

ANNUAL REPORTS
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ANNUAL REPORTS



Our Vision, Mission and Values

Our Vision

To be the world's leading small international airport and air traffic management service provider whilst protecting our heritage.

Our Mission

To ensure world-class airports and air traffic management facilities and services in the Fiji Islands that are managed in a safe, secure and efficient manner that meets ICAO standards, exceeds customer expectations, and provide a fair return on Shareholder's funds.

Our Values

These core values are equally important in the pursuit of our corporate goals:

- Our People
- Stakeholders
- Teamwork
- Innovation
- Accountability



COVER:

The art gallery-like presentation of these artist's impressions offer a tantalizing preview of the upgrade at Nadi International Airport before it fully opens to the traveller in mid 2016.

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Letter to the Minister



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August 13, 2015

The Honourable Aiyaz Sayed-Khaiyum

Attorney-General and Minister for Finance, Public Enterprises, Public Service & Communications
Level 7, Suvavou House
Victoria Parade
Suva

Dear Honourable Minister

Airports Fiji Limited Annual Reports for 2012 - 2014

On behalf of the Directors of Airports Fiji Limited, I am pleased to present the Company's Annual Report as required under Section 103 of the Public Enterprise Act, 1996.

The Report incorporates the Company's operational achievements and audited accounts for the year ending December 2014. The audited accounts for the years 2012 and 2013 were presented at the AGM held on 20th December 2014. At this AGM, dividends for 2012 and 2013 were declared in the record sum of \$5m for each year. However, key financial indicators for 2012 and 2013 are also incorporated.

Airports Fiji Limited recorded a net profit before tax of \$14,129,206 for 2012, \$16,023,913 for 2013 and \$18,016,486 for 2014.

Airports Fiji Limited is undertaking significant capacity building to carry out major capital works to make our airports world class. Airports Fiji Ltd is also working hard to declare dividends to Government reasonable to Government's investment levels.

On behalf of the Board of Directors and Management, I take this opportunity to thank you and the Government for its on-going support, and look forward to this continuing in 2015 and beyond.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Faiz Khan', written over a light blue horizontal line.

Faiz Khan
Executive Chairman

About Airports Fiji Limited

Who We Are

Airports Fiji Limited (AFL) is a fully owned Government Commercial Company (GCC) that was established on 12 April 1999 under the Public Enterprises Act, 1996. It was formed following the reorganisation of the Civil Aviation Authority of Fiji (CAAF).

The Company reports to the Attorney General and Minister for Finance, Public Enterprises, Civil Aviation, Public Service & Communications for its commercial performance and Civil Aviation policy matters.

AFL owns and operates Nadi International Airport and manages Nausori Airport and 13 other domestic outer island airports on behalf of the Government.

AFL also provides Air Traffic Management (ATM) services in the Nadi Flight Information Region (Nadi FIR). This includes the air spaces of Fiji, Tuvalu, New Caledonia, Kiribati and Vanuatu, covering a 6.0 million square kilometres area.

Our Business

Airports Fiji Limited's core responsibilities are to:

- Efficiently and in a regulatory compliant manner carry out international, domestic and outer island airport operations.
- Efficiently and in a regulatory compliant manner carry out Air Traffic Management in the Nadi Flight Information Region and Fiji's airspace.
- Provide world class duty free shopping experiences to our passengers.
- Provide reasonable returns to our shareholder in line with its level of investment.
- Continually invest and develop our ATM facilities, terminal and airfield pavement infrastructure to world class standards.

Nadi International Airport is the main international airport and Fiji's gateway to the world. It handles 97% of international visitors to Fiji annually, 85% of which are tourists. The airport handles up to 31 international and 60 domestic flights a day equating to around 72,461 aircraft movements annually with 36,289 over-flights per year. Nadi International Airport generates 94% of AFL's total revenue and 100% of its profits.

The total international passenger movements in 2014 were 1,758,939 whilst total domestic passengers were 225,959.

Nausori Airport is the second international airport and the domestic hub in Fiji. It handled 56,945 international passengers and 191,221 domestic passengers in 2014.

The 13 outer island airports are operated on a non-commercial basis supported by an annual capital grant provided by Government, pursuant to the provisions of the Public Enterprise Act of 1996. Total passenger movements at these airports in 2014 were 165,769 whilst aircraft movements were approximately 6,448.

AFL serves 26 regional and international airlines and connects Fiji to 23 cities in the region and internationally.

Our Customers and Partners

Our customers and partners include our employees, passengers, the airlines, aviation regulators, the aviation industry as a whole, general public, tenants, service suppliers, transport operators, tourism operators and government agencies.

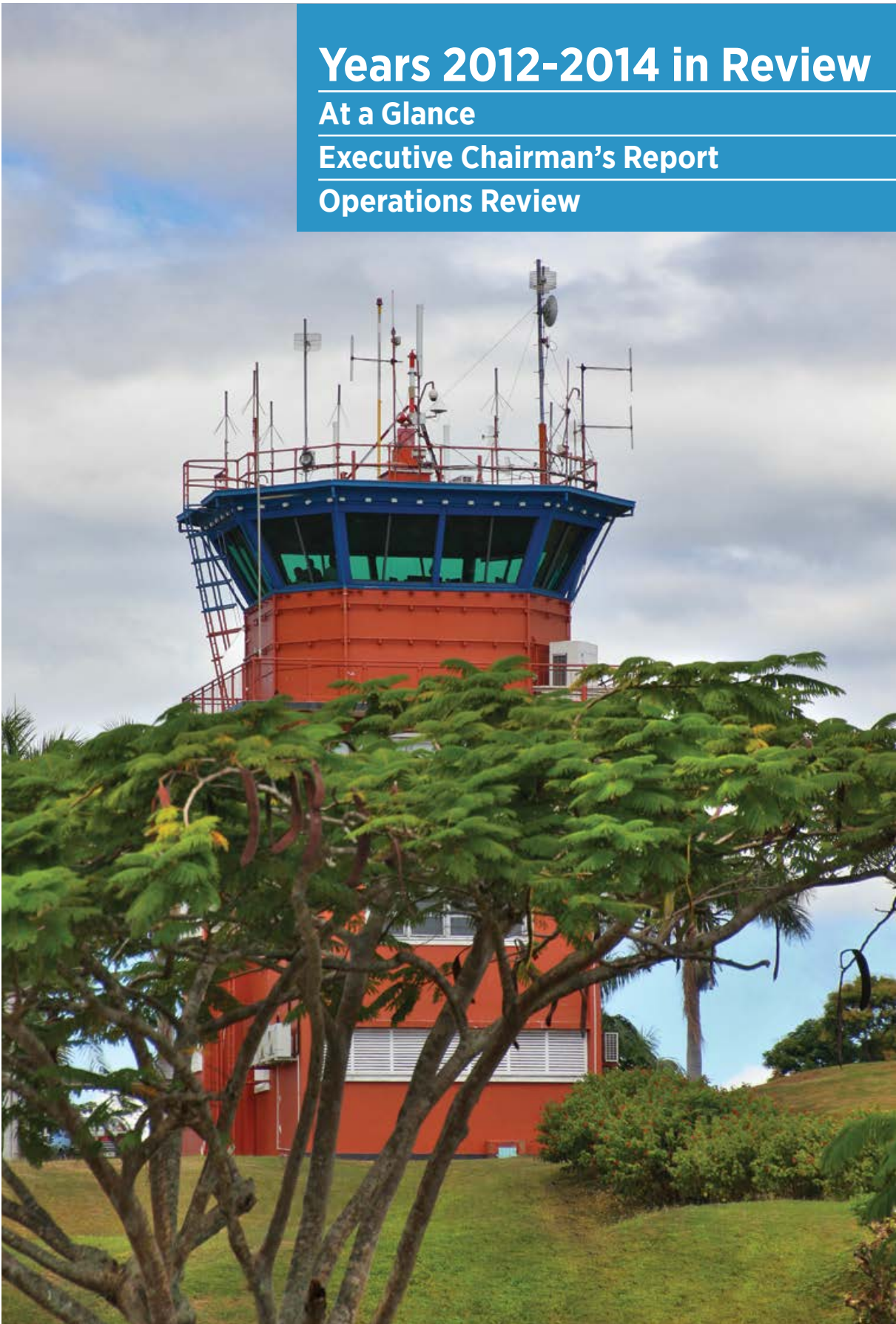
We cooperate with the Government on two fronts: Commercial returns and in terms of aviation policy, border control and safety regulations under the Civil Aviation Authority of Fiji (CAAF).

Years 2012-2014 in Review

At a Glance

Executive Chairman's Report

Operations Review



At a Glance: Key Financial Numbers

Movements from 2011 to 2014

Total international passenger movements

↑ 129,666 8%

Total aircraft traffic in the Nadi FIR and terminal navigation

↑ 19,975 20%

Revenue

↑ 4.142 million 6.9%

Expenditure

↓ (1.632) million -3.0%

Net Profit before Tax

↑ 5.77 million 47%

Shareholder's fund

↑ 29.956 million 20%

Return on Shareholder's fund before social obligation

10.71% (2014) 10.28% (2013)

10.05% (2012) 11.37% (2011)

(Income tax benefit in 2011).



Executive Chairman's Report

I am delighted to present the 2012, 2013 and 2014 Annual Report of Airports Fiji Ltd. In each of these three years AFL has achieved record profitability results, surpassing the results of each year preceding it. In other words, each year we delivered record profits.

The Government of Fiji, as the 100% shareholder in AFL, has been presented the audited financial returns every year on time. Dividends for 2012 and 2013 were declared at the AGM held with the shareholders. However, the Annual Reports were not furnished and are now compiled together for the three years between 2012 and 2014. Comparisons between the year ending 2011 and 2014 will be used for expediency in reporting the financials.

Three years of profits

In 2014 AFL recorded profit before tax of \$18.02m compared to \$12.24m in 2011, an increase of \$5.77m or 47%. Due to changes in Fiji's company tax regime where the tax rate was reduced from 28% to 20%, the year 2011 received tax credits from earlier years. The total tax paid in 2011 was \$236,431 compared to \$3,332,247 in 2014, thus making after tax basis comparisons distorted. For this reason, profit before tax is taken to give like-to-like comparisons.

Total revenue in 2014 was \$64.37m compared to \$60.22m in 2011, an increase of \$4.15m or 6.9%. The 2014 results are particularly good when we consider that despite losing about 75% of commercial duty free space in international departures for construction, our revenues went up due to the commercial restructure we carried out even for the construction period.

A decrease in expenditure

Quite often an increase in revenue correlates with increases in expenditure. However, notably, operating expenditure significantly went down in this period. Despite giving a number of pay rises to our valuable staff the operating expenses (excluding depreciation) reduced by \$2.32m between 2011 to 2014, a reduction of 6.4%.

These results show that our staff is getting more productive and achieving greater cost efficiencies. It also shows a greater sense of financial discipline in incurring operational expenditure. During this period of 2012 to 2014 we have discarded a number

of old mindsets. AFL had a 'budget mentality' in incurring expenditure - 'if it was budgeted we had to spend it'. Now expenditure is incurred based on need and value propositions.

Cash flow positive

One of the greatest achievements in this period between 2012 and 2014 is AFL's cash flow positiveness. Despite spending \$18m in first up equity for the major Nadi Terminal upgrade and paying record \$10m dividends to Government for years 2012 and 2013, AFL's cash and cash equivalent position at the end of 2014 stood at a staggering \$38.22m when compared to \$20.74m in 2011. Again this result was achieved largely through a change in mindset where we now say 'that we have unlimited money to spend on capital improvements for safety and commercial reasons; provided there is clarity of scope, deliverables and value for money to be spent'. The staff of AFL at all levels has to be applauded for this achievement.

In 2014, AFL also contributed \$3.85m to its social obligations in operating and maintaining Nausori and its 13 other outer island airports.

The total shareholder's equity grew to \$173.06m in 2014 compared to \$143.02m in 2011, an increase of \$29.96m. The return on shareholder's equity before social obligation stood at 10.71%.

Unprecedented financial position

AFL is in an unprecedented financial position of strength. In 2014 our interest cover ratio stood at 1,356. This means that for every dollar of interest we had 1,356 times profit. Our gearing ratio stood at a meagre 3.58%. This is the percentage of capital employed that is financed by debt and long term financing. It shows that AFL has a great appetite to borrow more and expand.

The record breaking results every year during the reporting period 2012-2014 show that AFL is continually improving and growing. However, to develop our airports to international world class standards for better customer satisfaction and greater boost to our tourism industry, we recognised that we needed to uplift ourselves out of average performances. Only then would we be able to truly develop to world-class standards, achieve our potential, grow capacities in our workforce, provide reasonable returns to our shareholder and become sustainable.



Achieving market rentals

The \$105 million major Nadi Airport Terminal Modernisation Project (NATMP) was born in this period of reporting in 2012 to 2014. Backed by the Government through the Airport (Development and Modernisation) Decree 2012, we were allowed to re-tender all of our concessions and tenancies to achieve market rentals that in turn would allow us to expand and develop our infrastructure to world class standards. Most tenancies at Nadi Airport were let out at rates even lower than rentals in nearby Namaka. Significant corrections were required.

Due to the risk of collusion with limited players in each area of airport tenancy operations, we adopted an approach of setting minimum commercial tenancy rates based on rentals in Namaka; the additional facilities provided at the airport for the tenants' convenience; the number of passengers processed by the tenant, etc. During each of the tender processes we received bids in excess of the minimum AFL had provided. This justified the intent of the Government and AFL in re-tendering all spaces to achieve market rentals. In some tenancies we received bids from the market at a staggering 15 times of what the same tenant was previously paying.

Indicators

Year	2010	2011	2012	2013	2014
Revenue (\$m)	55.611	60.223	62.952	63.834	64.366
EBIT (\$m)	12.807	13.086	14.594	16.094	18.030
Total Assets (\$m)	194.979	192.600	196.393	197.396	206.809
Return on Assets (%)	4.5	6.5	5.7	6.5	7.1
Shareholders Equity (\$m)	130.112	143.102	154.527	167.632	173.058
Return on Shareholders Equity (%)	6.7	8.7	7.3	7.7	8.5
Dividends (\$m)	1.0	1.0	5.0	5.0	

Restructure increases revenue

The restructure of our aeronautical and non-aeronautical revenue was largely completed in 2014 but spilled over to around March 2015. Whilst I will leave details to future reports,

it is only fair that I report that the restructure was highly successful and will result in AFL's total revenue increasing from around \$60m to at least \$120m by 2017, rapidly increasing in 2015 and 2016 with much improved profitability. The EBITDA is forecasted to increase to at least \$80m by 2017.

Airport terminal upgrade

Undertaking the \$105m NATMP, whilst keeping Nadi operational is no mean feat. The challenge was even greater considering that Nadi International Terminal is made up of three buildings constructed at different times over the last 70 years, with many more small upgrades since it was initially built. AFL did not have complete building documents of all past constructions and upgrades. This added considerable design risks.

Whilst we had many doubters, we have progressed well taking considerable risks. We could have chosen to do nothing and be content with the average results, but through Government's guidance we chose to take calculated risks and develop. By any standards this requires courage, will, discipline and hard work. Each and every staff member of AFL is thanked for their contributions and support.

The upgraded terminal will feature an elegant high-ceilinged brand new departure check-in terminal, world class duty free brands by our core duty free operators in Tappoo and Prouds, food and beverages (Burger King, Gloria Jeans and local Lulu Café), spacious lounges, kids play area, VIP airline lounges by Fiji Airways and Air New Zealand, a prayer room and splendid views to the Nadi Bay. The design aims to achieve as much natural light as possible noting the constraints of upgrading an existing infrastructure. Nadi will also aim at monitoring end-to-end passenger movements to reduce security waiting times, improve commercial revenues and enhance passenger experiences.



Financial engine for growth

Nadi International Airport is the financial engine for growth of our 14 other airports. It processed in excess of 1.7 million international passengers in arrivals and departures in 2014. With the growth forecasts of Fiji Airways, Air New Zealand, Virgin, Jet Star, Korean Air and all of our customers; combined with the hotel developments in Fiji; we will need an international Terminal 2 in about 10 years' time. In the meantime, over the next two years the pavement strengths in some apron areas will be improved and the temporary domestic terminal will be upgraded to allow more international, regional and domestic aircraft parking. There are also a number of other ATM navigation and safety upgrades, runway resealing, private jet parking, a transit hotel, the Nausori terminal and runway upgrade, airport city development at AFL compound and other possibilities in the pipeline. These are challenging yet exciting times.

With huge capital projects planned in years to come, made possible through the revenue restructure done in this period of reporting, AFL needs to plan its investments and deliver value for money investments. An in-house project management capacity building drive with the help of some experts is already underway.

Increase in dividends

As mentioned earlier AFL declared \$5m dividends to Government in 2012 and another \$5m in 2013 at the AGM held with the shareholders. These dividend payouts are unprecedented when compared to the meagre \$1m a year dividends declared in years gone by. The dividend payouts are likely to grow significantly further for the financial year 2014, and beyond. This reflects a change in culture and mindset where as a State Owned Enterprise we will start declaring dividends that are reasonable to the level of investments that Government has put into AFL over the last century.

Safety and security

AFL continues to comply with international and national regulatory standards of safety and security. Safety is the number one priority at all of our airports. Air traffic controllers, security officers, fire fighters, airside officers and safety

officers must meet ICAO standards and be issued with relevant licenses by CAAF. We want to be the leaders in the Pacific in technological advancements in aviation safety, airfield maintenance and upgrades. The AFL Aviation Academy has been given a busy programme for the next two years in not just training more controllers for AFL but in training students from Tonga, Samoa, Solomon Islands, Vanuatu, Tuvalu, Wallace and Futuna, New Caledonia, Nauru, Cook Islands, etc as required. AFL aims to build strong and lasting relationships with all of our South Pacific Island neighbours.

With gratitude

I would like to thank former Chairman Adrian Sofield who left us in September 2012 to focus on his private business; former CEO Tony Gollin who returned to New Zealand in November 2012 for personal reasons; former fellow directors Greg Lawlor and Samuela Tamani whose terms expired at the end of 2012 and in April, 2014 respectively, for their invaluable contributions.

I would also like to thank my fellow new directors Geoffrey Shaw, Xavier Riyaz Khan and Ratu Wiliame Katonivere who have spent considerable time and energy in re-defining the vision for AFL. I would like to thank them for their hard work and immense contributions. An integral part of our vision is capacity building and training of our staff.

I could not announce such phenomenal results for the period 2012-2014 and the forecasts for future years through the revenue restructures achieved in this period, without the buy-in, exceptional contribution and support of staff at all levels of Airports Fiji Ltd. Each and every one of you deserves a pat on your back. You have created the foundation for AFL to reach unimaginable heights in years to come. The rise will be meteoric.

Well done, a big VinakaVakalevu and God Bless!

Faiz Khan
Executive Chairman

Operations Review

Our People

Our people are our greatest strength. This belief is based on our philosophy and change in mindset that SOP's and Manuals do not run an organisation; people do. People take risks to deliver large projects; people communicate and coordinate with key stakeholders; people make routine and complex decisions and every staff member of AFL plays different roles to contribute to our results.

In 2013 AFL implemented the Hay Group Job Evaluation recommendations for increase in pay of AFL staff. Thereafter, the Board of AFL has carried out a number of reviews of departmental structures, pay, working conditions and benefits. This was done with a view to improving productivity, charting career progression paths for individuals, having succession planning and promoting overall health and enthusiasm of the human beings that drive AFL. Executives spend a considerable amount of energy in identifying young talents in each department and work with them to allow growth. This is one of the KPI's of all executives.

The Board of AFL has also increased the drive for more and more training of our staff. In many instances staff that attend training go abroad for the first time. The experience they gain in training and seeing different ways of life and culture immensely assists them in broadening their horizons.

One of the keys to AFL's success and growth in future will be its ability to continually upgrade its capital infrastructure in the air navigation, terminal experience, airfield pavement etc. To be able to effectively carry out these developments AFL is working hard to build its human capital capacity to manage projects. In the past many upgrades have been unsuccessful due to AFL's lack of internal capability to assess and monitor projects.

We hope in the near future we have leaders everywhere in the organisation, no matter how high or low within the hierarchy they sit.

Between the years 2012 to 2014 AFL had the following staffing levels:

Number of Staff		
2012	2013	2014
520	520	485

Commercial Activities

2014 saw a hive of commercial activities at AFL due to the tendering processes for almost all concessions arising out of the major Nadi Airport Terminal Modernisation Project. Competition was high as the tendering process provided an opportunity to many businesses to bid. At the end of the tender process we saw many incumbents succeeding, whilst some lost out. Building new relationships with the incoming tenants is sometimes a lot easier than maintaining relationships with incumbents who fail. The latter has been quite a challenge for AFL but we believe we have maintained old and established new relationships with all bidders.

During the tender process we had made it clear to the market that we wanted the image of food and beverages outlet and duty free shopping to change after the upgrade. The market did not disappoint us. Burger King, Gloria Jeans, Lulu Café, Viva Pizzeria and Cuppabula were major winners in the bidding process for F&B outlets. Tappoo and Prouds will remain as the core duty free operators and will provide a larger variety of high to medium end duty free shopping products.

In foreign exchange Westpac comes in place of ANZ, City Forex and Fexco will join Westpac, Digicel will join Vodafone at the airport arrivals, 7 car rental booths will provide structured service to passengers and a number of new inbound tour operators come in.

The market also did not disappoint us in bidding rates that were multi-fold higher than what was paid in the past. A couple of successful bids were around 15 times what the same tenant paid in the past. This was mainly a result of the rentals at Nadi International Airport being historically low, even lower by far than the neighbouring Namaka commercial spaces in many instances. The bidding process provided this correction from the market.

After completion of Nadi Airport Terminal Upgrade, our focus will shift to many other areas such as a transit hotel, AFL housing estate restructure and Wailoaloa beachfront land development for example.

Compliance

AFL has matured its Safety Management System to ensure that it complies, if not exceeds, international and national



regulatory standards of safety and security, and has established safety action groups within each of the 17 certificated areas of operation. This maturity has seen the establishment of information databases and with that, the target levels of safety required by ICAO in a number of key safety areas, including wildlife management, maintenance performance, rescue fire standards and in the compliance with air traffic control standards. With General Managers' Key Performance Indicators including closure of compliance issues, there is increased participation in meeting these goals.

All AFL Aviation Security Officers must meet ICAO standards, and are qualified in the Screeners Test Programme and the International Security Training Programme STPI23.

Air Navigation Services (ANS) Facilities & Aerodrome and Ground Aids (AGA)

There were no system replacements on the ANS facilities, security systems and passenger screening facilities. However there were continuous Air Traffic Management (ATM) AURORA adaptation upgrades and most recently, Software Release 2 (SR2) upgrade on the COMSOFT Aeronautical Telecommunication Network (ATN) system, allowing for AFL's efficient management of the Nadi Flight Information Region (FIR).

An AFL project team is currently working on the replacement of the VHF and Voice Switch System, Automated Weather Observing System (AWOS) and the Instrument Landing System (ILS).

The 11 ADS-B ground stations are being monitored for their reliability and integrity with Air Situation Displays (ASD) placed

in the Nadi and Nausori Towers to allow Air Traffic Controllers to sight traffic operating in the domestic airspace.

Two major projects were undertaken by AFL's Electrical and Mechanical section. The first was the restoration project on the Low Intensity Approach Lights for RWY09, a system that extends for 420m into the Nadi Bay. This simple approach lighting system is a visual aid system to assist approaching aircraft during night operations and low visibility to align with the centre line of RWY09. Seventeen new poles were installed to prop up the new light fittings and aerial power cables as a result of damage inflicted by Cyclone Evan.

The second and significant project was the installation of the Approach Lighting System (ALS) to RWY10 at Nausori Airport. This lighting system consists of a series of red omni-directional lights that extend 420m from the threshold end of the runway. This lighting system, which provides additional cues to assist pilots to judge distance and alignment to the runway for landing, has in turn opened opportunities for Fiji Airways to conduct B737 night operations into Nausori Airport.

In light of ICAO's strategic objective for Safety, Air Navigation Capacity and efficiency and environmental protection AFL is developing its ANS/AGA Plan aligned to the Global Air Navigation Plan (GANP) and Global Air safety Plan (GASP) to incorporate ICAO initiatives. AFL has submitted and is updating its Performance Based Navigation (PBN) plan, Aeronautical Information Services (AIS) to Aeronautical Information Management (AIM) plan and Search & Rescue (SAR) plan to the ICAO regional office to ensure that Fiji synchronises with regional deployment timelines.



Environmental Impacts

Critical to the future success and development of airports is the need to understand how their operations impact the environment and identifying solutions to mitigate these impacts. To address this, the first ever Environmental Management System for AFL has been created and is being implemented with environmental audit non-compliances and hazards addressed through SMS.

Climate change and carbon emission management are at the top of the agenda in the aviation industry with ICAO advocating quantification of carbon emissions. CAAF, in collaboration with AFL, has created the “Fiji State Action Plan for the Reduction of Aviation Greenhouse Gas Emissions” focusing on establishing baseline carbon emissions for 2010. The Environment Officer

is carrying out a thesis research on 2014 emissions at Nadi International Airport with the goal of establishing its Carbon Footprint as well as creating a Carbon Inventory that would enable the Airport to get certification under the Airport Carbon Accreditation Scheme.

Wildlife management continues to be a dynamic field of research and performance indicators for birdstrikes have now been established for all airports. The move from controlling wildlife on airports through conventional measures to creating a greater understanding of species behaviour has been addressed through the much-awaited Avisure Wildlife Management Training in 2015. There are plans to run this course in-house for pilots, air traffic controllers and wildlife personnel at the AFL Academy.



Safety

Safety audits were completed for the two International and 13 domestic airports managed by AFL resulting in the granting of certificates by the regulator. Compliance items from these audits have been addressed in a timely manner to ensure that risks are mitigated.

The Civil Aviation Authority of Fiji under Regulation 145 certified AFL as a provider for Air Traffic Services, Aviation Training, Aeronautical Information Services, Search and Rescue Services and also as an Aviation Maintenance Organisation. This aligns AFL to best practises established by the International Civil Aviation Organisation and regulated by CAAF. AFL Officers providing services under these disciplines are licenced under the requirement of ICAO's Annex 1 and the CAAF Standards Documents.

AFL Officers, including Rescue Fire Officers who access the manoeuvring area are, now licenced under the Aeronautical Station Operators Licence requirements that standardises operations and ensures safety in this operational area, which is an area of concern for ICAO, that is, aerodrome safety.

As an Aeronautical Information Service Provider, AFL has the capability to produce maps and charts for aviation, a function that was previously outsourced. In line with the AIS to AIM transition, the AFL team is establishing the data

that will ensure that all charts and maps produced will establish procedures that have integrity and accepted as safe by aviation stakeholders including CAAF.

AFL Aviation Academy

AFL Aviation Academy was established in 2011 and certified as an Aviation Training Institute (ATI) in mid-2012 by the Civil Aviation Authority of Fiji (CAAF). The Academy includes training in Safety Management Systems (SMS), aviation security, aviation rescue fire fighting and Air Traffic Services (Air Traffic Control Service and Flight Information Service).

Since its inception to date, it has conducted a total of 139 courses in various aviation related disciplines under its banner. Apart from training Air Traffic Controllers for AFL, the Academy has extended training to assist regional students from the Solomon Islands, Vanuatu, Tuvalu, Wallis and Futuna, New Caledonia, Tonga and Samoa. In 2013 and 2014 respectively, two Tuvaluan women students were granted licences by CAAF to operate as Aerodrome Flight Information Services Officers at Labasa Airport. This mode of training from the Academy to Operations in one of AFL's operational theatres provides regional students with the required exposure before their return.

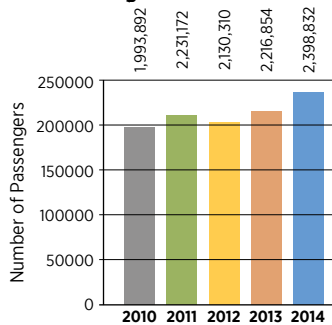
The Academy has a very busy programme for the next two years to ensure that staffing numbers are increased to adequately maintain the overall safety of AFL operations and to allow greater opportunities for capacity building training of all staff.

Key Statistics

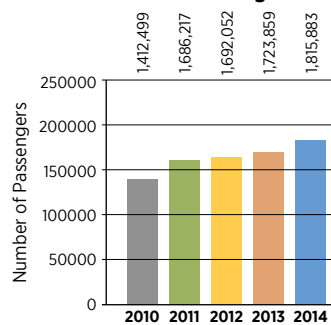
Passenger & Aircraft Statistics

Year	2010	2011	2012	2013	2014
Passenger Movements					
International Arrivals	680,638	812,433	813,044	829,285	880,611
International Departures	681,890	821,047	825,407	839,858	877,850
Transits & Transfers	49,971	52,737	53,601	54,716	57,422
Total Int'l Passengers	1,412,499	1,686,217	1,692,052	1,723,859	1,815,883
Domestic Arrivals	290,885	272,270	220,243	246,705	292,682
Domestic Departures	290,508	272,685	218,015	246,290	290,267
Total Domestic Passengers	581,393	544,955	438,258	492,995	582,949
Total Passenger Movements	1,993,892	2,231,172	2,130,310	2,216,854	2,398,832
Growth % on Total Pass	5.5%	11.9%	-4.5%	4.1%	8.2%
Growth % on International Pax	14.5%	19.4%	0.3%	2%	5%
Aircraft Movements					
Int'l aircraft Landing	10,072	10,696	10,999	11,352	12,522
Domestic aircraft Landing	35,857	35,391	32,238	32,018	36,578
Other	28,403	25,907	35,172	35,010	42,591
Total aircraft landings	81,522	71,994	78,409	78,380	91,691
Growth%	-19.8%	-11.7%	8.9%	-0.0%	17.0%
MCTOW (Maximum certified take-off weight)					
International MCTOW	733,071	688,943	672,584	678,524	678,710
Domestic MCTOW (Nadi/Nausori)	169,960	147,790	136,544	148,027	152,736
Regional Airport MCTOW	47,104	42,381	37,321	45,126	43,097
Total MCTOW	950,135	879,114	846,449	871,677	874,543
Growth%	9.2%	-7.5%	-3.7%	3.0%	0.3%
Air Navigation Service Units					
Air Navigation Service Units	2,831,166	2,902,721	2,984,252	3,155,313	3,192,107
Growth%	12.4%	2.5%	2.8%	5.7%	1.2%

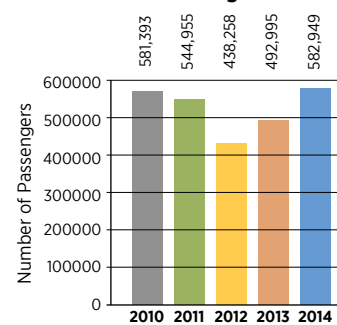
Total Passenger Movements



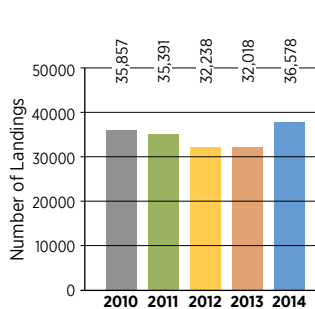
Total International Passengers



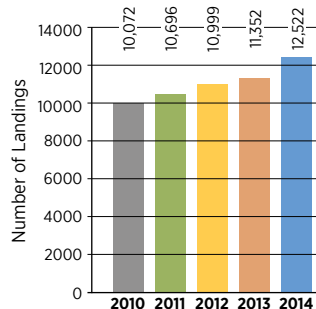
Total Domestic Passengers



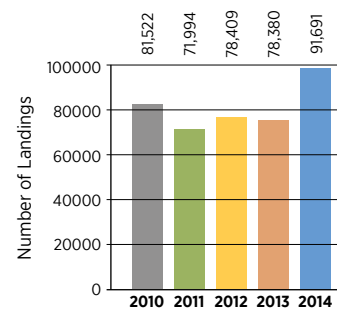
Total Domestic Aircraft Movement



International Aircraft Movement



Total Aircraft Movement





Board of Directors



Faiz Khan
Executive Chairman



Geoffrey Shaw
Director



Xavier Riyaz Khan
Director



Ratu Wiliame Katonivere
Director

Management Team



Isei Tudreu
General Manager Air Traffic Management and Aviation Training



Faiz Khan
Executive Chairman



Janaka Kumara
General Manager Engineering and Infrastructure



Waqa Taukei
Manager Electrical & Mechanical Services



Abdul Shaheed
Manager Aviation Rescue Fire Fighting Services



Vula Seru
Operations Manager Outerstation



Gayanand Singh
Manager Human Resources and Training



Apenisa Nagatalevu
Manager Airside Operations



Sanjana Mishra
Senior Financial Accountant



Vincent Vinesh Kumar
Airport Manager Nausori



Joe Saiasi Marquardt Gray
Manager Airport Landside Operations and Customer Services



Molly Murphy
Manager Safety and Risk Management



Rohit Prasad
Senior Management Accountant/
Acting Board Secretary



Dhanjay Kumar
Manager Fleet Services



Moagrava Elaisa
Manager Airport Security Services



Mere Lutuciri Williams
Acting Manager Commercial



Ilimeleki Navula
Acting Manager Air Traffic Management



At work out of the Boardroom.

Corporate Governance Practices

Role of the Board

The Board is responsible for AFL's strategic direction, setting objectives for infrastructure upgrades, developing a fair framework for human resources, setting clear goals and mechanisms to monitor performance.

Amongst its responsibilities, the Board also reviews the yearly business plan, corporate plan, operating and capital budgets and non-budgeted capital expenditure.

Many of the plans implemented over the last couple of years has seen a remarkable turnaround in profits, cash flows and capital project deliveries.

Composition of the Board

As at 31st December 2014 the Board is comprised of Executive Chairman Faiz Khan and three non-executive independent directors: Geoffrey Shaw, Xavier Riyaz Khan and Ratu Wiliame Katonivere. The Ministry of Public Enterprises appoints the directors. Under the articles of AFL the maximum number of directors are seven unless otherwise specified by the Ministry of Public Enterprises.

Directors Code of Conduct

The establishment of a Corporate Code of Conduct and Ethics is designed to promote honest and ethical conduct, including ethical handling of conflicts of interest; full, fair, accurate, timely and understandable disclosure in the Company's periodic reports, and compliance with applicable Governmental rules and regulations. The Board periodically reviews and assesses the adequacy of the Code of Ethics and implements any modification as necessary.

Duties of Directors

The role of the directors is defined in sections 32 and 57 of the Public Enterprise Act. The key responsibility of the directors is provided under section 43 that states:

- The principal objective of every Government Commercial Company (GCC) is to operate as a successful business, and, to this end, to be as profitable and efficient as comparable businesses that are not owned by the state.

The principal objective of every GCC is to be achieved through the application of the key principles of public enterprise reforms.



The Board of Directors is also bound by section 6.13 of the Articles of the Company, and the individual terms of their respective contract letters.

Statutory Duties of the Board

In addition to the above, the Board of Directors of AFL, collectively and individually, has agreed on the fulfillment of the following duties towards the Company:

- To exercise the care and diligence of a reasonable person;
- To exercise their power and discharge their duties in good faith and for a proper purpose;
- To refrain from improper use of their position for personal gain, and
- To refrain from making use of inside information for personal gain.

Fiduciary Duties of Directors

The directors of AFL also owe the following fiduciary duties to the Company. These fiduciary duties form the Code of Ethics of AFL.

A fiduciary relationship imposes an obligation of utmost good faith on the directors by putting the interests of the Company first, and the AFL directors have pledged to uphold this principle at all times.

The fiduciary duties of the directors have the following four dimensions:

- To act in good faith in the best interests of the company;
- To exercise powers for a proper purpose;
- To retain discretion;
- To avoid conflict of interest.

Board Meetings

The Board held seven regular meetings during the financial year ended 31 December 2014 and one special meeting. The regular business of the Board during its meetings covers corporate governance, financial performance and risk management, business investments and strategic matters.

Directors' Remuneration

As per section 5.6 of the Company's Articles of Association, the Minister for Public Enterprise retains the ultimate authority to determine the remuneration and benefits given to the directors of the Company.

A total fee of \$45,941 was paid to the directors for their services during the year in accordance with the remuneration and benefits determined by the Minister of Public Enterprise. A further sum of \$25,881 was paid for other expenses, mainly for travel and accommodation that were incurred during the course of their duties. Directors were also covered under the Directors and Officers Insurance Policy.



Fiji Airways - AFL's major customer.

Key Performance Indicators

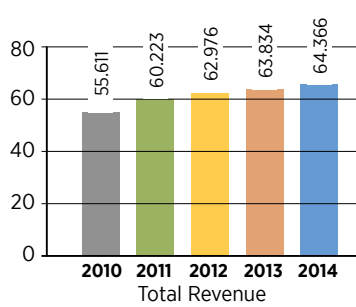
Year	2010	2011	2012	2013	2014
Revenue (\$m)	55.6	60.2	63.0	63.8	64.4
Operating Expenses (Including depreciation) (\$m)	42.8	47.1	48.4	47.7	46.3
EBIT (\$m)	12.8	13.1	14.6	16.1	18.0
Cash from Operations (\$m)	21.5	9.7	19.4	20.0	26.7
Return on Assets (%)	4.5	6.5	5.7	6.5	7.1
Return on Equity (%)	6.7	8.7	7.3	7.7	8.5
Debt/Equity Ratio (%)	13.2	9.8	4.9	0.9	4.1
Current Ratio (Times)	1.6	1.9	2.3	5.3	3.9
Interest Cover (Times)	10.8	15.5	31.4	229.7	1356.1
Total Int'l Passengers (million)	1.41	1.69	1.69	1.7	1.8

Financial Trend Analysis to December 2014

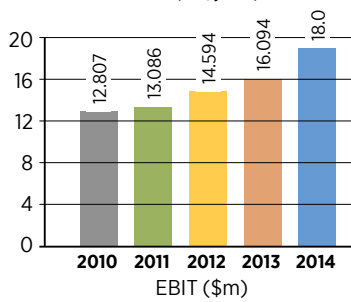
Year	2010 \$m	2011 \$m	2012 \$m	2013 \$m	2014 \$m
INCOME STATEMENT					
Total Revenue	55.6	60.2	63.0	63.8	64.4
Total Expenses excluding Depreciation and Interest	30.9	35.4	36.1	35.0	33.9
Depreciation	11.9	11.7	12.2	12.7	12.4
EBIT	12.8	13.1	14.6	16.1	18.0
Interest Costs	1.18	0.84	0.46	0.07	0.01
Income Tax Expense	2.9	0.2	2.9	3.1	3.3
NPAT	8.8	12.5	11.3	12.9	14.7
Dividends Paid	1.0	1.0	5.0	5.0	
BALANCE SHEET					
Total Assets	195.0	192.6	196.4	197.4	206.8
Total Liabilities	64.9	49.5	41.9	29.8	33.8
Net Assets/Shareholder's Equity	130.1	143.1	154.5	167.6	173.1
REVENUE COMPOSITION					
Landing and Parking Fees	12.8	12.2	11.9	12.1	11.9
Air Navigation Charges	10.3	10.3	10.3	11.0	11.1
Terminal Nav Aids	3.0	3.4	3.3	3.3	3.3
Concessions	11.6	12.8	12.7	12.4	12.9
Rentals	2.7	3.6	4.3	4.0	4.0
Departure Tax Share	2.8	4.6	6.2	5.8	5.9
Development & Security Fee - Int'l	6.6	6.9	7.3	7.6	7.8
Development & Security Fee - Dom.			0.8	1.2	1.2
Other	4.8	5.6	5.8	6.1	5.9
Grant Funding	0.9	0.8	0.4	0.3	0.3
Total	55.6	60.2	63.0	63.8	64.4
EXPENSE COMPOSITION					
Salaries	12.5	13.6	14.1	14.3	14.2
Contract Cost	2.7	3.2	3.3	4.1	4.3
Operating Cost	10.9	13.3	13.3	12.2	11.3
Administration cost	4.8	5.3	5.5	4.3	4.1
Depreciation	11.9	11.7	12.2	12.7	12.4
Interest	1.2	0.8	0.5	0.1	0.01
Total	44.0	48.0	48.8	47.8	46.3



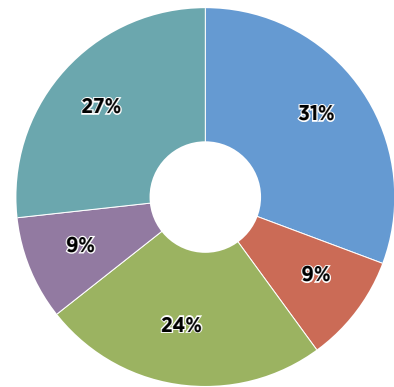
Total Revenue (FJ\$, mil)



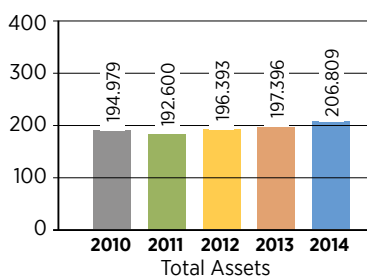
EBIT (FJ\$, mil)



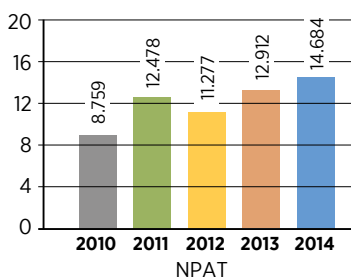
2014 Expense Composition



Assets (FJ\$, mil)

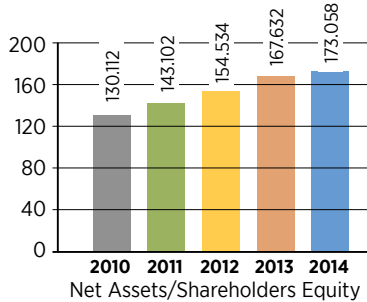


NPAT (FJ\$, mil)

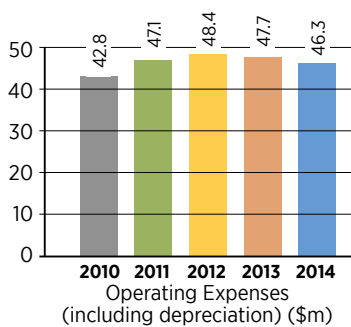


- Interest Cover
- Depreciation
- Administration Cost
- Operating Cost
- Contract Cost
- Salaries

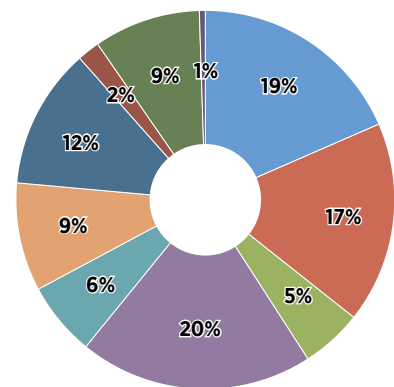
Equity (FJ\$, mil)



Operating Expenses (FJ\$, mil)

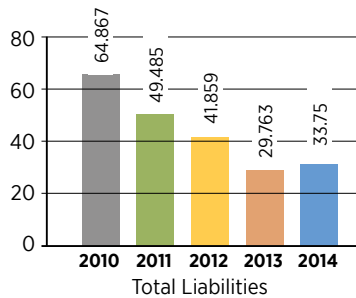


2014 Revenue Composition



- Grant Funding
- Other
- Development & Security Fee - Dom.
- Development & Security Fee - Int'l
- Departure Tax Share
- Rentals
- Concessions
- Terminal Nav Aids
- Air Navigation Charges
- Landing & Parking Fees

Liabilities (FJ\$, mil)



Financial Statements

For the Year Ended 31 December 2014



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Director's Report

FOR THE YEAR ENDED 31 DECEMBER, 2014

The Board of Directors present their report together with the financial statements of Airports Fiji Limited for the year ended 31 December 2014 and the auditor's report thereon.

Directors

The directors of the Company in office during the year and up to the date of this report are:

Mr. Faiz Khan (Executive Chairman)	Mr. Geoffrey N. Shaw (appointed on 29 May 2014)
Mr. Samuela Tamani (resigned 13 April 2014)	Mr. Wiliame Katunivere (appointed on 30 May 2014)
Mr. Xavier Riyaz Khan	

State of affairs

In the opinion of the directors, the accompanying statement of financial position gives a true and fair view of the state of affairs of the Company as at 31 December 2014 and the accompanying statement of comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results of the Company for the year then ended.

Principal activity

The principal activities of the Company during the financial year included provision of air navigation services, the operation and management of the Nadi International Airport and other airports throughout Fiji.

Trading results

The net profit of the Company for the year was \$14,684,239 (2013: \$12,911,816) after taking into account an income tax expense of \$3,332,247 (2013: \$3,112,097).

Dividend

During the year, the directors declared and paid dividends amounting to \$10,000,000 (2013: \$Nil).

Reserves

The directors recommend that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Fiji Companies Act, 1983.

Current assets

The directors took reasonable steps before the Company's financial statements were made out to ascertain that the current assets of the Company were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the directors are not aware of any circumstances which would render the values attributable to the current assets in the financial statements to be misleading.

Receivables

The directors took reasonable steps before the financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for impairment losses.

At the date of this report, the directors are not aware of any circumstances which would render the above assessment inadequate to any substantial extent.

Related party transactions

All related party transactions have been adequately recorded in the financial statements.

Other circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amounts stated in the accounts to be misleading.

Director's Report *(cont'd)*

FOR THE YEAR ENDED 31 DECEMBER, 2014

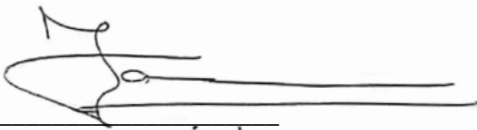
Unusual circumstances

The results of the Company's operations during the financial year have not, in the opinion of the Directors, been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed 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 the 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, the results of those operations or the state of affairs of the Company in subsequent financial years.

Dated at Nadi this 5th day of June 2015.
Signed in accordance with a resolution of the Board of Directors.



Director



Director

Independent Audit Report

FOR THE YEAR ENDED 31 DECEMBER, 2014



8th Floor, Ratu Sukuna House,
MacArthur Street,
P.O.Box 2214,
Government Building
Suva, Fiji Islands

REPUBLIC OF FIJI
OFFICE OF THE AUDITOR GENERAL

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Fax: (679) 330 3812
Email: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



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File' 1263

11 June2015

The Chairman of the Board

Airports Fiji Limited
Private Mail Bag
Nadl AIRPORT
Dear Sir

AIRPORTS FIJI LIMITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Audited financial statements for the Airports Fiji Ltd for the year ended 31 December 2014 together with my audit report on them arc enclosed.

Particulars of the errors and omissions arising from the audit have been forwarded to the management of the company for their actions.

Yours sincerely

Atunaisa Nadakuitavuki
for **AUDITOR GENERAL**
Encl.




Statement by Directors

FOR THE YEAR ENDED 31 DECEMBER, 2014

In the opinion of the directors of Airports Fiji Limited:

- (a) the accompanying statement of comprehensive income of the Company is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 December 2014;
- (b) the accompanying statement of changes in equity of the Company is drawn up so as to give a true and fair view of the changes in equity of the Company for the year ended 31 December 2014;
- (c) the accompanying statement of financial position of the Company is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014;
- (d) the accompanying statement of cash flows of the Company is drawn up so as to give a true and fair view of the cash flows of the Company for the year ended 31 December 2014;
- (e) all related party transactions have been adequately recorded in the books of the Company; and
- (f) at the date of this statement, there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due.

Dated at Nadi this 5th day of June 2015.
Signed in accordance with a resolution of the Board of Directors.



Director



Director

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER, 2014

	Notes	2014 \$	2013 \$
Revenue	4(a)	58,702,270	57,948,572
Other income	4(b)	5,160,310	5,583,578
Administrative expenses	5	(20,438,535)	(20,587,209)
Operating expenses	6	(11,665,947)	(12,900,422)
Personnel expenses	7	(14,241,965)	(14,277,589)
Profit from operations		17,516,133	15,766,930
Finance income	8(a)	503,191	301,516
Finance expense	8(b)	(2,838)	(44,533)
Profit before income tax		18,016,486	16,023,913
Income tax expense	9(a)	(3,332,247)	(3,112,097)
Profit for the year		14,684,239	12,911,816
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		14,684,239	12,911,816

The accompanying notes form an integral part of this Statement of Comprehensive Income.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER, 2014

	Share capital \$	Capital contribution \$	Retained earnings \$	Total \$
Balance at 1 January 2013	92,300,180	4,006,159	58,220,876	154,527,215
Total comprehensive income for the year				
Net profit for the year	-	-	12,911,816	12,911,816
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	12,911,816	12,911,816
Transactions with owners of the Company				
Capital contribution (refer Note 21)	-	193,462	-	193,462
Total transactions with owners recognised directly in equity	-	193,462	-	193,462
Balance at 31 December 2013	92,300,180	4,199,621	71,132,692	167,632,493
Balance at 1 January 2014	92,300,180	4,199,621	71,132,692	167,632,493
Total comprehensive income for the year				
Net profit for the year	-	-	14,684,239	14,684,239
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	14,684,239	14,684,239
Transactions with owners of the Company				
Dividends declared and paid	-	-	(10,000,000)	(10,000,000)
Capital contribution (refer Note 21)	-	741,740	-	741,740
Total transactions with owners recognised directly in equity	-	741,740	(10,000,000)	(9,258,260)
Balance at 31 December 2014	92,300,180	4,941,361	75,816,931	173,058,472

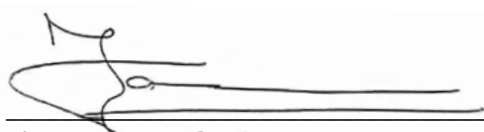
The notes on pages 11 to 34 are an integral part of these financial statements.

Statement of financial Position

FOR THE YEAR ENDED 31 DECEMBER, 2014

	Notes	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	10	16,840,528	27,208,062
Trade receivables	11	8,298,044	10,257,220
Inventories	12	580,852	543,631
Current tax asset	9(d)	-	214,610
Prepayments and other assets	13	2,415,827	2,039,600
Term deposits	14	21,361,610	7,000,000
Total current assets		<u>49,496,861</u>	<u>47,263,123</u>
Non-current assets			
Property, plant and equipment	15	148,083,737	140,649,494
Investment property	16	9,227,942	9,483,082
Total non-current assets		<u>157,311,679</u>	<u>150,132,576</u>
Total assets		<u>206,808,540</u>	<u>197,395,699</u>
Current liabilities			
Bank overdraft	10	3,450,322	-
Trade and other payables	17	6,761,902	6,075,348
Loans and borrowings	18	658,404	687,581
Employee benefits	19	702,538	1,162,439
Deferred revenue	20	669,422	629,634
Government grants	21	244,444	290,556
Current tax liability	9(d)	300,792	-
Total current liabilities		<u>12,787,824</u>	<u>8,845,558</u>
Non-current liabilities			
Loans and borrowings	18	2,963,128	827,329
Employee benefits	19	-	42,405
Deferred revenue	20	12,551,216	13,260,426
Government grants	21	133,333	377,777
Deferred tax liability	9(c)	5,314,567	6,409,711
Total non-current liabilities		<u>20,962,244</u>	<u>20,917,648</u>
Total Liabilities		<u>33,750,068</u>	<u>29,763,206</u>
Net assets		<u>173,058,472</u>	<u>167,632,493</u>
Shareholder's equity			
Share capital	22	92,300,180	92,300,180
Retained earnings		75,816,931	71,132,692
Capital contribution	2(a)	4,941,361	4,199,621
Total shareholder's equity		<u>173,058,472</u>	<u>167,632,493</u>

Signed for and on behalf of the Board of Directors.



Director



Director

The notes on pages 11 to 34 are an integral part of these financial statements.

Statement of Cash Flow

FOR THE YEAR ENDED 31 DECEMBER, 2014

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Profit after income tax		14,684,239	12,911,816
<u>Adjustments for non-cash items</u>			
Depreciation	15, 16	12,400,222	12,743,962
Deferred income	20, 21	(959,978)	(1,015,533)
Net exchange gain		(105,107)	(69,370)
Loss / (gain) on sale of property, plant and equipment		-	86,878
Income tax expense		3,332,247	3,112,097
		<u>29,351,623</u>	<u>27,769,850</u>
Decrease in trade receivables		1,959,176	2,629,069
(Increase) in prepayments and other assets		(376,227)	(479,328)
(Increase) in inventories		(37,220)	(126,076)
Increase / (decrease) in trade and other payables		686,554	(4,184,178)
(Decrease) in employee benefits		(502,306)	(389,154)
Finance income classified as investing activities		(398,084)	(232,146)
Income tax paid	9(d)	(3,911,989)	(4,939,397)
Net cash from operating activities		<u>26,771,527</u>	<u>20,048,640</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		-	83,719
Net transfer to term deposits		(14,361,610)	-
Acquisition of plant and equipment		(15,662,806)	(4,904,743)
Interest received		398,084	232,146
Net cash used in investing activities		<u>(29,626,332)</u>	<u>(4,588,878)</u>
Cash flow from financing activities			
Repayment of loans and borrowings		(751,399)	(6,056,436)
Receipt of government grants		741,740	193,462
Transaction costs related to loans and borrowings		(953,392)	-
Dividends paid		(10,000,000)	-
Net cash used in financing activities		<u>(10,963,051)</u>	<u>(5,862,974)</u>
Net (decrease) / increase in cash and cash equivalents		(13,817,856)	9,596,788
Cash and cash advances at the beginning of the year		27,208,062	17,611,274
Cash and cash equivalents at end of year	10	<u>13,390,206</u>	<u>27,208,062</u>
Material non-cash investing activity	28		

The notes on pages 11 to 34 are an integral part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

1. Reporting entity

Airports Fiji Limited (the "Company") is a private enterprise domiciled in the Republic of Fiji. The registered office is located at AFL Compound, Nadi Airport, Republic of Fiji.

The principal activities of the Company during the financial year included provision of air navigation services, the operation and management of the Nadi International Airport and other airports throughout Fiji.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the Companies Act 1983 except as stated below.

Accounting for Government Grants

During the year ended 31 December 2012 the Company changed its accounting policy for government grants, including restatement of prior periods, to comply with a circular that was issued by the Ministry of Public Enterprises & Tourism on 14 March 2013. This circular cited Cabinet decision No.357 of 2012 that requires all government grants or special funding to state owned enterprises received from 2010 to be treated as a capital contribution.

This accounting treatment is not in compliance with International Accounting Standard (IAS) 20 Accounting for Government Grants and Disclosure of Government Assistance which requires government grants provided for the purchase or construction of assets to be recognized initially as deferred income and then recognized in profit or loss as other income on a systematic basis over the useful life of the related asset. Government grants that compensate the Company for expenses incurred are required to be recognized in profit or loss as other income on a systematic basis in the same period that the expenses are recognized.

The non-compliance with IAS 20 relates to government grants received after 1 January 2010. The accounting for government grants received prior to 1 January 2010 continues materially to comply with IAS 20.

In May 2014, the Directors sought clarification from the Ministry of Public Enterprises & Tourism who reaffirmed that the Company should continue to follow the accounting prescribed in the Circular dated 14 March 2013. Had the Company complied with IAS 20 the impact would be as follows:

	2014 \$ Increase / (decrease)	2013 \$ Increase / (decrease)
Statement of comprehensive income		
Profit	256,002	198,888
Statement of financial position		
Capital contribution	(4,941,361)	(4,199,621)
Retained earnings	800,500	544,498
Government grant	4,140,861	3,655,123

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

The financial statements were authorised for issue by the Board of Directors on 5th June 2015.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except where stated.

(c) Functional and presentation currency

The financial statements are presented in Fiji dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

In preparing these financial statements in conformity with IFRS, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 2(a) - accounting for government grant
- Note 23 - lease classification
- Note 11 - recoverability of trade receivables
- Note 15 - impairment of property, plant and equipment

3. Significant accounting policies

(a) Foreign currency transactions

Transactions in foreign currencies are translated to Fiji dollars at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Fiji dollars at the reporting date and differences are recognised profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

3. Significant accounting policies (continued)

(b) Revenue recognition (continued)

The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Landing and parking fees, air navigation charges and passenger service charges are recognised as revenue when the relevant service has been provided.

Rental income and concessions

Rental income is recognised on a straight line basis over the applicable lease terms. Concession income is recognised on an accrual basis based on the actual or estimated concession data.

(c) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

(d) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are declared by the Board of Directors.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

3. Significant accounting policies (continued)

(e) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and bank overdraft and are recognised in profit or loss using the effective interest method.

(f) Investment property

Investment property is measured at cost less accumulated depreciation and impairment.

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

- Land Term of lease
- Buildings and improvements Shorter of 40 years and term of land lease

(g) Government grants and deferred income

Government grants in respect of assets that were received before 1 January 2010 are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the related asset. Grants received prior to 1 January 2010 that compensate the Company for expenses incurred were recognised in profit or loss as other income on a systematic basis in the same period that the expenses are recognised.

For all government grants received subsequent to 1 January 2010 the recognition of government grants is based on the circular which was distributed by Ministry of Public Enterprises and Tourism on 14 March 2013. As per cabinet decision No. 357 of 2012 all government grants or special funding to state owned enterprises received after 2010 is required to be treated as a capital contribution rather than revenue.

All government grants received from 2010 have been recorded as a capital contribution in equity by the Company (Refer note 1(a)).

Deferred income represents the housing estate transferred from the Civil Aviation Authority of Fiji to AFL by order of the Government. This deferred income is recognised in profit or loss over the useful life of the housing estate.

(h) Value Added Tax

Revenues, 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 value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of VAT included.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

3. Significant accounting policies (continued)

(i) Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of the statement of cash flows.

Held to maturity financial assets

If the Company has the positive intent and ability to hold term deposits to maturity then such financial assets are classified as held to maturity. These assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Held to maturity investments comprise term deposits.

(ii) Non-derivative financial liabilities

The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise borrowings and trade and other payables.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

3. Significant accounting policies (continued)

(i) Financial instruments (continued)

(iii) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(j) Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a debtor will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific asset and collective level.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical information of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss with respect to a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

3. Significant accounting policies (continued)

(j) Impairment (continued)

Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(k) Trade payables, provisions and other payables

Trade and other payables are stated at amortised cost. A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect 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.

(l) Borrowings

Interest-bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss.

(m) Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and any accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. 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.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over the estimated useful life of the asset, and is recognised in profit or loss.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

3. Significant accounting policies (continued)

(m) Property, plant and equipment

The estimated useful lives of the Company's assets are as follows:

• Leasehold Land	Term of lease
• Infrastructure	13 - 73 years
• Buildings and improvements	40 years
• Plant and equipment	4 - 34 years
• Motor vehicles	6 years

An item of property, plant and equipment and any significant part initially recognised 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 the statement of comprehensive income when the asset is derecognised.

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

(n) Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

(o) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and other cost incurred in bringing them to their existing location and condition. A provision for inventory obsolescence is recorded based on a review of inventories. Inventories considered obsolete or not in usable condition are written off in the period in which they are identified.

(p) Employee benefits

Defined contribution plan

Contributions are paid to the Fiji National Provident Fund or nominated superannuation funds on behalf of employees to secure retirement benefits. Costs are included in profit or loss.

Wages and salaries and annual leave

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are recognised in other payables on the statement of financial position. Annual leave with respect to employees' services up to the reporting date, measured at the amounts expected to be paid when the liabilities are settled, are accrued for under employee benefits.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

3. Significant accounting policies (continued)

(q) Comparative figures

Comparative figures have been amended where necessary, for changes in presentation in the current year.

(r) Standards issued but not yet effective

A number of new standards and amendments to standards are effective for the annual periods beginning after 1 January 2014, however, the Company has not applied the following new or amended standards in preparing these financial statements:

IFRS 9 amendments	Financial Instruments	(effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers	(effective 1 January 2017)

The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

	2014 \$	2013 \$
4. Revenue and other income		
(a) Revenue		
Air navigation charges	11,071,967	10,958,051
Airport security and development fee	7,790,213	7,559,891
Concessions	12,940,775	12,387,536
Domestic passenger service charge	1,219,149	1,178,711
Landing and parking fees - domestic	655,827	637,022
Landing and parking fees - international	11,268,490	11,491,345
Departure tax share	5,882,248	5,820,465
Rental - offices and warehouses	3,013,137	3,071,167
Rental - check-in-counter	965,932	947,951
Terminal navigation aid charges	3,327,474	3,334,403
Car park charges	567,058	562,030
	<u>58,702,270</u>	<u>57,948,572</u>
(b) Other income		
Electricity recharge	2,518,780	2,687,213
Deferred income and government grants	959,978	1,015,533
Insurance proceeds	-	734,010
Other income	1,681,552	1,146,822
	<u>5,160,310</u>	<u>5,583,578</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

	2014 \$	2013 \$
5. Administrative expenses		
Allowance for doubtful debts - trade receivables	73,792	69,445
Auditors' remuneration	33,739	18,261
Board expenses	25,881	17,884
Contract costs	4,307,017	4,136,713
Depreciation	12,400,222	12,743,962
Directors' remuneration	45,941	35,210
Doubtful debt recovered	(85,125)	-
Insurance	2,209,519	2,037,382
Land rental	666,189	654,948
Loss on disposal of property, plant and equipment	-	86,778
Sundry cost and supplies	497,005	492,294
Travel and accommodation	264,355	294,332
	<u>20,438,535</u>	<u>20,587,209</u>
6. Operating expenses		
Meteorological costs	521,739	521,739
Post and telecommunications	1,412,254	1,327,157
Utilities	5,587,630	5,828,728
Other costs	4,144,324	5,222,798
	<u>11,665,947</u>	<u>12,900,422</u>
7. Personnel expenses		
Wages and salaries	12,774,468	12,296,488
Key management compensation - wages and salaries	106,367	594,004
Key management compensation - FNPF	9,249	51,653
Contribution to Fiji National Provident Fund	1,029,387	1,000,623
FNU Levy	130,372	124,816
Other employee benefits	192,122	210,005
	<u>14,241,965</u>	<u>14,277,589</u>
8. Finance income and expenses		
(a) Finance income		
Interest income	398,084	232,146
Net foreign exchange gain	105,107	69,370
	<u>503,191</u>	<u>301,516</u>
(b) Finance expenses		
Interest expense	2,838	44,533

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

	2014 \$	2013 \$
9. Income tax		
(a) Recognised in profit or loss		
Current tax expense	4,486,518	4,165,080
Current tax expense - overprovision in prior year	(59,127)	(8,333)
Deferred tax benefit	(1,052,029)	(1,044,650)
Deferred tax - under-provision in prior year	(43,115)	-
Income tax expense	<u>3,332,247</u>	<u>3,112,097</u>
(b) Reconciliation of effective tax		
Profit before income tax	<u>18,016,486</u>	<u>16,023,913</u>
Income tax at 20% (2013: 20%)	3,603,297	3,204,783
Permanent differences	(168,808)	(84,353)
Overprovision in prior years	<u>(102,242)</u>	<u>(8,333)</u>
	<u>3,332,247</u>	<u>3,112,097</u>
(c) Recognised deferred tax assets and (liabilities)		
Trade receivables	477,251	446,982
Inventories	2,175	2,175
Employee entitlements	140,508	180,980
Unrealised exchange gain	(21,020)	-
Property, plant and equipment	<u>(5,913,481)</u>	<u>(7,039,848)</u>
Net deferred tax liability	<u>(5,314,567)</u>	<u>(6,409,711)</u>

Movement in temporary differences during the year

	1 January 2014 \$	Recognised in profit or loss \$	31 December 2014 \$
Trade receivables	446,982	30,269	477,251
Inventories	2,175	-	2,175
Employee entitlements	180,980	(40,472)	140,508
Unrealised exchange gain	-	(21,020)	(21,020)
Property, plant and equipment	<u>(7,039,848)</u>	<u>1,126,367</u>	<u>(5,913,481)</u>
	<u>(6,409,711)</u>	<u>1,095,144</u>	<u>(5,314,567)</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

9. Income tax (continued)

Movement in temporary differences during the year

	1 January 2013 \$	Recognised in profit or loss \$	31 December 2013 \$
Trade receivables	465,575	(18,593)	446,982
Inventories	20,000	(17,825)	2,175
Employee entitlements	183,483	(2,503)	180,980
Unrealised exchange gain	(12,609)	12,609	-
Property, plant and equipment	(8,110,810)	1,070,962	(7,039,848)
	<u>(7,454,361)</u>	<u>1,044,650</u>	<u>(6,409,711)</u>

	2014 \$	2013 \$
(d) Current tax liability / (asset)		
Balance 1 January	(214,610)	568,040
Current tax expense	4,486,518	4,148,414
Over provision prior year	(59,127)	8,333
Net payments made during the year	(3,911,989)	(4,939,397)
	<u>300,792</u>	<u>(214,610)</u>

10. Cash and cash equivalents

Cash on hand	1,170	1,170
Cash at bank	16,839,358	20,958,695
Short-term deposits	-	5,032,814
Deposits on call	-	1,215,383
Cash and cash equivalents in the statement of financial position	<u>16,840,528</u>	<u>27,208,062</u>
Bank overdraft	(3,450,322)	-
Cash and cash equivalents in the statement of cash flows	<u>13,390,206</u>	<u>27,208,062</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

	2014 \$	2013 \$
11. Trade receivables		
Trade receivables	10,521,619	12,492,128
Allowance for impairment	(2,223,575)	(2,234,908)
	<u>8,298,044</u>	<u>10,257,220</u>
Allowance for impairment		
At 1 January	2,234,908	2,165,463
(Release) / charge for the year	(11,333)	69,445
At 31 December	<u>2,223,575</u>	<u>2,234,908</u>
12. Inventories		
Fuel	5,234	7,783
Electrical	181,422	126,801
Telecom	405,069	419,920
Allowance for obsolescence	(10,873)	(10,873)
Total inventories at the lower of cost and net realisable value	<u>580,852</u>	<u>543,631</u>
Movement in provision for impairment of inventories is as follows:		
Opening balance	10,873	100,000
Write off during the year	-	(89,127)
Closing balance	<u>10,873</u>	<u>10,873</u>
13. Prepayments and other assets		
Prepayments	1,039,945	907,488
Staff advances	-	18,404
Deposits	1,156,059	1,086,274
Other receivables	282,240	189,846
VAT receivable	99,995	-
Allowance for impairment (other receivables)	(162,412)	(162,412)
	<u>2,415,827</u>	<u>2,039,600</u>
14. Term deposits	<u>21,361,610</u>	<u>7,000,000</u>

The term deposits have an average maturity of 1 year (2013: 1 year) and an average interest rate of 2.79% (2013: 2.18%).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

15. Property, plant and equipment	Leasehold land and Buildings \$	Plant and equipment \$	Infrastructure \$	Motor vehicles \$	Work in progress \$	Total \$
Cost						
At 1 January 2013	77,181,280	54,742,917	94,130,785	9,301,042	14,401,408	249,757,432
Additions	-	506,041	-	642,223	5,637,920	6,786,184
Disposals	-	(1,398,324)	-	(230,418)	-	(1,628,742)
Transfers to investment property	(10,441,735)	-	-	-	-	(10,441,735)
Transfers	225,621	4,351,054	1,740,536	3,568	(6,320,779)	-
At 31 December 2013	66,965,166	58,201,688	95,871,321	9,716,415	13,718,549	244,473,139
Additions	3,590	190,833	-	121,900	19,259,478	19,575,801
Disposals	-	(2,347)	-	-	-	(2,347)
Transfers	251,081	7,332,692	355,767	-	(7,939,540)	-
At 31 December 2014	67,219,837	65,722,866	96,227,088	9,838,315	25,038,487	264,046,593
Depreciation and impairment:						
At 1 January 2013	9,913,818	38,088,268	37,431,274	8,063,120	-	93,496,480
Depreciation charge for the year	1,943,857	4,513,683	5,632,431	653,991	-	12,743,962
Transfers to investment property	(958,653)	-	-	-	-	(958,653)
Disposals	-	(1,237,772)	-	(220,372)	-	(1,458,144)
At 31 December 2013	10,899,022	41,364,179	43,063,705	8,496,739	-	103,823,645
Depreciation charge for the year	1,686,681	4,247,588	5,755,284	452,005	-	12,141,558
Disposals	-	(2,347)	-	-	-	(2,347)
At 31 December 2014	12,585,703	45,609,420	48,818,989	8,948,744	-	115,962,856
Net book value:						
At 31 December 2013	56,066,144	16,837,509	52,807,616	1,219,676	13,718,549	140,649,494
At 31 December 2014	54,634,134	20,113,446	47,408,099	889,571	25,038,487	148,083,737

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

	2014 \$	2013 \$
16. Investment property		
<u>Cost</u>		
Balance at 1 January	10,441,735	-
Reclassification from property, plant and equipment	-	10,441,735
Additions	3,524	
Balance 31 December	<u>10,445,259</u>	<u>10,441,735</u>
<u>Accumulated depreciation</u>		
Balance at 1 January	(958,653)	-
Reclassification from property, plant and equipment	-	(958,653)
Depreciation expense	(258,664)	
Balance 31 December	<u>(1,217,317)</u>	<u>(958,653)</u>
Net book value	<u>9,227,942</u>	<u>9,483,082</u>
<p>Investment property comprises of housing estate that is leased to third parties. At 31 December 2013 these assets was reclassified to investment property from property, plant and equipment as this was considered to be a more appropriate classification. There was no change in the measurement of these.</p> <p>During 2014, investment property rentals of \$739,962 (2013: \$735,049) were included in "revenue" as part of "rental - offices and warehouses". Maintenance expense, included in "operating expenses", was \$68,296 (2013: \$63,793).</p>		
17. Trade and other payables		
Trade payables	1,182,204	1,302,390
Land rental	2,076,951	1,626,951
Advance deposits	1,551,931	1,470,376
Income received in advance	25,361	114,229
VAT payable	-	112,070
Other payables	1,925,455	1,449,332
	<u>6,761,902</u>	<u>6,075,348</u>
18. Loans and borrowings		
Finance lease (i)	658,404	1,514,910
Bank loans (ii)	2,963,128	-
	<u>3,621,532</u>	<u>1,514,910</u>
<u>Classified as follows:</u>		
Current	658,404	687,581
Non-current	2,963,128	827,329
	<u>3,621,532</u>	<u>1,514,910</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

18. Loans and borrowings (continued)

(i) Finance lease

The finance lease is payable by monthly instalments of USD 30,987 and is for a period of 60 months commencing 1 May 2011. Future commitments in respect of the finance lease are as follows:

	2014 \$	2013 \$
Within 6 months	395,042	343,791
Later than 6 months but less than 12 months	263,362	343,791
Later than on year but less than 5 years	-	827,329
Minimum lease payments	<u>658,404</u>	<u>1,514,910</u>

(ii) Bank loans

During the year, the Company obtained a \$85m loan facility from Westpac Banking Corporation Limited for the Nadi Airport Terminal Modernisation Project, out of which \$3,916,520 was drawn as at year end. The loan is amortised over a notional term of 12 years, with interest-only repayments until 31 December 2015 and thereafter, monthly repayments, including principal and interest of \$764,950 (provisional amount). A variable interest rate of 2.24% is charged from 1 January 2015 till 30 June 2015, and thereafter a fixed rate of 2.99% will apply till 30 June 2020. Upfront transaction costs of \$956,230 have been offset against the carrying amount of the loan and are amortised to profit or loss over the term of the loan using the effective interest method.

The loan is secured by:

- (i) Registered first fixed & floating charge by Airports Fiji Limited over all its assets and undertakings including called but unpaid capital;
- (ii) Registered first mortgage by Airports Fiji Limited over Crown Lease No. 3469 [Lots 1,2,3 & 4 - ND 4444]; and
- (iii) Negative pledge.

	2014 \$	2013 \$
19. Employee benefits		
Balance at 1 January	1,204,844	1,593,997
Charge to profit or loss	192,122	7,466
Utilised during the year	(694,428)	(396,619)
Balance at 31 December	<u>702,538</u>	<u>1,204,844</u>
Current	702,538	1,162,439
Non-current	-	42,405
	<u>702,538</u>	<u>1,204,844</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

	2014 \$	2013 \$
20. Deferred revenue		
<u>Housing Estate</u>		
Balance at 1 January	13,890,060	14,559,482
Recognised in profit or loss	(669,422)	(669,422)
Balance at 31 December	<u>13,220,638</u>	<u>13,890,060</u>
Current	669,422	629,634
Non-current	<u>12,551,216</u>	<u>13,260,426</u>
	<u>13,220,638</u>	<u>13,890,060</u>
21. Government grants		
Balance at 1 January	668,333	1,014,444
Received during the year	741,740	193,462
Recognised in profit or loss	(290,556)	(346,111)
	1,119,517	861,795
Transfer to capital contribution	(741,740)	(193,462)
Balance at 31 December	<u>377,777</u>	<u>668,333</u>
Current	244,444	290,556
Non-current	<u>133,333</u>	<u>377,777</u>
	<u>377,777</u>	<u>668,333</u>
22. Share capital		
(a) <u>Authorised</u>		
Ordinary shares of \$1.00 each	<u>100,000,000</u>	<u>100,000,000</u>
(b) <u>Ordinary shares issued and fully paid</u>		
92,300,180 ordinary shares of \$1.00 each	<u>92,300,180</u>	<u>92,300,180</u>
(c) <u>Dividends</u>		
The following dividend was declared and paid by the Company during the year ended 31 December:		
	2014 \$	2013 \$
\$0.108342 per share (2013: \$Nil)	<u>10,000,000</u>	<u>-</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

23. Commitments

Operating lease commitments - company as lessee

The Company has entered into various lease agreements with i-Taukei Land Trust Board for the lease of land for its various airports and airstrips. The terms of the leases are from 75 to 99 years. Under these agreements, rentals are payable as follows:

	2014 \$	2013 \$
Less than one year	666,189	482,802
Between 1 and 5 years	2,664,756	1,931,209
Over 5 years	26,846,921	22,025,022
	<u>30,177,866</u>	<u>24,439,033</u>
Capital commitments		
Approved and committed	80,000,000	61,560,000
Approved and not committed	-	16,470,000
	<u>80,000,000</u>	<u>78,030,000</u>

Company as lessor

The Company leases various commercial outlets at its airports under concession agreements. Rental income is generally based on the higher of a percentage of gross sales of the concessionaire or a minimum guarantee. The Airports (Development and Modernisation) Decree 2010 converted all commercial tenancies and concession agreements into temporary licences.

24. Contingent liabilities

The Company is vigorously defending several claims received from suppliers of \$1,137,000. The Directors do not consider that these claims have merit and no provision has been recognised in these financial statements as the Directors do not consider it probable that a loss will arise.

The Company holds a Letter of Credit with Westpac Banking Corporation Limited amounting to \$15 million at 31 December 2014 (2013: \$Nil). This Letter of Credit has been obtained to fund the Nadi Airport Terminal Modernisation Project (the "Project") during instances when the Project costs are in excess of the Company's cash commitments.

25. Related parties

(a) Directors

The Directors who held office during the year were:

Mr. Faiz Khan (Executive Chairman)
 Mr. Samuela Tamani (resigned 13 April 2014)
 Mr. Xavier Riyaz Khan
 Mr. Geoffrey N. Shaw (appointed on 29 May 2014)
 Mr. Wiliame Katunivere (appointed on 30 May 2014)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

	2014 \$	2013 \$
25. Related parties (continued)		
(a) Directors (continued)		
Directors' remuneration:		
Fees	45,941	35,210
Other benefits	25,881	17,884
	<u>71,822</u>	<u>53,094</u>

(b) Identity of related parties

The Company is a private enterprise wholly owned and controlled by the Government of Fiji. Government includes the government agencies and similar bodies whether local or national. Other related parties include government-related entities which are controlled, jointly controlled or significantly influenced by the Government of Fiji.

	2014 \$	2013 \$
(c) Amounts payable to related parties		
iTaukei Land Trust Board (TLTB)	2,076,951	1,626,951
Fiji Meteorological Services	43,478	43,478

Amounts payable to related parties are unsecured, interest-free and repayable on demand.

(d) Transactions with related parties

During the year, the Company entered into various transactions with related parties. The aggregate value of major transactions with the related parties during the year is as follows:

	2014 \$	2013 \$
<u>Fiji Government</u>		
iTaukei Land Trust Board (TLTB) - Land rental expense	666,189	654,948
Government grant received	741,740	193,462
Dividends paid	<u>10,000,000</u>	<u>-</u>
<u>Fiji Meteorological Services</u>		
Reimbursement of Meteorological office operating cost	<u>521,739</u>	<u>521,739</u>
<u>Civil Aviation Authority of Fiji (CAAF)</u>		
Airport License & Inspection Fee	<u>370,908</u>	<u>286,464</u>
<u>Fiji National Provident Fund</u>		
Post employment benefit plan - Superannuation	<u>1,038,636</u>	<u>1,000,623</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

25. Related parties (continued)

(e) Transactions with key management personnel

In addition to the Directors, key management personnel during the year comprise of the Acting General Manager Air Traffic Management (2013: Acting Chief Executive Officer, General Manager Engineering Infrastructure, Acting General Manager Air Traffic Management and General Manager Airports).

In addition to their salaries, the Company also provides non-cash benefits to key management personnel.

Transactions with key management personnel are no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to third parties at arm's length.

Key management personnel compensation (excluding Directors' remuneration as disclosed in Note 25 (a) above) is disclosed in Note 7.

26. Financial risk management

Overview

The Company has exposure to the following risks:

- (i) Credit risk;
- (ii) Liquidity risk; and
- (iii) Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

Risk management framework

The management have overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash at bank, trade receivables and other receivables and receivables from related companies.

In respect of trade and other receivables, the Company has procedures in place to monitor the payment history as well as other information specific to the customers and the economic environment in which they operate in.

Cash balances and term deposits are placed with financial institutions with sound credit ratings to minimise credit exposure.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

26. Financial risk management (continued)

(i) Credit risk (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2014 \$	2013 \$
Cash at bank	16,839,358	27,206,892
Trade receivables	8,298,044	10,257,220
Term deposits	21,361,610	7,000,000
Other receivables	1,375,882	1,132,112
	<u>47,874,894</u>	<u>45,596,224</u>

The ageing of trade receivables at the reporting date that were not impaired was as follows:

Less than 30 days, due not impaired	4,436,645	7,545,369
Past due 31 - 60 days	3,168,624	1,612,609
Past due 61 - 90 days	563,978	907,740
Past due more than 90 days	128,798	191,502
	<u>8,298,045</u>	<u>10,257,220</u>

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company has access to a loan facility of up to \$85 million with Westpac Banking Corporation Limited to fund the Nadi Airport Terminal Modernisation Project. The Company also maintains a bank overdraft facility with Westpac Banking Corporation Limited at a fixed rate of 2.24% to meet its liquidity requirements in the short and longer term.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

26. Financial risk management (continued)

(ii) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities:

	Carrying amount \$	Contractual cash flows \$	6 months or less	6 - 12 months \$	More than 1 year \$
31 December 2014					
Bank overdraft	3,450,322	3,450,322	3,450,322	-	-
Trade and other payables	6,761,902	6,761,902	6,761,902	-	-
Loans and borrowings	3,621,532	4,796,409	439,748	323,037	4,033,624
	<u>13,833,756</u>	<u>15,008,633</u>	<u>10,651,972</u>	<u>323,037</u>	<u>4,033,624</u>
31 December 2013					
Trade and other payables	6,075,348	6,075,348	6,075,348	-	-
Loans and borrowings	1,514,910	1,514,910	343,791	343,791	827,329
	<u>7,590,258</u>	<u>7,590,258</u>	<u>6,419,139</u>	<u>343,791</u>	<u>827,329</u>

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company'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.

Interest rate risk

Interest rate risk refers to the possibility that the fair value of future cash flows of financial instrument will fluctuate because of change in market interest rates. The Company adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on fixed-rate basis over a period of time, and reviewed periodically with the Bank, taking into account assets with exposure to changes in interest rates. The Company also invests excess cash in term deposits to manage the risk of changes in market interest rate exposed to the Company due to loans and borrowings.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

26. Financial risk management (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

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

		2014	2013
		\$	\$
Term deposits	(i)	21,361,610	7,000,000
Loan from Westpac Banking Corporation	(ii)	3,916,520	-
Bank overdraft	(ii)	<u>3,450,322</u>	<u>-</u>

- (i) The Company invests in term deposits for an average of 365 days at a fixed interest rate. As a result the Company does not have a significant exposure to interest rate risk in respect of these assets.
- (ii) The interest payable on the loan and bank overdraft from Westpac Banking Corporation is variable until 30 June 2015, and thereafter is fixed at 2.99% until 30 June 2020. As a result the Company does not have a significant exposure to interest rate risk on this loan.

Foreign currency risk

The Company is exposed to foreign currency risk as a result of transactions denominated in foreign currencies arising from normal trading activities. Where significant settlements are required to be done in currencies other than the Fiji dollar, the Company seeks quotations from recognised banks and uses the most favourable exchange rate for the purposes of the settlement.

At year end, liabilities denominated in foreign currencies included trade and other payables and finance leases.

Significant foreign exchange risk exposures are as follows:

	2014	2013
	\$	\$
<u>Financial liabilities</u>		
Trade and other payables	20,874	555,362
Finance lease	<u>658,404</u>	<u>1,514,910</u>
	<u>679,278</u>	<u>2,070,272</u>

The Company does not have significant exposure to foreign currency risk.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER, 2014

27. Capital management

The Company's capital includes share capital and retained earnings.

The Company's policy is to maintain a strong capital base so as to maintain creditor confidence and to sustain future development of the business.

The Company is not subject to any externally imposed capital requirements. The Company's policies with respect to capital management are reviewed regularly by the Board of Directors.

There have been no material changes in the Company's management of capital during the year.

	2014 \$	2013 \$
28. Material non-cash investing activity		
Acquisition of property, plant and equipment through loan facility	3,916,520	-

These amounts were paid directly to the suppliers by the Company's bank and the amount added to the Company's loan account.

29. Subsequent events

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

Disclaimer on Additional Financial Information

FOR THE YEAR ENDED 31 DECEMBER, 2014

Disclaimer

The additional financial information presented on pages 36 to 37 is in accordance with the books and records of Airports Fiji Limited which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 31 December 2014. It will be appreciated that our statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

In accordance with Office of the Auditor General (OAG) policy, we advise that neither the OAG nor any member or employee of the OAG undertakes responsibility arising in any way whatsoever to any person (other than the Company) in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however caused.

Detailed Profit and Loss

FOR THE YEAR ENDED 31 DECEMBER, 2014

	2014 \$	2013 \$
Revenue		
Air navigation charges	11,071,967	10,958,051
Airport security and development fee	7,790,213	7,559,891
Concessions	12,940,775	12,387,536
Domestic passenger service charge	1,219,149	1,178,711
Landing and parking fees - domestic	655,827	637,022
Landing and parking fees - international	11,268,490	11,491,345
Departure tax share	5,882,248	5,820,465
Rental - offices and warehouses	3,013,137	3,071,167
Rental - check-in-counter	965,932	947,951
Terminal navigation aid charges	3,327,474	3,334,403
Electricity recharge	2,518,780	2,687,213
Government grant	290,556	346,111
Deferred income	669,422	669,422
Identification card charges	120,934	113,354
Left luggage charges	91,380	-
Interest on term deposit	398,084	232,146
Sundry income	1,469,238	1,033,468
Car park charges	567,058	562,030
Unrealised exchange gain	105,107	69,377
Insurance proceeds	-	734,010
Total income	<u>64,365,771</u>	<u>63,833,673</u>
Expenses		
Allowance for uncollectible receivables	73,792	69,445
Airport inspection and license fees	370,908	410,852
Auditors' remuneration	21,739	18,261
Accounting fees	12,000	-
Bank charges	10,457	25,520
Board expenses	25,881	17,884
Consultancy	178,777	242,010
Contract costs	4,307,017	4,136,713
Depreciation	12,400,222	12,743,962
Directors' remuneration	45,941	35,210
Doubtful debt recovered	(85,125)	-
Insurance	2,209,519	2,037,382
Interest	2,838	44,533
Land rental	666,189	654,948
Loss on disposal of property, plant and equipment	-	86,778
Meteorological costs	521,739	521,739
Other expenses	592,202	720,873
Post and telecommunications	1,412,254	1,327,157
Repairs and maintenance	1,550,062	2,098,286
Share of Air Traffic Management income	494,208	463,472
Sundry costs and supplies	497,005	492,294
Training and conference	207,034	425,286
Travel and accommodation	264,355	294,332
Unrealised exchange loss	-	7
Utilities and services	5,587,630	5,828,728
Vehicle and fuel costs	740,676	836,499
Wages and salaries	14,241,965	14,277,589
Total expenditure	<u>46,349,285</u>	<u>47,809,760</u>
Operating profit before tax	<u>18,016,486</u>	<u>16,023,913</u>

The detailed profit and loss is to be read in conjunction with the disclaimer set out on page 35.

Financial Statements

For the Year Ended 31 December 2013



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The full financial statements for 2012 and 2013 can be viewed on the AFL website : www.airportsfiji.com

Director's Report

FOR THE YEAR ENDED 31 DECEMBER, 2013

The Board of Directors present their report together with the financial statements of Airports Fiji Limited for the year ended 31 December 2013 and the auditors' report thereon.

Directors

The directors of the Company in office during the year and up to the date of this report are:

Mr. Faiz Khan (Executive Chairman)

Mr. Samuela Tamani (resigned 13 April 2014)

Mr. Xavier Riyaz Khan (appointed 28 May 2013)

State of affairs

In the opinion of the directors, the accompanying statement of financial position gives a true and fair view of the state of affairs of the Company as at 31 December 2013 and the accompanying statement of comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results of the Company for the year then ended.

Principal activity

The principal activities of the Company during the financial year included provision of air navigation services, the operation and management of the Nadi International Airport and other airports throughout Fiji.

Trading results

The net profit of the Company for the year was \$12,911,816 (2012: \$11,277,360) after taking into account an income tax expense of \$3,112,097 (2012: \$2,851,846).

Dividend

There was no dividend declared and paid during the year (2012: \$1,000,000).

Reserves

The directors recommend that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Fiji Companies Act, 1983.

Current assets

The Directors took reasonable steps before the Company's financial statements were made out to ascertain that the current assets of the Company were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributable to the current assets in the financial statements to be misleading.

Receivables

The Directors took reasonable steps before the financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for impairment losses.

At the date of this report, the Directors are not aware of any circumstances which would render the above assessment inadequate to any substantial extent.

Related party transactions

All related party transactions have been adequately recorded in the financial statements.

Director's Report *(cont'd)*

FOR THE YEAR ENDED 31 DECEMBER, 2013

Other circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amounts stated in the accounts to be misleading.

Unusual circumstances

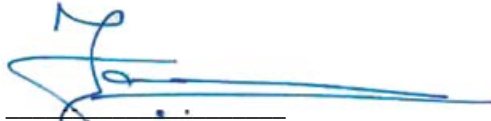
The results of the Company's operations during the financial year have not, in the opinion of the Directors, been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of the 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, the results of those operations or the state of affairs of the Company in subsequent financial years.

Dated at Nadi this 4th day of July 2014.

Signed in accordance with a resolution of the Board of Directors.



Director

Director

Statement by Directors

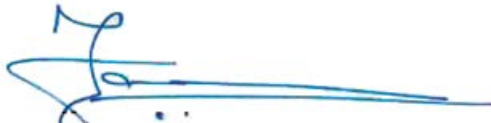
FOR THE YEAR ENDED 31 DECEMBER, 2013

In the opinion of the Directors of Airports Fiji Limited:


- (a) the accompanying statement of comprehensive income of the Company is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 December 2013;
- (b) the accompanying statement of changes in equity of the Company is drawn up so as to give a true and fair view of the changes in equity of the Company for the year ended 31 December 2013 ;
- (c) the accompanying statement of financial position of the Company is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2013;
- (d) the accompanying statement of cash flows of the Company is drawn up so as to give a true and fair view of the cash flows of the Company for the year ended 31 December 2013:
- (e) all related party transactions have been adequately recorded in the books of the Company; and
- (f) at the date of this statement, there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due.

Dated at Nadi this 4th day of July 2014.

Signed in accordance with a resolution of the Board of Directors.



Director



Director

Independent Audit Report

FOR THE YEAR ENDED 31 DECEMBER, 2013



8th Floor, Ratu Sukuna House,
MacArthur Street,
P.O.Box 2214,
Government Building
Suva, Fiji Islands

REPUBLIC OF FIJI
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Excellence in Public Sector Auditing

To the members of Airports Fiji Limited

Report on the Financial Statements

I have audited the accompanying financial statements of Airports Fiji Limited, which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information as set out on pages 7 to 34.

Director's and Management's Responsibility for the Financial Statements

The directors and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Fiji Companies Act 1983 and the Public Enterprise Act 1996. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. I have conducted the 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 judgement, 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 company'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 the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As explained in Note 2(a) to the financial statements, the Company accounts for all government grants received after 1 January 2010 as a capital contribution. This is a departure from the International Financial Reporting Standard IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" which requires government grants provided for the purchase or construction of assets to be recognized initially as deferred income and then recognized in profit or loss as other income on a systematic basis over the useful life of the related asset. Government grants that compensate the Company for expenses incurred are required to be recognized in profit or loss as other income on a systematic basis in the same period that the expenses are recognized.

The Company's records indicate that had the Company complied with IAS 20, the impact would be to increase other income and retained earnings by \$198,888 and \$544,498 respectively, increase both government grants and total liabilities by \$3,655,123 and reduce capital contribution by \$4,199,621.

Independent Audit Report *(cont'd)*

FOR THE YEAR ENDED 31 DECEMBER, 2013

Qualified Audit Opinion

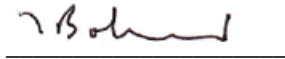
In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of Airports Fiji Limited as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

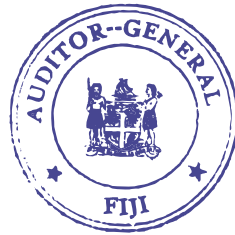
I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of my audit.

In my opinion:

- i) proper books of account have been kept by the Airports Fiji Limited, so far as it appears from my examination of those books; and
- ii) the financial statements are in agreement with the books of account; and
- iii) to the best of my information and according to the explanations given to me, the financial statements give the information required by the Fiji Companies Act 1983 and Public Enterprise Act 1996, in the manner so required.



Tevita Bolanavanua
AUDITOR GENERAL



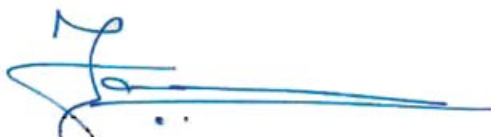
14 July 2014
Suva, Fiji

Statement of Financial Position


FOR THE YEAR ENDED 31 DECEMBER, 2013

	Notes	2013 \$	2012 \$
Current assets			
Cash and cash equivalents	10	27,208,062	17,611,274
Trade receivables	11	10,257,220	12,886,289
Inventories	12	543,631	417,555
Current tax asset	9(d)	214,610	-
Prepayments and other assets	13	2,039,600	1,560,272
Term deposits	14	7,000,000	7,000,000
Total current assets		<u>47,263,123</u>	<u>39,475,390</u>
Non-current assets			
Property, plant and equipment	15	140,649,494	156,260,952
Investment property	16	9,483,082	-
Total non-current assets		<u>150,132,576</u>	<u>156,260,952</u>
Total assets		<u>197,395,699</u>	<u>195,736,342</u>
Current liabilities			
Trade and other payables	17	6,075,348	8,447,457
Loans and borrowings	18	687,581	5,996,689
Employee benefits	19	1,162,439	1,549,237
Deferred revenue	20	629,634	407,850
Government grants	21	290,556	346,111
Current tax liability	9(d)	-	568,040
Total current liabilities		<u>8,845,558</u>	<u>17,315,384</u>
Non-current liabilities			
Loans and borrowings	18	827,329	1,574,657
Employee benefits	19	42,405	44,760
Deferred revenue	20	13,260,426	14,151,632
Government grants	21	377,777	668,333
Deferred tax liability	9(c)	6,409,711	7,454,361
Total non-current liabilities		<u>20,917,648</u>	<u>23,893,743</u>
Total Liabilities		<u>29,763,206</u>	<u>41,209,127</u>
Net assets		<u>167,632,493</u>	<u>154,527,215</u>
Shareholder's equity			
Share capital	22	92,300,180	92,300,180
Retained earnings		71,132,692	58,220,876
Capital contribution		4,199,621	4,006,159
Total shareholder's equity		<u>167,632,493</u>	<u>154,527,215</u>

Signed for and on behalf of the Board of Directors.



Director



Director

Detailed Profit and Loss

FOR THE YEAR ENDED 31 DECEMBER, 2013

	2013 \$	2012 \$
Revenue		
Air navigation charges	10,958,051	10,274,880
Airport security and development fee	7,559,891	7,322,203
Concessions	12,387,536	12,698,810
Domestic passenger service charge	1,178,711	845,093
Landing and parking fees - domestic	637,022	613,474
Landing and parking fees - international	11,491,345	11,249,043
Departure tax share	5,820,465	6,196,238
Rental - offices and warehouses	3,071,167	3,254,999
Rental - check-in-counter	947,951	998,126
Terminal navigation aid charges	3,334,403	3,258,557
Electricity recharge	2,687,213	2,974,282
Gain on disposal of property, plant and equipment	-	14,126
Government grant	346,111	440,555
Deferred income	669,422	629,634
Identification card charges	113,354	106,020
Interest on term deposit	232,146	267,473
Sundry income	1,033,468	1,196,677
Car park charges	562,030	546,716
Unrealised exchange gain	69,377	65,425
Insurance proceeds	734,010	-
Total income	<u>63,833,673</u>	<u>62,952,331</u>
Expenses		
Allowance for uncollectible receivables	69,445	779,191
Airport inspection and license fees	410,852	366,106
Auditors' remuneration	18,261	13,000
Bad debts	-	247,533
Bank charges	25,520	19,245
Board expenses	17,884	12,098
Consultancy	242,010	636,071
Contract costs	4,136,713	3,281,275
Depreciation	12,743,962	12,221,399
Director's remuneration	35,210	47,666
Insurance	2,037,382	1,913,414
Interest	44,533	445,038
Land rental	654,948	667,950
Loss on disposal of property, plant and equipment	86,778	-
Meteorological costs	521,739	521,739
Other expenses	720,873	1,075,379
Post and telecommunications	1,327,157	1,222,431
Repairs and maintenance	2,098,286	2,384,682
Share of Air Traffic Management income	463,472	465,199
Sundry costs and supplies	492,294	722,700
Training and conference	425,286	295,607
Travel and accommodation	294,332	393,080
Unrealised exchange loss	7	2,391
Utilities and services	5,828,728	6,172,898
Vehicle and fuel costs	836,499	835,032
Wages and salaries	14,277,589	14,082,001
Total expenditure	<u>47,809,760</u>	<u>48,823,125</u>
Operating profit before tax	<u>16,023,913</u>	<u>14,129,206</u>

Financial Statements

For the Year Ended 31 December 2012



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The full financial statements for 2012 and 2013 can be viewed on the AFL website : www.airportsfiji.com

Director's Report

FOR THE YEAR ENDED 31 DECEMBER, 2012

The Board of Directors present their report together with the Financial Statements of Airports Fiji Limited for the year ended 31 December 2012 and the auditors' report thereon.

Directors

The directors of the company in office at the date of this report are:

Mr. Faiz Khan

Mr. Samuela Tamani

State of affairs

In the opinion of the directors, the accompanying statement of financial position give a true and fair view of the state of affairs of the company as at 31 December 2012 and that the accompanying statement of comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results and cash flows for the company for the year then ended.

Principal Activity

The principal activities of the company during the financial year included provision of air navigation services, the operation and management of the Nadi International Airport and other airports throughout Fiji.

Results

The net profit for the company for the year was \$11,277,360 (2011: \$12,478,126) after taking into account an income tax expense of \$2,851,846 (2011 income tax benefit: \$236,431).

Dividend

During the year, the directors declared and paid a dividend of \$1,000,000 (2011: \$1,000,000).

Reserves

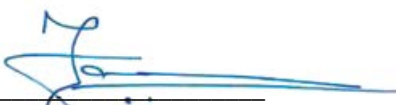
The directors recommend that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Fiji Companies Act, 1983.

Events Subsequent to Balance Date

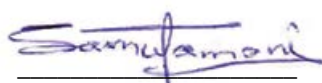
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Dated at Nadi this 10th day of June 2013.

Signed in accordance with a resolution of the Board of Directors



Director



Director

Independent Audit Report

FOR THE YEAR ENDED 31 DECEMBER, 2012



8th Floor, Ratu Sukuna House,
MacArthur Street,
P.O.Box 2214,
Government Building
Suva, Fiji Islands

REPUBLIC OF FIJI
OFFICE OF THE AUDITOR GENERAL

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Email: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



Excellence in Public Sector Auditing

I have audited the accompanying Financial Statements of Airports Fiji Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' and Management's Responsibility for the Financial Statements

The Directors and Management are responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards, the requirements of the Fiji Companies Act 1983 and the Public Enterprise Act 1996. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these Financial Statements based on the audit. I conducted the 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 judgement, 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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

- (a) proper books of account have been kept by the Company, so far as it appears from my examination of those books, and
- (b) and the accompanying Financial Statements which have been prepared in accordance with International Financial Reporting Standards;
 - (i) are in agreement with the books of account;
 - (ii) to the best of my information and according to the explanations given to me:
 - (a) give a true fair view of the state of affairs of the Company as at 31 December 2012 and of its financial performance, changes in equity and its cash flows of the year ended on that date; and
 - (b) give the information required by the Fiji Companies Act., 1983 in the manner so required.

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

Tevita Bolanavanua
AUDITOR GENERAL



12 June 2013
Suva, Fiji

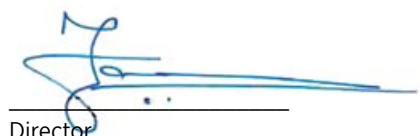
Statement of Financial Position

FOR THE YEAR ENDED 31 DECEMBER, 2012

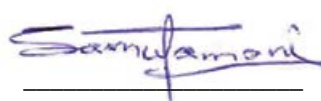
	Notes	2012 \$	2011 Restated* \$
ASSETS			
Current assets			
Cash and cash equivalents	6	17,611,274	13,715,916
Trade receivables	7	12,886,289	11,465,158
Inventories	8	417,555	312,577
Prepayments and other assets	9	1,560,272	2,014,876
Other financial assets	10	7,000,000	7,000,000
		<u>39,475,390</u>	<u>34,508,527</u>
Non-current assets			
Property, plant and equipment	11	156,260,952	157,513,476
Deferred tax asset	3c	656,451	564,732
		<u>156,917,403</u>	<u>158,078,208</u>
TOTAL ASSETS		<u>196,392,793</u>	<u>192,586,735</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	92,300,180	92,300,180
Retained earnings		58,220,876	47,943,516
Capital contribution		4,006,159	2,858,139
Total equity		<u>154,527,215</u>	<u>143,101,835</u>
Current liabilities			
Trade and other payables	13	8,447,457	5,714,710
Interest-bearing loans and borrowings	14	5,996,689	6,879,457
Provisions	15	1,549,237	1,537,322
Deferred revenue	16	407,850	407,850
Government grants	17	346,111	440,555
Income tax payable		568,040	2,843,253
		<u>17,315,384</u>	<u>17,823,147</u>
Non-current liabilities			
Interest-bearing loans and borrowings	14	1,574,657	7,085,558
Provisions	15	44,760	44,720
Deferred revenue	16	14,151,632	14,781,266
Government grants	17	668,333	1,014,444
Deferred tax liability	3c	8,110,812	8,735,765
		<u>24,550,194</u>	<u>31,661,753</u>
TOTAL LIABILITIES		<u>41,865,578</u>	<u>49,484,900</u>
TOTAL EQUITY AND LIABILITIES		<u>196,392,793</u>	<u>192,586,735</u>

* Certain amounts shown here do not correspond to the 2011 financial statements and reflect adjustments made as detailed in Note 1.3 and Note 23.

Signed for and on behalf of the Board of Directors



Director



Director

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

Detailed Income Statement

FOR THE YEAR ENDED 31 DECEMBER, 2012

	2012 \$	2011 \$
Revenue		
Air navigation charges	10,274,880	10,314,820
Airport security and development fee	7,322,203	6,936,256
Concessions	12,698,810	12,832,005
Domestic passenger service charge	845,093	-
Landing and parking fees - domestic	613,474	672,809
Landing and parking fees - international	11,249,043	11,504,894
Departure tax share	6,196,238	4,563,412
Rental - offices and warehouses	3,254,999	3,169,400
Rental - check-in-counter	998,126	545,961
Terminal navigation aid charges	3,258,557	3,352,641
Electricity recharge	2,974,282	2,963,221
Gain on disposal of property, plant and equipment	14,126	37,655
Government grant	440,555	804,516
Deferred income	629,634	703,032
Identification card charges	106,020	71,318
Interest on term deposit	267,473	449,728
Sundry income	1,196,677	786,978
Car park charges	546,716	513,918
Unrealised exchange gain	65,425	589
Total income	<u>62,952,331</u>	<u>60,223,153</u>
Expenses		
Allowance for uncollectible receivables	779,191	683,431
Airport inspection and license fees	366,106	277,061
Auditors' remuneration	13,000	13,000
Bad debts	247,533	-
Board expenses	12,098	42,173
Consultancy	636,071	800,610
Contract costs	3,281,275	3,237,358
Depreciation	12,221,399	11,712,656
Director's remuneration	47,666	43,532
Insurance	1,913,414	1,728,522
Interest and bank charges	464,283	843,823
Land rental	667,950	633,882
Meteorological costs	521,739	521,739
Other expenses	1,075,379	779,513
Post and telecommunications	1,222,431	1,006,221
Repairs and maintenance	2,384,682	3,232,503
Share of ATM income	465,199	465,369
Sundry costs and supplies	722,700	589,970
Training and conference	295,607	262,082
Travel and accommodation	393,080	523,281
Unrealised exchange loss	2,391	141,722
Utilities and services	6,172,898	5,927,208
Vehicle and fuel costs	835,032	907,225
Wages and salaries	14,082,001	13,608,577
Total expenditure	<u>48,823,125</u>	<u>47,981,458</u>
Operating profit before tax	<u>14,129,206</u>	<u>12,241,695</u>



Registered Office

Airports Fiji Limited
AFL Compound
Namaka
Nadi

Postal Address

Airports Fiji Limited
Private Mail Bag
Nadi Airport
Fiji Islands

Telephone:

(679) 672 5777

Fax:

(679) 672 5161

Email:

info@afl.com.fj

Website:

www.airportsfiji.com

Bankers:

Westpac Banking Corporation

Auditor:

Office of the Auditor General

