FIJI SUGAR CORPORATION

Annual Report 2016

PURE

Contents

CORPORATE PROFILE

Our Organisation

The Fiji Sugar Corporation Limited was incorporated in Fiji by an Act of Parliament in 1972 to take over the milling activities with effect from 1st April 1973. It is successor to SPSM Limited and CSR Limited. In 2006, the Fiji Sugar Corporation Act was repealed allowing to be governed solely under the Companies Act.

Our Shareholders

The Government of Fiji is a major shareholder which owns 68% of shares while statutory bodies, local companies and individuals own the rest of the shares.

Our Business

The Corporation owns and operates three sugar mills located at Lautoka, Ba and Labasa. The mills are strategically located on the drier side of the two main islands where conditions are more suited to growing cane.

The Corporation is responsible for the manufacture and sale of raw sugar together with molasses as a by-product. The Corporation owns and maintains some 720 kilometres of railway network which transports sugar to the mills. The Corporation is one of the largest sector employers with a workforce of around 2000 individuals during the peak crushing season.

The Sugar Industry is important to Fiji's economy as it contributes about 1.1% of GDP, generates about 5.3% of total exports in 2016 based on the provisional data from the Reserve Bank of Fiji. Unlike many other export oriented businesses, most production inputs are domestic and have a high regional impact and cross-sectoral linkages.

The Corporation through its subsidiaries and related companies is also engaged in development and project work (FSC Projects Limited and Pacific Cogeneration Ltd).

CORPORATE HIGHLIGHTS

Financial Results

- Corporation's share of proceeds was $58.7 million compared to $56.0 million in the previous year.
- Consolidated trading loss was $7.7 million, compared to a loss of $9.3 million in the previous year.
- Loss from operations was $26.1 million, compared to $26.2 million in the previous year.
- Operating loss for the year was $53.4 million, compared to a loss of $31.7 million in the previous year.
- A total of $15.6 million was invested in Property Plant and Equipment, compared to $31.3 million in the previous year.
- Earnings per share was ($1.20), compared to positive ($0.71) in the previous year.

Operations

- A total of 1.85 million tonnes of sugarcane was crushed from an area of 41,304 hectares compared to 1.83 million tonnes from 38,427 hectares in the previous year.
- Sugar production slightly decreased to 221,933 tonnes compared to 226,858 tonnes in the previous year primarily as a result of higher TCTS.
- Tonnes Cane to Tonnes Sugar (TCTS) ratio was 8.31 compared to 8.08 in the previous year.
- Cane Quality (POCS) was 12.2 compared to 12.3 in the previous season.
- The total sugar exported to EU was 165,260 tonnes compared to 184,414 tonnes in the previous year.

FINANCIAL SUMMARY

	2016	2015
Sales and Profit ($'000)		
Total sales	199,813	197,257
Trading profit/(loss)	(7,734)	(9,279)
Interest on Government of Fiji loan waived	-	24,818
Unrealised exchange gain/(loss)	(3,828)	(9,835)
Allowance for impairment loss written back/ allowance for Impairment loss) on receivables - Top Up Cane Payment	17,168	(17,168)
Allowance for impairment loss on CWIP	(10,231)	-
Allowance for impairment on PPE	(24,000)	-
Operating Profit/(loss) after extraordinary items and income tax	(53,412)	(31,733)
Cash Flow ($'000)		
Operating activities	(11,764)	(24,551)
Investing activities	(15,526)	(26,448)
Financing activities	25,235	43,965
Net increase/(decrease) in cash	(2,055)	(7,034)
Financial Position ($'000)		
Working capital	(41,570)	(80,920)
Current assets	73,940	24,513
Total assets	254,208	266,069
Non-current liabilities	310,838	279.364
Current liabilities	115,510	105,433
Shareholders' equity	(172,140)	(118,728
Additional Information		
Ratio of current assets to current liabilities	0.6	0.2
Ratio of debt to shareholders' equity	(2.5)	(3.2)

CORPORATE GOVERNANCE

FSC views corporate governance in widest sense, almost like a trusteeship; it is a philosophy to be professed, a value to be imbibed and an ideology to be ingrained in our corporate culture.

Corporate governance goes much beyond mere compliance; it is not a simple matter of creating checks and balances. It is in fact a continuous process of realizing the Corporation's objectives with a view to make of every opportunity. It involves leveraging its resources and aligning its activities to consumer need, shareholder benefit and employee growth. Thereby the Corporation succeeds in delighting its stakeholders whilst minimizing risks.

The primary objective is to create and adhere to a corporate culture of conscientiousness and consciousness, transparency and openness. The Corporation aims to develop capabilities and identify opportunities that serve goal of value creation, thereby creating an outstanding organization.

BOARD RESPONSIBILITIES

The Board remains committed to upholding the highest standards of integrity and transparency in its governance of the Corporation. The importance and the value of a balanced interplay between management, board and shareholders within the company remain a major principle governing the conduct of the Corporation.

The Corporation aims to be at the forefront of internationally recognized best governance practice. The Corporation complies in all material respects with the generally accepted governance principles. Corporate governance, as a dynamic interplay of forces, has its own sets of challenges and continues to evolve, especially in a small country like Fiji.

Central to the Corporation's sound governance practices is the management of relationships and interests of its stakeholders. The Corporation embraces these challenges through its strategy, people, teamwork, leadership, experience and skills, relationships and proper identification and control of business risk. In doing so, the Board is required to determine sound management information and reporting system to the shareholders.

The Board supports a strong disclosure regime acknowledging transparency as a key element of an effective corporate governance system. This includes timely and accurate information to be disclosed on matters such as the Corporation's financial and operating results, its objectives, major share ownership and voting rights, remuneration for directors and material foreseeable risk factors.

In addition to disclosure on commercial objectives, the Board encourages disclosure of policies relating to the environment and the communities in which the Corporation operates. The Board meets regularly and receives full information in advance to help it discharge its duties. A Director's Package comprising pertinent background information and critical information on major risks, global industry trends and future direction of the Corporation is made available to all new directors.

The Board also supports the policies, principles and standards set out in the Companies Act, the accountancy profession and relevant statutory reporting requirements. While these do not determine the detailed course of conduct by directors, they support the need for the highest standards of behavior and accountability.

COMPOSITION OF THE BOARD

The Board aims to bring people of the right caliber with a wide and diverse range of business experience and expertise. There are seven directors on the Board, appointed by the shareholders. Board representation also includes key stakeholders.

ROLE OF SHAREHOLDERS

The Board ensures that shareholders are fully informed of all major developments affecting the Corporation's business. Information is communicated to shareholders in the Annual Report, special reports and forum. The Board encourages full participation of shareholders to ensure a high level of accountability in determination of the Corporation's direction, strategies and goals.

MANAGEMENT RESPONSIBILITY

The information presented in this report is prepared by the Corporation's Management which maintains systems of internal accounting controls, policies and procedures to provide reasonable assurance as to the reliability of the financial records and the safeguarding of its assets. Management regularly seeks independent assessment and reviews of its internal accounting controls, policies and procedures.

BOARDS OF SUBSIDIARIES AND ASSOCIATE ENTITIES

Directors on the Boards of the Corporation's subsidiaries and associate entities are appointed so as to provide requisite skills necessary to maximize shareholder value and safeguard stakeholder interests by promoting governance practices, policies and procedures which are generally consistent with those of the Corporation.

BOARD OF DIRECTORS

Abdul Khan	Executive Chairman A businessman and an Engineer by profession
Marika Gaunavou	Deputy Chairman A retired FSC Mill Chief Engineer and Factory Manager
Ratu Deve Toganivalu	Director Chief Executive Officer, Fiji Development Bank
Viliame Gucake	Director Director of Sugar, Ministry of Sugar
Ratu Wiliame Katonivere	Director A former civil servant, businessman and a director for Airports Fiji Limited and Fiji Pine Limited
Joe Rodan	Director Manager Sales, Marketing and Trade Relations, Paradise Beverages (Fiji) Limited
Tevita Kuruvakadua	Director General Manager, i-Taukei Land Trust Board

EXECUTIVE MANAGEMENT GROUP

Mikaele Biukoto	General Manager Sugar Operations
Timoci Laqai	General Manager Human Resources
Thomas Peters	General Manager Major Capital Projects
Shivam Naidu	General Manager Engineering
Rajneesh Lata Charan	General Manager Information Systems
Mereani Mafi Lord	Legal Counsel / Company Secretary
Deepak Raj	Manager Finance
Viliame Savou	General Manager Lautoka Mill
Sailasa Waitawa	General Manager Rarawai Mill
Karia Christopher	General Manager Labasa Mill
Taito Kafoa	General Manager Penang Mill

CHAIRMAN'S REPORT

The year under review was on many accounts a most challenging year for Fiji Sugar Corporation (FSC). It is on this note, that I present our Annual Report for the year ended 31 May 2016.

In February 2016, Fiji was hit by the catastrophic Category 5 Cyclone Winston, the biggest to hit the Southern Hemisphere. Winston ravaged the northern and western parts of Fiji. In its path, many of our grower farms were severely impacted. Furthermore it also negatively affected the sugar crop and our replanting initiatives. Many growers were displaced for a significant period of time.

FSC's infrastructure was not spared by Winston's ravaging. There was substantial damage to buildings, sugarcane milling equipment and sugar in storage. The mill at Penang was the worst affected. In view of the mill's extensive damage and poor financial prospects vis-à-vis the cost of repair, the Board decided to close the mill permanently, with a commitment to divert all sugar cane produced in Rakiraki to Ba. This has since been achieved with significant assistance provided from government financing. Penang Mill's management and staff were redeployed to the two remaining mills on Viti Levu.

Unfortunately, extreme weather conditions did not lighten and towards the latter part of the year, we faced intense dry weather conditions, again adversely impacting land preparation and replanting of the sugar crop.

As the year progressed, a critical review of the industry was conducted. With a significant reduction in our sugar crop and cane production, compounded by the looming prospect of the cessation of our preferential EU agreements, we needed to take stock, reassess and review our operations. We took on the challenges that affect our industry in a stronger and decisive manner.

The composition of our Board needed to be fundamentally changed and a stronger executive leadership was deemed necessary to steer the industry and the corporation in a new direction for a viable future.

On 8th August 2016, I was appointed Chairman of the Board. The new Board under my Chairmanship will focus on good corporate governance and the objective to develop sustainable strategies for industry growth in order to capitalize on global opportunities that lie ahead. Given the importance of the industry to the country's GDP, we will continue exploring ways to streamline existing systems and support services to improve quality cane production.

In October 2016, the previous CEO and Executive Chairman resigned. Three other board directors resigned in January 2017. Mr Mikaele Biukoto was appointed Acting Chief Executive Officer on 20 October 2016, in an interim capacity, pending recruitment of a new Chief Executive Officer, through an international search.

We will, in the next few weeks be announcing a new Board and in due course the Board will also be appointing a new Executive Management team. Meanwhile, I wish to thank the shareholders for their support and confidence in me and the Board. I also thank the growers and the management and staff of FSC for their dedication and commitment to progress the fortunes FSC and the industry.

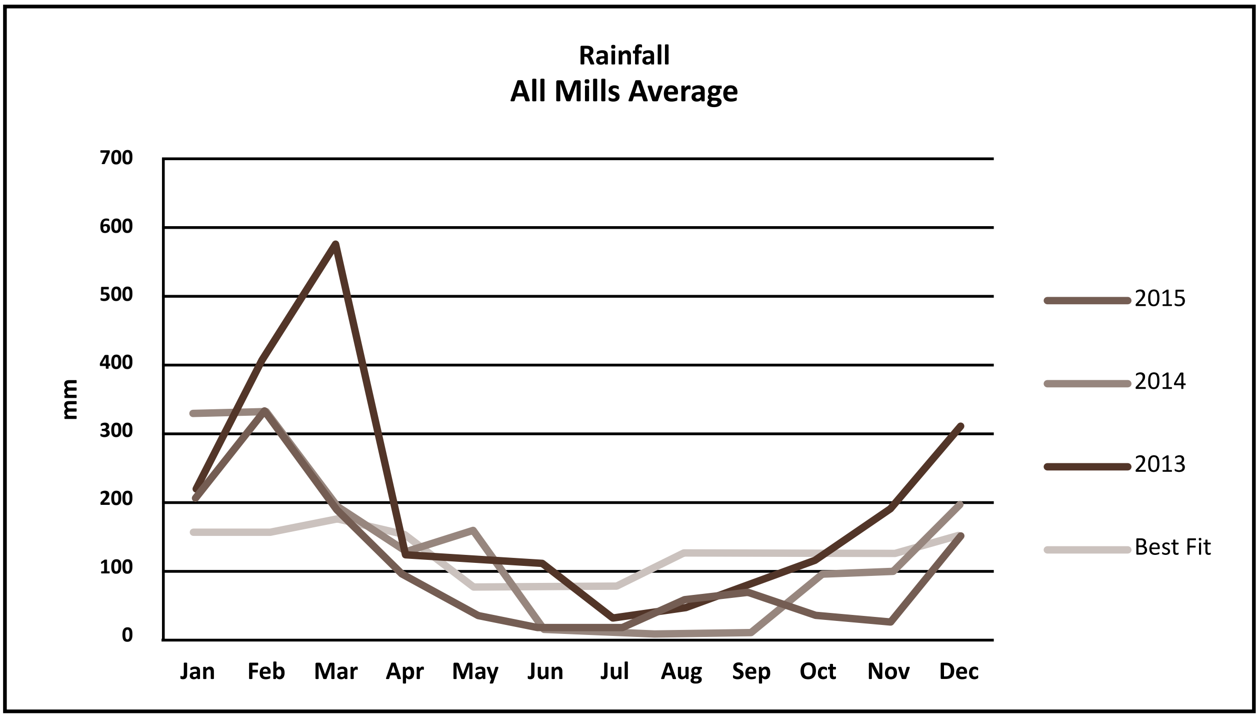
OPERATIONS

Cane Production

A total of 1,844,525 tonnes of cane was harvested and processed at the four sugar mill. This is on par with 5-year average. Total area under cane was 39,291 hectares of which 4,437 hectares (11%) were plant crop which comparatively is an increase of 1,656 hectares of new crop planted in the previous year. Crop yield remained at 47 tonnes per hectare.

The allocation of Sugar Cane Planting Grant by Fiji Government to assist Growers to convert short and long fallow land had paid dividend but yield for plant crop declined to 55 tonnes per hectare compared to 60 tonnes per hectare from previous area. Whilst fertiliser utilisation was better than previous years, severe dry condition in 2015 has played a major part in reduction of yield.

Graph 1 Below demonstrates one of the lowest rainfall period was in 2015 which has affected crop maturity.

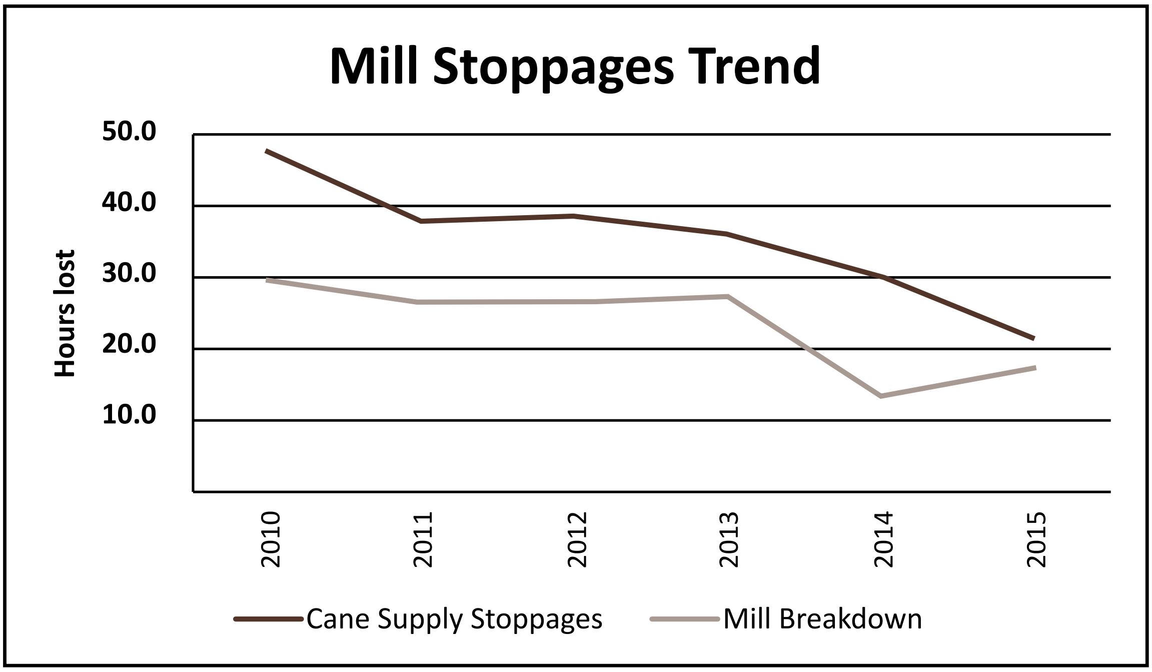


Mill Performance

Introduction of additional mechanical harvestors and better cane harvesting programme has led significant decrease in mill stoppages due to cane supply issues. In 2010, stoppages due to cane supply were as high as 47.6 hours per week which reduced significantly to 21.4 hours which equates to 55% reduction.

Mill breakdown over the 6-year period reduced from 29.6 hours to 17.3 hours in 2015 per week which equates to 42% reduction. Stabilization after detrimental impacts of STM projects led to this reduction with greater focus on the basics and maximizing the benefits from focused preventive maintenance programme.

Graph 2 Below reflects the mill stoppages trend from 2010. A total of 168 hours is available for production in a week.



Sugar Manufacturing

Better Mill performance led to much reduced tonnes of cane needed to make a tonne of sugar. TCTS was as high as 14.76 to 8.3 which is a 44% reduction. Whilst crop production remained similar, compared to previous years, the improved mill performance and better TCTS has led to significant increase in sugar make.

Graph 3 Demonstrates the correlation between better TCTS and increased sugar make.

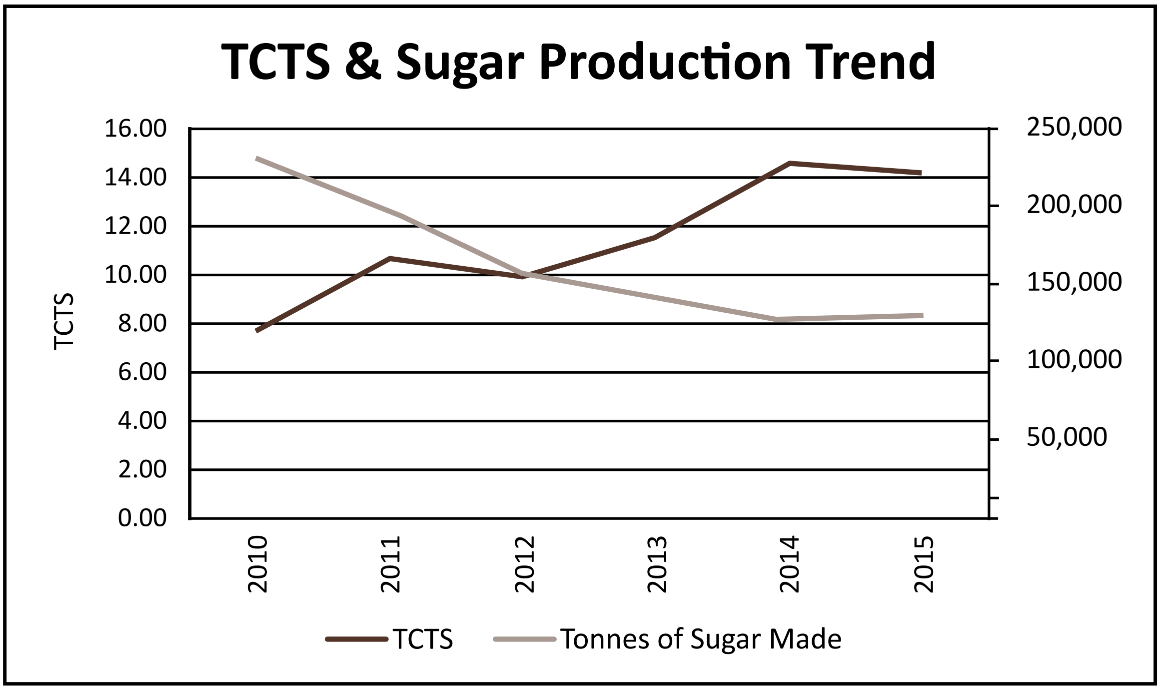


Table 12 Key Operating Data for the four Mills follows:

	Lautoka	Rarawai	Labasa	Penang	Total
Tonnes of Cane Crushed	502,327	510,347	662,534	169,317	**1,844,525**
Tonnes of Sugar Made	61,464	62,569	79,797	18,103	**221,933**
Tonnes of Molasses	20,589	20,767	27,298	7,623	**76,227**
Molasses % of Cane	4.10%	4.07%	4.12%	4.50%	**4.14%**
Tonnes of cane to tonnes of sugar ratio	8.2	8.2	8.3	9.4	**8.3**
POCS	12.44	12.60	12.08	11.86	**12.25**
Sugar Quality	98.45	98.93	98.73	98.54	**98.66**
Cane Supply Stoppages p/wk	19.4	16.4	13.9	25.0	**18.7**
Mill Breakdown Stoppages	26.7	23.9	14.9	34.2	**24.9**
Actual Crushing Time p/wk	114.1	119.9	134.2	105.9	**118.5**

HUMAN RESOURCES

Manpower

The Corporation continued to explore and implement various HR strategies in line with its manpower needs in order to maximise its resources and enhance workplace productivity, efficiency and effectiveness. Manning levels were also constantly monitored to ensure wages costs were minimized wherever practical. The Corporation also reviewed its Human Resources policies and procedures to ensure it is aligned to labour legislatives requirements and our business objectives.

Training & Development

Training and development has been an on-going as we encourage staff and employees to grow and equip and renew their skills and knowledge in key areas of their expertise.

We continue to focus on key areas such as of Leadership and Management, Technical including Sugar Engineering and Sugar Technology and Field training with the delivery of this from key training providers and partners like the APTC, Vasantdada Sugar Institute of India, Fiji National University and The University of the South Pacific.

Occupational Health and Safety

Occupational Health and Safety has been a key area where we focus on continuous improvement. Creating OHS awareness and training by working and engaging our employees through our OHS committees and OHS representative has been the key of successfully managing OHS effectively during the year. The Corporations will continue to strive for further OHS improvement and to make its workplace a safe and productive environment that is conducive to better employee performance.

Environment

We are committed in ensuring that our operation s does not affect the environment and the community. Several capital projects were put into place to address this and strict compliance to our internal controls were activated to minimize environment risk.

MARKETING

Local Merchants	26,247
South Korea	220
Employees & Growers	1,365
Bulk Sugar Export	
USA	9,808
Portugal	32,000
Romania	35,200
United Kingdom	130,000
Molasses Export	
Carribean	35,298
USA	36,402
Molasses Local Sales	
South Pacific Distilleries	2,394
Rewa Dairy/Small Buyers	1,064
Pacific Islands	18

The 2015 season crushing season saw a lot of firsts in the marketing of our own "Sugars of Fiji" brand.

It saw the completion of the new sugar packaging to package retail packs of 1, 4 and 5kg. Release of these packs was first made to Government to assist Fijians in the aftermath of Tropical Cyclone Winston. These retail packs are now available off the shelf in the supermarkets.

After a lapse of some years, we have re-commenced sale of containerised bagged sugar to South Korea. Apart from our traditional market to Tate & Lyle Sugars of London, FSC was also able to send its first load of bulk sugar to the Agrana Group out of Austria and initiated sugar sales through ED&F Man of London.

Where excess sugar in stock was available Warehousing Agreements were initiated with Tate & Lyle for shipments at a later date.

INFORMATION SYSTEMS

This year was a very successful year for us as we successfully completed a number of very challenging projects.

The Lautoka Weighbridge System on Windows environment leveraging on investments made on Dell hardware infrastructure was rolled during the beginning of 2016 crushing season. The application runs from a central cloud on a fully virtualized infrastructure.

With a number of applications development projects in plan, we also developed a very compressive Systems Development Framework that will be used for all future developments.

The “SugarOne” Technology One Enterprise Resource Planning (ERP) Project implementation was carried out during the year. With a very successful ‘go-live’ operation on 5th December 2016, a major milestone was achieved. The new ERP has replaced 25 year old legacy system.

Email upgrade and Domain Controller upgrade was also successfully completed during the year. The exchange has been upgraded from Microsoft Exchange 2007 to Microsoft Exchange 2010. We took advantage of free upgrade available for 2010 platform and virtualization technology for this upgrade. All the mailboxes were seamlessly migrated from the old exchange server to the new exchange server. Through this upgrade the notebook users were able to get their e-mails anywhere, anytime on their notebooks without VPN connection through a service called exchange anywhere. The new Email server was deployed on a virtual machine on Dell servers.

Our domain controller server was upgraded from Microsoft Windows server 2008 to Microsoft Windows Server 2012. The new server was also deployed on a virtual machine.

We continued on our Fiji Business Excellence Framework (FBEA) journey started in 2015 and successfully won Commitment to Business Excellence award in again in November 2016. We also embarked on a quality journey during the year.

Vishnu Mohan
Chairman

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THE FIJI SUGAR CORPORATION LIMITED

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statements of financial position of The Fiji Sugar Corporation Limited (the "Corporation") as at 31 May 2016 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with notes thereon for the year then ended and report as follows:

Directors

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

Mr K Vishnu Mohan	–	Chairman (Appointed on 29 July 2016)
Mr Viliame Gucake		
Ratu Wiliame Katonivere		
Mr Arvind Singh		
Mr Tevita Kuruvakadua		
Mr Pradeep Lal	-	(Appointed on 21 November 2016)
Mr Hari Raniga	-	(Appointed on 23 January 2017)
Mr Ariff Ali	-	(Appointed on 23 January 2017)

Principal Activities

The Corporation owns four sugar mills and operates three sugar mills in the year under review and is involved in the milling of sugarcane, manufacture and sale of sugar and molasses produced.

Penang Mill was significantly damaged by Tropical Cyclone Winston in February 2016. In view of damage to major components of the mill, the Corporation decided to close this mill following evaluation of repair costs and the non-viability of the facility.

There were no significant changes in the nature of these activities during the financial year.

Results

The results of the Corporation are summarized below:	2016	2015
	$'000	$'000
Loss from operations	(26,144)	(26,244)
Finance costs, net	(6,377)	(3,304)
Interest on loans waived – Government of Fiji loans	-	24,818
Unrealised exchange loss, net	(3,828)	(9,835)
Allowance for impairment loss written back/ (allowance for impairment loss) on receivables – Top-Up Cane payment	17,168	(17,168)
Allowance for impairment loss on capital works in progress	(10,231)	-
Allowance for impairment loss on property, plant and equipment	(24,000)	-
Loss for the year	(53,412)	(31,733)

Dividends

The directors recommend that no dividends be declared for the year ended 31 May 2016.

Reserves

It is proposed that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

THE FIJI SUGAR CORPORATION LIMITED

DIRECTORS' REPORT [CONT'D]

Basis of Accounting - Going Concern

The financial statements have been prepared on a going concern basis on the assumption that the Corporation will continue to receive ongoing support from the Government of Fiji. During the year, loan from the Government of Fiji has been converted to a long term loan with an option to convert the loan into equity. Subsequent to balance date, the Government of Fiji has increased the existing Government guarantee of $120 million to $322 million and the guarantee period has been extended from 31 May 2020 to 31 May 2022.

Furthermore, subsequent to year end, the Corporation has developed a 5-year Strategic Plan (2018-2022). Accordingly, the Corporation will pursue increasing the area under cane cultivation, revenue optimisation from large scale sugar plantations, power generation income and better marketing of Sugars of Fiji for local and regional markets. Further, the management plans to invest in refurbishing and upgrading the mills to continue to achieve improvements in mill efficiency and mill performance together with consistent, improved quantity and quality of cane supply and thereby generate adequate profits and cash flows from future operations to meet its obligations as and when they fall due.

The directors believe that with the support of the Government, the Corporation will be able to continue in operation for at least 12 months from the date of this statement and the classification and carrying amounts of assets and liabilities as stated in these accounts are appropriate.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might become necessary should the Corporation be unable to continue as a going concern.

Significant Events During the Year

Significant events during the year were:

i) 10MW Cogeneration Plant

On 12 August 2015, the 10MW cogeneration plant at Labasa mill was commissioned. The plant has operated efficiently in the 2015 crushing season and has sold power to Fiji Electricity Authority.

ii) Effects of Tropical Cyclone Winston

In February 2016, Tropical Cyclone Winston hit Fiji and severely affected certain parts of Fiji. As a consequence, the Corporation's operations were significantly affected. The cyclone has caused significant damages to the buildings, sugarcane milling equipment and sugar. Furthermore, subsequent to the cyclone, the Corporation's preparation for crushing season has also been disrupted, particularly at the Penang Sugar Mill where infrastructure and milling equipment have been severely damaged. In view of damage to major components of the mill, the Corporation decided not to operate the Penang mill.

Subsequent to balance date, the Corporation received insurance proceeds of $32 million (net of excess of $5 million) in full and final settlement of the claim lodged.

The financial effects of the above event have been incorporated in the financial statements.

THE FIJI SUGAR CORPORATION LIMITED

DIRECTORS' REPORT [CONT'D]

Significant Events During the Year (Cont'd)

iii) Top-Up Cane Payment

In the year ended 31 May 2015, top-up cane payment of $9.39 per tonne aggregating to $17,167,579 was made by the Corporation to growers with the 4th cane payment for the 2014 season over the actual price calculation as per the Master Award to maintain the income of the farmers at $80 per tonne to inspire further confidence in the farmers and incentivize them to plant higher acreage of cane.

The directors believed that the top-up cane payment will be reimbursed by the Government. However, the Corporation had not received any confirmation or payments from the Government upto October 2016. As a matter of caution, allowance for impairment loss on receivable was recognized in the books of account in prior year ended 31 May 2015.

Subsequent to balance date, on 17 May 2017, the Corporation received reimbursement of $17,204,227 towards the top-up cane payment. Accordingly, allowance for impairment loss on receivables recognized in the books of account in prior year has been reversed in the current year.

iv) Impairment of Property, Plant and Equipment

For the year ended 31 May 2016, an independent impairment review of the assets of the Corporation was carried out by an independent consultant from New Zealand. The impairment assessment was undertaken in accordance with International Accounting Standard 36 "Impairment of Assets". Based on the independent assessment, management and directors have carried out an assessment of the recoverable amount of the assets, and made further allowance for impairment of $24 million.

Bad and Doubtful Debts

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

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for doubtful debts in the Corporation's financial statements, inadequate to any substantial extent.

Current and Non-Current Assets

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

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

THE FIJI SUGAR CORPORATION LIMITED

DIRECTORS' REPORT [CONT'D]

Unusual Transactions

Other than matters disclosed under significant events during the year, in the opinion of the directors, the results of the operations of the Corporation during the financial year were not substantially affected by any other item, transaction or event of a material and unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Corporation in the current financial year.

Events Subsequent to Balance Date

Subsequent to balance date, the Government has increased the existing Government guarantee of $120 million to $322 million and extends the guarantee period to 31 May 2022.

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

Other Circumstances

As at the date of this report:

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

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

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

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

Directors' Benefits

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

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

Dated this 18th day of September 2017.

Director

Director

THE FIJI SUGAR CORPORATION LIMITED

STATEMENT BY DIRECTORS

In accordance with a resolution of the board of directors of The Fiji Sugar Corporation Limited, and subject to disclosures made in the financial statements including disclosure under Note 23 in relation to going concern and support by the Government, we state that in the opinion of the directors:

(i) the accompanying statement of profit or loss and other comprehensive income of the Corporation is drawn up so as to give a true and fair view of the results of the Corporation for the year ended 31 May 2016;

(ii) the accompanying statement of financial position of the Corporation is drawn up so as to give a true and fair view of the state of affairs of the Corporation as at 31 May 2016;

(iii) the accompanying statement of changes in equity of the Corporation is drawn up so as to give a true and fair view of the changes in equity of the Corporation for the year ended 31 May 2016;

(iv) the accompanying statement of cash flows of the Corporation is drawn up so as to give a true and fair view of the cash flows of the Corporation for the year ended 31 May 2016;

(v) the financial statements have been prepared in accordance with International Financial Reporting Standards;

(vi) at the date of this statement, we believe that the Corporation will be able to pay its debts as and when they fall due; and

(vii) all related party transactions have been adequately recorded in the books of the Corporation.

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

Dated this 18th day of September 2017.

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Director

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Director

INDEPENDENT AUDITOR'S REPORT

To the Members of The Fiji Sugar Corporation Limited

We have audited the accompanying financial statements of The Fiji Sugar Corporation Limited (the "Corporation"), which comprise the statement of financial position as at 31 May 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 13 to 50.

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

Directors and management are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, 1983, and for such internal control as the directors and management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Corporation as at 31 May 2016, and its financial performance, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT [CONT'D]

To the Members of The Fiji Sugar Corporation Limited (Cont'd)

Emphasis of Matter

Without qualifying our opinion expressed above, we draw attention to the following matter:

Continuation as a Going Concern

The Corporation has been incurring significant losses during recent years. During the year ended 31 May 2016, the Corporation incurred a loss from operations of $26.1 million and net loss of $53.4 million. The Corporation is also not generating adequate cash flows to meet all its commitments and obligations as and when they fall due.

As at 31 May 2016, total liabilities of the Corporation exceed total assets resulting in net liabilities of $172.1 million. The current liabilities exceed the current assets by $41.6 million.

The Corporation has debt repayment commitments amounting to $82.8 million during the financial year ended 31 May 2017. Furthermore, the Corporation requires further funding to meet its working capital and capital expenditure requirements.

The above conditions and other matters as disclosed in Note 23 of the financial statements indicate the existence of a material uncertainty that cast significant doubt about the Corporation's ability to continue as a going concern.

The appropriateness of the going concern assumption on which the financial statements are prepared is critically dependent on the Government's support to the Corporation and the sugarcane industry, to enable the Corporation to continue in operation for at least twelve months. The appropriateness of the going concern assumption is also dependent on quantity and quality of cane supply together with improvements in mill performance, timely and effective implementation of the plans and initiatives and other factors as outlined in Note 23.

Should the going concern assumption be not appropriate, adjustments would have to be made to reflect a situation where the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts stated in the statements of financial position of the Corporation. In addition, the Corporation may have to provide for further liabilities which may arise, and to classify the non-current assets and non-current liabilities as current assets and current liabilities, respectively. No such adjustments have been made to these financial statements.

Report On Other Legal and Regulatory Requirements

In our opinion:

a) proper books of account have been kept by the Corporation, so far as it appears from our examination of those books;

b) the financial statements are in agreement with the books of account; and

c) to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1983 in the manner so required.

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

BDO

SUVA, FIJI
18 SEPTEMBER 2017

BDO
CHARTERED ACCOUNTANTS

THE FIJI SUGAR CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2016

	Notes	2016 $'000	2015 $'000
Revenue			
Exports, sugar and molasses		182,043	163,887
Local, sugar and molasses		17,770	33,370
		199,813	**197,257**
Less: Cost of milling and sales		(207,547)	(206,536)
Gross loss		**(7,734)**	**(9,279)**
Other income		1,356	222
Realised exchange gain, net		141	381
Administrative and operating expenses		(14,799)	(17,463)
Investment in subsidiary written off	13	(12)	-
Advances from subsidiary written back	18(h)	17	-
Loss due to flooding		(95)	-
Allowance for non-current inventory obsolescence		(2,025)	(105)
Allowance for other receivables		(1,851)	-
Allowance for impairment loss on receivable from subsidiary - Pacific Cogeneration Limited		(1,142)	-
Loss from operations		**(26,144)**	**(26,244)**
Finance costs, net	7	(6,377)	(3,304)
Interest on loans waived - Government of Fiji loans	8	-	24,818
Unrealised exchange loss, net		(3,828)	(9,835)
Allowance for impairment loss written back/ (allowance for impairment loss) on receivables - Top-Up Cane payment		17,168	(17,168)
Allowance for impairment loss on capital works in progress	12(h), 12(i)	(10,231)	-
Allowance for impairment loss on property, plant and equipment	12(f)	(24,000)	-
Loss before income tax		**(53,412)**	**(31,733)**
Income tax expense	10(a)	-	-
Loss for the year		**(53,412)**	**(31,733)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(53,412)**	**(31,733)**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

THE FIJI SUGAR CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2016

	Notes	2016	2015
ASSETS		$'000	$'000
Non-current assets			
Property, plant and equipment	12	177,451	238,308
Available-for-sale financial assets	13	-	12
Inventories	14	2,817	3,236
Total non-current assets		180,268	241,556
Current assets			
Inventories	14	15,277	12,169
Receivables	15	57,594	9,222
Current tax assets	10(b)	473	471
Cash and bank balances		596	2,651
Total current assets		73,940	24,513
Total assets		**254,208**	**266,069**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	22,200	22,200
Accumulated losses		(194,340)	(140,928)
Total equity deficit		(172,140)	(118,728)
Non-current liabilities			
Borrowings	18	273,894	276,558
Deferred income	19	34,869	832
Provisions	20	2,075	1,974
Total non-current liabilities		310,838	279,364
Current liabilities			
Borrowings	18	82,783	84,106
Provisions	20	2,441	2,262
Payables and accruals	21	30,286	19,065
Total current liabilities		115,510	105,433
Total equity and liabilities		**254,208**	**266,069**

The above statement of financial position should be read in conjunction with the accompanying notes.

These financial statements have been approved by a resolution of the Board of Directors. For and on behalf of the Board.

Director

Director

THE FIJI SUGAR CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2016

	Share Capital $'000	Accumulated Losses $'000	Total $'000
Balance at 1 June 2014	22,200	(109,195)	(86,995)
Loss for the year	-	(31,733)	(31,733)
Other comprehensive income	-	-	-
Balance at 31 May 2015	22,200	(140,928)	(118,728)
Loss for the year	-	(53,412)	(53,412)
Other comprehensive income	-	-	-
Balance at 31 May 2016	22,200	(194,340)	(172,140)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

THE FIJI SUGAR CORPORATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MAY 2016

	2016 $'000	2015 $'000
Cash flows from operating activities		
Receipts from customers and other operating activities	197,166	200,288
Payments to suppliers, employees and other operating activities, net of insurance proceeds	(203,839)	(221,467)
Cash used in operations	(6,673)	(21,179)
Finance income received	11	20
Finance cost paid	(5,102)	(3,392)
Net cash used in operating activities	(11,764)	(24,551)
Cash flows from investing activities		
Payments for property, plant and equipment	(15,646)	(31,259)
Proceeds from the sale of property, plant and equipment	123	-
Advances given to subsidiary	(3)	(5)
Proceeds from withdrawal of deposits	-	4,816
Net cash used in investing activities	(15,526)	(26,448)
Cash flows from financing activities		
Proceeds from borrowings	-	41,350
Repayment of borrowings	(28,651)	(5,782)
Proceeds from borrowings – ANZ pre export facility, net	28,889	40,900
Proceeds from/(repayment of) RBF and FNPF bonds	25,000	(32,500)
Advances to subsidiary	(3)	(3)
Net cash provided by financing activities	25,235	43,965
Net decrease in cash and cash equivalents	(2,055)	(7,034)
Cash and cash equivalents at the beginning of the financial year	2,651	9,685
Cash and cash equivalents at the end of the financial year **(Note 16)**	596	2,651

The above statement of cash flows should be read in conjunction with the accompanying notes.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016

NOTE 1. GENERAL INFORMATION

a) Corporate information

The Fiji Sugar Corporation Limited (the "Corporation") is a limited liability company incorporated and domiciled in Fiji. The address of its registered office and principal place of business is at Drasa Avenue, Balawa, Lautoka.

b) Principal activities

The Corporation owns four sugar mills and operates three sugar mills in the year under review and is involved in the milling of sugarcane, manufacture and sale of sugar and molasses produced.

Penang Mill was significantly damaged by Tropical Cyclone Winston in February 2016. In view of damage to major components of the mill, the Corporation decided to close this mill following evaluation of repair costs and the non-viability of the facility.

There were no significant changes in the nature of these activities during the financial year.

NOTE 2. BASIS OF PREPARATION

a) Basis of preparation

The financial statements of the Corporation have been prepared under the historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the future periods are disclosed, where applicable, in the relevant notes to the financial statements.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 5.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

b) Basis of non-consolidation

The Corporation has not prepared consolidated financial statements including results of its subsidiary companies, FSC Projects Limited and Pacific Cogeneration Limited, given that subsidiary companies are currently dormant, assets and liabilities of subsidiary companies are considered to be immaterial and are proposed to be wound up voluntarily under Members' Voluntary Winding Up.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 2. BASIS OF PREPARATION (CONT'D)

c) Basis of accounting - going concern

The financial statements have been prepared on a going concern basis on the assumption that the Corporation will continue to receive ongoing support from the Government of Fiji. During the year, loan from the Government of Fiji has been converted to a long term loan with an option to convert the loan into equity. Subsequent to balance date, the Government of Fiji has increased the existing Government guarantee of $120 million to $322 million and the guarantee period has been extended from 31 May 2020 to 31 May 2022.

Furthermore, subsequent to year end, the Corporation has developed a 5-year Strategic Plan (2018-2022). Accordingly, the Corporation will pursue increasing the area under cane cultivation, revenue optimisation from large scale sugar plantations, power generation income and better marketing of Sugars of Fiji for local and regional markets. Further, the management plans to invest in refurbishing and upgrading the mills to continue to achieve improvements in mill efficiency and mill performance together with consistent, improved quantity and quality of cane supply and thereby generate adequate profits and cash flows from future operations to meet its obligations as and when they fall due.

The directors believe that with the support of the Government, the Corporation will be able to continue in operation for at least 12 months from the date of this statement and the classification and carrying amounts of assets and liabilities as stated in these accounts are appropriate.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might become necessary should the Corporation be unable to continue as a going concern.

d) Statement of compliance

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) as required by the Fiji Institute of Accountants and in compliance with the requirements of the Companies Act, 1983.

e) Comparatives

Where necessary, comparative figures have been re-grouped to conform with changes in presentation in the current year.

f) Changes in accounting policies

Amendments to standards and annual improvements effective from 1 June 2015

A number of amendments to standards and annual improvements are effective for the first time for periods beginning on (or after) 1 January 2015. None of the amendments have a material effect on the Corporation's annual financial statements.

New standards, interpretations and amendments that have been issued but are not mandatorily effective as at 31 May 2016

The following are some relevant new standards, interpretations and amendments, which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the Corporation's future financial statements. The Corporation intends to adopt these standards, interpretations and amendments, if applicable, when they become effective.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 2. BASIS OF PREPARATION (CONT'D)

f) Changes in accounting policies (Cont'd)

New standards, interpretations and amendments that have been issued but are not mandatorily effective as at 31 May 2016 (Cont'd)

i) IFRS 9 - Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 is expected to have an effect on the classification and measurement of the Corporation's financial assets.

ii) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Corporation is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

iii) IFRS 16 - Leases

On 13 January 2016, the IASB issued IFRS 16 Leases, which supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the balance sheet by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

IFRS 16 applies to annual periods commencing on or after 1 January 2019. Earlier adoption is permitted, but only IFRS 15 Revenue from Contracts with Customers is also adopted. The Corporation is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 2. BASIS OF PREPARATION (CONT'D)

f) Changes in accounting policies (Cont'd)

New standards, interpretations and amendments that have been issued but are not mandatorily effective as at 31 May 2016 (Cont'd)

iv) Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have significant impact to the Corporation given that the Corporation has not used a revenue-based method to depreciate its non-current assets.

v) Amendments to IAS 1 – Disclosure Initiative

The amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of financial statements to their circumstances and the needs of users. The amendments are effective for annual periods beginning on or after 1 January 2016. The Corporation is currently assessing the disclosure requirements of amendments and plans to adopt the amendments on the required effective date.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Corporation are stated to assist in a general understanding of these financial statements. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

a) Financial assets

The Corporation classifies its financial assets as required under IFRS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The financial assets of the Corporation comprise of receivables and available-for-sale financial assets.

i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. The Corporation's receivables comprise 'receivables' disclosed in the statement of financial position (Note 15). Bad debts are written off during the period in which they are identified.

Receivables are recorded at amortised cost less impairment.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Financial assets (Cont'd)

ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments in subsidiaries are classified as available-for-sale investments and are accounted for at cost in the individual financial statements.

The Corporation assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of profit or loss and other comprehensive income.

b) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash in banks and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents are stated net of bank overdraft.

c) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that a specific debtor balance is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within administration and operating expenses.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of profit or loss and other comprehensive income.

d) Inventories

Sugar and molasses are valued at lower of cost and net realisable value. Net realisable value is determined by approved selling prices, contracts or free market prices and is net of expected related marketing, selling and distribution costs.

Spares are stated at cost. Costs are assigned to spares using the weighted average basis and comprise all costs incurred in bringing the stocks to their present location and condition. Allowances for spare parts inventory obsolescence are raised based on a review of inventories, and aging of inventories. Inventories considered obsolete or un-serviceable are written off or brought down to their estimated fair value in the year in which they are identified.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised.

All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Cost of leasehold land includes initial premium payment or price paid to acquire leasehold land including acquisition costs.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land	Term of lease
Buildings and improvements	2% to 10%
Plant, machinery and equipment	3% to 25%
Vehicles and transport systems	15% and 20%
ERP system	10%

New assets are depreciated from the commencement of the half-year in which they are commissioned.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profits and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

Capital works in progress principally relates to costs and expenses incurred for capital works in the nature of property, plant and equipment. Capital work in progress is stated at historical cost and is not depreciated.

Interest and other incidental costs on borrowings to finance the construction of property, plant and equipment are capitalized, during the period of time that is required to complete and prepare the asset for its intended use.

Costs incurred for capital work in progress are capitalised and are assessed by the management and directors on a periodic basis for its viability and successful implementation. The capitalised cost is written-off if the project development is abandoned permanently.

Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Corporation. Major renovations are depreciated over the remaining useful life of the related asset.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Impairment of non-financial assets

At each statements of financial position date, the Corporation reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Payables and accruals

Trade payables and other accounts payable are recognised when the Corporation becomes obliged to make future payments resulting from the purchase of goods and services.

h) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Employee benefits

Wages and salaries

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are accrued up to the reporting date.

Annual leave and sick leave

The liability for annual leave and sick leave are recognized in the provision for employee benefits. These benefits are expected to be settled within 12 months and are measured at their nominal values using the remuneration rate expected to apply at the time of the settlement.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Termination benefits

The Corporation recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made for redundancy. Benefits falling due more than 12 months after the statement of financial position date are disclosed at the present value.

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

k) Foreign currency translation

Functional and presentation currency

The Corporation operates in Fiji and hence its financial statements are presented in Fiji dollars, which is the Corporation's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the Fijian currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Foreign exchange forward contracts outstanding as at the yearend are stated at fair values and any gains or losses are recongised in the statement of profit or loss and other comprehensive income.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received.

The benefit of a Government loan at a below-market rate of interest is treated as a Government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other Government grants are recognized as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related cost are recognized in profit or loss in the period in which they become receivable.

m) Leases

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 any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

n) Income tax

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statements of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and the eligible tax losses can be utilised.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Income tax (Cont'd)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

o) Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Corporation's activities. Revenue is shown net of Value Added Tax, returns, rebates, brokerage, marketing fees, duties, taxes paid and discounts and after eliminating sales within the Corporation.

The Corporation recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Corporation's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Corporation bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Finance income

Finance income is recognised on a time-proportion basis using the effective interest method.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) Value Added Tax (VAT)

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

i) where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii) for receivables and payables which are recognised inclusive of VAT.

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

The VAT component of cash flows arising from operating and investing activities which is recoverable from or payable to, the taxation authority is classified as operating cash flows.

NOTE 4. RISK MANAGEMENT

Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units. The board provides policies and guidelines for overall risk management, as well as policies and guidance covering specific areas, such as mitigating interest rate risk, credit risk and investment of excess liquidity.

(i) Market risk

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

(a) Foreign exchange risk

The Corporation undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within policy parameters.

The carrying amount of the Corporation's foreign currency denominated significant monetary assets and liabilities at the end of reporting period are as follows:

	2016 $'000	2015 $'000
Liabilities		
US Dollar	146,024	155,074
Europe Euro	18,880	-
Assets		
US Dollar	706	1,712

Foreign currency sensitivity analysis

The Corporation is mainly exposed to the currency of USA and Europe.

The following table details the Corporation's sensitivity to a 10% increase and decrease in Fiji dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key executive management personnel and represents executive management's assessment of the reasonably possible change in foreign exchange rates.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 4. RISK MANAGEMENT (CONT'D)

(i) Market risk (Cont'd)

Foreign currency sensitivity analysis (Cont'd)

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. If the FJD strengthen/weaken by 10% against the USD and EUR, with all other variables held constant, pre- tax profit impact is as follows:

Foreign Currency	Profit / (Loss) Impact			
	Strengthen		Weaken	
	2016 F$ 000's	2015 F$ 000's	2016 F$ 000's	2015 F$ 000's
Europe Euro – EUR	1,716	-	(2,097)	-
US Dollar – USD	13,211	13,942	(16,146)	(17,040)

(b) Price and volume risk

The Corporation is exposed to world sugar price for bulk sugar exports. The Corporation is also exposed to world molasses price for molasses exports.

Bulk sugar exports from Fiji to markets in the European Union (EU) fall within the preferential status conferred by the EU Sugar Regime as it applies to members of the African, Caribbean and Pacific (ACP) group of countries (including Fiji) and to Least Developed Countries. Historically, Fiji has enjoyed duty free access for a fixed quota of 220,000 metric tonnes of sugar linked to a guaranteed minimum price. This arrangement was modified by reform to the EU Sugar Regime whereby guaranteed prices were reduced by 33% progressively from 2006 and quota access abolished effective from 30 September 2017. From 1 October 2009, Fiji's quota access to the EU was governed by a new regional Economic Partnership Agreement. With effect from 1 October 2017, Fiji will enjoy a continuation of market access on quota free and duty free terms, with pricing linked to prevailing market prices in the EU, which in turn will be driven by world sugar prices. The exposure of Fiji to world sugar price dynamics will thus increase from 1 October 2017.

Alternative export markets are available to Fiji which potentially provide superior pricing to EU destinations as a result of freight premiums arising from Fiji's geographic proximity to these markets.

The Corporation does not have investments in equity securities quoted on stock exchange and hence is not exposed to equity securities price risk.

(c) Cash flow and fair value interest rate risk

The Corporation has significant interest-bearing borrowings denominated in foreign currency from Export Import Bank of India (EXIM) and Tate & Lyle Sugars. The borrowings from EXIM are at floating rates based on "US Dollar London Inter Bank Offered Rate (LIBOR)", and accordingly are exposed to interest rate risk. Borrowings from Tate & Lyle Sugars are not exposed to interest rate risk during borrowing term as funds are borrowed at fixed interest rates.

In relation to borrowings from Government of Fiji, ANZ Banking Group Ltd, Sugar Cane Growers Fund, Reserve Bank of Fiji, Fiji National Provident Fund and Fiji Development Bank, the Corporation is not exposed to interest rate risk during borrowing term as it borrows funds at fixed interest rates. However, the Corporation is exposed to market interest at the time of the rollover of borrowings or refinancing of borrowings. The interest rate risks and exposures are being closely monitored by the Executive Management of the Corporation and the Directors.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 4. RISK MANAGEMENT (CONT'D)

i) Market risk (Cont'd)

(d) Regulatory risk

The Corporation's profitability can be significantly impacted by sugarcane industry regulatory environment; regulatory agencies established which governs the Sugarcane Industry in Fiji and the ongoing and proposed reforms in the Fiji Sugarcane Industry.

In addition, the Corporation's profitability is also significantly impacted by the Reform of the European Union Sugar Regime as the Corporation sells most of its sugar to the EU. The EU and the ACP have negotiated market access arrangements specific to sugar under the regional Economic Partnership Agreements (EPA) effective from 1 October 2009 until 30 September 2017.

The salaries and wages payable to workers are subject to relevant wages regulations and employment legislation.

(ii) Credit risk

Credit risk is managed at the Corporation. Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to wholesale and retail customers, including outstanding receivables. For banks, only reputable parties with known sound financial standing are accepted. The credit risks arising on account of receivables is moderate as the arrangement for the sugar and molasses sales to the EU and other ACP States are under long term agreement and protocol.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to ensure availability of funding. The Corporation monitors liquidity through rolling forecasts of the Corporation's cash flow position.

The table below analyses the Corporation's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	1 - 5 years	Over 5 year	Total
	$'000	**$'000**	**$'000**	**$'000**
At 31 May 2016				
Short term borrowings	82,783	-	-	82,783
Long term loans	-	53,545	173,817	227,362
Export Import Bank of India	-	70,805	9,801	80,606
Trade and other payables	30,286	-	-	30,286
	113,069	124,350	183,618	421,037
At 31 May 2015				
Short term borrowings	66,895	-	-	66,895
Long term loans and bonds	-	34,943	173,817	208,760
Export Import Bank of India	17,211	58,522	9,276	85,009
Trade and other payables	19,065	-	-	19,065
	103,171	93,465	183,093	379,729

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 4. RISK MANAGEMENT (CONT'D)

(iv) Cane supply risk

The Corporation's profitability is largely dependent on the cane supply by growers. The cane supply and the gross loss of the Corporation is shown below:

Year	Actual Cane Supply for the Year (000t)	Gross Profit/(Loss) for the Year ($ million)
2015 – Actual	1,832	(9.3)
2016 - Actual	1,845	(7.7)
2017 - Actual	1,387	(18.47)
2018 - Budgeted	2,048	17.7

(v) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, and fraud to external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The Corporation cannot expect to eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the Corporation is able to manage risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment procedures.

Capital risk management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The Corporation monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents and term deposits. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

Fair value estimation

The carrying value less allowance for doubtful debts of trade receivables and payables are assumed to approximate their fair values. The carrying values of financial liabilities are estimated to approximate their fair values.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the application of the Corporation's accounting policies, which are described in Note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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 periods if the revision affects both current and future periods.

The critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Corporation's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Critical accounting estimates and judgments in applying the Corporation's accounting policies

(a) Impairment of property, plant and equipment

The Corporation assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, reasonable allowance for impairment are created.

For the year ended 31 May 2016, an independent impairment review of the assets of the Corporation was carried out by an independent consultant from New Zealand. The impairment assessment was undertaken in accordance with International Accounting Standard 36 "Impairment of Assets". The recoverable amount of the relevant assets has been determined on the basis of their value in use. The value in use has been determined based on discounted cash flow assessment covering 10 years from 2017 to 2027 based on a scenario with cane volumes of 1.4 million tonnes for 2017 and increasing to 2.9 million tonnes by 2019 and 4.2 million tonnes by 2027. The discount rate of 9.5% has been used in measuring value in use. In making financial forecasts, executive management has relied on technical experts wherever deemed appropriate, including the areas of engineering and marketing aspects of operations.

Based on the independent impairment review as above, further assessment has been carried out by the executive management and directors, and additional provision for impairment of $24 million is made for the year ended 31 May 2016.

Whilst the future cash flow is dependent on key variables and some of the critical variables such as sugar price, exchange rate, cane volumes and POCS (pure obtainable cane sugar) ratio, these are outside the control of the Corporation. Furthermore, variables such as mill uptime (including its impact on TCTS), crushing rate, level of operating costs and mill stoppages are critically dependent on the performance and efficiency of the mill.

Executive management and directors' assessment of cash flow forecast involves making a judgment, at the particular point in time, about inherently uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

Critical accounting estimates and judgments in applying the Corporation's accounting policies (Cont'd)

(b) Depreciation of property, plant and equipment

In relation to acquired property, plant and equipment, the executive management apply judgment to determine the depreciation period based on the expected useful lives of the respective assets. Where estimated useful lives or recoverable values have diminished due to technological change or market conditions, depreciation is accelerated.

The executive management's assessment of useful lives or recoverable amount involves making a judgment, at the particular point in time, about inherent uncertain future outcomes of events or conditions. Accordingly, subsequent events may result in outcomes that are significantly different from assessment.

(c) Allowances for stock obsolescence

Allowances for stock obsolescence is assessed and raised on a specific and collective basis based on a review of inventories, including the status of inventories by the engineering team of the Corporation. Inventories considered obsolete or un-serviceable are written off in the year in which they are identified.

(d) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual as well as on a collective level. At a collective level, all debtors outstanding for more than three months (excluding those covered by a specific impairment provision) are considered to have been impaired and provision are made based on assessment of individual accounts.

(e) Deferred tax assets

Deferred tax assets are recognized for all unused tax losses and benefits arising from temporary differences to the extent that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely and level of future taxable profits together with future planning strategies. The deferred tax asset relating to tax losses and temporary differences have not been brought to account as in the opinion of the executive management its realization is not considered to be probable. Further details are contained in Note 11(b).

(f) Deferred tax liabilities

Deferred tax liability is recognized on taxable temporary differences over unrealized gain on stock of sugar and molasses and is measured at the tax rates that are expected to apply in the period in which the liability is expected to be settled. The management's decision in recoding its deferred tax liability requires significant judgment and estimates of future tax rates and future tax payables. The deferred tax liability has not been recognized in view of significant unrecognized deferred tax assets relating to tax losses and other temporary differences which is expected to be available as deduction against realization of temporary differences giving rise to tax liability. Subsequent events may result in outcomes that may be different from the judgments and estimates applied. Further details are contained in Note 11(a).

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 6. LOSS FROM OPERATIONS

	2016 $'000	2015 $'000
Loss from operations have been arrived at after crediting the following income:		
Amortisation of government grants (Note 19)	37	37
Creditors and payables written back	30	30
Gain on sale of plant and equipment	116	155
Insurance recovery – reprocessing costs (a)	1,173	-
Loss from operations have been arrived after charging the following expenses:		
Auditor's remuneration for:		
- Audit services	87	72
- Other services	5	16
Bad debts written off	520	156
Depreciation and amortization:		
- Leasehold land, building and improvements	1,641	1,601
- Plant, machinery and equipment	17,152	15,880
- Vehicles and transport systems	1,559	1,565
Directors' emoluments for:		
- Executive Director's remuneration	748	822
- Directors' fees	48	42
- Other services and allowances	15	51
Impairment loss on receivables (Note 15)	3,156	18,333
Forward contract rollover fees (b)	-	7,032
Staff costs (Note 9)	30,676	30,676

(a) Due to the Tropical Cyclone Winston, the Corporation lost 3,000 tonnes of sugar. Subsequent to balance date, the Corporation received insurance proceeds of $1,172,514 in full and final settlement for the additional reprocessing costs of the damaged sugar. This is included under cost of milling and sales.

(b) In the prior year, due to delays in receipt of sale proceeds, the Corporation was unable to settle the forward contracts with ANZ Bank. As such, the contracts were rolled over for which forward contract roll over fees of $7,031,582 was charged, which is included under costs of milling and sales.

NOTE 7. FINANCE INCOME AND COST

FINANCE INCOME

Interest income	13	29
FINANCE COSTS		
Finance expense:		
- Secured and unsecured borrowings	(6,390)	(3,333)
Total finance costs, net	(6,377)	(3,304)

During the year, borrowing costs amounting to $Nil (2015: $853,583) was capitalized in relation to the 10MW power cogeneration plant at Labasa. The plant was capitalized during the year (Note 12(b)).

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 8. INTEREST ON LOANS WAIVED - GOVERNMENT OF FIJI LOANS

In accordance with a confirmation dated 1 April 2016 from the Ministry of Finance, the interest accrued aggregating to $24,818,382 from effective date of loan draw down up to 31 May 2014 on borrowings from the Government of Fiji has been waived.

Furthermore, no interest has been charged on the borrowings from the Government of Fiji for the year ended 31 May 2016 and 2015.

NOTE 9. STAFF COSTS

	2016 $'000	2015 $'000
Wages and salaries	27,544	28,705
FNPF contribution	3,078	2,833
Other employee benefits	734	325
	31,356	31,863
Less: staff costs for capital works	(531)	(1,111)
	30,825	30,752
Provisions for employee benefits, net movement	(149)	(76)
Total staff costs	30,676	30,676

NOTE 10. INCOME TAX

The prima facie tax expense is reconciled to the income tax expense as follows:

a) Income tax expense

	2016	2015
Loss before income tax expense	(53,412)	(31,733)
Prima facie tax benefit thereon at 20%	(10,682	(6,347)
Tax effect of:		
Non-deductible expenses	355	331
Unrealised exchange loss, net	-	37
Amortisation of government grant	(7)	(7)
Deferred income tax asset relating to tax losses and temporary differences unrecognised, net of unrecognised deferred tax liabilities	10,334	5,986
Income tax expense	-	-

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 10. INCOME TAX (CONT'D)

b) Current tax asset

	2016 $'000	2015 $'000
Movements during the year were as follows:		
Balance at the beginning of the year	471	466
Withholding tax	2	5
Balance at the end of the year	473	471

NOTE 11. DEFERRED TAX ASSETS / LIABILITIES

a) Deferred tax liability

Deferred tax liability of the Corporation amounting to $719,835 (2015: $300,849) in respect of unrealized gain on stock of sugar and molasses as at 31 May 2016 has not been recognized in view of significant unrecognized deferred tax assets relating to tax losses and other temporary differences which will be available as deduction against realization of temporary differences giving rise to tax liability.

b) Deferred tax assets not recognised

In accordance with the provisions of the Income Tax Act, tax losses are allowed to be carried forward for 4 years.

The deferred tax assets of the Corporation relating to estimated tax losses and temporary differences amounting to approximately $38.04 million (2015: $25.81 million) have not been brought to account as its realization is not considered to be probable. The deferred tax asset will only be realized if:

i) the Corporation derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realized;

ii) the Corporation continues to comply with the conditions for deductibility imposed by tax legislation; and

iii) no changes in the tax legislation adversely affect the Corporation in realizing the benefit from the deductions for the loss.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Leasehold Land	Buildings and Improvements	Plant, Machinery and Equipment	Vehicles and Transport Systems	Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 May 2016							
Cost	21,904	526	74,784	445,874	47,560	17,118	607,766
Accumulated depreciation	-	(48)	(27,254)	(267,960)	(36,157)	-	(331,419)
Accumulated impairment losses	-	-	(16,214)	(59,322)	(2,849)	-	(78,385)
Assets write down due to cyclone effect	-	-	(6,589)	(13,800)	(122)	-	(20,511)
Balance as at 31 May 2016	**21,904**	**478**	**24,727**	**104,792**	**8,432**	**17,118**	**177,451**
At 31 May 2015							
Cost	21,904	381	70,783	405,683	48,185	58,537	605,473
Accumulated depreciation	-	(37)	(25,845)	(251,618)	(35,280)	-	(312,780)
Accumulated impairment losses	-	-	(11,249)	(41,159)	(1,977)	-	(54,385)
Balance as at 31 May 2015	**21,904**	**344**	**33,689**	**112,906**	**10,928**	**58,537**	**238,308**

a) Impairment Assessment

During year ended 31 May 2010, an independent impairment review of the assets of the Corporation was carried out by an independent consultant from New Zealand. Based on the independent assessment, the management had carried out an assessment of the value in use of property, plant and equipment, and had recognized impairment loss amounting to $173.4 million and allocated on a pro-rata basis to buildings and improvements, plant, machinery and equipment, vehicles and transport systems.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

a) Impairment Assessment (Cont'd)

During the years ended 31 May 2012, 31 May 2013 and 31 May 2014, based on independent impairment assessment report, management recognized reversal of impairment loss amounting to $40 million, $45.5 million and $35 million, respectively. The reversal of impairment and impairment loss were allocated on a pro-rata basis to buildings and improvements, plant, machinery and equipment, vehicles and transport systems. Due to improvement in mill efficiency and TCTS ratio together with expected improvement in quality and quantity of cane supply, the expected recoverable amount and thereby the carrying value of property, plant and equipment was assessed to have been improved in those years.

For the year ended 31 May 2016, an independent impairment review of the assets of the Corporation was carried out by an independent consultant from New Zealand. The impairment assessment was undertaken in accordance with International Accounting Standard 36 "Impairment of Assets". The recoverable amount of the relevant assets has been determined on the basis of their value in use (Refer Note 5(a)). Due to fall in mill efficiency and TCTS ratio together with reduction in quality and quantity of cane supply, the expected recoverable amount and thereby the carrying value of property, plant and equipment has been assessed to have reduced. Accordingly, executive management and directors have assessed that additional provision of $24 million for impairment is required.

The Corporation has further carried out sensitivity analysis of assessment of recoverable amount as at 31 May 2016 with the following assumptions:

- Terminal growth rate - ± 0.5%
- Cane production - ± 2%
- Exchange rate - ± 0.5%
- Expenditure - ± 2%
- World market price - ± 2%

Refer Note 5(a) in relation to critical accounting estimates and judgments, and significant uncertainty in relation to impairment of property, plant and equipment.

b) Borrowing Costs

During the year, borrowing costs amounting to $Nil (2015: $853,583) was capitalised in relation to the 10MW power cogeneration plant at Labasa. The plant was capitalized during the year.

c) Revaluation of Land and Buildings as Deemed Cost

In prior years, land and buildings were revalued based on the valuation carried out by independent registered valuers, Rolle Hillier Parker of Suva, Fiji in July 2002. Upon adoption of IFRS (effectively from, 1 June 2006), the Corporation had 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 $66,884,324.

d) Impact of Tropical Cyclone Winston

In February 2016, Tropical Cyclone Winston hit Fiji and severely affected certain parts of Fiji. As a consequence, the Corporation's operations were significantly affected. The cyclone has caused significant damages to the buildings, sugarcane milling equipment and sugar. Furthermore, subsequent to the cyclone, the Corporation's preparation for crushing season has also been disrupted, particularly at the Penang Sugar Mill where infrastructure and milling equipment have been severely damaged. In view of damage to major components of the mill, the Corporation decided not to operate the Penang mill.

Based on the assessment carried out by the management together with insurance claims lodged and claim settled, the carrying value of buildings and improvements and plant, machinery and equipment for the Penang, Rarawai and Lautoka Mills have been written down by $20,510,877 with the allocation of insurance claim received subsequent to balance date.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

e) Insurance

During the year, the Corporation has obtained insurance cover on various property, plant and equipment (but excluding railway network) subject to various terms and conditions and exclusions.

f) Reconciliation of Carrying Amounts

Reconciliation of carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year are as follows:

	Freehold Land	Leasehold Land	Buildings and Improvements	Plant, Machinery and Equipment	Vehicles and Transport Systems	Capital Work In Progress	Total 2016	Total 2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 June	21,904	344	33,689	112,906	10,928	58,537	238,308	227,069
Additions	-	-	-	-	-	15,646	15,646	32,272
Transfer from CWIP	-	145	4,639	41,334	77	(46,195)	-	-
Disposals, write offs, provisions for write-down	-	-	(418)	(332)	(20)	(10,870)	(11,640)	(1,987)
Assets written down due to cyclone effect (Note 12(d))	-	-	(6,589)	(13,800)	(122)	-	(20,511)	-
Impairment charge (Note 12(a))	-	-	(4,964)	(18,164)	(872)	-	(24,000)	-
Depreciation (Note 6)	-	(11)	(1,630)	(17,152)	(1,559)	-	(20,352)	(19,046)
Balance as at 31 May	21,904	478	24,727	104,792	8,432	17,118	177,451	238,308

g) Capital Work-in-Progress

Capital Work-in-Progress balance of the Corporation $17.118 million as at 31 May 2016 includes:

- Leasehold Land, Buildings and Improvements - $0.16 million
- Sugar Mills - Plant, Machinery and Equipment - $16.421 million
- Vehicles and Transport Systems - $0.015 million
- Co-generation Plant and Improvements - $0.522 million

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

h) Cogeneration Project at Rarawai

Subsequent to balance date, the Board of Directors resolved that co-generation of electricity will only be considered as a longer term strategy for the Corporation and accordingly a provision for write down has been made against the carrying value of the project amounting to $3,281,090.

i) Other Capital Projects

Subsequent to balance date, the Board of Directors have reviewed the projects on hand and have resolved not to proceed with certain projects in the near future. Accordingly, a provision for write down has been made against the cost incurred for the sugar refinery project, syrup project, bagasse handling system and consultancy costs amounting to $6,949,870.

j) Security

Certain plant, machinery and equipment are subject to security (including Bill of Sale) to Fiji Development Bank (Note 18(g)).

NOTE 13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016	2015
	$'000	$'000
Non-current		
Subsidiary companies		
Shares in subsidiary companies, at cost (a)	-	12

a) Investments in subsidiaries

Name of Company	Place of Incorporation	Book Value of Holding Company Investments (Ordinary shares)		% Shareholding	
		2016	2015	2016	2015
		$	$	%	%
Unlisted Companies					
FSC Projects Limited	Fiji	100	100	100	100
FSC Services Pty Limited (i)	Australia	-	11,875	-	100
Pacific Cogeneration Limited	Fiji	2	2	100	100
		102	11,977		

(i) Investments in FSC Services Pty Limited of $11,875 has been written off during the year since the company was dormant and has been deregistered.

The Corporation has not prepared consolidated financial statements including results of its subsidiary companies, FSC Projects Limited and Pacific Cogeneration Limited, given that subsidiary companies are currently dormant, assets and liabilities of subsidiary companies are considered to be immaterial, and are proposed to be wound up under the Members' Voluntary Winding Up.

Under consolidated financial statements, overall total assets will increase by around $1.34 million with corresponding reduction in equity deficit by around $1.34 million, with no impact on results and cashflow position for the year.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 14. INVENTORIES

	2016 $'000	2015 $'000
Non-Current		
Capital spare parts and spare gears- at cost	9,639	8,033
Less: Allowance for inventory obsolescence	(6,822)	(4,797)
Total non-current inventories, net	2,817	3,236
Current		
Sugar and molasses	11,997	5,014
Maintenance spares and consumables – at cost	3,280	7,155
Total current inventories	15,277	12,169

Sugar and molasses have been valued based on expected net realizable value.

NOTE 15. RECEIVABLES

Current

	2016 $'000	2015 $'000
Trade receivables	705	1,064
Receivable from subsidiary (a)	1,159	1,155
Receivable from liquidation of Fiji Sugar Marketing	-	1,032
Receivable from the Government of Fiji – Grants (b)	84	822
Receivable from the Government of Fiji – Top-Up Cane Payment (c)	17,168	17,168
Receivable from Joint Ventures (d)	1,451	739
Insurance receivable (e)	29,358	-
Receivable from growers – Special Cane Payout (f)	1,845	-
Receivable from growers - Others	1,216	-
VAT receivable	1,803	555
Recoverable expenses from contractors	943	943
Other receivables	1,561	3,427
	57,293	26,905
Less: Impairment loss	(3,226)	(19,082)
	54,067	7,823
Prepayments and deposits	3,527	1,399
Total current trade and other receivables, net	57,594	9,222

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 15. RECEIVABLES (CONT'D)

The carrying value of trade and other receivables and receivables from related parties are considered to be their reasonable approximation of their fair values. Movements on the allowance for impairment of trade and other receivables are as follows:

	2016 $'000	2015 $'000
Opening balance	19,082	749
Impairment loss on receivables (Note 6)	3,156	18,333
Impairment loss reversed during the year	(19,012)	-
Closing balance	3,226	19,082

Trade receivables principally comprise amounts outstanding for sale of sugar and molasses. Trade receivables are non-interest bearing and are generally settled on 30 – 60 day term.

a) Subsequent to balance date, the Board of Directors resolved that co-generation of electricity will only be considered as a longer term strategy for the Corporation. Accordingly, the Corporation has made a provision of $1,142,214 against the receivables from the subsidiary, Pacific Cogeneration Limited as these receivables related to the expenditure incurred on the cogeneration project at Rarawai.

b) As at balance date, the Corporation has submitted acquittals of $84,198 (2015: $821,521) to the Government for Grant under the Sugar Development Program.

c) In the year ended 31 May 2015, top-up cane payment of $9.39 per tonne aggregating to $17,167,579 was made by the Corporation to growers with the 4th cane payment for the 2014 season over the actual price calculation as per the Master Award to maintain the income of the farmers at $80 per tonne to inspire further confidence in the farmers and incentivize them to plant higher acreage of cane.

The directors believed that the top-up cane payment will be reimbursed by the Government. However, the Corporation has not received any confirmation or payments from the Government upto October 2016. As a matter of caution, allowance for impairment loss on receivable has been recognized in the books of account in 2015.

Subsequent to balance date, on 17 May 2017 the Corporation received $17,204,227 towards the top-up cane payment reimbursement. Accordingly, allowance for impairment loss on receivables recognized in the books of account has been reversed in the current year.

d) The Corporation has entered into various Joint Ventures. The purpose of the Joint Venture is to undertake commercial cane plantation. As at balance date, receivable of $1,451,080 (2015: $739,094) relates to costs incurred by the Corporation on account of the Joint Ventures. These balances will be recovered progressively from the cane proceeds received by the Joint Venture.

e) Subsequent to balance date, the Corporation received insurance proceeds relating to Tropical Cyclone Winston amounting to $29.358 (VEP) ($32 million VIP, net of excess of $5 million) in full and final settlement of the claim lodged (refer Note 28(ii)).

The financial effects of the above event, have been incorporated in the financial statements.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 15. RECEIVABLES (CONT'D)

f) The Corporation made a special cane payment of $2 in January 2016 amounting to $3,689,173. The payment was funded by Sugar Cane Growers Fund through a short term loan. During the year $1 was recovered from the fourth cane payment made to the growers while the balance will be recovered from the 2017 season payments.

NOTE 16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash and cash equivalents	**2016**	**2015**
	$'000	**$'000**
Cash and bank balances	596	2,651
Total cash and cash equivalents, net	596	2,651

NOTE 17. SHARE CAPITAL

	2016	2015
Authorised capital		
160,000,000 ordinary shares of 50 cents each	80,000	80,000
Issued and paid up capital		
44,399,998 ordinary shares of 50 cents each	22,200	22,200

NOTE 18. BORROWINGS

	2016	2015
Non-current		
Export Import Bank of India (a)(i)	80,534	67,798
Export Import Bank of India (a)(ii)	72	-
Reserve Bank of Fiji - Loan (c)	7,000	7,000
Fiji National Provident Fund - Bonds (d)	25,000	-
Loans from Fiji Development Bank (g)	11,561	15,432
Loans from Government of Fiji (e)	139,743	173,817
Loans from Tate & Lyle (i)	9,984	12,511
Total non-current borrowings	273,894	276,558

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 18 BORROWINGS (CONT'D)	2016	2015
	$'000	$'000
Current		
Export Import Bank of India (a)	-	17,211
Loans from Sugar Cane Growers Fund (b)	6,046	5,201
Pre export facility - ANZ Banking Group Limited (f)	70,425	40,901
Loans from Fiji Development Bank (g)	4,061	3,255
Loans from subsidiaries (h)	1,164	1,185
Loans from Tate & Lyle (i)	1,087	16,353
Total current borrowings	82,783	84,106

Particulars relating to borrowings:

a) Borrowings - Export Import Bank of India

(i) The Corporation entered into a contract with the Export Import Bank of India on 7 November 2005 by way of Dollar Line of Credit of US$50.4 million for the upgrade of its sugar mills. The loan is secured by the Government guarantee and the principal amount was repayable in successive half yearly equal installments over a ten-year period with an initial moratorium of 2 years. Interest is payable at the rate of London Inter Bank Offered Rate (LIBOR) plus 0.5%.

Subsequent to balance date, the moratorium has been extended upto December 2018. The outstanding balance is to be settled by 31 December 2028 in equal half yearly instalments.

(ii) The Corporation entered into a contract with the Export Import Bank of India on 4 February 2015 by way of Dollar Line of Credit of US$5.38 million for the upgrade of its sugar mills. The loan is secured by the Government guarantee and the principal amount is repayable from the date of the first advance, 21 April 2016, in successive half yearly equal installments over an eight-year period including an initial moratorium of 2 years. Interest is payable at the rate of London Inter Bank Offered Rate (LIBOR) plus 0.5%.

b) Sugar Cane Growers Fund

During the year, the Corporation received additional short term loan for special cane payout of $3.7 million of which 50% has been paid during the year and the balance is payable in 2017 season through recovery from growers.

The loan of $4.2 million was repayable on 31 December 2017. This loan has been advanced on a rollover basis.

Both loans are subject to an interest of 3.5% and secured by Government guarantee.

c) Reserve Bank of Fiji

Flood Rehabilitation Loan

The Corporation had borrowed in prior year $7,000,000 from RBF to finance rehabilitation work undertaken due to severe flooding in the western division of the island of Viti Levu, Fiji. The loan from RBF is subject to interest at the rate of 1% per annum. At the request of the Corporation, the facility has been extended for three years and will be payable on 31 May 2020.

This borrowing is secured by the Government guarantee.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 18. BORROWINGS (CONT'D)

Particulars relating to borrowings: (Cont'd)

d) Fiji National Provident Fund

Bonds

The Corporation raised funds through corporate bonds for $15 million and $10 million during September 2015 and October 2015, respectively. The bonds are subject to interest at the rate of 3.85% and 4.75%, respectively, and will mature on 30 September 2019 and 4 November 2019, respectively.

e) Government of Fiji

	2016 $'000	2015 $'000
Loans from Government of Fiji	173,817	173,817
Less: Deferred grant income on interest (Note 19)	(34,074)	-
	139,743	173,817

The borrowings from Government of Fiji aggregated $173,816,930 and were subject to interest at the rate of 5% per annum. As per the original repayment terms, the borrowings were repayable after one year from the drawn down dates. However, the Corporation had not recovered its cash flow position sufficiently to repay any of these loans.

During the year, in accordance with the Loan Repayment Agreement (LRA) dated On 15 July 2015, the loans of $173,816,930 from the Government of Fiji was restructured and converted into long term unsecured optionally convertible loan.

The LRA includes a grace period of 10 years for both loan and interest and repayments period of 20 years resulting in a maturity period of 30 years, from effective date of the loan. Interest of 3% per annum shall be payable on the drawn amount or on a semi-annual basis commencing from the 11th year from the effective date of the loan.

The Ministry of Finance may at its absolute discretion convert the full amount or part of the loan into fully paid new shares in The Fiji Sugar Corporation Limited.

The benefit of a government loan at a below-market rate of interest of $34,074,000 is treated as a deferred income grant. The loan is recognised and measured in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IAS 39 and the proceeds received (Refer Note 19).

f) Pre Export Facility - ANZ Banking Group Limited

The Corporation on 20 May 2015 obtained 3-year extension on the Pre-Export Finance Facility with ANZ Bank for sugar export proceeds to fund the Corporation's operational expenditure and grower cane payment. Each drawing against the facility is to be repaid within 180 days.

The facility is secured by perfected assignment of the Corporation's rights and interests under the export contract with the Off-Taker, first demand guarantee issued by the Government as the Guarantor and floating charge over all the Corporation's assets (including stocks of sugar and fixed assets). At the balance date, the Corporation's drawdown from the facility was US$24.5 million and Euros 8 million.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 18. BORROWINGS (CONT'D)

Particulars relating to borrowings: (Cont'd)

g) Fiji Development Bank

The Corporation received the secured funding of $17,010,000 from Fiji Development Bank for construction of 10MW power generation plant at Labasa. The loan is subject to interest at the rate of 4.5% per annum, and is payable in monthly installments of $390,100 (including principal, interest, stamp duty and bank fees).

The loan is secured against government guarantee and bill of sale over plant, machinery and equipment acquired for the Labasa mill cogeneration enhancement project.

h) Advances from Subsidiaries

i) Advance from FSC Projects Limited as at balance date amounted to $1,163,961. The advance is unsecured, interest free and repayable on demand.

ii) Advance from FSC Services (Pty) Limited of $17,277 has been written back during the year since the company has been deregistered.

i) Tate & Lyle Sugars

During the year ended 31 May 2015, the Corporation obtained loan of US$14 million from Tate & Lyle Sugars at the interest rate of 5% to meet operational expenditure and grower cane payment. The principal loan borrowing is being settled through supply of sugar.

NOTE 19. DEFERRED INCOME

	2016 $'000	2015 $'000
Government grants (a)	1,847	1,847
Less: Accumulated amortization	(1,052)	(1,015)
	795	832
Deferred grant income on interest for the Government of Fiji loan (b)	34,074	-
Total deferred income, net	34,869	832

a) The above relates to grant received in relation to the bulk sugar shed and Lautoka lorry shed which is being amortised on a straight-line basis at 2%.

b) Deferred grant income is measured as the difference between the initial carrying value of the loan determined in accordance with IAS 39 and the actual proceeds from government loan (IAS 20). The initial carrying value of the loan is determined as the future cash payments (principal and interest) through the expected life of the loan to maturity discounted at the market rate of interest that would apply to an identical loan without the conversion option (Refer Note 18(e)).

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 20. PROVISIONS

	Employee entitlements	Litigation claims	Unpaid Rent	Total
	$'000	$'000	$'000	$'000
As at 1 June 2015	3,273	255	708	4,236
Additional provisions recognised during the year, net	149	51	80	280
Carrying amount as at 31 May 2016	3,422	306	788	4,516

	2016	2015
	$'000	$'000
Analysis of Total Provisions		
Non-current	2,075	1,974
Current	2,441	2,262
Total provisions	4,516	4,236
Employee entitlements consist of the following:		
Annual and sick leave	1,347	1,299
Long service leave	2,075	1,974
Total employee entitlements	3,422	3,273

Annual Leave

Generally, annual leave is taken within one year of entitlement and accordingly, it is expected that a significant portion of the total annual leave balance will be utilised within the next financial year.

Long service leave and termination benefits

Long service leave and termination benefits are accrued for employees entitled to the same under their terms of employment. Note 3(j) outline the accounting policy and underlying basis for these accruals. The expected future payments are discounted at the rate of 5.5%.

NOTE 21. PAYABLES AND ACCRUALS

Current		
Trade creditors – Supplies and general	3,434	3,047
Trade creditors – Capital project contractors	2,273	2,213
Other creditors and accruals (a)	10,948	5,900
Growers creditors	10,289	3,185
Cane access road, ACRP and other grants payable	2,844	2,257
Income in advance (b)	-	2,198
Interest payable	498	265
Total trade and other payables	30,286	19,065

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 21. PAYABLES AND ACCRUALS (CONT'D)

Trade payables principally comprise amounts outstanding for trade purchases. Trade payables are non-interest bearing and are normally settled on 30 – 60 days term.

a) Other creditors and accruals includes $4,927,616 towards repairs and restoration costs incurred by the Corporation in the year ended 31 May 2017 due to the impact of Tropical Cyclone Winston.

b) The Corporation had received income in advance of $2,197,516 for sugar that was exported from 2015 season crop.

NOTE 22. CONTINGENT LIABILITIES

	2016 $'000	2015 $'000
Wage claims and litigations	408	341
Guarantees or bonds given by the bank	74	74
Total contingent liabilities	482	415

Wage Claims and Litigations

The Corporation and the workers or workers' union are contesting various matters relating to employee grievances, termination matters and certain other matters. The disputes are on matters of principle and interpretation. The matters are still under consideration by the Court, Tribunal and the Ministry of Labour. The ultimate outcome cannot be presently determined.

The directors believe that claims arising from such actions are not likely to be of material nature based on the advice of the Corporation's solicitors.

As at balance date, provision of $306,000 (2015: $255,000) was made in respect of various court actions against the Corporation (Refer Note 20).

NOTE 23. GOING CONCERN AND FINANCIAL SUPPORT

The Corporation has been incurring significant losses. During the year ended 31 May 2016, the Corporation has incurred loss from operations of $26.1 million (2015: $26.2 million) and net loss before income tax of $53.4 million, including impairment loss on property, plant and equipment of $24 million (2015: $31.7 million).

As at 31 May 2016, total liabilities of the Corporation exceed total assets resulting in net liability of $172.1 million (2015: $118.7 million). The current liabilities exceed the current assets by $41.6 million, representing the ratio of 1.6 : 1 (2015: $80.9 million, representing the ratio of 4.3 : 1).

The Corporation has debt repayment commitments amounting to $82.8 million during the financial year ended 31 May 2017. Furthermore, the Corporation requires further funding to meet its working capital requirements, capital expenditure and fund the operating losses.

The mill upgrade in the past was undertaken to improve plant reliability, sugar extraction, sugar quality, energy efficiency and environmental controls. The cane supply has increased marginally from 1.832 million tonnes (2014 season) to 1.845 million tonnes (2015 season), and the TCTS was 8.3 for 2015 season against 8.1 for the 2014 season.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 23. GOING CONCERN AND FINANCIAL SUPPORT (CONT'D)

Given the financial position and the debt levels of the Corporation and recurring losses being incurred by the Corporation, these factors indicate that the Corporation may not be able to continue as a going concern.

Accordingly, the Government is committed to provide assistance to bring about the required reforms and improvements thereby:

- The Government continues to provide support to the Corporation and the sugarcane industry.
- Sugarcane industry reforms are achieved and funding for the sugarcane industry at large is made available for a long term sustainability and survival of the sugarcane industry and the Corporation.

The Government as a majority shareholder has made a commitment to support and assist the sugarcane industry given the importance of the sugarcane industry for the economy of Fiji. The Government's support to the Corporation is evident by:

a) The increase of existing Government guarantees of $120 million to $322 million and extension of the guarantee till 31 May 2022.

b) The loans from the Government of Fiji aggregating to $173,816,930 have been converted into 30-year long term loan with 10-year grace period and optionally convertible loan in accordance with the Loan Repayment Agreement dated 15 July 2015. Furthermore, accrued interest up to 31 May 2014 was waived by the Government during the year, and no interest has been charged on the Government loans since the year ended 31 May 2015.

c) Continuous allocation of grants and funding to the sugar industry by the Government for the Sugar Development Program, cane access roads, fertilizer subsidies and other benefits directly or indirectly to the farmers. The Government had allocated $11 million for Sugar Development and Farmer Assistance Programme in 2016/17 National Budget, and Government has further allocated $56.2 million in 2017/18 National Budget for various initiatives to assist the sugar cane industry, including Sugarcane Development, Cane Access Roads, Fertililiser and Weedicide subsidy, subsidy for the cartage costs for the transportation of sugarcane from Penang to Rarawai Mill, funds for special cane payments, and some new farmers' assistance programme and support on the use of machineries.

Furthermore:

i) The Corporation has developed five (5) year strategic plan till 2022 to restore viability and sustainability of the industry. It aims to transform the Corporation in next 5 years through revenue optimisation from large scale sugar plantations, embark upon revenue generating investments, better marketing of Sugars of Fiji, continue to achieve improvements in mill efficiency and mill performance together with improved quantity and quality of cane supply and thereby generate adequate profits and cash flows from future operations to meet its obligations as and when they fall due. The Strategic Business Plan has been endorsed by the Board of Directors and has been presented to the key stakeholders of the industries including cane farmers and Government. Appropriate plans and strategies together with detailed work plan and milestones are being implemented by the directors and the management to achieve the targets set out in the strategic plan.

ii) Management is making all efforts in consultation with the project engineers and contractors and other independent consultants to bring about efficiency within the upgraded mill plants and machinery at the three mills. Training of operators in critical areas of operations is continuing under the guidance of technical experts. It is expected with continuous improvement in this manner, the performance of the upgraded plants will fully integrate with older plant and machinery and it is expected the milling efficiencies will improve to an acceptable level of performance.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 23. GOING CONCERN AND FINANCIAL SUPPORT (CONT'D)

iii) Technical expertise is being engaged where necessary in order to carry out financial restructure, operations streamlining and marketing of Sugars of Fiji brand to get better value for our sugar.

iv) Corporation has embarked on looking at alternative markets such as previously lucrative regional and Asian markets to mitigate the impact when EU sugar quota comes to end in September 2017. There are number of new market areas being pursued now and the Corporation is confident to sell the Sugars of Fiji brand at a decent market price.

v) A number of strategies and initiatives have been put in place to reduce costs through rationalization of man power levels, streamlining of business operations, centralization of corporate functions and outsourcing of non-core activities.

vi) The Corporation through the Joint Venture arrangements seeks to increase the sugar volume in the future. The Corporation is responsible for providing technical knowhow support (including land preparation, planting, maintenance and harvesting of cane) and organizing finance for the project works.

vii) Corporation's plan to modernise and upgrade rail transportation system (rail trucks and locomotives), as it is the cheapest mode of cane transportation to the mills.

viii) Major capital investments to upgrade existing factories and construct new factory.

ix) Diversifying the existing product and customer base through market sensitive pack sizes.

The directors consider the application of the going concern principle to be appropriate in the preparation of the financial statements as the directors anticipate the Government will continue to provide necessary support and improvements will be achieved in cane supply and mill performance and thereby the Corporation will be able to generate adequate funds to meet their liabilities as and when they fall due.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might become necessary should the Corporation be unable to continue as a going concern.

NOTE 24. COMMITMENTS

	2016 $'000	2015 $'000
a) Capital commitments		
Capital commitments contracted but not provided for in the financial statements	4,046	3,121
Capital commitments approved by the directors but not yet contracted	5,272	7,532
Total capital commitments	9,318	10,653
b) Operating lease commitments		
Non-cancelable operating land and vehicles lease rental commitments are payable as follows:		
Not later than one year	779	590
Later than one year but not later than five years	2,276	1,570
Later than five years	10,078	9,804
Total operating lease commitments	13,133	11,964

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 24. COMMITMENTS (CONT'D)

c) Commitments for purchase of cane and for supply of sugar

The Corporation is committed to purchase sugarcane from growers. Furthermore, the Corporation is committed to supply sugar to the European Union through Tate & Lyle Sugars Limited, UK. Further, the Corporation has embarked on looking at alternative markets such as previously lucrative regional and Asian markets to mitigate the impact when EU sugar quota comes to end in September 2017. There are number of new market areas being pursued now and the Corporation is confident to sell the Sugars of Fiji brand at a decent market price. Refer Note 25 for further details.

NOTE 25. COMMITMENTS FOR PURCHASE OF CANE AND COMMITMENTS FOR SUPPLY OF SUGAR IN THE NEXT TWELVE MONTHS

The Corporation purchases cane from growers as required by the Master Award and in accordance with the terms, conditions and procedures set out in the Master Award. The Master Award forms an integral part of the Sugar Industry Act. Under the Master Award, the growers share 70% of the proceeds for sugar produced up to 325,000 tonnes; 72.5% of the proceeds for sugar produced between 325,000 – 350,000 tonnes and 75% of proceeds for sugar produced in excess of 350,000 tonnes. The sugar proceeds are shared net of industry costs such as marketing, shipping and Sugar Research Institute of Fiji.

During the 2015 crushing season (year ended 31 May 2016), the growers supplied to the Corporation a total of 1.85 million tonnes of cane from which 221,933 tonnes of sugar has been produced. The Corporation has exported 187,000 tonnes of sugar against its supply commitments to the buyers.

The Corporation sells sugar to the European Union (EU) under the new regional Economic Partnership Agreements (EPA) that has come into effect from 1 October 2009 and is effective until 30 September 2017.

Under the EPA, the minimum regional safeguard threshold for the Pacific Region is 210,950 tonnes of white sugar equivalent for 2011/12 to 2016/17.

Fiji and Papua New Guinea are the two countries that are under the Pacific Region.

The above is equivalent to about 220,000 tonnes raw sugar from 2011/12 and beyond. This is sold to Tate & Lyle Sugars Limited, UK or any other buyer giving better price under a Long Term Agreement which is for 9.5 years commencing 1 March 2008 and expiring on 30 September 2017.

The Corporation has embarked on looking at alternative markets such as previously lucrative regional and Asian markets to mitigate the impact when EU sugar quota comes to end in September 2017. There are number of new market areas being pursued now and the Corporation is confident to sell the Sugars of Fiji brand at a decent market price.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 26. RELATED PARTY DISCLOSURES

a) Ownership interests in related parties

Interests held in subsidiaries are set out in Note 13 to the financial statements.

b) Directors

The names of persons who were directors of the Corporation at any time during the financial year and upto the approval of financial statements are as follows:

K Vishnu Mohan - Chairman (Appointed on 29 July 2016)
Pradeep Lal - (Appointed on 21 November 2016)
Hari Raniga - (Appointed on 23 January 2017)
Ariff Ali - (Appointed on 23 January 2017)
Viliame Gucake
Ratu Wiliame Katonivere
Arvind Singh
Tevita Kuruvakadua
Abdul Khan - Executive Chairman (Resigned 19 October 2016)
Marika Gaunavou - Deputy Chairman (Resigned 17 January 2017)
Ratu Deve Toganivalu - (Resigned 17 January 2017)
Joseph Frances Rodan - (Resigned 17 January 2017)

Directors' emoluments for services as directors and other services are disclosed under Note 6.

c) Transactions with related parties

All transactions with related parties are made on normal commercial terms and conditions. There were no material transactions (aggregate value in excess of $20,000) during the year with any related parties or entities related to directors.

d) Key management personnel remuneration

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

During the year, twelve executives, (former executive chairman, general manager engineering, four mill general managers, general manager-major capital projects, general manager information, general manager human resources, legal counsel, manager finance and general manager sugar operations) were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the Corporation.

The aggregate remuneration to the executive management group for year ended 31 May 2016 and 2015 were:

	2016 $'000	2015 $'000
Executive Director's remuneration	748	822
Other executive management	1,445	1,246

Furthermore, certain members of executive management group were provided non-cash employment benefits, such as vehicle and medical insurance cover, in aggregate benefit value of $82,913 for the year.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 26. RELATED PARTY DISCLOSURES (CONT'D)

e) Amounts due to, and receivable from related parties:

Appropriate disclosure of these amounts is contained in the respective notes to the financial statements.

f) Government guarantee and assistance

i) The Government has approved guarantees to allow the Corporation to borrow in the short term money market and from Export Import Bank of India for its sugar mills upgrade and modernization. Refer Note 27 for the details of the guarantees provided.

ii) In the prior years, the Government of Fiji provided funding to meet repayment of Government guaranteed loans and to fund on-going working capital requirements of the Corporation. The borrowings from the Government of Fiji aggregated to $173,816,930 (including deferred grant income on interest) as at balance date (2015: $173,816,930 (Refer Note 18(e)).

iii) The Government has approved guarantees to allow the Corporation to seek funding from banks and other financial institutions. The Corporation has secured additional funding from Fiji Development Bank, Fiji National Provident Fund and Sugar Cane Growers Fund during the year (Refer Note 18).

NOTE 27. GOVERNMENT GUARANTEE

The Government has provided certain guarantees to the Corporation, including the following:

a) Subsequent to balance date, the Government has approved a guarantee limited to $322 million, valid until 31 May 2022, as per parliament approval dated 26 May 2017, to enable the Corporation to raise short-term loan finance to meet its working capital requirements. The Guarantee Agreement is in the process of being finalized between the Corporation and the Government.

b) The Government has provided a guarantee of US$50.4 million for borrowings from Export Import Bank of India in relation to the sugar mills upgrade and modernization. As at balance date, the outstanding balance is US$38.3 million under this guarantee.

c) The Government as a majority shareholder has made a commitment to support and assist the sugarcane industry given the importance of the sugarcane industry for the economy of Fiji.

NOTE 28. SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year were:

i) 10MW Cogeneration Plant

On 12 August 2015, the 10MW cogeneration plant at Labasa mill was commissioned. The plant has operated efficiently in the 2015 crushing season and has sold power to Fiji Electricity Authority.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 28. SIGNIFICANT EVENTS DURING THE YEAR (CONT'D)

ii) *Effects of Tropical Cyclone Winston*

In February 2016, Tropical Cyclone Winston hit Fiji and severely affected certain parts of Fiji. As a consequence, the Corporation's operations were significantly affected. The cyclone has caused significant damages to the buildings, sugarcane milling equipment and sugar. Furthermore, subsequent to the cyclone, the Corporation's preparation for crushing season has also been disrupted, particularly at the Penang Sugar Mill where infrastructure and milling equipment have been severely damaged. In view of damage to major components of the mill, the Corporation decided not to operate the Penang mill.

Subsequent to balance date, the Corporation received insurance proceeds of $32 million (net of excess of $5 million) in full and final settlement of the claim lodged.

The financial effects of the above event have been incorporated in the financial statements.

iii) *Top-Up Cane Payment*

In the year ended 31 May 2015, top-up cane payment of $9.39 per tonne aggregating to $17,167,579 was made by the Corporation to growers with the 4thcane payment for the 2014 season over the actual price calculation as per the Master Award to maintain the income of the farmers at $80 per tonne to inspire further confidence in the farmers and incentivize them to plant higher acreage of cane.

The directors believed that the top-up cane payment will be reimbursed by the Government. However, the Corporation had not received any confirmation or payments from the Government upto October 2016. As a matter of caution, allowance for impairment loss on receivable was recognized in the books of account in prior year ended 31 May 2015.

Subsequent to balance date, on 17 May 2017, the Corporation received reimbursement of $17,204,227 towards the top-up cane payment. Accordingly, allowance for impairment loss on receivables recognized in the books of account in prior year has been reversed in the current year.

iv) *Impairment of Property, Plant and Equipment*

For the year ended 31 May 2016, an independent impairment review of the assets of the Corporation was carried out by an independent consultant from New Zealand. The impairment assessment was undertaken in accordance with International Accounting Standard 36 "Impairment of Assets". Based on the independent assessment, management and directors have carried out an assessment of the recoverable amount of the assets, and made further allowance for impairment of $24 million.

NOTE 29. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date, the Government has increased the existing Government guarantee of $120 million to $322 million and extends the guarantee period to 31 May 2022.

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2016

NOTE 30. INSURANCE

During the year the Corporation has obtained insurance cover for property, plant and equipment, excluding railway network and various exclusions, for material damage and business interruption. The insurance cover is subject to various terms and conditions and insurance excess. Vehicles are insured under comprehensive insurance cover.

NOTE 31. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 18 September 2017.

THE FIJI SUGAR CORPORATION LIMITED

10-YEAR STATISTICAL REVIEW

Financial statistics											
for year ended 31 May		**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Turnover	($m)	199.8	197.3	224.0	199.0	203.6	141.5	194.7	245.8	234.9	274.3
Profit/(Loss) before taxation	($m)	(53.4)	(31.7)	6.9	6.3	1.8	(36.6)	(198.0)	(40.1)	(19.7)	6.9
Income Tax (expense)/benefit	($m)	-	-	-	-	-	-	22.9	3.3	0.4	(0.3)
Profit/Loss after taxation & Extra-ordinary items		(53.4)	(31.7)	6.9	6.3	1.8	(36.6)	(175.1)	(36.8)	(19.3)	6.6
Total Assets	($m)	254.2	266.2	279.3	254.6	196.1	148.7	140.3	312.0	273.5	249.8
Net Assets	($m)	(172.1)	(117.4)	(85.7)	(92.6)	(98.9)	(100.7)	(64.0)	111.0	147.8	167.1
Proceeds of Sugar & Molasses	($m)	195.8	191.7	214.6	185.7	200.8	121.6	180.5	204.5	206.1	272.1
FSC's share of proceeds	($m)	58.7	56.0	62.5	55.7	60.2	36.5	54.1	61.3	61.8	81.6
Price per tonne cane	($)	76.66	81.01	88.49	81.83	65.67	49.16	56.23	61.65	58.21	59.06
Production statistics											
Season		**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Cane Crushed	(000t)	1,845	1,832	1,610	1,547	2,095	1,780	2,247	2,321	2,479	3,226
Sugar Produced	(000t)	222	227	179	155	167	132	168	208	237	310
Molasses Produced	(000t)	76	78	59	67	107	113	136	120	115	157
Tonnes Cane/Tonnes Sugar		8.3	8.1	9.0	10.0	12.6	13.5	13.4	11.2	10.0	10.4
Molasses % Cane		4	4	4	4	5	6	6	5	5	5
POCS %		12	12	11	11	10	10	10	11	11	11
Cane Purity %		83	82	82	82	80	79	79	80	81	81
Fibre in Cane %		12	12	12	12	11	12	12	12	11	12
Average Crushing Rate for all mills (tcph)		792	853	834	811	834	794	789	843	885	919
Actual Crushing Time as % of Available Time		71	70	63	61	60	53	60	68	68	76
Field statistics											
Season		**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Number of Growers		16,387	16,348	15,528	15,948	16,259	16,609	17,762	18,683	18,691	18,649
Number of Active Growers		12,405	12,681	12,633	12,848	12,791	13,251	13,903	14,096	14,948	15,730
Tonnes Cane per Hectare		47	48	42	37	49	40	46	46	46	58
Average Tonnes Cane per Grower		148	144	127	120	164	134	162	165	166	205
Number of Cane Cutters		9,582	10,341	8,973	8,109	10,285	9,650	9,649	9,993	11,536	15,205
Output per Cutter (tonnes)		182	173	179	191	203	184	228	225	117	212
Burnt Cane %		39	41	29	36	25	23	32	50	33	51
Sugar exports - destinations and quantities (metric tonnes)											
Season		**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
UK/EU		165,260	184,414	165,557	146,656	138,222	110,731	152,906	207,575	187,858	209,053
MALAYSIA		-	-	-	-	-	-	-	-	-	-
USA		21,163	16,254	-	-	-	-	-	-	9,157	13,442
JAPAN		-	-	-	-	-	-	-	-	20,000	40,000
KOREA		220	766	-	-	-	-	-	-	-	-
CHINA		-	-	-	-	-	-	-	-	-	-
INDONESIA		-	-	-	-	-	-	-	-	-	-
SPECIAL PREFERENTIAL MARKET		-	-	-	-	-	-	-	-	-	-
TAIWAN		-	-	-	-	-	-	-	-	-	-
PORTUGAL		-	-	-	-	-	-	-	-	-	-
TOTAL		186,643	201,434	165,557	146,656	135,462	110,731	152,906	207,575	217,015	262,495

PURE