

	Note	2007 \$	IFRS Restated 2006 \$
<b>Revenue</b>		37,497,241	38,642,016
Other operating income	2	2,160,410	2,049,761
Administrative expenses	3(a)	(15,567,724)	(17,528,776)
Other operating expenses	3(b)	(21,085,923)	(19,488,660)
<b>Profit from operations</b>		3,004,004	3,674,341
Net financing cost	4	(2,220,436)	(2,163,077)
<b>Operating profit before tax</b>		783,568	1,511,264
Income tax expense	5(a)	(72,824)	(221,894)
<b>Net profit for the year</b>		710,744	1,289,370
Earnings per share	16(d)	0.01	0.02
Diluted earnings per share		0.01	0.02

The income statement is to be read in conjunction with notes to the financial statements set out on page 35 to 50.

Income statement **31**

For the year ended  
31 December 2007

32 Statement of changes in equity

For the year ended  
31 December 2007

	Share Capital	Revaluation Reserve	Retained Earnings	Proposed Dividend	Total
Balance at 31 December 2005 as per Fiji Accounting Standards as reported in 2005	81,849,908	25,096,731	4,453,790	1,281,189	112,681,618
Adjustments as on 1 January 2006 as per IFRS 1-First time adoption of IFRS	-	(25,096,731)	21,246,320	(1,281,189)	(5,131,600)
Restated balance under IFRS as at 1 January 2006 (Note (a))	81,849,908	-	25,700,110	-	107,550,018
Net profit for the year (note (b))	-	-	1,289,369	-	1,289,370
Dividend paid	-	-	(1,281,189)	-	(1,281,189)
Proposed dividend	-	-	(315,780)	315,780	-
Adjustment on transition to IFRS	-	-	315,780	(315,780)	-
Balance at 31 December 2006 (note (a))	81,849,908	-	25,708,291	-	107,558,199
Net profit for the year	-	-	710,744	-	710,744
Dividend paid	-	-	(315,780)	-	(315,780)
Balance at 31 December 2007	81,849,908	-	26,103,255	-	107,953,163

- a) The retained earnings balance as at 1 January 2006 and 31 December 2006 have been restated in accordance with IFRS 1 "First Time Adoption of International Financial Reporting Standards" (Refer note 1 and 23).
- b) Net profit for the year ended 31 December 2006 has been restated on transition to IFRS from Fiji Accounting Standards (Refer note 1 and 23).

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 35 to 50.

	Note	2007 \$	IFRS Restated 2006 \$
<b>Current assets</b>			
Cash on hand and at bank	6	15,696,216	1,817,686
Financial Assets	7	-	5,610,560
Receivables	8	5,404,472	6,143,612
Inventories	9	238,076	243,025
Other assets	10	1,939,316	2,884,708
<b>Total current assets</b>		<b>23,278,080</b>	<b>16,699,591</b>
<b>Non-current assets</b>			
Deferred tax assets	5(b)	5,138,004	4,912,957
Property, plant and equipment	11	150,781,296	156,923,626
<b>Total non-current assets</b>		<b>155,919,300</b>	<b>161,836,583</b>
<b>Total assets</b>		<b>179,197,380</b>	<b>178,536,174</b>
<b>Current liabilities</b>			
Accounts payable	12	14,516,836	12,351,083
Borrowings	13	4,938,629	3,788,778
Employee entitlements	14	1,670,667	608,963
Deferred income	15	419,040	554,748
<b>Total current liabilities</b>		<b>21,545,172</b>	<b>17,303,572</b>
<b>Non-current liabilities</b>			
Borrowings	13	31,306,619	35,574,011
Employee entitlements	14	43,773	44,257
Deferred tax liability	5(b)	16,916,280	16,618,409
Deferred income	15	1,432,373	1,437,726
<b>Total non-current liabilities</b>		<b>49,699,045</b>	<b>53,674,403</b>
<b>Total liabilities</b>		<b>71,244,217</b>	<b>70,977,975</b>
<b>Net assets</b>		<b>107,953,163</b>	<b>107,558,199</b>
<b>Shareholders' equity</b>			
Share capital	16	81,849,908	81,849,908
Retained earnings		26,103,255	25,708,291
<b>Total shareholders' equity</b>		<b>107,953,163</b>	<b>107,558,199</b>

Signed in accordance with a resolution of the Board:



Director



Director

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 35 to 50.

**34** Statement of cash flows

For the year ended  
31 December 2007

	Note	2007 \$	2006 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		40,836,751	44,627,802
Payments to suppliers and employees		(23,046,394)	(32,512,729)
Cash generated from operations		17,790,357	12,115,073
Interest received		512,958	267,403
Interest paid	4	(2,961,994)	(2,618,806)
<b>Net cash provided by operating activities</b>		<b>15,341,321</b>	<b>9,763,670</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		-	36,800
Payments for property plant and equipment	11	(2,996,172)	(12,364,144)
<b>Net cash used in investing activities</b>		<b>(2,996,172)</b>	<b>(12,327,344)</b>
<b>Cash flows from financing activities</b>			
Repayment of loan		(3,245,402)	(1,646,588)
Capital government grants		368,889	444,444
Repayment of finance lease		(884,886)	(920,733)
Dividend paid		(315,780)	(2,759,005)
<b>Net cash used in investing activities</b>		<b>(4,077,179)</b>	<b>(4,881,882)</b>
Net increase / (decrease) in cash held		8,267,970	(7,445,556)
Cash at the beginning of the financial year		7,428,246	14,873,802
<b>Cash at the end of the financial year</b>	20	<b>15,696,216</b>	<b>7,428,246</b>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 35 to 50.

## 1. Statement of significant accounting policies

Airports Fiji Limited is a company domiciled and incorporated in the Fiji Islands. The financial statements were authorised for issue by the directors on 29 August 2008.

### a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board. These are the company's first financial statements under IFRSs.

### b. Basis of preparation

The financial statements are presented in Fiji dollars, rounded to the nearest dollar. They are prepared on the historical cost basis. Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 January 2006 for the purposes of transition to IFRS.

### c. Revenue recognition

Revenue, comprising landing and parking fees, air navigation charges, concessions, passenger service charges, rental and other income are brought to account when the relevant service has been provided.

### d. Financial assets

Investments are recognised and de-recognised on trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at cost, including transaction cost.

Financial assets represent held-to-maturity investments. Held-to-maturity investments are those term deposits, which the company has the intent and ability to hold until maturity. Such assets are measured at subsequent reporting dates at amortised costs.

### e. Trade debtor

Trade debtors are carried at amounts due. The recoverability of debts is assessed at balance date and a specific allowance is made for doubtful accounts.

**1. Statement of significant accounting policies - continued****f. Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the weighted average cost basis.

Provisions for inventory obsolescence are raised based on a review of inventories. Inventories considered obsolete or not in usable condition are written off in the year in which they are identified.

**g. Property, plant and equipment***Acquisition*

Items of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses (see accounting policy (p)).

*Depreciation and amortisation*

Items of property, plant and equipment, including building infrastructure assets, are depreciated / amortised using the straight-line methods over their estimated useful lives. The useful life for each class assets are as follows:

Infrastructure	13 years
Buildings and Improvements	80 years
Plant & Equipment	4-8 years
Motor Vehicles	6 years
Office Furniture and Fittings	8 years and replacement basis

**h. Leasing**

Leases of plant and equipment, under which substantially all of the risks and benefits of ownership are assumed, are classified as finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A leased asset and a liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Contingent rentals are written off as an expense of the accounting period in which they are incurred. Capitalised lease assets are amortised on a straight-line basis over the relevant lease or, where it is likely that ownership of the asset will be obtained, the useful life of the asset. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the income statement.

Payments under operating leases are charged against profits in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

**i. Foreign currency transactions**

Foreign currency transactions are translated to Fiji currency at the rates of exchange ruling at the dates of the transactions. Amount receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the income statement in the financial year in which the exchange rates change.

**j. Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. 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.

## 1. Statement of significant accounting policies - continued

### j. Income tax - continued

Deferred tax is recognised using the balance sheet method, providing for 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 the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. 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.

### k. Deferred income

During prior year, the ownership and management of Nausori and 14 Government owned domestic airports were transferred to the company. Government, however, has agreed to subsidise the operating costs and costs of capital rehabilitation at these airports. Government grants to meet operating costs are recognised as revenue and brought to account in the income statement in the period in which received.

Grants of capital rehabilitation are amortised and realised to revenue at an average rate of depreciation applied to infrastructure/assets acquired for the former Government airports.

### l. Employee entitlements

#### Short-term employee benefit

The provision for employee entitlements relates to amounts expected to be paid to employees for annual leave, payable within one year after the end of the period in which the services are rendered. Current employee remuneration rates are used to calculate these provisions.

#### Long-term employee benefits

The company's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

#### Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

### m. Comparatives

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

### n. Cash and cash equivalent

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**1. Statement of significant accounting policies - continued****o. Net financing costs**

Net financing costs comprise interest payable on borrowings and net foreign exchange gains and losses. Interest income is recognised in the income statement as it accrues. All interest and other costs incurred in connection with borrowings are expensed as incurred as part of net financing costs.

**p. Impairment**

The carrying amount of the company's assets, other than inventories (see accounting policy (f)) and deferred tax assets (see accounting policy (j)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

	Note	2007 \$	2006 \$
<b>2. Other operating income</b>			
Included in the operating profit are the following items of income:			
Gain on sale of motor vehicle		-	8,067
Bad debts recovered		9,727	-
Electricity recharge		1,753,520	1,606,958
Sundry income		293,182	314,473
ID card charges		103,981	120,263
		<b>2,160,410</b>	<b>2,049,761</b>
<b>3. Expenses</b>			
<b>(a) Administrative expenses</b>			
Auditors remunerations		14,000	9,333
Contract costs		1,756,035	4,573,051
Depreciation and amortization of property, plant and equipment		10,438,324	9,136,812
Directors' fee		56,970	51,991
Insurance		1,407,682	1,440,021
Land rental		1,304,391	1,252,251
Other administrative expenses	3 (d)	590,322	1,065,317
		<b>15,567,724</b>	<b>17,528,776</b>
<b>(b) Other operating expenses</b>			
Loss on sale of motor vehicle		-	4,377
Meteorological costs		1,242,644	1,264,215
Personnel expenses	3 (c)	10,679,076	9,404,983
Post and telecommunications		771,469	818,674
Utilities		3,177,373	3,075,622
Provision – industrial disputes		1,000,000	-
Other operating expenses		4,215,361	4,920,789
		<b>21,085,923</b>	<b>19,488,660</b>
<b>(c) Personnel expenses</b>			
Salaries and wages		9,083,375	8,091,164
Fiji National Provident Fund		1,534,481	1,322,494
Increase/ (decrease) in liability for leave		61,220	(8,675)
		<b>10,679,076</b>	<b>9,404,983</b>
Average number of employees during the year		<b>418</b>	<b>461</b>

For the year ended 31 December 2007

	Note	2007 \$	2006 \$
<b>(d) Other administrative expenses</b>			
Sundry cost & supplies		439,969	544,946
Travel and accommodation		113,702	326,272
Doubtful debts		36,351	87,055
Other expenses		-	107,044
		<b>590,322</b>	<b>1,065,317</b>
<b>4. Net Financing Costs</b>			
Interest on term deposit		(512,958)	(267,403)
Unrealized exchange gain		(228,600)	(188,349)
Interest expense		2,961,994	2,618,829
		<b>2,220,436</b>	<b>2,163,077</b>
<b>5 Taxation</b>			
<b>(a) Recognized in the income statement</b>			
Current tax expense		-	-
Net deferred tax liabilities		72,824	221,894
Total income tax expense in income statement		<b>72,824</b>	<b>221,894</b>
<b>Reconciliation of effective tax rate</b>			
Profit before tax		783,568	1,511,264
Income tax at 31% (2006: 31%)		242,906	468,492
Non-deductible expenses		(11,998)	44,270
Tax exempt revenues		(158,084)	(290,868)
		<b>72,824</b>	<b>221,894</b>
<b>(b) Deferred tax assets and liabilities</b>			
<b>Recognised deferred tax assets</b>			
Employee benefits		531,476	202,498
Other provisions		92,885	85,391
Tax losses		4,513,643	4,625,068
		<b>5,138,004</b>	<b>4,912,957</b>
<b>Recognised deferred tax liabilities</b>			
Property, plant and equipment		<b>16,916,280</b>	<b>16,618,409</b>

**Movement in tax effect of temporary differences during the year**

	Balance 1 Jan 06 \$	Recognised in income \$	Recognised in equity \$	Balance 31 Dec 06 \$
Property, plant and equipment	(15,207,977)	(1,410,432)	-	(16,618,409)
Employee benefits	205,187	(2,689)	-	202,498
Provisions	58,404	26,987	-	85,391
Tax loss carried forward	3,460,828	1,164,240	-	4,625,068
	<b>(11,483,558)</b>	<b>(221,894)</b>	<b>-</b>	<b>(11,705,452)</b>
	Balance 1 Jan 07 \$	Recognised in income \$	Recognised in equity \$	Balance 31 Dec 07 \$
Property, plant and equipment	(16,618,409)	(297,871)	-	(16,916,280)
Employee benefits	202,498	328,978	-	531,476
Provisions	85,391	7,494	-	92,885
Tax loss carried forward	4,625,068	(111,425)	-	4,513,643
	<b>(11,705,452)</b>	<b>(72,824)</b>	<b>-</b>	<b>(11,778,276)</b>

For the year ended  
31 December 2007

	Note	2007 \$	2006 \$
<b>6. Cash on hand and at bank</b>			
Cash on hand		850	810
Cash at bank		3,596,547	313,158
Call deposits		12,098,819	1,503,718
		<b>15,696,216</b>	<b>1,817,686</b>
<b>7. Financial Assets</b>			
Held to maturity investments		-	-
Term Deposits		-	5,610,560
<b>8. Receivables</b>			
Trade receivables (a)		5,604,102	6,254,943
Allowance for doubtful debts		(199,630)	(175,455)
		<b>5,404,472</b>	<b>6,079,488</b>
Accrued revenue		-	64,124
		<b>5,404,472</b>	<b>6,143,612</b>

(a) Trade receivables balance includes \$824,830 relating to passenger screening charges withheld by airlines contrary to statutory regulations. Parties are in the process of negotiation for resolving this matter. Accordingly, no provision has been made at this stage.

	Note	2007 \$	2006 \$
<b>9. Inventories</b>			
Inventories		338,076	343,025
Allowance for inventory obsolescence		(100,000)	(100,000)
		<b>238,076</b>	<b>243,025</b>
<b>10. Other current assets</b>			
Staff advances		523,313	525,669
Prepayments		256,965	237,274
VAT receivable		49,863	701,115
Insurance Receivable		-	258,351
Interest Receivable		-	53,125
Other debtors		9,175	9,174
Advance to Government	20	1,100,00	1,100,00
		<b>1,939,316</b>	<b>2,884,709</b>

Advance of \$1.1m was paid on behalf of Government as goodwill and ex-gratia payment to Tokotoka Nadrau Holdings on 9 August 2001.

**11. Property, Plant and equipment**

	Buildings \$	Plant and equipment \$	Infrastructure \$	Motor vehicles \$	Work in progress	Total \$
Cost - at deemed cost -						
1 January 2007	59,407,828	39,302,938	78,252,106	5,594,724	8,423,129	190,980,725
Additions	-	1,115,558	-	114,002	3,066,434	4,295,994
Disposals	-	-	-	-	-	-
Transfers	530,076	2,700,623	977,067	1,212,614	(5,420,380)	-
Balance at 31 December 2007	59,937,904	43,119,119	79,229,173	6,921,340	6,069,183	195,276,719
<b>Depreciation</b>						
Balance at 1 January 2007	2,803,648	16,695,325	11,621,402	2,936,724	-	34,057,099
Depreciation charge for the year	743,153	5,219,461	3,436,879	1,038,831	-	10,438,324
Disposals	-	-	-	-	-	-
Balance at 31 December 2007	3,546,80	21,914,786	15,058,281	3,975,555	-	44,495,423
<b>Carrying amount</b>						
At 31 December 2006	56,604,180	22,607,613	66,630,704	2,658,000	8,423,129	156,923,626
At 31 December 2007	56,391,103	21,204,333	64,170,892	2,945,785	6,069,183	150,781,296

In prior years, property, plant and equipment were revalued by the directors based on independent valuation. Upon adoption of IFRS (effectively from, 1 January 2006), the company has elected the option provided under IFRS 1 to apply the cost model (deemed cost) for land and buildings previously revalued, and accordingly, the cost value of land and buildings include revaluation increments amounting to \$25,096,731 as on 1 January 2006.

**12. Accounts Payable**

	Note	2007 \$	2006 \$
<b>Current</b>			
Trade creditors and accruals		1,922,170	2,387,241
Land rental		9,714,421	8,554,631
Departure tax collected on behalf of Government and CAAFI		1,727,382	206,804
Other deposits		597,943	527,365
Staff bonus		554,920	674,042
Income received in advance		-	1,000
		14,516,836	12,351,084

	Note	2007 \$	2006 \$
<b>13. Borrowings</b>			
<b>Current</b>			
Finance leases	17(a)	889,610	927,186
ANZ Bank loan		4,049,019	2,861,592
		4,938,629	3,788,778
<b>Non-Current</b>			
French loan		2,563,478	2,563,478
Finance leases		1,215,212	1,049,775
ANZ Bank loan		27,527,929	31,960,758
		31,306,619	35,574,011

#### French Loan

This loan arose out of Legal Notice 120 gazetted on 17 November 2000 and described as French Loan (Principal) in the amount of F\$2,563,479. In the absence of any formal loan agreement between the company and any other party in respect of this loan, the amount currently payable has been deemed to be the amount originally gazetted. As no repayments are expected to be made in the next 12 months, the entire amount has been treated as a non current liability.

#### ANZ Bank

Bank loan and finance lease from ANZ Banking Group Limited are subject to interest rate ranging from 7% to 11.75%, repayable by monthly installments of \$516,830 (inclusive of interest). The bank loan, trade finance and lease finance facilities (together with letter of credit facility) from ANZ Banking Group Limited are secured by:

- i) First registered mortgage debenture over all assets and undertakings of Airports Fiji Limited, including its uncalled and unpaid capital.
- ii) Undertaking by Government of Fiji for Airports Fiji Limited to have full access rights to all 17 airports and for the bank to have the right to assign and/or sell any/all the assets of Airports Fiji Limited.
- iii) Undertaking of Government of Fiji not to transfer portion of CL 3469 which contains all the buildings, infrastructure, towers and plant, etc to anyone but Airports Fiji Limited.
- iv) Undertaking from Airports Fiji Limited to ANZ Bank to execute a Mortgage in favour of ANZ Bank upon issuance of Transfer of Lease no. 3469.
- v) Negative Pledge between Airports Fiji Limited and ANZ Bank.
- vi) Motor vehicles acquired under the ANZ Master operating lease agreement.

	Note	2007 \$	2006 \$
<b>14. Provisions for employee entitlements</b>			
<b>Current</b>			
Employee entitlements		520,667	458,963
Provision – industrial disputes		1,150,000	150,000
		1,670,667	608,963
<b>Non-current</b>			
Employee entitlements		43,773	44,257

**14. Provisions for employee entitlements - continued**

	Note	2007 \$	2006 \$
<i>Movements in the net liability recognized in the balance sheet:</i>			
Net liability at the beginning of the year		653,220	661,895
Increase/ (decrease) in liability		1,061,220	(8,675)
Net liability at the end of the year		1,714,440	653,220
<b>15. Deferred income</b>			
Balance at the beginning of the year		1,992,474	2,102,778
Add: Grant received during the year		368,889	444,444
		2,361,363	2,547,222
Less: amortization of grant		509,950	554,748
Balance at the end of the year		1,851,413	1,992,474
Current		419,040	554,748
Non-current		1,432,373	1,437,726
		1,851,413	1,992,474

Airports Fiji Limited received grant of \$368,889 (2006: \$444,442), VAT exclusive, for capital rehabilitation of airports previously run by Government. A sum of \$509,947 (2006: \$554,746) was released to revenue during the year.

**16. Shareholders equity**

	Note	2007 \$	2006 \$
<b>(a) Authorized capital</b>			
100,000,000 (2005: 100,00,000) ordinary shares of \$1.00 each		100,000,000	100,000,000

**(b) Issued capital**

Issued and paid up capital comprises 81,849,908 ordinary shares of \$1.00 each (2006: 81,849,908). The shares are held in trust as follows:

Name	Shares held in trust for	Number of shares
Permanent Secretary	Department of Public Enterprises	40,924,954
Permanent Secretary	Ministry of Finance	40,924,954
		81,849,908

**(c) Dividends**

During the year, the directors declared and paid dividend of \$315,780 (2006: \$1,281,189).

Subsequent to balance date, the directors proposed a dividend of \$1,000,000.

**16. Shareholders equity - continued****(d) Earnings per share**

The calculation of basic earnings per share as at 31 December 2007 is based on the net profit attributable to ordinary shareholders of \$710,744 (2006: \$1,289,369) and the weighted average number of ordinary shares outstanding during the period of 81,849,908 (2006: 81,849,908). Diluted earnings per share is the same as the basic earnings per share.

	Note	2007 \$	2006 \$
<b>Net profit attributable to ordinary shareholders</b>			
Net profit for the year		710,744	1,289,370
<b>Weighted average number of ordinary shares</b>			
Issued ordinary shares at 1 January		81,849,908	81,849,908
Movements during the year		-	-
Weighted average ordinary shares at 31 December		81,849,908	81,849,908
<b>Earnings per share</b>		0.01	0.02
<b>17. Commitments</b>			
<b>(a) Finance lease commitments</b>			
Finance lease rentals are payable as follows:			
Not later than one year		907,941	936,075
Later than one year but not later than five years		1,234,140	1,063,780
		2,142,081	1,999,855
Future finance lease		(37,259)	(22,894)
Net finance lease liability		2,104,822	1,976,961
Lease liabilities provided for in the financial statements:			
Current (Note 13)		889,610	927,186
Non-current (Note 13)		1,215,212	1,049,775
Total lease liability		2,104,822	1,976,961

**(b) Operating lease commitments**

During the year ended 31 December 2007, \$287,885 (2006: \$319,494) was recognised as an expense in the income statement in respect of operating leases.

	Note	2007 \$	2006 \$
<b>(c) Capital expenditure commitments</b>			
Capital expenditure commitments			
- Approved and committed		2,600,000	4,238,000
- Approved and not committed		36,330,000	23,209,000
		38,930,000	27,447,000
<b>18. Operating lease revenue</b>			
Operating leases contracted for by the company with the lessees are receivable as follows:			
Not later than one year		1,232,689	1,241,532

**19. Contingent liabilities**

- i) The company and the union are under negotiation for settlement of a number of claims and grievances. During the year, the company has made a provision of \$ 1m. However, in respect of other claims and grievances, as the matters are still under consideration and negotiation, the ultimate outcome cannot be presently determined, accordingly, no provision for any liability has been made in the financial statements that may eventuate from these claims.
- ii) A claim has been filed by Sun Air against the company for damages caused to an aircraft whilst parked at the apron in Savusavu.
- iii) Letter of credit \$325,070 (2006: \$861,691).

**20. Notes to cash flow**

	Note	2007 \$	2006 \$
<b>(a) Cash and cash equivalents</b>			
Cash on hand		850	810
Cash at bank		3,596,547	313,158
Call deposits		12,098,819	1,503,718
Short term deposits		-	5,610,560
		15,696,216	7,428,246

**(b) Non-cash investing activities**

During the year, the company acquired motor vehicles and plant and equipment at an aggregate cost of \$1,241,347 by means of finance leases. These transactions are not reflected in the cash flow statement.

**21. Related parties****(a) Identity of related parties**

The company has a related party relationship with the Government of Fiji and its various Ministries and Departments, its directors and executive officers. The Government of Fiji is a related party by virtue of its shareholding. The company pays for Government services provided and taxes on the same basis as any other corporate entity in Fiji.

	Note	2007 \$	2006 \$
Advance to Government		1,100,000	1,100,000
Departure tax collected on behalf of Government		1,223,095	103,402
Ministry of Lands & Mineral Resources		156,360	142,479
Government grant received		368,889	444,444
Dividends paid		315,780	1,281,189

**(b) Transactions with the Fiji Government**

The advance of \$1.1m was paid on behalf of Government of Fiji as goodwill and ex-gratia payment to Tokotoka Nadrau Holdings on 9 August 2001.

Departure tax is collected and accrued on behalf of the Government of Fiji and paid to the Government of Fiji.

The Government of Fiji has agreed to subsidise the operating costs and costs of capital rehabilitation at the Nausori and 14 other Government owned domestic airports and provides a grant for this assistance.

**21. Related parties - continued**

	2007 \$	2006 \$
<b>(c) Transactions with Fiji Meteorological services</b>		
Reimbursement of Met Offices 50% operating cost	1,272,761	1,264,215
<b>(d) Transactions with CAAFI</b>		
Land rental	1,109,790	1,109,790
Departure tax collected on behalf of Government	504,287	103,402
Airport License & Inspection	88,234	93,214

The land rental is for Nadi airport which is currently being accrued, awaiting Government decision to transfer land to Airports Fiji Limited

The amount represents CAAFI's share of departure tax which is collected and paid directly.

CAAFI issues licenses for the operations of airports. The amount represents total sum paid for operating Nadi, Nausori and thirteen regional airports.

**(e) Government Offices**

AFL provides offices to sixteen government departments at the terminal building to manage border control. As at 31 December 2007, the total value of rental is \$220,156.

**(f) Key Management personnel remuneration:**

The aggregate remuneration to the directors and the executives for the year ended 31 December 2007 and 2006 were:

	2007 \$	2006 \$
<b>Directors</b>		
Fees	28,840	54,616
Other benefits	13,236	27,405
<b>Total</b>	<b>42,076</b>	<b>82,021</b>
<b>Executives</b>		
Salary and allowances	485,584	395,923
Bonus	-	18,055
Superannuation	26,874	26,801
Other benefits	52,637	60,632
<b>Total</b>	<b>565,095</b>	<b>501,411</b>

**22. Registered office and place of business**

CAAF Compound  
Nadi Airport

Airports Fiji Limited's principal place of business is Nadi Airport.

## 23. Explanation of transition to IFRSs

As stated in Note 1(a), these are the company's first financial statements prepared in accordance with IFRSs.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 December 2007, the comparative information presented in these financial statements for the year ended 31 December 2006 and in the preparation of an opening IFRS balance sheet at 1 January 2006 (the company's date of transition).

In preparing its opening IFRS balance sheet, the company has adjusted amounts reported previously in financial statements prepared in accordance with previous accounting standards. An explanation of how this transition has affected the company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

### (a) Reconciliation of equity as at 31 December 2006

	Note	As previously reported	Effect of transition	Rested IFRS
<b>Current assets</b>				
Cash on hand and at bank		1,817,686	-	1,817,686
Financial Assets		5,610,560	-	5,610,560
Receivables		6,143,612	-	6,143,612
Inventories		243,025	-	243,025
Other assets		2,884,708	-	2,884,708
<b>Total current assets</b>		16,699,591	-	16,699,591
<b>Non-current assets</b>				
Deferred tax assets	2	5,077,422	(164,465)	4,912,957
Property, plant and equipment	1	156,923,626	-	156,923,626
<b>Total non-current assets</b>		162,001,048	(164,465)	161,836,583
<b>Total assets</b>		178,700,639	(164,465)	178,536,174
<b>Current liabilities</b>				
Accounts payable		12,351,084	-	12,351,084
Borrowings		3,788,778	-	3,788,778
Employee entitlements		608,963	-	608,963
Deferred income		554,748	-	554,748
<b>Total current liabilities</b>		17,303,572	-	17,303,572
<b>Non-current liabilities</b>				
Borrowings		35,574,011	-	35,574,011
Employee entitlements		44,257	-	44,257
Deferred tax liability	2	12,309,085	4,309,324	16,618,409
Deferred income		1,437,726	-	1,437,726
<b>Total non-current liabilities</b>		49,365,079	4,309,324	53,674,403
<b>Total liabilities</b>		66,668,651	4,309,324	70,977,975
<b>Net assets</b>		112,031,988	(4,473,789)	107,558,199

**23. Explanation of transition to IFRSs - continued****(a) Reconciliation of equity as at 31 December 2006 - continued**

	Note	As previously reported	Effect of transition	Rested IFRS
<b>Shareholders' equity</b>				
Share capital		81,849,908	-	81,849,908
Asset revaluation reserve	1	25,096,731	(25,096,731)	-
Retained earnings	3	4,769,568	20,938,722	25,708,291
Proposed dividend	4	315,780	(315,780)	-
<b>Total shareholders' equity</b>		<b>112,031,988</b>	<b>(4,473,789)</b>	<b>107,558,199</b>
<b>(b) Explanation of transition to IFRSs</b>				
<b>Revenue</b>		38,642,016	-	38,642,016
Other operating income		2,317,164	-	2,317,164
Administrative expenses		(26,933,759)	-	(26,933,759)
Other operating expenses		10,083,677	-	(10,083,677)
<b>Profit from operations</b>		3,941,744	-	3,941,744
Net financing cost		(2,430,480)	-	(2,430,480)
<b>Operating profit before tax</b>		1,511,264	-	1,511,264
Income tax (expense) / benefit		(879,705)	657,811	(221,894)
<b>Net profit for the year</b>		631,559	657,811	1,289,370

**(c) Explanation of adjustments to the cash flow statement for 2006**

There are no differences between the cash flow statement prepared under the previous accounting standards and the cash flow statement presented under IFRSs.

**(d) Notes to the reconciliations of income and equity****1. Property, plant and equipment**

The company elected to measure property, plant and equipment on transition to IFRS at fair value and has used that fair value as the deemed cost at that date. The effect of the revaluation, to fair value, for property, plant and equipment previously held in the carrying amount of property, plant and equipment was \$25,096,731 at 1 January 2006. The asset revaluation reserve associated with these items was transferred to retained earnings on transition to IFRS.

## 23. Explanation of transition to IFRSs - continued

### (d) Notes to the reconciliations of income and equity - continued

#### 2. Income tax

Under superseded policies, the company adopted tax-effect accounting principles whereby income tax expense was calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items were included or allowed for income tax purposes in a period different to that for accounting were recognised at current taxation rates as deferred tax assets and deferred tax liabilities, as applicable.

Under IFRS, deferred tax is determined using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and their corresponding tax bases.

The effect of the above adjustments on the deferred tax balances are as follows:

	1 January 2006	31 December 2007
Deferred tax liability on revaluation reserve	5,131,600	4,473,789
Deferred tax liability excess recognised under FAS	164,465	164,465
Deferred tax asset excess recognised in FAS	(164,465)	(164,465)
Net increase in deferred tax liability balances	5,131,600	4,473,789

The effect on profit for the financial year ended 31 December 2006 was to decrease previously reported income tax expense by \$657,811.

### (e) Notes to reconciliations of income and equity

#### 3. Retained earnings reconciliation

The effect of the above adjustments on retained earnings as at 1 January 2006 and 31 December 2006 are as follows:

	1 January 2006	31 December 2007
Retained earnings as reported under Fiji Accounting Standards	4,453,790	4,769,569
Add: Asset revaluation reserve transferred	25,096,731	25,096,731
Add: Proposed dividend transferred	1,281,189	315,780
Less: Additional deferred tax liabilities accounted	(5,131,600)	(4,473,789)
	25,700,110	25,708,291

#### 4. Proposed dividend

In respect of dividends, under IFRS, dividends declared after reporting date would not be recognised as liabilities. Accordingly, proposed dividend has been transferred to retained earnings on transition to IFRS.

**Detailed profit and loss account For the year ended 31 December 2007**

	2007 \$	2006 \$
<b>Revenue</b>		
Air navigation charges	9,148,423	9,607,594
Airport security/development fee	5,851,265	5,239,396
Concessions	7,531,828	5,915,531
Government grant	509,949	554,746
Landing and parking fees-international	7,899,056	8,443,209
Landing and parking fees-domestic	578,816	511,038
Passenger service charge	2,932,151	5,239,397
Rental-offices and warehouses	3,045,753	3,131,105
	37,497,241	38,642,016
Gain on sale of asset	-	8,067
Bad debts recovered	9,727	-
Unrealised exchange gain	228,600	188,349
Interest on term deposit	512,958	267,403
Other operating income	2,150,683	2,041,694
<b>Total income</b>	40,399,209	41,147,528
<b>Expenditure</b>		
Airport inspection and licence fees	(142,347)	(155,325)
Auditors' remuneration	(14,000)	(9,333)
Board expenses	(56,970)	(159,035)
Consultancy	(155,077)	(704,618)
Contract costs	(1,756,035)	(4,573,051)
Insurance	(1,407,682)	(1,440,021)
Interest expenses	(2,961,994)	(2,618,829)
Land rental	(1,304,391)	(1,252,251)
Loss on disposal of Asset	-	(4,377)
Meteorological costs	(1,242,644)	(1,264,215)
Others	(844,276)	(958,702)
Post and telecommunications	(771,469)	(818,674)
Provision- Industrial disputes	(1,000,000)	-
Repairs and maintenance	(1,660,270)	(1,457,246)
Share of ATM income	(433,483)	(548,750)
Sundry costs and supplies	(439,969)	(544,946)
Training and conference	(144,862)	(226,434)
Travel and accommodation	(113,702)	(326,272)
Utilities	(3,177,373)	(3,075,622)
Vehicle/fuel cost	(835,046)	(869,714)
Wages and salaries	(10,679,076)	(9,404,983)
<b>Balance carried forward</b>	29,140,666	(30,412,398)
<b>Expenditure</b>		
<b>Balance brought forward</b>	(29,140,666)	(30,412,398)
Doubtful debts	(36,651)	(87,055)
Depreciation	(10,438,324)	(9,136,812)
<b>Total expenses</b>	(39,615,641)	(39,636,265)
<b>Surplus from operations</b>	783,568	1,511,263