FIJI SUGAR CORPORATION

ANNUAL REPORT 2020

TABLE OF CONTENTS

CORPORATE PROFILE

Our Organisation

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 In 2006, the Fiji Sugar Corporation Act was repealed allowing to be governed solely under the Companies Act.

Our Shareholders

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

Our Business

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

The Corporation is responsible for the manufacture and sale of raw sugar together with molasses as a by- product. The Corporation owns and maintains a railway network which transports sugar to the mills. The Corporation is one of the largest sector employers with a workforce of around 1,700 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 4.5% of total exports in 2019 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 $41.9 million compared to $38.8 million in the previous year.
- Consolidated trading loss was $19.8 million, compared to a loss of $23.1 million in the previous year.
- Profit from operations was $40.1 million, compared to a loss of $62.7 million in the previous year.
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was positive $60.7 million compared to negative $49.1 million in the previous year.
- Operating profit for the year was $21.9 million, compared to a loss of $80.1 million in the previous year.
- A total of $31.1 million was invested in Property Plant and Equipment, compared to $26.7 million in the previous year.

Operations

- A total of 1.81 million tonnes of sugarcane was crushed from an area of 37,643 hectares compared to 1.70 million tonnes from 37,105 hectares in the previous year.
- Sugar production was 168,703 tonnes compared to 160,204 tonnes in the previous year.
- Tonnes Cane to Tonnes Sugar (TCTS) ratio was 10.7 compared to 10.6 in the previous year.
- Cane Quality (POCS) was 10.3 compared to 10.6 in the previous season.
- The total sugar exported was 154,411 tonnes compared to 111,844 tonnes in the previous year.

FINANCIAL SUMMARY

	2020	2019
Sales and Profit ($'000)		
Total sales	144,896	132,776
Trading profit/(loss)	(19,824)	(23,116)
Unrealised exchange gain/(loss)	(1,581)	(3,492)
Loss due to flooding	-	(1,031)
Operating Profit/(loss) for the year	21,879	(80,070)
Cash Flow ($'000)		
Operating activities	3,332	(56,215)
Investing activities	(20,642)	4,707
Financing activities	16,137	49,534
Net increase/(decrease) in cash	(1,173)	(1,974)
Financial Position ($'000)		
Working capital	(144,418)	(165,426)
Current assets	51,690	44,361
Total assets	223,906	203,943
Non-current liabilities	327,762	315,999
Current liabilities	196,108	209,787
Shareholders' equity	(299,964)	(321,843)
Additional Information		
Ratio of current assets to current liabilities	0.26	0.21
Ratio of debt to shareholders' equity	(1.75)	(1.63)

CORPORATE GOVERNANCE

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

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

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

BOARD RESPONSIBILITIES

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

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

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

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

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

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

COMPOSITION OF THE BOARD

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

ROLE OF SHAREHOLDERS

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

MANAGEMENT RESPONSIBILITY

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

BOARD COMMITTEES

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

The Finance & Audit Committee, which is a significant committee of the Board reviews the financial reporting process, the system of internal control and management of financial risks, the audit process and the company's process for monitoring compliance with the laws and regulations. The members of the Finance & Audit Committee are Mr. Pradeep Lal (Chairman), Mr. Savendra P Dayal 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. Savendra P Dayal (Chairman), Mr. Vishnu Mohan and Mr. Athil Narayan.

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. Athil Narayan (Chairman), Mr. Vishnu Mohan and Mr. Arvind Singh.

BOARD OF DIRECTORS

Vishnu Mohan | Chairman

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

Pradeep Lal

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

Tevita Kuruvakadua

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

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 Chairman of Fiji Pine Limited and Director of Airports Fiji Limited.

Athil Narayan

Appointed to the Board in December 2019. Mr Narayan is the Executive GM Airports & Cargo Operations, Fiji Airways.

Savendra Dayal

Appointed to the Board in December 2019. Mr Dayal is the Managing Director of Healthcare Products International.

Arvind Singh

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

EXECUTIVE MANAGEMENT TEAM

Graham Clark
Chief Executive Officer

Manoj Ram
Chief Financial Officer/Company Secretary

Ashwin Gounder
Human Capital Manager

Sachin Deo
Chief Information & Commercial Officer

Mikaele Biukoto
General Manager Sugar Operations

CHAIRMAN'S REPORT

There is no doubt that we are working through some of the most difficult times in the history of our sugarcane industry. The impact of the COVID-19 pandemic and global economic slowdown are real issues, requiring extraordinary responses.

In difficult times, the need for strong corporate governance is vitally important and the Fiji Sugar Corporation is responding to these challenges. In tough times, the need for the Corporation to maintain cohesion and stand together with our sugar cane growers cannot be understated. That is why we at FSC place such a strong focus on teamwork and collaboration with our industry partners.

The world sugar market has been adversely impacted by COVID-19 and the global lockdown. Due to a shortage of sugar in the world market, in early March 2020, the world sugar price experienced an increase to 15.2 c/lb. However, the impact of COVID-19 on global commodity markets reversed this trend from the middle of March 2020 and the world sugar market retreated accordingly. However, for FSC, sugar sales to the domestic market and Pacific Island Countries saw a positive growth in the year under review.

Environmental issues again negatively impacted us in the past year. FSC was affected by the damage caused by Tropical Cyclone Sarai which led to a decline in the crop harvest to 1,806,572 tonnes, against a pre-crush estimate of 1,850,650 tonnes. Furthermore, due to unfavourable changes to the weather patterns, sugar cane quality dropped critically, impacting the sugar make for the year. As a consequence, there was a negative impact on the tonnes cane to tonnes sugar ratio for the year.

The Board approved targeted capital investments for major equipment upgrades and refurbishment at all three mills, which included works on juice stabilization systems, acquisition of new centrifugals, 1.6MW diesel generators, rotary vacuum filters, and the reinstallation of the 12MW TG set at Lautoka and 10MW TG set at Labasa respectively. These upgrades assisted in improving and stabilizing operations at the mills in 2019.

Mechanization of harvesting efforts still remains a priority for our industry and it was pleasing to note that 28 new mechanical harvesters were introduced by cooperatives during the year. Due to COVID-19 and travel restrictions, FSC and the cooperatives faced an unprecedented challenge as predominantly, harvester operators were hired from India. Yet, through structured training initiatives, FSC managed to train Fijian nationals on harvester operations and basic maintenance and as a result harvesting was generally unaffected. Mechanization has brought a new dimension pertaining to the amount of extraneous matter being delivered to the mills for processing. This now poses a processing challenge and the mill teams are working on solutions with the Sugar Research Institute of Fiji.

With the COVID-19 pandemic still ravaging the world, Fiji couldn't escape the impact, although containment measures effectively limited the spread of the virus within the nation. FSC was directly impacted by this situation, being exposed to both the global and local effects of the pandemic. In April 2020, FSC took steps to ensure business continuity and survival amid COVID-19. Through the COVID Response Plan, the Corporation instituted a cut back in procurement to essential items only, tighter control on maintenance spending and a reduction in head count and wage costs together with benefits. Services and contracted activities were scaled back as well.

To further reform FSC's balance sheet, improve liquidity and ensure FSC's ongoing viability, the Corporation resorted to disposing of unproductive land and properties through an open tender process. This initiative has been positive with proceeds from sales totalling $25.93 million in the year under review.

At the last AGM, we spoke of our engagement with the Government of Fiji being the majority shareholder of FSC, to consider and implement the conversion of Government loans totalling $173.8 million to shares in FSC, and to propose the acquisition of minority shares. Pleasingly, the conversion of Government debt to equity has been approved and the acquisition process is underway.

Our retail product line has been rebranded to "Sugars of Fiji" with an objective of finding new markets and business opportunities. The launch of the new Sugars of Fiji retail packs was held on 21 October 2019, funded by the Market Development Facility (MDF). The launch was officiated by the Hon. Prime Minister and Minister for Sugar, Josaia Voreqe Bainimarama. Since rebranding, Sugars of Fiji has been very well received in New Zealand in particular, and FSC has engaged an exclusive distributor in this important market.

The work of the Board Sub-Committees has progressed. The Board Sub-Committees comprise, Finance & Audit, Nomination & Remuneration and Risk & Compliance. I am pleased to report that through collaboration with the Board Sub-Committees, the Corporation has substantially strengthened governance and Board efficiency reflected in all facets of the business. A clear example is the financial performance of the Corporation, with two key highlights being a positive EBITDA of $60.73 million and a net profit of $21.88 million for the year, compared to a net loss of $80.0 million last year.

On behalf of the Board, I take this opportunity to thank our stakeholders for their patience and support while also appreciating the immense dedication and commitment of our employees. It is no secret that the challenges at FSC are multi-fold, but the Board and Management are increasingly determined to steer FSC onto a viable footing for the future, noting the importance of the Sugar Industry for Fiji's continuing economic wellbeing.

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

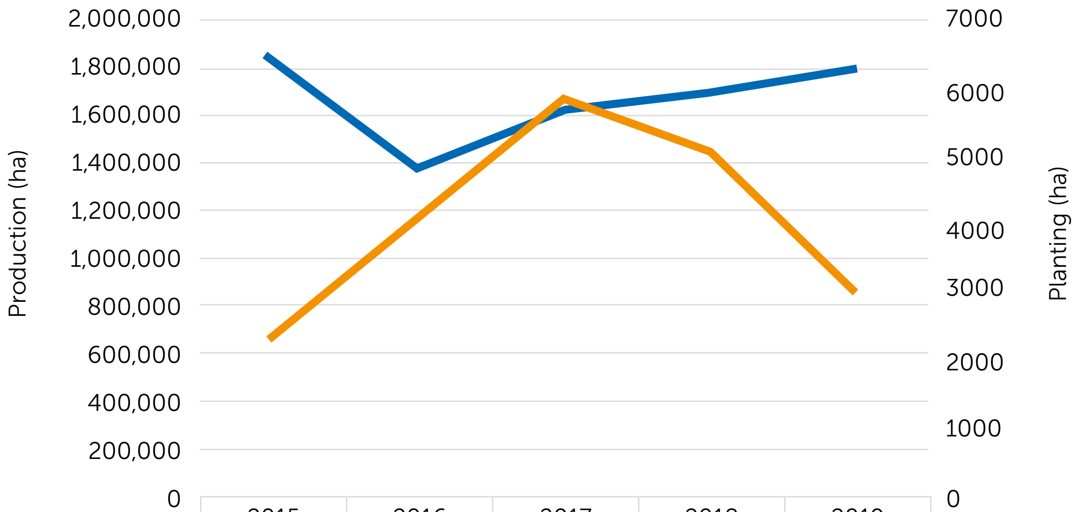
Vishnu Mohan
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Cane Production

In the year ended May 31, 2020, FSC was affected negatively by the damage caused by Tropical Cyclone Sarai. This led to consequences for our cane development resulting in a crop harvest of 1,806,572 tonnes against a pre-crush estimate of 1,850,650 tonnes. However, this was an increase from 2018 harvest by 109,192 tonnes. There was also an increase of 538 ha of area under cane from last season.

An area of 3055 ha was planted during the season, which ended in October.



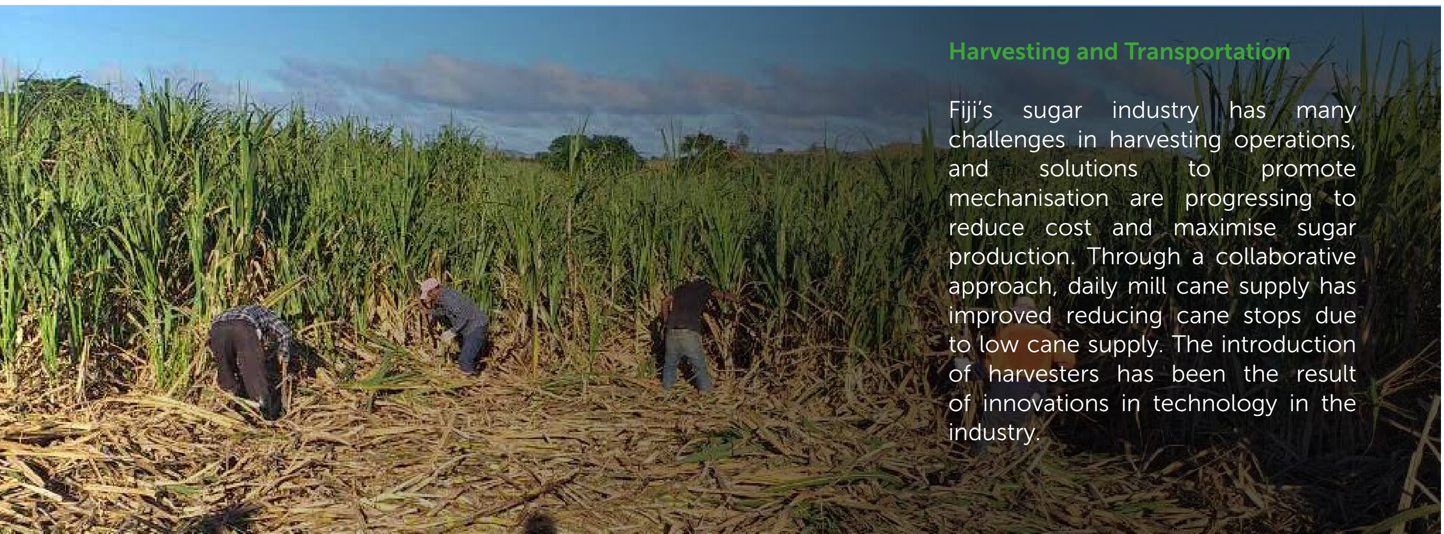
	2015	2016	2017	2018	2019
Production	1,844,559	1,387,248	1,631,392	1,697,369	1,806,572
Planting	2,379	4,180	5,802	5,078	3,055

Figure 1: 5 year actual planting against annual production

There was a 6% improvement in crop in 2019, which amounted to 109,192 tonnes.

A total of 21,218 tonnes of Blended Fertilizer was delivered by South Pacific Fertilizers. An improvement in the weedicide application was evident for the three major types, being Diuron, Glyphosate and Amine. Growers are taking advantage of the Government subsidy on fertilizers and weedicides.

Through consolidated efforts to enhance crop yield in Plant and Ratoon cane, the government funded Cane Planting Grant was deployed in all areas to assist cane farmers replant fields and improve cane yields. New cane farmers were also assisted through this cane planting grant.



Harvesting and Transportation

Fiji's sugar industry has many challenges in harvesting operations, and solutions to promote mechanisation are progressing to reduce cost and maximise sugar production. Through a collaborative approach, daily mill cane supply has improved reducing cane stops due to low cane supply. The introduction of harvesters has been the result of innovations in technology in the industry.

MECHANICAL HARVESTING

Harvesting Progress by Mechanical Harvesters

The growing interest in the procurement of harvesters by grower's co-operatives has contributed positively to the mill throughputs. This has cushioned the negative impact of reduction in manual cane cutters, and it is projected that the volume of billet cane will increase in the future.

Mechanical Harvesters greatly aided the growers and the Corporation by improving harvesting efficiencies, through the introduction of 28 new Mechanical Harvesters during the year.

Table 1: Summary of the Mechanically Harvested Cane for 2019 Season

Mill Region	Harvesters Available	Green Tonnes Harvested	Burnt Cane Harvested (t)	Total Cane Harvested (t)	Average Harvest/ Harvester	% Burnt Cane Harvested
Lautoka	23	86,522	116,349	202,871	8,820	57.4
Rarawai	19	51,310	101,604	152,914	8,048	66.4
Labasa	36	160,464	82,322	242,786	6,744	33.9
Penang	9	16,100	15,091	31,191	3,465	48.4
All Mill Area	**87**	**314,396**	**315,366**	**629,762**	**7,238**	**54.9**

There was an increase in the number of 28 harvesters in operation from 2018 to 2019, which saw a significant increase in the volume of cane mechanically harvested. Mechanical harvesting contributed 34.9% of total cane harvested during the season. Labasa Mill recorded the highest at 39% with 242,786 mechanically harvested followed by Lautoka Mill at 32% with 202,871 tonnes.

Table 2: Mechanical Harvester Trend (2016-2019)

Year	No. of Harvesters	Tonnes Harvested	% of Total Cane Harvested
2016	20	123,519	8.9
2017	44	307,013	18.9
2018	59	496,202	29.2
2019	87	629,762	34.9

There was an increase of 6% in mechanically harvested cane from 2018 to 2019. At the current number of 87 harvesters, it is forecasted that mechanical harvesters have the potential to harvest 45% of the crop.

Table 3: Harvesting Summary

Mill Region	Total Cane Crushed	Total Rail Tonnes Crushed			Total Lorry Tonnes Crushed			Cane Crushed			
								Green Cane		Burnt Cane	
	Tonnes	Tonnes	%	Av. Trx Weight	Tonnes	%	Av. Lorry Weight	Tonnes	%	Tonnes	%
Lautoka	657,161	65,766	10.0	2.8	591,395	90.0	10.6	357,924	54.4	299,237	45.5
Rarawai	487,483	54,615	11.2	2.4	432,868	88.7	10.7	79,729	16.3	407,754	83.6
Labasa	661,928	92,768	14.0	2.4	569,160	85.9	9.9	438,540	66.2	223,388	33.7
All Mill	1,806,572	213,149	11.8	2.5	1,593,423	88.2	10.4	876,193	48.5	930,379	51.5

FACTORY OPERATIONS

All the mills started off the season on schedule, as per the 2019 crushing season program. It was fortunate that TC Harold which hit the country on April 8 and 9 did not cause major issues at the factories, except for some time lost in maintenance days. Labasa started on 12 June and Lautoka Mill commenced crush on the 13 June while Rarawai Mill commenced crushing on 9th July 2019.

Though Labasa officially began the 2019 crushing season on the 12 June a protest by the local Sugar Cane Lorry Association against the new weight limits for 6-wheeler trucks set by Land Transport Authority did not allow the mill to begin crushing normally and it was another week before cane supply normalised. This problem also spilled over to Viti Levu and affected cane supply at Lautoka for the first two weeks. The situation normalised after positive intervention by Land Transport Authority. The Rarawai Mill startup was rescheduled to 9 July to ensure that all boiler related capital works were completed and commissioned by the contractors, before it was handed over to the factory.

The three factories performed reasonably well within the different operating perimeters. Burnt cane and lower sugar content of raw material (POCS and Cane Purity) brought in for processing was a major issue. With the influx of mechanical harvesters, it has brought a new dimension in terms of the amount of extraneous matter that is delivered with the sugar cane to be processed. This now poses a processing challenge. Solutions are being developed by a task team headed by Sugar Research Institute of Fiji.

Rarawai in the first six weeks of the 2019 season had issues with boiler ash withdrawal and its boiler feedwater pumps which was related to the major upgrade. In view of the harvesting strength for the Rarawai a total of 160,000 tonnes of sugar cane was transferred to Lautoka Mill to be processed.

Major capital investments at the factories included, juice stabilisation systems, three new centrifugals, three 1.6MW diesel generators, three new rotary vacuum filters and the reinstallation of the 12MW TG set at Lautoka and the 10MW TG set at Labasa. These all assisted in achieving stable operations at the mills in 2019.

Benefits relating to processing efficiencies and cogeneration will be realised going forward as the plants are run to full potential in the 2020 crushing season.

The 2019 crushing season ended at Labasa on 17 November, Rarawai on 3 December and Lautoka on 15 December.

Table 4: 2019 Key Operating Data for the Mills

Parameters	Lautoka	Rarawai	Labasa	Total/Av
Tonnes Cane Crushed	657,161	487,483	661,928	1,806,572
Tonnes Sugar Made	58,439	44,831	65,433	168,703
Tonnes Molasses	33,508	22,673	27,553	83,734
Molasses% Cane	5.1	4.7	4.2	4.6
TCTS	11.1	10.9	10.1	10.7
Inside Stops(hrs/wk)	26.2	41.6	10.9	26.2
Outside Stops(hrs/wk)	25.6	10.3	41.1	25.7
Cleaning & Maintenance(hrs/wk)	11.0	10.8	2.9	8.2
Actual Crushing Time (hrs per wk)	105.2	105.3	113.1	107.9
Crushing Rate(tcph)	237	214	232	683
Season Length (calendar weeks)	26.3	21.7	25.2	

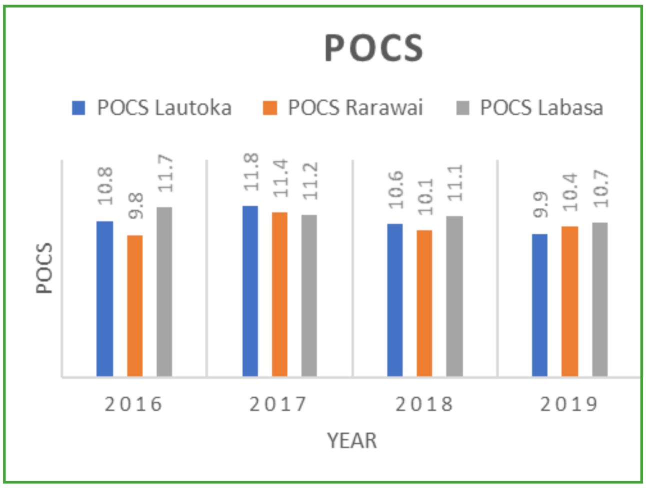


Figure 2: 4 year POCS trend

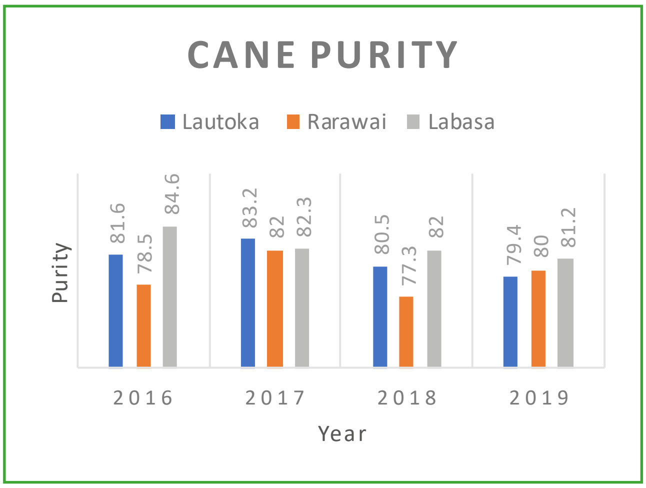


Figure 3: 4 year Cane purity trend

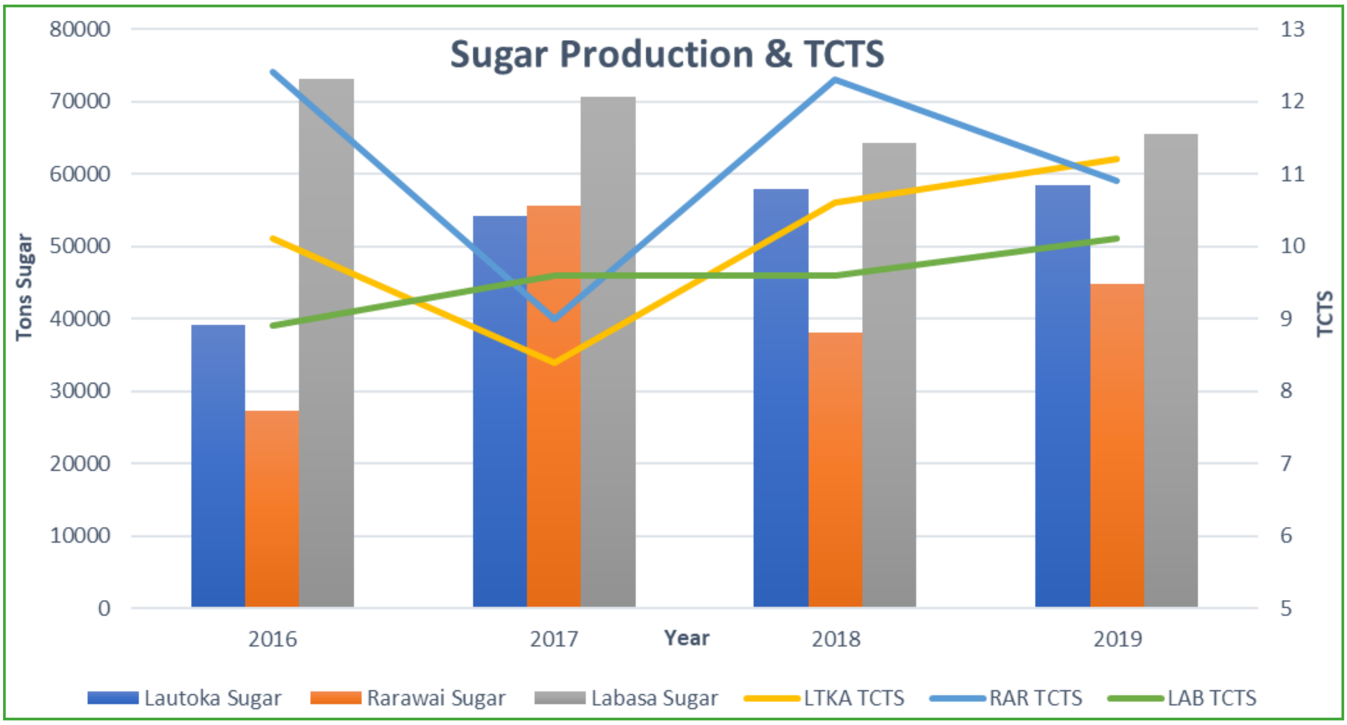


Figure 4: 4 year sugar production and TCTS trend

Table 5: 2019 Key Operating Data for the Mills

Parameters	Lautoka	Rarawai	Labasa
POCS	9.9	10.4	10.7
Cane Purity	79.4	80.0	81.2
Fibre in Cane	11.4	12.0	12.4
Burnt Cane Received (%)	57.2	65.3	33.5

HUMAN CAPITAL MANAGEMENT

Succession Management

Succession Planning & Management is being progressed within the Corporation to continually develop qualified pools of candidates for critical positions so that they are ready to step in when there are unplanned losses of key leaders.

During the year, the Corporation recruited five Sector Assistants in the Agriculture Division and promoted three Tradespeople to the role of Trainee Mechanical Engineer. These individuals will undergo a structured training program managed by the Extension Services Manager & Chief Engineer respectively.

The Human Resources Team in collaboration with the Executive Management Team are working towards developing a program to enable the Corporation to produce future leaders who can demonstrate level of readiness in 1-2 years.

Online Recruitment Portal

An online recruitment portal was successfully introduced during the year. This system has reduced time-to-hire, improved database build up for future recruitment and became a branding opportunity for FSC.

Allowance Authorization Portal

The approval process for overtime was also automated. Due to the robust new process, overtime can only be performed after approvals from the Chief Financial Officer. The alerts appear on emails to those who are part of the overtime workflow.

Restructure of the Field Division

The Corporation is heavily reliant on cane development, and consequently, proper extension and advisory services. Taking this into account, a restructure of the Field Division was undertaken which led to job roles being reviewed to enhance better service outreach to farmers. Moreover, job titles now accurately reflect the scope of responsibilities of our employees. The changes included:

- **Field Officer –** Head of Sector Operations. Job title reviewed to better reflect current scope of work (previously Team Leader Sector).
- **Farm Advisor –** to boost our extension services, Farm Advisors (previously Field Coordinators) will be focusing on pure extension services with no overlapping responsibilities to other field personnel. All their daily activities will be aligned to the achievement of the sector's crop target for the next season.

New Shift System

A new shift system was designed and implemented to meet legislative requirements and improve productivity. The operating rotation is a three-shift system, 48-hour week for six days a week with Sunday designated as a scheduled closure for the mills. There were no job losses due to the reduction in the shift.

Training & Development – Grants Scoring

The Grant Scores provided by Fiji National University indicates the effectiveness of an organization's Learning & Development Strategies. FSC had been achieving scores in the region of 53-58% over the years. However, with the introduction of new Training Processes, the percentage score increased to 72% in 2018, and a milestone score of **86%** achieved in 2019.

Response to COVID-19

A policy on COVID-19 was designed by the Health & Safety Department in collaboration with Government Health Services and Human Resources which included:

- Group sessions on COVID-19, its symptoms, how it spreads, precautionary measures that need to be taken;
- Ramped up security and surveillance at mills to ensure all employees complied with the Government directives;
- Census of the mill compounds to establish the individuals living in FSC Quarters and all visits to our property was restricted during the lockdown period; and
- Changes to the mill resourcing to ensure all employees affected by the lockdown could still work effectively close to home.

The Corporation also worked closely with the Ministry of Health and Ministry of Labour to ensure all relevant protection equipment was made available and that quarantine measures were followed.

Human Resource Monitoring & Control

Monthly monitoring of human resourcing levels was instituted in this financial year. Discussions with mill management are held monthly to avert unnecessary overtime. Similarly, a rationalization exercise was conducted to reduce the intake of casual/temporary workers.

Annual Leave & Long Service Utilization

A leave utilization program was introduced towards the end of 2019, and employees were required to start using their annual leave timeously. Almost 90% of annual leave was utilized by 31 May 2020.

Employment Relations

A more effective employee disciplinary process has been instituted by the Corporation to ensure efficiency in the process and most importantly, allow for fairness and natural justice. Furthermore, the Corporation recognizes the Union as an integral part of our business and through a consultative approach, the Human Resources Team has been able to implement significant improvement in this area during the year.

HEALTH & SAFETY

Safety Culture

The Corporation's safety culture was expanded in the year to understand and tolerate risk, control hazards and deal with accidents and near misses. In its quest to achieve an improved safety culture, the Corporation implemented the following:

- Reporting of risk, hazards, accidents, near misses and injuries;
- Restricting access to employees and contractors entering the mills without proper Personal Protective Equipment.
- Lorry driver's safety equipment to comply with safety standards during entry to site;
- Fit for purpose safety equipment is now bought in consultation with employees, supervisors and safety representatives so that user friendly and comfortable equipment is procured; and
- Permit protocol being followed for work at heights, hot works and confined space entries.

Health & Wellbeing

The COVID-19 period was well managed without any major incidents. The Corporation focused primarily on mitigating the spread of COVID-19 with help from medical professionals and safety reps who worked closely with all teams to ensure that employee records and movements were tracked to limit any risk of infection.

Wellbeing awareness continued throughout the period as an established Health & Wellbeing calendar. Posters and awareness materials were shared on emails and notice boards to all employees.

New uniforms were distributed to the employees at all the mills, including field teams, featuring improved light weight 100% cotton with good quality reflectors.

Injury Management

The Corporation has established an improved safety culture in the past 24 months with the introduction of hazard risk identification and injury management programs. There has been a 23% reduction in lost time injuries compared to the same period in 2019 and a 64% reduction compared to the last financial year. This has demonstrated improving safety culture, presenting improvement in behavioral safety and safe decision making.

Table 6: Details of safety parameters for full year 2018/2019, full year 2019/2020 and YTD 2020

H&S KPI's	FY 2018/ 2019	FY 2019/ 2020	Jan-May 2020	Comments
LTI'S (Employee)	65	23	8	1-Labasa,1-Rarawai and 6-Lautoka
Medical Treatment Injuries	0	0	0	
First Aid Injuries	14	11	2	2-Lautoka
Fatalities	0	0	0	
Contractor Injuries	2	0	0	
Hazards & Unsafe moves Reported	247	150	65	26-Labasa 19-Rarawai & 20 Lautoka
Near Misses Reported	13	4	1	1-Labasa

ENVIRONMENT MANAGEMENT

Environment Management

Building sustainable environmental conditions is an ongoing task of the Corporation that requires the participation of management, employees and regulatory stakeholders, in a tripartite partnership to effectively eliminate hazards and/ or reduce risks impacting the environment. The following projects were completed to mitigate environmental risks:

- Flying soot emission reduction: A boiler upgrade has been completed with the installation of a Dust Collector System to control emissions at acceptable levels at the Lautoka Mill.
- Elimination of wastage through spillage and handling: the maintenance team has rectified all major areas identified which resulted in spillage of sugar and molasses as part of their maintenance program and new processes.

Risk Management

Risk Management forms the cornerstone of the Corporation, incorporated in all areas of the business which includes Operations, Business Strategy, Finance, HR, IT, OHS/Safety, Quality and Environment. The Corporation is committed to achieve its respective strategic business objectives by safeguarding its processes and operations with risk management systems.

Quality and Food Safety Compliance

Food Safety and Quality is recognized as one of the fundamental requirements of the Corporation. The Corporation is committed to producing safe, high quality products that conform to all regulatory requirements and meet food safety standards and best practices.

- Customer complaints have significantly reduced over the past three years, particularly relating to the quality of sugar supplied to customers locally and in Pacific Island Countries. With improved quality control mechanisms such as replacement of process screens and installation of additional magnets and implementation of good manufacturing practices, customer complaints were reduced by 80% in local and regional markets.
- The "Sugars of Fiji" brand is well received by the New Zealand and regional markets and the Corporation is undertaking improvement programs including food standard certification to further improve the quality of sugar supplied.

MARKETING

World Market Price Trend

The world sugar market has been significantly impacted by the negative effects of COVID-19 and the global lockdown. Due to a shortage of sugar in the world market, in early March 2020, the world sugar price experienced an increase to 15.2 c/lb. Thereafter, the impact of COVID-19 on global commodity markets reversed this trend and the world sugar market retreated accordingly. The No.11 sugar pricing trend for the 2019/20 Financial Year has been as follows:

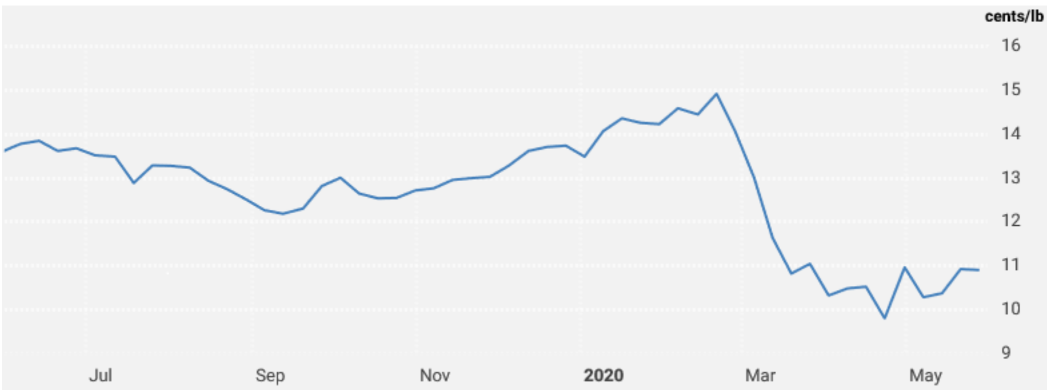


Figure 5: World market price trend

Bulk Raw Sugar Export

A total of 154,411 tonnes of bulk raw sugar was exported during the year. The following table summarizes these exports:Food Safety and Quality is recognized as one of the fundamental requirements of the Corporation. The Corporation is committed to producing safe, high quality products that conform to all regulatory requirements and meet food safety standards and best practices.

Destination	Tonnage (MT)
United Kingdom	80,500
Spain	34,000
Netherlands	31,500
USA	8,411
Total	**154,411**

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

Sugar sales to the domestic market totaled 25,307 tonnes of which 9,906 tonnes was sold in 25kg bags while 15,401 tonnes was sold as retail packs. A total of 6,696 tonnes was sold to the Pacific Island Countries and New Zealand markets which demonstrated a positive trend compared to the previous year, from which 6,302 tonnes was sold in 25kg while 394 tonnes into retail packs. The major markets for Fiji sugar in the Pacific Island Countries are Samoa, Tonga and Kiribati. The sale of Fiji sugar commenced last year in the New Zealand market after a successful re-branding of the 'Sugar of Fiji' product line.

Molasses Exports

Domestic Molasses Sales

Domestic sales of molasses for the financial year totaled 3,381 MT. The major buyers were Paradise Beverages and Rewa Dairy.

Sugar Packaging Plant

The FSC Packaging Plant was able to pack 15,794 MT of sugar into retail packs of 1kg, 2kg & 4kg last financial year, with the majority of the retail packs sold in the domestic market. Other markets for retail packed sugar are Samoa, Vanuatu and New Zealand. The demand for 1kg and 2kg retail packs is high in the Pacific Island Countries while the demand for 4kg is high in the New Zealand market. A Continuous Improvement Program is currently being implemented at the Packaging Plant to deliver high quality product to customers.

Re-Branding of Sugars of Fiji

We are grateful to the Market Development Facility (MDF), an Australian Aid Program, for funding the rebranding of the "Sugars of Fiji" product line, with the objective of finding new markets and increasing revenue for FSC. The launch of the new Sugars of Fiji retail packs was successfully held on 21 October 2019 at the Packaging Plant, officiated by the Hon. Prime Minister and Minister for Sugar, Josaia Voreqe Bainimarama. The new-look Sugars of Fiji brand has been very well accepted in the New Zealand target market, and we continue to explore further opportunities to drive our brand across global markets.

Graham Clark
Chief Executive Officer

THE FIJI SUGAR CORPORATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2020

TABLE OF CONTENT

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 2020 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 following were Directors of the Corporation at any time during the financial year and up to the date of this report:

Mr K Vishnu Mohan (Chairman)
Mr Viliame Gucake (Retired on 19-Sept-2019)
Ratu Wiliame Katonivere
Mr Arvind Singh
Mr Tevita Kuruvakadua
Mr Pradeep Lal
Mr Hari Raniga (Retired on 19-Sept-2019)
Mr Ariff Ali (Retired on 23-Jan-2020)
Mr Savendra P Dayal (Appointed on 19-Sept-2019)
Mr Athil Narayan (Appointed on 19-Sept-2019)

PRINCIPAL ACTIVITIES

The Corporation operated three sugar mills in the year under review and is involved in the milling of sugarcane, manufacture and sale of sugar and molasses produced. There were no significant changes in the nature of these activities during the financial year.

RESULTS

The results of the Corporation are summarized below:

	2020	2019
	$000	$000
Profit/(loss) from operations	40,065	(62,749)
Finance cost, net	(16,605)	(11,695)
Unrealised exchange loss, net	(1,581)	(3,492)
Expected credit loss on joint venture receivables	-	(1,103)
Loss due to flooding	-	(1,031)
Profit/(loss) for the year	**21,879**	**(80,070)**
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**60,728**	**(49,092)**

DIVIDENDS

The Directors recommend that no dividends be declared for the year ended 31 May 2020.

RESERVES

The Directors recommend that no transfer be made to or from reserves except for movements required under International Financial Reporting Standards (IFRS).

DIRECTORS' REPORT (CONTINUED)

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.

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 and events subsequent to balance date 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.

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 Government in its COVID-19 Response Budget on 26th March 2020 announced conversion of Government's loan of $173.8 million into equity and further provided $50 million operating grant. In 2017, the Government of Fiji increased the Government guarantee of $120 million to $322 million and the guarantee period has been extended up to 31 May 2022.

Furthermore, the Corporation will pursue increasing the area under cane cultivation, revenue optimisation from large scale sugarcane plantations, cost cutting initiatives, sale of non-core assets, power generation income and better marketing of Sugars of Fiji for local and regional markets. Further, 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.

DIRECTORS' REPORT (CONTINUED)

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year were:

i) Impairment of Property, Plant and Equipment

For the year ended 31 May 2020, an impairment review of the assets of the Corporation was carried out by an independent consultant from New Zealand. The impairment assessment was undertaken in accordance with International Accounting Standard (IAS 36) Impairment of Assets. Based on the independent assessment, management and the Directors have carried out an assessment of the recoverable amount of the assets, trend of improvement in sugar cane quality, and assessed that no further provision for impairment is required.

Accumulated impairment losses provided in earlier years total $78.4 million and a further impairment of $5 million was provided in 2018 in respect of the 50T boiler at Labasa Mill (refer Note 10(a)).

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

ii) Government grant of $50.0 million

The Corporation received operating grant of $50.0 million from the Government during the year to support cane payments to the sugar cane farmers.

iii) Czarnikow Group Limited

During the year, the Corporation borrowed US$20.5 million (FJD $47.5 million) from Czarnikow Group Limited by way of trade finance to meet operational expenditure and grower cane payments. The loan will be repaid through the second and third shipments of sugar for the 2020 season (financial year 2021).

iv) Impact of COVID-19

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. We have not seen a significant impact on our business to date. The outbreak and the response of Government in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they will have an impact on our earnings, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Corporation at this time.

v) Defaults on the Fiji National Provident Fund bond repayments

During the year, the Corporate bonds for $15 million and $10 million matured on 30th September 2019 and 4th November 2019 respectively. The Corporation did not meet the repayment of these bonds, consequently the guarantee was called. As such, the obligation has been passed on to Government of Fiji.

vi) Guaranteed cane price

The Government in 2018 announced that it would establish a guaranteed cane price of $85.00 per tonne of sugar cane for a period of 3 years (2018 - 2020 crop years). This initiative is intended to instill confidence and provide price certainty for farmers. It was proposed that the Corporation would be responsible for Year 1, and Government for the 2 years thereafter.

Accordingly, the Corporation accounted $48.1 million in last financial report and $4.2 million was carried into current financial year.

During the year, it being the second year of the initiative, the full impact of guaranteed cane price was borne by the Government.

DIRECTORS' REPORT (CONTINUED)

SIGNIFICANT EVENTS DURING THE YEAR [continued]

vii) Sale of non-productive assets

The Corporation continued with the sale of properties, following a review of non-productive assets of the Corporation by the Directors last year. During the year, net realised property sales were $25.95 million (2019: $23.16 million).

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year-end, the loans from the Government of Fiji aggregating to $173,816,930 will be converted into equity as declared in the Government's Supplementary Budget announcement on 26th March 2020.

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

OTHER CIRCUMSTANCES

As at the date of this report:

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

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

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit disclosed in the financial statements and/ or included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements.

AUDITOR'S DECLARATION

The Directors have obtained independent declaration from the Corporation's auditor, Ernst & Young. A copy of the auditor's independence declaration is set out in the Auditor's Independence Declaration to the Directors of The Fiji Sugar Corporation Limited on page 7.

For and on behalf of the Board and signed in accordance with a resolution of the Board of Directors.

Dated this 30th day of June 2020.

....	....
Director	Director

DIRECTORS' DECLARATION

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

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

a) In the opinion of the Directors, the financial statements of the Corporation for the financial year ended 31 May 2020:

   i. comply with the International Financial Reporting Standards (IFRS) and give a true and fair view of the financial position of the Corporation as at 31 May 2020 and of the performance and cash flows of the Corporation for the year ended 31 May 2020; and

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

b) The Directors have received an independence declaration by the 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 30th day of June 2020.

Director

Director

1st Floor 131 Vitogo Parade
Lautoka Fiji
PO Box 1068 Lautoka Fiji

Tel: +679 666 2433
Fax: +679 666 7282
ey.com

Building a better working world

Auditor's Independence Declaration to the Directors of The Fiji Sugar Corporation Limited

As lead auditor for the audit of The Fiji Sugar Corporation Limited for the financial year ended 31 May 2020, 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.

This declaration is in respect of The Fiji Sugar Corporation Limited during the year.

Ernst & Young

Ernst & Young
Chartered Accountants

Shaneel Nandan
Partner
Lautoka, Fiji
30 June 2020

1st Floor, 131 Vitogo Parade
Lautoka, Fiji
P O Box Lautoka, Fiji

Tel: +679 666 2433
Fax: +679 666 7282
ey.com

Independent Auditor's Report

To the Shareholders 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 2020, 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 2020, 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 (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1(a) in the financial statements, which refers to the preparation of the Corporation's accounts on a going concern basis. The Corporation has historically incurred significant losses. The Corporation realised a net profit of $21.9 million during the year ended 31 May 2020, including a Government grant of $50 million. As of that date, the Corporation's current liabilities exceeded its current assets by $144.4 million and it has debt repayment commitments amounting to $124.2 million during the financial year ending 31 May 2021. Furthermore, the Corporation is likely to require further funding to meet its working capital requirements, capital expenditure and possible future operating losses.

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, as disclosed in Note 25, to enable the Corporation to continue in operation for the foreseeable future. The extent to which the existing Government guarantees, and potential further support, are required is dependent on, among other things, the future sugar price, the quantity and quality of cane supply, the success of intended improvements in mill performance and the timely and effective implementation of management's plans and initiatives. While the Government has indicated an intent to support the Corporation it is not required to do so in excess of the existing guarantees as disclosed in Note 26.

The events or conditions outlined above indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. Our opinion is not modified in respect of this matter.

Building a better working world

Independent Auditor's Report (continued)

Responsibilities of the Directors and Management for the Financial Statements

The Directors and management 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 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 Directors and management 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 Directors and management either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

The Directors and management 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 ISAs 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.
- 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 Directors' and management 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.

Building a better working world

Independent Auditor's Report (continued)

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

We communicate with the Directors' and management 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.

We also provide the Directors' and management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

Ernst & Young
Ernst & Young
Chartered Accountants

Shaneel Nandan
Partner
Lautoka, Fiji
30 June 2020

THE FIJI SUGAR CORPORATION LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2020

	Notes	2020	2019
		$000	$000
Revenue from export, sugar and molasses	7.1	104,793	98,383
Revenue from local, sugar and molasses	7.1	40,103	34,393
Revenue		**144,896**	**132,776**
Cost of sales		(164,720)	(155,892)
Gross loss		**(19,824)**	**(23,116)**
Other operating income	7.2	80,495	26,716
Administrative expenses	8.1	(20,606)	(66,349)
Profit/(loss) from operations		**40,065**	**(62,749)**
Finance costs	8.2	(16,612)	(11,730)
Finance income	8.3	7	35
Other expenses	8.4	(1,581)	(5,626)
Profit/(loss) before income tax		**21,879**	**(80,070)**
Income tax expense	9(a)	-	-
Profit/(loss) for the year		**21,879**	**(80,070)**
Other comprehensive income		-	-
Total comprehensive income for the year		**21,879**	**(80,070)**

THE FIJI SUGAR CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2020

	Notes	2020	2019
		$000	$000
Non-current assets			
Property, plant and equipment	10	159,184	157,165
Intangible assets	11	2,567	-
Right-of-use assets	12	3,654	-
Inventories	14	2,460	2,417
		167,865	**159,582**
Current assets			
Current tax assets	9(b)	479	479
Investment in associates and joint venture	13(a)	40	40
Inventories	14	17,925	20,025
Trade and other receivables	15	31,049	18,700
Cash and cash equivalents	16	2,197	5,117
		51,690	**44,361**
Assets held for sale	10(g)	4,351	-
Total assets		**223,906**	**203,943**
Equity and Liabilities			
Equity			
Share capital	17	22,200	22,200
Accumulated losses		(322,164)	(344,043)
Total equity deficit		**(299,964)**	**(321,843)**
Non-current liabilities			
Lease liabilities	12(b)	3,144	-
Interest-bearing loans and borrowings	18	281,020	277,236
Deferred income	19	42,145	37,080
Employee benefit liability	20	1,453	1,683
		327,762	**315,999**
Current liabilities			
Lease liabilities	12(b)	584	-
Interest-bearing loans and borrowings	18	124,183	134,571
Employee benefit liability	20	1,019	1,403
Provisions	21	2,669	2,060
Trade and other payables	22	67,653	71,752
		196,108	**209,787**
Total liabilities		**523,870**	**525,786**
Total equity and liabilities		**223,906**	**203,943**

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

THE FIJI SUGAR CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2020

	Note	2020	2019
Accumulated losses		$000	$000
Balance at the beginning of the year		(344,043)	(263,973)
Operating profit/(loss) after tax		21,879	(80,070)
Balance at the end of the year		**(322,164)**	**(344,043)**
Share capital			
Balance at the beginning of the year		22,200	22,200
Balance at the end of the year	17	**22,200**	**22,200**
Total equity		**(299,964)**	**(321,843)**

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 2020

	Note	2020	2019
		$000	$000
Operating activities			
Receipts from customers and other operating activities		187,944	139,413
Payments to suppliers, employees and other operating activities		(168,007)	(183,933)
Cash (used in operations)		19,937	(44,520)
Interest paid		(16,311)	(11,730)
Interest income received		7	35
Lease finance costs		(301)	-
Net cash flows from/ (used in) operating activities		**3,332**	**(56,215)**
Investing activities			
Purchase of property, plant and equipment		(31,141)	(26,741)
Proceeds from sale of property, plant and equipment		10,499	30,268
Receipt of government grants		-	250
Proceeds from term deposits		-	930
Net cash flows (used in)/from investing activities		**(20,642)**	**4,707**
Financing activities			
Payment of principal portion of lease liabilities		(283)	-
Proceeds from borrowings		28,782	49,534
Repayment of borrowings		(12,362)	-
Net cash flows from financing activities		**16,137**	**49,534**
Net decrease in cash and cash equivalents		(1,173)	(1,974)
Overdraft held at the beginning of the year		(17,824)	(15,850)
Overdraft held at the end of the year	16	**(18,997)**	**(17,824)**

The accompanying notes form an integral part of the statement of cash flows.

1. Corporate information

The financial statements of The Fiji Sugar Corporation Limited (the "Corporation") for the year ended 31 May 2020 were authorised for issue in accordance with a resolution of the Directors on 30th June 2020. 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.

The Corporation is principally operating three sugar mills in the year under review and is involved in the milling of sugarcane, manufacture and sale of sugar and molasses produced. There were no significant changes in the nature of these activities during the financial year.

2. Significant accounting policies

2.1. Basis of preparation

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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. The financial statements are presented in Fijian dollars and all values are rounded to the nearest thousand ($000), except when otherwise indicated.

The financial statements provide comparative information in respect of the previous period.

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 3.

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.

a. 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 Government in its COVID-19 Response Budget on 26th March 2020 announced conversion of Government's loan of $173.8 million into equity and further provided $50 million operating grant. In 2017, the Government of Fiji increased the Government guarantee of $120 million to $322 million and the guarantee period has been extended up to 31 May 2022.

Furthermore, the Corporation will pursue increasing the area under cane cultivation, revenue optimisation from large scale sugarcane plantations, cost cutting initiatives, sale of non-core assets, power generation income and better marketing of Sugars of Fiji for local and regional markets. Further, 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.

2.2. Summary of significant accounting policies

a) Investment in associates and joint venture

An associate is an entity over which the Corporation has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Corporation's investment in its associate and joint venture are not accounted for using the equity method. Information on investment in associates and joint ventures is provided in Note 13.

b) Revenue recognition

The Corporation is in the business of harvesting and processing of sugarcane into sugar and molasses as well as sale of power. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those goods. The Corporation has generally concluded that it is the principal in its revenue arrangements. For revenue where contract with customers exists, revenue is recognised as follows:

Sale of sugar and molasses

Revenue from sale of sugar and molasses is recognised at the point in time when control of the goods is transferred to the customer, generally revenue is recognised when sugar is loaded on board of a vessel designated for delivery, being Bill of Lading (BOL) date in line with the "Free on Board". The normal credit term is 30 to 90 days upon delivery.

Sale of electricity

Revenue from sale of electricity is recognised over time by measuring the progress toward complete satisfaction of its performance obligation to deliver electricity. The normal credit term is 30 to 90 days upon delivery.

The Corporation considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of sugar, the Corporation considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Finance income

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

c) 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 are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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.

2.2. Summary of significant accounting policies (continued)

d) Taxes

Income tax

Current tax

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

Deferred tax

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

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

Current and deferred tax for the year

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.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Information on recognition of deferred tax assets and liabilities is provided in Note 9.

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 in the statement of financial position. 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.

e) Foreign currencies

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 year-end are stated at fair values and any gains or losses are recognised in the statement of profit or loss and other comprehensive income.

2.2. Summary of significant accounting policies (continued)

f) Non-current assets held for sale and discontinued operations

The Corporation classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

g) 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 (included in Right-of-use)	Term of lease
‣ Buildings and improvements	2% to 10%
‣ Plant, machinery and equipment	3% to 25%
‣ Vehicles and transport systems	5% and 20%
‣ ERP system	10%

New assets are depreciated from the commencement of the half-year in which they are commissioned. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

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

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

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

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

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

2.2. Summary of significant accounting policies (continued)

g) Property, plant and equipment (continued)

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.

h) Leases

The Corporation assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Corporation as a lessee

The Corporation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Corporation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Corporation recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold land 99 years

If ownership of the leased asset transfers to the Corporation at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Corporation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Corporation and payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Corporation uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low value assets

The Corporation applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Corporation as a lessor

Leases in which the Corporation does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature.

2.2. Summary of significant accounting policies (continued)

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 capitalized 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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

k) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Corporation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Corporation commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Corporation's financial assets at amortised cost includes trade receivables, loan to an associate and loan to a Director included under other non-current financial assets.

2.2. Summary of significant accounting policies (continued)

k) Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets at fair value through OCI (debt instruments)

The Corporation measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and other comprehensive income computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Corporation can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss other comprehensive income when the right of payment has been established, except when the Corporation benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Corporation of similar financial assets) is primarily derecognised (i.e., removed from the Corporation's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Corporation has transferred substantially all the risks and rewards of the asset, or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Corporation recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Corporation expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.2. Summary of significant accounting policies (continued)

k) Financial instruments – initial recognition and subsequent measurement (continued)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Corporation's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Corporation has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss (loans and borrowings)

This is the category most relevant to the Corporation. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 18.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

l) 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.

2.2. Summary of significant accounting policies (continued)

m) Impairment of non-financial assets

At each balance 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.

n) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash in banks and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are stated net of bank overdraft. Bank overdrafts are shown within interest bearing borrowing in current liabilities in the statement of financial position.

o) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment (see Note 2.2 k(i)). 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.

p) 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.

q) 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.

2.2. Summary of significant accounting policies (continued)

r) 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.

s) 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.

t) 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.

2.3. Changes in accounting policies and disclosures

New and amended standards and interpretations

The Corporation applied IFRS 16 *Leases* for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in June 2019, but do not have an impact on the consolidated financial statements of the Corporation. The Corporation has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 *Leases*

IFRS 16 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. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Corporation is the lessor.

The Corporation adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 June 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Corporation elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 June 2019. Instead, the Corporation applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

In adopting this standard, the opening lease liability balance has been determined as the present value of future lease payments discounted using applicable IBRs, for terms which approximate the remaining lease term as at 1 June 2019.

The opening right of use assets' balance has been determined as being equal to the opening lease liability.

The following practical expedients, allowed by the standard, were used:

- exclusion of leases with remaining terms of less than 12 months, from the new accounting requirements
- application of a single discount rate to each portfolio of leases with reasonably similar characteristics
- use of hindsight to determine the lease term for leases that include options to extend or terminate the lease.

The weighted average IBR applied to lease liabilities on 1 June 2019 was 7.5%.

Determination of the lease term is a key judgement exercised by management on a recurring basis. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The effect of adoption IFRS 16 as at 1 June 2019 (increase/decrease) is as follows:

	$000
Balance sheet as at 1 June 2019	
Right of use assets	4,011
Lease liabilities	4,011

2.3. Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations

Opening lease liability reconciliation	
Operating lease commitments as at 31 May 2019 payable:	
– within one year	576
– later than one year but not later than five years	1,265
– later than five years	12,235
	14,076
Weighted average incremental borrowing rate as at 1 June 2019	7.5%
Other factors	-
Lease liability as at 1 June 2019	**4,011**

Income statement (continuing operations) for the year ended 31 May 2020	
Operating lease expenses (previous lease accounting)	583
Depreciation of right of use assets	(357)
EBIT	226
Net finance costs	(301)
Profit before income tax	(75)
Income tax expense	-
Profit for the year	**(75)**

The Corporation also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Corporation's exposure to risks and uncertainties includes:

- Capital management — Note 6
- Financial instruments risk management and policies — Note 5
- Sensitivity analysis disclosures — Note 5

3. Significant accounting judgements, estimates and assumptions (continued)

Judgements

In the process of applying the Corporation's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Corporation as lessee

The Corporation determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(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 2020, an impairment review of the assets of the Corporation was carried out by an independent consultant from New Zealand. The impairment assessment was undertaken in accordance with International Accounting Standard 36 "Impairment of Assets". The recoverable amount of the relevant assets has been determined on the basis of their value in use. The value in use has been determined based on discounted cash flow assessment covering 10 years from 2021 to 2030 based on a scenario with cane volumes of 1.84 million tonnes for 2021 and increasing to 3.0 million tonnes by 2025. 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.

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.

3. Significant accounting judgements, estimates and assumptions (continued)

(e) *Deferred tax assets*

Deferred tax assets are recognized for all unused tax losses and benefits arising from temporary differences to the extent that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely and level of future taxable profits together with future planning strategies. The deferred tax asset relating to tax losses and temporary differences have not been brought to account as in the opinion of the executive management its realization is not considered to be probable. Further details are contained in Note 9(d).

(f) *Deferred tax liabilities*

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

(g) *Leases – Estimating the incremental borrowing rate*

The Corporation cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Corporation would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Corporation 'would have to pay', which requires estimation when no observable rates are available. The Corporation estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Corporation's financial statements are disclosed below. The Corporation intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of material is not expected to have a significant impact on the Corporation's financial statements.

5. Financial instruments risk management objectives and policies

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 of Directors 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.

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 optimizing the return on risk.

5. Financial instruments risk management objectives and policies (continued)

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:

	2020	2019
Liabilities	$000	$000
US Dollar	142,357	106,431
Assets		
US Dollar	1,129	2,336

Foreign currency sensitivity analysis

The Corporation is mainly exposed to the currency of USA.

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

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

	Change in USD rate	Effect on profit before tax $000
2020	+10%	15,615
	-10%	(15,692)
2019	+10%	9,470
	-10%	(11,575)

Price and volume risk

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

From 1 October 2009, Fiji's quota access to the EU was governed by a new regional Economic Partnership Agreement. With effect from 1 October 2017, Fiji enjoys a continuation of market access on quota free and duty-free terms, with pricing linked to prevailing market prices in the EU, which in turn is driven by world sugar prices. The exposure of Fiji to world sugar price dynamics has thus increased from 1 October 2017.

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.

Cash flow and fair value interest rate risk

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

5. Financial instruments risk management objectives and policies (continued)

Cash flow and fair value interest rate risk (continued)

In relation to borrowings from Government of Fiji, Sugar Cane Growers Fund, Reserve Bank of Fiji, Fiji National Provident Fund, Fiji Development Bank and Bred 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.

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.

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.

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.

Year ended 31 May 2020	Less than 1 year	1 - 5 years	Over 5 years	Total
	$000	$000	$000	$000
Interest-bearing loans and borrowings:				
Short term borrowings	114,383	-	-	114,383
Long term loans and bonds	-	42,236	174,725	216,961
Export Import Bank of India	9,800	30,453	33,605	73,858
Lease liabilities	584	1,262	1,882	3,728
Trade and other payables	67,653	-	-	67,653
	192,420	**73,951**	**210,212**	**476,583**

Year ended 31 May 2019	Less than 1 year	1 - 5 years	Over 5 years	Total
	$000	$000	$000	$000
Interest-bearing loans and borrowings:				
Short term borrowings	125,426	-	-	125,426
Long term loans and bonds	-	74,622	173,817	248,439
Export Import Bank of India	9,145	29,988	32,884	72,017
Trade and other payables	71,752	-	-	71,752
	206,323	**104,610**	**206,701**	**517,634**

5. Financial instruments risk management objectives and policies (continued)

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 ($m)
2019 - Actual	1,697	(23.12)
2020 - Actual	1,807	(19.82)
2021 - Budgeted	1,840	(11.10)

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.

6. Capital risk management

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

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

Fair value estimation

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

7. Revenue

Disaggregated revenue information

Set our below is the disaggregation of the Corporation's revenue from contracts with customers:

7.1 Revenue from contract with customers	2020	2019
	$000	$000
Sale of sugar and molasses - Export	104,793	98,383
Sale of sugar and molasses - Local	40,103	34,393
	144,896	**132,776**
Timing of revenue recognition:		
- Goods transferred at a point in time	**144,896**	**132,776**

7.2 Other operating income		
Sale of electricity	2,908	1,846
Net gain on disposal property plant and equipment	25,945	23,160
Amortisation of government grants	614	118
Realised exchange gain, net	1,055	1,592
Government grants	49,973	-
Total other operating revenue	**80,495**	**26,716**

8. Other income and expenses

8.1 Administrative and other operating expenses	2020	2019
	$000	$000
Auditor's remuneration - audit fees	56	58
Other accounting services	135	182
Directors' fees and allowance	24	27
Employee related costs	5,887	6,796
Insurance	4,627	4,373
Guaranteed cane price	4,226	48,119
Other operating expenses	5,651	6,794
Total administrative expenses	**20,606**	**66,349**

8. Other income and expenses (continued)

	2020	2019
	$000	$000
8.2 Finance costs		
Interest on debts and borrowings	16,311	11,730
Interest on lease liabilities	301	-
Total finance costs	**16,612**	**11,730**
8.3 Finance income		
Interest income	7	35
Total finance income	**7**	**35**
8.4 Other expenses		
Unrealised exchange loss, net	(1,581)	(3,492)
Allowance for impairment of joint venture receivable	-	(1,103)
Loss due to flooding	-	(1,031)
Total other expense	**(1,581)**	**(5,626)**
8.5 Depreciation, amortisation, lease payments, foreign exchange differences and costs of inventories		
Depreciation (Note 10)		
- Leasehold land, buildings and improvements	1,782	1,743
- Plant, machinery and equipment	17,194	15,604
- Vehicles and transport system	2,565	1,936
Amortisation of intangible assets	346	-
Deprecation on right-of-use assets (Note 12)	357	-
Impairment loss on receivable	-	1,103
Purchase of cane recognised as an expense	102,631	136,430
8.6 Employee benefits expense		
Wages and salaries	28,868	30,601
FNPF contribution	3,194	3,530
	32,062	**34,131**
Less staff costs for capital works	(676)	(592)
	31,386	33,539
Provision for employee benefits, net movement	(613)	155
Total employee benefits expense	**30,773**	**33,694**

The employee cost above includes redundancy payment of $969,204 to employees during the year.

9. Income tax

The major components of income tax expense for the years ended 31 May 2020 and 2019 are:

a) Profit or loss

	2020	2019
	$000	$000
Accounting profit/(loss) before income tax	21,879	(80,070)
Prima facie tax thereon at the Fiji rate of 20%	4,375	(16,014)
Non-deductible expenses for tax purposes	461	274
Amortisation of government grant	(123)	(23)
Government grants exempt from tax	(10,000)	-
Deferred income tax asset relating to tax losses and temporary differences unrecognised, net of unrecognised deferred tax liabilities	5,287	15,763
Income tax attributable to operating profit/(loss)	**-**	**-**

b) Current tax asset

Movements during the year were as follows:

	2020	2019
	$000	$000
Opening balance at 1 June	479	477
Movement during the year	-	2
Closing balance at 31 May	**479**	**479**

c) Deferred tax liability

Deferred tax liability of the Corporation amounting to $742,580 (2019: $698,422) in respect of unrealized gain on stock of sugar and molasses as at 31 May 2020 has not been recognized in view of significant unrecognized deferred tax assets relating to tax losses and other temporary differences which will be available as deduction against realization of temporary differences giving rise to tax liability.

d) Deferred tax assets not recognized

In accordance with the provisions of the Income Tax Act, tax losses are allowed to be carried forward for 8 years from 1 January 2020 (prior to 1 January 2020: 4 years).

The deferred tax assets of the Corporation relating to estimated tax losses and temporary differences amounting to approximately $37 million (2019: $38 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

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

10. Property, plant and equipment

	Freehold land	Leasehold land	Buildings and improvements	Plant, machinery and equipment	Vehicles and transport system	Capital work in progress	Total
	$000	$000	$000	$000	$000	$000	$000
31 May 2020							
Cost	16,854	527	69,089	452,367	56,500	4,479	599,816
Accumulated depreciation	-	(90)	(29,915)	(291,619)	(36,272)	-	(357,896)
Accumulated impairment	-	-	(16,214)	(59,322)	(2,849)	-	(78,385)
Assets held for sale (g)	(678)	-	(3,673)	-	-	-	(4,351)
At 31 May 2020	**16,176**	**437**	**19,287**	**101,426**	**17,379**	**4,479**	**159,184**
Movement:							
At 1 June 2019	18,974	448	24,533	93,957	8,328	10,925	157,165
Additions	-	-	-	-	-	33,493	33,493
Disposals	(2,120)		(459)	(89)	-	-	(2,668)
Depreciation	-	(11)	(1,772)	(17,194)	(2,565)	-	(21,542)
Transfer from CWIP	-	-	658	27,665	11,616	(39,939)	-
Reclassification to intangible assets	-	-	-	(2,913)	-	-	(2,913)
Assets held for sale (g)	(678)	-	(3,673)	-	-	-	(4,351)
At 31 May 2020	**16,176**	**437**	**19,287**	**101,426**	**17,379**	**4,479**	**159,184**
31 May 2019							
Cost	18,974	527	69,159	438,015	49,088	10,926	586,689
Accumulated depreciation	-	(80)	(28,412)	(284,736)	(37,911)	-	(351,139)
Accumulated impairment	-	-	(16,214)	(59,322)	(2,849)	-	(78,385)
At 31 May 2019	18,974	447	24,533	93,957	8,328	10,926	157,165
Movement:							
At 1 June 2018	21,904	457	23,775	82,605	10,830	14,939	154,511
Additions	-	-	-	-	-	26,741	26,741
Disposals	(2,930)	-	(1,689)	(115)	(69)	-	(4,804)
Depreciation	-	(10)	(1,733)	(15,604)	(1,936)	-	(19,283)
Transfer from CWIP	-	-	4,180	25,380	1,194	(30,754)	-
Reclassification	-	-	-	1,691	(1,691)	-	-
At 31 May 2019	18,974	447	24,533	93,957	8,328	10,926	157,165

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.

10. Property, plant and equipment (continued)

a) Impairment assessment (continued)

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.

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

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 3(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.

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 for the years ended 31 May 2017, 31 May 2018, 31 May 2019 and 31 May 2020.

The Corporation has further carried out sensitivity analysis of assessment of recoverable amount as at 31 May 2020 with the following assumptions:

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

Refer Note 3(a) in relation to significant accounting judgements, estimates and assumptions in relation to impairment of property, plant and equipment.

b) Revaluation of Land and Buildings as Deemed Cost

In prior years, land and buildings were revalued based on the valuation carried out by independent registered valuers, Rolle Hillier Parker of Suva, Fiji in July 2002. Upon adoption of IFRS (effectively from, 1 June 2006), the Corporation had elected the option provided under IFRS 1 to apply the cost model (deemed cost) for land and buildings previously revalued, and accordingly, the cost value of land and buildings include revaluation increments amounting to $66,884,324.

c) Insurance

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

d) Plant, machinery and equipment

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

e) Capital work in progress

Included in property, plant and equipment at 31 May 2020 was an amount of $4.4 million (2019: $10.92 million) relating to expenditure mill in the course of construction.

f) Disposals of property, plant and equipment

In 2020, the Corporation sold freehold land and buildings with a total net carrying amount of $2,579,000 for a cash consideration of $7,518,118 and land swap with FNPF of $21,217,125. In 2019, the Corporation sold freehold land and buildings with a net carrying amount of $2,930,000 for a cash consideration of $27,846,000. The net gains on these disposals were recognised as part of other operating income in the statement of profit or loss (Note 7.2).

10. Property, plant and equipment (continued)

g) Asset held for sale

On 17 October 2019 and 13 January 2020 respectively, the Corporation announced that a binding agreement had been signed for the sale of certain Corporations' properties via debt to asset swap. The sale agreement was entered into with South Pacific Fertilizer Limited (SPF) and Sugar Cane Growers Fund (SCGF).

Management has assessed the fair value less costs to sell of properties to SCGF and SPF to be $5,500,000 and $13,305,000 respectively based on the requirements of IFRS 13. The carrying value of asset held for sale is $4,351,000

11. Intangible assets

	2020	2019
Software costs	$000	$000
Opening balance at 1 June	2,913	-
Additions	-	-
Amortisation for the year	(346)	-
Closing balance at 31 May *	**2,567**	**-**

* We note that there is no prior year comparative for intangible assets since during the current financial period the Corporation had reclassified costs related to software from property, plant and equipment to intangible assets.

Definite lives

Definite life intangible assets are accounted for at cost. Assets acquired in a business acquisition, are recognised initially at fair value at the date of acquisition which is subsequently deemed to be cost. Following initial recognition, intangible assets are amortised on a straight-line basis over their useful lives and tested for impairment when there is any indication of impairment. Useful life details for these assets are as follows:

Software development and other assets	3 to 10 years

Any gain or loss arising on derecognition of an asset (calculated by comparing the proceeds with the carrying amount) is included in the income statement in that financial year.

12. Leases

a) Right of use assets (ROU)

The Corporation currently holds number of leasehold and rental property leases. Lease terms vary in length and generally, when approaching expiry, are either extended at the option of the Corporation or are renegotiated.

	ROU
31 May 2020	$000
Cost	4,011
Accumulated depreciation	(357)
	3,654
Movement	
Opening balance on adoption of IFRS 16	4,011
Depreciation charge for the year	(357)
At May 2020	**3,654**

The Corporation adopted IFRS 16 as of 1 June 2019. The above represent assets under lease contracts which have been recognised as an asset in accordance with IFRS 16. The assets are written down over the terms of their contracts. The Corporation elected to use the modified retrospective approach in transition to IFRS 16. Consequently, there are no prior period comparatives.

12. Leases (continued)

b) Lease liabilities

The Corporation currently holds number of leasehold and rental property leases. Lease terms vary in length and generally, when approaching expiry, are either extended at the option of the Corporation or are renegotiated.

	Total
	$000
Movement:	
Opening balance on adoption of IFRS 16	4,011
Interest	301
Repayments	(584)
At 31 May 2020	**3,728**
This is disclosed as:	
Current liabilities	584
Non-current liabilities	3,144
At 31 May 2020	**3,728**

c) Short term, low value and variable leases

As allowed by the Standard, there is no change to the recognition and measurement of short-term, low asset value and variable leases. Short term leases are those with terms equal to or less than 12 months and low asset value leases. The Corporation has established that there is no short term and low value leases

13. Investment in associates and a joint venture

a) Interest in a joint venture - Nagigi Farms

	Interest (%)	2020	2019
Unincorporated joint venture		$000	$000
Nagigi Farms - Capital contribution	50%	40	40

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

The share of the Corporation's profit as per the unaudited financial statements for the year ended 31 May 2020 is $115,126 (2019: $22,470). Also, the Corporation's share of the accumulated deficit under joint venture account as at 31 May 2020 amounts to around $87,897 (2019: $203,023) which have been recognised in the financial statements up to the extent of the capital contribution of $40,000. The amount of $370,000 has been recovered in 2020. Based on the current plans and strategies, the management and the Directors are of the view that the amounts invested and /or advanced for joint venture activities is expected to be recovered from future cane proceeds and no impairment is required at this stage.

13. Investment in associates and a joint venture (continued)

b) Investment in associates

	Interest (%)	2020	2019
Associates		$	$
Mataqali Delai Joint Venture Limited	50%	1	1
Mataqali Nabau Joint Venture Limited	50%	1	1
Mataqali Navunidoi Joint Venture Limited	50%	1	1

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

The share of the Corporations losses of the 3 incorporated Joint Ventures as per the unaudited financial statements for the year ended 31 May 2020 aggregates to $9,415 (2019: $243). Also, the Corporation's share of the shareholder's equity deficit as at 31 May 2020 amounts to $465,933 (2019: $475,348). Based on the current plans and strategies, the management and the Directors are of the view that the amounts invested and /or advanced for Joint Venture activities is expected to be recovered from future cane proceeds, however management has adopted prudent approach by creating impairment for $1,102,593.

14. Inventories

	2020	2019
	$000	$000
Non-current		
Capital spare parts and spare gears - at cost	7,594	7,551
Allowance for inventory obsolescence	(5,134)	(5,134)
Total non-current inventories	**2,460**	**2,417**
Current		
Maintenance spares and consumables - at cost	3,047	3,893
Allowance for inventory obsolescence	(963)	(963)
	2,084	**2,930**
Sugar and molasses - at net realisable value	15,841	17,095
Total current inventories	**17,925**	**20,025**
Total inventories at the lower of cost and net realisable value	**20,385**	**22,442**

15. Trade and other receivables

	2020	2019
	$000	$000
Current		
Receivable from third-party customers	502	1,889
Receivable from associates and joint venture *	1,459	2,023
Receivable from growers - others	304	608
VAT receivable	1,183	1,225
Recoverable expenses from contractors	943	943
Receivable from Government	20,928	-
Other receivables	3,736	4,718
	29,055	**11,406**
Allowance for expected credit losses	(2,961)	(2,961)
	26,094	**8,445**
Prepayments and deposits	4,955	10,255
	31,049	**18,700**

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 expected credit losses of trade and other receivables are as follows:

	2020	2019
	$000	$000
As at 1 June	2,961	2,021
Allowance for expected credit loss (Note 8.5)	-	1,103
Write-off	-	(163)
	2,961	**2,961**

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.

* The Corporation has entered into various Joint Ventures (JV). The purpose of the Joint Venture is to undertake commercial cane plantation. As at balance date, receivable of $1,459,038 (2019: $2,022,597) 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; however, impairment has been created in relation to Penang JV's.

16. Cash and cash equivalents

	2020	2019
	$000	$000
Cash at banks and on hand	2,197	5,117
	2,197	**5,117**

Cash at banks earns interest at floating rates based on daily bank deposit rates.

16. Cash and cash equivalents (continued)

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 May:

	2020	2019
	$000	$000
Cash at banks and on hand	2,197	5,117
Bank overdrafts (Note 18 (i))	(21,194)	(22,941)
	(18,997)	(17,824)

17. Shared capital

	2020	2019
	$000	$000
Paid up capital		
44,399,998 ordinary shares	22,200	22,200
	22,200	22,200

18. Interest-bearing loans and borrowings

	Notes	2020	2019
		$000	$000
Non-current			
Exim Import Bank of India	a (i)	62,985	62,146
Exim Import Bank of India	a (ii)	1,073	726
Sugar Cane Growers Fund	b	-	5,514
Reserve Bank of Fiji - Loan	c (i)	7,000	-
Reserve Bank of Fiji - Loan	c (ii)	5,000	5,000
Fiji National Provident Fund - Loan	d (ii)	45,451	47,804
Government of Fiji	e	139,743	139,743
Fiji Development Bank	f (i)	945	3,322
Fiji Development Bank	f (ii)	13,823	2,981
Bred Bank	g	5,000	10,000
Non-current interest-bearing loans and borrowings		281,020	277,236

18. Interest-bearing loans and borrowings (continued)

	Notes	2020	2019
		$000	$000
Current			
Bank overdrafts	i	21,194	22,941
Exim Import Bank of India	a (i)	7,999	7,315
Exim Import Bank of India	a (ii)	1,801	1,830
Sugar Cane Growers Fund	b	6,117	1,187
Reserve Bank of Fiji - Loan	c (i)	-	7,000
Fiji National Provident Fund - bonds	d (i)	25,000	25,000
Fiji National Provident Fund - Term Loan	d (ii)	2,353	2,197
Fiji National Provident Fund - Bridging Finance Facility	d (iii)	-	21,217
Fiji Development Bank	f (i)	4,681	4,681
Fiji Development Bank	f (ii)	2,560	4,683
Bred Bank	g	5,000	5,000
Czarnikow Group Limited	h	47,478	31,520
Current interest-bearing loans and borrowings		**124,183**	**134,571**

Total interest-bearing loans and borrowings		**405,203**	**411,808**

Particulars relating to borrowings:

(a) ***Export Import Bank of India - Loan***

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 instalments of US$1,654,031 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 outstanding balance is to be settled by 31 December 2028.

During the year the Corporation did not meet any principal repayment and interest payable as at 24th February,2020, pending restructure of the facility.

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 instalments of US$413,846 over an eight-year period including an initial moratorium of 2 years. Interest is payable at the rate of London Inter Bank Offered Rate (LIBOR) plus 0.5%.

During the year the Corporation did not meet any principal repayment and interest payable as at 24th February 2020, pending restructure of the facility.

(b) ***Sugar Cane Growers Fund (SCGF) - Loan***

Last year the borrowings from SCGF of $6.7 million was restructured to 5-year term loan with two equal installments of $785,585 per year. The loan is secured by Government guarantee. Accordingly, payment of $785,585 was processed during the year.

During the year, Sale and Purchase Agreement was drawn to offset the loan with land sale to SCGF. The loan to land swap will be concluded subsequent to balance date.

18. Interest-bearing loans and borrowings (continued)

(c) *Reserve Bank of Fiji (RBF) - Loan*

i) **Flood Rehabilitation Fund**

The Corporation had borrowed $7 million from RBF to finance rehabilitation work undertaken due to severe flooding in the western division of the island of Viti Levu, Fiji. During the year, at the request of the Corporation, the facility has been further extended by six months with an option to rollover for up to a maximum term of five years subject to the renewal of the Government guarantee.

ii) **Natural Disaster Rehabilitation Fund**

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

The above borrowings are secured by the Government guarantee.

(d) *Fiji National Provident Fund*

i) **Bonds**

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

The Corporation did not meet the repayment of the Bonds, consequently the guarantee was called. As such, the obligation has been passed on to Government of Fiji.

ii) **Term Loan**

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

During the year, $5,614,972 was paid towards principal repayment and interest payment.

iii) **Bridging Finance Facility**

During the year, the Corporation repaid $21,217,215 bridging finance facility through property sale.

(e) *Government of Fiji - Loan*

	2020	2019
	$000	$000
Loans from Government of Fiji	173,817	173,817
Less: Deferred grant income on interest (Note 19)	(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 11th year from the effective date of the loan.

18. Interest-bearing loans and borrowings (continued)

(e) *Government of Fiji – Loan (continued)*

The Ministry of Economy 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 IFRS 9 Financial Instruments. 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 IFRS 9 and the proceeds received (Refer Note 19).

The loan will be converted to equity subsequent to balance date.

(f) *Fiji Development Bank*

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

ii) The term loan facility of $30 million was obtained from Fiji Development Bank for purchase of agricultural equipment for sugarcane development. The loan is for 10-year period. The drawdown from the facility is $20,416,023 and during the year $1.85 million was repaid towards principal, interest and bank fees.

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

(g) *BRED Bank*

The Corporation secured funding of $20 million from BRED Bank to assist with upgrading work at the Lautoka, Rarawai and Labasa mill. The loan is for 4-year term secured by Government guarantee, with principal of $5 million payable each year. During the year, $5 million was repaid.

(h) *Czarnikow Group Limited*

During the year, the Corporation has borrowed US$20.5 million from Czarnikow Group Limited to meet operational expenditures and grower cane payments. The loan is secured through assignment of 2020 season contract and will be repaid through the second and third shipment of sugar for the 2020 season (financial year 2021).

(i) *Bank Overdraft - Home Finance Company Limited*

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

19. Deferred income

	Notes	2020	2019
		$000	$000
Government grants	a (i)	1,848	1,848
Government grants	a (ii)	5,329	-
India Government grant		1,487	1,020
Accumulated depreciation		(1,858)	(1,244)
		6,806	1,624
Government grant	a (iii)	580	229
Deferred grant income from Government of India	b	685	1,153
Deferred grant income on interest for the Government of Fiji loan	c	34,074	34,074
Total deferred income - non-current		**42,145**	**37,080**

(a) ***Government grant received in relation to:***

i) the bulk sugar shed and Lautoka lorry shed which is being amortised on a straight-line basis at 2%.

ii) purchase of sugarcane haulage trucks to provide reliable transport, consistent cane supply and reasonable cartage cost for the farmers. During the year, full amount has been received.

iii) procurement of harvesters for hilly cane areas. An agreement has been made on 16th May 2019 for government to provide $500,000 for this procurement. The amount has been fully received.

(b) Relates to grant provided by the Government of India to the Corporation through the Ministry of Sugar Industry for the purchase of agricultural equipment with implements. Three harvesters and two tractors worth $1,019,610 have been purchased last year, which is being amortized accordingly in the books. Procurement of equipment for the balance amount $1,153,390 is in progress.

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

20. Employee benefit liability

	2020	2019
Annual leave entitlements - obligation	$000	$000
As at 1 June	1,403	1,188
Movement during the year	(384)	215
Obligation at 31 May - Current	**1,019**	**1,403**
Long service leave entitlements - obligation		
As at 1 June	1,683	1,743
Movement during the year	(230)	(60)
Obligation at 31 May - Non-current	**1,453**	**1,683**
Total obligation for employee benefits	**2,472**	**3,086**

20. Employee benefit liability (continued)

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 2.2(r) outline the accounting policy and underlying basis for these accruals. The expected future payments are discounted at the rate of 5.5%.

21. Provisions

	Unpaid rent	Litigations	Total
	$000	$000	$000
As at 1 June	1,334	726	2,060
Movement during the year	109	500	609
Obligation at 31 May - Current	**1,443**	**1,226**	**2,669**

22. Trade and other payables

	2020	2019
	$000	$000
Trade payables	3,998	4,165
Other payables	6,858	6,384
Grower creditors	34,420	32,811
Cane access road, ACRP and other grants payable	3,284	12,306
Income in advance *	13,884	14,652
Interest payable	5,209	1,434
	67,653	**71,752**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms
- Other payables are non-interest bearing and have an average term of six months
- Interest payable is normally settled quarterly throughout the financial year

For explanations on the Corporation's liquidity risk management processes, refer to Note 5.

* The Corporation had received income in advance of $13,883,842 (2019: $14,651,822) for sugar and molasses that will be exported from 2020 season crop.

23. Commitments and contingencies

Capital commitments

At 31 May 2020, capital commitment is as follows

	2020	2019
	$000	$000
Capital commitments contracted but not provided for in accounts	3,826	27,675
Capital commitments approved by the Directors but no yet contracted	-	6,427
	3,826	34,102

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 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 since EU sugar quota came to end in September 2017. There are number of new market areas being pursued now and the Corporation is confident to sell the Sugars of Fiji brand at a decent market price. Refer Note 25 for further details.

Legal claim contingency (wage claims and other litigations)

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

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

Guarantees

The Corporation has provided the following guarantees at 31 May 2020:

	2020	2019
	$	$
Guarantees or bonds given by the bank	67	67

24. Commitments for purchase of cane and commitments for supply of sugar in the next 12 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 2019 crushing season (year ended 31 May 2020), the growers supplied to the Corporation a total of 1.81 million tonnes of cane from which 168,703 tonnes of sugar has been produced. The Corporation has exported 154,411 tonnes of sugar against its supply commitments to the buyers.

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

24. Commitments for purchase of cane and commitments for supply of sugar in the next 12 months (continued)

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

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

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

25. Going concern and financial support

The Corporation has been incurring significant losses during recent years. During the year ended 31 May 2020, the Corporation has incurred profit from operations of $40.1 million (2019: $62.3million) and net profit before income tax of $21.9 million (2019 net loss before income tax: $80.1 million).

As at 31 May 2020, total liabilities of the Corporation exceed total assets resulting in net liability of $300.0 million (2019: $321.8 million). The current liabilities exceed the current assets by $144.4 million, representing the ratio of 3.8: 1 (2019: $165.4 million, representing the ratio of 4.7: 1).

The Corporation has debt repayment commitments amounting to $124.2 million during the financial year ending 31 May 2021. Furthermore, the Corporation requires further funding to meet its working capital requirements, capital expenditure and fund the operating losses.

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

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

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

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

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

(b) The loans from the Government of Fiji aggregating to $173,816,930 will be converted into equity in the next financial year as declared in the Government's Supplementary Budget announcement on 26th March 2020.

(c) The Corporation received operating grant of $50.0 million from the Government during the year to support cane payments to the sugar cane farmers.

(d) Continuous allocation of grants and funding to the sugar industry by the Government for the Sugar Development Program, Sugar Stabilisation Fund, cane access roads, fertilizer subsidies and other benefits directly or indirectly to the farmers. The Government allocated $109.3 million in 2019/20 COVID-19 Supplementary National Budget for various initiatives to assist the sugar cane industry, including Sugarcane Development, establishment of sugar cane stabilization fund, Cane Access Roads, Fertiliser and Weedicide subsidy, subsidy for the cartage costs for the transportation of sugarcane from Penang to Rarawai Mill, small grant scheme for irrigation, water tank, water pumps, and some new farmers' assistance programme and support on the use of machineries.

(e) Development of 5-year National Sugar Industry policy coordinated by Ministry of Sugar Industry in consultation with key stakeholders of the industry. The policy will provide strategic respond to long-term challenges including sugarcane and sugar production, transportation, harvesting and milling, marketing, capacity, etc, that is affecting the Sugar Industry. It will provide a clear vision and coherent direction for coordination among the Sugar Industry stakeholders including industry institutions, policy makers, investors, private sectors, and non-government organisations for the development and sustainability of the Sugar Industry.

25. Going concern and financial support (continued)

Furthermore:

i) In 2019, the Corporation developed five (5) year revised strategic plan till 2023 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, cost cutting initiatives, embark upon revenue generating investments, better marketing of Sugars of Fiji, continue to achieve improvements in mill efficiency and mill performance together with improved quantity and quality of cane supply and thereby generate adequate profits and cash flows from future operations to meet its obligations as and when they fall due. Appropriate plans and strategies together with detailed work plan and milestones are being implemented by the Directors and management to achieve the targets set out in the strategic plan.

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

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

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

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

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

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

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

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

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

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

26. Government guarantee

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

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

(b) The Government has provided a 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$31.41 million and US$1.27 million, respectively 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.

27. Related party disclosures

(a) Ownership interests in related parties

Interests held in associated are set out in Note 13(b) to the financial statements.

(b) Directors

The following were Directors of the Corporation at any time during the financial year and up to the date of this report:

Mr K Vishnu Mohan (Chairman)
Mr Viliame Gucake (Retired on 19-Sept-2019)
Ratu Wiliame Katonivere
Mr Arvind Singh
Mr Tevita Kuruvakadua
Mr Pradeep Lal
Mr Hari Raniga (Retired on 19-Sept-2019)
Mr Ariff Ali (Retired on 23-Jan-2020)
Mr Savendra P Dayal (Appointed on 19-Sept-2019)
Mr Athil Narayan (Appointed on 19-Sept-2019)

Directors' emoluments for services as Directors and other services are disclosed under Note 8.1.

(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, five executives (2019: seven executives), (Chief Executive Officer, Chief Financial Officer, Chief Information and Commercial, Head of Sugar Operations and Human Capital Manager) 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 2020 and 2019 were:

	2020	2019
	$000	$000
Other executive management	1,308	2,012

Furthermore, certain members of executive management group were provided non-cash employment benefits, such as vehicle, housing allowances and medical insurance cover, in aggregate benefit value of $114,427 for the year.

(e) Amount due to, and receivable from related parties

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

27. Related party disclosures (continued)

(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 (2019: $173,816,930 (Refer Note 18(e)).

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

28. Significant events during the year

Significant events during the year were:

i) Impairment of Property, Plant and Equipment

For the year ended 31 May 2020, an impairment review of the assets of the Corporation was carried out by an independent consultant from New Zealand. The impairment assessment was undertaken in accordance with International Accounting Standard (IAS 36) Impairment of Assets. Based on the independent assessment, management and the Directors have carried out an assessment of the recoverable amount of the assets, trend of improvement in sugar cane quality, and assessed that no further provision for impairment is required.

Accumulated impairment losses provided in earlier years total $78.4 million and a further impairment of $5 million was provided in 2018 in respect of the 50T boiler at Labasa Mill (refer Note 10(a)).

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

ii) Government grant of $50.0 million

The Corporation received operating grant of $50.0 million from the Government during the year to support cane payments to the sugar cane farmers.

iii) Czarnikow Group Limited

During the year, the Corporation borrowed US$20.5 million (FJD $47.5 million) from Czarnikow Group Limited by way of trade finance to meet operational expenditure and grower cane payments. The loan will be repaid through the second and third shipments of sugar for the 2020 season (financial year 2021).

iv) Impact of COVID-19

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. We have not seen a significant impact on our business to date. The outbreak and the response of Government in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they will have an impact on our earnings, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Corporation at this time.

v) Defaults on the Fiji National Provident Fund bond repayments

During the year, the Corporate bonds for $15 million and $10 million matured on 30th September 2019 and 4th November 2019 respectively. The Corporation did not meet the repayment of these bonds, consequently the guarantee was called. As such, the obligation has been passed on to Government of Fiji.

28. Significant events during the year

vi) Guaranteed cane price

The Government in 2018 announced that it would establish a guaranteed cane price of $85.00 per tonne of sugar cane for a period of 3 years (2018 - 2020 crop years). This initiative is intended to instill confidence and provide price certainty for farmers. It was proposed that the Corporation would be responsible for Year 1, and Government for the 2 years thereafter.

Accordingly, the Corporation accounted $48.1 million in last financial report and $4.2 million was carried into current financial year.

During the year, it being the second year of the initiative, the full impact of guaranteed cane price was borne by the Government.

vii) Sale of non-productive assets

The Corporation continued with the sale of properties, following a review of non-productive assets of the Corporation by the Directors last year. During the year, net realised property sales were $25.95 million (2019: $23.16 million).

29. Events subsequent to balance date

Subsequent to year-end, the loans from the Government of Fiji aggregating to $173,816,930 will be converted into equity as declared in the Government's Supplementary Budget announcement on 26th March 2020.

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

30. 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.

31. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 30th June 2020.

10-YEAR STATISTICAL REVIEW

Financial Statistics										
for year ended 31 May	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Turnover	144.9	132.8	182.1	144.9	199.8	197.3	224.0	199.0	203.6	141.5
Profit/(Loss) before taxation	21.9	(80.1)	(24.6)	(45.0)	(53.4)	(31.7)	6.9	6.3	1.8	(36.6)
Income Tax (expense)/ benefit	-	-	-	-	-	-	-	-	-	-
Profit/Loss after taxation & Extra-ordinary items	21.9	(80.1)	(24.6)	(45.0)	(53.4)	(31.7)	6.9	6.3	1.8	(36.6)
Total Assets	223.9	203.9	204.1	199.6	254.2	266.2	279.3	254.6	196.1	148.7
Net Assets	(300.0)	(321.8)	(241.8)	(217.1)	(172.1)	(117.4)	(85.7)	(92.6)	(98.9)	(100.7)
Proceeds of Sugar & Molasses	139.82	129.8	180.7	143.4	195.8	191.7	214.6	185.7	200.8	121.6
FSC's share of proceeds	41.9	38.8	54.2	43.0	58.7	56.0	62.5	55.7	60.2	36.5
Price per tonne cane	85.00	85.00	85.00	82.00	76.66	81.01	88.49	81.83	65.67	49.16

Production statistics										
Season	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Cane Crushed	1,806	1,696	1,631	1,387	1,845	1,832	1,610	1,547	2,095	1,780
Sugar Produced	169	160	180	140	222	227	179	155	167	132
Molasses Produced	84	85	66	63	76	78	59	67	107	113
Tonnes Cane/Tonnes Sugar	10.7	10.6	9.0	9.9	8.3	8.1	9.0	10.0	12.6	13.5
Molasses % Cane	5	5	4	5	4	4	4	4	5	6
POCS %	10	11	11	11	12	12	11	11	10	10
Cane Purity %	80	81	83	82	83	82	82	82	80	79
Fibre in Cane %	12	12	12	12	12	12	12	12	11	12
Average Crushing Rate for all mills (tcph)	682	674	694	692	792	853	834	811	834	794
Actual Crushing Time as % of Available Time	64	63	66	58	71	70	63	61	60	53

Field statistics										
Season	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Number of Growers	16,754	16,666	16,605	16,526	16,387	16,348	15,528	15,948	16,259	16,609
Number of Active Growers	11,638	11,412	11,871	11,676	12,405	12,681	12,633	12,848	12,791	13,251
Tonnes Cane per Hectare	48	46	43	38	47	48	42	37	49	40
Average Tonnes Cane per Grower	143	142	137	119	148	144	127	120	164	134
Number of Cane Cutters	7,650	7,700	7,771	9,173	9,582	10,341	8,973	8,109	10,285	9,650
Output per Cutter (tonnes)	154	110	117	142	182	173	179	191	203	184
Burnt Cane %	49	51	34	57	39	41	29	36	25	23

Sugar exports - destinations and quantities (metric tonnes)										
Season	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
UK/EU	146,000	68,600	129,828	104,736	165,260	184,414	165,557	146,656	138,222	110,731
USA	8,411	9,034	14,570	8,329	21,163	16,254	-	-	-	-
KOREA	-	-	-	200	220	766	-	-	-	-
GERMANY	-	480	-	-	-	-	-	-	-	-
CHINA	-	33,730	-	-	-	-	-	-	-	-
TOTAL	**154,411**	**111,844**	**144,398**	**113,265**	**186,643**	**201,434**	**165,557**	**146,656**	**135,462**	**110,731**

Notes


SUGARS OF

FIJI

PURE SUGAR FROM PURE NATURE

www.sugarsoffiji.com