



FIJI PORTS CORPORATION LIMITED

# 2011 ANNUAL REPORT



## Vision

To be the regional leader in providing world class port services and ship repairs

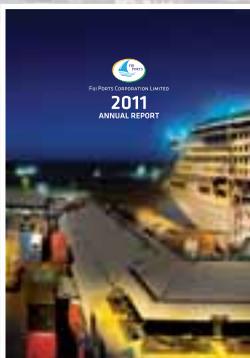
## Mission

To develop and manage the Fiji Ports facilities and services to meet the key stakeholder expectations and local and international customer needs, while meeting the safety and security standards and environmentally responsible.

## Values

The Fiji Ports Value statements have been aligned to our core business:

- Customer satisfaction
- Safety and security
- Accountability
- Transparency
- Valuing People
- Continuous Improvement
- Social responsibility



On the Cover is the Port of Suva at night boasting a 24/7 operation

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# Letter to the Minister



FIJI PORTS CORPORATION LIMITED  
GPO Box 780, Fiji Islands, Telephone: 331 2700  
Fax: 330 0064 Email: info@fijiports.com.fj

10th July, 2012

Mr Aiyaz Sayed Khaiyum  
Attorney General, Minister for Justice, Public Enterprise,  
Communications, Civil Aviations & Tourism,  
Level 7,  
Suvavou House,  
SUVA.

Dear Minister,

## **Fiji Ports Corporation 2011 Annual Report**

I have much pleasure in submitting to you the Annual Report of Fiji Ports Corporation Limited and its subsidiary companies, Ports Terminal Limited and Fiji Ships and Heavy Industries Ltd, in accordance with the provisions of the Public Enterprise Act 1996.

Yours sincerely

**David Kolutagane**  
Chairman

# Highlights 2011

## Operations

- CMA CGM Lines direct sailing from Asia ports to Fiji then to NZ commenced.
- Commencement of the AUSTPAC and RHIA Service using Suva as the transshipment port.
- Foreign cargo handled for the year was 3295241 tonnes equates to a 3% increase.
- Containerized cargo increased by 4%.
- Significant initiatives to address the long standing machinery problems by injecting additional funds for revamping the fleet of cargo handling equipment.

## Finance

- Consolidated financial highlights of FPCL, PTL and FSHIL
- Net Profit after tax of \$5,642,203.
- Net Assets of \$95,089,552 and cash reserves of \$20,085,938.
- Dividend of 50% NPAT (\$2.6m) was paid to Government for the financial year 2010.

## Infrastructure

- Construction of the new Heavy Duty Pavement at Muaiwalu 11.
- North Kings Wharf dredged to -12m at lowest astronomical tide (chart datum, CD) at a cost of over \$200,000.00.
- Installed & commissioned an emergency generator for Muaiwalu House with enclosure.
- Installed hypermizers at Kings Wharf for the tower lights achieving savings of 20% less power consumption.

## Corporate Services

- Training and certification of Mobile Harbor Crane Operators by RML Limited, NZ.
- Fiji Ports participated in the Green Port Management Seminar.
- Review of HR Policy.

## Fiji Ships & Heavy Industries

- Overall 8% increase in the number of vessels slipped in 2011.
- 500T slipway above water refurbishments were carried out to reduce downtime and turnaround time.
- Developed "Terms and Conditions" to reduce customer complaints and provide proper guide for facility usage.



David Kolutagane  
Fiji Ports Corporation  
Limited Chairman

“ In 2011, FPCL and its subsidiaries recorded a consolidated Net Profit after Tax (NPAT) of \$5.6m, an increase of \$0.4m or 7 percent when compared to last year's results. ”

It is with great pleasure that I present our Annual Report for the year ended 31st December 2011.

I am pleased to report that during the year the Board and Management have met their obligations towards facilitating trade and commerce through safer and much improved port operations. One of our primary responsibilities is to show a return on investment to the state and we have displayed another successful year with improved financial performance.

#### Financial Performance

In 2011, FPCL and its subsidiaries recorded a consolidated Net Profit after Tax (NPAT) of \$5.6m, an increase of \$0.4m or 7 percent when compared to last year's results. The parent company, Fiji Ports Corporation Limited recorded a NPAT of \$3.7m in 2011. Both subsidiary companies performed strongly in 2011, as Ports Terminal Limited recorded a NPAT of \$1.3m, while Fiji Ships & Heavy Industries recorded a NPAT of \$0.8m.

#### Operating Environment

With the appointment of the new CEO in July, 2011 a new medium term strategic initiative for Fiji Ports was set up



as part of the company's commitment to immediately improve operational efficiency and sustain profitability.

The three key focus areas that the new strategic direction captured were: a) Future Growth, b) Organizational Strengthening and c) Enhancing Customer Satisfaction. To grow the company, expanding the current infrastructure as outlined in the Rokobili Port Development plan will continue to be explored to address space and capacity constraints as well as exploring Public Private Partnership initiatives to be finalized with the government. In terms of organizational strengthening, FPCL has initiated a Business Excellence Framework, improved technical capabilities and fine tuned departmental KPI's. Resources were deployed to address critical issues such as the frequent machinery and shore crane breakdowns to improved reliability and efficiency of operations and customer services.

As a responsible entity we place great value and commitment to our staff and their working environment. The Review of HR Policies and the Partnership Agreement through the newly formed Labor Management Consultation Committee (LMCC) in 2011 and the development of a Whistle Blower Policy for the company will improve management practice and decision making and enhance good governance at FPCL.

#### Future Focus

Given the ongoing volatility in global growth and international trade and the current reforms in the domestic front, our management team is fully committed to engage with stakeholders, customers and industry players to ensure that FPCL is able to adapt to these new opportunities. I must commend the reforms taking place at the Fiji Revenue and Customs Authority,

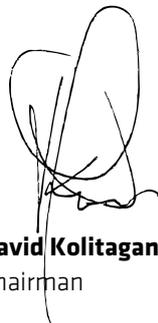
Maritime Safety Authority Fiji and Bio Security Authority of Fiji. These changes will help modernize business practices in the sector and directly support greater efficiency in the supply chain with the ultimate aim of easing cost of doing business and encouraging private sector participation.

Fiji Ports with the support of Government is committed to developing Fiji as the "Hub of the Pacific". This is not a new plan. The challenge is to make it happen. The active involvement of the private sector with the appropriate enabling environment will help Fiji realize this plan. With this, we are also supporting governments plan to accelerate development and modernize our nation.

#### Acknowledgement

I wish to take this opportunity to thank the Ministry for Public Enterprises and other Government agencies for their guidance and support over the year. A special appreciation to all our customers and business clients.

Internally, 2011 has been a good year. I must thank my fellow Board members for their support and direction. Congratulations to the management and staff of Fiji Ports Corporation Limited, Ports Terminal Limited and Fiji Ships and Heavy Industries Ltd for another successful year.



**David Kolitagane**  
Chairman

## Board Members



Mr. David Kolitagane  
**CHAIRMAN**  
Appointed in October 2011



Commander Joeli Cawaki  
**DIRECTOR**  
Appointed in June 2009



Mr. Tony Gollin  
**DIRECTOR**  
Appointed in November 2011



Commander Francis Kean  
**DIRECTOR**  
Appointed as Director in February 2009. Acting Chairman in January 2011. Term ended in October 2011



Captain Tevita Robanakadavu  
**DIRECTOR**  
Appointed in June 2009. Term ended in November 2011



## Management



Mr. Vajira  
Piyasena  
**CHIEF  
EXECUTIVE  
OFFICER**



Mr. Waqa  
Bauleka  
**GENERAL  
MANAGER  
TECHNICAL  
SERVICES**



Mr. Eminoni  
Kurusiga  
**GENERAL  
MANAGER  
PORT  
OPERATIONS**



Mr Asit  
Sen  
**GENERAL  
MANAGER  
FINANCE**



Mrs. Jiu  
Daunivalu  
**GENERAL  
MANAGER  
CORPORATE  
SERVICES**



Mr. Raneel  
Mudaliar  
**GENERAL  
MANAGER  
FIJI SHIPS  
& HEAVY  
INDUSTRIES LTD**



## Corporate Governance

### The Role of the Board of Directors

The role of the Board of Directors is to effectively represent and promote the interests of the shareholders with a view to adding long term value to the Company's share. Having regard to its role, the Board directs and supervises the management of, and the business and affairs of the Company, including and in particular:-

- Ensuring that the Company's goals are clearly established, and that strategies are in place for achieving them;
- Establishing policies for strengthening the performance of the company, including ensuring that management is pro-actively seeking to build the business through innovation, initiative, new technology, new products and the development of its business capital;
- Monitoring the performance of management;
- Appointing the Chief Executive Officer, setting the terms of the employment, agreement and, where necessary, terminating employment;
- Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- Ensuring that the Company's financial statements are true and fair, and otherwise conform with law;
- Ensuring that the Company adhere to high standards of ethics and corporate behavior, and
- Ensuring that the Company has appropriate risk management/regulatory compliance policies in place.

In normal course of events, day to day management of the company is left to management.

All Directors are expected to take decisions objectively in the interest of the Company. The Board as a whole is collectively responsible for the success of the Company. All Directors, whether non-executive or executive, have the same general legal responsibilities.

### The Board of Directors 2011

January - October 2011		
Commander Francis Kean		Acting Chairman
Commander Joeli Cawaki		Director
Captain Tevita Robanakadavu		Director
October - December 2011		
Mr David Kolitagane	-	Chairman
Commander Joeli Cawaki	-	Director
Mr Tony Gollin	-	Director

### Board Meetings

A total of 9 monthly meeting was held between January to December 2011. Directors Attendance at the meeting were as follows:

DIRECTOR	No. of meetings entitled to Attend	No. of meetings Attended	Apologies
Commander Francis Kean	7	7	-
Commander Joeli Cawaki	9	8	1
Capt Tevita Robanakadavu	8	7	1
Mr David Kolitagane	3	3	-
Mr Tony Gollin	2	2	-



**Vajira Piyasena**  
Chief Executive  
Officer

“ Significant changes were made to improve corporate governance in terms of transparency and accountability as a requirement for enhanced quality and improved customer services, sustainable profitability and overall development of FPCL. ”

I take pleasure in presenting the annual CEO's Report of Fiji Ports Corporation Ltd (FPCL) for the financial year ended 31st December 2011. FPCL and its subsidiary companies, Ports Terminal Limited (PTL) and Fiji Ships & Heavy Industries Limited (FSHIL) have performed well returning a positive financial outcome with FPCL and FSHIL exceeding budget projections. While PTL has returned to profitability, FSHIL taken over by FPCL in 2009 to improve and revitalize its operations and performance has delivered significant positive results.

In terms of implementing the growth strategy and rolling-out the organizational change, 2011 was a challenging year for FPCL. Despite the uncertainty in the global and regional shipping environment, FPCL was able to meet key targets of our annual financial outlook for year 2011. During the second half of the year our strategic focus was shifted towards creating a momentum for a realistic growth and developing a reliable catalyst for much anticipated changes within FPCL.

Significant changes were made to improve corporate governance in terms of transparency and accountability as a requirement for enhanced quality and improved customer services, sustainable profitability and overall development of FPCL.

#### **Ports of Entry**

FPCL owns and operates the three main ports of entry, Suva, Lautoka and Levuka, and oversees the operations and ISPS requirements for the Malau (owned by Fiji Sugar Corporation Ltd), Rotuma (owned by Rotuma Council), Wairiki (owned by Tropic Woods Industries Ltd) and Vuda (owned by oil companies) ports.

**Economic Asset**

Port Terminal Ltd (PTL) the subsidiary company of FPCL which carries out the stevedoring functions handled more than 95% of Fiji's container trade with 1,386 foreign ship calls for the year compared to 1,516 in previous year (2010). Ports were serviced by over 10 shipping lines.

FPCL through its subsidiary, Fiji Ships & Heavy Industries (FSHIL) also plays an important role in providing slipway and ship repair facilities to meet the high demand from overseas and local ship owners including fishing vessels in the South Pacific region, indirectly contributing to growth and development of our local fishing industry.

As a major partner to the growth and development of Fiji's economy, FPCL plays a crucial role in providing critical maritime services and infrastructure facilities to effectively assist trade, cater for the needs of visiting cruise ships and also the requirements of all port users and other stakeholders.

**OPERATIONS**

**Vessel Traffic**

Total foreign vessel traffic for the year 2011 was 1,386 reflecting an 8% decrease from last year's total of 1,516. This represented a total gross registered tonnage of 11,575,923 tonnes passing through all FPCL administered ports generating 2,762,656 100GRT Hrs in comparison to 12,456,706 tonnes and 2,464,198 GRT Hrs in 2010.

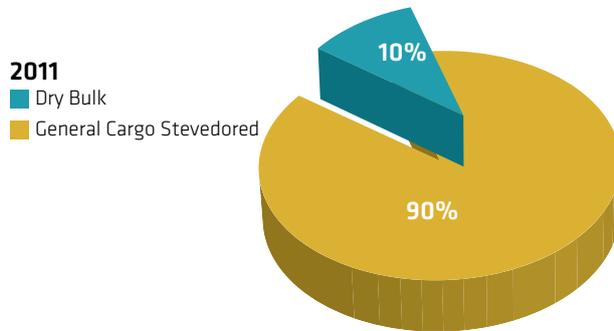
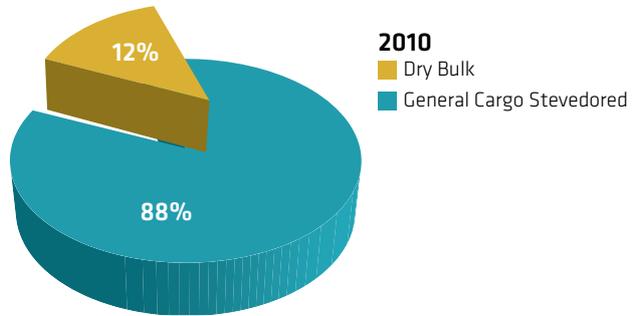
Year	Nos.	GRT	100GRT Hrs
2010	1516	12,456,706	2,464,198
2011	1386	11,575,923	2,762,656



Figures for cargo carrying vessels were:

Year	Nos.	GRT	100GRT Hrs
2010	836	9,922,208	1,941,675
2011	739	9,180,823	2,288,756

Stevedored cargo unloaded and loaded on the above stated vessels were:



The significant decrease in cargo carrying vessels of 12% hence directly reflecting in the GRT but not on the 100GRT Hrs implied that vessels with larger capacities were introduced into the trade replacing those smaller in capacities. The concept of slotting arrangements and formation of alliances are also reflected in this decreasing trend.

The number of local vessel calls for the year was 4,099, a slight increase of 1% from the 2010 statistics. This produced 1,588,062 tonnes GRT and 848,703 100GRT Hrs. A significant part of these local vessels were fishing vessels which have foreign nationals as crews but were registered locally.

**2010 Foreign Vessels**

Vessel Type	No.	GRT	100 GRT Hrs
Passenger	44	2,179,998	205,933
Dry Bulk	33	550,980	420,444
Liquid Bulk	289	3,056,702	434,251
LOLO	465	5,181,466	954,811
RORO	0	0	0
LOLO/RORO	41	727,517	108,381
Car Carrier	8	405,543	23,788
Fishing	489	136,466	67,526
Naval	1	2832	609
Others	46	164,023	215,258
<b>Total</b>	<b>1516</b>	<b>12,456,706</b>	<b>2,464,198</b>

## 2011 Foreign Vessels

Vessel Type	No.	GRT	100 GRT Hrs
Passenger	35	2,046,266	199,963
Dry Bulk	32	632,883	503,129
Liquid Bulk	279	3,209,885	589,317
LOLO	384	4,497,951	1,086,019
RORO	0	0	0
LOLO/RORO	42	741,014	105,804
Car Carrier	2	99,090	4487
Fishing	561	166,260	131,313
Naval	0	0	0
Others	51	182,574	142,624
<b>Total</b>	<b>1386</b>	<b>11,575,923</b>	<b>2,762,656</b>

A significant decrease in foreign vessels was experienced with the stevedored cargo vessels especially with the LOLO category which had a 17% decrease and the reason for which has been highlighted earlier through the enhancing of economies of scale by shipping lines opting for larger vessels. Additionally cruise vessels decreased by 20% which can be attributed to the increase in direct calls to Port Denarau by the majority of cruise vessels avoiding Lautoka Port.

A significant increase was experienced in the other types of vessels predominantly the fishing vessels which had a 15% increase. The majority of these vessels were using other Pacific Islands as their base ports but have decided to shift to Fiji in view of its position in the Pacific rim with good communication and travel connections to the outside world. However recently introduced transshipment levy may create a negative impact on this situation in the future.

## 2010 Local Vessels

Vessel Type	Nos.	GRT	100GRT Hrs
RORO/Passenger	647	1,162,880	904,932
Conventional/Passenger	556	126,770	69,777
Fishing/Others	2848	266,277	278,573
<b>Total</b>	<b>4051</b>	<b>1,555,927</b>	<b>1,253,282</b>

## 2011 Local Vessels

Vessel Type	Nos.	GRT	100GRT Hrs
RORO/Passenger	606	1,258,666	462,635
Conventional/Passenger	534	68,504	96,194
Fishing/Others	2959	260,892	289,874
<b>Total</b>	<b>4099</b>	<b>1,588,062</b>	<b>848,703</b>

## Cargo Throughput

Foreign cargo recorded for the year 2011 was 3,295,241 tonnes in comparison to 3,198,597 tonnes in 2010. This equates to a 3% increase. This substantiates the argument that the increase in the number of vessels does not necessarily mean that there will also be an increase in tonnage handled. The overseas vessels arrival and in particular cargo carrying vessels had decreased. However, the cargo tonnage had increased.

Non containerized general cargo recorded an increase of 21% which was a reflection of the volume of unitized and break bulk cargo imported for the various projects including the Government administered ones that were undertaken during the year. Containerized cargoes increased by 4% and are reflected in the number of boxes handled where 63,002 full boxes were registered for 2010 and 63,668 for 2011.

Dry bulk cargo recorded was 579,663 tonnes compared to 573,981 tonnes in 2010. The significant contribution to this increase was seen as a positive growth in both the exportation of sugar and woodchips. Liquid bulk cargo had a slight increase of 2% where 830,520 tonnes was



recorded in 2011 compared to 818,318 tonnes in 2010. Local cargo handled for the year was 239,766 tonnes compared to 245,590 tonnes in 2010. This is equivalent to a decrease of 2%.

## 2010

	Import	Export	Total
Non Containerized	53,414	9,058	65,214
Containerized	959,557	788,769	1,748,326
Dry Bulk	267,159	306,822	573,981
Liquid Bulk	624,009	189,809	813,818
Total Foreign	1,904,139	1,294,458	3,198,597
Local Cargo	100,933	144,657	245,590
<b>Total Fiji</b>	<b>2,005,072</b>	<b>1,439,115</b>	<b>3,444,187</b>

## 2011

	Import	Export	Total
Non Containerized	67,221	8,393	75,614
Containerized	992,918	816,526	1,809,444
Dry Bulk	225,481	354,182	579,663
Liquid Bulk	642,974	181,246	830,520
Total Foreign	1,934,894	1,360,347	3,295,241
Local Cargo	103,524	136,242	39,766
<b>Total Fiji</b>	<b>2,038,418</b>	<b>1,496,589</b>	<b>3,535,007</b>

We continue to strive to provide a high level of efficiency in terms of service deliveries. A major factor affecting this was the port congestion that had arisen from time to time. Congestion in the sense that limited spaces are available for proper storage of cargo especially containers and also the unavailability of the shore based equipment. This is a critical area that will require special attention to alleviate problems that will continue to hinder the operational efficiency.

In the last quarter of 2011, FPCL took much anticipated initiatives to address the long standing machinery problems by injecting an excess of \$65,000 for the revamping of its fleet of cargo handling equipment. The initiative includes engagement of technicians from New Zealand to assist the local mechanical staff to complete numerous specialized repair works. Reliability and operational efficiency of FPCL machinery was improved with a greater performance level thereby significantly improving the overall efficiency of core services provided by FPCL and PTL.

## FINANCE

### Financial Highlights

In 2011, FPCL and its subsidiaries recorded a consolidated Net Profit after tax (NPAT) of \$5.64m, an increase of \$359k, compared to 2010 result.

The parent company, Fiji Ports Corporation Limited

recorded a NPAT of \$3.74m in 2011. This compares favorably with the budget of \$3.19m. This represents a decline from 2010 NPAT of \$5.50m as in 2010 Fiji Ports booked foreign exchange gain of \$1.66m on its USD loan due to movement in USD exchange rates. The foreign exchange gain in 2011 was minimal. Excluding the foreign exchange gain in 2010, core operating results remained robust in 2011.

Both subsidiary companies performed strongly in 2011. Ports Terminal Limited recorded a NPAT of \$1.28m, a complete turnaround from the loss of \$26k recorded in 2010. Fiji Ships & Heavy Industries recorded a NPAT of \$751k, a significant increase from 2010 NPAT of \$258k and 2011 budget of \$368k. This is attributed to increase in the number of vessels on slippage plus impacts of major projects undertaken during the year.

The consolidated financial performance of the group remained strong, with growth of revenue (7%) exceeding growth of expenses (5.7%) contributing to the growth in NPAT.

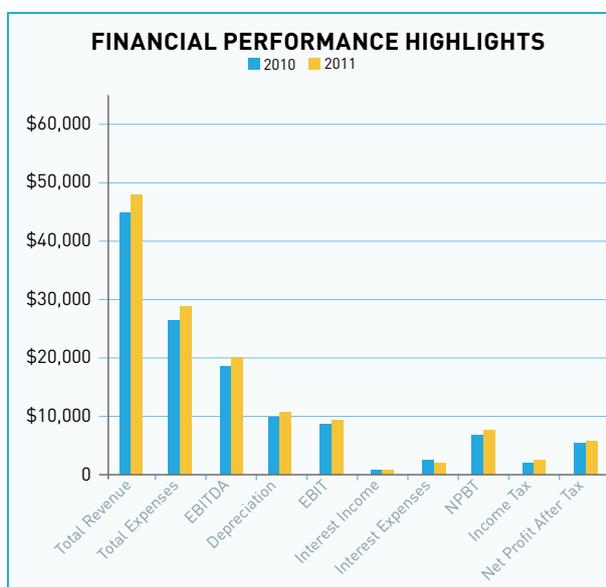
The Cash holdings of the group increased substantially from \$7.83m in 2010 to \$20.09m in 2011. This increase is sourced from the operating activities of the group.

The table below provides a summary of the consolidated financial performance for 2010 and 2011:

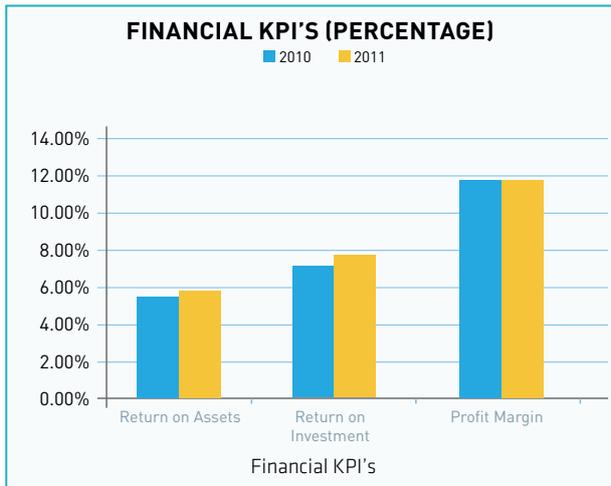
	2010	2011
Total Revenue *	\$45,070	\$48,207
Total Expenses *	\$38,087	\$40,260
<b>EBIT</b>	<b>\$8,824</b>	<b>\$9,263</b>
<b>Net Profit After Tax</b>	<b>\$5,283</b>	<b>\$5,642</b>
Return on Assets	5.68%	5.82%
Return on Investment	7.22%	7.71%
Profit Margin	11.82%	11.82%
Current Ratio	\$2.34	\$2.77

\* These figures are inclusive of Financial Income/Expenses

NB: Amounts are in ('000)



The following graph summaries some of the Key Financial Performance Indicators, as per the above table:



## TECHNICAL SERVICES

All port maintenance and engineering programmes as well as infrastructure development initiatives are the responsibility of the Technical Services Department. FPCL continues to maintain and improve infrastructure at the three main ports of Fiji and all programmes were completed on time and within budget.

### Suva

Construction of the new Heavy Duty Pavement at Muaiwalu II was completed in April 2011. This allows for container trucks and trucks with heavy loads to use this area. Vehicular and pedestrian access is now monitored when vessels are loading or unloading so that there is no congestion and safety standards are adhered to.

North Kings Wharf was adequately dredged to -12m at lowest astronomical tide (chart datum, CD) at a cost of over \$200,000.00. Dredging of the Walu Bay berth was carried out in the last quarter of 2011 to ensure that there is adequate draft for ships to berth.

Emergency exits were installed at the Port Masters Building. This is to ensure that FPCL complies with OHS regulations.

An emergency generator for Muaiwalu House with an enclosure was commissioned in December 2011. This is to ensure that in the event of a power failure the whole building including all utilities is available with alternate power from this generator.

Hyperimizer was installed at Kings Wharf for the tower lights which have shown a savings of 20% less electricity consumption. Routine maintenance was also carried out on water reticulation lines, fenders, coping and tower lights

### Lautoka

The re-roofing of Shed No.01 (the final stage) and for Raymond's Building were completed in October and November respectively which had to be changed due to aging.

Replacement of timber fenders in the local vessel berth at Queens Wharf was also carried out due to aging.

Routine maintenance was again carried out on water reticulation lines, fenders, coping and tower lights

### Levuka

Routine maintenance was carried out on water reticulation lines, fenders, coping and tower lights.



## CORPORATE SERVICES

### Information Technology and Communications

As part of the company's information capital strategies, we have formulated and implemented IT policies, system/plans, develop specifications of programs to achieve computerization of all departments.

Training of staff was conducted regularly to keep all users up to date with latest technology and computer usage was increased to its full capabilities maximizing productivity.

The ITC Department manages FPCL, PTL and FSHIL's systems and Telecommunications Infrastructure. A number of major IT projects have been completed like website overhaul, intranet update for information sharing within the organization, investment in essential hardware and software for Data Backup, Rollout of New PC's and printers.

Significant installations include Fortinet Firewall and Security, presentation equipment in Board Room, Biometric Control and Operations Data Integrations software, inventory Software, Navision for Lautoka Online, Sound & PA System and Conference Unit for Muaiwalu House and other smaller projects. The department also ventured out to hire an external party for offsite Data storage for DRP.

### Properties

Total number of tenants for 2011 was 120.

Suva	75
Lautoka	39
Levuka	6
Total	120

Total revenue from property rentals for 2011 was - \$1,837,542.00, an increase of around 20% when compared to 2010 revenue. Apart from the rent reviews and few new minor tenancies, the major contributing



factor towards this increase was the lease of the 15 acre land at Lautoka to Amex Resources Limited.

Two long term leases were signed for lease of properties at Muaiwalu 1 which resulted in FPCL receiving a total sum of \$700k in premium payments. There continues to be a high demand for office & shed space at the Kings Wharf, Muaiwalu 1 Wharf and Lautoka Port by shipping and fishing companies.

### Marketing

The Marketing section has participated in trade expos and exhibitions held in the country for enhanced awareness to members of the public. Some of these expos included World Maritime Expo, Public Enterprise Expo and International Customs Day.

In 2011 FPCL introduced new range of merchandise items and selling of merchandise to cruise liner tourists promoting ports in Fiji.



The marketing section has embarked on a new strategic marketing and customer relationship management initiative to promote the brand “Fiji Ports” that comprises of FPCL, PTL and FSHIL.

### Human Resources

The total number employed with Fiji Ports in 2011 was 463.

	FPCL	PTL	FSHIL	TOTAL
Permanent	91	70	45	206
Registered Relieving (FPCL & PTL) and contracted FSHIL	90	155	12	257
<b>Total</b>	<b>181</b>	<b>225</b>	<b>57</b>	<b>463</b>

Review of policies was conducted by the newly formed Labour Management Consultation Committee in 2011 which included the Human Resource Policy and the Partnership Agreement covering the employee’s terms and conditions of employment. This also included the development of Whistleblower Policy to ensure the existence of transparency which was approved and implemented.

### Training

Training activity in 2011 increased tremendously by 158% compared to 2010.

No. of Staff Trained		
Staff Category	2010	2011
Management	19	18
Supervisory	89	72
Clerical	145	186
Technical	78	247

The 2011 Training Plan focused mainly on technical and administrative areas of the workforce. We believe that with the categories of staff possessing the necessary knowledge and skills will ensure an increase in overall productivity and performance of the company. The Performance Workshop was also part of management’s strategy to increase awareness on the company’s corporate performance both in the operational standards and financial sectors. Information was disseminated to all staff to instill that they play a major role in the overall performance of the company.

### Health and Safety

Health and Safety of the Ports were appropriately managed and monitored by the Safety Unit. Personal Protective Equipment (PPE) such as safety boots and overalls including first aid kits/items worth \$80,000 were purchased in 2011.

Proper procedures were put in place and stringent monitoring was conducted in the handling of Dangerous Goods. Ports users [importers/exporters] were informed to strictly follow the process of obtaining approval from Fiji Ports prior to arrival of vessels at Suva and Lautoka

ensuring that all dangerous goods were to be the first cargo out for import and last cargo in for export and/or transshipment, and strictly limited to a daylight operation.

Other safety enhancement work carried out during the year were implementing hot work permits for welding, chipping or grinding which requires inspection conducted by the Safety Officers. On all vessels as part of safety compliance, the availability of appropriate fire extinguishers, fire blankets, water hoses etc. were checked before commencement of hot works. Fumigation work was also carried out in conjunction with the Biosecurity Authority of Fiji.

In line with the HASAW Act 1996, the Unit had monitored and reported all accidents including submission of reports to relevant authorities such as the Ministry of Labour and the Insurance Broker for information and necessary actions. Fire Drills and inspections and surveys were also carried out at ship's berthing sites, port operation areas and tenanted sites, maintaining health and safety standards and ensuring compliance to all relevant FPCL policies and applicable laws and regulations.

### Corporate Social Responsibility

FPCL has been actively involved in various corporate social activities in supporting the community by providing sponsorships and donations to charitable organizations at the national level. We have participated in cleaning the seafront areas and surrounding environment in Suva and Lautoka, jointly with other relevant government agencies. One of our significant contributions has been in the involvement of mangrove planting for marine life protection and keeping the environment green.

### SLIPWAY AND SHIP REPAIR

Fiji Ships and Heavy Industries Ltd (FSHIL) has established a reputation for repairs and services of vessels owned and/or operated by companies providing services to Fiji's growing tourism industry. The company was regularly commissioned to undertake slipway assignments and major repairs for Fiji Navy patrol boats, private sector and government inter-island ships, launches, fishing boats, tugs and barges.

FSHIL is on course to expand its business and win new markets. It is a major provider of industrial services for the largest and most diversified economy among the island states of the South Pacific.

To achieve its goals, FSHIL capitalized on Fiji's strategic location as the hub of the Pacific. The country is a natural centre for commerce and industry serving the

Pacific Islands. In the region it has current customers in Tuvalu, Marshall Islands, Vanuatu and Kiribati.

In human capital development area, FSHIL started an apprenticeship scheme reflecting the renewed emphasis on boatbuilding. Training was carried out for shipwrights, fitters and plumbers and they will join a team of highly experienced tradesmen on completion of their training.

Succession planning has become a key element in the company's business planning. FSHIL's skilled workforce includes shipwrights, machinists, fitters, welders, fabricators, divers, plumbers, electricians and carpenters. The company has an annual upgrade programme of machinery and technology that contributes to its productivity and safety standards. As a specialist in underwater engineering, the company has invested in infrastructure upgrades and additional equipment for this purpose. Further, FSHIL has achieved significant reductions in average vessel turnaround time and slipway downtime.

### Slipway Operations

During the year 2011, a total of 132 vessels were slipped against the budget of 121 vessels. Total overall length achieved for the year was 4,466 meters against the budget of 4,284 meters.

Major projects carried out and completed in 2011 are as follows:

	Vessel	Client
1	MV Manufoalou	Government of Tuvalu
2	Nivaga II	Government of Tuvalu
3	MV Landriks	Government of Marshall Islands
4	MV Moamoa	Central Pacific Producers (Vanuatu)
5	RFNS Lautoka	Fiji Government
6	Makilla II	Makilla II Shipping (Vanuatu)
7	Mystic Princess	Blue Lagoon Cruises
8	Dong Ting # 4 Dredge	China Railway

The statistics of the number of vessels slipped are as follows:

Slipway Capacity (Displacement in tonnes)	2011 No. of Vessels	2010 No. of Vessels	2009 No. of Vessels	Increase Reduction Vessels	%
1,000-tonne	57	37	51	20	54%
500-tonne	44	48	25	4	8%
200-tonne	24	29	21	-5	-17%
100-tonne	7	7	5	0	0%
<b>Total</b>	<b>132</b>	<b>121</b>	<b>102</b>	<b>10</b>	<b>8%</b>

Overall there was an 8% increase in the number of vessels slipped in 2011. There were a number of vessels which were repaired on wet slip or repair wharf. These were

minor engineering and repair works. Costs of operations were maintained to avoid cost overruns compared to previous years and staff performance also improved.

500 ton slipway above water refurbishments were carried out to reduce the downtime. A preventative maintenance plan was developed and put in place to reduce the downtimes on the slipway.

Repair and maintenance of the equipments were carried out as scheduled. This reduced hiring of equipment and improved the turnaround time of works. Employees were provided with necessary safety equipment to reduce the risk of injuries and improve the quality of work life.

The “Terms and Conditions of the Slipway Usage” was developed and implemented to reduce customer disputes and to provide an appropriate guide to the use of the facilities.

Staff training was conducted to impart trade skills and improve the quality of services provided to customers. Leadership training was also conducted for the supervisory level staff such as foreman’s and leading hands.

#### **ACKNOWLEDGEMENT**

I would like to thank the Honorable Ministers of our shareholding and line ministries and Permanent Secretaries for their continuing support and assistance provided for the operations of FPCL.

I would also like to acknowledge the contribution made by the Board in this challenging year for FPCL. The Board’s effective guidance and direction significantly helped us to meet these challenges successfully in 2011.

Finally, I express my gratitude to the staff and management of FPCL, PTL and FSHIL for their dedication, hard work and support extended in achieving our goals in 2011.

Vinaka Vakalevu.



**Vajira Piyasena**  
Chief Executive Officer





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# FINANCIAL STATEMENT

FIJI PORTS CORPORATION LIMITED and Subsidiaries

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

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## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

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In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company and the group as at 31 December 2011, the statement of comprehensive income, the statement of changes in equity and the 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:

David Kolitagane (Chairman)  
Joeli Cawaki  
Tony Gollin

### **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 "Ports Terminal Limited" during the financial year was the provision of stevedoring services within the port facilities. The principal activity of the subsidiary trading as "Fiji Ships and Heavy Industries Limited" was 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 \$5,642,203 (2010: \$5,283,285) after providing for income tax expense of \$2,304,685 (2010: tax expense \$1,699,736). The operating profit for the holding company for the year was \$3,744,895 (2010: \$5,501,045) after providing for income tax expense of \$2,143,017 (2010: \$1,644,248).

### **Dividends**

The total dividend paid for the group in respect of the prior year (2010) amounted to \$2,641,643 at 4 cents per share (2009: \$1,308,694 at 2 cents per share).

### **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 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. 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.

**DIRECTORS' REPORT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**Unusual transactions**

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

**Events subsequent to balance date**

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

**Other circumstances**

As at the date of this report:

- (i) no charge on the assets of the company and the group has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the company and the group could become liable; and
- (iii) no contingent liabilities or other liabilities of the company and the group have become or are likely to become enforceable within the year of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company to meet its obligations as and when they fall due.

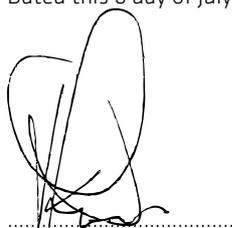
As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's and the group's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the company misleading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

**Directors' benefits**

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

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

Dated this 6 day of July 2012.



**Director**



**Director**

**STATEMENT OF DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

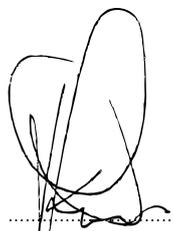
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In accordance with a declaration of the directors of Fiji Ports Corporation Limited and its subsidiaries, we state that in the opinion of the directors:

- (i) the accompanying 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 2011;
- (ii) the accompanying 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 2011;
- (iii) the accompanying 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 2011;
- (iv) the accompanying 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 2011;
- (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.

Dated this 6 day of July 2012.



.....

Director



.....

Director



8<sup>th</sup> Floor, Ratu Sukuna House,  
MacArthur Street,  
P. O. Box 2214,  
Government Buildings,  
Suva, Fiji Islands.

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Excellence in Public Sector Auditing

INDEPENDENT AUDIT REPORT

FIJI PORTS CORPORATION LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

I have audited the accompanying financial statements of Fiji Ports Corporation Limited which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 22 to 44

*Directors and Management's Responsibility for the Financial Statements*

Directors and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. These responsibilities includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material mis-statements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I have 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

**Audit Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Fiji Ports Corporation Limited as at 31 December 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Tevita Bolanavanua  
**AUDITOR GENERAL**

10 July 2012

Suva, Fiji



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 \$	Group 2010 \$	2011 \$	Company 2010 \$
Operating revenue	2(a)	45,839,761	41,517,998	30,162,289	28,928,384
Other revenue	2(b)	1,891,111	3,173,664	2,311,849	3,951,288
<b>Total income</b>		<b>47,730,872</b>	<b>44,691,662</b>	<b>32,474,138</b>	<b>32,879,672</b>
Depreciation		(10,453,034)	(9,726,372)	(8,145,309)	(7,674,436)
Employee benefits expense	3(a)	(9,387,339)	(9,100,298)	(4,370,514)	(4,268,572)
Property expense	3(b)	(3,958,207)	(3,207,669)	(3,958,207)	(3,207,669)
Marine service charge	3(c)	(6,212,202)	(5,784,744)	(6,212,202)	(5,784,744)
Operating expenses	3(d)	(8,456,930)	(8,048,438)	(2,913,998)	(3,295,282)
<b>Total expenses</b>		<b>(38,467,712)</b>	<b>(35,867,521)</b>	<b>(25,600,230)</b>	<b>(24,230,703)</b>
<b>Profit from operations</b>		<b>9,263,160</b>	<b>8,824,141</b>	<b>6,873,908</b>	<b>8,648,969</b>
Finance income	3(e)	475,797	378,354	740,370	631,554
Finance expenses	3(f)	(1,792,069)	(2,219,474)	(1,726,366)	(2,135,230)
<b>Finance costs - net</b>		<b>(1,316,272)</b>	<b>(1,841,120)</b>	<b>(985,996)</b>	<b>(1,503,676)</b>
<b>Profit before income tax</b>		<b>7,946,888</b>	<b>6,983,021</b>	<b>5,887,912</b>	<b>7,145,293</b>
Income tax expense	4	(2,304,685)	(1,699,736)	(2,143,017)	(1,644,248)
<b>Net profit for the year</b>		<b>5,642,203</b>	<b>5,283,285</b>	<b>3,744,895</b>	<b>5,501,045</b>
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>5,642,203</b>	<b>5,283,285</b>	<b>3,744,895</b>	<b>5,501,045</b>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2011**

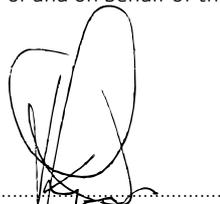
	Notes	Group		Company	
		2011 \$	2010 \$	2011 \$	2010 \$
<b>Share capital</b>					
Balance at the beginning of the year		73,154,852	73,154,852	73,154,852	73,154,852
Issue of shares		-	-	-	-
Balance at the end of the year	16(b)	73,154,852	73,154,852	73,154,852	73,154,852
<b>Accumulated profits</b>					
Balance at the beginning of the year		18,934,140	14,959,549	12,489,646	8,297,295
Operating profit after income tax		5,642,203	5,283,285	3,744,895	5,501,045
Dividends	16(c)	(2,641,643)	(1,308,694)	(2,641,643)	(1,308,694)
Balance at the end of the year		21,934,700	18,934,140	13,592,898	12,489,646
<b>Total shareholders' equity</b>		<b>95,089,552</b>	<b>92,088,992</b>	<b>86,747,750</b>	<b>85,644,498</b>

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

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	Group		Company	
		2011 \$	2010 \$	2011 \$	2010 \$
<b>Current assets</b>					
Cash and cash equivalents	15	20,085,938	7,833,856	13,863,558	5,227,941
Trade and other receivables	5	3,501,779	2,883,759	2,294,112	2,538,970
Financial assets	6	6,000,000	5,000,000	5,750,000	4,750,000
Inventories	7	349,132	376,987	100,738	-
Other assets	8	935,140	1,583,035	622,798	886,248
Loan to subsidiaries	17(e)	-	-	413,998	73,104
<b>Total current assets</b>		<b>30,871,989</b>	<b>17,677,637</b>	<b>23,045,204</b>	<b>13,476,263</b>
<b>Non-current assets</b>					
Financial assets	6	1,058,330	3,000,000	1,000,000	3,000,000
Property, plant and equipment	9	122,721,554	131,188,195	107,288,536	113,920,907
Intangible asset	10	161,133	176,460	151,029	165,022
Investment property	11	3,337,283	3,366,122	3,337,283	3,366,122
Loan to subsidiaries	17(e)	-	-	5,128,009	5,644,375
Investment in FSHIL		-	-	6,660,000	6,660,000
Deferred tax assets	4	923,468	63,169	1,398,591	132,404
<b>Total non-current assets</b>		<b>128,201,768</b>	<b>137,793,946</b>	<b>124,963,448</b>	<b>132,888,830</b>
<b>Total assets</b>		<b>159,073,757</b>	<b>155,471,583</b>	<b>148,008,652</b>	<b>146,365,093</b>
<b>Current liabilities</b>					
Trade and other payables	12	4,979,776	4,050,526	3,079,424	2,719,587
Interest bearing borrowings	13	2,647,045	2,547,081	2,473,303	2,338,309
Provisions	14	905,154	882,770	736,009	768,134
Income tax liability		2,615,565	70,313	2,615,565	88,771
<b>Total current liabilities</b>		<b>11,147,540</b>	<b>7,550,690</b>	<b>8,904,301</b>	<b>5,914,801</b>
<b>Non-current liabilities</b>					
Interest bearing borrowings	13	52,836,665	55,419,227	52,356,601	54,805,794
Deferred tax liability	4	-	412,674	-	-
<b>Total non-current liabilities</b>		<b>52,836,665</b>	<b>55,831,901</b>	<b>52,356,601</b>	<b>54,805,794</b>
<b>Total liabilities</b>		<b>63,984,205</b>	<b>63,382,591</b>	<b>61,260,902</b>	<b>60,720,595</b>
<b>Net assets</b>		<b>95,089,552</b>	<b>92,088,992</b>	<b>86,747,750</b>	<b>85,644,498</b>
<b>Shareholders' equity</b>					
Share capital	16(b)	73,154,852	73,154,852	73,154,852	73,154,852
Accumulated profits		21,934,700	18,934,140	13,592,898	12,489,646
<b>Total shareholders' equity</b>		<b>95,089,552</b>	<b>92,088,992</b>	<b>86,747,750</b>	<b>85,644,498</b>

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.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	Group		Company	
		2011 \$	2010 \$	2011 \$	2010 \$
<b>Operating Activities</b>					
Receipts from customers		47,586,684	45,453,378	33,014,018	32,723,857
Payments to suppliers and employees		(26,861,126)	(21,926,424)	(17,231,980)	(17,113,588)
Interest and bank charges paid		(1,792,069)	(2,219,474)	(1,726,366)	(2,135,230)
Interest received		475,797	378,354	740,370	631,554
Income tax paid		(1,032,406)	(258,619)	(882,410)	(97,847)
Dividends		-	-	129,213	449,771
<b>Net cash provided by Operating Activities</b>		<b>18,376,880</b>	<b>21,427,215</b>	<b>14,042,845</b>	<b>14,458,517</b>
<b>Investing Activities</b>					
Acquisition of property, plant and equipment		(1,942,227)	(9,664,264)	(1,633,401)	(1,876,397)
Proceeds from/(payment) of financial assets		941,670	(4,000,000)	1,175,472	(5,167,479)
<b>Net cash used in Investing Activities</b>		<b>(1,000,557)</b>	<b>(13,664,264)</b>	<b>(457,929)</b>	<b>(7,043,876)</b>
<b>Financing Activities</b>					
Payment of dividends	16 (c)	(2,641,643)	(1,308,694)	(2,641,643)	(1,308,694)
Repayment of term loan		(2,482,598)	(7,065,738)	(2,307,656)	(6,880,223)
<b>Net cash used in Financing Activities</b>		<b>(5,124,241)</b>	<b>(8,374,432)</b>	<b>(4,949,299)</b>	<b>(8,188,917)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12,252,082</b>	<b>(611,481)</b>	<b>8,635,617</b>	<b>(774,276)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>7,833,856</b>	<b>8,445,337</b>	<b>5,227,941</b>	<b>6,002,217</b>
<b>Cash and cash equivalents at the end of the year</b>	15	<b>20,085,938</b>	<b>7,833,856</b>	<b>13,863,558</b>	<b>5,227,941</b>

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

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**1 Corporate Information**

Fiji Ports Corporation Limited is a government owned entity incorporated under the 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 6th July, 2012

**1.1 Basis of accounting**

The financial statements of the company have been drawn up in accordance with the provisions of the Companies Act 1983 and International Financial Reporting Standards ("IFRS"). 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 subsidiaries drawn up to 31 December 2011.

*Subsidiaries*

Subsidiaries 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 companies from the date the holding company obtains control until such time as the control ceases.

The financial statements of the subsidiaries 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.

**1.3 Significant accounting judgments, estimates and assumptions**

The preparation of the company'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.

*Impairment losses on receivables*

The company 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, judgment 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.

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**1.3 Significant accounting judgments, estimates and assumptions *continued***

In addition to specific allowances against individually significant receivables, the company 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 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.

**(d) Expense recognition**

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

**(e) Property, plant and equipment**

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

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

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

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

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

**(f) Impairment of non financial assets**

The company 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

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(f) Impairment of non financial assets *continued***

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.

**(g) Taxes**

*Current income tax*

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

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

*Deferred income tax*

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(g) Taxes *continued***

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 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 commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

*Held-to-maturity investments*

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

*Loans and receivables*

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

**(j) Inventories**

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

**(k) Investment property**

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

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**(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 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.

**(p) Provisions**

Provisions are recognised when the company 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 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.

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(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 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 fulfilment 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 as a lessee*

Finance leases, which transfer to the company 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 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 as a lessor*

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

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

2 REVENUE	Group		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
<b>(a) Operating revenue</b>				
Marine services	9,477,314	9,398,137	9,477,314	9,398,137
Handling/stevedoring	12,430,163	10,765,636	-	-
Dockage	5,881,153	5,507,507	5,881,153	5,507,507
Wharfage	5,429,349	5,536,979	5,429,349	5,536,979
Storage	3,833,716	3,890,995	3,833,716	3,890,995
Pilotage	154,984	72,714	-	-
Ship repair	3,062,833	1,057,253	-	-
Slipway	1,326,033	2,007,041	-	-
Licence fees	286,409	279,122	138,737	131,849
Other service income	3,957,807	3,002,614	5,402,020	4,462,917
	<b>45,839,761</b>	<b>41,517,998</b>	<b>30,162,289</b>	<b>28,928,384</b>
<b>(b) Other revenue</b>				
Management fees	-	-	300,000	300,000
Dividend income	-	-	129,213	449,771
Rent income	1,815,336	1,487,855	1,876,093	1,537,832
Gain on sale of assets	-	4,032	-	-
Other income	69,232	18,092	-	-
Unrealised exchange gain	6,543	1,663,685	6,543	1,663,685
	<b>1,891,111</b>	<b>3,173,664</b>	<b>2,311,849</b>	<b>3,951,288</b>
<b>3 EXPENSES</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(a) Employee benefits expense</b>				
Allowances	164,066	160,680	10,452	7,282
Annual leave	254,944	276,711	136,610	168,928
FNPF and TPAF levy	701,524	693,566	341,080	322,477
Long service leave	51,416	96,618	27,796	49,185
Medical expenses	294,348	280,750	242,607	219,285
Salaries and wages	7,105,088	6,792,596	3,129,537	2,962,604
Sick leave	206,337	195,334	119,538	114,948
Staff incentive pay	440,800	417,941	213,008	264,301
Staff welfare	70,804	75,336	59,778	61,850
Staff training	98,012	110,766	90,108	97,712
	<b>9,387,339</b>	<b>9,100,298</b>	<b>4,370,514</b>	<b>4,268,572</b>
<b>(b) Property expense</b>				
Cleaning and sanitation	120,955	117,798	120,955	117,798
Electricity	2,204,462	1,566,464	2,204,462	1,566,464
Property rates	231,237	213,563	231,237	213,563
Repairs and maintenance	854,084	677,856	854,084	677,856
Water	529,051	615,979	529,051	615,979
Other expenses	18,418	16,009	18,418	16,009
	<b>3,958,207</b>	<b>3,207,669</b>	<b>3,958,207</b>	<b>3,207,669</b>
<b>(c) Marine service charges</b>				
Boat hire	4,869,576	4,643,942	4,869,576	4,643,942
Dredging	16,288	19,164	16,288	19,164
Equipment hire	133,932	66,382	133,932	66,382
Linesman hire	212,982	221,132	212,982	221,132
Pilotage service	663,334	548,425	663,334	548,425
Security hire	316,090	285,699	316,090	285,699
	<b>6,212,202</b>	<b>5,784,744</b>	<b>6,212,202</b>	<b>5,784,744</b>

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	\$	\$	\$	\$
<b>(d) Operating expenses</b>				
Auditors' remuneration	52,000	51,871	17,000	17,157
Advertising and publicity expense	143,798	97,438	132,840	85,188
Directors fees	31,382	44,002	31,382	44,002
Director material cost	1,128,801	810,841	-	-
Professional legal fees	73,751	56,067	62,139	37,809
Customer claims	138,469	83,737	134,366	761
Insurance expense	1,453,640	1,239,386	919,961	767,602
Impairment loss	-	-	-	-
Repairs and maintenance	809,175	787,905	570,109	601,169
Other expenses	4,625,914	4,877,191	1,046,201	1,741,594
	<b>8,456,930</b>	<b>8,048,438</b>	<b>2,913,998</b>	<b>3,295,282</b>
<b>(e) Finance income</b>				
Interest income on term deposits	475,797	378,354	740,370	631,554
<b>(f) Finance expense</b>				
Interest charges on borrowings	1,792,069	2,219,474	1,726,366	2,135,230
<b>4 INCOME TAX</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Income tax expense				
Operating profit before tax	7,946,888	6,983,021	5,887,912	7,145,293
Prima facie tax thereon at 28%	2,225,128	1,955,246	1,648,615	2,000,682
Under /(over) provision from prior years	(40,588)	110,762	158,837	(14,474)
Effect of change in tax rates	37,830	2,095	37,830	-
Prior year's tax losses now recouped	(215,420)	(193,412)	-	(169,335)
Restatement of deferred tax balances	331,047	(51,334)	331,047	(49,005)
Non-deductible expenses	(33,312)	(123,620)	(33,312)	(123,620)
Income tax expense reported in the statement of comprehensive income	<b>2,304,685</b>	<b>1,699,736</b>	<b>2,143,017</b>	<b>1,644,248</b>

Net deferred tax asset/(liability) at 31 December relates to the following:

*Deferred tax asset/(liability)*

Carried forward losses	109,516	144,198	-	-
Doubtful debts	129,250	335,935	82,050	235,488
Employee entitlements	120,722	170,723	94,493	138,625
Stock obsolescence	15,803	-	-	-
Unrealised exchange gain	(1,309)	(664,140)	(1,309)	(664,140)
Legal claims	52,710	76,453	52,710	76,453
Accelerated depreciation for tax purposes	496,776	(412,674)	1,170,647	345,978
	<b>923,468</b>	<b>(349,505)</b>	<b>1,398,591</b>	<b>132,404</b>

Reflected in the financial statement of financial position as follows:

Deferred tax assets	923,468	63,169	1,398,591	132,404
Deferred tax liability	-	(412,674)	-	-
Net deferred tax asset/(liability)	<b>923,468</b>	<b>(349,505)</b>	<b>1,398,591</b>	<b>132,404</b>

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

5 Trade and other receivables	Group		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
<b>Current</b>				
Trade receivables	3,062,761	3,119,478	2,008,685	1,822,414
Less: Provision for doubtful debts	(452,641)	(899,900)	(232,019)	(620,847)
	<u>2,610,120</u>	<u>2,219,578</u>	<u>1,776,666</u>	<u>1,201,567</u>
Staff advances	28,185	29,172	19,487	13,836
Other receivables	1,057,082	855,190	676,190	678,130
Owing from related parties	-	-	-	865,618
Less: Provision for doubtful debts	(193,608)	(220,181)	(178,231)	(220,181)
	<b><u>3,501,779</u></b>	<b><u>2,883,759</u></b>	<b><u>2,294,112</u></b>	<b><u>2,538,970</u></b>
Movement in the provision for impairment of receivables were as follows:				
Balance at 1 January 2011	1,120,081	1,333,127	841,028	1,003,513
Impairment loss recognised	-	(318,072)	-	(324,335)
Additional provision	23,025	-	-	-
Bad debts written-off	(189,285)	161,850	(189,285)	161,850
Unused amount reversed	(307,572)	(56,824)	(241,493)	-
Balance at 31 December 2011	<u>646,249</u>	<u>1,120,081</u>	<u>410,250</u>	<u>841,028</u>

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	\$	\$	\$	\$	\$
2011	3,062,761	2,075,849	458,513	23,892	504,507
2010	3,119,478	1,654,992	313,221	193,593	957,672
Company					
2011	2,008,685	1,408,265	331,172	13,636	255,612
2010	1,822,414	1,089,111	203,172	120,376	409,755

**6 Financial assets**
**Current**

Term deposits - held to maturity

6,000,000	5,000,000	5,750,000	4,750,000	
<b>Non-current</b>				
Term deposits - held to maturity	1,058,330	3,000,000	1,000,000	3,000,000
<u>7,058,330</u>	<u>8,000,000</u>	<u>6,750,000</u>	<u>7,750,000</u>	

**7 Inventories**

Parts  
 Fuel and oil  
 Less: provision for stock obsolescence

347,755	277,691	100,738	-
80,392	99,296	-	-
(79,015)	-	-	-
<u>349,132</u>	<u>376,987</u>	<u>100,738</u>	<u>-</u>

**8 Other assets**

Prepayments  
 Deposits  
 Deferred expenses  
 VAT receivable  
 Less: allowance for doubtful debts

533,063	767,434	307,871	602,692
368,864	236,684	314,927	-
-	5,750	-	-
33,213	652,857	-	283,556
-	(79,690)	-	-
<u>935,140</u>	<u>1,583,035</u>	<u>622,798</u>	<u>886,248</u>

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

9 Property, plant and equipment	Group		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
<u>Land</u>				
<i>Cost:</i>				
At 1 January	24,037,037	24,037,037	24,037,037	24,037,037
Disposals	(183,000)	-	(183,000)	-
At 31 December	23,854,037	24,037,037	23,854,037	24,037,037
<u>Building</u>				
<i>Cost:</i>				
At 1 January	15,390,631	15,408,929	9,883,162	9,905,356
Additions	-	3,896	-	-
Transfers	369,402	-	369,402	-
Disposals	-	(22,194)	-	(22,194)
At 31 December	15,760,033	15,390,631	10,252,564	9,883,162
<i>Depreciation and impairment</i>				
At 1 January	3,483,260	2,360,648	2,641,962	1,618,389
Depreciation charge for the year	1,417,575	1,132,784	1,318,525	1,033,745
Disposals	-	(10,172)	-	(10,172)
At 31 December	4,900,835	3,483,260	3,960,487	2,641,962
Net book value	10,859,198	11,907,371	6,292,077	7,241,200
<u>Wharves</u>				
<i>Cost:</i>				
At 1 January	87,944,202	87,944,202	87,944,202	87,944,202
Transfers	2,279,178	-	2,279,178	-
At 31 December	90,223,380	87,944,202	90,223,380	87,944,202
<i>Depreciation and impairment</i>				
At 1 January	26,362,823	21,256,088	26,362,823	21,256,088
Depreciation charge for the year	5,206,622	5,106,735	5,206,622	5,106,735
At 31 December	31,569,445	26,362,823	31,569,445	26,362,823
Net book value	58,653,935	61,581,379	58,653,935	61,581,379
<u>Plant and equipment</u>				
<i>Cost:</i>				
At 1 January	7,092,518	6,673,610	1,647,061	1,390,164
Additions	299,825	425,408	36,132	256,897
Transfers	642,247	-	-	-
Disposals	-	(6,500)	-	-
At 31 December	8,034,590	7,092,518	1,683,193	1,647,061
<i>Depreciation and impairment</i>				
At 1 January	5,660,705	5,001,142	1,039,077	766,607
Depreciation charge for the year	722,107	659,563	295,878	272,470
At 31 December	6,382,812	5,660,705	1,334,955	1,039,077
Net book value	1,651,778	1,431,813	348,238	607,984

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

9 Property, plant and equipment <i>continued</i>	Group		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
<u>Furniture and fittings</u>				
<i>Cost:</i>				
At 1 January	371,774	360,196	181,470	172,226
Additions	21,269	11,578	14,251	9,244
At 31 December	393,043	371,774	195,721	181,470
<i>Depreciation and impairment</i>				
At 1 January	316,917	275,597	141,376	108,946
Depreciation charge for the year	33,896	41,320	24,984	32,430
At 31 December	350,813	316,917	166,360	141,376
Net book value	42,230	54,857	29,361	40,094
<u>Motor vehicles</u>				
<i>Cost:</i>				
At 1 January	450,968	452,045	223,467	276,800
Additions	309,261	52,256	260,130	-
Disposals	(99,111)	(53,333)	(99,111)	(53,333)
At 31 December	661,118	450,968	384,486	223,467
<i>Depreciation and impairment</i>				
At 1 January	288,676	221,224	133,626	102,459
Depreciation charge for the year	110,648	88,563	75,866	52,278
Disposals	(73,402)	(21,111)	(73,402)	(21,111)
At 31 December	325,922	288,676	136,090	133,626
Net book value	335,196	162,292	248,396	89,841
<u>Cranes and stevedoring machinery</u>				
<i>Cost:</i>				
At 1 January	37,157,351	30,397,518	19,203,329	19,203,329
Additions	21,644	6,801,069	-	-
Disposals	(60,213)	(41,236)	-	-
At 31 December	37,118,782	37,157,351	19,203,329	19,203,329
<i>Depreciation and impairment</i>				
At 1 January	11,716,476	9,237,583	4,217,349	3,194,904
Depreciation charge for the year	2,758,100	2,506,383	1,058,527	1,022,445
Disposals	(43,903)	(27,490)	-	-
At 31 December	14,430,673	11,716,476	5,275,876	4,217,349
Net book value	22,688,109	25,440,875	13,927,453	14,985,980
<u>Office furniture</u>				
<i>Cost:</i>				
At 1 January	947,944	777,611	569,620	429,861
Additions	99,266	170,333	75,170	139,759
At 31 December	1,047,210	947,944	644,790	569,620
<i>Depreciation and impairment</i>				
At 1 January	625,063	524,642	346,711	281,771
Depreciation charge for the year	127,850	100,421	90,005	64,940
At 31 December	752,913	625,063	436,716	346,711
Net book value	294,297	322,881	208,074	222,909

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

9 Property, plant and equipment <i>continued</i>	Group		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
<i>Work in progress</i>				
At 1 January	6,249,690	3,900,568	5,114,483	3,507,354
Additions	1,388,852	2,349,122	1,261,062	1,607,129
Disposals	(4,941)	-	-	-
Transfers	(3,290,827)	-	(2,648,580)	-
At 31 December	4,342,774	6,249,690	3,726,965	5,114,483
Net written down value at 31 December	122,721,554	131,188,195	107,288,536	113,920,907
<b>10 Intangible asset</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Cost</i>				
At 1 January	694,409	681,239	649,060	643,371
Additions	32,070	13,170	32,070	5,689
At 31 December	726,479	694,409	681,130	649,060
<i>Accumulated depreciation</i>				
At 1 January	(517,949)	(456,521)	(484,038)	(423,820)
Depreciation charge for the year	(47,397)	(61,428)	(46,063)	(60,218)
At 31 December	(565,346)	(517,949)	(530,101)	(484,038)
<i>Net book value</i>				
At 31 December 2010	176,460	224,718	165,022	219,551
At 31 December 2011	161,133	176,460	151,029	165,022
<b>11 Investment property</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Cost</i>				
At 1 January	3,522,799	3,657,613	3,522,799	3,657,613
Disposals	-	(134,814)	-	(134,814)
At 31 December	3,522,799	3,522,799	3,522,799	3,522,799
<i>Accumulated depreciation</i>				
At 1 January	(156,677)	(164,238)	(156,677)	(164,238)
Depreciation charge for the year	(28,839)	(29,175)	(28,839)	(29,175)
Disposal	-	36,736	-	36,736
At 31 December	(185,516)	(156,677)	(185,516)	(156,677)
<i>Net book value</i>				
At 31 December 2010	3,366,122	3,493,375	3,366,122	3,493,375
At 31 December 2011	3,337,283	3,366,122	3,337,283	3,366,122
<b>12 Payables</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade creditors	1,335,230	1,192,087	528,164	557,830
Sundry creditors	3,644,546	2,858,439	2,489,051	2,161,757
Payable to subsidiaries	-	-	62,209	-
	4,979,776	4,050,526	3,079,424	2,719,587
<b>13 Interest bearing borrowings</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>Current</i>				
ANZ loan - Wharf	940,299	896,495	940,299	896,495
ANZ loan - Shore Crane	744,962	708,854	744,962	708,854
ADB loan	788,042	732,960	788,042	732,960
ANZ loan - Fiji Ships	173,742	-	-	-
Westpac	-	208,772	-	-
	2,647,045	2,547,081	2,473,303	2,338,309

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

13 Interest bearing borrowings <i>continued</i>	Group		Company	
	2011 \$	2010 \$	2011 \$	2010 \$
<i>Non Current</i>				
ANZ loan - Wharf	12,705,647	13,635,780	12,705,647	13,635,780
ANZ loan - Shore Crane	14,136,130	14,881,731	14,136,130	14,881,731
ADB loan	25,514,824	26,288,283	25,514,824	26,288,283
ANZ loan - Fiji Ships	480,064	-	-	-
Westpac loan	-	613,433	-	-
	<b>52,836,665</b>	<b>55,419,227</b>	<b>52,356,601</b>	<b>54,805,794</b>
	<b>55,483,710</b>	<b>57,966,308</b>	<b>54,829,904</b>	<b>57,144,103</b>

*Particulars relating to secured borrowings:*

- 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 5.25% 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 First Registered Mortgage Debenture over all the company's assets, including undertakings and uncalled and unpaid capital.
- 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 6 monthly basis at an estimated FJD \$600,000 to \$1,000,000, depending on exchange rate and interest.
- The Westpac loan for Fiji Ships & Heavy Industries Limited has been refinance from ANZ in June 2011. The ANZ loan is subject to interest at the fixed rate of 6.25% per annum. Monthly repayments are \$18,478.

**14 PROVISIONS**

	Legal claims	Employee entitlement	Total Consolidated
Consolidated	\$	\$	\$
At 1 January 2011	273,045	609,725	882,770
Arising during the year	-	604,109	604,109
Utilised	(9,496)	(572,229)	(581,725)
At 31 December 2011	263,549	641,605	905,154
At 31 December 2010	273,045	609,725	882,770
<b>Company</b>			
At 1 January 2011	273,045	495,089	768,134
Arising during the year	-	407,591	407,591
Utilised	(9,496)	(430,220)	(439,716)
At 31 December 2011	263,549	472,460	736,009
At 31 December 2010	273,045	495,089	768,134
Analysis of total provisions			
	Group	Company	
	2011 \$	2010 \$	2011 \$
Current	905,154	882,770	736,009
Non-current	-	-	-
	<b>905,154</b>	<b>882,770</b>	<b>736,009</b>

Provision for legal claim as at balance date represents legal claims brought against the company by customers and 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 2011.

**NOTES TO THE FINANCIAL STATEMENT *continued*  
FOR THE YEAR ENDED 31 DECEMBER 2011**
**15 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	
	2011 \$	2010 \$	2011 \$	2010 \$
Cash on hand	6,126	7,800	3,500	3,500
Cash at bank	20,079,812	7,826,056	13,860,058	5,224,441
	<u>20,085,938</u>	<u>7,833,856</u>	<u>13,863,558</u>	<u>5,227,941</u>

**16 Share capital**

	2011 \$	2010 \$	2011 \$	2010 \$
<i>a) Authorised capital</i> 100,000,000 ordinary shares of \$1.00 each	100,000,000	100,000,000	100,000,000	100,000,000
<i>b) Issued and paid up capital</i> 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.

	2011 \$	2010 \$	2011 \$	2010 \$
<i>c) Dividends</i> Balance at the beginning of the year	-	-	-	-
Add: dividends declared during year	2,641,643	1,308,694	2,641,643	1,308,694
Less: dividends paid during year	(2,641,643)	(1,308,694)	(2,641,643)	(1,308,694)
Balance at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**17 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:

David Kolitagane (Chairman) - appointed on 4 October 2011  
 Ben Naidu (Acting Chairman) - retired on 19 January 2011  
 Francis Kean (Acting Chairman) - appointed Acting Chairman on 20 January 2011 and retired on 4 October 2011  
 Joeli Cawaki  
 Tony Gollin - appointed on 8 November 2011  
 Tevita Robanakadavu - retired on 9 November 2011

**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 - appointed on 11 July 2011
Waqa Bauleka	General Manager Technical Services/Acting CEO (resigned 10 July 2011)
Asit Sen	General Manager Finance
Eminoni Kurusiga	General Manager Operations
Jiu Daunivalu	General Manager Corporate Services - retired on 31 December 2011

**Identity of related parties**

The Company has a related party relationship with its subsidiaries Ports Terminal Limited and Fiji Ships and Heavy Industries Limited.

**Transactions with related parties**

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

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**
**17 Related-party transactions *continued***

The following transactions were carried out with related parties:

	Group		Company	
	2011	2010	2011	2010
	\$	\$	\$	\$
<b>(a) Key management personnel compensation</b>				
Directors				
Short-term benefits	31,382	44,002	31,382	44,002
Management				
Short-term benefits	689,997	567,004	570,114	457,436
The aggregate compensation of the key management personnel comprises only of salary and short term benefits.				
<b>(b) Sales of goods and services</b>				
Management fees income	-	-	300,000	300,000
Rental income	-	-	221,176	210,471
Sale of services to subsidiary	-	-	1,792,644	1,792,644
<b>(c) Purchases of goods and services</b>				
Purchase of services from subsidiaries	-	-	152,097	54,100
<b>(d) Receivable from / (Payable to) subsidiaries</b>				
	-	-	(62,209)	865,618
<b>(e) Loan to subsidiaries</b>				
Beginning of the year	-	-	5,717,479	4,300,000
Additional loan	-	-	-	1,656,975
Loan repayments received	-	-	(449,383)	(513,092)
Interest charged	-	-	273,911	273,596
End of the year	-	-	5,542,007	5,717,479
<b>Comprising:</b>				
Current	-	-	413,998	73,104
Non-current	-	-	5,128,009	5,644,375
	-	-	5,542,007	5,717,479

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.

The loan to FSHIL (\$1,956,975) 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.

**(f) Other related parties**

Fiji National Provident Fund- member contribution	638,959	612,214	308,625	290,516
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**18 Capital commitments**

Capital expenditure:				
- approved by the board and committed	736,719	111,727	680,434	-
	736,719	111,727	680,434	-

**19 Rental income commitments**

Not later than one year	3,497,737	3,159,476	1,876,093	1,537,832
Later than one year but not later than five years	13,990,948	12,632,904	7,504,372	6,151,328
Later than five years	10,720,705	12,168,013	915,828	570,492
	28,209,390	27,960,393	10,296,293	8,259,652

**20 Contingent liabilities**

Contingent liabilities at balance date	375,031	322,441	355,431	263,900
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**NOTES TO THE FINANCIAL STATEMENT *continued*  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**21 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 company's operations. The company has various financial assets such as trade receivables and cash, which also arise directly from its operations.

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

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

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

**(a) Market risk**

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

*(i) Political climate*

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

*(ii) Currency risk*

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

Exposure to currency risk

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

	<b>2011 USD</b>	<b>2010 USD</b>
ADB loan	14,224,590	14,621,195

The following significant exchange rates applied during the year:

	<b>Rate 2011</b>	<b>Rate 2010</b>
USD	0.5408	0.5411

*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.

	<b>Increase / decrease in USD rate</b>	<b>Effect on profit before tax</b>
2011	+10%	2,391,170
	-10%	(2,922,541)
2010	+10%	2,456,477
	-10%	(3,002,360)

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**21 Financial risk management objectives and policies *continued***

(iii) *Interest rate risk*

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

	Carrying amount	
	2011	2010
<b>Fixed rate instruments</b>	\$	\$
Financial assets (Term deposits)	7,058,330	8,000,000
Financial liabilities	29,180,844	30,945,065
	<b>36,239,174</b>	<b>38,945,065</b>
<b>Variable rate instruments</b>		
Financial liabilities (ADB loan)	(26,302,866)	(27,021,243)

*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.

*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 2010.

	Statement of Comprehensive Income		Equity	
	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	\$	\$	\$	\$
<b>31 December 2011</b>				
Variable rate instruments	(65,757)	65,757	(65,757)	65,757
<b>31 December 2010</b>				
Variable rate instruments	(67,553)	67,553	(67,553)	67,553

**(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 consolidated entity 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 TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**
**21 Financial risk management objectives and policies *continued***
**(b) Credit risk *continued***

	Note	Carrying amount	
		2011 \$	2010 \$
Cash and cash equivalents	15	20,085,938	7,833,856
Trade and other receivables	5	3,501,779	2,883,759
Held-to-maturity investments	6	7,058,330	8,000,000
		<b>30,646,047</b>	<b>18,717,615</b>

**(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 company, management has deposits held at call.

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

	On demand \$	< 1 year \$	1 to 5 years \$	> 5 years \$	Total \$
<i>31 December 2011</i>					
Interest bearing borrowings	-	2,647,045	10,588,180	42,248,485	55,483,710
Trade and other payables	-	4,979,776	-	-	4,979,776
	-	<b>7,626,821</b>	<b>10,588,180</b>	<b>42,248,485</b>	<b>60,463,486</b>
<i>31 December 2010</i>					
Interest bearing borrowings	-	2,547,081	10,188,324	45,230,903	57,966,308
Trade and other payables	-	4,050,526	-	-	4,050,526
	-	<b>6,597,607</b>	<b>10,188,324</b>	<b>45,230,903</b>	<b>62,016,834</b>

**(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.

**NOTES TO THE FINANCIAL STATEMENT *continued***  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**21 Financial risk management objectives and policies *continued***

**(d) Capital risk management *continued***

	Group	
	2011	2010
	\$	\$
Interest bearing borrowings	55,483,710	57,966,308
Trade and other payables	4,979,776	4,050,526
Less cash and cash equivalents	(20,085,938)	(7,833,856)
Net debt	40,377,548	54,182,978
Equity	95,089,552	92,088,992
Capital and net debt	<b>135,467,100</b>	<b>146,271,970</b>
Gearing ratio	30%	37%

**22 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 "Ports Terminal Limited" during the financial year was the provision of stevedoring services within the port facilities. The principal activity of the subsidiary trading as "Fiji Ships and Heavy Industries Limited" was the provision of ship repair and ship building services. There has been no significant change in these activities during the year.

# Fiji Ports Cargo and Vessel Statistics

## Total Foreign Vessels

Year	Nos.	GRT	100GRT/HRS
2005	1183	9,187,726	2,236,179
2006	1122	9,443,770	2,789,262
2007	1172	10,483,863	2,312,745
2008	1317	11,572,969	2,491,644
2009	1477	11,894,243	1,913,972
2010	1516	12,456,706	2,464,198
2011	1386	11,578,741	2,762,656

## Cargo Carrying Vessels

Year	Nos.	GRT	100GRT/HRS
2005	782	8,280,322	1,960,055
2006	785	8,151,918	2,212,855
2007	784	8,361,785	1,924,668
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

## Stevedored Cargo Tonnage Carried by the Aforementioned Vessels

Cargo Type	2005	2006	2007	2008	2009	2010	2011
General Cargo	1,641,241	1,677,275	1,836,972	1,802,138	1,605,670	1,810,798	1,885,058
Dry Bulk	329,701	310,771	298,326	272,722	263,503	253,468	218,905
<b>Total</b>	<b>1,943,942</b>	<b>1,988,046</b>	<b>2,135,298</b>	<b>2,074,860</b>	<b>1,869,173</b>	<b>2,064,266</b>	<b>2,103,963</b>

## Foreign Going Vessels 2010

Vessel Type	Nos.	GRT	100GRT/HRS
Passenger	44	2,179,998	205,933
Dry Bulk	33	550,980	420,444
Liquid Bulk	289	3,056,702	434,251
LOLO	465	5,171,466	954,811
LOLO/RORO	0	0	0
RORO	41	727,517	108,381
Car Carrier	8	405,543	23,788
Fishing	589	187,645	100,723
Naval	1	2,832	609
Others	46	164,023	215,258
<b>Total</b>	<b>1516</b>	<b>12,456,706</b>	<b>2,464,198</b>

## Cargo Throughput 2008

Cargo Type	Import	Export	Total
Non Containerized	46,195	6,548	52,743
Containerized	1,004,013	745,382	1,749,395
Dry Bulk	285,207	489,137	774,344
Liquid Bulk	590,044	211,480	801,524
Total Foreign	1,925,459	1,452,547	3,378,006
Local Cargo	82,467	141,852	224,319
<b>Total Fiji</b>	<b>2,007,926</b>	<b>1,594,399</b>	<b>3,602,925</b>

## Foreign Going Vessels 2011

Vessel Type	Nos.	GRT	100GRT/HRS
Passenger	35	2,046,266	199,963
Dry Bulk	32	632,883	503,129
Liquid Bulk	279	3,209,885	589,317
LOLO	384	4,497,951	1,086,019
LOLO/RORO	42	741,014	105,804
RORO	0	0	0
Car Carrier	2	99,090	4,487
Fishing	561	166,260	131,313
Naval	0	0	0
Others	51	182,574	142,624
<b>Total</b>	<b>1,386</b>	<b>11,578,741</b>	<b>2,762,656</b>

## Cargo Throughput 2009

Cargo Type	Import	Export	Total
Non Containerized	57,526	7,638	65,214
Containerized	898,347	642,109	1,540,456
Dry Bulk	263,503	344,077	607,580
Liquid Bulk	566,656	213,596	780,252
Total Foreign	1,797,683	1,207,420	3,005,103
Local Cargo	95,563	129,913	225,476
<b>Total Fiji</b>	<b>1,893,246</b>	<b>1,337,333</b>	<b>3,230,579</b>

## Local Vessels 2010

Vessel Type	Nos.	GRT	100GRT/HRS
RORO/Passenger	647	1,162,880	904,932
Conventional/Passenger	556	126,770	69,777
Fishing/Others	2848	266,277	278,573
<b>Total</b>	<b>4051</b>	<b>1,555,927</b>	<b>1,253,282</b>

## Cargo Throughput 2010

Cargo Type	Import	Export	Total
Non Containerized	53,414	9,058	62,472
Containerized	959,557	788,769	1,748,326
Dry Bulk	267,159	306,822	573,981
Liquid Bulk	624,009	189,809	813,818
Total Foreign	1,904,139	1,294,458	3,198,597
Local Cargo	100,933	144,657	245,590
<b>Total Fiji</b>	<b>2,005,072</b>	<b>1,439,115</b>	<b>3,444,187</b>

## Local Cargo Vessels 2011

Vessel Type	Nos.	GRT	100GRT/HRS
RORO/Passenger	606	1,258,666	462,635
Conventional/Passenger	534	68,504	96,194
Fishing/Others	2959	260,892	289,874
<b>Total</b>	<b>4099</b>	<b>1,588,062</b>	<b>848,703</b>

## Cargo Throughput 2011

Cargo Type	Import	Export	Total
Non Containerized	67,221	8,393	75,614
Containerized	992,918	816,526	1,809,444
Dry Bulk	225,481	354,182	579,663
Liquid Bulk	642,974	181,246	830,520
Total Foreign	1,934,894	1,360,347	3,295,241
Local Cargo	103,524	136,242	39,766
<b>Total Fiji</b>	<b>2,038,418</b>	<b>1,496,589</b>	<b>3,535,007</b>

