need for heavy investment in infrastructure needed to meet the increasing demands of future trade.

I am extremely pleased to report that FPCL's role of Port Landlord offered a solution to financing future development for the Company by providing a mixed private-public orientation as all port operations, such as cargo handling, are now carried out by a private company.

As Port Landlord of one of the Pacific's biggest and most important ports for Pacific Island trade, FPCL's management accepts that this comes with responsibility to deliver outcomes at the highest standard in efficiency, safety and security, and environmental leadership. It also accepts that through prudent planning unforeseen challenges or occurrences can be met with confidence.

Acknowledgements

As we deliver our report for the year 2014, I would like to express my gratitude to the FPCL management team for their hard work, and offer special thanks to our Chairman and Board of Directors for their leadership and continued support during this busy year.

We take this opportunity to thank our colleagues at the Ministry of Public Enterprises and the Ministry of Finance, and our many and varied stakeholders and partners in the maritime industry. We pledge our continued commitment to delivering effective and accountable outcomes as we roll out our plans for the year ahead.

Vajira Piyasena
Chief Executive Officer

Operating as a Ports Landlord/Regulator

2014 was the first full year of operation for Fiji Ports since changes were made in 2013 to the Company's organisation structure. The changes, allowing the Company to operate more appropriately within its role as Landlord Port/Regulator, has seen FPCL transition from operating as a 'process based organisation' to one with an enhanced focus on ports facility development.

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

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

Obligations Under Law

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

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

Business Obligations

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

Further to the transfer of Ports Terminal Limited (PTL) Fiji Ports relinquished operation and management of the Kings Wharf, Suva, Queens Wharf, Lautoka, however, Fiji Ports maintains ownership and operation of Levuka Wharf, Ovalau, and oversees the operations and ISPS requirements for the following ports:

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

FPCL continues to oversee and operate port facilities located at Mualiwalu I and II, Walu Bay, Suva, through the provision of port's infrastructure and related services to ensure industry safety and security, and maintains its head office, located at Muaiwalu House, Walu Bay, Suva, Fiji.

Obligations In Partnership

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

Our People's Obligations

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

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

Obligations to the Community and Our Environment

In addition to carrying out its corporate obligations, FPCL works to maintain its commitment to the community through social activities with direct and indirect benefit to the broader community and to those in need. Of importance to the Corporation is its role in environmental protection. Where possible the Corporation's staff and management generate stakeholder awareness regarding land and sea pollution as part of their daily activities and duties.

The growth of the mining industry in Fiji brings new responsibilities. Carrying solid bulk cargoes, as occurs with the important development of Amex loading dock in Lautoka adjacent to Queens Wharf, involves serious risks that must be managed carefully to safeguard the crew, ship and the environment. These risks include reduced ship stability, and even capsising, due to cargo liquefaction, fire or explosion due to chemical hazard, and damage to ship structures due to poor loading procedures.

Board of Directors

FPCL's Board of Directors during the year in review is as follows:

Tevita Kuruvakadua
Chairman
Appointed to the Board July 2013
Appointed Chairman August 2013

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

Vijay Maharaj
Director
Appointed July 2013

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

Vilash Chand
Director
Appointed July 2013

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

Commander Joeli Cawaki
Director
Appointed June 2009
Retired August 2014

Commander Cawaki holds a Master of Science in Maritime Affairs, from the World Maritime University Sweden, and a Graduate Diploma in Maritime Studies, University of Wollongong, Australia, Diploma in Defence Management, Australia Defence College, Graduate of the RNZN Officers Training Academy, Graduate of the RNZAF Command and Staff College, Graduate of the Royal Navy Command and Staff College, Royal Australian Defence College Passed Staff College Joint (PSC) (Royal Australia Defence College, Canberra, Australia. He was in the Fiji Navy and reached the rank of Commander (1985-2005), was Director HRM and Director Maritime at RFMF Strategic HQ, Berkley Cresent, Suva (1985-2005), Director DISMAC for Fiji (2007 – 2009), and, in 2009, was appointed Divisional Commissioner, Western Division.

Board Meetings 2014

Director	Number of meetings entitled to attend	Number of meetings attended
Mr Tevita Kuruvakadua	6	5
Cmdr. Joeli Cawaki	3	2
Mr Vijay Maharaj	6	6
Mr Vilash Chand	6	6

Board Sub-Committee Meetings 2014

Sub Committee	Meeting Chaired by	Number of meetings held
Human Resources	Tevita Kuruvakadua	6
Finance/Audit & Risk Management	Tevita Kuruvakadua	5
Technical & Infrastructure Development	Cmdr. Joeli Cawaki	4

Corporate Governance

The essence of good governance is accountability.

Strengthening the good governance framework is a fundamental principle for Fiji Ports. The Board is aware of the responsibilities it has for stewardship and accountability to its shareholder, the Government of Fiji and works closely with management to ensure that issues of disclosure, transparency, due process and probity are continually under review and maintained at consistently high levels.

Role of the Board

With responsibilities under the Public Enterprise Act, 1996, the Board is appointed by the Minister of Public Enterprises and Reform Unit in accordance with the provision Public Enterprise Act:

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

(ii) The appointment of the company's Chief Executive Officer.

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

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

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

The functions of the FPCL Board of Directors are summarised as follows:

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

The CEO, Board of Directors and Managers of Fiji Ports Corporation Limited at the Levuka Wharf.

Executive Management

Vajira Piyasena
Chief Executive Officer
Appointed July 2011

Mr Piyasena joined FPCL as CEO in July 2011. He is a Chartered Fellow of the Chartered Institute of Logistics and Transport, Fellow of the Chartered Quality Institute (UK), Chartered Quality Professional (CQP) (UK), Fellow of the Institute of Marine Engineering, Science and Technology (UK) and a Member of the Royal Institution of Naval Architects (UK). He qualified in UK as a Marine Chief Engineer and had a seagoing career serving with major international shipping companies. He is a Chartered Engineer and Member of Institute of Engineers (India) and an Incorporated Engineer, Engineering Council (UK). His professional career and diverse experience spans over 30 years in the areas of maritime industry, academic sector and management consultancy. His expertise also extends to international shipping, marine engineering, maritime education and training, ship repairs and ship building, As a management consultant he has worked with over 100 companies in projects involving quality systems and policy development, corporate restructuring and international business development. He has a Master of Science in Engineering Management and a MBA. His other post-graduate qualifications are in areas of Production & Technology, Quality & Operations Management and International Affairs concentrating in International Law. He engages in research relating to Port Development Policy and specialises in business excellence models.

Shyman Reddy
Chief Financial Officer
Appointed September 2014

Mr Reddy was appointed to the position of GM Finance (Acting) in August 2012, and appointed Chief Financial Officer in 2014. He joined FPCL in 2011 after departing the ANZ where he held several positions, most recent of which was Assistant Manager Corporate Banking. He was an academic with the University of the South Pacific in the School of Accounting and Finance. Mr Reddy has Post Graduate level qualifications in Accounting and Finance, and is a triple gold medalist of USP. He is a full member of CPA Australia and Chartered Accountant (Fiji). Mr Reddy was awarded Fiji Young Accountant of the Year in 2013.

Managers

Ronald Sue
Port Engineer

Penitiko Yauvoli
Harbour Master - Lautoka

Laisiasa Gonewai
Acting Harbour Master - Suva

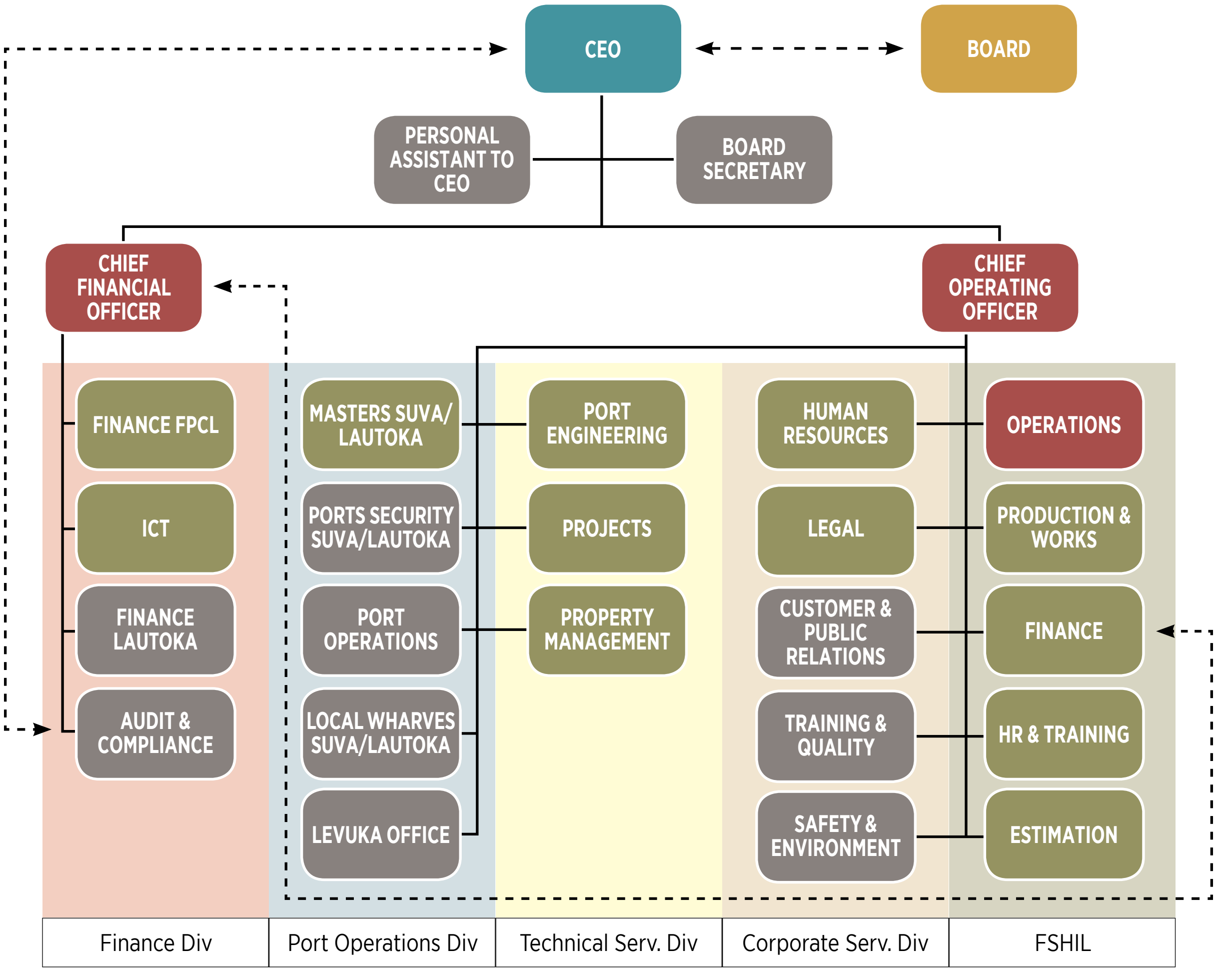
Lopeti Radravu
Operation Manager FSHIL

Jiovilisi Biukoto
FPCL Manager HR

Geethika Dissanayake
Manager ICT

Dinesh Lingam
Property Manager (Acting)

FPCL Organisational Structure



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

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

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

Human Resources

Further to the divesting of FPTL, Fiji Ports implemented a 'head of division' structure, notably the introduction of the positions of Chief Operating Officer (COO), and Chief Financial Officer (CFO) who share responsibility across all FPCL departments. Each head of division reports directly to the Chief Executive Officer.

Chief Financial Officer

FPCL's Finance Division operates under a CFO. The CFO role has responsibility for FPCL's financial operations, payroll, financial and balanced scorecard reporting, including KPI's. The Finance Division will also be responsible for commercial services, financial management, investment analysis, operational analysis, balanced scorecard, enterprise-wide risk management. The ICT Department, responsible for the operation, support and management of FPCL's IT hardware and software requirements, also comes under the direction of the CFO, as does Audit and Compliance Risk, and the management of all of FSHIL's financials.

Chief Operating Officer

The role of Chief Operating Officer (COO) is to oversee the following Divisions:

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

Fiji Ships & Heavy Industries Limited (FSHIL)

A subsidiary company of Fiji Ports Corporation Limited, Fiji Ships & Heavy Industries Limited (FSHIL) operates as a commercial, self-funded company. With an impressive and growing list of customers, FSHIL is well on its way to becoming the regional leader in world class slipway and ship repair services. FSHIL operates under the direction of the COO.

Corporate Services Division

The departments of Human Resources, Customer and Public Relations, Staff Training, Safety and Environment, and Legal operate under FPCL's Corporate Services Division.

Human Resources

FPCL's Human Resources Department provides the full range of human resource functions for the Company, the focal point of which is FPCL'S people and corporate culture.

Succession Planning

Human Resources continued its roll-out of reforms to ensure the right people, training and workplace environment are in place to deliver on FPCL's targeted strategic goals. Proritised for the department was providing assistance to FPCL's Board and management on its comprehensive succession planning programme. The plan, introduced in 2013, aims to see key positions filled from existing personnel within the organisation. Accordingly, HR continues to offer new platforms for advancement, training and other job related opportunities to Company employees. Filling senior staff vacancies, however, remains a challenge although much has been achieved in this area when compared to previous years.

HR Policies and Procedures Manual

This year, FPCL commissioned the drafting of a comprehensive set of HR policies and procedures, which have been presented to the Board HR Sub-Committee. Highlighted is the Company's continued commitment to ensuring 'world's best practice' standards for its employees, and ongoing improvement to the workplace environment and corporate culture. Employee empowerment, in terms of contributing to the decision making process, is also actively encouraged as it is viewed by Board and management to be in direct correlation with productivity.

New Appointments

As the Human Resources Department needs to be at the forefront of change in any organisation, this year saw the department's overall functionality reviewed, which resulted in a number of positions being revamped to better support Fiji Port's needs. Accordingly, the following new departmental positions were created:

- Human Capital Services Officer
- Human Resources Coordinator
- Human Resources Assistant

These positions were developed to assist the department with the delivery of the Company's stated and future goals and aspirations, and to advance the department in its endeavours to become a more proactive unit capable of managing human resources issues swiftly, professionally and effectively.

Achievements

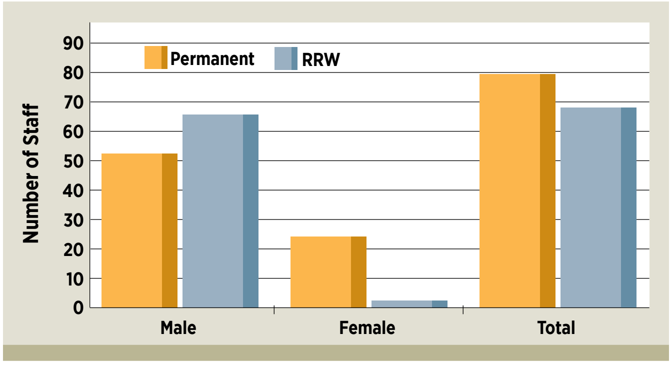
Several milestones were achieved by the HR department during the year, which included:

- The completion of FPCL's first Human Resources Plan;
- The audit of all HR processes to ensure consistency in record keeping;
- Overall improvement in personnel recruitment processes, and the introduction of recruitment competency assessment processes;
- A shift online of all leave applications, copies of contracts, and performance evaluations;
- The recruitment of Port Engineer and Manager ICT positions;
- Inaugural payment of the Company's performance bonus and salary increment based on Performance Management System (PMS) outcomes;
- The Payglobal system extended to cover HR services, thereby making it possible for employees to access their own employment records.

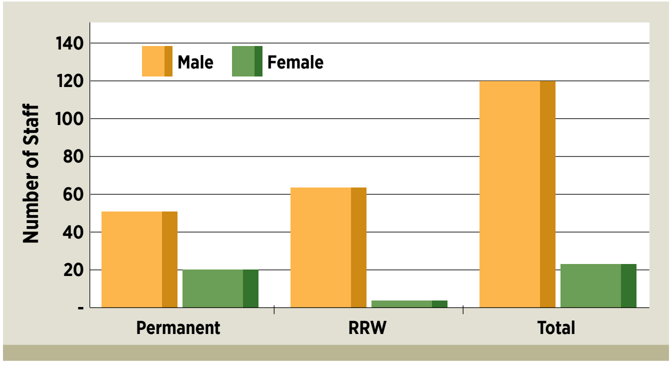
Breakdown of Employee Categories 2014

FPCL's total number of employees in 2014 was 155, which breaks down into the classifications of Contract Employees, which were 83, and Registered Relief Workers, which were 72. Of the 83 employed on a permanent basis, 56 were male and 27 were female; 70 male and two female employees made up the Registered Relief Workers category.

Total Staff Count by Contract Type



Total Staff Count by Gender



Staff Climate Survey

Pleasing for the HR department this year were the results of its Staff Climate Survey, which showed the Organisational Health Index of 4.20 was above the average of 3.78, indicating employees are pleased with the way the Company is being managed. Survey results confirmed that overall FPCL employees view the Company's leadership capabilities positively in regard to issues related to managing investment and growing the Company.

Staff Training

Staff training has emerged as a priority at Fiji Ports over the past decade, and 2014 results reflect the commitment Fiji Port's Board and senior management to continuously improving on delivery rates and standards in this area.

The Board and senior management understand the importance of ensuring all employees remain properly equipped to undertake the tasks expected of them, and realise the value appropriate knowledge and skills have in terms of moving the Company forward. Creating a working environment based on 'World's Best Practice' standards is an explicit goal for the Company and all suitable measures are being taken to achieve this outcome. In order to meet this goal, FPCL offers a range of opportunities for qualifying employees to undertake studies or pursue on-line courses, and staff successfully completing papers, diplomas or degrees have fees reimbursed on the understanding that they will be bonded to work for FPCL for an applicable period.

The year in review saw Fiji Port's direct training expenses came in at $132,964 (excluding cost of overseas training funded by foreign sponsors and the trainee Pilots Scheme) compared to $123,922 expended in the previous year across the categories of in-house training, professional training, overseas training, and tertiary institution training. The total number of employees training sessions totalled 788 across the Group. A primary challenge for the Staff Training Unit during the year, however, was ensuring maximisation of the Company's return on the levy paid to the National Training and Productivity Centre, Fiji National University, (FNU) while ensuring the right training is provided to employees.

Overseas Attachments

In 2014 two employees also travelled overseas on a short term attachment and training courses. Recently appointed FPCL Port Engineer, Ronald Sue, was provided the opportunity to travel to Northport, Port Klang in Malaysia, for a two week attachment where he attended an Integrated Technical Cooperation Port Attachment Programme organised by the Malaysian Ministry of Transport. Fiji Port's Port Pilot, currently the Acting Harbour Master Suva, Laisiasa Gonewai, spent three weeks on a Port Management Training Course in China. This course was fully funded by the host country, the People's Republic of China. FPCL's succession planning programme is linked to its staff training programme upgrading employees' skills, with the view to providing advancement opportunities for those demonstrating a high level of commitment, and is a proactive aspect of Company policy. Qualifying employees are offered courses such as mentorship and tertiary studies or short courses.

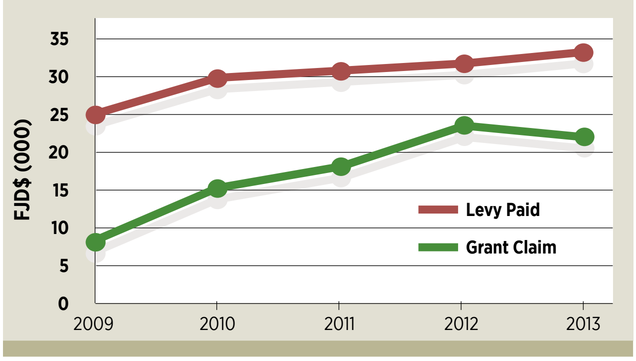
The year 2014 also saw 27 new FPCL and FPTL (who get HR services from FPCL) recruits undergo an induction process. The new recruits included six reefer monitors, nine radio data terminal (RDT) operators, four terminal controllers, six forklift operators, and two truck drivers. Amongst the new recruits six were women: four RDT operators and two terminal controllers. It is mandatory at FPCL that all new recruits undergo the induction process which covers all aspects of the Company's operations from human resource and occupational health and safety policies to the International Ships and Ports Security Code.

FPCL is also responsible for training new employees taking up positions with FPTL, and in 2014 a total of 219 FPTL employees received training.

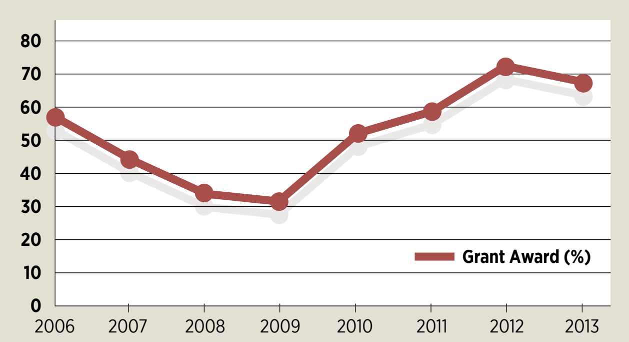
FPCL Employees & FPTL Training Programme 2014

Company	Total No. of Employees Attended Training
FPCL	104
FPTL	121
FSHIL	84

Levy Paid vs Grant Claim



FPCL Grant Award (%) 2006 - 2013



Health, Safety and The Environment

FPCL remains committed to achieving excellence in the provision of a healthy and safe working environment for all its employees, and to supporting environmentally sound practices in the delivery of its activities. Accordingly, it is Company policy to comply with all applicable health, safety and environment protection laws, regulations and requirements.

In its attempt to achieve 'world's best practice' OHS standards, FPCL implements management initiatives that aim to systematically integrate health, safety and environmental considerations - and the sustainable use of natural resources - into all its operations and activities. FPCL's overall aim is to prevent all workplace injury and or illness, environmental incidents, and property loss or damage.

Safety

During the year much has been achieved to enhance safety protocols by FPCL and its subsidiary company FSHIL and the benefits of operating 'more safely' have become the cornerstone to the companies' culture and business development.

FPCL's OHS procedures and protocols are executed in accordance with the legal requirements of the Health and Safety at Work Act (HASAWA) 1996, and Occupational and Health Safety Committees for the Ports of Suva and Lautoka are in place and operate as per legal compliance with HASAWA 1996.

FPCL policy dictates that all employees and Port users are reminded on a regular basis of the need to remain vigilant regarding meeting OHS standards, and of the importance of safe work practices consistent with OHS Act and Regulations. Policing safe work practices is carried out by OHS Enforcement Officers and Safety Unit. Safety officers are appointed to monitor the work place environment and make regular checks to ensure equipment meets the required standard for safety and is being maintained in good order.

During the year both Fiji Ports and FSHIL staff members participated in drills and fire awareness training to ensure all compliance standards are being met, and are in compliance with annual assessments carried out by the National Fire Authority. Specific attention was paid to meeting requirements associated with 'hot works' as welding carries its own set of dangers given it is often carried out in confined spaces. At the Port of Suva drivers received training in the use of fire extinguishers, and regular fire drills were carried out at FPCL headquarters, Muaiwalu House in Walu Bay.

Personal Protective Equipment

Personal Protective Equipment (PPE) is worn by Company employees, and Port users in the performance of specific duties, and under OHS regulations, with breaches resulting in workers being issued with non-compliance warnings. Further, in compliance with the HASAWA Act 1996 the Safety Unit monitors and reports accidents to the Ministry of Labour and FPCL's Insurance Brokers.

Health and Safety Policy and Procedures Manual

Amongst the major achievements this year was the drafting of a Health and Safety Policy and Procedures Manual, and further development of Ports-wide and City Emergency Preparations and Contingency Plan. Also introduced were Continuous Awareness Programmmes and Medical Checkup and Wellness Programmes.

The Environment

FPCL continues to deliver 'green port' measures at all of Fiji's ports of Entry. Fiji Port's Green Energy and Technology Policy is based on promoting the use of more environmentally friendly technology and energy sources when making business decisions, development planning and general operations within the jurisdiction of all ports under the care of FPCL. The Company also continues to encourage its property tenants to update to environmentally friendly energy applications and energy sources.

Litter Prevention

The Ministry of Environment briefed FPCL's Litter Prevention officers on the importance of litter prevention in and around our harbours when they underwent an intensive training session to gain a better understanding of their role and of the relevant regulations that govern the exercise of their duties.

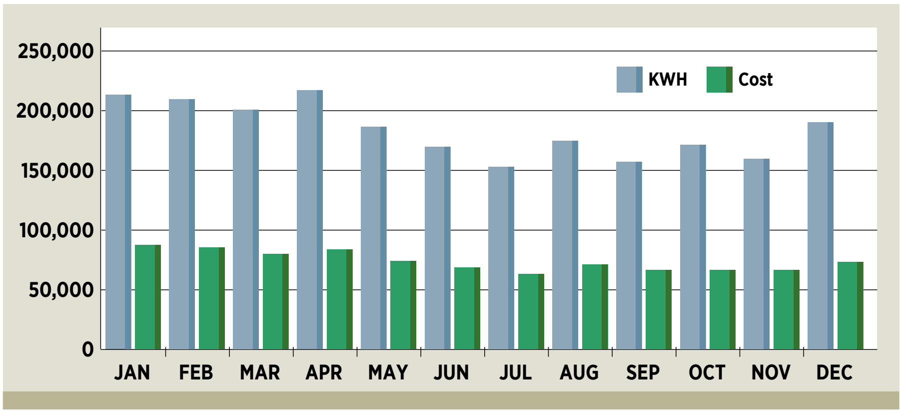
The issue of 'dangerous' litter was a key focus at the session, which also covered the amended Litter Decree of 2010. Dangerous litter is any litter that is deemed dangerous, or is liable to become dangerous, including any litter, which, if deposited in a public place, is likely to endanger anyone, cause physical injury, disease or infection to any person coming into contact with it. Dangerous litter includes any sharp metal, any glass, whether or not it is broken, any substance of a toxic or chemical nature, any oil, diesel, fuel or grease spill, and any abandoned or derelict vehicle.

Other environmental improvement initiatives undertaken this year include the development of environmental compliance plans and hazardous management procedures, the introduction of risk and assessment reports at all ports, and an oil pollution management programme. Fiji Ports also continues with its signage upgrade programme at all its Ports.

Energy Consumption

Fiji Port's carbon footprint for 2014 recorded an average monthly carbon emission of 87.55. This figure compares favourably with 187.37 Tonnes in 2013, 199.06 Tonnes for 2012, and 205.05 Tonnes recorded for 2011.

Electricity Consumption from January 2014 - December 2014



Customer and Public Relations

Fiji Port's Customer and Public Relations department is responsible for corporate branding, media, stakeholder relations, issues management, marketing and merchandising.

Prioritised during 2014 was delivering on the Company's key objective of further developing and maintaining a high level of public understanding of Fiji Ports and its activities. Enhancing community confidence in our Ports, through building on existing stakeholder partnerships and collaborations, was also a focus for the department this year.

An over-arching ambition for Fiji Ports in terms of public relations relates to promoting the importance of Port-related maritime activity, specifically trade and transport within the community, and the Company's commitment to supporting the development of maritime industries such as cargo, cruise, fishing, ship repair, excursion, ferries, cruise ships, recreation, and other harbour-based services.

Community and Social Obligations

FPCL continues to work hard to enhance its community and social activities and initiatives, and to protect its reputation as a 'good corporate citizen'. In addition to carrying out its corporate obligations this year FPCL undertook a number of initiatives that provided direct and indirect benefit to the broader community and to those in need. Fiji Port's Social Club raised funds on behalf of the Company to assist a Hot Bread Kitchen employee who lost her home in an overnight fire. The donation of $1,000 was from the soli raised by FPCL staff at the annual family fun day and church service.

Whenever possible, staff and management generate stakeholder awareness regarding land and sea pollution as part of their daily activities and duties. This year, as in previous years, Fiji Ports staff and management engaged in community clean up initiatives including the annual Clean Up Fiji Campaign. Strong and sustained stakeholder outreach, in support of the waterfront community, is undertaken through holding regular meetings and workshops.

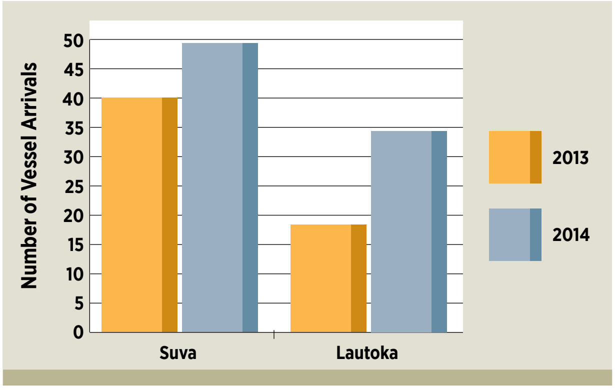
Print and Promotional Material

In addition to managing the FPCL website, and producing the quarterly newsletter, utilising traditional media and developing new policies for social media has kept the department busy during 2014. The department's longer-term objectives include transforming the Company's promotional communications material, such as the newsletter, to digital format for greater, more cost effective distribution. Updating the corporate brand manual, and management of FPCL's extensive digital image library used to promote FPCL and FSHIL to approved groups and for use by Fiji Ports for its published documents, and for archive purposes, is also currently being undertaken.

Commitment to Supporting Tourism

Arrivals at the Port of Suva and Lautoka continue to grow. FPCL's public relations department is placing more importance than ever before on capitalising on tourism opportunities. Arrivals during 2014 saw 49 cruise boat arrivals visit the Port of Suva, with 34 vessels docking at the Port of Lautoka. Given the significant increase in arrivals compared to 2013, up by 26, the department was extremely busy fulfilling its promotional work with passengers, including distribution of FPCL branded merchandise, destination arrival meet and greets, and the provision of user-friendly information and destination advice.

Cruise Liner Arrivals for 2013 & 2014



Stakeholder Feedback

The department was represented at regular meetings held throughout the year with industry stakeholders, committees and associations that included Fiji Ship Owners and Agents, freight companies, and FPCL's property tenants. In these forums FPCL customers and clients are invited to rate the Company on its customer service efficiency, safety and security at premises, schedule of charges, and communication protocols utilising FPCL's recently introduced Customer Satisfaction Index. The information is compiled, and made available to senior managers, department heads and Board for review and recommendations. The Scheme aims to provide clearer understanding of issues and concerns of its customers and other stakeholders and has proved valuable as a public relations tool.

Increasing the Company's reputation within the maritime industry through attending trade fairs and exhibitions in coordination with the Ministry of Public Enterprises, Trade Pasifika Exhibitions remains a priority for the department as it provides formal and informal networking opportunities for management and staff to promote FPCL as a business-friendly organisation.

Technical Services Division

Technical Services Division is responsible for all engineering and ports infrastructure development and maintenance, and also manages the Property department.

Port Engineering

A significant focus of the Engineering Department is regular planned Repairs and Maintenance on FPCL's extensive properties and Infrastructure.

The below table documents expenditure in Repairs and Maintenance, month by month for 2014, in comparison to 2013

Head Office Works.

Much overdue work was done during the year at head office. A complete office fitout of Muaiwalu House Level 1 was undertaken to consolidate for the first time the whole of the HR/Training and Corporate Services Department. Construction was completed of the reinforced slab for the Muaiwalu House staff carpark. Also competed during the year was thermographic scanning of all the electrical switchboard facilities of all FPCL properties, and carried out maintenance/upgrading of the identified high risk installations. This allowed significant reductions in the insurance premiums due to the reduced risk of electrical malfunction/faults occurring.

Ports and Harbour works.

Amongst activities in 2014, Ports Engineering initiated the Expression of Interest and Tender process for the Levuka Wharf Structural Consultancy. The structural inspection and report of the Levuka Wharf is to be carried out in 2015. Ports Engineering also assisted FPTL with the renovation and upgrading of the Port Master's Tower Building for FPTL's new offices on the first three levels of the building. This included an upgrade of the existing electrical switchboards which was undertaken at FPCL's expense.

A comprehensive fender maintenance programme for the fenders on the Kings and Queens Wharf main berths was commenced and will be completed in 2015.

The Department undertook liaison with the Fiji Roads Authority with regards to the proposed acquisition of the FPCL Administration Building at the Kings Wharf to allow a realignment of the Stinson Parade and Bridge which would facilitate smoother traffic flows past the Kings Wharf. Discussions/negotiations are still in progress.

The Engineering team completed maintenance of five buoys in the Suva Harbour.

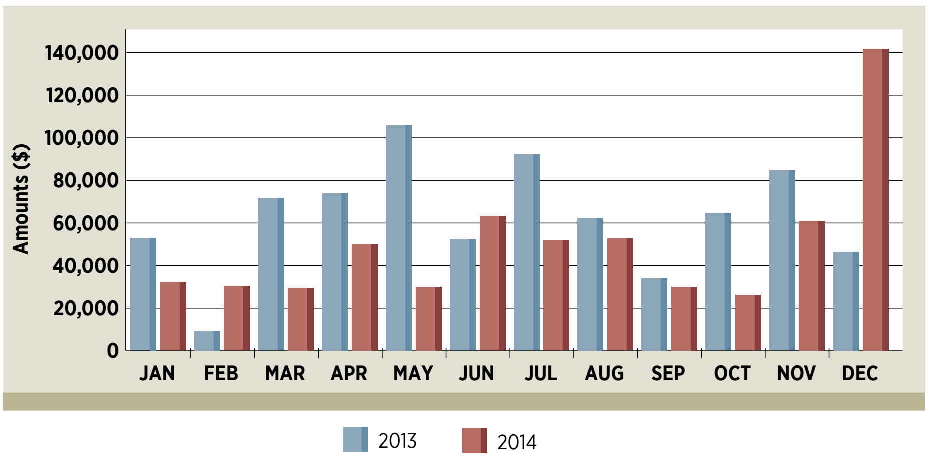
Furthermore, the team completed the design of a new Gate House Structure for the Kings Wharf North Gate. Construction of the new North Gate House structure is pending finalisation of the proposed changes of the surrounding area, such as installation of a Weight-in-motion weighing facility and partial removal of the shed.

A development concept and estimated costing was completed for the Lot 1 Sannergren Drive property owned by FSHIL.

The next phase of the $200 million iron sand mining project took place during the year in Lautoka with the Prime Minister the Honourable Voreqe Bainimarama officiating at the ground-breaking ceremony. Construction at the Lautoka Port facility will include a berth and ship-loading infrastructure, a barge unloading facility, a washing plant, a stockpile area, workshops and offices, and together with the purchase of a specialised marine fleet.

Unfortunately construction has been delayed due to issues Amex Resources have had with the construction company. Amex Resources has reported an investment of F$66 million in the project to date and have assured FPCL the project will proceed.

Repairs & Maintenance Plant and Properties 2013 and 2014



Property Management

Property management is the responsibility of the Property department which oversees the Company's significant property assets.

FPCL's revenue stream from FPCL-owned and managed properties has grown significantly over the past decade starting at $50,000, increasing to $100,000 in income, with current revenue levels coming in around $2 million per annum. Additionally, for the third year running, Fiji Ports maintained a one hundred percent occupancy rate for all leased properties, and this year added one new tenancy to its portfolio. This rental income excluded lease rentals for FPTL, which itself is worth $2.33m but is treated and recorded separately from other tenants.

Rental income for the year 2014, however, recorded a slight drop compared to 2013, owing to the monthly rent of $14,284 traditionally charged to FPTL, being replaced as Wharf Lease, treated separately. Total property rental income for 2014 was $1,982,560, slightly down when compared to $2,068,082 across the inventory for the previous year.

Significantly, as a consequence of the proposal by FRA to demolish the FPCL-owned administration building at Princes Wharf (opposite the Suva Market) to accommodate the construction of a new bridge, four tenancies were terminated in September 2014, resulting in the loss of rental income of $15,480 for the four-month period from September to December. There was, however, an increase in rental income by $64,672 when compared to the budgeted amount of $1,917,888, due to the tenancies that were signed for the new food stalls at Lautoka Wharf and from rental reviews.

FPCL has tenants in Fiji's three main Ports, with the Port of Suva representing the largest amount with inventory of 75, followed by the Port of Lautoka with 45 units. The total number of tenants for 2014 was 126, up by one unit from the previous year.

The Port of Suva's property extends from the Kings Wharf right along to Rokobili, past the Reservoir Road roundabout where 14 one-acre lots and two 2-acre lots are leased out on 75-year leases to various companies including processing facilities for fishing companies and as container parks. There is full occupancy of the food vendor stalls and office space at the Muaiwalu Wharf, and at the Port of Suva, Sheds 1, 3 and 6 have tenants, as do Sheds 2 and 3 at Lautoka, while the Harbour Master's building at Suva, and the administration building at Lautoka, are occupied by FPCL, FPTL, the Biosecurity Authority of Fiji and the Fiji Revenue and Customs Authority.

The construction of the five new food stalls (all leased to food vendors) at Waterfront Rd, Lautoka, was completed in October. Four buildings and land (outside the Lautoka Port main gate, including reclaimed land), is leased to tenants that include major Fiji and International Companies, with the recent addition of AMEX Resources Port Facility who are leasing the biggest section of reclaimed land.

In Levuka, FPCL has six tenants that brought in a strong financial return for the Company for 2014.

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

Inaugural Property Management Policies and Procedures Manual

The year was significant owing to the drafting of a Property Management Policies and Procedures Manual. Endorsed by the Board, the purpose of policy and procedures document is to ensure property owned or leased by FPCL is managed in a sustainable and financially responsible manner throughout its life cycle, and that such management supports the cost-effective and efficient delivery of the Company's Mission, and remains consistent with its Vision.

As a Port Landlord managing some 120 tenants expected outcomes for drafting the policy, and its associated procedures, include the following:

- More effective and efficient management outcomes that serve broader Company objectives;
- Financially responsible management that maximises the long-term economic advantages for the Company, and provides better value for stakeholders, and ultimately FPCL's shareholder;
- Barrier-free stakeholder access and better use of FPCL property and services that ensures inclu- siveness and non-discrimination;
- Cultural and environmental stewardship that contributes to the preservation and protection of our heritage and the environment, and
- The promotion of fair, open and transparent transactions.

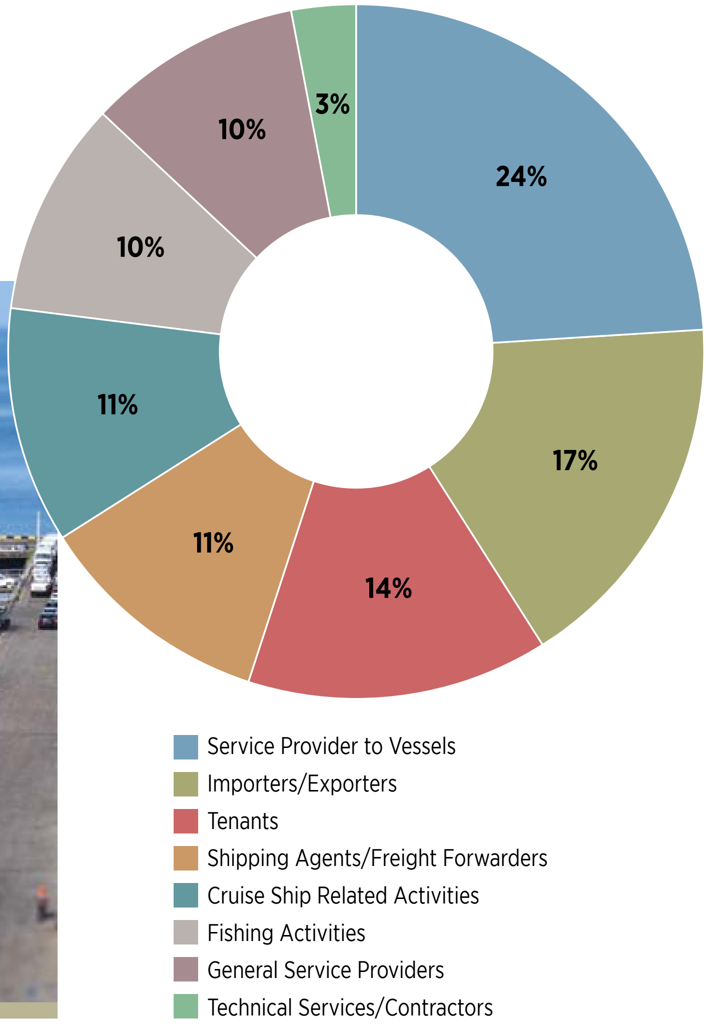
FPCL Property Tenancies in 2014

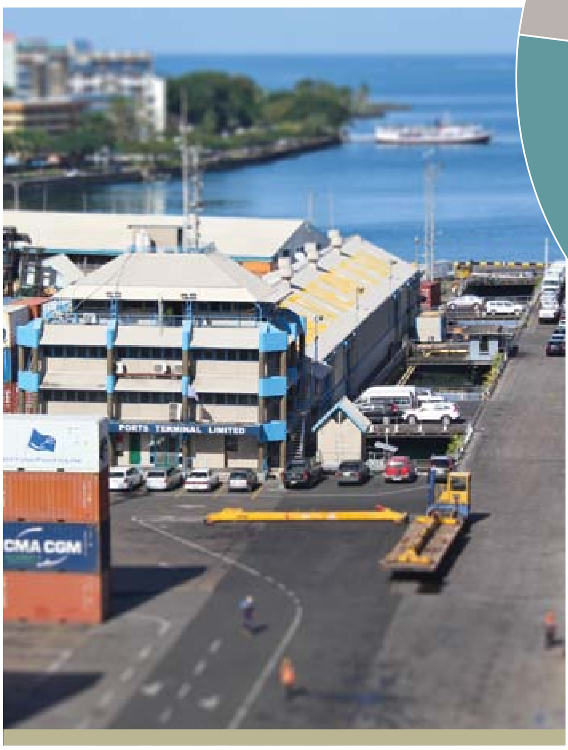
Port	No. of Tenancies	Rental Revenue	Vacancies
Suva	75	$1,083,182	0%
Lautoka	45	$868,772	0%
Levuka	6	$30,606	0%
TOTAL	**126**	**$1,982,560**	

Port Users

Service providers to vessels made up the largest category of users at the ports, followed by Importers/Exporters and Tenants. Cruise ships arrival increased by 46% to 83 in 2014, with a 11% of port users now attributed to it, compared to only 5% in 2013. Technical Services/Contractors comprised a relatively small number and is the smallest category of users.

Breakdown of Port Users for 2014





Port Operations Division

FPCL's Port Operations Division manages a portfolio of maritime-based activities including the harbour masters, pilots, docking, mooring, tug operations, security and emergency preparedness, and local wharf infrastructure management.

Port of Suva

The Port of Suva continues to face challenges related to an ever increasing demand for the expansion of infrastructure to cater for the needs of greater size and deeper draft ships, and the increasing amount of cargoes off loaded to the wharf and loaded on board.

Suva - Vessel Arrivals 2013 & 2014

	2014	2013
Cargo	427	424
Fishing	296	370
Passenger	49	34
Others	47	32
Total	819	860

Note: Cargo vessels include tankers, dry bulk, container ships and car carriers.

The total number of ship arrivals for 2014 was 819 and the gross tonnage for the year increased by 11 percent, indicating the vessels that called into the Port of Suva were larger by size compared to the previous year. Hence FPCL is noting the cascading effects of the global trend of larger vessels coming into service, which also sees reductions in the number of vessel calls. The most striking improvement was the time the vessels spent alongside the berth, which was less for 2014 than in 2013, a drop of almost 38 percent. The Public Private Partnership created a more efficient operation at the waterfront, thus giving a better service delivery to customers.

The revenue on dockage reduced as much as 21 percent as a direct impact of the efficiencies, however longer term benefits this development indicates positive long-term, sustainable growth for Suva Port with a capacity to handle great volumes.

Infrastructure Upgrades

Changes in vehicle access into the Port of Suva in 2014 is seeing improved safety for vehicles moving within the wharf area. The project included a lane that offers a straight run for heavy vehicles from the Walu Bay roundabout into and out of the North gate, replacing all traffic entering through the North gate and exiting via the South. All other vehicles will be required to enter and leave through the South gate instead of travelling through the cargo and container storage areas.

Port of Lautoka

FPCL's Port of Lautoka Maintenance Plan saw a range of infrastructure management initiatives take place during the year including the land reclamation plan, the opening of the local wharf waiting shed for the benefit of the stakeholders and the travelling public.

The newly constructed passenger terminal at the Local Wharf was a major addition with food vendor's rentals providing the public with a service while adding to the port's revenue stream.

The issue of mud from the rivers silting into the harbour remains an on-going occurrence. During the times of cyclone or excessive torrent rain the problem becomes significantly worse. Of critical importance, therefore, is a requirement of a five- year dredging plan to keep this busy international harbour at the declared depth of 12 meters for berthing large commercial and tourism ships. This year the operations team prioritised the dredging areas - the sugar and woodchips loading jetty - and talks are currently underway by a private dredging company to dredge the area to allow sugar and woodchips vessels load to their maximum drafts. Dredging also takes place at a five year cycle at the Lautoka Local Wharf.

Lautoka - Vessel Arrivals 2013 & 2014

	2014	2013
Cargo	339	330
Fishing	48	177
Passenger	32	17
Others	10	-
Total	429	524

Levuka Port

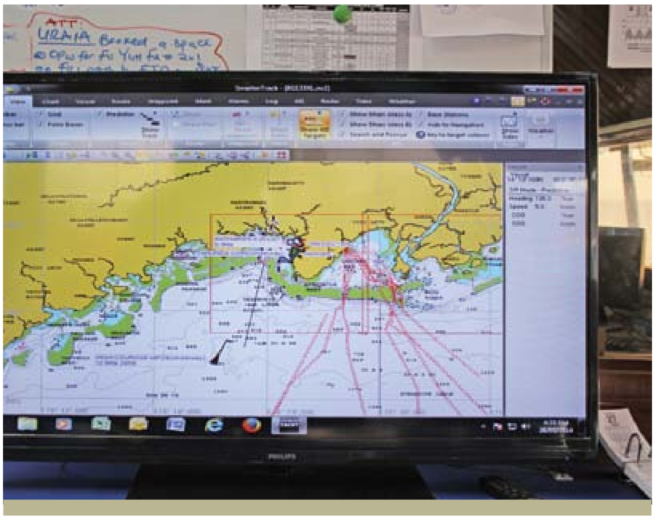
Foreign fishing vessels supplying Pacific Fishing Company (PAFCO) dominated the vessels calling into the Port of Levuka. A number of local ferries also call into the Levuka Port. In 2014, vessel numbers for both categories declined. Total Tonnage handled by the Port was around 200,000 tonnes.

Harbour Masters Office

Piloting Movements

Based on the ruling by the Commerce Commission on a 60/40 distribution, Pilotage is shared with Sea Pilots Company. Fiji Ports has five pilots based at the Port of Suva and one at the Port of Lautoka. FPCL's Pilotage services are provided on a 24/7 basis with the provision of the pilot boat and ferrying services for the two major Ports of Suva and Lautoka. Vessel categories for pilotage are predominantly passenger, dry bulk, liquid bulk, lolo, roro, car carriers and fishing.

Piloting moves are a direct correlation with the number of vessel calls, and given 2014 had less vessel arrivals, there was a decrease in the number of piloting moves from the previous year.



Breakdown of Piloting Movements for 2014

Lautoka Piloting Movements 2014

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total 2014
PORT PILOTS	45	31	42	31	35	38	33	35	38	45	31	38	442
SEA PILOTS	36	42	44	36	36	38	37	37	45	47	35	42	475
TOTAL	81	83	86	67	71	76	70	72	83	92	66	80	917

Suva Piloting Movements 2014

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total 2014
PORT PILOTS	30	27	128	146	88	82	136	116	110	92	91	70	1116
SEA PILOTS	31	29	61	54	93	50	59	97	55	68	65	84	746
TOTAL	61	56	189	200	181	132	195	213	165	160	156	154	1862

AIS Installation

This year saw the installation of an Automatic Identification System (AIS) at the Port of Suva, and the Lautoka Port Control office, which has changed the way the Harbour Master coordinates and manages incoming and departing vessels. AIS is an automatic tracking system that identifies and locates vessels through the exchange of information between ships, AIS base stations, such as the Harbour Master's control tower, and satellites.

The information includes the vessel's unique identification code, its position, course and speed. Once a vessel has berthed, the captain updates the ship's system to show this. All information is displayed in real time on a screen in the control tower. Additional data such as the size and type of vessel can be accessed by clicking on the vessel's identification code. With the system operating 24/7, there is no longer any possibility of any IMO vessels illegally entering the port, however an under 500 tonne system now needs to be implemented.

Harbour Masters Policies and Procedures Manual

The drafting of the FPCL Harbour Masters Policies and Procedures Manual was undertaken this year. The document is intended to supplement FPCL Security and Safety Policies and Procedures and contains useful information and more detailed guidance on a number of issues relevant to Harbour Masters' authority. It is designed to provide general guidance and examples of how a Harbour Master could meet his commitments in terms of compliance with the obligations under law and regulations.

Tug Boat Movements

Tugs in FPCL Ports are operated by South Sea Towage Limited (SSTL) under agreement with FPCL. SSTL have five full time tugs in operation. There was an increase in tug movements in 2014 compared to 2013. Tug movements includes berthing, un-berthing and fire-watch hours at Vuda and Lautoka. Total movements for Lautoka were 934 (2013: 760) whilst Suva was 1203 (2013: 1150).

Port Security Unit

The Port Security Unit plays an essential role in ensuring that our major ports of entry are secure and comply with international standards. The International Ship and Port Facility Security (ISPS) Code is an amendment to the Safety of Life at Sea (SOLAS) Convention on minimum security arrangements for ships, ports and government agencies. Having come into force in 2004, it prescribes responsibilities to governments, shipping companies, shipboard personnel and port/facility personnel to "detect" security threats and take preventative measures against security incidents affecting ships or port facilities used in international trade. Maritime Safety Authority of Fiji (MSAF), as the Designated Authority for Fiji, issued FPCL ports of Suva and Lautoka with Statement of Compliance Certificates in July 2014, with five year validity, after our satisfactory security assessment and plan for compliance.

FPCL undertakes significant training for its Security Unit, in addition to providing training sessions on ISPS to other stakeholders given in-house technical expertise. Moreover, constant investment is undertaken in modern equipment and technology for the security function, such as:

- The installation of long range Very High Frequency channel 16 radios at both Suva and Lautoka port control. This makes the communication reception between ships/port/pilots very clear and convenient.
- The commissioning of the upgrade and integration of the CCTV Surveillance system to high definition for Suva and Lautoka port was done in May 2014. This has been done jointly in conjunction with the Fiji Revenue and Customs Authority (FRCA). A memorandum of Understanding was also signed with FRCA.

Conventional Cargo Throughput

PORT OF SUVA			
JAN-DEC	Wheat	Clinker	Vehicles
2013	73,271	219,569	6,463
2014	142,375	186,800	8,895
Variance	69,104	(32,769)	2,432

PORT OF LAUTOKA			
JAN-DEC	Wheat	Fertilizer	Vehicles
2013	10,100	4,713	1,109
2014	19,590	6,736	977
Variance	9,490	2,023	(132)

TOTAL			
JAN-DEC	Wheat	Clinker/ Fertilizer	Vehicles
2013	83,371	224,282	7,572
2014	161,965	193,536	9,872
Variance	78,594	(30,746)	2,300

Throughput Containers JAN-DEC, 2012 - 2014

PORT OF SUVA									
JAN-DEC	Imports		Exports		Transshipment		Total		Total
Year	20	40	20	40	20	40	20	40	TEUS
2012	26,18	7,020	21,427	6,498	5,576	690	53,184	14,208	81,600
2013	26,260	7,289	21,951	7,098	8,525	1,241	56,736	15,628	87,992
2014	25,795	8,478	22,625	7,923	6,712	869	55,132	17,270	89,672
Variance	(465)	1,189	674	825	(1,813)	(372)	(1,604)	1,642	1,680

PORT OF LAUTOKA									
JAN-DEC	Imports		Exports		Transshipment		Total		Total
Year	20	40	20	40	20	40	20	40	TEUS
2012	14,093	1,478	15,531	1,316			29,624	2,794	35,212
2013	13,533	1,333	17,216	1,784	53	11	30,802	3,128	37,058
2014	14,770	1,676	17,328	1,579	171	4	32,269	3,259	38,787
Variance	1,237	343	112	(205)	118	(7)	1,467	131	1,729

TOTAL CONTAINER FIJI									
JAN-DEC	Imports		Exports		Transshipment		Total		Total
Year	20	40	20	40	20	40	20	40	TEUS
2012	40,274	8,498	36,958	7,814	5,576	690	82,808	17,002	116,812
2013	39,793	8,622	39,167	8,882	8,578	1,252	7,538	18,756	125,050
2014	40,565	10,154	39,953	9,502	6,883	873	87,401	20,529	128,459
Variance	772	1,532	786	620	(1,695)	(379)	(137)	1,773	3,409

Finance Division

Under the direction of the Chief Financial Officer, FPCL's Finance Division oversees all financial activities of the FPCL Group including financial reporting, stock control and asset management, payroll processing, credit management, accounts payable, internal controls, capital and operational budgeting etc. Across the two main Ports of Suva and Lautoka the Division employs 30 staff. A limited amount of shared financial services are provided to associate company FPTL.

The Finance Division also encompasses the Audit and Compliance Unit and the ICT Department, under the leadership of the CFO. The Finance function has continuously striven to modernise various work processes and financial operations. This included the adoption of a Job Costing module for subsidiary company FSHIL, which is linked to the financial system, and significant progress made towards the Automated Invoicing systems which was in test phase towards the end of 2014, amongst others.

Finance Results and Commentary Group

The financial performance for the Fiji Ports Group for 2014 represented a very positive outcome, despite being materially impacted by significant one-off adjustments in the 2013 financial year which distorts the year on year comparatives.

Group Net Profit After Tax (NPAT) of $7.44m represents a significant reduction from the 2013 reported NPAT of $13.73m. This is directly attributed to the fact that in 2013, an extraordinary gain of $6.33m was made in relation to the sale of shares in FPTL to Aitken Spence PLC. Excluding this one-off, an increase of 1% is noted. 2014 represents the first full year of operations post share of 51% shares in FPTL. The transition in 2013 saw FPTL lose subsidiary status and FPTL results are no longer consolidated with Fiji Ports Group accounts. As such, the group is now leaner, and yet despite this loss of substantial income, the Group has, remarkably, managed to maintain the profitability levels.

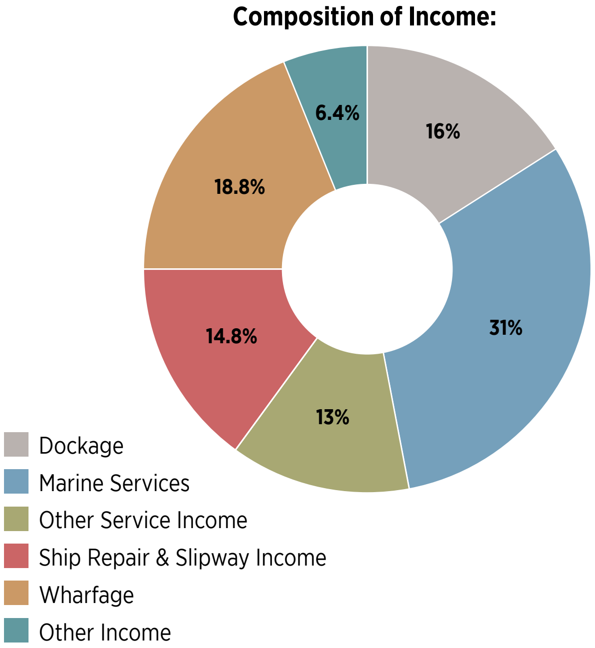
Significant declines in both operational income and expenses, 24% and 26% respectively, are noted attributed to the changes with FPTL. Core administrative and operational expenses however remain well monitored and controlled by management. A reduction in financing costs was achieved via effective utilisation of strong cash flows to achieve partial prepayment of the ADB loans. This strategy also yielded benefits in the form of reduced exposure to adverse foreign exchange risk. This strategically targeted 45% reduction in loans resulted in 40% reduction in total financing costs.Balance Sheet remains strong with low gearing of 0.16 and sound cash balance of $8.7m.

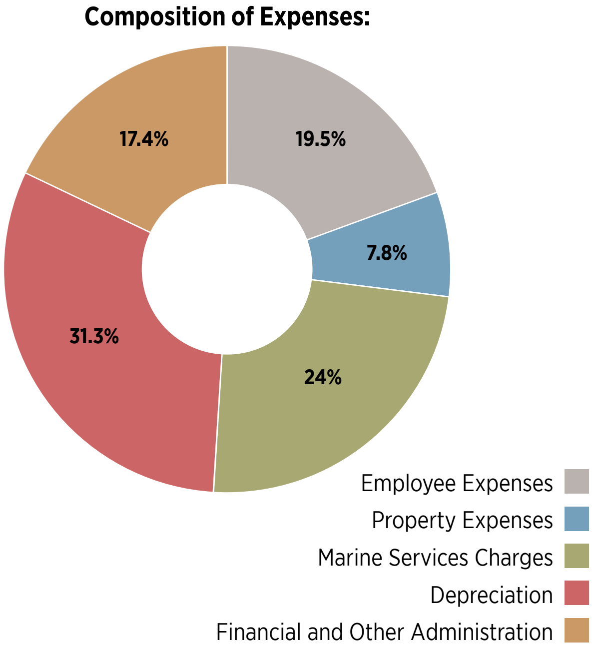
Income Consolidated 2012 - 2014

ALL INCOME GROUPS	2012 $	2013 $	2014 $	INC/(DCR) $
Dockage	5,993	7,393	5,870	(1,524)
Handling/Stevedoring	14,238	8,935	-	(8,935)
Marine Services	8,760	10,732	11,365	633
Other Service Income	3,364	3,513	4,668	1,155
Ship Repair & Slipway Income	4,906	5,661	5,438	(223)
Storage	4,419	2,798	-	(2,797)
Wharfage	5,822	6,447	6,919	472
Other Revenue	2,559	9,140	2,356	(6,785)
TOTAL OPERATING INCOME	**50,060**	**54,618**	**36,614**	**(18,004)**

Operating Expenses Consolidated 2011 - 2014

ALL EXPENSE GROUPS	2012 $	2013 $	2014 $	INC/(DCR) $
Employee Expenses	10,033	9,402	5,613	-3,789
Property Expenses	3,995	3,475	2,229	-1,246
Marine Services Charges	5,847	6,960	6,883	-77
Depreciation	10,463	9,785	8,977	-807
Financial and Other Admin	9,318	9,385	4,977	-4,408
TOTAL EXPENSES	**39,655**	**39,006**	**28,680**	**-10,326**





Profit & Loss (Group) for Past 4 Years

	2011 AUDITED (000's)	2012 AUDITED (000's)	2013 AUDITED (000's)	2014 AUDITED (000's)	% CHANGE OVER 2013
Operating Income	45,840	47,501	45,477	34,258	-25%
Other Income & Gains	1,891	2,559	9,140	2,356	-74%
TOTAL INCOME	**47,731**	**50,060**	**54,618**	**36,614**	-33%
OPERATING EXPENSE	(28,014)	(29,192)	(29,222)	(19,703)	-33%
EBITDA	19,717	20,868	25,396	16,911	-33%
Depreciation	(10,453)	(10,463)	(9,785)	(8,977)	-8%
EBIT (LOSS)/ Profit	9,264	10,405	15,611	7,934	-49%
Net Interest	(1,316)	(1,272)	(773)	(425)	-45%
Net Profit before Tax (NPBT)	7,948	9,133	14,838	7,509	-49%
Income Tax	(2,305)	(1,823)	(1,779)	(1,528)	-14%
Share of profit in associate	-	-	676	1,459	116%
NPAT	**5,643**	**7,310**	**13,735**	**7,440**	-46%

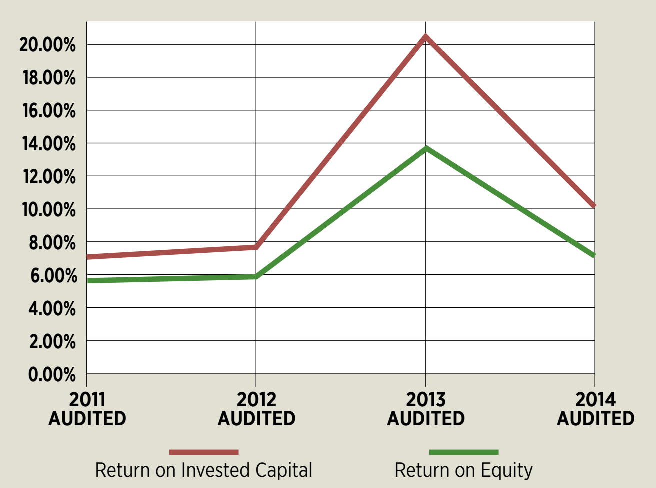
Balance Sheet Extract (Consolidated) for Past 4 Years

	2011 AUDITED (000's)	2012 AUDITED (000's)	2013 AUDITED (000's)	2014 AUDITED (000's)
Cash at Bank	20,086	18,261	14,260	8,786
Trade Receivables	3,502	3,303	1,748	2,626
Fixed Assets	126,220	117,188	101,628	94,467
Total Assets	159,074	145,214	136,431	126,756
Trade Creditors	4,980	4,700	5,056	5,163
Loans	55,484	39,978	30,299	16,794
Total Liabilities	63,984	45,635	36,058	22,644
Share Capital	73,155	73,154	73,155	73,155
Retained Earnings	21,935	26,423	27,218	30,958

Key Performance Indicators for Consolidation *(Illustrated by Graphs)*

	2011 AUDITED	2012 AUDITED	2013 AUDITED	2014 AUDITED
EBIT/Total Income	19.41%	20.79%	28.58%	21.67%
Return on Invested Capital	7.71%	9.99%	18.77%	10.17%
Return on Equity	5.93%	7.34%	13.68%	7.14%
Gearing Ratio	0.58	0.40	0.30	0.16
Net Borrowings ($000's)	55,484	39,978	30,299	16,794
Current Liquidity Ratio	2.77	2.89	2.01	1.61
Debt Protection	7.04	8.18	20.20	18.67

The strong financial results are reflected in the KPIs with the Group reporting an impressive Return on Invested Capital of 10.17%, and a Return of Equity of 7.14%, albeit a decline from 2013 due to one-off gains in sale of FPTL shares in 2013. Barring this one-off gain, KPI's still have improved from prior year in line with consistent trend, although the improvement would be marginal.



2014 Dividend Payout

In 2014, the total dividend paid by Fiji Ports in respect of the prior year (2013) amounted to $3,698,979 which is record dividend from operating profits, eclipsing 2013's record payout from operating profits of $3,654,877 by 1%. 2013 had included an interim dividend payout of $9,284,814 , which was facilitated out of the gains from sale of shares in PTL.

Company

FPCL

Reported NPAT decreased by 68% due to the one-off gain on sale of FPTL shares in 2013 plus restatement of remaining shares. Excluding the extraordinary gains from the one-off sale, am impressive growth of 16% over 2013 NPAT is noted.

Core operating revenues reflected a slight decrease of 9% when compared to the 2013 core operating revenue. This is mainly attributed to:

- Dockage revenue decreased by 21% due to decrease in vessel turnover times at the Port thus reduced hours of dockage alongside, direct result of operational efficiencies.
- Storage income being transferred to FPTL.

However, wharfage and marine services income remained strong and increased by 7% and 6% respectively.

Expenses decreased by 13%, mainly attributed to:

- Lower FX loss resulting from USD loan, ($329K in 2014 compared to $1.3m in 2013)
- Reduction in administration and other operating costs due to prudent management.
- Storage costs being transferred to FPTL.

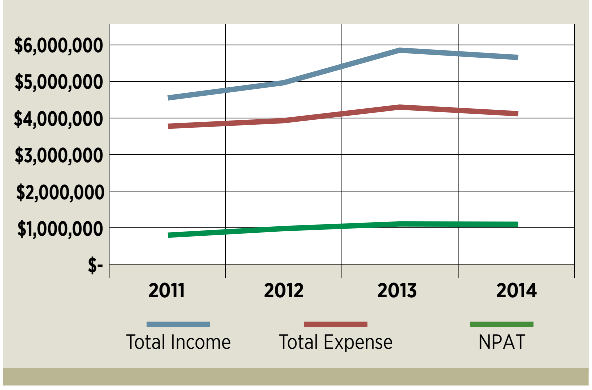
Balance Sheet remains strong with low gearing of 0.16 and a good current liquidity of 1.37

FSHIL

Fiji Ships & Heavy Industries Limited, a subsidiary of Fiji Ports Corporation Limited has once again proved to be a promising entity, recording highest profits ever in its history. Aggressive marketing within the Pacific Islands has led to an increase of regional vessels from eight vessels in 2013 to 12 vessels in 2014. Despite the implementation of the Job Evaluation Exercise, expenses decreased by 5% over 2013 and were largely due to the water blasting and painting functions being carried in house from July 2014 resulting in a reduction in production costs. Moreover, other operating expenses were controlled through prudent and effective management of Fiji Ships operations. Hence, the 2014 financial year was a very successful year generating after tax profit of $1.11m, an increase of 2% compared to year 2013, continuing profit growth momentum since 2010.

Return on Equity is an impressive 14% and the balance sheet also remains stable as noted by strong Working Capital of 3.4 and Gearing ratios of 0.21.

	2011 (000's)	2012 (000's)	2013 (000's)	2014 (000's)
Total Income	4,619	5,073	5,863	5,568
Total Expenses	3,725	3,918	4,336	4,121
NPAT	751	966	1,090	1,112
Return on Equity	12%	14%	15%	14%
Working Capital	3.29	3.64	3.39	3.4
Gearing	0.41	0.33	0.27	0.21



ICT

Fiji Port's ICT department is responsible for the operation, support and management of FPCL's IT hardware and software requirements and continues to play an ever important role in ensuring FPCL's overall efficiency

As virus attacks become more sophisticated and complex the Company's email infrastructure requires advanced virus protection. In view of this, during the year, FPCL invested in Cloud Based Email Security to provide detection of known and unknown viruses, malware, spams and phishing schemes.

FPCL also invested in Cisco/Dell Sonic Wall Firewalls to prevent any outside intrusion to Fiji Ports Network, and to keep away unauthorised users. The technology also stops the activity of any malware that might attempt to retrieve data from a local PC or network and send it to a third party. Another benefit is that ICT department can apply a filter and stop all the unnecessary web contents/sites which are prohibited to internet users.

This year FPCL also invested in time and attendance machines which allowed time tracking where employees can clock in and out via bio metric devices.

Another upgrade was to ICT's virtualised environment where physical memory on blade system were doubled up to cater for more virtual machines or hosting of new servers and a leave online system was implemented for staff to apply for leave from anywhere.

Port of Lautoka Upgrades

Lautoka local wharf was integrated with Fiji Ports' LAN which allows employees to access ICT services such as email, leave online system and telephone facilities, and the Lautoka office hosted server infrastructure was upgraded to allow smooth operations and minimise downtimes.

Risk and Compliance

Responsibility for the Company's Risk and Compliance falls to the CFO, the CEO and Board.

One of the initiatives undertaken during the year was to improve the Company's overall risk management practices, which directly relate to business, financial, operational, regulatory and environmental risk. Risk management at FPCL involves identifying any potential risk, assessing whether it is a high or low risk, identifying if controls are in place and if not, and putting in place a mitigation strategy to minimise that risk.

Risk and Compliance Unit

This year FPCL formed a Risk and Compliance Unit to act as part of the Company's strategy planning process and to service its day-to-day operations. The Unit provides awareness briefings and guidelines to staff in an effort to ensure they remain committed to managing risk at all levels of operations.

Risk Management Policy

In line with Strategic Plan (2014-2016) steps have been taken to develop and implement the Risk Management Policy, Enterprise Risk Management (ERM) Framework, and Risk Register for the Company and its subsidiary FSHIL. This year a Risk Management workshop was organised for the Group's executives, managers and supervisory teams in order to better understand risk management issues and the processes of managing risk. The workshop was facilitated by a risk management consultant and participants were taken through the process of Risk Management based on AS/NZS ISO 31000:2009 guidelines.

As part of its corporate policy review a Risk Management Policy was drafted to protect Company operations from any negative consequences of uncertain future events. The Policy also provides mandate for implementing a standardised ERM Framework throughout FPCL and FSHIL.

Risk Register

For risk tracking, containing the overall risks, and monitoring the status of any risk mitigation actions and implementation, a Risk Register was developed. The Risk Register applies to the Company as a whole, as well as for each department. The Risk Register is expected to assist the Risk and Compliance Unit capture risk information. Reports are updated regularly and presented to management and the Finance, Audit and Risk Management Sub-Committee.

During the year, the Unit also carried out compliance checks related to Company policies and procedures. This also comprises compliance investigations on an ad-hoc basis.

Fiji Ships & Heavy Industries Limited (FSHIL)

In operation for more than 50 years, FSHIL is a major industrial and engineering enterprise servicing the island states of the South Pacific. The company's core business activities are slipping of marine and merchant vessels, ship repairs, refit, refurbishments and stability calculations and heavy industries. The year in review also saw FSHIL expand its services into heavy industry engineering and construction. The Company utilises four slipway facilities for dry-docking of vessels - 100T slipway, 200T slipway, 500T slipway and 1000T slipway.

The year 2014 saw FSHIL continue with its plans to secure regular slipway assignments across a spectrum of maritime industry clients and customers that includes tourism vessels, Fiji Navy patrol boats, the private sector, Government inter-island ships, launches, fishing boats, tugs, and barges.

Working towards a corporate plan that dictates constant improvements to infrastructure equipment, workforce skills and productivity, this year the company was also actively involved in capturing new markets.

Production and Works

The core services provided by FSHIL are slipping of maritime vessels, ship repairs and maintenance, and heavy industry and engineering works. FSHIL's premises, situated at Walu Bay in Fiji's capital Suva, comprises a fully equipped engineering and steel workshop complex, three slipways, a significant winch house, and is home to FSHIL's head office.

This year FSHIL serviced 125 vessels, 13 vessels less than the previous year, however, in the 2014 operational year, there was an increase in the number of regional vessels coming for repair. The categories of vessels serviced, which are registered in a range of nations throughout the Pacific, have been identified across the eight dominant categories of fishing vessels, passenger and cargo vessels, tourist vessels, super yachts, barge dredgers, tug boats, landing craft and patrol boats.

The company's ship-repair statistics indicate that the majority of business comes from the Asian fishing vessels registered under the Foreign Fishing Agency (FFA) at the Secretariat of the Pacific Community.

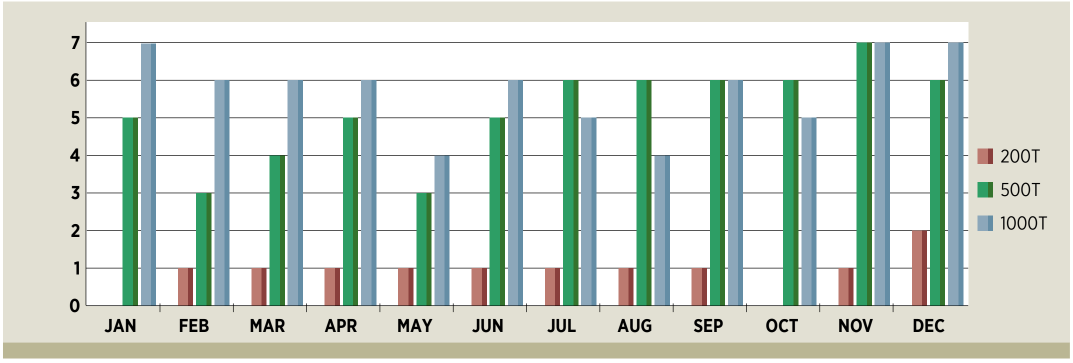
Evident again this year is the continuing growth of our commitment as a Government business arm to strengthen our diplomatic relationship with our PIC (Pacific Island Countries) of Tuvalu, Vanuatu, Marshall Islands, Kingdom of Tonga and Vanuatu who have continued to seek for our ship-repair services.

Vessels Services in 2014

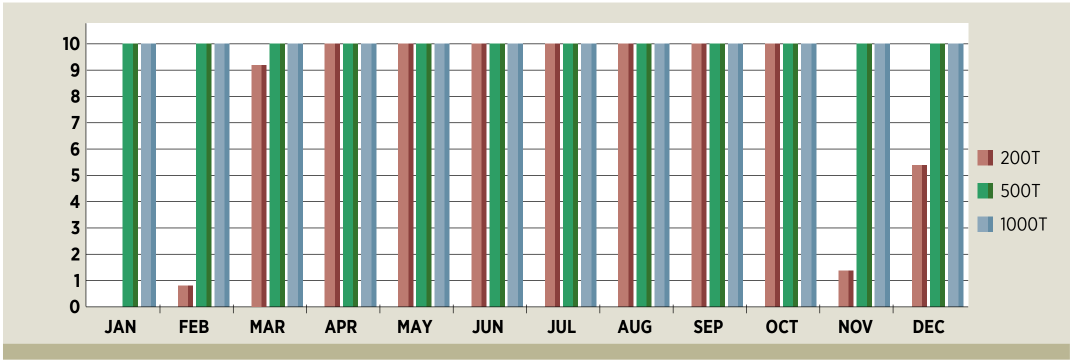
Vessel Categories	Registration Information	Number Slipped
Fishing Vessels	China, America, Korea, Taiwan,	94
Passengers & Cargo Vessels	Fiji, Government of Tuvalu, Marshall Islands, Kiribati, Kingdom of Tonga	6
Tourist Vessels	Fiji and Hawaii	10
Super Yachts	USA, Australia, New Zealand	3
Barge Dredgers	Fiji and China	2
Tug Boats	Cook Islands, Vanuatu and Fiji	7
Landing Craft	Fiji	2
Patrol Boats	Fiji	1
Total		**125**

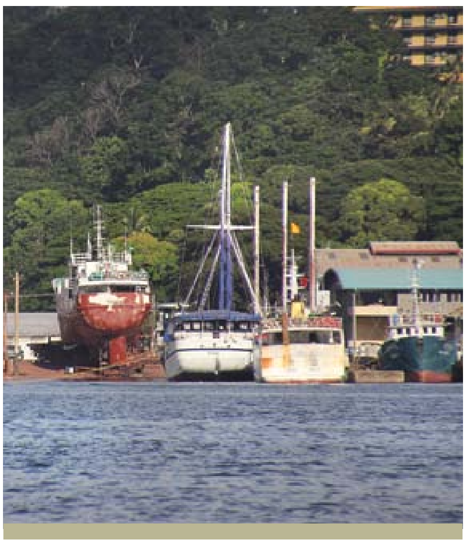
Having available new, modern equipment plays a major role in pushing through on FSHIL's vision to be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce. In 2014 FSHIL invested $1.2m in fully equipped environmentally friendly high pressure pumps with a complete UHP range of 6000 to 40,000 PSI. Painting is applied with modern spray pots and guns to ISO 9001 - 2008 standards, providing grit blast to SA2.5 industrial standards for modern equipment. This investment in painting and waterblasting equipment enabled FSHIL to bring this function in-house, having previously been outsourced. This reduced the cost of production and increased profit margins.

Number of Vessels Slipped in 2014



FSHIL Capacity Utilisation Rate for 2014





Human Resources & Training

FSHIL currently employs just over one hundred people, all of whom are skilled in various capacities and deliver a range of maritime industry related services, and they include shipwrights, machinists, fitters, welders, fabricators, divers, plumbers, electricians and carpenters.

Succession planning is a corporate imperative for the company and forms part of FSHIL's comprehensive skills development and training programme.

This year the company continued with its popular apprenticeship scheme which reflects FSHIL's commitment to reinvesting in furthering its boat building and boat conservation business arm while providing the best available services to the heavy industry sector.

A well-orchestrated succession planning programme is now central to the company's strategic objectives for well managed growth delivery. This year saw an expansion to FSHIL's multi-skilled workforce being certified under the Australian Standards and Certification for the company's extensive crew of shipwrights, marine machinists, marine fitters, marine plumbers, welders and fabricators, electricians, carpenters, professional PADI deep-sea divers, caulkers, boilermakers, plant engineers, automotive light and heavy vehicle mechanics, motor winders, certified spray painters, certified high pressure water blasters, and certified grit blasters.

The introduction of initiatives for greater involvement by all staff in decision-making processes continues to be proporitised at FSHIL. Upgrading employees' skills, work ethics and productivity remains a key focus for the company as it prepares for the future challenges of meeting market demand and and expanding operations.

This year delegates from FSHIL were amongst some thirty representatives from business, industry, manufacturing and government who attend a week-long ISO Elite Auditors' Training programme facililtated by the Asia Productivity Organisation (APO) at the National Training and Productivity Centre, Fiji National University, (FNU) Nabua Campus. FSHIL's ISO Steering Committee also benefitted from a two-day session with experts in the arena prior to the Elite training.

Workplace Safety

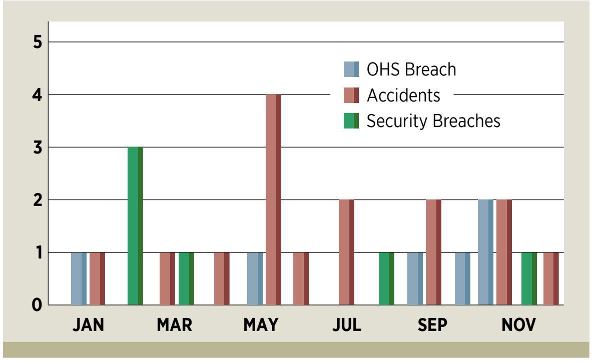
FSHIL is committed to providing a safe and healthy work environment for employees and visitors to the workplace at all times. The company's safety regulations and procedures are in line with OHS standards and the shipyard facility is currently in the process of being certified under ISO 9001-2008 for Quality, Management, Engineering and New Building. Management recognises that maintaining the highest possible level of health and safety standards is of vital importance and, accordingly, conducts regular consultation sessions with employees regarding related issues that may have arisen.

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

Expenditure and Capacity Monitoring

The Company's vigorous stance on monitoring its capital budget through the Project Management System, which filttered down to the floor working staff by "activity in the box" (AIB) , made an impact on fixed and variable costs this year. Internal execution of the ISO 9001-2008 Quality Management System's Standard Operation Procedures made a definitive difference in managing the company's day-to-day operations and cost control.

Safety/Security Report



FSHIL maintained its competitive 'edge' in technical report writing, which forms part of its ship-repair and heavy industries services. These reports are sent to MSAF. However, foreign registered vessel reports are sent to their respective, approved classification societies such as Lloyds Register of Shipping, American Bureau of Shipping, Bureau Veritas China Classification Society, Det Norske Veritas, Germanischer Lloyd, Korean Register of Shipping, Russian Maritime Register of Shipping and/or Hellenic Register of Shipping.

Stringent monitoring of the company's KPI's are reported to a monthly "DASHBOARD" system by the ICT staff for compiling in FPCL's Board papers and include the key reporting area of slipway capacity utilisation, the number of vessels slipped, human capital value added, revenue per employee and project schedule variance.

Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER, 2014

In accordance with a resolution of the board of directors, the directors herewith submit the consolidated statement of financial position of the company and the group as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date and report as follows:

Directors

The names of the directors of Fiji Ports Corporation Limited at the date of this report are:

Tevita Kuruvakadua (Chairman)
Vilash Chand
Vijay Maharaj

Principal activities

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

Results

The operating group profit for the year was $7,438,382 (2013: $13,734,734) after providing for income tax expense of $1,528,299 (2013: $1,779,038). The operating profit for the holding company for the year was $6,637,848 (2013: $21,041,282) after providing for income tax expense of $1,263,163 (2013: $1,094,707).

Dividends

The total dividend paid for the group in respect of the prior year (2013) amounted to $3,698,979 (2012: $12,939,691 : $3,654,877 at 4 cents per share from 2012 financial year plus interim dividend of $9,284,814 from post Ports Terminal Limited Sale).

Going concern

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

Bad and doubtful debts

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

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

Non-current assets

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

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

Unusual transactions

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

Directors' Report *continued*

FOR THE YEAR ENDED 31 DECEMBER, 2014

Events subsequent to balance date

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

Other circumstances

As at the date of this report:

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

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

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

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

Directors' benefits

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

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

Dated this 24th day of April 2015.

....

Director Director

Statement of Directors'

FOR THE YEAR ENDED 31 DECEMBER, 2014

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

(i) the accompanying consolidated statement of comprehensive income of the company and the group is drawn up so as to give a true and fair view of the results of the company and the group for the year ended 31 December 2014;

(ii) the accompanying consolidated statement of changes in equity of the company and the group is drawn up so as to give a true and fair view of the changes in equity of the company and the group for the year ended 31 December 2014;

(iii) the accompanying consolidated statement of financial position of the company and the group is drawn up so as to give a true and fair view of the state of affairs of the company and the group as at 31 December 2014;

(iv) the accompanying consolidated statement of cash flows of the company and the group is drawn up so as to give a true and fair view of the cash flows of the company and the group for the year ended 31 December 2014;

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

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

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

2015. 24th April

....

Director Director

Independent Audit Report

TO THE SHAREHOLDERS OF FIJI PORTS CORPORATION LIMITED

OFFICE OF THE AUDITOR GENERAL
Excellence in Public Sector Auditing

6-8TH Floor, Ratu Sukuna House
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Suva, Fiji

Telephone: (679) 330 9032
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Email:info@auditorgeneral.gov.fj
Website:http://www.oag.gov.fj

I have audited the accompanying consolidated financial statements of Fiji Ports Corporation Limited and its subsidiary (the group), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Fiji Companies Act, 1983, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion :

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

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

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

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

      a) give a true and fair view of the state of affairs of the Fiji Ports Corporation Limited and its subsidiary (the group) as at 31 December 2014 and of its financial performance, changes in equity, and its cash flows for the year ended on that date; and

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

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

Atunaisa Nadakuitavuki
for <u>Auditor General</u>
Suva, Fiji
27 April, 2015

AUDITOR-GENERAL
FIJI

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER, 2014

	Notes	Group		Company	
		2014	2013	2014	2013
		$	$	$	$
Operating revenue	2(a)	34,257,902	45,477,425	28,820,108	31,841,221
Other revenue	2(b)	2,355,792	9,140,348	3,995,612	19,120,928
Total income		36,613,694	54,617,773	32,815,720	50,962,149
Depreciation		(8,977,484)	(9,784,887)	(8,430,876)	(8,339,410)
Employee benefits expense	3(a)	(5,613,479)	(9,402,161)	(4,103,468)	(4,689,138)
Property expenses	3(b)	(2,229,195)	(3,474,776)	(2,229,195)	(3,474,776)
Marine service charges	3(c)	(6,883,492)	(6,960,056)	(6,883,492)	(6,960,056)
Operating expenses	3(d)	(4,976,833)	(9,384,507)	(2,912,325)	(4,757,892)
Total expenses		(28,680,483)	(39,006,387)	(24,559,356)	(28,221,272)
Profit from operations		**7,933,211**	**15,611,386**	**8,256,364**	**22,740,877**
Finance income	3(e)	129,562	143,987	190,156	287,135
Finance costs	3(f)	(554,662)	(917,165)	(545,509)	(892,023)
Share of profit in associate	19	1,458,570	675,564	-	-
Profit before income tax		**8,966,681**	**15,513,772**	**7,901,011**	**22,135,989**
Income tax expense	4	(1,528,299)	(1,779,038)	(1,263,163)	(1,094,707)
Net profit for the year		**7,438,382**	**13,734,734**	**6,637,848**	**21,041,282**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year, net of tax		**7,438,382**	**13,734,734**	**6,637,848**	**21,041,282**

The accompanying notes form an integral part of this statement of comprehensive income.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER, 2014

	Notes	Group		Company	
		2014	2013	2014	2013
		$	$	$	$
Share capital					
As at 1 January 2014		73,154,852	73,154,852	73,154,852	73,154,852
At 31 December 2014	Notes 17(b)	73,154,852	73,154,852	73,154,852	73,154,852
Retained earnings					
As at 1 January 2014		27,218,396	26,423,353	25,915,353	17,813,762
Operating profit after income tax		7,438,382	13,734,734	6,637,848	21,041,282
Dividends		(3,698,979)	(12,939,691)	(3,698,979)	(12,939,691)
At 31 December 2014	17(c)	30,957,799	27,218,396	28,854,222	25,915,353
Total shareholders' equity		**104,112,651**	**100,373,248**	**102,009,074**	**99,070,205**

The accompanying notes form an integral part of this statement of changes in equity.

FIJI PORTS CORPORATION LIMITED *and Subsidiary*

Consolidated Statement of Financial Position

FOR THE YEAR ENDED 31 DECEMBER, 2014

	Notes	Group		Company	
		2014	2013	2014	2013
		$	$	$	$
Assets					
Current assets					
Cash and cash equivalents	16	8,785,771	14,260,317	6,973,369	10,577,766
Trade and other receivables	5	2,626,006	1,747,623	1,242,457	1,187,078
Financial assets	6	2,000,000	750,000	1,250,000	750,000
Inventories	7	443,721	175,276	326,899	86,554
Other assets	8	911,064	966,629	765,946	834,934
Loan to subsidiary	18(e)	-	-	106,614	102,440
Loan to associate company	18(f)	360,084	345,988	360,084	345,988
Income tax asset		618,348	751,155	580,984	695,295
Total current assets		15,744,994	18,996,988	11,606,353	14,580,055
Non-current assets					
Property, plant and equipment	9	90,239,534	97,191,447	83,820,031	91,488,617
Intangible asset	10	173,941	153,430	99,713	145,997
Investment property	11	4,253,419	4,282,660	4,253,419	4,282,660
Loan to subsidiary	18(e)	-	-	1,446,250	1,552,868
Loan to associate company	18(f)	2,335,768	2,695,842	2,335,768	2,695,842
Investment in subsidiary		-	-	6,660,000	6,660,000
Investment in associate company	19	9,859,364	9,625,794	8,950,230	8,950,230
Deferred tax assets	4	4,149,427	3,484,803	4,120,648	3,425,647
Total non-current assets		111,011,453	117,433,976	111,686,059	119,201,861
Total assets		**126,756,447**	**136,430,964**	**123,292,412**	**133,781,916**
Liabilities and equity					
Current liabilities					
Trade and other payables	12	5,162,744	5,055,584	3,987,035	4,044,882
Interest bearing borrowings	13	4,019,890	3,775,597	3,900,324	3,601,855
Provisions	14	100,924	100,000	100,924	100,000
Employee benefit liability	15	517,952	497,912	452,769	455,917
Total current liabilities		9,801,510	9,429,093	8,441,052	8,202,654
Non-current liabilities					
Interest bearing borrowings	13	12,774,047	26,523,633	12,774,047	26,404,067
Employee benefit liability	15	68,239	104,990	68,239	104,990
Total non-current liabilities		12,842,286	26,628,623	12,842,286	26,509,057
Total liabilities		**22,643,796**	**36,057,716**	**21,283,338**	**34,711,711**
Net assets		**104,112,651**	**100,373,248**	**102,009,074**	**99,070,205**
Shareholders' equity					
Share capital	17(b)	73,154,852	73,154,852	73,154,852	73,154,852
Retained earnings		30,957,799	27,218,396	28,854,222	25,915,353
Total shareholders' equity		**104,112,651**	**100,373,248**	**102,009,074**	**99,070,205**

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

Director

Director

The accompanying notes form an integral part of this statement of financial position.

FIJI PORTS CORPORATION LIMITED *and Subsidiary*

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER, 2014

	Notes	Group		Company	
		2014	2013	2014	2013
		$	$	$	$
Operating activities					
Receipts from customers		35,811,451	40,763,120	31,082,176	35,003,481
Payments to suppliers and employees		(19,858,097)	(23,733,558)	(16,439,052)	(20,233,940)
Interest and bank charges paid		(554,667)	(917,165)	(545,509)	(892,023)
Interest received		125,812	218,777	190,156	287,135
Income tax paid		(2,060,116)	(3,247,650)	(1,843,853)	(2,847,205)
Dividend income received		-	979,077	1,769,792	1,462,076
Net cash provided by operating activities		**13,464,383**	**14,062,601**	**14,213,710**	**12,779,524**
Investing activities					
Acquisition of property, plant and equipment		(2,128,175)	(945,920)	(798,099)	(749,483)
Proceeds from sale of property, plant and equipment		72,535	6,957	62,100	-
Proceeds from sale of shares in associate		-	9,474,999	-	9,474,999
Purchase of Term deposits		(1,750,000)	-	(1,000,000)	-
Redemption of Term deposits		500,000	2,000,000	500,000	2,000,000
Dividend from investment in associate		1,225,000	-	-	-
Proceeds from repayment of borrowings by related parties		345,978	322,411	448,422	430,868
Net cash (used in)/provided by investing activities		**(1,734,662)**	**10,858,447**	**(787,577)**	**11,156,384**
Financing activities					
Payment of dividends	17 (c)	(3,698,979)	(12,939,691)	(3,698,979)	(12,939,691)
Repayment of term loan		(13,505,288)	(9,610,606)	(13,331,551	(9,505,559)
Net cash used in financing activities		**(17,204,267)**	**(22,550,297)**	**(17,030,530)**	**(22,445,250)**
Net (decrease)/increase in cash and cash equivalents		**(5,474,546)**	**2,370,751**	**(3,604,397)**	**1,490,658**
Cash and cash equivalents at the beginning of the year		14,260,317	18,260,838	10,577,766	9,087,108
Loss of control in subsidiary		-	(6,371,272)	-	-
Cash and cash equivalents at the end of the year	16	**8,785,771**	**14,260,317**	**6,973,369**	**10,577,766**

The accompanying notes form an integral part of this statement of cash flows.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

1.0 Corporate Information

Fiji Ports Corporation Limited is a government owned entity incorporated under the Fiji Companies Act, 1983 and a Government Commercial Company under the Public Enterprises Act of 1996, domiciled in Fiji. The address of the company's registered office is at Muaiwalu House, Walu Bay. The principal place of business is Suva Kings Wharf, Port of Suva, Fiji.

The financial statements were authorised for issue by the directors on 24th April 2015.

1.1 Basis of accounting

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

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

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

1.2 Principles of consolidation

The group financial statements consolidate the financial statements of Fiji Ports Corporation Limited and its subsidiary are drawn up to 31 December 2014.

Subsidiary

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

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

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

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

1.3 Significant accounting judgments, estimates and assumptions

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

Judgments

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

Estimations and assumptions

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

Impairment of non-financial assets

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

1.3 Significant accounting judgments, estimates and assumptions *continued*

Impairment losses on receivables

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

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

1.4 Statement of significant accounting policies

(a) Functional and presentation currency

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

(b) Foreign currencies

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

(c) Revenue recognition

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

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

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

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

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

(d) Expense recognition

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

(e) Property, plant and equipment

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

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

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

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

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

1.4 Statement of significant accounting policies *continued*

(f) Impairment of non-financial assets

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

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

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

(g) Taxes

Current income tax

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

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

Deferred income tax

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

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

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

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

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

1.4 Statement of significant accounting policies *continued*

(g) *Taxes continued*

Deferred income tax continued

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

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

Value Added Tax

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

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

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

(h) Cash and cash equivalents

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

(i) Financial assets

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

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

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

Held-to-maturity investments

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

Loans and receivables

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

(j) Inventories

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

1.4 Statement of significant accounting policies *continued*

(k) Investment property

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

(l) Intangible assets

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

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

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

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

(m) Impairment of non-financial assets

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

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

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

(n) Trade and other payables

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

(o) Employee entitlements

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

1.4 Statement of significant accounting policies *continued*

(p) Provisions

Provisions are recognised when the company and the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. Where the company and the group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(q) Financial liabilities

Interest bearing loans and borrowings

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

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

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

(r) Dividend distribution

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

Dividends paid during the year are subject to the provisions of the Fiji Income Tax Act and Income Tax (Dividend) Regulations 2001.

(s) Leased assets

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

Company and the group as a lessee

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

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

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

Company and the group as a lessor

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

(t) Comparative figures

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

(u) Segment information

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

(a) Industry segment
The company operates predominantly in the shipping industry.

(b) Geographical segment
The company and the group operates predominantly in Fiji and has therefore one geographical area for reporting purposes.

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
2 REVENUE				
(a) Operating revenue				
Dockage	5,869,036	7,392,747	5,869,036	7,392,747
Handling/stevedoring	-	8,935,210	-	-
Licence fees	185,227	276,112	185,227	189,970
Marine services	11,364,755	10,732,061	11,364,755	10,732,061
Other service income	4,482,481	3,236,674	4,482,481	4,282,383
Ship repair	3,845,780	4,170,164	-	-
Slipway	1,592,014	1,490,397	-	-
Storage	-	2,797,257	-	2,797,257
Wharfage	6,918,609	6,446,803	6,918,609	6,446,803
	34,257,902	45,477,425	28,820,108	31,841,221
(b) Other revenue				
Dividend income	-	-	1,769,792	1,462,076
Gain/(loss) on sale of assets	73,694	(159)	63,259	(159)
Capital gain on sale of shares in Ports Terminal Limited	-	(2,613,454)	-	7,902,006
Gain on re-measurement of investment in associate	-	8,950,230	-	7,438,923
Management fees	180,000	75,000	180,000	250,000
Other income	14,374	606,377	-	-
Rent income	2,087,724	2,122,354	1,982,561	2,068,082
	2,355,792	9,140,348	3,995,612	19,120,928
3 EXPENSES	$	$	$	$
(a) Employee benefits expense				
Allowances	102,197	156,848	4,791	6,984
Annual leave	178,061	237,607	137,318	163,421
FNPF and FNU levy	418,992	697,236	304,598	340,670
Fringe benefit tax	63,648	76,584	50,401	49,871
Long service leave	8,889	25,851	5,031	22,103
Medical expenses	283,169	313,477	260,531	294,813
Salaries and wages	3,999,913	7,211,739	2,906,300	3,322,095
Sick leave	125,264	175,645	89,847	118,612
Staff incentive pay	215,409	294,109	169,779	183,165
Staff welfare	58,357	70,667	41,907	63,481
Staff training	159,580	142,398	132,965	123,923
	5,613,479	9,402,161	4,103,468	4,689,138
(b) Property expenses				
Cleaning and sanitation	124,491	122,674	124,491	122,674
Electricity	909,862	1,875,223	909,862	1,875,223
Property rates	122,702	168,939	122,702	168,939
Repairs and maintenance	628,200	862,502	628,200	862,502
Water	402,913	402,655	402,913	402,655
Other expenses	41,027	42,783	41,027	42,783
	2,229,195	3,474,776	2,229,195	3,474,776
(c) Marine service charges				
Boat hire	5,722,182	5,471,095	5,722,182	5,471,095
Dredging	-	2,850	-	2,850
Equipment hire	-	106,801	-	106,801
Linesman hire	170,124	211,285	170,124	211,285
Pilotage service	648,455	843,698	648,455	843,698
Security hire	342,731	324,327	342,731	324,327
	6,883,492	6,960,056	6,883,492	6,960,056

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

FOR THE YEAR ENDED 31 DECEMBER, 2014

		Group		Company	
		2014	2013	2014	2013
		$	$	$	$
(d)	**Operating expenses**				
	Advertising and publicity expense	95,156	86,042	79,203	70,053
	Auditors' remuneration	46,330	53,458	29,770	33,793
	Legal & customer claims	44,879	-	44,879	-
	Direct material cost	1,143,116	1,522,066	-	-
	Directors fees	44,334	32,434	44,334	32,434
	Doubtful debts	(133,833)	59,890	(87,093)	-
	Insurance expense	1,267,927	1,619,170	1,069,884	1,104,277
	Unrealised exchange loss	328,581	1,336,741	328,581	1,336,741
	Professional legal fees	52,583	62,401	47,954	46,746
	Repairs and maintenance	374,931	1,086,690	226,338	871,003
	Other expenses	1,712,829	3,525,615	1,128,475	1,262,845
		4,976,833	9,384,507	2,912,325	4,757,892
(e)	**Finance income**				
	Interest income on term deposits and inter-company loans	129,562	143,987	190,156	287,135
(f)	**Finance costs**				
	Interest charges on borrowings	(554,662)	(917,165)	545,509	892,023
4	INCOME TAX	$	$	$	$
	The major components of income tax expenses for the years ended 31 December 2014 and 2013 are:				
	Operating profit before tax	8,966,681	15,513,772	7,901,011	22,135,989
	Prima facie tax thereon at 20%	1,793,336	3,102,754	1,580,202	4,427,198
	Under /(over) provision from prior years	4,322	(1,159)	(8,974)	(11,405)
	Insufficient advance payment penalties	(36,675)	36,675	-	-
	Restatement of deferred tax balances	7,123	(448)	7,123	(448)
	Non-deductible expenses/(income)	(239,807)	(1,358,784)	(315,188)	(3,320,638)
	Income tax expense reported in the statement of comprehensive income	1,528,299	1,779,038	1,263,163	1,094,707
	Net deferred tax assets at 31 December relates to the following:				
	Deferred tax assets				
	Doubtful debts	31,694	59,367	10,000	28,325
	Employee entitlements	117,238	120,580	104,202	112,181
	Stock obsolescence	3,268	-	-	-
	Unrealised exchange loss	65,716	267,348	65,716	267,348
	Legal claims	20,185	20,000	20,185	20,000
	Accelerated depreciation for tax purposes	3,911,326	3,017,508	3,920,545	2,997,793
		4,149,427	3,484,803	4,120,648	3,425,647
	Reflected in the financial statement of financial position as follows:				
	Deferred tax assets	4,149,427	3,484,803	4,120,648	3,425,647

		Group		Company	
		2014	2013	2014	2013
		$	$	$	$
5	**TRADE AND OTHER RECEIVABLES**				
	Current				
	Trade receivables	1,584,130	1,664,099	1,221,895	1,089,051
	Less: Provision for doubtful debts	(158,468)	(296,835)	(50,000)	(141,627)
		1,425,662	1,367,264	1,171,895	947,424
	Staff advances	7,508	18,671	7,508	18,671
	Other receivables	1,141,829	177,570	12,047	36,865
	Receivable from associate	51,007	184,118	51,007	184,118
		2,626,006	**1,747,623**	**1,242,457**	**1,187,078**

For terms and condition relating to related party receivables, refer to Note 18.
Trade receivables are non-interest bearing and are generally on terms of 30 days.

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

	Group 2014	Group 2013	Company 2014	Company 2013
Balance at 1 January	296,835	534,877	141,627	244,769
Additional provision	13,254	59,890	-	-
Bad debts written-off	(4,534)	(161,988)	(4,534)	(103,142)
Unused amount reversed	(147,087)	-	(87,093)	-
Disposal -Ports Terminal Limited	-	(135,944)	-	-
Balance at 31 December	158,468	296,835	50,000	141,627

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		$	$	$	$	$
	2014	1,584,130	1,156,788	125,793	204,222	97,327
	2013	1,664,099	1,072,750	240,178	19,396	331,775
Company						
	2014	1,221,895	1,144,773	52,106	22,903	2,113
	2013	1,089,051	809,648	140,010	12,186	127,207

		Group 2014	Group 2013	Company 2014	Company 2013
6	**FINANCIAL ASSETS**				
	Current				
	Term deposits -held to maturity	2,000,000	750,000	1,250,000	750,000
7	**INVENTORIES**				
	Parts	460,059	175,276	326,899	86,554
	Less: provision for stock obsolescence	(16,338)	-	-	-
		443,721	175,276	326,899	86,554
8	**OTHER ASSETS**				
	Prepayments	435,043	462,311	343,014	380,705
	Deposits	377,873	365,357	324,784	315,268
	VAT receivable	98,148	138,961	98,148	138,961
		911,064	966,629	765,946	834,934

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

FOR THE YEAR ENDED 31 DECEMBER, 2014

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
9 PROPERTY, PLANT AND EQUIPMENT				
Land				
Cost:				
At 1 January	24,712,426	24,712,426	24,712,426	24,712,426
Transfers	-	-	-	-
At 31 December	24,712,426	24,712,426	24,712,426	24,712,426
Building				
Cost:				
At 1 January	15,877,000	15,875,219	10,360,923	10,360,923
Additions	159,335	1,781	114,250	-
Transfers	439,911	-	439,911	-
Disposals	(77,678)	-	(77,355)	-
At 31 December	16,398,568	15,877,000	10,837,729	10,360,923
Depreciation and impairment				
At 1 January	7,882,098	6,362,263	6,704,384	5,322,808
Depreciation charge for the year	1,668,944	1,519,835	1,452,987	1,381,576
Disposals	(77,678)	-	(77,355)	-
At 31 December	9,473,364	7,882,098	8,080,016	6,704,384
Net book value	6,925,204	7,994,902	2,757,713	3,656,539
Wharves				
Cost:				
At 1 January	90,565,375	90,565,375	90,565,375	90,565,375
Transfers	86,957	-	86,957	-
At 31 December	90,652,332	90,565,375	90,652,332	90,565,375
Depreciation and impairment				
At 1 January	42,146,527	36,830,729	42,146,527	36,830,729
Depreciation charge for the year	5,358,418	5,315,798	5,358,418	5,315,798
At 31 December	47,504,945	42,146,527	47,504,945	42,146,527
Net book value	43,147,387	48,418,848	43,147,387	48,418,848
Plant and equipment				
Cost:				
At 1 January	7,412,081	8,818,568	2,410,459	2,340,754
Additions	1,463,562	177,147	267,017	117,518
Disposals	(664,073)	(59,813)	(192,257)	-
Transfers	-		-	-
Disposals - Ports Terminal Limited	-	(1,523,821)	-	(47,813)
At 31 December	8,211,570	7,412,081	2,485,219	2,410,459
Depreciation and impairment				
At 1 January	6,367,674	7,016,629	1,830,686	1,628,604
Disposals	(664,073)	(39,548)	(192,257)	-
Disposals - Ports Terminal Limited	-	(1,144,950)	-	(27,548)
Depreciation charge for the year	469,542	535,543	208,054	229,630
At 31 December	6,173,143	6,367,674	1,846,483	1,830,686
Net book value	2,038,427	1,044,407	638,736	579,773

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
9 **PROPERTY, PLANT AND EQUIPMENT** *continued*				
Furniture and fittings				
Cost:				
At 1 January	317,733	413,553	219,926	205,113
Additions	27,306	31,764	21,064	21,129
Disposals	(137,193)	(6,316)	(66,833)	-
Disposals -Ports Terminal Limited	-	(121,268)	-	(6,316)
At 31 December	207,846	317,733	174,157	219,926
Depreciation and impairment				
At 1 January	271,344	375,989	188,567	183,492
Depreciation charge for the year	17,854	12,845	12,818	8,581
Disposals	(137,193)	(3,506)	(66,833)	-
Disposals -Ports Terminal Limited	-	(113,984)	-	(3,506)
At 31 December	152,005	271,344	134,552	188,567
Net book value	55,841	46,389	39,605	31,359
Motor vehicles				
Cost:				
At 1 January	698,121	821,776	418,382	418,382
Additions	205,914	-	147,739	-
Disposals	(365,609)	(22,223)	(260,130)	-
Disposals -Ports Terminal Limited	-	(101,432)	-	-
At 31 December	538,426	698,121	305,991	418,382
Depreciation and impairment				
At 1 January	383,115	321,189	216,715	126,097
Depreciation charge for the year	125,818	125,470	87,737	90,618
Disposals	(302,224)	(22,222)	(196,745)	-
Disposals Ports Terminal Limited	-	(41,322)	-	-
At 31 December	206,709	383,115	107,707	216,715
Net book value	331,717	315,006	198,284	201,667
Cranes				
Cost:				
At 1 January	19,203,330	37,118,782	19,203,329	19,203,329
Disposals -Ports Terminal Limited	-	(17,915,452)	-	-
At 31 December	19,203,330	19,203,330	19,203,329	19,203,329
Depreciation and impairment				
At 1 January	7,398,811	17,108,387	7,398,810	6,334,403
Depreciation charge for the year	1,064,350	1,064,407	1,064,350	1,064,407
Disposals -Ports Terminal Limited	-	(10,773,983)	-	-
At 31 December	8,463,161	7,398,811	8,463,160	7,398,810
Net book value	10,740,169	11,804,519	10,740,169	11,804,519
Office Equipment				
Cost:				
At 1 January	1,079,119	1,173,800	853,104	727,205
Additions	156,977	158,811	142,925	137,206
Disposals	(368,466)	(11,307)	(225,012)	(11,307)
Disposals -Ports Terminal Limited	-	(242,185)	-	-
At 31 December	867,630	1,079,119	771,017	853,104
Depreciation and impairment				
At 1 January	836,083	904,398	654,260	547,825
Depreciation charge for the year	132,528	132,134	111,428	113,963
Disposals	(367,794)	(7,528)	(224,340)	(7,528)
Disposals -Ports Terminal Limited	-	(192,921)	-	-
At 31 December	600,817	836,083	541,348	654,260
Net book value	266,813	243,036	229,669	198,844

		Group		Company	
		2014	2013	2014	2013
		$	$	$	$
9	**PROPERTY, PLANT AND EQUIPMENT** *continued*				
	Work in progress				
	At 1 January	2,611,914	2,069,950	1,884,642	1,445,470
	Additions	140,836	546,127	110,761	443,335
	Reversed	(112,493)	-	(112,493)	-
	Transfers	(618,707)	(4,163)	(526,868)	(4,163)
	At 31 December	2,021,550	2,611,914	1,356,042	1,884,642
	Net written down value at 31 December	90,239,534	97,191,447	83,820,031	91,488,617
10	**INTANGIBLE ASSET**	$	$	$	$
	Cost				
	At 1 January	916,546	882,087	871,197	836,738
	Additions	131,302	30,296	59,559	30,296
	Transfers	-	4,163	-	4,163
	Disposals	(59,788)	-	(59,788)	-
	At 31 December	988,060	916,546	870,968	871,197
	Accumulated depreciation				
	At 1 January	(763,116)	(655,944)	(725,200)	(619,365)
	Depreciation charge for the year	(110,791)	(107,172)	(105,843)	(105,835)
	Disposals	59,788	-	59,788	-
	At 31 December	(814,119)	(763,116)	(771,255)	(725,200)
	Net book value at 31 December	173,941	153,430	99,713	145,997
11	**INVESTMENT PROPERTY**	$	$	$	$
	Cost				
	At 1 January	4,526,015	4,526,015	4,526,015	4,526,015
	At 31 December	4,526,015	4,526,015	4,526,015	4,526,015
	Accumulated depreciation				
	At 1 January	(243,355)	(214,355)	(243,355)	(214,355)
	Depreciation charge for the year	(29,241)	(29,000)	(29,241)	(29,000)
	At 31 December	(272,596)	(243,355)	(272,596)	(243,355)
	Net book value at 31 December	4,253,419	4,282,660	4,253,419	4,282,660
12	**PAYABLES**	$	$	$	$
	Trade creditors	336,384	660,800	215,753	472,645
	Payable to related parties (Note 18(d))	-	-	8,383	3,332
	Sundry creditors	3,385,161	2,953,585	2,321,700	2,127,706
	Ports Terminal Limited Transfer of Assets	1,441,199	1,441,199	1,441,199	1,441,199
		5,162,744	5,055,584	3,987,035	4,044,882
13	**INTEREST BEARING BORROWINGS**	$	$	$	$
	Current				
	ANZ loan -Wharf	1,514,359	1,396,855	1,514,359	1,396,855
	ANZ loan -Shore Crane	1,310,286	1,178,706	1,310,286	1,178,706
	Asian Development Bank loan	1,075,679	1,026,294	1,075,679	1,026,294
	ANZ loan - Fiji Ships	119,566	173,742	-	-
		4,019,890	3,775,597	3,900,324	3,601,855

		Group		Company	
		2014	2013	2014	2013
		$	$	$	$
13	**INTEREST BEARING BORROWINGS** *continued*				
	Non-current				
	ANZ loan - Wharf	2,267,539	3,831,912	2,267,539	3,831,912
	ANZ loan - Shore Crane	4,290,390	5,675,629	4,290,390	5,675,629
	Asian Development Bank loan	6,216,118	16,896,526	6,216,118	16,896,526
	ANZ loan - Fiji Ships	-	119,566	-	-
		12,774,047	26,523,633	12,774,047	26,404,067
		16,793,937	30,299,230	16,674,371	30,005,922

Particulars relating to secured borrowings:

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

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

c) The ANZ Fiji Ships loan is subject to interest at the fixed rate of 4% per annum. Monthly repayments are $14,479.

14	**PROVISIONS**	$	$	$	$
	LEGAL CLAIMS				
	At 1 January	100,000	251,459	100,000	251,459
	Arising during the year	44,879	-	44,879	-
	Utilised during the year	(43,955)	(151,459)	(43,955)	(151,459)
	At 31 December	100,924	100,000	100,924	100,000

Provision for legal claim at balance date represents legal claims brought against the company and the group by former employees. The provision is reflected in the statement of comprehensive income as an administrative expense. The directors are of the opinion that the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2014.

15	**EMPLOYEE BENEFIT LIABILITY**	$	$	$	$
	At 1 January	602,902	706,322	560,907	495,738
	Arising during the year	423,620	522,073	349,630	500,841
	Disposals -Ports Terminal Limited	-	(143,788)	-	-
	Reversed during the year	(36,753)	-	(36,753)	-
	Utilised during the year	(403,578)	(481,705)	(352,776)	(435,672)
	At 31 December	586,191	602,902	521,008	560,907
	Analysis of employee benefit liability				
	Current	517,952	497,912	452,769	455,917
	Non-current	68,239	104,990	68,239	104,990
		586,191	602,902	521,008	560,907

16 CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Cash on hand	4,520	4,356	3,520	3,520
Cash at bank	8,781,251	14,255,961	6,969,849	10,574,246
	8,785,771	14,260,317	6,973,369	10,577,766

17 SHARE CAPITAL

	$	$	$	$
a) Authorised capital				
100,000,000 ordinary shares of $1.00 each	100,000,000	100,000,000	100,000,000	100,000,000
b) Issued and paid up capital				
73,154,852 ordinary shares of $1.00 each	73,154,852	73,154,852	73,154,852	73,154,852

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

c) Dividends

At 1 January 2014	-	-	-	-
Add: dividends declared during year	3,698,979	3,654,877	3,698,979	3,654,877
Add: Ports Terminal Limited Share sale	-	9,284,814	-	9,284,814
Less: Share sale proceeds declared as dividend paid to Government	-	(9,284,814)	-	(9,284,814)
Less: dividends paid during year	(3,698,979)	(3,654,877)	(3,698,979)	(3,654,877)
At 31 December 2014	-	-	-	-

18 RELATED PARTY TRANSACTIONS

Directors

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

Tevita Kuruvakadua (Chairman)
Vilash Chand
Vijay Maharaj
Joeli Cawaki -Resigned in September 2014

Key Management Personnel

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) of that entity.

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

Name	Title
Vajira Piyasena	Chief Executive Officer
Shyman Reddy	Acting 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, Ports Terminal Limited (49% equity interest).

Transactions with related parties

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

18 **RELATED PARTY TRANSACTIONS** *continued*

The following transactions were carried out with related parties:

		Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
(a) Key management personnel compensation					
Directors					
Short-term benefits		44,334	32,434	44,334	32,434
Management					
Short-term benefits		355,750	477,015	308,942	442,367

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

		Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
(b) Sales of goods and services					
Management fees income from associate		-	-	180,000	250,000
Rental income from associate		-	-	2,330,544	1,071,052
Sale of services to associate		-	-	9,955	1,045,709
(c) Purchases of goods and services					
Purchase of services from associate		-	-	2,533	115,688
(d) Receivable from/(Payable to) subsidiary/associate					
Ports Terminal Limited	*Associate*	51,007	184,118	51,007	184,118
Fiji Ships and Heavy Industries Limited	*Subsidiary*	-	-	(8,383)	(3,332)
		51,007	184,118	42,624	180,786
Disclosed as:					
Receivable from associate (Note 5)		51,007	184,118	51,007	184,118
Payable to subsidiary (Note 12)		-	-	(8,383)	(3,332)
		51,007	184,118	42,624	180,786
(e) Loan to subsidiary					
Beginning of the year		-	-	1,655,308	5,128,006
Loss of control in Ports Terminal Limited -31 July 2013		-	-	-	(3,374,271)
Loan repayments received		-	-	(166,788)	(166,787)
Interest charged		-	-	64,344	68,360
End of the year		-	-	1,552,864	1,655,308
Comprising:					
Current		-	-	106,614	102,440
Non-current		-	-	1,446,250	1,552,868
		-	-	1,552,864	1,655,308

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

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
(f) Loan to associate				
Beginning balance as at 1 January 2014	3,041,830	3,374,271	3,041,830	3,374,271
Loan repayments received	(461,364)	(461,364)	(461,364)	(461,364)
Interest charged	115,386	128,923	115,386	128,923
End of the year	2,695,852	3,041,830	2,695,852	3,041,830
Comprising:				
Current	360,084	345,988	360,084	345,988
Non-current	2,335,768	2,695,842	2,335,768	2,695,842
	2,695,852	3,041,830	2,695,852	3,041,830

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

(g) Other related parties				
Fiji National Provident Fund -member contribution	365,512	376,723	265,820	288,204

19 INVESTMENT IN AN ASSOCIATE

The group has a 49% interest in Ports Terminal Limited at balance date, which is involved in providing and managing the port infrastructure and services within the declared ports in Fiji. The group's interest in 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 Ports Terminal Limited.

	$	$
Current assets	11,121,520	11,807,306
Non-current assets	9,054,632	7,697,625
Current liabilities	(2,809,018)	(2,268,792)
Non-current liabilities	(3,423,310	(3,768,984)
Equity	**13,943,824**	**13,467,155**
Proportion of the group's ownership	49%	49%
	6,832,476	6,598,906
Goodwill	3,026,888	3,026,888
Carrying amount of the investment	**9,859,364**	**9,625,794**
Revenue	22,805,316	9,039,941
Operating expenses	(18,904,576)	(7,203,109)
Finance costs	(115,472)	(52,102)
Finance income	8,967	1,886
Profit before tax	**3,794,235**	**1,786,616**
Income tax expense	(817,561)	(407,914)
Profit for the year/period	2,976,674	1,378,702
Group's share of profit for the year/period	**1,458,570**	**675,564**

The associate had contingent liabilities of $92,500 and capital commitments of $2,199,032 as at 31 December 2014.

		Group		Company	
		2014	2013	2014	2013
		$	$	$	$
20	**CAPITAL COMMITMENTS**				
	Capital expenditure:				
	- approved by the board and committed	-	$ 2,480,000	-	80,000
21	**RENTAL INCOME COMMITMENTS**				
	Not later than one year	1,982,561	2,068,082	1,982,561	2,068,082
	Later than one year but not later than five years	7,930,244	8,272,328	7,930,244	8,272,328
	Later than five years	976,368	976,368	976,368	976,368
		10,889,173	11,316,778	10,889,173	11,316,778
22	**CONTINGENT LIABILITIES**				
	Guarantee given on behalf of the subsidiary company	800,000	800,000	800,000	800,000
	Bank guarantee for HM Customs and FEA bonds	83,900	83,900	83,900	83,900
		883,900	883,900	883,900	883,900

23 SUBSEQUENT EVENTS

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

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

(a) Market risk

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

(i) Political climate

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

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

(a) Market risk *continued*

(ii) Currency risk

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

Exposure to currency risk

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

	2014	**2013**
	USD	**USD**
ADB loan	3,606,523	9,291,190

The following significant exchange rates applied during the year:

	Rate	**Rate**
	2014	**2013**
USD	0.4946	0.5184

Sensitivity

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

	Increase/ decrease in USD rate	**Effect on profit before tax**
2014	+10%	662,891
	-10%	(810,200)
2013	+10%	1,629,347
	-10%	(1,991,424)

(iii) Interest rate risk

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

	Carrying amount	
	2014	**2013**
	$	**$**
Fixed rate instruments		
Financial assets (Term deposits)	2,000,000	750,000
Financial liabilities	(9,502,140)	(12,376,410)
	(7,502,140)	**(11,626,410)**
Variable rate instruments		
Financial liabilities (ADB loan)	(7,291,797)	(17,922,820)

Fair value sensitivity analysis for fixed instruments

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

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

(a) Market risk *continued*

(iii) Interest risk *continued*

Cash flow sensitivity analysis for variable rate instruments

A change of 25 basis points (bp) in interest rates at the reporting date would have increased (decreased) equity and the profit or loss by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Statement of Comprehensive		Equity	
	25bp increase	25bp decrease	25bp increase	25bp decrease
	$	$	$	$
31 December 2014				
Variable rate instruments	(18,229)	18,229	(18,229)	18,229
31 December 2013				
Variable rate instruments	(44,807)	44,807	(44,807)	44,807

(b) Credit risk

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

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

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

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

	Notes	Carrying amount	
		2014	2013
		$	$
Cash and cash equivalents	16	8,785,771	14,260,317
Trade and other receivables	5	2,626,006	1,747,623
Held-to-maturity investments	6	2,000,000	750,000
		13,411,777	**16,757,940**

(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. Due to the dynamic nature of the underlying business of the group, management has deposits held at call.

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

(c) Liquidity risk *continued*

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

31 December 2014	On demand $	< 1 year $	1 to 5 years $	> 5 years $	Total $
Interest bearing borrowings	-	4,019,890	12,774,047	-	16,793,937
Trade and other payables	-	5,162,744	-	-	5,162,744
	-	**9,182,634**	**12,774,047**	**-**	**21,956,681**
31 December 2013					
Interest bearing borrowings	-	3,775,597	15,102,388	11,421,245	30,299,230
Trade and other payables	-	5,055,584	-	-	5,055,584
	-	**8,831,181**	**15,102,388**	**11,421,245**	**35,354,814**

(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 net debt divided by total capital. Net debt is calculated as total borrowing (including 'current and non-current borrowing' as shown in the group statement of financial position) less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the group statement of financial position plus net debt.

	Group	
	2014 $	**2013** $
Interest bearing borrowings (Note 13)	16,793,937	30,299,230
Trade and other payables (Note 12)	5,162,744	5,055,584
Less cash and cash equivalents (Note 16)	(8,785,771)	(14,260,317)
Net debt	13,170,910	21,094,497
Equity	104,112,651	100,373,248
Capital and net debt	**117,283,561**	**121,467,745**
Gearing ratio	11%	17%

25 **PRINCIPAL ACTIVITIES**

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

Fiji Ports Cargo & Vessel Statistics

Total Foreign Vessels

Year	Nos	GRT	100 GRT/HS
2008	1,317	11,572,969	2,491,644
2009	1,477	11,894,243	1,913,972
2010	1,516	12,456,706	2,464,198
2011	1,386	11,578,741	2,762,656
2012	1,530	12,149,831	3,047,853
2013	1,670	14,836,412	3,332,658
2014	1,474	16,567,711	3,396,715

Cargo Carrying Vessels

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	776	10,011,330	2,380,853
2014	809	10,829,814	2,713,899

Stevedored Cargo Tonnage Carried by the Aforementioned Vessels

Cargo Type	2008	2009	2010	2011	2012	2013	2014
General Cargo	1,802,138	1,605,670	1,810,798	1,885,058	2,060,663	2,365,784	2,348,326
Dry Bulk	272,722	263,503	253,468	218,905	252,545	336,923	377,432
Total	2,074,860	1,869,173	2,064,266	2,103,963	2,313,208	2,702,707	2,725,758

Foreign Going Vessels 2013

Vessel Type	Nos	GRT	100 GRT/HRS
Cruise	57	4,081,502	408,739
Dry Bulk	13	227,918	275,094
Liquid Bulk	259	2,952,970	539,524
Lo Lo	450	5,615,101	1,375,025
LoLo / RoRo	41	724,081	128,211
Car Carrier	12	490,251	62,131
Fishing	718	200,130	127,569
Others	120	544,459	416,365
Total	1,670	14,836,412	3,332,658

Foreign Going Vessels 2014

Vessel Type	Nos	GRT	100 GRT/HRS
Cruise	84	5,484,983	546,570
Dry Bulk	35	806,068	835,782
Liquid Bulk	284	3,163,980	535,600
Lo Lo	442	5,620,929	1,202,318
LoLo / RoRo	36	565,784	72,956
Car Carrier	14	654,139	66,443
Fishing	556	177,078	96,223
Others	119	94,750	40,822
Total	1,570	16,567,711	3,396,715

Local Vessels 2013

Vessel Type	Nos	GRT	100 GRT/HRS
RORO/Passenger	502	1,344,046	555,444
Conventional	504	77,239	42,791
Fishing/Others	3,029	305,434	335,978
Total	4,035	1,726,719	934,213

Local Vessels 2014

Vessel Type	Nos	GRT	100 GRT/HRS
RORO/Passenger	494	1,201,035	475,306
Conventional	504	193,453	72,274
Fishing/Others	2,710	777,766	396,189
Total	3,708	2,172,254	943,769

Cargo Throughout 2011

Type	Import	Export	Total
Non Containerised	67,221	8,393	75,614
Containerised	992,918	816,526	1,809,444
Dry Bulk	225,481	354,182	579,663
Liquid Bulk	642,974	181,246	824,220
Total Foreign Cargo	1,928,594	1,360,347	3,288,941
Total Local Cargo	103,524	136,424	239,948
Total Cargo Fiji	2,032,118	1,496,771	3,528,889

Cargo Throughout 2012

Type	Import	Export	Total
Non Containerised	84,322	7,998	92,320
Containerised	1,145,013	823,330	1,968,343
Dry Bulk	261,938	317,938	579,876
Liquid Bulk	615,117	185,879	800,996
Total Foreign Cargo	2,106,390	1,335,145	3,441,535
Total Local Cargo	125,301	140,501	265,802
Total Cargo Fiji	2,231,691	1,475,646	3,707,337

Cargo Throughout 2013

Type	Import	Export	Total
Non Containerised	138,442	164,119	302,561
Containerised	1,122,264	940,959	2,063,223
Dry Bulk	787,948	253,364	1,041,312
Liquid Bulk	584,960	186,906	771,866
Total Foreign Cargo	2,633,614	1,545,348	4,178,962
Total Local Cargo	81,494	145,206	226,700
Total Cargo Fiji	2,715,108	1,690,554	4,405,662

Cargo Throughout 2014

Type	Import	Export	Total
Non Containerised	116,683	93,409	210,092
Containerised	1,178,887	959,347	2,138,234
Dry Bulk	388,397	240,773	629,170
Liquid Bulk	1,037,873	207,012	1,244,884
Total Foreign Cargo	2,721,840	1,554,289	4,276,129
Total Local Cargo	70,385	113,372	183,757
Total Cargo Fiji	2,792,225	1,667,661	4,459,886

Fiji Ports Corporation Limited