2018 | Annual Report

FSC

FIJI SUGAR CORPORATION

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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 In 2006, the Fiji Sugar Corporation Act was repealed allowing to be governed solely under the Companies Act.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 1.7% of GDP, generates about 9.5% of total exports in 2017 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.

CORPORATE **HIGHLIGHTS**

Financial Results

- Corporation's share of proceeds was $54.2 million compared to $43.0 million in the previous year.
- Gross profit was $0.8 million, compared to a loss of $18.5 million in the previous year.
- Significant improvement in loss from operations to $10.3 million, compared to $39.6 million in the previous year.
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) significantly improved from negative $19.3 million previous year to positive $0.5 million for the year.
- Operating loss for the year was $24.6 million, compared to a loss of $45.0 million in the previous year.
- A total of $13.3 million was invested in Property Plant and Equipment, compared to $8.7 million in the previous year.

Operations

- A total of 1.63 million tonnes of sugarcane was crushed from an area of 38,040 hectares compared to 1.39 million tonnes from 36,795 hectares in the previous year.
- Sugar production increased to 180,388 tonnes compared to 139,531 tonnes in the previous year mainly due to improved cane production and TCTS.
- Tonnes Cane to Tonnes Sugar (TCTS) ratio was 9.0 compared to 9.94 in the previous year.
- Cane Quality (POCS) improved to 11.5 compared to 10.9 in the previous season.
- The total sugar exported to EU was 129,828 tonnes compared to 104,736 tonnes in the previous year.

FINANCIAL SUMMARY

	2018	2017
Sales and Profit ($'000)		
Total sales	182,113	144,882
Gross profit/(loss)	844	(18,471)
Unrealised exchange gain/(loss)	(1,679)	3,401
Allowance for impairment loss on CWIP	(5,009)	-
Loss due to flooding	(1,030)	-
Operating Profit/(loss) for the year	(24,626)	(45,007)
Cash Flow ($'000)		
Operating activities	(6,153)	8,838
Investing activities	(14,231)	11,867
Financing activities	(2,186)	(14,581)
Net increase/(decrease) in cash	(22,570)	6,124
Financial Position ($'000)		
Working capital	(76,803)	(94,256)
Current assets	46,449	33,969
Total assets	204,084	199,559
Non-current liabilities	322,605	288,481
Current liabilities	123,252	128,225
Shareholders' equity	(241,773)	(217,147)
Additional Information		
Ratio of current assets to current liabilities	0.4	0.3
Ratio of debt to shareholders' equity	(1.84)	(1.92)

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 goals 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 eight 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.

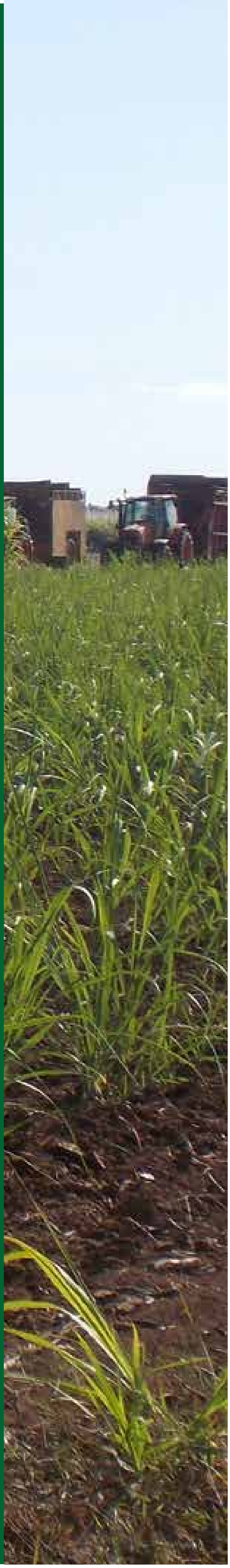
BOARD COMMITTEES

The Board appoints board subcommittees to undertake specific functions as required under internationally accepted governance practices and on the needs of the Corporation. Each Board Committee operates under a Charter.

The Finance & Audit Committee, which is a significant committee of the Board reviews the financial reporting process, the system of internal control and management of financial risks, the audit process and the company's process for monitoring compliance with the laws and regulations. The members of the Finance & Audit Committee are Mr. Pradeep Lal (Chairman), Mr. Viliame Gucake and Mr. Tevita Kuruvakadua.

The Remuneration & Nomination Committee is tasked with assisting the Board discharge its responsibilities by providing an oversight of the Human Resource strategy of the Company including organization structure, remuneration policies, performance management, succession planning and development and monitoring all matters relating to terms and conditions of employment of staff and staff remuneration. Its members are Mr. Ariff Ali (Chairman), Mr. Vishnu Mohan and Mr. Hari Raniga.

The Governance & Risk Committee has been set up to assist the Board discharge its responsibilities through oversight of the enterprise risk management, control and compliance framework established by the Board and management, formulation and review of the company's policies and insurance, formulation and review of the governance policies, framework and compliance of the Company, development and monitoring of codes of conduct and any reported breaches of the code of conduct. Its members are Mr. Hari Raniga (Chairman), Mr. Viliame Gucake and Mr. Vishnu Mohan.



BOARD OF DIRECTORS

Vishnu Mohan, Chairman

Appointed as Chairman of the Board in July 2016. Mr Mohan is a career Banker and the former Australia and New Zealand (ANZ) Banking Group Chief Executive Officer (CEO) for the Pacific and Fiji. He is also the Chairman of Fiji's Public Service Commission.

Ratu Wiliame Katonivere

Appointed to the Board on 27 May 2015. Ratu Wiliame is a former Civil Servant. He is now a businessman and a Director of Fiji Pine Limited and Airports Fiji Limited.

Pradeep Lal

Appointed to the Board in November 2016. Mr Lal is the Regional Chief Executive Officer for Vodafone and a Chartered Accountant by profession.

Ariff Ali

Appointed to the Board in January 2017. An Economist by profession, Mr Ali is the Governor of the Reserve Bank of Fiji.

Tevita Kuruvakadua

Appointed to the Board on 27 May 2015. A career Accountant, Mr Kuruvakadua is the Chief Executive Officer for the iTaukei Land Trust Board.

Hari Raniga

Appointed to the Board in January 2017. Mr Raniga is the Director of famous sweets company out of Ba, Maganlal Jiwa and Sons.

Viliame Gucake

Appointed to the Board on 26 November 2008. Mr Gucake was previously the Director Sugar at the Ministry of Sugar Industry, until 30 June 2017. Now retired.

Arvind Singh

Appointed to the Board on 27 May 2015. Mr Singh is a businessman and sugar cane farmer.

EXECUTIVE MANAGEMENT TEAM

Graham Clark
Chief Executive Officer

Manoj Ram
Chief Financial Officer

Navin Chandra
Chief Operating Officer

Kameli Batiweti
General Manager Corporate Services

Sachin Deo
Head of Business Integration

CHAIRMAN'S REPORT

The year under review was both challenging and at the same time rewarding for the Fiji Sugar Corporation (FSC). It is on this note, that I present our Annual Report for the year ended 31 May 2018.

In April 2018, Fiji was hit by two successive tropical cyclones in Josie and Keni. FSC's Rarawai Mill was the worst hit, as the Ba river burst its banks and the mill became submerged in water. This brought with it massive amounts of silt and debris. Additionally, the main water pipeline for the mill was also washed away from the impact of the cyclones.

The grower community was not spared by the effects of these two tropical cyclones also. With the Rarawai Mill sectors, there was significant damage to 696 farms, the cane access roads and crossings.

As a result and along with our usual maintenance programs, FSC invested some $30 million during the year on capital and maintenance works for all its three mills. The Lautoka Mill's Diffuser was rehabilitated which saw its sub-structure and internal components being modified. The diffuser bed chain was upgraded and replaced to enhance its internal structural integrity. These changes were carried out in order to enhance its efficiency and bring about reliability in its functionality, thereby improving its extraction performance.

FSC's Rarawai Mill had both its 5 MW and 4 MW turbo generators refurbished. This was to supplement four new batch vacuum pans being added to its production line so as to improve throughput and recovery. Additionally, each of FSC's mills now have a 2,000 kVA diesel generator to improve plant stability and plant protection.

While these improvements have been carried out within the mill, technical training for the factory team to operate and maintain the machines with the best possible care and attention at all times, has also been completed.

In March 2018, the Honorable Prime Minister and Minister for Sugar, iTaukei Affairs and Foreign Affairs Rear Admiral (Retired) Voreqe Bainimarama, launched FSC's new tractor and implements fleet. These thirty new tractors and implements have since been deployed across the cane belt and hired out to growers at cost-effective pricing. Needless to say that these efforts are beginning to yield positive results in terms of crop output.

In June 2018, we launched twenty new water tankers to assist with the supplementary irrigational needs of our growers. FSC also replaced sixty-two vehicles for the Agricultural Services division, thus further enhancing their services to the grower community.

I am pleased to record that with the support of the three Board sub-committees, we have now substantially strengthened governance and Board efficiency, and this is reflected in all facets of the business including the financial performance of the Company, the two key highlights being a positive EBITDA of $0.5 million and a net loss at $24.6 million, almost halved from the last financial year. The Board has also focused on cane development through the acquisition of further land working along with TLTB and the Lands Department.

In our efforts towards further reshaping FSC's balance sheet, improving liquidity and ensuring FSC's ongoing viability, we have embarked upon an exercise of disposing of unproductive land and buildings through an open tender process. The tender has attracted significant interest from various parties and we are hoping to have the sales process concluded during the course of this year.

As part of the above initiative we have also sought and refinanced our banking arrangements with HFC, Bred Bank and FNPF, in addition to the existing arrangements with Fiji Development Bank. That these institutions have placed facilities at FSC's disposal is evidence to the increasing credibility that FSC is able to command in the current banking environment.

I advised you at the last AGM of our engagement with the Government of Fiji, the majority shareholder of FSC, to consider and implement the conversion of Government loans currently totalling $173.8 million to shares in FSC and to propose the acquisition of minority shares. KPMG was engaged to carry out a capital optimisation review which was completed earlier this year and we are now working with the Government to implement the KPMG conclusions. We will of course advise the shareholders when we are ready for implementation of this change to our capital structure.

As I indicated in our previous meetings, we have continued in our endeavour to diversify our markets and I am pleased to advise that we are making significant progress in this regard. Our previous almost full dependence on the EU market has now changed and you will find that this year we will be shipping Fiji Sugar to different markets including China to where our very first shipment has been scheduled for September 2018.

I wish to thank you, the shareholders for your ongoing support and confidence in the Board and I thank the management and staff of FSC for their continued hard work, resilience and unwavering commitment to the continued success of FSC.

As always, I am also very grateful for the efforts and support of the growers, and together with my fellow directors, I look forward to working with them for the further advancement of the industry which as we all know remains a critical component of Fiji's economic prosperity.

Lastly, I want to thank the Hon. Prime Minister and the Government of Fiji for their confidence in the Board of FSC and their ongoing financial support to the sugar industry.

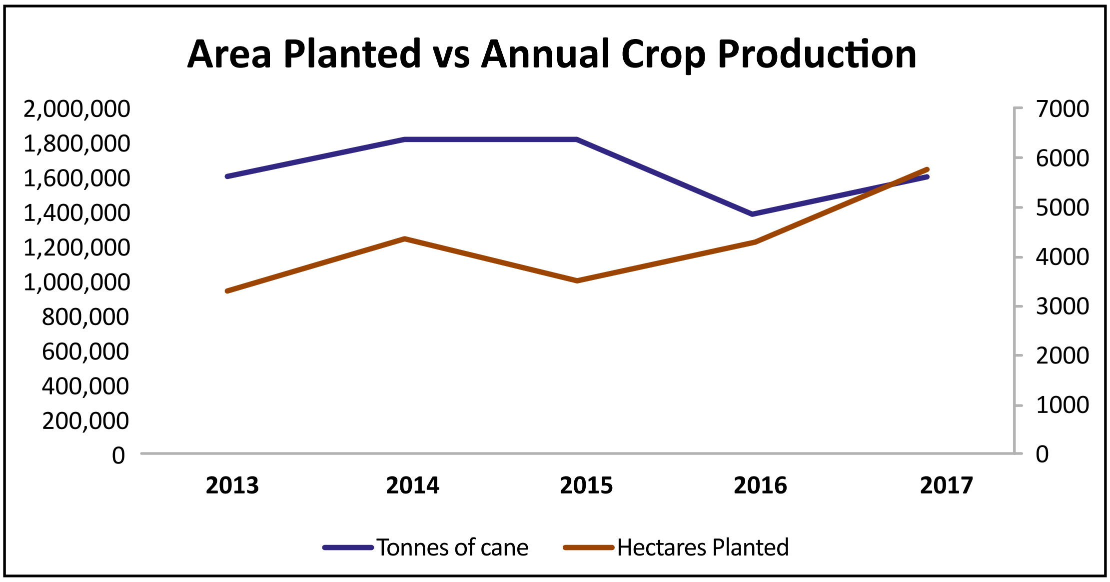
Vishnu Mohan
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

OPERATIONS

Cane Production

In 2017 Fiji Sugarcane Industry delivered a total crop of 1,631,301 tonnes which is 17% increase in crop production compared to previous year. The improvement could be attributed to recovery from the 2016 Cyclone Winston devastation. Total area under cane was 38,040 hectares which is an increase of 2,187 hectares from 2016. In 2017, FSC's Agricultural Services Division developed a target of planting 6,000 hectares of crop. Despite 5 months of meteorological drought period in the cane belt areas, 5,802 hectares of new crop was planted of which 60% was planted from October 2017 till December 2017.



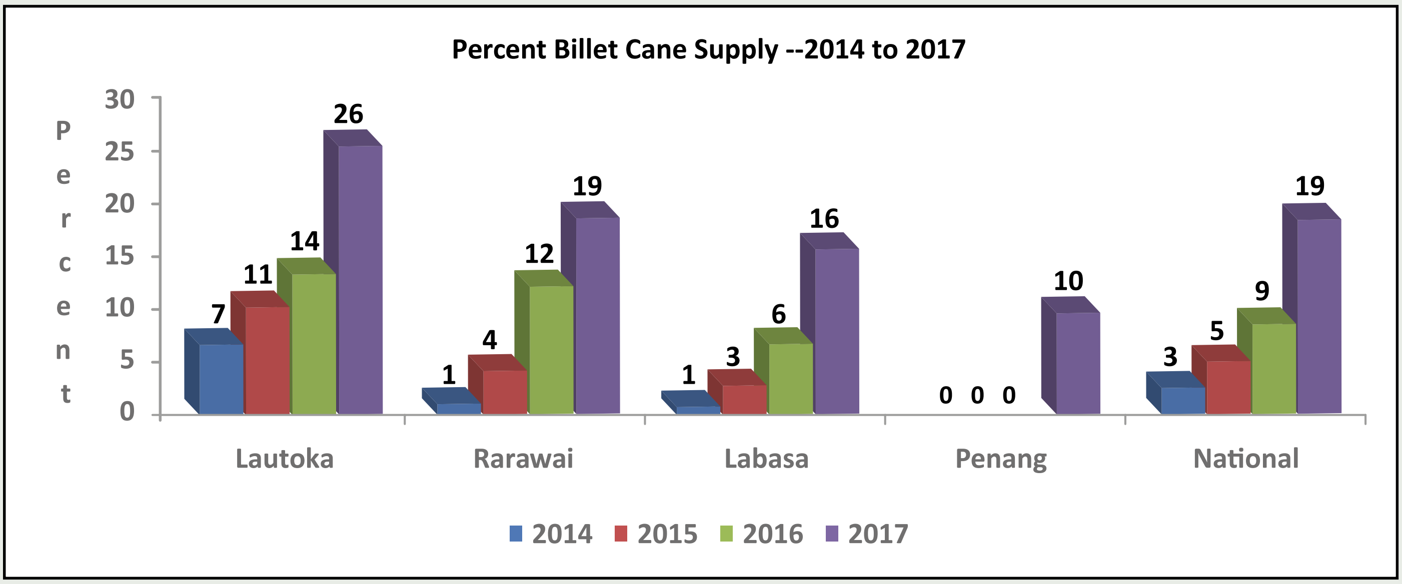
Crop Yield increased by 13% to 43 tonnes per hectare which is also attributed to recovery from Cyclone Winston devastation. Major emphasis was put on utilisation of Fiji Government's subsidy on fertiliser and weedicide to improve crop throughput. There was 24%, 27% and 24% increase in NPK usage in comparison to 2016 NPK usage for 2017 crop. There has been good uptake for fertiliser compared to previous years so we should see the impact on crop yield as well. South Pacific Fertilisers sold 26,962 tonnes of blended fertilizer to cane growers in 2017, an increase of 7093 tonnes compared to 2016 which is a 36% increase. Between the four weedicides: Amine, Glyphosate, Diuron and Valpar King, the sales increased by 40%, 91%, 109% and 182% respectively compared to 2016.

As part of FSC's Strategic Plan 2017-2022, thirty (30) brand new tractors with farming implements was purchased which is being hired out to cane Growers at competitive market rates for land preparation and cane planting. Additionally to support cane germination in dry spells, FSC invested into twenty (20) water tankers which will be used to irrigate recently planted crop. These two initiatives are considered as core enablers to cane development.

Above: Mechanization investment for the future

Harvesting and Transportation

43 mechanical harvestors were in operation in 2017 which was boosted with 22 harvestors that were bought by Cooperatives with Government funding support. This led to 19% of our crop mechanically harvested compared to 9% in 2016.



FSC in 2017 invested into designing and building of 20 cage bins for trial to cart billet cane by rail. The trial was successful and investment funding is being sought to introduce more cage bins in future which will substantially reduce cartage cost for cane.

Finding transportation solutions

Mill Performance and Sugar Manufacturing

The sugarcane crushing season 2017 commenced in early June and continued till mid November 2017. The mills crushed an average of 11,174 tonnes of cane per day with collaboration from millers, growers and harvesters determining harvesting and transportation schedules that ensure that the cane is crushed as soon after harvesting as possible. Summary with regards to performance of the mills for the year under reference are as follows:

Table 1: Key Operating Data 2017 for the mills

Key Data	Lautoka	Rarawai	Labasa	Total
Tonnes of Cane Crushed	455,781	499,789	675,731	1,631,301
Tonnes of Sugar made	54,173	55,595	70,620	180,388
Tonnes of Molasses	19,449	19,518	27,411	66,378
Molasses % of Cane	4.3	3.9	4.1	4.1
Tonnes of cane to tonnes of sugar ratio	8.40	9.00	9.60	9.00
POCS (%)	11.83	11.40	11.16	11.47
Sugar Quality (POL)	98.44	98.49	98.58	98.50
Weekly Stops (Cane Supply + Mill Breakdowns)	60.80	57.70	45.60	53.70

The mill performance improved in all aspects compared to previous years. The table below reflects the mill performance trend compared to previous year. Significant reduction in mill breakdowns (23%) and cane supply issues (17%) demonstrated a solid performance from the Field and Mill teams. Focus on the basics and ensuring diligence in everything that is done has yielded the benefits realised.

National

Year	2016	2017		% Change
Cane	1,360,120	1,631,301	✓	20%
Sugar	137,382	180,388	✓	31%
TCTS	9.9	9.0	✓	(9%)
Cane Purity	81.7	82.9	✓	1%
POCS	10.8	11.47	✓	6%
Operating Time Efficiency	58%	66%	✓	14%
Crushing Rate	231	232	✓	0.4%
Inside Stops per week	21.3	16.5	✓	(23%)
Outside Stops per week	45.8	37.2	✓	(17%)
Percent Burnt Cane	67.1	38.9	✓	(42%)
Molasses Makes	59,617	66,378	✓	11%
Molasses % Cane	4.4%	4.0%	✓	(9%)

Better mill performance led to much reduced tonnes of cane needed to make a tonne of sugar. TCTS has improved significantly compared to previous year. It has improved from 9.9 to 9.0.

HUMAN RESOURCES

Manpower

The Corporation continues to focus on leadership development, talent management, employee compensation, labour relations, including collective bargaining. Constant monitoring of manning levels is a work in progress to ensure wages costs is maintained at budget levels and comparing with the preceding year. Furthermore, we are mindful of improving workforce productivity and attempting to avoid overtime

VSI Training

The Advance Certificate in Sugar Engineering and Sugar Technology Training with VSI India came to a conclusion at the end of 2017. There were 10 Technical Officers in this program that were selected from the first group of officers who successfully pursued the Certificate Level here at the FSC Corporate Training Centre back in 2014 and 2015. These Employees were selected from across the 3 Mills. Overall, the training program was a success because a number of the Graduating Employees were promoted to senior roles. Some examples include an Employee replacing the retired General Manager of the Labasa Mill, another promoted to the Labasa Mill Project Manager role, another promoted to the position of Team Leader Operations, Rarawai Mill, yet another was confirmed to the role as Team Leader Maintenance, Labasa Mill and finally, another was promoted as Team Leader Maintenance, Lautoka Mill. Others are being actively engaged in supporting and contributing innovative ideas on how to maximize plant and operation efficiency.

Employees Capabilities Matrix

The Employees' Capability Matrix is a business improvement tool that is now adopted at FSC after being launched at the Lautoka Mill in March 2018 and at Rarawai Mill in the month of May 2018. Labasa Mill had been included through Video Conferencing and other communication medium. In summary the objective of the capabilities matrix is to

- Outline the key skills, knowledge, abilities and attitude that are required to effectively perform each role.
- Providing objective guidelines for appraising personal and Team performance.
- Providing the platform for effective identification and analysis of skill gaps.
- Laying out learning objectives related to acquiring the knowledge and skills to perform roles effectively.
- Providing a structure for meaningful evaluation of existing practices and charting the way forward.
- Acting as a vehicle for risk analysis and the identification of threats and opportunities.

Currently the tool is being piloted in the Sugar Operation Division before extending to the Agriculture Division in 2019. The first assessment will start in all departments or workstations by end of July 2018 while the second assessment is to be done by end of November 2018. Compiled data is to be validated early in 2019 and included as a submission to the Board in the second quarter board meeting in 2019.

Apprentice Recruitment

After a lapse of 3 years, Apprenticeship Recruitment was conducted in March 2018. This recruitment drive resulted after a sudden departure of key tradesmen to local and overseas competitors. Another recruitment drive is now been planned for December 2018.

Transfer of Knowledge from Indian Expatriates

There had been vigorous approaches used to successfully capture and transfer knowledge and skills from the Indian Experts especially up in the Pan Boiling House. This will extend to other Functions in the Mill.

Occupational Health and Safety

Creating and maintaining a safe & healthy work environment for our employees is the first priority. Hazard ID & safe moves program has been rolled out to each employee to achieve our primary goal to identify hazards and eliminate or minimize by putting appropriate control measures. The Corporation believes that safety is a shared responsibility. Everyone from top management to supervisors to each & every workers is encouraged to take ownership of his or her own safety and that of co-workers. There has been an ongoing swell in health & safety knowledge throughout the entire mill which will now enable employee to learn good practices and start making safe decisions thus improving safety culture in the workplace.

Health & wellbeing programs has been a success where a number of new health conditions of hypertension, diabetes has been identified and now tracked on to see continuous clinics are happening. There are number of known cases which are continuously monitored as well.

MARKETING

Bulk Raw Sugar Export

A total of 152,569 metric tons of bulk raw sugar was exported during the year. This was made to the following destinations:

Destination	Tonnage (mt)
United Kingdom	67,200*
Spain	55,800
USA	14,569
Netherlands	15,000
Total	**152,569**

* includes sale from opening stock of 8,172mt

EU Sugar Market

As expected, the key development during the period under review in the EU sugar market has been the final step towards the abolition of EU production quotas and minimum sugar. This has resulted in a significant increase in EU sugar production. Consequently, EU sugar exports have substantially increased and EU sugar prices, on the other hand, have declined sharply (as indeed have world market prices). Fiji, as many of the other ACP sugar suppliers to the EU remain deeply concerned with this development which may result in many of the suppliers, including Fiji, being displaced from their traditional market in the EU and simultaneously forced to find new and less remunerative markets. This is a worrying development for Fiji in view of its exposure to the world market and heavy post reliance on the EU market. Fiji has therefore supported the call for the EU, as far as possible, to ensure stability in the market so that the preferences derived remain remunerative for small and vulnerable suppliers like Fiji.

FSC is grateful for EU's support to the Sugar industry through the Accompanying Measures for Sugar Protocol (AMSP) program which is coming to an end this year. With significant inputs from the Ministry of Sugar, some milestones such as upgrading of cane access roads have been achieved in Viti Levu and since 2016, substantial amount of funds have been disbursed. Efforts are underway to ensure maximum utilization of the remaining EURO 12 million as of January 2018.

Brexit and Future sugar trade with the UK

The United Kingdom remains a positive destination for Fiji Sugar and the FSC believes that the real opportunity which Brexit affords is the opportunity to recreate a meaningful preferential market for sugar which would be of lasting value and which would not only allow the U.K.'s beet growers and the UK refining sector to prosper but also provide a platform for development in Fiji and other ACP-LDC sugar industries. The FSC will work closely with the Government to call on the UK Government for the maintenance of preferential access at preferential prices into the UK after Brexit to continue with development and expansion of our industry.

Direct Consumption Raw Sugar Sales to the Domestic Market and Pacific Island Countries

Financial year sales on the domestic market of 50kg, 25kg and 10kg bags sugar totalled 14,982.08 metric tonnes. Due to weight and safety limitations, the 50kg bag has been phased out from our production line during the year and we are now only packing and selling 25kg and 10kg bag sugar.

For the Pacific island countries, the total financial year sales of 50kg, 25kg and 10kg bags was 6,188.20 metric . This is the first full year of our presence in the PIC market after a lapse of 7 years and we are continuing in our effort to try and build our customer base and increase sales volume.

Molasses Exports

We made only one bulk shipment of molasses during the financial year made up of a 35,000mt cargo which was shipped to the Caribbean. The balance of the 2017 crop molasses will be shipped before the start of the 2018 crushing season. A small amount of 38 metric tons of molasses was shipped to buyers in the Pacific Island countries.

Domestic Molasses Sales

Domestic sales of molasses for the financial year totalled 3,588 metric tonnes.

Sugar Packaging Plant

Retail pack sugar is currently being sold in the local market and in the Pacific Islands countries (PIC's). Demand for 1Kg retail pack sugar is high in the PIC's and the main customers are in Samoa, Vanuatu, Solomon and Tonga. Local demand is more aligned to 2Kg and 4Kg retail pack sugar.

Graham Clark
Chief Executive Officer

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018

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DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of The Fiji Sugar Corporation Limited (the "Corporation") as at 31 May 2018 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
Mr Viliame Gucake
Ratu Wiliame Katonivere
Mr Arvind Singh
Mr Tevita Kuruvakadua
Mr Pradeep Lal
Mr Hari Raniga
Mr Ariff Ali

Principal Activities

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

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

Results

The results of the Corporation are summarized below:	2018	2017
	$'000	$'000
Loss from operations	(10,290)	(39,604)
Finance costs, net	(6,618)	(6,838)
Unrealised exchange gain / (loss), net	(1,679)	3,401
Allowance for impairment loss on capital works in progress	(5,009)	-
Allowance for impairment loss on cane quality payout system	-	(1,966)
Loss due to flooding	(1,030)	-
Loss for the year	(24,626)	(45,007)
Earnings /(Losses) Before Interest, Tax, Depreciation and Amortisation (EBITDA)	535	(19,217)

Dividends

The directors recommend that no dividends be declared for the year ended 31 May 2018.

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. The loans from the Government of Fiji has been converted to a long term loan with an option to convert the loan into equity. In 2017, the Government of Fiji increased the Government guarantee of $120 million to $322 million and the guarantee period has been extended up to 31 May 2022.

DIRECTORS' REPORT [CONT'D]

Basis of Accounting – Going Concern (Cont'd)

Furthermore, 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 sugarcane plantations, sale of non-core assets, 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) Impairment of Property, Plant and Equipment

For the year ended 31 May 2018, an 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, trend of improvement in sugar cane quality, and assessed that no further provision for impairment is required.

Accumulated impairment losses provided in earlier years totals to $78.4 million. A further impairment of $5 million was provided during the year in respect of the 50T boiler at Labasa Mill (refer Note 10(f)).

The assessed enterprise value of the Corporation's productive assets continues to exceed the carrying value of the Corporation's core operating assets. Notwithstanding this, no reversal of accumulated impairment losses will be considered until the Corporation's growth is consolidated.

ii) Review of Non-productive Assets

The board of directors has commenced a process to review its non-productive assets, including property. Based on the review, management has been mandated to commence with the sale of non-core property.

iii) Czarnikow Group Limited

During the year, the Corporation has borrowed US$9 million from Czarnikow Group Limited to meet operational expenditures and grower cane payments. The loan will be repaid through the first shipment of sugar for the 2018 season (financial year 2019).

iv) Fiji Development Bank Term Loan

During the year, the Corporation secured funding of $30 million from Fiji Development Bank (FDB) for purchase of agricultural equipment for sugarcane development. The loan is for 10 year period repayable with annual installment of $4,683,328 (including principal, interest and bank fees). The first installment falls due on 31 October 2018. This borrowing is secured by Government guarantee. As at balance date, the drawdown from the facility was $11,216,023.

DIRECTORS' REPORT [CONT'D]

Significant Events During the Year (Cont'd)

Significant events during the year were: (Cont'd)

v) ***Australia and New Zealand Banking Group Limited (ANZ) - Pre-export Facility***

The ANZ US$43 million pre-export facility expired during the year and was fully repaid.

vi) ***Home Finance Company Limited (HFC)***

During the year, the Corporation changed its principal banker to HFC and secured an overdraft facility of $20 million. The facility is secured by Government guarantee and floating charge over all the Corporation's assets.

vii) ***Borrowings - Export Import Bank of India (EXIM) US$50.4 million - Extension in Moratorium***

The EXIM Bank of India has further extended the moratorium period upto December 2018 for the borrowing of US$50.4 million. The repayment period has been extended to December 2028. The loan is repayable in half yearly equal installments of US$1,654,031 (principal plus interest).

On 15 September 2017, the Government guarantee for the EXIM Bank loan was also extended from September 2019 to December 2028.

viii) ***Fiji National Provident Fund (FNPF)***

The Corporation secured loan of $50 million from FNPF to meet its working capital and capital expenditure requirements. The loan is for 15 year term secured by Government guarantee. As at balance date, the draw down against the facility is $25 million.

ix) ***BRED Bank***

The Corporation has secured funding of $20 million from BRED Bank during the year to assist with upgrading work at the Lautoka, Rarawai and Labasa mill. As at balance date, there were no drawdowns from the facility.

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.

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:

i) The Government of Fiji in partnership with the Corporation will establish and make contributions to a sugar cane stabilisation fund. A base price of $85 per tonne has been agreed in principle for a period of 3 years, which will be reviewed thereafter. It is believed that this will instil confidence and provide price certainty for farmers.

ii) The Corporation has repaid the Australia and New Zealand Banking Group Limited bridging facility of $15 million.

Other than the above, no other matters or circumstances have arisen since the end of the financial year which would require adjustment to, or disclosure in, the financial statements.

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 1 day of August 2018.

………………………………….. Director

………………………………….. Director

DIRECTORS' DECLARATION

The declaration by directors is required by the Companies Act 2015.

The directors of the Corporation have made a resolution that declares:

a) In the opinion of the directors, the financial statements of the Corporation for the financial year ended 31 May 2018:

   i. comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the Corporation as at 31 May 2018 and of the performance and cash flows of the Corporation for the year ended 31 May 2018; and

   ii. have been prepared in accordance with the Companies Act 2015;

b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act 2015; and

c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they become due and payable.

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

Dated this 1 day of August 2018.

....
Director Director

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Email: info@bdo.com.fj
Offices in Suva and Lautoka

BDO
Chartered Accountants
125 Vitogo Parade
PO Box 867
Lautoka, Fiji

THE FIJI SUGAR CORPORATION LIMITED

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF THE FIJI SUGAR CORPORATION LIMITED

As auditor for The Fiji Sugar Corporation Limited for the financial year ended 31 May 2018, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Companies Act 2015 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Nalin Patel
Partner
Suva, Fiji

BDO
CHARTERED ACCOUNTANTS

1 August 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Fiji Sugar Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Fiji Sugar Corporation Limited (the Corporation), which comprise the statement of financial position as at 31 May 2018, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 May 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

The Corporation has been incurring significant losses during recent years. During the year ended 31 May 2018, the Corporation incurred a loss from operations of $10.3 million and net loss of $24.6 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 2018, total liabilities of the Corporation exceed total assets resulting in net liabilities of $241.8 million. The current liabilities exceed the current assets by $76.8 million.

The Corporation has debt repayment commitments amounting to $76.7 million during the financial year ending 31 May 2019. Furthermore, the Corporation requires ongoing funding to meet its working capital and capital expenditure requirements.

The above conditions and other matters as disclosed in Note 21 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.

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

Material Uncertainty Relating to Going Concern (Cont'd)

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 21.

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.

Our opinion is not modified in respect of this matter.

Responsibilities of the Management and Directors for the Financial Statements

The management and directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Companies Act 2015 and for such internal control as the management and directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

The management and directors are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT [CONT'D]

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

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's and directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2015 in all material respects, and;

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the Corporation has kept financial records sufficient to enable the financial statements to be prepared and audited.

BDO

BDO
CHARTERED ACCOUNTANTS

Nalin Patel
Partner
Suva, Fiji
1 August 2018

THE FIJI SUGAR CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2018

	Notes	2018 $'000	2017 $'000
Revenue			
Exports, sugar and molasses		147,676	115,824
Local, sugar and molasses		34,437	29,058
		182,113	**144,882**
Less: Cost of milling and sales		(181,269)	(163,353)
Gross profit / (loss)		844	**(18,471)**
Other income		388	328
Realised exchange gain, net		1,044	229
Administrative and operating expenses		(15,354)	(19,610)
Reversal of / (allowance for) inventory obsolescence		2,788	(2,064)
Allowance for impairment loss on receivable from subsidiary – Pacific Cogeneration Limited		-	(16)
Loss from operations		**(10,290)**	**(39,604)**
Finance costs, net	7	(6,618)	(6,838)
Unrealised exchange gain / (loss), net		(1,679)	3,401
Allowance for impairment loss on capital works in progress		(5,009)	-
Allowance for impairment loss on cane quality payout system		-	(1,966)
Loss due to flooding		(1,030)	-
Loss before income tax		**(24,626)**	**(45,007)**
Income tax expense	9(a)	-	-
Loss for the year		**(24,626)**	**(45,007)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(24,626)**	**(45,007)**

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 2018

	Notes	2018	2017
ASSETS		**$'000**	**$'000**
Non-current assets			
Property, plant and equipment	10	154,511	164,365
Inventories	12	3,124	1,225
Total non-current assets		157,635	165,590
Current assets			
Financial assets	11(a),(c)	1,010	40
Inventories	12	13,411	15,355
Receivables	13	26,171	11,379
Current tax assets	9(b)	477	475
Cash and bank balances		5,380	6,720
Total current assets		46,449	33,969
Total assets		**204,084**	**199,559**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	22,200	22,200
Accumulated losses		(263,973)	(239,347)
Equity deficit		(241,773)	(217,147)
Non-current liabilities			
Borrowings	16	283,894	251,439
Deferred income	17	36,968	34,832
Provisions	18	1,743	2,210
Total non-current liabilities		322,605	288,481
Current liabilities			
Borrowings	16	76,669	88,257
Provisions	18	2,778	2,767
Payables and accruals	19	43,805	37,201
Total current liabilities		123,252	128,225
Total equity and liabilities		**204,084**	**199,559**

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 2018

	Share Capital $'000	Accumulated Losses $'000	Total $'000
Balance at 1 June 2016	22,200	(194,340)	(172,140)
Loss for the year	-	(45,007)	(45,007)
Other comprehensive income	-	-	-
Balance at 31 May 2017	22,200	(239,347)	(217,147)
Loss for the year	-	(24,626)	(24,626)
Other comprehensive income	-	-	-
Balance at 31 May 2018	22,200	(263,973)	(241,773)

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 2018

	2018 $'000	2017 $'000
Cash flows from operating activities		
Receipts from customers and other operating activities	182,790	145,289
Payments to suppliers, employees and other operating activities, net of insurance proceeds	(184,904)	(131,288)
Cash provided by / (used in) operations	(2,114)	14,001
Finance income received	9	13
Finance cost paid	(6,643)	(5,176)
Proceeds received from joint venture	422	-
Proceeds from grants received	2,173	-
Net cash provided by / (used in) operating activities	(6,153)	8,838
Cash flows from investing activities		
Payments for property, plant and equipment	(13,261)	(8,710)
Proceeds from the sale of property, plant and equipment	-	66
Insurance proceeds	-	20,511
Investment in term deposit	(970)	-
Net cash provided by / (used in) investing activities	(14,231)	11,867
Cash flows from financing activities		
Proceeds from / (repayment of) borrowings, net	61,523	(8,189)
Repayment of borrowings – ANZ pre export facility, net	(63,709)	(6,389)
Advances to subsidiary	-	(3)
Net cash used in financing activities	(2,186)	(14,581)
Net increase / (decrease) in cash and cash equivalents	(22,570)	6,124
Cash and cash equivalents at the beginning of the financial year	6,720	596
Cash and cash equivalents at the end of the financial year (Note 14)	(15,850)	6,720

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

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 operated three sugar mills in the year under review and is involved in the milling of sugarcane, manufacture and sale of sugar and molasses produced.

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.

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. The loans from the Government of Fiji has been converted to a long term loan with an option to convert the loan into equity. In 2017, the Government of Fiji have increased the Government guarantee of $120 million to $322 million and the guarantee period has been extended up to 31 May 2022.

Furthermore, 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 sugarcane plantations, sale of non-core assets, 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) and in compliance with the requirements of the Companies Act 2015.

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 2017

A number of amendments to standards and annual improvements are effective for the first time for periods beginning on (or after) 1 June 2017. None of the amendments have a material effect on the Corporation's annual financial statements.

Amendments which are relevant to the Corporation are summarised below:

i) IAS 7: Amendment – Disclosure Initiative

These amendments are effective from 1 January 2017 and aim to improve information about an entity's debt, including movements in that debt. Disclosures are required to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

NOTE 2. BASIS OF PREPARATION (CONT'D)

f) Changes in accounting policies (Cont'd)

New standards, amendments, annual improvements and interpretations that have been issued but are not mandatorily effective as at 31 May 2018

The following are some relevant new standards, amendments, annual improvements and interpretations, 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:

i) IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments 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. The Corporation is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

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

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.

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, investment in associates, held-to-maturity investment 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 13). Bad debts are written off during the period in which they are identified.

Receivables are recorded at amortised cost less impairment.

ii) Investment in associates

Investments in associate companies are investments in which the Corporation has a long term equity in excess of 20%, but not more than 50%. The Corporation adopts equity method of accounting for its investments in associated companies. The equity method of accounting is a method whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Corporation's share in net assets of the investees. The profit and loss account reflects the Corporation's share of results of operations of the investees. When the Corporation's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Corporation does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Provisions are raised against cost to recognise permanent diminution in value, if any.

iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity.

Held to maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from balance date, which is classified as current asset.

iv) 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.

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

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. Bank overdrafts are shown within interest bearing borrowing in current liabilities in the statement of financial position.

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.

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.

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

e) Property, plant and equipment (Cont'd)

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	5% 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.

f) Impairment of non-financial assets

At each statement 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.

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

f) Impairment of non-financial assets (Cont'd)

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.

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.

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

j) Employee benefits (Cont'd)

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.

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.

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

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 statement 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.

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.

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

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.

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.

NOTE 4. RISK MANAGEMENT (CONT'D)

(i) Market risk (Cont'd)

(a) Foreign exchange risk

The Corporation undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuation arise. Exchange rate exposures are closely monitored by the management.

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

	2018 $'000	2017 $'000
Liabilities		
US Dollar	97,328	149,675
Assets		
US Dollar	2,124	877

Foreign currency sensitivity analysis

The Corporation is mainly exposed to the currency of USA.

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 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 with all other variables held constant, pre- tax profit impact is as follows:

Foreign Currency	Profit / (Loss) Impact			
	Strengthen		Weaken	
	2018 F$ 000's	2017 F$ 000's	2018 F$ 000's	2017 F$ 000's
US Dollar – USD	8,655	13,527	(10,578)	(16,533)

(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.

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 enjoys 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 is driven by world sugar prices. The exposure of Fiji to world sugar price dynamics has thus increased from 1 October 2017.

NOTE 4. RISK MANAGEMENT (CONT'D)

(i) Market risk (Cont'd)

(b) Price and volume risk (Cont'd)

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 Czarnikow Group Limited. 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 Czarnikow Group Limited 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.

(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.

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

(ii) Credit risk

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.

NOTE 4. RISK MANAGEMENT (CONT'D)

(iii) Liquidity risk (Cont'd)

The table below analyses the Corporation's financial liabilities (excluding future interest) 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 2018				
Short term borrowings	71,430	-	-	71,430
Long term loans and bonds	-	77,079	173,817	250,896
Export Import Bank of India	5,239	29,011	38,061	72,311
Trade and other payables	43,805	-	-	43,805
	120,474	106,090	211,878	438,442
At 31 May 2017				
Short term borrowings	88,257	-	-	88,257
Long term loans and bonds	-	40,999	173,817	214,816
Export Import Bank of India	-	30,299	40,398	70,697
Trade and other payables	37,201	-	-	37,201
	125,458	71,298	214,215	410,971

(iv) Cane supply risk

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

Year	Cane Supply for the Year (000t)	Gross Profit / (Loss) for the Year ($ million)
2017 – Actual	1,387	(18.47)
2018 – Actual	1,631	0.84
2019 – Budgeted	1,700	1.5

(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.

NOTE 4. RISK MANAGEMENT (CONT'D)

(vi) 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.

(vii) 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.

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.

During the year, impairment of $5 million was provided in respect of the 50T boiler at Labasa Mill.

For the year ended 31 May 2018, an 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 2019 to 2028 based on a scenario with cane volumes of 1.7 million tonnes for 2019 and increasing to 2.6 million tonnes by 2021 and 4.1 million tonnes by 2028. 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.

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

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

(a) Impairment of property, plant and equipment (Cont'd)

Based on the independent assessment, management and directors have carried out an assessment of the recoverable amount of the assets, trend of improvement in sugar cane quality, and assessed that no further provision for impairment is required.

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.

(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 provisions 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 9(d).

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

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

(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 9(c).

NOTE 6. LOSS FROM OPERATIONS

	2018 $'000	2017 $'000
Loss from operations have been arrived at after crediting the following income:		
Amortisation of government grants (Note 17)	37	37
Creditors and payables written back	-	17
Doubtful debts written back (Note 13)	351	162
Gain on sale of plant and equipment	-	60
Loss from operations have been arrived after charging the following expenses:		
Auditor's remuneration for:		
- Audit services	74	87
- Other services	41	21
Bad debts written off	30	-
Depreciation and amortization:		
- Leasehold land, building and improvements	1,762	1,767
- Plant, machinery and equipment	15,259	15,760
- Vehicles and transport systems	1,522	1,425
Directors' emoluments for:		
- Executive Director's remuneration	-	671
- Directors' fees	26	39
- Other services and allowances	2	2
Impairment loss on receivables (Note 13)	7	556
Staff costs (Note 8)	30,187	27,928

NOTE 7. FINANCE INCOME AND COST	2018 $'000	2017 $'000
FINANCE INCOME		
Interest income	11	15
FINANCE COSTS		
Finance expense:		
- Secured and unsecured borrowings	(6,629)	(6,853)
Total finance costs, net	(6,618)	(6,838)

NOTE 8. STAFF COSTS

	2018	2017
Wages and salaries	27,634	25,152
FNPF contribution	3,232	2,851
Other employee benefits	-	274
	30,866	28,277
Less: staff costs for capital works	(255)	(282)
	30,611	27,995
Provisions for employee benefits, net movement	(424)	(67)
Total staff costs	30,187	27,928

NOTE 9. INCOME TAX

The prima facie tax expense/ (benefit) is reconciled to the income tax expense/ (benefit) as follows:

a) Income tax expense

	2018	2017
Loss before income tax expense	(24,626)	(45,007)
Prima facie tax benefit thereon at 20%	(4,925)	(9,001)
Tax effect of:		
Non-deductible expenses	340	331
Amortisation of government grant	(7)	(7)
Deferred income tax asset relating to tax losses and temporary differences unrecognised, net of unrecognised deferred tax liabilities	4,592	8,677
Income tax expense	-	-

b) Current tax asset

Movements during the year were as follows:

	2018	2017
Balance at the beginning of the year	475	473
Withholding tax	2	2
Balance at the end of the year	477	475

NOTE 9. INCOME TAX (CONT'D)

c) Deferred tax liability

Deferred tax liability of the Corporation amounting to $547,678 (2017: $772,825) in respect of unrealized gain on stock of sugar and molasses as at 31 May 2018 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.

d) 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 $33 million (2017: $40.60 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.

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Leasehold Land	Buildings and Improvements	Plant, Machinery and Equipment	Vehicles and Transport Systems	Capital Work In Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 May 2018							
Cost	21,904	526	67,076	411,047	50,542	19,928	571,023
Accumulated depreciation	-	(70)	(27,086)	(269,100)	(36,862)	-	(333,118)
Accumulated impairment losses	-	-	(16,214)	(59,322)	(2,849)	(5,009)	(83,394)
Balance as at 31 May 2018	**21,904**	**456**	**23,776**	**82,625**	**10,831**	**14,919**	**154,511**
At 31 May 2017							
Cost	21,904	526	67,065	405,967	46,274	15,590	557,326
Accumulated depreciation	-	(59)	(25,336)	(253,841)	(35,340)	-	(314,576)
Accumulated impairment losses	-	-	(16,214)	(59,322)	(2,849)	-	(78,385)
Balance as at 31 May 2017	**21,904**	**467**	**25,515**	**92,804**	**8,085**	**15,590**	**164,365**

NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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.

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 was determined on the basis of their value in use. 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 was assessed to have reduced. Accordingly, executive management and directors had assessed that additional provision of $24 million for impairment was required.

During the year ended 31 May 2015 and 2017, based on the independent assessment, management and directors assessed that no further provision for impairment was required.

During the year ended 31 May 2018, impairment of $5 million was provided in respect of the 50T boiler at Labasa Mill. Based on the independent assessment, management and directors have carried out an assessment of the recoverable amount of the assets, trend of improvement in sugar cane quality, and assessed that no further provision for impairment is required.

The Corporation has further carried out sensitivity analysis of assessment of recoverable amount as at 31 May 2018 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) 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.

c) Insurance

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

NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

d) 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 2018	Total 2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 June	21,904	467	25,515	92,804	8,085	15,590	164,365	177,451
Additions	-	-	-	-	-	13,698	13,698	9,003
Transfer from CWIP	-	-	12	5,080	4,268	(9,360)	-	-
Provision for impairment	-	-	-	-	-	(5,009)	(5,009)	(3,137)
Depreciation (Note 6)	-	(11)	(1,751)	(15,259)	(1,522)	-	(18,543)	(18,952)
Balance as at 31 May	21,904	456	23,776	82,625	10,831	14,919	154,511	164,365

e) Capital Work-in-Progress

Capital Work-in-Progress balance of the Corporation $14.92 million as at 31 May 2018 includes:

- Leasehold Land, Buildings and Improvements - $0.79 million
- Sugar Mills – Plant, Machinery and Equipment - $14.13 million

f) 50T Boiler at Labasa Mill

The Board of Directors in 2017 resolved that co-generation of electricity will only be considered as a longer term strategy for the Corporation and will not invest in upgrading the 50T boiler. Accordingly, the cost of $5,009,107 incurred on the 50T boiler has been fully impaired.

NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

g) Security

Certain plant, machinery and equipment are subject to security (including Bill of Sale) to Fiji Development Bank (Note 16(g)).

NOTE 11. FINANCIAL ASSETS

	2018	2017
	$'000	$'000
a) Held-To-Maturity Investments		
Current		
Term deposit	970	-
	970	-

Held-to-maturity investment include term deposit held with ANZ Banking Group Limited as a security requirement for the establishment of the letter of credit in favour of De Smet S.A. Engineers & Contractors.

b) Available-For-Sale Financial Assets

	2018	2017
Non-current		
Subsidiary companies		
Shares in subsidiary companies, at cost	-	-

Investments in Subsidiaries

Name of Company	Place of Incorporation	Book Value of Holding Company Investments (Ordinary Shares)		% Shareholding	
		2018	2017	2018	2017
		$	$	%	%
Unlisted Companies					
FSC Projects Limited	Fiji	100	100	100	100
Pacific Cogeneration Limited	Fiji	-	2	-	100
		100	102		

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

During the year ended 31 May 2018, the investment in subsidiary company, Pacific Cogeneration Limited has been written off.

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 cash flow position for the year.

NOTE 11. FINANCIAL ASSETS (CONT'D)

c) Investments in Joint Ventures and Associates

Name of Entity	Investments Book Value		% Interest	
	2018	2017	2018	2017
	$	$	%	%
Unincorporated Joint Venture				
Nagigi Farms – Capital Contribution (i)	40,000	40,000	50	50
Associates				
Mataqali Delai Joint Venture Limited (ii)	1	1	50	50
Mataqali Nabau Joint Venture Limited (ii)	1	1	50	50
Mataqali Navunidoi Joint Venture Limited (ii)	1	1	50	50

(i) Investments in Nagigi Farms

The Nagigi Farms Joint Venture is an unincorporated joint venture established between Tsunami Farms Limited and the Corporation under the Nagigi Farms Joint Venture Agreement dated 1 May 2013 (the Joint Venture Agreement). The principal activities of the joint venture are that of performing commercial sugar cane farming at Nagigi, Labasa, Fiji.

The share of the Corporation's loss as per the interim unaudited financial statements for the year ended 31 December 2017 is $20,215 (2016: loss of $127,036). Also, the Corporation's share of the accumulated deficit under joint venture account as at 31 December 2017 amounts to around $197,368 (2016: $177,153) which have been recognised in the financial statements up to the extent of the capital contribution of $40,000. Based on the current plans and strategies, the management and the directors are of the view that the amounts invested and /or advanced for joint venture activities is expected to be recovered from future cane proceeds and no impairment is required at this stage.

(ii) Investments in Associates - Mataqali Delai Joint Venture Limited, Mataqali Nabau Joint Venture Limited and Mataqali Navunidoi Joint Venture Limited

The Corporation has 50% equity ($1 share) in each 3 entities. The other 50% shareholding is held by Mataqali Delai Investment Limited, Mataqali Nabau Investment Limited and Mataqali Navunidoi Investment Limited in the respective entities. The principal activities of the joint venture entities are that of performing commercial sugar cane farming at Rakiraki, Fiji.

The share of the Corporations losses of the 3 incorporated Joint Ventures aggregates $119,798 (2016: loss of $171,852) as per the unaudited interim profit and loss statements for the year ended 31 December 2017. Also, the Corporation's share of the shareholder's equity deficit as at 31 December 2017 amounts to $523,531 (2016: $403,734). Based on the current plans and strategies, the management and the directors are of the view that the amounts invested and /or advanced for joint venture activities is expected to be recovered from future cane proceeds and no impairment is required at this stage.

NOTE 12. INVENTORIES

	2018	2017
	$'000	$'000
Non-Current		
Capital spare parts and spare gears– at cost	8,258	8,725
Less: Allowance for inventory obsolescence	(5,134)	(7,500)
Total non-current inventories, net	3,124	1,225
Current		
Maintenance spares and consumables – at cost	5,246	3,881
Less: Allowance for inventory obsolescence	(963)	(1,406)
	4,283	2,475
Sugar and molasses	9,128	12,880
Total current inventories, net	13,411	15,355

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

NOTE 13. RECEIVABLES

Current

	2018	2017
Trade receivables	1,334	1,731
Receivable from Joint Ventures (a)	1,954	2,228
Receivable from growers – Special Cane Payout (b)	-	1,845
Receivable from growers – Others	1,216	1,216
VAT receivable	1,566	-
Recoverable expenses from contractors	943	943
Other receivables (c)	11,311	1,253
	18,324	9,216
Less: Impairment loss	(2,021)	(2,407)
	16,303	6,809
Prepayments and deposits	9,868	4,570
Total current trade and other receivables, net	26,171	11,379

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:

	2018	2017
Opening balance	2,407	3,226
Impairment loss on receivables (Note 6)	7	556
Impairment loss written back (Note 6)	(351)	(162)
Receivables written off against impairment loss	(42)	(1,213)
Closing balance	2,021	2,407

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.

NOTE 13. RECEIVABLES (CONT'D)

a) 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 $1,953,863 (2017: $2,228,125) 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 Ventures.

b) The Corporation made a special cane payment of $2 per tonne 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 ended 31 May 2018, the balance of $1 was recovered from the 2017 season payments while $1 was earlier recovered from the fourth cane payment made to the growers during the year ended 31 May 2016.

c) The Corporation paid $8.84 as fourth cane payout to the growers of which $6.30 per tonne aggregating to $10,277,665 was funded by the Government which is included under other receivable as at 31 May 2018. Subsequent to balance date, the Government has reimbursed $10,277,665.

NOTE 14. NOTES TO THE STATEMENT OF CASH FLOWS

	2018	2017
	$'000	$'000
Reconciliation of cash and cash equivalents		
Cash and bank balances	5,380	6,720
Bank overdraft	(21,230)	-
Total cash and cash equivalents, net	(15,850)	6,720

NOTE 15. SHARE CAPITAL

	2018	2017
Paid up capital		
44,399,998 ordinary shares	22,200	22,200

NOTE 16. BORROWINGS

	2018	2017
Non-current		
Export Import Bank of India (a)(i)	65,995	69,329
Export Import Bank of India (a)(ii)	1,077	1,368
Reserve Bank of Fiji – Loan (c)(i)	7,000	7,000
Reserve Bank of Fiji – Loan (c)(ii)	5,000	-
Fiji National Provident Fund – Bonds (d)(i)	25,000	25,000
Fiji National Provident Fund – Loan (d)(ii)	25,000	-
Loans from Fiji Development Bank (g)(i)	7,562	8,999
Loans from Fiji Development Bank (g)(ii)	7,517	-
Loans from Government of Fiji (e)	139,743	139,743
Total non-current borrowings	283,894	251,439

NOTE 16. BORROWINGS	2018	2017
	$'000	$'000
Current		
Bank overdraft – HFC Bank (k)	21,230	-
Loans from Sugar Cane Growers Fund (b)	6,701	8,546
ANZ Banking Group Limited (f)(i)	-	63,768
ANZ Banking Group Limited (f)(ii)	15,000	-
Loans from Fiji Development Bank (g)(i)	4,237	4,174
Loans from Fiji Development Bank (g)(ii)	4,103	-
Loans from Subsidiaries (h)	1,160	1,160
Loans from Tate & Lyle (i)	-	10,609
Export Import Bank of India (a)(i)	3,492	-
Export Import Bank of India (a)(ii)	1,747	-
Czarnikow Group Limited (j)	18,999	-
Total current borrowings	76,669	88,257

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 including an initial moratorium of 2 years. Interest is payable at the rate of London Inter Bank Offered Rate (LIBOR) plus 0.5%.

During the year the moratorium has been extended upto December 2018.The outstanding balance is to be settled by 31 December 2028 in equal half yearly instalments of US$1,654,031 with first payment falling due on 31 December 2018.

(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 of US$413,846 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%.

Accordingly, during the year the Corporation has repaid principal of US$413,846.

b) Sugar Cane Growers Fund (SCGF)

The loan of $6.7 million is repayable by 31 December 2018. This loan has been advanced with an option to rollover. The loan is secured by Government guarantee.

Furthermore, in 2016, loan of $3,689,172 was taken from SCGF to fund the special cane payment. The loan was to be repaid through recovery from the growers. 50% of the loan was settled in 2016 while balance 50% was recovered from 2017 season payout to the growers.

NOTE 16. BORROWINGS (CONT'D)

Particulars relating to borrowings: (Cont'd)

c) Reserve Bank of Fiji (RBF)

(i) ***Flood Rehabilitation Loan***

The Corporation had borrowed $7 million from RBF to finance rehabilitation work undertaken due to severe flooding in the western division of the island of Viti Levu, Fiji. At the request of the Corporation, the facility has been extended for three years and will be payable on 31 May 2020.

(ii) ***Natural Disaster Rehabilitation Fund***

During the year, the Corporation has borrowed $5 million from RBF to finance rehabilitation work on the rail system due to significant damages sustained from Tropical Cyclone Winston which affected the country in February 2016. The loan is repayable by 4 August 2022.

The above borrowings are secured by the Government guarantee.

d) Fiji National Provident Fund

(i) ***Bonds***

The Corporation raised funds through corporate bonds for $15 million and $10 million during September 2015 and October 2015. The bonds mature on 30 September 2019 and 4 November 2019 respectively.

(ii) ***Term Loan***

The Corporation secured loan facility of $50 million with FNPF during the year to meet its working capital and capital expenditure requirements. The loan is repayable in 15 years with interest only payable for the first 12 months to commence one month after the date of first drawdown. Thereafter, principal and interest will be payable over the remaining term of the loan.

The loan is secured by Government guarantee. As at balance date, the draw down against the facility is $25 million.

e) Government of Fiji

	2018	2017
	$'000	$'000
Loans from Government of Fiji	173,817	173,817
Less: Deferred grant income on interest (Note 17)	(34,074)	(34,074)
	139,743	139,743

NOTE 16. BORROWINGS (CONT'D)

Particulars relating to borrowings: (Cont'd)

e) Government of Fiji (Cont'd)

In accordance with the Loan Repayment Agreement (LRA) dated 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 is 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. The Government loan has 10 years of grace period for both loan and interest, and as such the benefit of deferred grant income on interest is not amortized during first 10 years of grace period (Refer Note 17).

f) ANZ Banking Group Limited

(i) The Corporation on 20 May 2015 had 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. The facility was 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 except freehold and leasehold properties (including stocks of sugar and fixed assets).

The facility expired during the year and is fully repaid.

(ii) During the year, the Corporation secured $15 million short term loan facility with ANZ which is repayable on 30 June 2018. The facility is secured by Government guarantee.

g) Fiji Development Bank

(i) 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 payable in monthly installments of $390,100 (including principal, interest, stamp duty and bank fees).

(ii) During the year on 13 September 2017, a further term loan facility of $30 million was obtained from Fiji Development Bank for purchase the of agricultural equipment for sugarcane development. The loan is for 10 year period with annual installment of $4,683,328 (including principal, interest, and bank fees). The first installment falls due on 31 October 2018. As at balance date, the drawdown from the facility was $11,619,445.

The term loans from Fiji Development Bank are secured by Government guarantee and bill of sale over assets acquired from these loans.

NOTE 16. BORROWINGS (CONT'D)

Particulars relating to borrowings: (Cont'd)

h) Advances from Subsidiaries

Advance from FSC Projects Limited as at balance date amounted to $1,160,371. The advance is unsecured, interest free and repayable on demand.

i) Tate & Lyle Sugars

During the year ended 31 May 2015, the Corporation obtained loan of US$14 million from Tate & Lyle Sugars to meet operational expenditure and grower cane payment.

The loan has been fully repaid during the year ended 31 May 2018 from sugar proceeds.

j) Czarnikow Group Limited

During the year, the Corporation borrowed US$9 million from Czarnikow Group Limited to meet operational expenditures and grower cane payment. The principal loan borrowing will be settled through the first shipment of sugar for 2018 season.

k) Bank Overdraft - HFC Bank

The Corporation has secured an overdraft facility of $20 million with HFC Bank during the year. The facility is secured by Government guarantee and floating charge over all the Corporation's assets.

NOTE 17. DEFERRED INCOME

	2018	2017
	$'000	$'000
Government grants (a)	1,847	1,847
Less: Accumulated amortization	(1,126)	(1,089)
	721	758
Deferred grant income on interest for the Government of Fiji loan (b)	34,074	34,074
Deferred grant income from Government of India (c)	2,173	-
Total deferred income, net	36,968	34,869

a) 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. The Government loan has 10 years of grace period for both loan and interest, and as such the benefit of deferred grant income on interest is not amortized during first 10 years of grace period (Refer Note 16(e)).

c) Relates to grant provided by the Government of India to the Corporation through the Ministry of Sugar Industry for the purchase of agricultural equipment with implements aggregating to $2,172,576. The agreement is effective from 12 February 2018 with termination date of 31 July 2018. As at balance date, equipment procurement is in progress.

NOTE 18. PROVISIONS

	Employee entitlements	Litigation claims	Unpaid Rent	Total
	$'000	$'000	$'000	$'000
As at 1 June 2017	3,355	723	899	4,977
Additional provisions recognised/ (written back) during the year, net	(424)	(356)	324	(456)
Carrying amount as at 31 May 2018	2,931	367	1,223	4,521

	2018	2017
	$'000	$'000
Analysis of Total Provisions		
Non-current	1,743	2,210
Current	2,778	2,767
Total provisions	4,521	4,977
Employee entitlements consist of the following:		
Annual and sick leave	1,188	1,145
Long service leave	1,743	2,210
Total employee entitlements	2,931	3,355

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 19. PAYABLES AND ACCRUALS

Current		
Trade creditors – Supplies and general	3,157	3,120
Trade creditors – Capital project contractors	2,207	2,218
Other creditors and accruals	6,441	8,120
Growers creditors	19,296	16,944
Cane access road, ACRP and other grants payable	8,669	3,432
VAT payable	-	1,067
Income in advance (a)	2,671	1,048
Interest payable	1,364	1,252
Total trade and other payables	43,805	37,201

NOTE 19. 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) The Corporation had received income in advance of $2,671,205 (2017: $1,048,316) for sugar and molasses that will be exported from 2018 season crop.

NOTE 20. CONTINGENT LIABILITIES

	2018	2017
	$'000	$'000
Wage claims and litigations	315	-
Guarantees or bonds given by the bank	-	74
Total contingent liabilities	315	74

Wage Claims and Litigations

i) 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. As a matter of caution, provision of $367,000 (2017: $723,350) is made in respect of various court actions against the Corporation (Refer Note 18).

ii) During the year, the Corporation terminated the services of a contractor of Seaqaqa Estate due to suspected fraud. The matter was reported to Fiji Independent Commission Against Corruption (FICAC) in November 2017. The outcome of investigation from FICAC as at balance date is awaited. During the year, the contractor filed a case against the Corporation (civil action No. 12 of 2018) claiming a sum of $248,000. The Corporation has filed a counter claim for a sum of $1,792,232. The ultimate outcome cannot be presently determined at this stage and accordingly no provision has been made in the current year.

NOTE 21. GOING CONCERN AND FINANCIAL SUPPORT

The Corporation has been incurring significant losses. During the year ended 31 May 2018, the Corporation has incurred loss from operations of $10.3 million (2017: $39.6 million) and net loss before income tax of $24.6 million (2017: $45 million).

As at 31 May 2018, total liabilities of the Corporation exceed total assets resulting in net liability of $241.8 million (2017: $217.1 million). The current liabilities exceed the current assets by $76.8 million, representing the ratio of 2.7 : 1 (2017: $94.3 million, representing the ratio of 3.8 : 1).

The Corporation has debt repayment commitments amounting to $76.7 million during the financial year ending 31 May 2019. Furthermore, the Corporation requires further funding to meet its working capital requirements, capital expenditure and fund the operating losses.

Given the financial position and the debt levels of the Corporation and recurring losses being incurred by the Corporation, these factors indicate that without Government support, the Corporation will not be able to continue as a going concern.

NOTE 21. GOING CONCERN AND FINANCIAL SUPPORT (CONT'D)

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 Government guarantees 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 financial year 2016, and no interest has been charged on the Government loans since the year ended 31 May 2015.

c) Continuous and increased 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 has allocated $62.3 million in 2018/19 National Budget for various initiatives to assist the sugar cane industry, including Sugarcane Development, establishment of sugar cane stabilization fund, Cane Access Roads, Fertiliser and Weedicide subsidy, subsidy for the cartage costs for the transportation of sugarcane from Penang to Rarawai Mill, small grant scheme for irrigation, water tank, water pumps, and some new farmers' assistance programme and support on the use of machineries.

Furthermore:

i) In 2017, the Corporation 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. 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 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.

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 sugar.

iv) Corporation has embarked on looking at alternative markets such as previously lucrative regional and Asian markets since EU sugar quota came 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 premium market price.

v) Various non-core assets of the Corporation has been identified and are being sold.

NOTE 21. GOING CONCERN AND FINANCIAL SUPPORT (CONT'D)

vi) 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.

vii) 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.

viii) 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.

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

x) The transport division of the Corporation is being strengthened and mechanized with the acquisition of new agricultural equipment's such as cane harvesters, tractors, cane cartage trucks and farming implements. These equipments will provide assistance to the farmers and the Corporation in a cost effective way.

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 its 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 22. COMMITMENTS

	2018	2017
	$'000	$'000
a) Capital commitments		
Capital commitments contracted but not provided for in the financial statements	13,497	14,505
Capital commitments approved by the directors but not yet contracted	2,910	4,816
Total capital commitments	16,407	19,321

Capital expenditure commitments primarily relate to procurement of mill plant and equipment and vehicles.

b) Operating lease commitments

	2018	2017
Non-cancelable operating land and vehicles lease rental commitments are payable as follows:		
Not later than one year	559	820
Later than one year but not later than five years	1,486	1,767
Later than five years	11,158	11,240
Total operating lease commitments	13,203	13,827

NOTE 22. 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 under contracts to various buyers. Further, the Corporation has embarked on looking at alternative markets such as previously lucrative regional and Asian markets to mitigate the impact since EU sugar quota came 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 premium market prices. Refer Note 23 for further details.

NOTE 23. 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 2017 crushing season (year ended 31 May 2018), the growers supplied to the Corporation a total of 1.63 million tonnes of cane from which 180,388 tonnes of sugar has been produced. The Corporation has exported 144,398 tonnes of sugar against its supply commitments to the buyers.

Traditionally, the Corporation sold its sugar to the European Union (EU) under the regional Economic Partnership Agreements (EPA) that came to end on 30 September 2017.

With effect from 1 October 2017, Fiji enjoys 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 has thus increased 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 has embarked on looking at alternative markets such as previously lucrative regional and Asian markets to mitigate the impact since EU sugar quota came 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 premium market prices.

NOTE 24. RELATED PARTY DISCLOSURES

a) Ownership interests in related parties

Interests held in subsidiaries are set out in Note 11(b) to the financial statements.

Interests held in joint venture and associates are set out in Note 11(c) to the financial statements.

b) Directors

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

Mr K Vishnu Mohan - Chairman
Mr Viliame Gucake
Ratu Wiliame Katonivere
Mr Arvind Singh
Mr Tevita Kuruvakadua
Mr Pradeep Lal
Mr Hari Raniga
Mr Ariff Ali

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, ten executives (2017: fourteen executives), (Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, General Manager Corporate Services, Head of Business Integration, Head of Engineering & Capital Projects, Head of Sugar Operations and three Mill Managers) 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 2018 and 2017 were:

	2018	2017
	$'000	**$'000**
Executive Director's remuneration	-	671
Other executive management	2,077	1,520
Total remuneration	2,077	2,191

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 $139,286 for the year.

NOTE 24. 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 25 for the details of the guarantees provided.

ii) In the prior years, the Government 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 aggregated to $173,816,930 (including deferred grant income on interest) as at balance date (2017: $173,816,930 (Refer Note 16(e)).

iii) The Government has approved guarantees to allow the Corporation to seek funding from banks and other financial institutions.

NOTE 25. GOVERNMENT GUARANTEE

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

a) In 2017, the Government approved a guarantee limited to $322 million, valid until 31 May 2022, to enable the Corporation to raise short-term loan finance to meet its working capital requirements.

b) The Government has provided a guarantees of US$50.4 million and US$5.38 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$32.92 million and US$1.34 million, respectively under this guarantees.

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 26. SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year were:

i) Impairment of Property, Plant and Equipment

For the year ended 31 May 2018, an 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, trend of improvement in sugar cane quality, and assessed that no further provision for impairment is required.

Accumulated impairment losses provided in earlier years totals to $78.4 million. A further impairment of $5 million was provided during the year in respect of the 50T boiler at Labasa Mill (refer Note 10 (f)).

The assessed enterprise value of the Corporation's productive assets continues to exceed the carrying value of the Corporation's core operating assets. Notwithstanding this, no reversal of accumulated impairment losses will be considered until the Corporation's growth is consolidated.

NOTE 26. SIGNIFICANT EVENTS DURING THE YEAR (CONT'D)

Significant events during the year were: (Cont'd)

ii) Review of Non-productive Assets

The board of directors has commenced a process to review its non-productive assets, including property. Based on the review, management has been mandated to commence with the sale of non-core property.

iii) Czarnikow Group Limited

During the year, the Corporation has borrowed US$9 million from Czarnikow Group Limited to meet operational expenditures and grower cane payments. The loan will be repaid through the first shipment of sugar for the 2018 season (financial year 2019).

iv) Fiji Development Bank Term Loan

During the year, the Corporation secured funding of $30 million from Fiji Development Bank (FDB) for purchase of agricultural equipment for sugarcane development. The loan is for 10 year period repayable with annual installment of $4,683,328 (including principal, interest and bank fees). The first installment falls due on 31 October 2018. This borrowing is secured by Government guarantee. As at balance date, the drawdown from the facility was $11,216,023.

v) Australia and New Zealand Banking Group Limited (ANZ) - Pre-export Facility

The ANZ US$43 million pre-export facility expired during the year and was fully repaid.

vi) Home Finance Company Limited (HFC)

During the year, the Corporation changed its principal banker to HFC and secured an overdraft facility of $20 million. The facility is secured by Government guarantee and floating charge over all the Corporation's assets.

vii) Borrowings - Export Import Bank of India (EXIM) US$50.4 million - Extension in Moratorium

The EXIM Bank of India has further extended the moratorium period upto December 2018 for the borrowing of US$50.4 million. The repayment period has been extended to December 2028. The loan is repayable in half yearly equal installments of US$1,654,031 (principal plus interest).

On 15 September 2017, the Government guarantee for the EXIM Bank loan was also extended from September 2019 to December 2028.

viii) Fiji National Provident Fund (FNPF)

The Corporation secured loan of $50 million from FNPF to meet its working capital and capital expenditure requirements. The loan is for 15 year term secured by Government guarantee. As at balance date, the draw down against the facility is $25 million.

ix) BRED Bank

The Corporation has secured funding of $20 million from BRED Bank during the year to assist with upgrading work at the Lautoka, Rarawai and Labasa mill. As at balance date, there were no drawdowns from the facility.

NOTE 27. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date:

i) The Government of Fiji in partnership with the Corporation will establish and make contributions to a sugar cane stabilisation fund. A base price of $85 per tonne has been agreed in principle for a period of 3 years, which will be reviewed thereafter. It is believed that this will instil confidence and provide price certainty for farmers.

ii) The Corporation has repaid the Australia and New Zealand Banking Group Limited bridging facility of $15 million.

Other than the above, no other matters or circumstances have arisen since the end of the financial year which would require adjustment to, or disclosure in, the financial statements.

NOTE 28. INSURANCE

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 29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 1 August 2018.

10-YEAR STATISTICAL REVIEW

Financial statistics											
for year ended 31 May		**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**
Turnover	($m)	182.1	144.9	199.8	197.3	224.0	199.0	203.6	141.5	194.7	245.8
Profit/(Loss) before taxation	($m)	(24.6)	(45.0)	(53.4)	(31.7)	6.9	6.3	1.8	(36.6)	(198.0)	(40.1)
Income Tax (expense)/benefit	($m)	-	-	-	-	-	-	-	-	22.9	3.3
Profit/Loss after taxation & Extra-ordinary items		(24.6)	(45.0)	(53.4)	(31.7)	6.9	6.3	1.8	(36.6)	(175.1)	(36.8)
Total Assets	($m)	204.1	199.6	254.2	266.2	279.3	254.6	196.1	148.7	140.3	312.0
Net Assets	($m)	(241.8)	(217.1)	(172.1)	(117.4)	(85.7)	(92.6)	(98.9)	(100.7)	(64.0)	111.0
Proceeds of Sugar & Molasses	($m)	180.7	143.4	195.8	191.7	214.6	185.7	200.8	121.6	180.5	204.5
FSC's share of proceeds	($m)	54.2	43.0	58.7	56.0	62.5	55.7	60.2	36.5	54.1	61.3
Price per tonne cane	($)	81.60	82.00	76.66	81.01	88.49	81.83	65.67	49.16	56.23	61.65
Production statistics											
Season		**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Cane Crushed	(000t)	1,631	1,387	1,845	1,832	1,610	1,547	2,095	1,780	2,247	2,321
Sugar Produced	(000t)	180	140	222	227	179	155	167	132	168	208
Molasses Produced	(000t)	66	63	76	78	59	67	107	113	136	120
Tonnes Cane/Tonnes Sugar		9.0	9.9	8.3	8.1	9.0	10.0	12.6	13.5	13.4	11.2
Molasses % Cane		4	5	4	4	4	4	5	6	6	5
POCS %		11	11	12	12	11	11	10	10	10	11
Cane Purity %		83	82	83	82	82	82	80	79	79	80
Fibre in Cane %		12	12	12	12	12	12	11	12	12	12
Average Crushing Rate for all mills (tcph)		694	692	792	853	834	811	834	794	789	843
Actual Crushing Time as % of Available Time		66	58	71	70	63	61	60	53	60	68
Field statistics											
Season		**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Number of Growers		16,605	16,526	16,387	16,348	15,528	15,948	16,259	16,609	17,762	18,683
Number of Active Growers		11,871	11,676	12,405	12,681	12,633	12,848	12,791	13,251	13,903	14,096
Tonnes Cane per Hectare		43	38	47	48	42	37	49	40	46	46
Average Tonnes Cane per Grower		137	119	148	144	127	120	164	134	162	165
Number of Cane Cutters		7,771	9,173	9,582	10,341	8,973	8,109	10,285	9,650	9,649	9,993
Output per Cutter (tonnes)		117	142	182	173	179	191	203	184	228	225
Burnt Cane %		34	57	39	41	29	36	25	23	32	50
Sugar exports - destinations and quantities (metric tonnes)											
Season		**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
UK/EU		129,828	104,736	165,260	184,414	165,557	146,656	138,222	110,731	152,906	207,575
USA		14,570	8,329	21,163	16,254	-	-	-	-	-	-
KOREA			200	220	766	-	-	-	-	-	-
TOTAL		144,398	113,265	186,643	201,434	165,557	146,656	135,462	110,731	152,906	207,575

- Notes -

FIJI SUGAR CORPORATION

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Sugars of Fiji