FIJI SUGAR CORPORATION

ANNUAL REPORT 2017

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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 In 2006, the Fiji Sugar Corporation Act was repealed allowing to be governed solely under the Companies Act.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 1.1% of GDP, generates about 5.3% of total exports in 2016 based on the provisional data from the Reserve Bank of Fiji. Unlike many other export oriented businesses, most production inputs are domestic and have a high regional impact and cross-sectoral linkages.

CORPORATE HIGHLIGHTS

Financial Results

- Corporation's share of proceeds was $43.0 million compared to $58.7 million in the previous year.
- Consolidated trading loss was $18.5 million, compared to a loss of $7.7 million in the previous year.
- Loss from operations was $39.6 million, compared to $26.1 million in the previous year.
- Operating loss for the year was $45.0 million, compared to a loss of $53.4 million in the previous year.
- A total of $8.7 million was invested in Property Plant and Equipment, compared to $15.6 million in the previous year.
- Earnings per share was ($1.01), compared to positive ($1.20) in the previous year.

Operations

- A total of 1.39 million tonnes of sugarcane was crushed from an area of 36,795 hectares compared to 1.85 million tonnes from 41,304 hectares in the previous year.
- Sugar production significantly decreased to 139,531 tonnes compared to 221,933 tonnes in the previous year mainly due to reduced sugarcane harvest and higher TCTS.
- Tonnes Cane to Tonnes Sugar (TCTS) ratio was 9.94 compared to 8.31 in the previous year.
- Cane Quality (POCS) was 10.9 compared to 12.2 in the previous season.
- The total sugar exported to EU was 104,736 tonnes compared to 165,260 tonnes in the previous year.

FINANCIAL SUMMARY

	2017	2016
Sales and Profit($'000)		
Total sales	144,882	199,813
Trading profit/(loss)	(18,471)	(7,734)
Unrealised exchange gain/(loss)	3,401	(3,828)
Allowance for impairment loss written back/ (allowance for impairment loss) on receivables - Top Up Cane Payment		17,168
Allowance for impairment loss on CWIP		(10,231)
Allowance for impairment on PPE		(24,000)
Operating Profit/(loss) after extraordinary items and income tax	(45,007)	(53,412)
Cash Flow ($'000)		
Operating activities	8,838	(11,764)
Investing activities	11,867	(15,526)
Financing activities	(14,581)	25,235
Net increase/(decrease) in cash	6,124	(2,055)
Financial Position ($'000)		
Working capital	(94,256)	(41,570)
Current assets	33,969	73,940
Total assets	199,559	254,208
Non-current liabilities	288,481	310,838
Current liabilities	128,225	115,510
Shareholders' equity	(217,147)	(172,140)
Additional Information		
Ratio of current assets to current liabilities	0.3	0.6
Ratio of debt to shareholders' equity	(1.92)	(2.5)

CORPORATE GOVERNANCE

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

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

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

BOARD RESPONSIBILITIES

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

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

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

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

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

The Board also supports the policies, principles and standards set out in the new Companies Act 2015, 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. 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

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.

Viliame Gucake

Appointed to the Board on 26 November 2008.
Mr Gucake is the Director of Sugar, Ministry of Sugar.

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.

Arvind Singh

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

Tevita Kuruvakadua

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

Pradeep Lal

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

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.

Ariff Ali

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

EXECUTIVE MANAGEMENT GROUP

Graham Clark

Chief Executive Officer

Navin Chandra

Chief Operating Officer

Manoj Ram

Chief Financial Officer

Kameli Batiweti

General Manager Corporate Services

CHAIRMAN'S REPORT

The 2017 financial year was particularly significant for the company as we heralded in a new era of transformation within Fiji Sugar Corporation (FSC) starting with the Board and the Executive Management. Although tropical cyclone Winston which struck Fiji in February 2016, devastated FSC's infrastructure and crop cultivation, significantly reducing the volume of cane available for crushing, the resilience of our people was formidable and operations picked up immediately thereafter.

In August 2016 when I became Chairman of the Board my key objective was to instill the disciplines required to return FSC to profitability; and to a sustainable and viable future. I therefore recognized the need to develop a new platform for FSC based on good corporate governance supported by sound and effective Board oversight to ensure FSC's long term viability.

Following the departure of the previous Executive Chairman and CEO in October 2016, new board appointments were announced.

In November 2016, Mr Pradeep Lal, Chief Executive Officer of Vodafone Fiji Limited and a highly respected corporate executive was elected to the Board. This was followed by the appointments of well known businessman Mr Hari Raniga and Mr Ariff Ali the Deputy Governor of the Reserve Bank of Fiji, in January 2017.

These appointments brought significant business expertise and a much needed independent and wise counsel to the Board's governance framework; on the back of a clear vision, robust business strategies followed by short, medium and long term goals to achieve them. I thank the new Directors and also those remaining Directors for accepting the challenge of positively reshaping the future of the Corporation.

Crucial to the adoption and implementation of the Board's objectives was the appointment of key and experienced Executive Management. In January 2017, Mr Graham Clark, who has Australian and South African nationality, was appointed as the new Chief Executive Officer (CEO). Mr Clark has over thirty five years of very successful sugar industry experience acquired with large and well-known companies across Africa. In March 2017, Mr Navin Chandra, a Fijian with significant supply chain management experience with Coca Cola Amatil was appointed as Chief Operating Officer. With his technical and manufacturing experience, a key objective for Mr Chandra is to enhance mill production and supply chain efficiencies.

In June 2017, Mr Manoj Ram a well known Fijian finance executive was appointed to the position of Chief Financial Officer followed by the appointment in August 2017 of Mr Kameli Batiweti a Fijian with a long and proven track record also with Coca Cola, as the new General Manager Corporate Services. I am delighted that we have been able to attract the services of such high calibre industry veterans and in my opinion, the future augurs well for FSC under this Executive Management team.

One of the immediate tasks for the new CEO was the preparation of a comprehensive strategic plan for FSC covering the period 2018 to 2022. Having been approved by the Board and endorsed by the Government, this document is now in place and sets out a restructuring plan with a renewed focus on cane production, which is the platform for cash generation and subsequently FSC's turnaround.

Simultaneously, the Board established three subcommittees covering Finance & Audit, Governance & Risk and Nominations & Remuneration to reinforce good standards of corporate governance. These subcommittees operate within individual Terms of Reference and Charters, with regular reporting to the Board.

In terms of the new strategic plan, FSC will pursue an increase in the area under cane cultivation and cane yields, both critical to increasing sugar production. Another key area of focus is the optimisation of sales revenue to realise better returns to growers; and this includes identifying new markets outside the hitherto dominant Europe. Leveraging off Fiji's geographical advantage, we also have great opportunities for marketing "Sugars of Fiji" both locally and regionally within the South Pacific and the Far East Asia.

We are in the process of formulating concrete plans including financing arrangements to refurbish and upgrade the mills; to mechanise harvesting and to improve cane transport by refurbishing the long neglected rail network system.

We will continue to keep you updated of our progress through our regular roadshows and town hall meetings, meanwhile, I want to assure you that the Board has every confidence in the new Executive Management ably led by Mr Clark and is totally committed to ensuring the future viability of FSC.

I must take this opportunity to also acknowledge and thank Mr Mikaele Biukoto, who was Acting CEO between the period October 2016 to January 2017, for leading FSC during what was a very challenging period following the departure of the previous CEO.

I wish to thank the shareholders for their support and confidence in the new Board; and also thank the management and staff of FSC for their passion, continued hard work and commitment.

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 further enhancement of the cane output.

....

Vishnu Mohan
Chairman

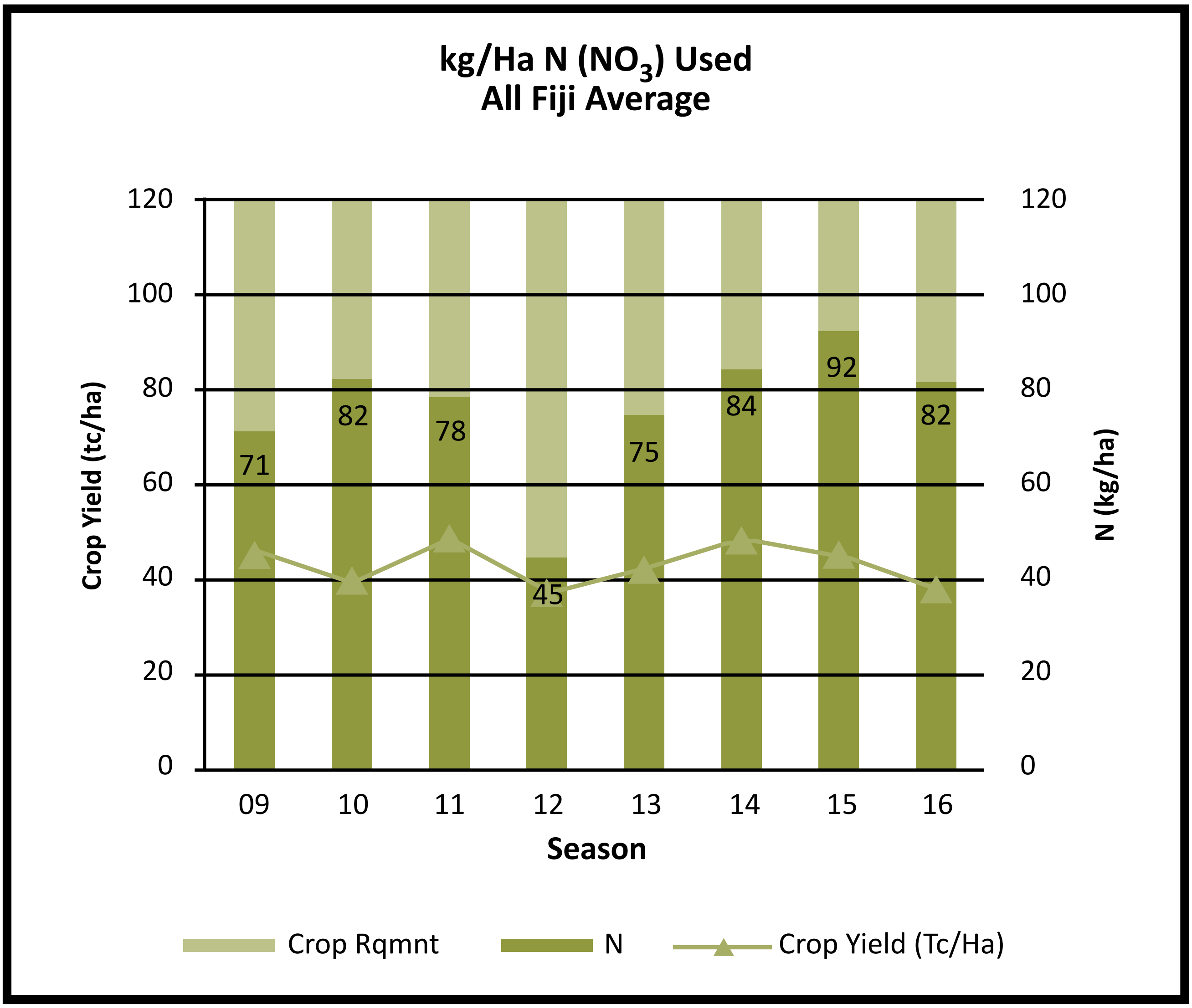
CHIEF EXECUTIVE OFFICER'S REPORT

Cane Production

Fiji was left devastated after the Category 5 Cyclone Winston especially the cane belt areas in the Western Division. Majority of the crop was destroyed or severely impacted with lowest quantity of cane produced in the last 50 years. A total of 1,387,248 tonnes of cane was harvested and processed at the three sugar mills. Total area under cane was 36,794 hectares which is a reduction of 2,500 hectares from previous year. The reduction was due to areas where crop was completely destroyed or crop was not accessible for harvesting.

Crop yield was severely impacted hitting rock bottom at 37.7 tonnes per hectare which is 20% reduction compared to previous year. Whilst fertiliser utilisation was not optimum, the implication of the severe weather all caused significant leaching hence affecting full impact on crop growth.

Graph 1 Below shows fertiliser utilisation (Nitrogen = recommended requirement is 120kg/ha) and cane crop yield for the corresponding year.



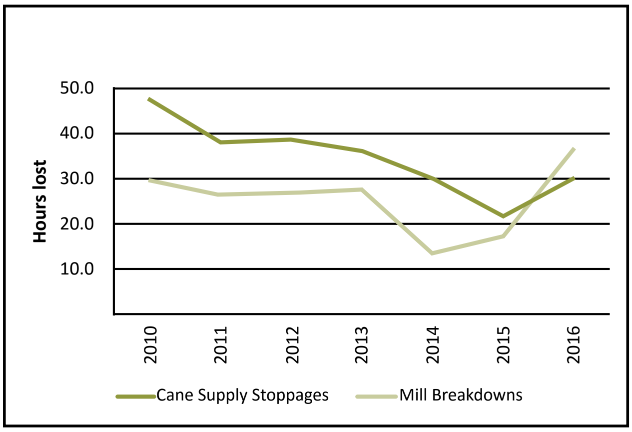
Below: Demonstrate the devastation to sugar industry due to Cyclone Winston:

Mill Performance

The Cyclone impact destroyed the Penang Mill and also affected Rarawai and Lautoka Mill. A decision was made by FSC to permanently shut the Penang Mill in Rakiraki due to extensive damage received during Cyclone Winston.

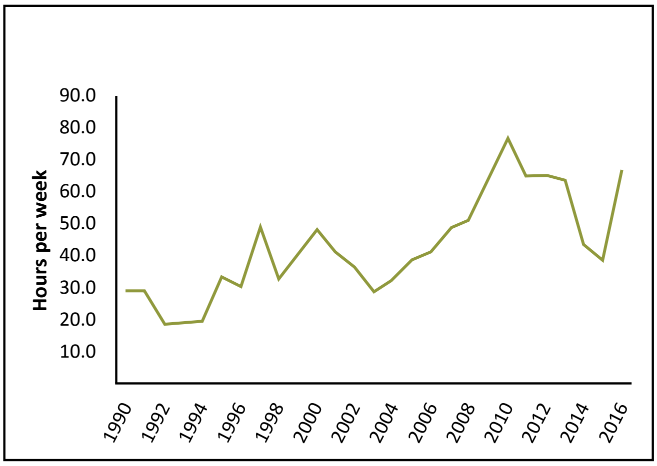
The Mill performance also suffered significantly with increase in mill breakdowns by 42% and also cane supply stoppages doubled compared to same period last year.

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



Mill Stoppages Trend

Total Mill Lost Time per week



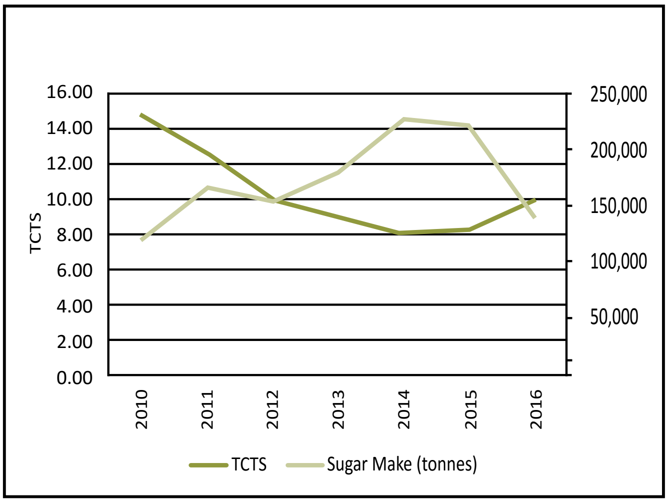
Sugar Manufacturing

Consequently, all Rakiraki cane was diverted to Rarawai Mill but cane was allowed to be dumped at Penang Mill site before transfer. This had significant impact on cane quality resulting in a very poor tonnes of cane to tonnes of sugar ratio for Rarawai Mill at 12.4 versus past 3 year's average of 8.37.
93% of crop received from Rakiraki and Rarawai Mill areas for this crop season was burnt cane which also had significant impact on cane quality.

Below: Show cane burning post Cyclone Winston and cane dumping at Rarawai Mill

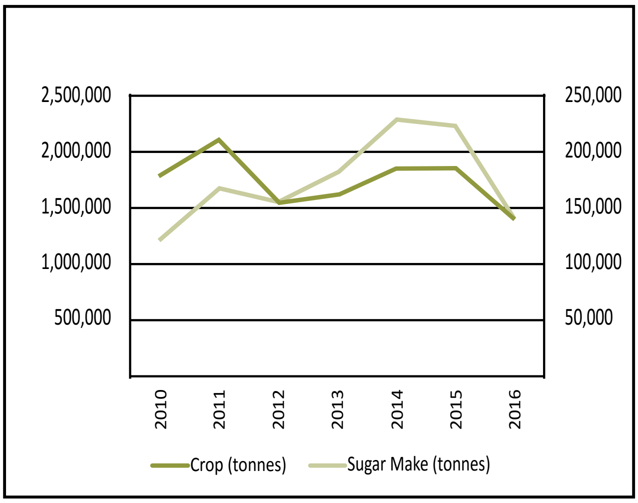
From 2012 till 2015, a better TCTS has resulted in greater quantity of sugar made but due to crop quality and subsequent mill related issues, the sugar make was lower in 2016.

Graph 3 & 4 Demonstrates the correlation between TCTS, crop production and sugar make.



TCTS & Sugar Production Trend

Crop & Sugar Production Trend



KEY OPERATING DATA

	Lautoka	Rarawai	Labasa	Penang	Total
Tonnes of Cane Crushed	395,643	338,038	653,353		**1,387,034**
Tonnes of Sugar Made	39,057	27,265	73,181		**139,503**
Tonnes of Molasses	19,397	17,781	25,590		**62,768**
Molasses % of Cane	4.90%	5.26%	3.92%		**4.53%**
Tonnes of cane to tonnes of sugar ratio	10.1	12.4	8.9		**9.9**
POCS	10.76	9.58	11.70		**10.68**
Sugar Quality	98.36	98.92	98.89		**98.72**
Stoppages (Cane Supply + Mill Breakdowns)	81.2	82.4	48.3		**70.6**
Actual Crushing Time p/wk	86.8	85.6	119.7		**97.4**

HUMAN RESOURCES

Manpower

The Corporation continues to review its operational structure and manpower levels to suit its business needs. Continuous review of our HR policies and procedures was also carried in order to maintain its alignment to the Corporations strategic business objectives.

Training & Development

Training and Development remains a key priority for the Corporation and we continue to build on skills and competency of our staff.

Key areas of focus include Leadership/Management, Technical training as well as Field Training. These 3 main areas were well supported through the European Union (EU) sponsored training by the Australian Pacific Technical College. Our commitment and effort to the National Apprenticeship Scheme was again recognized with our apprentices taking 16 of the total 24 awards. This includes the Best Overall apprentice and 1st runner Up awards.

Occupational Health & Safety

The Corporation continues to strive for further OHS improvement and to make its workplace a safe and productive environment that is conducive to better employee performance. OHS programs through training and OHS induction programs are continuously conducted and monitored as we build a culture of trust and accountability to improve OHS culture at all levels of the organization.

Environment

The Corporation continue to be mindful of the importance of maintaining a clean environment in areas of our operation and harmful effects our operation may have to the environment, other stakeholders and the community. It continue to invest in this area in order to eliminate and minimise risk. The Corporation also strongly beliefs on the philosophy of continuous improvement to control and address areas of concern such as air and water pollution that are discharged as a result of its operation.

MARKETING

Bulk Raw Sugar Exports

The year saw a total of 141,612 tonnes of sugar manufactured and shipped in the 2016/7 marketing period ending on 31st May 2017. Bulk of the export of 132,000mt was directed to UK with the remaining balance to USA fulfilling Fiji's quota for the same period.

EU Sugar Market

The EU remains a key market for Fiji sugar exports despite the ups and downs in the recent past. The last major reform of the EU sugar sector in 2006, the advent of the Economic Partnership Agreements in 2008 and the denunciation of the ACP-EU Sugar Protocol represented some of the major challenges that Fiji, along with other ACP small and vulnerable economies, had to grapple with. On 1st October 2017, the EU will undergo further reform: quotas on beet sugar and isoglucose will be abolished, but external tariffs will remain unchanged.

As a consequence, Fiji along with many of the ACP sugar industries has embarked on major reform and restructuring programmes to ensure continued and long term sustainability of this vital industry. The European Commission has made available funds to support ACP countries adjust to the new market environment under the Accompanying Measures for Sugar Protocol (AMSP) countries. During the period under review, there has been a marked improvement in AMSP implementation in Fiji following closer cooperation and collaboration with the stakeholders concerned.

The Commission has agreed to adopt the proposals from the Sugar Ministry to re-orientate some of the current projects to better address the immediate needs of the sugar sector. In summary, under MIP II, of the total contract amount of EUR44.4 million, EUR23.0 million was paid out as of end June 2017. It is expected that with the high level of interaction and the re-orientation to the extent possible, the entire funds should be fully utilized within the stipulated timeframe.

Brexit and Future Sugar Trade with the UK

The United Kingdom remains a key destination for Fiji Sugar. On 24thJune 2017, the UK Government announced in a press release that it will use Brexit to cement Britain's standing in the world and meet their commitments to the world's poorest by securing their existing duty-free access to UK markets and providing new opportunities to increase trade links. This initiative applies to Least Developed Countries.

The ACP sugar group would like the UK Government to make provision to include those ACP countries, like Fiji, that currently benefit from duty-free access to the UK who are not LDC countries, notably through Economic Partnership Agreements.

DC Raws Sales to Pacific Island Countries

The reopening of sales of direct consumption raw sugar to the islands was a welcoming gesture after a lapse of 7 years. While it took some time to penetrate these markets the sale is slowly gaining momentum particularly in the larger island markets of Samoa, Kiribati and Tonga. The introduction of 25kg bags of sugar into these markets is also proving to be a popular development. The key going forward is to maintain continuity of sale with consistency of product quality.

Molasses Export

Molasses export for the financial year was only 24,600mt which was shipped to the Philippines. This came about after a surplus of supply in the market resulting in the lower than anticipated sale. The balance of the 2016 molasses production was left in storage and shipped during mid-2017.

Sugar Packaging Plant

The first business licence for Packaging Plant was obtained in September, 2016 and it was for the following business type:

- Wholesaler
- Exporter
- Packer

The Packaging Plant came into operation after the Commerce Commission of Fiji had approved the price of 1Kg, 2Kg and 4Kg Sugar on 28th February, 2017 and it came into effect from 3rd March, 2017. The approved price was $1.53 VIP/Kg for all the 3 Stock keeping units.

The sale of retail packs sugar on the domestic market commenced in March. Punjas was also nominated to sell retail pack sugar in all the Pacific Islands. A total of 336.96 tonnes of retail pack sugar was sold locally during the financial year at a value of $521,126.32 VIP and a total of 118.8 tonnes of retail pack sugar was sold in the Pacific Island at a value of $135,792.00 FOB.

INFORMATION SYSTEMS

The Weighbridge Systems for Rarawai Mill and Labasa Mill were deployed on Windows Environment leveraging on investments made on Dell Hardware Infrastructure and was rolled out during the beginning of 2017 crushing season. The application runs from a central cloud on a fully virtualized infrastructure and has replaced a 25 year old legacy system. Introducing cloud based system eliminates the risk of damages the hardware due to floods and cyclones.

The year also saw development, testing and implementation of a Complaints Management System which was rolled out on from 3rd April 2016. The system is designed to captures complaints and escalates the same for resolution. A toll free line 0800 6661972 was established together with complaints e-mail complaints@fsc.com.fj. The system is working quite well and can be used by all stakeholders.

The land Information Systems (LIS) has also been developed. The LIS system has been in existence for some time under the legacy system. ISC assessed the processes that were involved in this system and identified gaps which could be significantly improved. We are looking at improving the turnaround time for FSC to pay its land rentals on time and also take appropriate action before the expiry of the leases for the leased lands. This system has been developed on windows platform and will be implemented soon.

ISC also embarked onto a WAN upgrade project with TFL. The bandwidth dimensions were significantly increased to reflect the growing needs of the business.

Other things considered during the TFL WAN upgrade have been:

1. Removing copper and putting fibre to the backbone to the following sites:
   - Head Office
   - Labasa
   - Rarawai
   - Procurement
   - ISC/Lautoka already has fibre backbone.

2. Cutting over to MPLS from point to point lease line for Labasa.
3. The core pipe increased 100mbps thus we will have bigger pipe to be able to distribute more bandwidth to the mills and other corporate sites.
4. Separating the internet pipe from WAN pipe.
5. Providing a redundancy through Microwave link, thus promising uptime of 99.9999%.

The upgrade was necessary since the dynamics of business has changed significantly and will be changing drastically in future.

Some other initiatives we have introduced or will be introducing in 2017 are:

1. Introduced conferencing facility at each site. Redeployment of all other home grown applications on Windows Environment. This will be gradually done over the years.
2. Introducing surveillance cameras in the mill.

Graham Clark
Chief Executive Officer

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THE FIJI SUGAR CORPORATION LIMITED

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of The Fiji Sugar Corporation Limited (the "Corporation") as at 31 May 2017 and the related statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with notes thereon for the year then ended and report as follows:

Directors

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

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

Principal Activities

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

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

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

Results

The results of the Corporation are summarized below:	2017 $'000	2016 $'000
Loss from operations	(39,604)	(26,144)
Finance costs, net	(6,838)	(6,377)
Unrealised exchange gain / (loss), net	3,401	(3,828)
Allowance for impairment loss on capital works in progress	-	(10,231)
Reversal of allowance for impairment loss on receivables – Top-Up Cane payment	-	17,168
Allowance for impairment loss on cane quality payout system	(1,966)	-
Allowance for impairment loss on property, plant and equipment	-	(24,000)
Loss for the year	(45,007)	(53,412)

Dividends

The directors recommend that no dividends be declared for the year ended 31 May 2017.

THE FIJI SUGAR CORPORATION LIMITED

DIRECTORS' REPORT [CONT'D]

Basis of Accounting - Going Concern

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

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

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

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

Significant Events During the Year

Significant events during the year were:

i) Government of Fiji Guarantee

The Government has increased the existing Government guarantee of $120 million to $322 million and extended the guarantee period to 31 May 2022.

ii) Effects of Tropical Cyclone Winston

In February 2016, Tropical Cyclone Winston hit Fiji and severely affected certain parts of Fiji. As a consequence, the sugar cane output and supply for 2016 season (year ended 31 May 2017) and Corporation's operations were significantly affected. The cyclone has also caused significant damages to the buildings, sugarcane milling equipment and sugar. Furthermore, subsequent to the cyclone, the Corporation's preparation for crushing season had also been disrupted, particularly at the Penang Sugar Mill where infrastructure and milling equipment have been severely damaged. In view of damage to major components of the mill, the Corporation decided not to operate the Penang mill in previous year as well as current year.

THE FIJI SUGAR CORPORATION LIMITED

DIRECTORS' REPORT [CONT'D]

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.

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

No 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.

THE FIJI SUGAR CORPORATION LIMITED

DIRECTORS' REPORT [CONT'D]

Directors' Benefits

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

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

Dated this 18th day of September 2017.

Director

Director

THE FIJI SUGAR CORPORATION LIMITED

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 2017:

   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 2017 and of the performance and cash flows of the Corporation for the year ended 31 May 2017; 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 18th day of September 2017.

Director

Director

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 2017, 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

BDO
CHARTERED ACCOUNTANTS

18 September 2017

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 2017, 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 2017, 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.

Emphasis of Matter

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

Continuation as a Going Concern

The Corporation has been incurring significant losses during recent years. During the year ended 31 May 2017, the Corporation incurred a loss from operations of $39.6 million and net loss of $45 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 2017, total liabilities of the Corporation exceed total assets resulting in net liabilities of $217.1 million. The current liabilities exceed the current assets by $94.3 million.

The Corporation has debt repayment commitments amounting to $89 million during the financial year ending 31 May 2018. Furthermore, the Corporation requires further funding to meet its working capital and capital expenditure requirements.

The above conditions and other matters as disclosed in Note 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.

INDEPENDENT AUDITOR'S REPORT [CONT'D]

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

Emphasis of Matter - Continuation as a 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.

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
18 September 2017

THE FIJI SUGAR CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2017

	Notes	2017 $'000	2016 $'000
Revenue			
Exports, sugar and molasses		115,824	163,695
Local, sugar and molasses		29,058	36,118
		144,882	**199,813**
Less: Cost of milling and sales		(163,353)	(207,547)
Gross loss		**(18,471)**	**(7,734)**
Other income		328	1,356
Realised exchange gain, net		229	141
Administrative and operating expenses		(19,610)	(14,799)
Investment in subsidiary written off	11	-	(12)
Advances from subsidiary written back	16(h)	-	17
Loss due to flooding		-	(95)
Allowance for non-current inventory obsolescence		(2,064)	(2,025)
Allowance for other receivables		-	(1,851)
Allowance for impairment loss on receivable from subsidiary - Pacific Cogeneration Limited		(16)	(1,142)
Loss from operations		**(39,604)**	**(26,144)**
Finance costs, net	7	(6,838)	(6,377)
Unrealised exchange gain / (loss), net		3,401	(3,828)
Reversal of impairment loss on receivables - Top-Up Cane payment		-	17,168
Allowance for impairment loss on capital works in progress	10(g), 10(h)	-	(10,231)
Allowance for impairment loss on cane quality payout system		(1,966)	-
Allowance for impairment loss on property, plant and equipment	10(a)	-	(24,000)
Loss before income tax		**(45,007)**	**(53,412)**
Income tax expense	9(a)	-	-
Loss for the year		**(45,007)**	**(53,412)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(45,007)**	**(53,412)**

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 2017

	Notes	2017	2016
ASSETS		**$'000**	**$'000**
Non-current assets			
Property, plant and equipment	10	164,365	177,451
Inventories	12	1,225	2,817
Total non-current assets		165,590	180,268
Current assets			
Inventories	12	15,355	15,277
Receivables	13	11,419	57,594
Current tax assets	9(b)	475	473
Cash and bank balances		6,720	596
Total current assets		33,969	73,940
Total assets		**199,559**	**254,208**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	22,200	22,200
Accumulated losses		(239,347)	(194,340)
Total equity deficit		(217,147)	(172,140)
Non-current liabilities			
Borrowings	16	251,439	273,894
Deferred income	17	34,832	34,869
Provisions	18	2,210	2,075
Total non-current liabilities		288,481	310,838
Current liabilities			
Borrowings	16	88,991	82,783
Provisions	18	2,767	2,441
Payables and accruals	19	36,467	30,286
Total current liabilities		128,225	115,510
Total equity and liabilities		**199,559**	**254,208**

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 2017

	Share Capital $'000	Accumulated Losses $'000	Total $'000
Balance at 1 June 2015	22,200	(140,928)	(118,728)
Loss for the year	-	(53,412)	(53,412)
Other comprehensive income	-	-	-
Balance at 31 May 2016	22,200	(194,340)	(172,140)
Loss for the year	-	(45,007)	(45,007)
Other comprehensive income	-	-	-
Balance at 31 May 2017	22,200	(239,347)	(217,147)

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 2017

	2017 $'000	2016 $'000
Cash flows from operating activities		
Receipts from customers and other operating activities	145,289	197,166
Payments to suppliers, employees and other operating activities, net of insurance proceeds	(131,288)	(203,839)
Cash provided by / (used in) operations	14,001	(6,673)
Finance income received	13	11
Finance cost paid	(5,176)	(5,102)
Net cash provided by / (used in) operating activities	8,838	(11,764)
Cash flows from investing activities		
Payments for property, plant and equipment	(8,710)	(15,646)
Proceeds from the sale of property, plant and equipment	66	123
Insurance proceeds	20,511	-
Advances given to subsidiary	-	(3)
Net cash provided by / (used in) investing activities	11,867	(15,526)
Cash flows from financing activities		
Repayment of borrowings	(8,189)	(28,651)
Proceeds from / (repayment of) borrowings – ANZ pre export facility, net	(6,389)	28,889
Proceeds from FNPF bonds	-	25,000
Advances to subsidiary	(3)	(3)
Net cash provided by / (used in) financing activities	(14,581)	25,235
Net increase / (decrease) in cash and cash equivalents	6,124	(2,055)
Cash and cash equivalents at the beginning of the financial year	596	2,651
Cash and cash equivalents at the end of the financial year **(Note 14)**	6,720	596

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

NOTE 1. GENERAL INFORMATION

a) Corporate information

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

b) Principal activities

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

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

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

NOTE 2. BASIS OF PREPARATION

a) Basis of preparation

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

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

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

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

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

b) Basis of non-consolidation

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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 loan from the Government of Fiji has been converted to a long term loan with an option to convert the loan into equity. During the year, the Government of Fiji has increased the existing Government guarantee of $120 million to $322 million and the guarantee period has been extended from 31 May 2020 to 31 May 2022.

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

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

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

d) Statement of compliance

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 2016

A number of amendments to standards and annual improvements are effective for the first time for periods beginning on (or after) 1 June 2016. 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) Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 2. BASIS OF PREPARATION (CONT'D)

f) Changes in accounting policies (Cont'd)

Amendments to standards and annual improvements effective from 1 June 2016 (Cont'd)

ii) Amendments to IAS 1 – Disclosure Initiative

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

Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of financial statements to their circumstances and the needs of users.

New standards, interpretations and amendments that have been issued but are not mandatorily effective as at 31 May 2017

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

i) IFRS 9 - Financial Instruments

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

ii) IFRS 15 - Revenue from Contracts with Customers

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

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

NOTE 2. BASIS OF PREPARATION (CONT'D)

f) Changes in accounting policies (Cont'd)

New standards, interpretations and amendments that have been issued but are not mandatorily effective as at 31 May 2017 (Cont'd)

iii) IFRS 16 - Leases

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

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

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

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Financial assets

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

i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. The Corporation's receivables comprise 'receivables' disclosed in the statement of financial position (Note 13). Bad debts are written off during the period in which they are identified.

Receivables are recorded at amortised cost less impairment.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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

a) Financial assets (Cont'd)

ii) Available-for-sale financial assets

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

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

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

b) Cash and cash equivalents

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

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

c) Receivables

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

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

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

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

d) Inventories

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

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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

e) Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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

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.

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

g) Payables and accruals

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

h) Borrowings

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

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

i) Borrowing costs

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

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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

j) Employee benefits

Wages and salaries

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

Annual leave and sick leave

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

Long service leave

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

Termination benefits

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

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

k) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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

l) Government grants

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

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

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

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

m) Leases

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

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

n) Income tax

Current tax

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

Deferred tax

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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

n) Income tax (Cont'd)

Current and deferred tax for the period

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

o) Provisions

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

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

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

p) Share capital

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

q) Revenue recognition

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

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

Finance income

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

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.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 4. RISK MANAGEMENT

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

(i) Market risk

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

(a) Foreign exchange risk

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

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

	2017 $'000	2016 $'000
Liabilities		
US Dollar	149,675	146,024
Europe Euro	-	18,880
Assets		
US Dollar	877	706

Foreign currency sensitivity analysis

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

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

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

Foreign Currency	Profit / (Loss) Impact			
	Strengthen		Weaken	
	2017 F$ 000's	2016 F$ 000's	2017 F$ 000's	2016 F$ 000's
US Dollar - USD	13,527	13,211	(16,533)	(16,146)
Europe Euro – EUR	-	1,716	-	(2,097)

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 4. RISK MANAGEMENT (CONT'D)

(i) Market risk (Cont'd)

(b) Price and volume risk

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

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

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

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

(c) Cash flow and fair value interest rate risk

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

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

(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.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 4. RISK MANAGEMENT (CONT'D)

(iii) Liquidity risk

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

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

	Less than 1 year	1 - 5 years	Over 5 year	Total
	$'000	$'000	$'000	$'000
At 31 May 2017				
Short term borrowings	88,991	-	-	88,991
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	36,467	-	-	36,467
	125,458	71,298	214,215	410,971
At 31 May 2016				
Short term borrowings	82,783	-	-	82,783
Long term loans and bonds	-	53,545	173,817	227,362
Export Import Bank of India	-	70,805	9,801	80,606
Trade and other payables	30,286	-	-	30,286
	113,069	124,350	183,618	421,037

(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)
2016 – Actual	1,845	(7.7)
2017 – Actual	1,387	(18.47)
2018 – Budgeted	2,048	17.7

(v) Operational risk

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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.

For the year ended 31 May 2017, an independent impairment review of the assets of the Corporation was carried out by an independent consultant from New Zealand. The impairment assessment was undertaken in accordance with International Accounting Standard 36 "Impairment of Assets". The recoverable amount of the relevant assets has been determined on the basis of their value in use. The value in use has been determined based on discounted cash flow assessment covering 10 years from 2018 to 2028 based on a scenario with cane volumes of 1.4 million tonnes for 2018 and increasing to 2.9 million tonnes by 2019 and 4.2 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.

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 FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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)

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(b).

(f) Deferred tax liabilities

Deferred tax liability is recognized on taxable temporary differences over unrealized gain on stock of sugar and molasses and is measured at the tax rates that are expected to apply in the period in which the liability is expected to be settled. The management's decision in recoding its deferred tax liability requires significant judgment and estimates of future tax rates and future tax payables. The deferred tax liability has not been recognized in view of significant unrecognized deferred tax assets relating to tax losses and other temporary differences which is expected to be available as deduction against realization of temporary differences giving rise to tax liability. Subsequent events may result in outcomes that may be different from the judgments and estimates applied. Further details are contained in Note 9(a).

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 6. LOSS FROM OPERATIONS

	2017 $'000	2016 $'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	30
Doubtful debts written back	162	-
Gain on sale of plant and equipment	60	116
Insurance recovery – reprocessing costs (a)	-	1,173
Loss from operations have been arrived after charging the following expenses:		
Auditor's remuneration for:		
- Audit services	87	87
- Other services	21	5
Bad debts written off	-	520
Depreciation and amortization:		
- Leasehold land, building and improvements	1,767	1,641
- Plant, machinery and equipment	15,760	17,152
- Vehicles and transport systems	1,425	1,559
Directors' emoluments for:		
- Executive Director's remuneration	671	748
- Directors' fees	39	48
- Other services and allowances	2	15
Impairment loss on receivables (Note 13)	556	3,156
Staff costs (Note 8)	27,928	30,676

(a) Due to the Tropical Cyclone Winston, the Corporation lost 3,000 tonnes of sugar. The Corporation received insurance proceeds of $1,172,514 in full and final settlement for the additional reprocessing costs of the damaged sugar, which was included under cost of milling and sales for the year ended 31 May 2016.

NOTE 7. FINANCE INCOME AND COST

	2017 $'000	2016 $'000
FINANCE INCOME		
Interest income	15	13
FINANCE COSTS		
Finance expense:		
- Secured and unsecured borrowings	(6,853)	(6,390)
Total finance costs, net	(6,838)	(6,377)

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 8. STAFF COSTS

	2017 $'000	2016 $'000
Wages and salaries	25,152	27,544
FNPF contribution	2,851	3,078
Other employee benefits	274	734
	28,277	31,356
Less: staff costs for capital works	(282)	(531)
	27,995	30,825
Provisions for employee benefits, net movement	(67)	(149)
Total staff costs	27,928	30,676

NOTE 9. INCOME TAX

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

a) Income tax expense

	2017 $'000	2016 $'000
Loss before income tax expense	(45,007)	(53,412)
Prima facie tax benefit thereon at 20%	(9,001)	(10,682)
Tax effect of:		
Non-deductible expenses	331	355
Amortisation of government grant	(7)	(7)
Deferred income tax asset relating to tax losses and temporary differences unrecognised, net of unrecognised deferred tax liabilities	8,677	10,334
Income tax expense	-	-

b) Current tax asset

Movements during the year were as follows:

	2017 $'000	2016 $'000
Balance at the beginning of the year	473	471
Withholding tax	2	2
Balance at the end of the year	475	473

c) Deferred tax liability

Deferred tax liability of the Corporation amounting to $772,825 (2016: $719,835) in respect of unrealized gain on stock of sugar and molasses as at 31 May 2017 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.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 9. INCOME TAX (CONT'D)

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 $40.60 million (2016: $38.04 million) have not been brought to account as its realization is not considered to be probable. The deferred tax asset will only be realized if:

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

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

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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 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**
At 31 May 2016							
Cost	21,904	526	74,784	445,874	47,560	17,118	607,766
Accumulated depreciation	-	(48)	(27,254)	(267,960)	(36,157)	-	(331,419)
Accumulated impairment losses	-	-	(16,214)	(59,322)	(2,849)	-	(78,385)
Assets write down due to cyclone effect	-	-	(6,589)	(13,800)	(122)	-	(20,511)
Balance as at 31 May 2016	**21,904**	**478**	**24,727**	**104,792**	**8,432**	**17,118**	**177,451**

a) Impairment Assessment

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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

a) Impairment Assessment (Cont'd)

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

For the year ended 31 May 2016, an independent impairment review of the assets of the Corporation was carried out by an independent consultant from New Zealand. The impairment assessment was undertaken in accordance with International Accounting Standard 36 "Impairment of Assets". The recoverable amount of the relevant assets has been determined on the basis of their value in use (Refer Note 5(a)). Due to fall in mill efficiency and TCTS ratio together with reduction in quality and quantity of cane supply, the expected recoverable amount and thereby the carrying value of property, plant and equipment 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 2017 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 2017 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) Impact of Tropical Cyclone Winston

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

Based on the assessment carried out by the management together with insurance claims lodged and claim settled, the carrying value of buildings and improvements and plant, machinery and equipment for the Penang, Rarawai and Lautoka Mills were written down by $20,510,877 in the year ended 31 May 2016 with the allocation of insurance claim which was received during the year ended 31 May 2017.

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

d) 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.

e) 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 2017	Total 2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 June	21,904	478	24,727	104,792	8,432	17,118	177,451	238,308
Additions	-	-	-	-	-	9,003	9,003	15,646
Transfer from CWIP	-	-	2,731	5,939	1,110	(9,780)	-	-
Disposals / write offs	-	-	(187)	(2,167)	(32)	(751)	(3,137)	(11,640)
Assets written down due to cyclone effect (Note 10(c))	-	-	-	-	-	-	-	(20,511)
Impairment charge (Note 10(a))	-	-	-	-	-	-	-	(24,000)
Depreciation (Note 6)	-	(11)	(1,756)	(15,760)	(1,425)	-	(18,952)	(20,352)
Balance as at 31 May	21,904	467	25,515	92,804	8,085	15,590	164,365	177,451

f) Capital Work-in-Progress

Capital Work-in-Progress balance of the Corporation $15.590 million as at 31 May 2017 includes:

- Leasehold Land, Buildings and Improvements - $0.65 million
- Sugar Mills – Plant, Machinery and Equipment - $14.94 million

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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

g) Cogeneration Project at Rarawai

During the year, the Board of Directors resolved that co-generation of electricity will only be considered as a longer term strategy for the Corporation and accordingly a provision for write down was made against the carrying value of the project amounting to $3,281,090 in the financial year ended 31 May 2016. These assets have been written off during the year ended 31 May 2017.

h) Other Capital Projects

During the year, the Board of Directors reviewed the projects on hand and have resolved not to proceed with certain projects in the near future. Accordingly, a provision for write down was made against the cost incurred for the sugar refinery project, syrup project, bagasse handling system and consultancy costs amounting to $6,949,870 in the financial year ended 31 May 2016. These assets have been written off during the year ended 31 May 2017.

i) Security

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

NOTE 11. AVAILABLE FOR SALE FINANCIAL ASSETS

	2017 $'000	2016 $'000
Non-current		
Subsidiary companies		
Shares in subsidiary companies, at cost (a)	-	-

a) Investments in subsidiaries

Name of Company	Place of Incorporation	Book Value of Holding Company Investments (Ordinary shares)		% Shareholding	
		2017	2016	2017	2016
		$	$		%
Unlisted Companies					
FSC Projects Limited	Fiji	100	100	100	100
FSC Services Pty Limited (i)	Australia	-	-	-	-
Pacific Cogeneration Limited	Fiji	2	2	100	100
		102	102		

(i) Investments in FSC Services Pty Limited of $11,875 was written off during the year ended 31 May 2016 since the company was dormant and has been deregistered.

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

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 12. INVENTORIES

	2017 $'000	2016 $'000
Non-Current		
Capital spare parts and spare gears- at cost	8,725	9,639
Less: Allowance for inventory obsolescence	(7,500)	(6,822)
Total non-current inventories, net	1,225	2,817
Current		
Maintenance spares and consumables - at cost	3,881	3,280
Less: Allowance for inventory obsolescence	(1,406)	-
	2,475	3,280
Sugar and molasses	12,880	11,997
Total current inventories	15,355	15,277

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

NOTE 13. RECEIVABLES

Current

	2017	2016
Trade receivables	1,731	705
Receivable from subsidiary (a)	-	1,159
Receivable from the Government of Fiji - Grants (b)	-	84
Receivable from the Government of Fiji - Top-Up Cane Payment (c)	-	17,168
Receivable from Joint Ventures (d)	2,268	1,451
Insurance receivable (e)	-	29,358
Receivable from growers - Special Cane Payout (f)	1,845	1,845
Receivable from growers - Others	1,216	1,216
VAT receivable	-	1,803
Recoverable expenses from contractors	943	943
Other receivables	1,253	1,561
	9,256	57,293
Less: Impairment loss	(2,407)	(3,226)
	6,849	54,067
Prepayments and deposits	4,570	3,527
Total current trade and other receivables, net	11,419	57,594

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 13. RECEIVABLES (CONT'D)

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

	2017	2016
	$'000	$'000
Opening balance	3,226	19,082
Impairment loss on receivables (Note 6)	556	3,156
Impairment loss written back	(162)	(17,298)
Receivables written off against impairment loss	(1,213)	(1,714)
Closing balance	2,407	3,226

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

a) The Board of Directors resolved that co-generation of electricity will only be considered as a longer term strategy for the Corporation. Accordingly, the Corporation had made a provision of $1,142,214 in May 2016. During the year, the balance of $1,158,658 has been written off against the provisions for receivables from the subsidiary, Pacific Cogeneration Limited as these receivables related to the expenditure incurred on the cogeneration project at Rarawai.

b) The Corporation had submitted acquittals of $84,198 in May 2016 to the Government for Grant under the Sugar Development Program.

c) During the year, on 17 May 2017 the Corporation received $17,204,227 towards the top-up cane payment reimbursement from the Government.

d) The Corporation has entered into various Joint Ventures. The purpose of the Joint Venture is to undertake commercial cane plantation. As at balance date, receivable of $2,268,125 (2016: $1,451,080) relates to costs incurred by the Corporation on account of the Joint Ventures. These balances will be recovered progressively from the cane proceeds received by the Joint Venture.

e) During the year, the Corporation has received insurance proceeds relating to Tropical Cyclone Winston amounting to $29.358 million (VEP) ($32 million VIP, net of excess of $5 million) in full and final settlement of the claim lodged.

f) 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 2016, $1 was recovered from the fourth cane payment made to the growers while the balance will be recovered from the 2017 season payments.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 14. NOTES TO THE STATEMENT OF CASH FLOWS	2017 $'000	2016 $'000
Reconciliation of cash and cash equivalents		
Cash and bank balances	6,720	596
Total cash and cash equivalents, net	6,720	596
NOTE 15. SHARE CAPITAL		
Issued and paid up capital		
44,399,998 ordinary shares of 50 cents each	22,200	22,200
NOTE 16. BORROWINGS		
Non-current		
Export Import Bank of India (a)(i)	69,329	80,534
Export Import Bank of India (a)(ii)	1,368	72
Reserve Bank of Fiji – Loan (c)	7,000	7,000
Fiji National Provident Fund – Bonds (d)	25,000	25,000
Loans from Fiji Development Bank (g)	8,999	11,561
Loans from Government of Fiji (e)	139,743	139,743
Loans from Tate & Lyle (i)	-	9,984
Total non-current borrowings	251,439	273,894
Current		
Loans from Sugar Cane Growers Fund (b)	8,546	6,046
Pre export facility - ANZ Banking Group Limited (f)	63,768	70,425
Loans from Fiji Development Bank (g)	4,174	4,061
Loans from subsidiaries (h)	1,160	1,164
Loans from Tate & Lyle (i)	11,343	1,087
Total current borrowings	88,991	82,783

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

During the year, before the approval of extension of moratorium upto December 2018 was received, an installment had fallen due for payment. Accordingly, during the year the Corporation has repaid principal of $8,893,914.

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 16. BORROWINGS (CONT'D)

Particulars relating to borrowings: (Cont'd)

b) Sugar Cane Growers Fund

During the year ended 31 May 2016, the Corporation had received additional short term loan for special cane payout of $3.7 million of which 50% was paid during May 2016 and the balance is payable from the 2017 season through recovery from growers.

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

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

c) Reserve Bank of Fiji

Flood Rehabilitation Loan

The Corporation had borrowed, in the year ended 31 May 2015, $7,000,000 from RBF to finance rehabilitation work undertaken due to severe flooding in the western division of the island of Viti Levu, Fiji. The loan from RBF is subject to interest at the rate of 1% per annum. At the request of the Corporation, the facility has been extended for three years and will be payable on 31 May 2020.

This borrowing is secured by the Government guarantee.

d) Fiji National Provident Fund

Bonds

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

e) Government of Fiji

	2017 $'000	2016 $'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

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

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 shall be payable on the drawn amount or on a semi-annual basis commencing from the 11^{th} year from the effective date of the loan.

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

The benefit of a government loan at a below-market rate of interest of $34,074,000 is treated as a deferred income grant. The loan is recognised and measured in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IAS 39 and the proceeds received (Refer Note 17).

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 16. BORROWINGS (CONT'D)

Particulars relating to borrowings: (Cont'd)

f) Pre Export Facility - ANZ Banking Group Limited

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

The facility is secured by perfected assignment of the Corporation's rights and interests under the export contract with the Off-Taker, first demand guarantee issued by the Government as the Guarantor and floating charge over all the Corporation's assets except freehold and leasehold properties (including stocks of sugar and fixed assets). At the balance date, the Corporation's drawdown from the facility was US$30.7 million.

g) Fiji Development Bank

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

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

h) Advances from Subsidiaries

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 at the interest rate of 5% to meet operational expenditure and grower cane payment. The principal loan borrowing is being settled through supply of sugar.

NOTE 17. DEFERRED INCOME

	2017 $'000	2016 $'000
Government grants (a)	1,847	1,847
Less: Accumulated amortization (Note 6)	(1,089)	(1,052)
	758	795
Deferred grant income on interest for the Government of Fiji loan (b)	34,074	34,074
Total deferred income, net	34,832	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 (Refer Note 16(e)).

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 18. PROVISIONS

	Employee entitlements	Litigation claims	Unpaid Rent	Total
	$'000	$'000	$'000	$'000
As at 1 June 2016	3,422	306	788	4,516
Additional provisions recognised/ (written back) during the year, net	(67)	417		461
Carrying amount as at 31 May 2017	3,355	723	899	4,977

	2017	2016
	$'000	$'000
Analysis of Total Provisions		
Non-current	2,210	2,075
Current	2,767	2,441
Total provisions	4,977	4,516
Employee entitlements consist of the following:		
Annual and sick leave	1,145	1,347
Long service leave	2,210	2,075
Total employee entitlements	3,355	3,422

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	3,120	3,434
Trade creditors - Capital project contractors	2,218	2,273
Other creditors and accruals (a)	8,120	10,948
Growers creditors	16,944	10,289
Cane access road, ACRP and other grants payable	3,432	2,844
VAT payable	1,067	-
Income in advance (b)	1,048	-
Interest payable	518	498
Total trade and other payables	36,467	30,286

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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) Other creditors and accruals for the year ended 31 May 2016 includes $4,927,616 towards provision for repairs and restoration costs incurred by the Corporation in the year ended 31 May 2017 due to the impact of Tropical Cyclone Winston.

b) The Corporation had received income in advance of $1,048,316 (2016: $Nil) for sugar and molasses that will be exported from 2017 season crop.

NOTE 20. CONTINGENT LIABILITIES

	2017 $'000	2016 $'000
Wage claims and litigations	723	408
Guarantees or bonds given by the bank	74	74
Total contingent liabilities	797	482

Wage Claims and Litigations

The Corporation and the workers or workers' union are contesting various matters relating to employee grievances, termination matters and certain other matters. The disputes are on matters of principle and interpretation. The matters are still under consideration by the Court, Tribunal and the Ministry of Labour. The ultimate outcome cannot be presently determined. As a matter of caution, provision of $723,350 (2016: $306,000) is made in respect of various court actions against the Corporation (Refer Note 18).

NOTE 21. GOING CONCERN AND FINANCIAL SUPPORT

The Corporation has been incurring significant losses. During the year ended 31 May 2017, the Corporation has incurred loss from operations of $39.6 million (2016: $26.1 million) and net loss before income tax of $45 million (2016: $53.4 million).

As at 31 May 2017, total liabilities of the Corporation exceed total assets resulting in net liability of $217.1 million (2016: $172.1 million). The current liabilities exceed the current assets by $94 million, representing the ratio of 3.8 : 1 (2016: $41.6 million, representing the ratio of 1.6 : 1).

The Corporation has debt repayment commitments amounting to $89 million during the financial year ending 31 May 2018. Furthermore, the Corporation requires further funding to meet its working capital requirements, capital expenditure and fund the operating losses.

The mill upgrade in the past was undertaken to improve plant reliability, sugar extraction, sugar quality, energy efficiency and environmental controls. The cane supply has decreased to 1.387 million tonnes (2016 season) from 1.845 million tonnes (2015 season), and the TCTS was 9.9 for 2016 season against 8.3 for the 2015 season.

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.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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

b) The loans from the Government of Fiji aggregating to $173,816,930 have been converted into 30-year long term loan with 10-year grace period and optionally convertible loan in accordance with the Loan Repayment Agreement dated 15 July 2015. Furthermore, accrued interest up to 31 May 2014 was waived by the Government during the financial year 2016, and no interest has been charged on the Government loans since the year ended 31 May 2015.

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

Furthermore:

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

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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

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

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

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

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

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

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

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

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

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

NOTE 22. COMMITMENTS

	2017 $'000	2016 $'000
a) Capital commitments		
Capital commitments contracted but not provided for in the financial statements	14,505	4,046
Capital commitments approved by the directors but not yet contracted	4,816	5,272
Total capital commitments	19,321	9,318
b) Operating lease commitments		
Non-cancelable operating land and vehicles lease rental commitments are payable as follows:		
Not later than one year	820	779
Later than one year but not later than five years	1,767	2,276
Later than five years	11,240	10,078
Total operating lease commitments	13,827	13,133

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 to the European Union through Tate & Lyle Sugars Limited, UK Azucarera in Spain, Limako in the Netherlands, Agrana in Austria and other potential buyers. Further, the Corporation has embarked on looking at alternative markets such as previously lucrative regional and Asian markets to mitigate the impact when EU sugar quota comes to end in September 2017. There are number of new market areas being pursued now and the Corporation is confident to sell the Sugars of Fiji brand at a decent market price. Refer Note 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 2016 crushing season (year ended 31 May 2017), the growers supplied to the Corporation a total of 1.39 million tonnes of cane from which 139,531 tonnes of sugar has been produced. The Corporation has exported 105,088 tonnes of sugar against its supply commitments to the buyers. The cane output was significantly affected during the year due to Cyclone Winston in February 2016.

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

With effect from 1 October 2017, Fiji will enjoy a continuation of market access on quota free and duty free terms, with pricing linked to prevailing market prices in the EU, which in turn will be driven by world sugar prices. The exposure of Fiji to world sugar price dynamics will thus increase from 1 October 2017.

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

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

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

NOTE 24. RELATED PARTY DISCLOSURES

a) Ownership interests in related parties

Interests held in subsidiaries are set out in Note 11 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:

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

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

c) Transactions with related parties

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

d) Key management personnel remuneration

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

During the year, fourteen executives (2016: twelve executives), (former executive chairman, former general manager engineering, chief executive officer – appointed on 1 March 2017, chief commercial officer – appointed on 23 February 2017, four mill general managers, general manager-major capital projects, general manager information, general manager human resources, legal counsel, manager finance and general manager sugar operations) were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the Corporation.

The aggregate remuneration to the executive management group for year ended 31 May 2017 and 2016 were:

	2017 $'000	2016 $'000
Executive Director's remuneration	671	748
Other executive management	1,520	1,445

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 $119,122 for the year.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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 of Fiji provided funding to meet repayment of Government guaranteed loans and to fund on-going working capital requirements of the Corporation. The borrowings from the Government of Fiji aggregated to $173,816,930 (including deferred grant income on interest) as at balance date (2016: $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) During the year, the Government has approved a guarantee limited to $322 million, valid until 31 May 2022, as per parliament approval dated 26 May 2017, to enable the Corporation to raise short-term loan finance to meet its working capital requirements. The Guarantee Agreement is in the process of being finalized between the Corporation and the Government.

b) The Government has provided a guarantee of US$50.4 million 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$32.8 million and US$0.63 million under this guarantee.

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

NOTE 26. SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year were:

i) Government of Fiji Guarantee

The Government has increased the existing Government guarantee of $120 million to $322 million and extended the guarantee period to 31 May 2022.

THE FIJI SUGAR CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS [CONT'D]
FOR THE YEAR ENDED 31 MAY 2017

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

ii) Effects of Tropical Cyclone Winston

In February 2016, Tropical Cyclone Winston hit Fiji and severely affected certain parts of Fiji. As a consequence, the sugar cane output and supply for 2016 season (year ended 31 May 2017) and Corporation's operations were significantly affected. The cyclone has also caused significant damages to the buildings, sugarcane milling equipment and sugar. Furthermore, subsequent to the cyclone, the Corporation's preparation for crushing season had also been disrupted, particularly at the Penang Sugar Mill where infrastructure and milling equipment have been severely damaged. In view of damage to major components of the mill, the Corporation decided not to operate the Penang mill in previous year as well as current year.

NOTE 27. EVENTS SUBSEQUENT TO BALANCE DATE

No 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 18 September 2017.

THE FIJI SUGAR CORPORATION LIMITED

10-YEAR STATISTICAL REVIEW

Financial statistics											
for year ended 31 May		**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Turnover	($m)	144.9	199.8	197.3	224.0	199.0	203.6	141.5	194.7	245.8	234.9
Profit/(Loss) before taxation	($m)	(45.0)	(53.4)	(31.7)	6.9	6.3	1.8	(36.6)	(198.0)	(40.1)	(19.7)
Income Tax (expense)/benefit	($m)	-	-	-	-	-	-	-	22.9	3.3	0.4
Profit/Loss after taxation & Extra-ordinary items		(45.0)	(53.4)	(31.7)	6.9	6.3	1.8	(36.6)	(175.1)	(36.8)	(19.3)
Total Assets	($m)	199.6	254.2	266.2	279.3	254.6	196.1	148.7	140.3	312.0	273.5
Net Assets	($m)	(217.1)	(172.1)	(117.4)	(85.7)	(92.6)	(98.9)	(100.7)	(64.0)	111.0	147.8
Proceeds of Sugar & Molasses	($m)	143.4	195.8	191.7	214.6	185.7	200.8	121.6	180.5	204.5	206.1
FSC's share of proceeds	($m)	43.0	58.7	56.0	62.5	55.7	60.2	36.5	54.1	61.3	61.8
Price per tonne cane	($)	72.66	76.66	81.01	88.49	81.83	65.67	49.16	56.23	61.65	58.21
Production statistics											
Season		**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Cane Crushed	(000t)	1,387	1,845	1,832	1,610	1,547	2,095	1,780	2,247	2,321	2,479
Sugar Produced	(000t)	140	222	227	179	155	167	132	168	208	237
Molasses Produced	(000t)	63	76	78	59	67	107	113	136	120	115
Tonnes Cane/Tonnes Sugar		9.9	8.3	8.1	9.0	10.0	12.6	13.5	13.4	11.2	10.0
Molasses % Cane		5	4	4	4	4	5	6	6	5	5
POCS %		11	12	12	11	11	10	10	10	11	11
Cane Purity %		82	83	82	82	82	80	79	79	80	81
Fibre in Cane %		12	12	12	12	12	11	12	12	12	11
Average Crushing Rate for all mills (tcph)		692	792	853	834	811	834	794	789	843	885
Actual Crushing Time as % of Available Time		58	71	70	63	61	60	53	60	68	68
Field statistics											
Season		**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Number of Growers		16,526	16,387	16,348	15,528	15,948	16,259	16,609	17,762	18,683	18,691
Number of Active Growers		11,676	12,405	12,681	12,633	12,848	12,791	13,251	13,903	14,096	14,948
Tonnes Cane per Hectare		38	47	48	42	37	49	40	46	46	46
Average Tonnes Cane per Grower		119	148	144	127	120	164	134	162	165	166
Number of Cane Cutters		9,173	9,582	10,341	8,973	8,109	10,285	9,650	9,649	9,993	11,536
Output per Cutter (tonnes)		142	182	173	179	191	203	184	228	225	117
Burnt Cane %		57	39	41	29	36	25	23	32	50	33
Sugar exports - destinations and quantities (metric tonnes)											
Season		**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
UK/EU		104,736	165,260	184,414	165,557	146,656	138,222	110,731	152,906	207,575	187,858
MALAYSIA			-	-	-	-	-	-	-	-	-
USA		8,329	21,163	16,254	-	-	-	-	-	-	9,157
JAPAN			-	-	-	-	-	-	-	-	20,000
KOREA		200	220	766	-	-	-	-	-	-	-
CHINA		-	-	-	-	-	-	-	-	-	-
INDONESIA		-	-	-	-	-	-	-	-	-	-
SPECIAL PREFERENTIAL MARKET		-	-	-	-	-	-	-	-	-	-
TAIWAN		-	-	-	-	-	-	-	-	-	-
PORTUGAL		-	-	-	-	-	-	-	-	-	-
TOTAL		113,265	186,643	201,434	165,557	146,656	135,462	110,731	152,906	207,575	217,015

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