



FIJI SUGAR CORPORATION

2025

ANNUAL REPORT

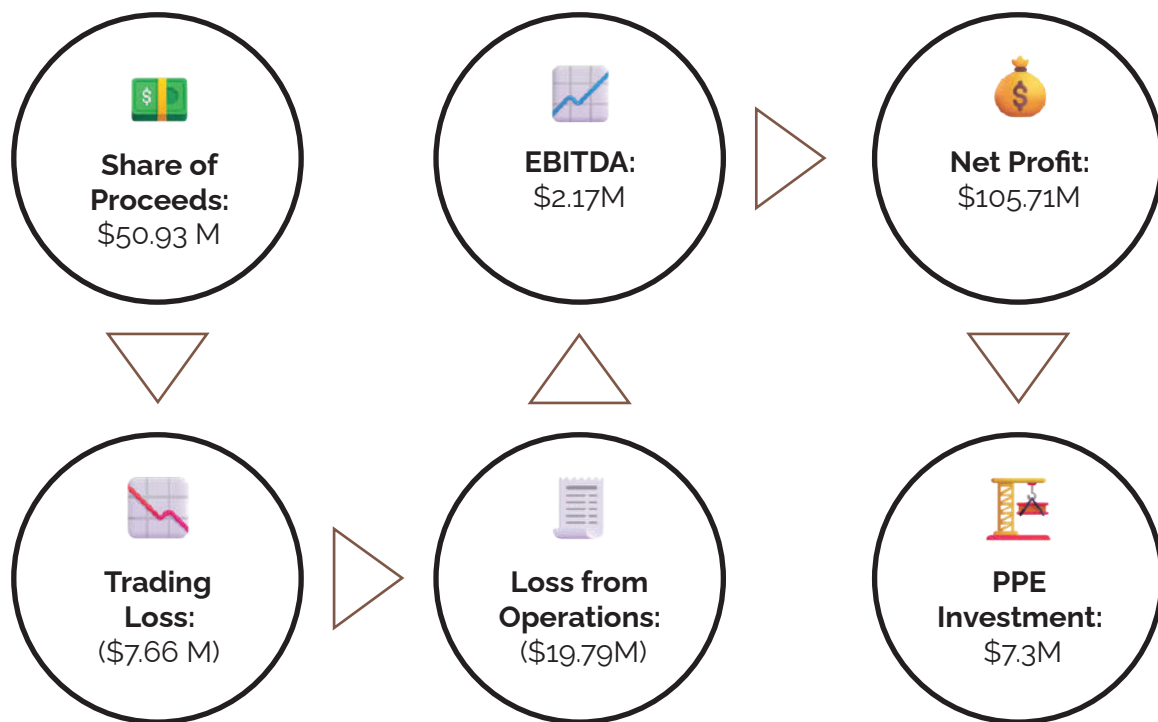


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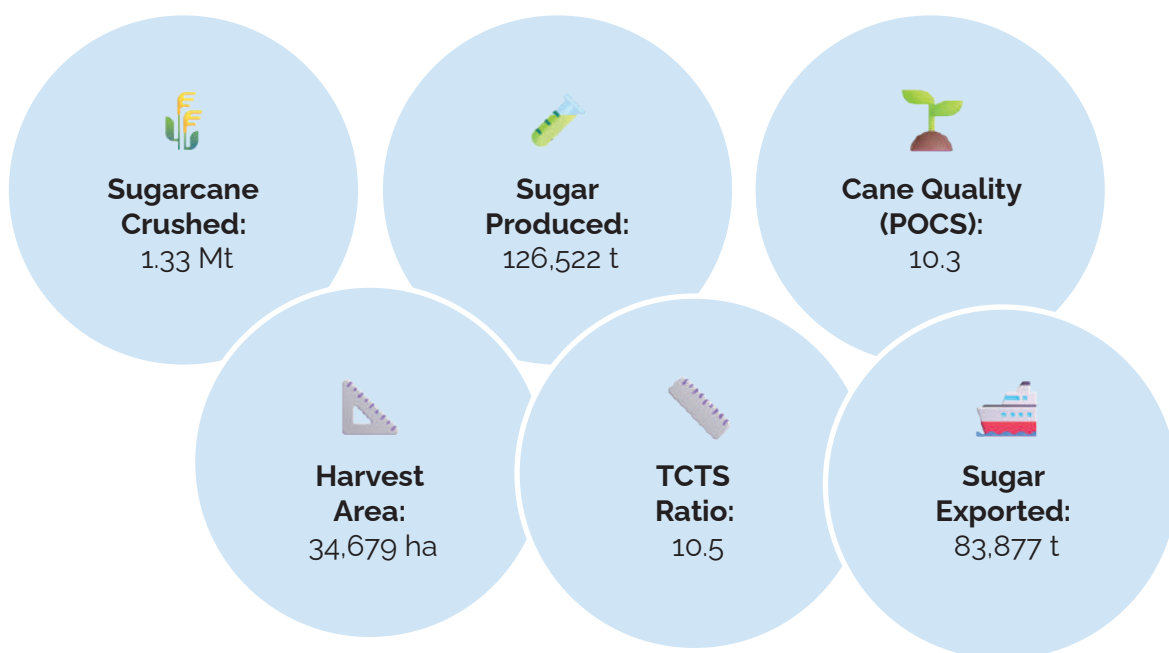
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FSC at a Glance – FY 2025

Financial Highlights

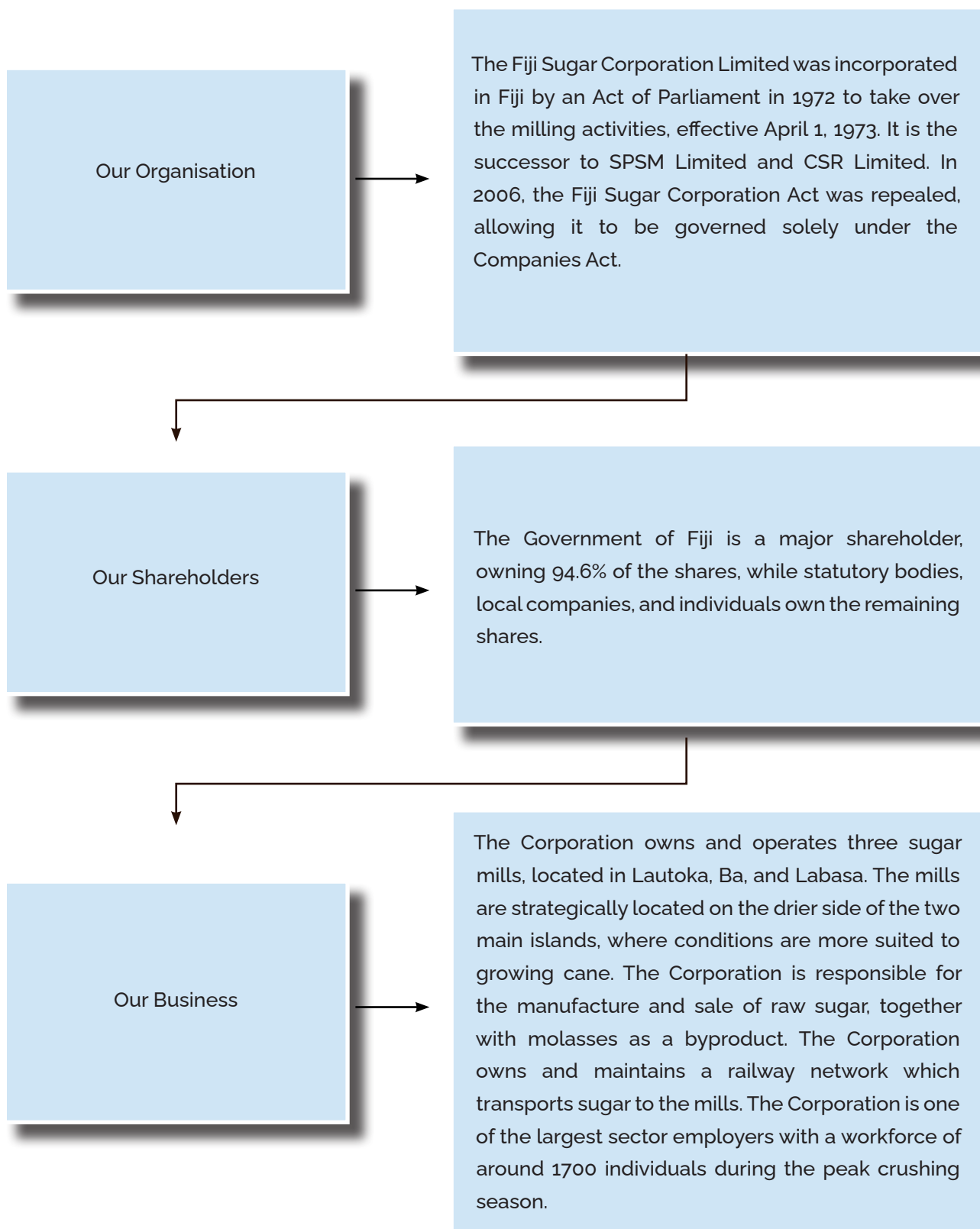


Operational Highlights



CORPORATE PROFILE

The Sugar Industry is important to Fiji's economy, as it contributes approximately 0.5% of GDP (cane and sugar) and generates around 7.4% of domestic exports, based on provisional data from the Reserve Bank of Fiji for 2024. 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

Metric	Current Year (\$m)	Previous Year (\$m)	Change/Trend
Share of Proceeds	50.93	71.15	↓ Decreased
Trading Result	(7.66)	13.13	↓ Decreased
EBITDA	2.17	24.97	↓ Decreased
Net Profit/(Loss)	105.71	(4.23)	↑ Increased
Investment in Property, Plant & Equipment (PPE)	7.34	10.05	↓ Decreased

Operations

A total of 1.33 million tonnes of sugarcane was crushed from an area of 34,679 hectares, compared to 1.57 million tonnes from 31,815 hectares in the previous year

The Tonnes Cane to Tonnes Sugar (TCTS) ratio was 10.5 compared to 11.2 in the previous year.

The total sugar exported was 83,877 tonnes compared to 104,670 tonnes in the previous year.

Sugar production decreased to 126,522 tonnes, compared to 139,628 tonnes in the previous year.

Cane Quality (POCS) was 10.3 compared to 9.8 in the previous season.

FINANCIAL SUMMARY

Sales and Profit (\$'000)

Total sales	168,609	232,789
Trading profit/(loss)	(7,660)	13,132
Operating Profit/(loss) for the year	(19,794)	2,508

Cash Flow (\$'000)

Operating activities	11,919	(19,039)
Investing activities	7,058	(10,040)
Financing activities	37,667	3,740
Net increase/(decrease) in cash	18,690	(25,339)

Financial Position (\$'000)

Working capital	(140,185)	(162,653)
Current assets	56,815	43,413
Total assets	83,419	156,143
Non-current liabilities	184,985	354,355
Current liabilities	197,000	206,066
Shareholders' equity	(298,566)	(404,278)

Additional Information

Ratio of current assets to current liabilities	0.29	0.21
Ratio of debt to shareholders' equity	(1.27)	(1.38)



FSC Finance and Human Resources Team

CORPORATE GOVERNANCE

At the Fiji Sugar Corporation (FSC), we view corporate governance in its broadest sense — not merely as a set of rules, but as a form of trusteeship. It is a philosophy to be upheld, a value to be embraced, and an ideology deeply embedded in our corporate culture.

For us, governance extends far beyond compliance. It is not simply about establishing checks and balances, but about fostering a continuous process that drives the Corporation towards its objectives, maximises opportunities, and aligns resources and activities to meet consumer needs, create shareholder value, and support employee development. In doing so, FSC strives to delight stakeholders while minimising risk.

Our primary goal is to cultivate and sustain a corporate culture built on conscientiousness, transparency, and openness. We are committed to developing capabilities, seizing opportunities, and creating long-term value — building an organisation that stands out for its integrity, performance, and purpose.

BOARD RESPONSIBILITIES

The Board remains steadfast in its commitment to the highest standards of integrity, transparency, and accountability in governing the Corporation. A central principle underpinning our operations is the balanced and collaborative relationship between management, the Board, and shareholders, ensuring decisions are made in the best interest of all stakeholders.

The Corporation strives to lead in adopting internationally recognised best practices in corporate governance and complies, in all material respects, with generally accepted governance principles. In Fiji's unique operating environment, corporate governance continues to evolve, presenting both challenges and opportunities. The effective management of stakeholder relationships and interests remains a cornerstone of our governance framework.

These challenges are addressed through a combination of clear strategic direction, strong leadership, experienced personnel, effective teamwork, and the cultivation of valuable relationships. The Board also prioritises the identification, management, and mitigation of business risks. Central to this is the establishment of a robust management information and reporting system for shareholders, ensuring decisions are informed, transparent, and accountable.

The Board supports a comprehensive disclosure regime, recognising that transparency is vital to effective governance. This includes the timely and accurate release of information on the Corporation's financial and operational performance, objectives, share ownership and voting rights, directors' remuneration, and foreseeable risk factors. Beyond financial matters, the Board also promotes disclosure of environmental policies and community engagement initiatives in the areas where the Corporation operates.

To ensure effective oversight, the Board meets regularly and receives detailed information well in advance of meetings. New directors are provided with a comprehensive Director's Package containing background information, insights into key risks, emerging industry trends, and the Corporation's strategic direction.

The Board remains aligned with the principles and standards outlined in the Companies Act, as well as those upheld by the accounting profession and other statutory reporting requirements. While these frameworks do not prescribe every action of the Board, they reinforce our unwavering commitment to the highest standards of behaviour, ethical conduct, and accountability.

COMPOSITION OF THE BOARD

The Board is committed to attracting individuals of the highest calibre, bringing together a broad and diverse range of business experience and expertise. It comprises eight directors, all appointed by the shareholders, with representation also extended to key stakeholders. The Board ensures that shareholders are kept fully informed of major developments affecting the Corporation's business through the Annual Report, special reports, and designated forums. It actively encourages shareholder participation to promote transparency, accountability, and engagement in shaping the Corporation's direction, strategies, and goals.

The information presented in this report is prepared by the Corporation's Management, which upholds robust systems of internal accounting controls, policies, and procedures to ensure the reliability of financial records and the safeguarding of assets. Management also seeks regular independent assessments and reviews to maintain the integrity and effectiveness of its internal controls, thereby reinforcing sound governance and operational excellence.

BOARD SUB-COMMITTEES

Finance & Audit Committee

1. Key arm of the Board, is responsible for reviewing the Corporation's financial reporting process, internal control systems, and management of financial risks.
2. Oversees the audit process and monitors compliance with applicable laws and regulations.
3. The Committee's members are Mr. Jawahir Lal (Chairman), Mr. Adrian Ram, and Mr. Nitya Reddy.

Remuneration & Nomination Committee

1. Assists the Board in fulfilling its responsibilities by providing oversight of the Corporation's Human Resource strategy, including organisational structure, remuneration policies, performance management, succession planning, and staff development.
2. Monitors all matters related to staff terms and conditions of employment.
3. The Committee comprises Mr. Nitya Reddy (Chairman), Mr. Ratu Jone Qomate, and Mr. Adrian Ram.

Governance & Risk Committee

1. Supports the Board in its oversight of enterprise risk management, internal controls, and compliance frameworks established by the Board and management.
2. Its remit includes the formulation and review of company policies, insurance coverage, governance frameworks, and codes of conduct, as well as monitoring any reported breaches.
3. Its members are Mr. Adrian Ram (Chairman), Mr. Paras Reddy, and Mr. Kamlesh Sharma.

Property Committee

1. Tasked with overseeing the sale of non-core assets to strengthen the Corporation's cash flow position.
2. The Committee comprises Mr. Paras Reddy (Chairman), Mr. Jawahir. Lal, Mr. Solomone Nata, Adrian Ram and Ratu Jone Qomate.

Cane Development Committee

1. Formed to focus on enhancing sugarcane production and improving services to growers.
2. Its members are Mr. Solomone Nata (Chairman), Mr. Paras Ram Reddy, Mr. Kamlesh Sharma, Mr. Jawahir. Lal and Ratu Jone Qomate.

Corporate Planning & Development Committee

1. Plays a critical role in driving strategic initiatives and ensuring sustainable growth for the Corporation.
2. Its members are Mr. Paras Reddy (Chairman), Mr. Solomone Nata, Mr. Kamlesh Sharma, and Mr. Nitya Reddy.

BOARD OF DIRECTORS



NITYA REDDY

Appointed as the Chairperson of the Board in October 2023. He has served on the Board since May 2023. A Chartered Accountant by profession, he brings with him over 5 decades of extensive experience in the private sector, including 14 years of distinguished service with FSC.



Ratu Jone Matave Qomate

Appointed to the Board on 31st January 2023, he serves as the Chairman of the Macuata Provincial Council and holds esteemed traditional title of Tui Labasa.



Adrian Parshu Ram

Appointed to the Board on 1 April 2025, Mr. Adrian Sunil Parshu Ram is a seasoned lawyer and Managing Partner of Gibson & Company, with extensive expertise in law, taxation, finance, and business management across multiple industries. His appointment brings valuable legal and strategic insight to the Corporation at a critical time, as it addresses significant operational, financial, and industry challenges.



Jawahar Lal

Appointed to the Board in November 2023, Mr. Lal is a practising member of the Fiji Institute of Chartered Accountants and member of the Institute of Chartered Accountants of Australia and New Zealand.



Paras Ram Reddy

Joining the Board on 4th May 2023, he is an experienced farmer and a Board Member of the Rarawai Penang Cane Producers Association, contributing valuable insights from the grower's perspective.



Kamlesh Sharma

Appointed to the Board on 5 May 2025, Mr. Kamlesh Chandra Sharma is an educator, accountant, and experienced sugarcane farmer with qualifications from leading regional and international institutions. His diverse expertise in education, financial management, agribusiness, and governance, combined with strong community engagement, equips him to contribute significantly to the Corporation's reform and sustainability agenda.



Solomoni Nata

Appointed to the Board in April 2024, Mr. Nata is the Chief Executive Officer of the iTaukei Land Trust Board, bringing a wealth of leadership experience and expertise in land management.

EXECUTIVE MANAGEMENT TEAM

The Executive Management Team of the Fiji Sugar Corporation works collaboratively to drive the organisation's strategic vision and operational excellence. Combining expertise across finance, operations, agriculture, human resources, and stakeholder relations, the team is committed to delivering sustainable growth, enhancing efficiency, and supporting the livelihoods of cane farmers and industry partners. Together, they play a pivotal role in navigating the Corporation through challenges and positioning it for long-term success.



From Left Back

Akshay Kumar (Chief Human Resources Officer), **Navin Charan** (General Manager- Labasa Mill), **Lakshman Jayaraman** (Head of Agriculture), **Mikaele Biukoto** (Chief Operating Officer).

Centre

Bhan Pratap Singh (Chief Executive Officer)

From Right Back

Michael Faktaufon (General Manager- Special Projects), **Anjay Sharma** (Chief Financial Officer), **Iliyas Khan** (General Manager- Rarawai Mill), **Ilaitia Ratumainaceva** (General Manager- Lautoka Mill).

CHAIRMAN'S REPORT



NITYA REDDY

2025 – A Year of Continuing Challenges and Incremental Improvements

As your Chairman, I am pleased to present the Corporation's Annual Report for the year ended 31 May 2025. This report outlines the key developments of the 2024 crushing season, the operational, financial, and strategic challenges faced during the year, and our vision for the future. I strongly encourage shareholders and stakeholders to read this report in its entirety, together with the detailed information contained in the comprehensive Annual Report 2025.

Performance Overview

The 2025 financial year tested the limits of our resilience and reaffirmed the strength of our shared purpose. Despite one of the lowest cane crops on record—driven by the most severe drought in recent memory—Fiji Sugar Corporation Limited (FSC) remained steadfast in its core mission: delivering better outcomes for growers, investing in our people, driving the industry's long-term recovery, and contributing to the national economy and livelihoods of our communities.

The 2025 net profit of \$105.71 million includes a Government debt write-off of \$200.2 million and the recognition of \$72.15 million in non-financial asset impairment losses.

Total cane production of 1.332 million tonnes for the season resulted in one of the lowest sugar outputs in recent history—126,522 tonnes—and a significantly reduced industry revenue of \$175 million. FSC's share of this revenue declined to \$50.9 million, a reduction of nearly 29% compared to the previous year.

Further compounding the impact of lower revenue, total operating costs rose by 5.4% to \$70 million. This includes \$30.2 million in wages, \$17.5 million in interest and finance costs, and \$22 million in depreciation.

The TCTS (tonnes cane to tonnes sugar) ratio improved by 16% to 10.5. Employee numbers saw a modest reduction to 1,702.

A series of legacy issues accumulated over the past two decades—including crippling liquidity constraints, ageing mill plants and transport infrastructure, insufficient investment in machinery and technology, inadequate preventative maintenance, and major wastage from poorly directed capital projects—have severely weakened processing efficiency and contributed to declining cane production. Every segment of the industry has felt

the cascading effects of this prolonged neglect and degradation.

This situation poses a serious threat to FSC's long-term viability and challenges its current operational capacity to deliver acceptable efficiency and profitability. Even after the \$200.2 million Government write-off, FSC remains burdened with \$382 million in debt and lacks the financial headroom to fund capital investments independently.

For any meaningful recovery, FSC requires significant shareholder financial support. Over the past 20 years, net shareholder equity has deteriorated from a surplus of \$169.5 million to a negative \$498.8 million—an erosion of \$665.3 million. This figure excludes the \$200.2 million write-off by the Government.

Looking ahead, FSC enters 2025 with optimism for a cane crop of 1.50–1.6 million tonnes from 31,723 hectares, representing a 13% increase from the previous year. While modest, this improvement is encouraging given the reduced cultivable area and ageing crop profile. There are emerging signs of a production turnaround, with targets of 2.0 million tonnes by 2028 and 2.25 million tonnes by 2030, subject to adequate policy and financial support for urgent restructuring, reforms, and investment.

Our commitment to growers, employees, and stakeholders remains unwavering. The Board continues to focus on steering FSC through this transformation with clarity, accountability, and a strong sense of purpose.

Stabilising Financials and Strategic Focus

FSC continues to face significant structural challenges, including low operational efficiencies, rising employment costs, working capital constraints, high interest costs, and global price volatility. These pressures highlight the urgent need for bold decisions and targeted capital investment. The cornerstone of our recovery strategy will be the modernisation of milling processes, upgrades to plant and transport infrastructure, and an uncompromising focus on cost control and operational efficiency.

The Board is also actively evaluating the establishment of a new mill, assessing its economic justification, capital requirements, funding options, location, and alignment with diversification strategies into ethanol, refined sugar, and other value-added products. Discussions with potential local and international partners are already underway.



Two Days of Strategic Workshop

Governance and Oversight

FSC's recovery is anchored in strong governance foundations. During 2025, the Board strengthened its oversight and risk management frameworks through:

- Comprehensive enterprise risk assessments and regular updates to the Corporate Risk Register.
- Expanded subcommittee oversight, with active Finance & Audit, Cane Development, Property, and Governance & Risk Committees.
- Approval of Board and subcommittee charters to clarify responsibilities and escalation pathways.
- Enhanced internal controls through compliance reviews, audit processes, and financial manual updates.

Material risks—such as climate exposure, infrastructure degradation, financial stress, compliance, and cybersecurity—are being addressed through targeted mitigation measures, mill upgrades, refinancing initiatives, and climate adaptation programmes.

Industrial relations were stabilised through the signing of the collective agreement with the Sugar Milling Staff Officers Association (SMSOA). FSC also continues to work closely with the Ministry of Employment on legislative issues affecting operational rosters and cost structures.

During the year, two new directors were appointed to replace two who had resigned. Through its six subcommittees, the Board maintains oversight of operational activities, capital expenditure programmes, and the Corporation's strategic direction and investments.

A new Charter and Code of Directors' Duties, Fiduciary Functions, Responsibilities, and Accountabilities was developed and adopted to ensure statutory compliance, uphold ethical standards, and avoid conflicts of interest. All directors are expected to fully and diligently contribute to the affairs of the Corporation.

Socio-Economic Role

FSC plays a vital socio-economic role as a major regional employer and economic anchor in Lautoka, Rarawai, and Labasa. Our employment, procurement, and energy contributions sustain rural livelihoods, support national food and energy security, and strengthen climate resilience.

Bagasse-based energy generation supports Fiji's renewable energy goals. Future industrial investments—including cogeneration, ethanol production, and sugar refining—will diversify exports, reduce fossil fuel dependency, and increase foreign exchange earnings.

Sustainability, Innovation, and Future Direction

Factory operations will anchor the industry's transformation with phased investments:

- A 10,000-tonnes-per-day raw sugar plant
- Two 20MW cogeneration facilities
- A 150-tonnes-per-day refinery
- A 100KL-per-day ethanol plant

Bagasse-based cogeneration continues to power mill operations and contribute to the national grid. Planned high-

pressure boilers and additional cogeneration capacity will increase exportable power, while ethanol production supports export diversification and future domestic biofuel blending. Ethanol production will initially target export markets, followed by domestic blending once the regulatory framework is established.

Our investment in people is equally critical. FSC employed 1,702 staff as at 31 May 2025, conducted 125 training events, and expanded apprenticeship recognition. Workforce development initiatives, AI-enabled HR systems, and modernised performance management processes will strengthen organisational capability and prepare the next generation of leaders.

These efforts were recognised with three awards at the 2024 Fiji Human Resources Institute Awards. Additionally, the Corporation invested in a structured executive development programme to prepare our next cadre of senior management.

Enduring Cane Sustainability Through Grower Support

Our growers remain at the heart of FSC. Transparent, productivity-based support through planting and ratoon restoration grants, the introduction of novel location-specific varieties, mechanisation programs, and efficient harvest and transport logistics are helping to rebuild grower confidence. Digital platforms, such as the planned Farmer Connect application, along with the introduction of drones for crop management and Geographical Information Systems (GIS), will further strengthen grower services and encourage greater youth participation in the industry.

This year's achievements — including record planting rates, reduced standover cane, and incentives for higher production and manual labour harvesting — clearly demonstrate the strength of FSC's value proposition, founded on people, passion, and progress.



Chairman addressing Field Team.

Strategic Crop Plan in Alignment with National Development Plan

The strategies are closely aligned with the Government's 2025–29 National Development Plan and Vision 2050 charter, focusing on two key priority areas as outlined by the Government. At the micro level, the plan aims to achieve this milestone by increasing cane production to over 2 million tonnes through the expansion of cane area from the current 33,752 hectares to 38,500 hectares, raising productivity from 47 tonnes per hectare to 55 tonnes per hectare, and improving the efficiency of cane harvesting

and transportation.

Transformation in tune with the NDP goals will be driven by five key internal strategic pillars within FSC's field functions:

1. Maximising cane planted area.
2. Improving cane productivity and quality.
3. Accelerating mechanisation and digitalisation.
4. Implementing climate adaptation strategies.
5. Resetting field operations capacity.

Directional targets include mechanised harvesting of approximately 70 per cent by 2030; increasing the plant and first-ratoon share from 6 per cent to 14 per cent; expanding high-sugar varieties in Viti Levu from 2 per cent to 10 per cent; GIS implementation by 2028; and achieving drone adoption for 40 per cent farm coverage by 2030.

These goals will require sustained policy support, particularly through substantial multi-year grants to significantly boost crop area in the short term, the continuation of fertiliser and mechanisation subsidies, and lease-renewal frameworks to secure land tenure. Partnerships with key stakeholders such as the Sugar Research Institute of Fiji, Growers Council, Sugarcane Growers Fund, the Ministry, and international agencies will play a critical role in scaling extension services, enhancing research and development, and strengthening skills development.



Drone Pilot Training Workshop for field officers.

Financial Stewardship and Long-Term Stability

FSC's strategic model is guided by two funding scenarios:

- **High-support scenario:** \$10–11 million per annum in grants ➔ 2.25 million tonnes by 2030.
- **Low-support scenario:** \$4 million per annum in grants ➔ 2.0 million tonnes delayed to 2032.

Mechanisation and process optimisation are projected to reduce cultivation costs by approximately 20% by 2030 and operating costs by 15% by 2027 and 30% by 2030. Short-term stabilisation measures include the temporary suspension of one Viti Levu mill and tramline closures.

Wage costs remain a pressure point, with the national minimum wage increases—to \$5.10 in August 2024 and \$5.60 in April 2025—adding \$1.2 million to annual expenditure.

Through these initiatives, FSC remains committed to transforming challenges into opportunities, restoring financial and operational stability, and securing a sustainable future for Fiji's sugar industry.

Acknowledgements

On behalf of the Board and management of FSC, I wish to express our heartfelt gratitude to all our industry stakeholders; particularly our 2000 employees, the entire community of cane farmers, farm workers, transport operators, land owners, for their support, cooperation, loyalty and continued confidence in the industry despite mill breakdowns, weather disruptions, and multiple logistical challenges affecting the harvesting, transport and supply issues. Our partnership which is built on 150 years of goodwill and shared interests has often been tested but still remains unshakeably durable.

I also acknowledge the loyal support of all the shareholders and, in particular, that of the majority shareholder, the government of Fiji, through its Ministry of Sugar for the financial support, grants, guarantees and strategic engagements. To my fellow Board Directors, your guidance and commitment to guide and improve the industry has been invaluable.

Conclusion: United in Purpose and Confident in the Journey Ahead

Yes, challenges remain—but we will face them together. With discipline, resilience, and collaboration, we are confident of building a stronger and more sustainable industry for Fiji. United, we shall work together to recreate an industry that will be defined by its future and not by the failures of the past; one that not only recaptures its proud legacy but also serves generations to come.

Nitya Reddy
Chairman



Launch of Prime Minister's Sugarcane Farmers' Awards 2025 at FSC Training Centre.

CEO's REPORT



BHAN PRATAP SINGH

Overview

It is with a profound sense of responsibility and pride that I present the Fiji Sugar Corporation Limited's performance for the 2025 financial year. This period tested the resilience of our organisation, challenged by severe drought conditions, global market volatility, and persistent labour constraints. Notwithstanding these pressures, the Corporation achieved measurable progress across key performance areas—an outcome that underscores the enduring strength of our growers, the commitment of our employees, and the effectiveness of our strategic direction.

The financial year commenced with cautious optimism. Prolonged dry weather conditions adversely affected cane-growing regions, particularly Lautoka and Rarawai, while Labasa's stronger output, supported by adaptive farming practices and timely rainfall, provided some balance. A total of 1.33 million tonnes of cane was harvested, reflecting a 15 percent reduction from the previous year. Despite this decline, FSC delivered significant operational gains through reduced standover cane, higher planting rates, and expanded mechanisation—clear indicators of our determination to sustain industry progress in adverse circumstances.

Export volumes contracted during the year; however, our strategic reorientation toward direct-to-market engagement, combined with enhanced packaging efficiency, safeguarded financial stability and protected margins. These measures enabled FSC to deliver value to growers, shareholders, and stakeholders despite constrained cane supply. Specifically, the Corporation exported 126,522 tonnes of raw sugar, earning FJD 89.2 million, while 64,191 tonnes of molasses generated FJD 17.0 million in revenue, reflecting strong operational and commercial resilience.

Central to these achievements is our workforce. During the year, we strengthened employee engagement, advanced skills development, and reinforced a safety-first culture. Notably, we:

- Launched our Cadet Program to nurture emerging talent.
- Delivered 125+ training programs to enhance skills and knowledge.
- Introduced a digital hiring platform to modernize recruitment processes.

- Modernized our performance management system to drive accountability and growth.

Recognition at the 2025 Fiji Human Resources Institute Awards further validated these efforts, highlighting our commitment to gender equity, innovation in workforce practices, and the promotion of a safe and respectful organisational culture.

The Corporation also made significant advances in compliance and sustainability. We remained fully compliant with national air quality and environmental standards across all mills, while our investment in cane waste-to-energy generation contributed FJD 3.25 million in revenue. These initiatives not only align FSC with Fiji's climate action priorities and the United Nations Sustainable Development Goals but also reinforce our leadership position in sustainable agribusiness within the Pacific.

The path ahead demands vision, discipline, and steadfast execution. Over the next three years, our focus will be directed towards implementing a clear transformation roadmap, designed to ensure FSC's competitiveness, sustainability, and long-term profitability.

I extend my sincere appreciation to our growers, whose perseverance and trust form the foundation of our mission; to our employees, whose dedication and adaptability sustain our progress; and to the Board of Directors, for their strategic oversight and support. With renewed purpose and confidence in the strength of our people, partnerships, and plans, I am assured that FSC will continue to transform into an organisation that delivers enduring value for Fiji and its people.

FSC FIELD OPERATIONS

Climate Impact

The anticipated good weather from October to December 2023, immediately following the previous season's harvest, and sustained, well-distributed rains from April to June 2024, did not eventuate. A prolonged dry spell ensued, with almost negligible rainfall for six months of the twelve-month crop growth cycle. Consequently, crop productivity and the potential harvestable area were adversely affected.

The decline in crop performance is largely attributed to unfavourable weather during the grand growth phase. Lautoka and Rarawai mill areas experienced the lowest rainfall in eight years between October and December 2023. Severe moisture stress greatly affected cane tillering, reducing both the number and elongation of stalks, thus impacting crop yield.

In contrast, the Labasa mill area benefited from intermittent, well-distributed rainfall between November 2023 and April 2024, achieving a 3% increase in crop yields despite a dry October.

Cane Production

Crushing commenced at all three mills in June 2024. Lautoka and Rarawai concluded operations in October, while Labasa continued until 11 November 2024.

The total cane harvested was 1.33 million tonnes, falling short of the pre-crush estimate of 1.55 million tonnes, due to a severe drought in Viti Levu during crop establishment and growth.

Cane Harvested by Mill — 2024 Season

Mill	Actual Cane Harvested (T)
Lautoka	286,674
Rarawai	470,181
Labasa	575,067
Total	1,331,922

Harvest involved 29,860 hectares, supplied by 10,231 growers, with an average yield of 46.4 tonnes per hectare. Lautoka and Rarawai experienced notable shortfalls, while Labasa achieved projected volumes.

2024 vs 2023 Cane Production Comparison

Mill	2024 (T)	2023 (T)	Variance (T)	Variance (%)
Lautoka	286,674	392,054	(105,380)	(27)
Rarawai	470,181	617,817	(147,636)	(24)
Labasa	575,067	555,716	19,351	3
Total	1,331,922	1,565,587	(233,665)	(15)

Crop Standover — 2024 Season

FSC achieved a record reduction in standover cane, from 28,575 tonnes in 2023 to 8,170 tonnes in 2024, a 71% improvement, highlighting FSC's commitment to harvesting every millable cane.

Mill	2024 (T)	2023 (T)	Variance (T)	Variance (%)
Lautoka	2,785	14,250	11,465	80
Rarawai	950	3,110	2,160	69
Labasa	4,435	11,215	6,780	60
Total	8,170	28,575	20,405	71

Burnt Cane

Burnt cane remains a persistent challenge, with no significant reduction observed over five years:

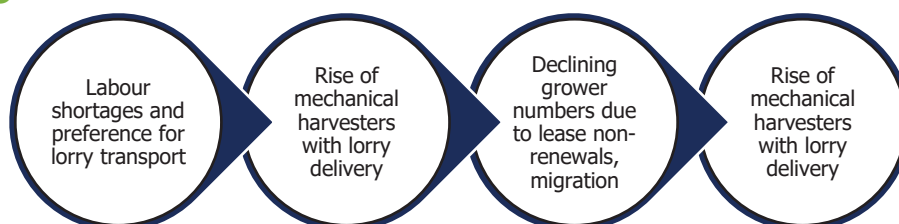
Year	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)
Lautoka	62	54	55	51	61
Rarawai	60	63	53	59	62
Labasa	35	46	30	32	44
Total	51	56	44	54	54

Legislative amendments to the Master Award are necessary to curb continued burning.

Cane Delivery by Mode (Rail vs Lorry)

Rail once accounted for over 70% of cane delivery, but has declined sharply. From an average rail delivery of 10% in 2020, this dropped to 6% in 2024, with Rarawai recording only 3%.

Contributing factors include:



Mechanical Harvesting Trends

Mechanical harvesting has steadily increased, particularly in flatter terrain (40–45% of cane area).

Mill	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)
Lautoka	43.2	41.8	47.1	51.3	53.5
Rarawai	30.0	32.3	35.0	38.2	36.7
Labasa	35.9	35.0	38.5	40.6	46.5
Total	35.2	36.1	38.5	42.4	44.5

From 2020 to 2024, mechanical harvesting increased by 9.3 percent.

Cane Planting Promotion

The 2023–24 season saw 2,648 hectares of new planting, representing a 37% increase from 1,671 hectares in the 2022–23 season. Achievement surpassed the farmer target of 1,949 ha by 127%, due to the adoption of share farming and reengagement of previously unsupplied growers.

Mill	Farm Registrations	Area Planted (Ha)
Rarawai	1,407	898
Labasa	1,525	1,366
Lautoka	650	384
Total	3,582	2,648

Twenty-seven new landowner units were identified for 1,000 hectares of cultivation over three years. Nursery planting is underway, and FSC has entered into joint venture cane development on seven adjoining farms in Lautoka and Rarawai.

Cane Development Initiatives

Variety & Nursery Development

- Introduced early-maturing and high-sugar varieties (Beqa, Naidiri, salt-tolerant Galoa) across 78 ha in Viti Levu.
- Beqa variety shows high yield potential and will be scaled over the next 2–3 years.

Mechanised Planting & Land Preparation

- Introduced 12 dual-row planters and 16 fertiliser applicators, deployed to cooperatives and tractor services.
- Aims to achieve full-cycle mechanisation, improving productivity and labour shortages.

Weed & Nutrient Management

- Developed 18 new weedicide molecules, currently under SRIF evaluation.
- Achieved 90% delivery of targeted fertiliser by December 2024 — a 7% year-over-year improvement.
- Aglime applied to 871 ha, reducing soil acidity with strong grower uptake

Outlook

Despite facing one of the most severe drought episodes in recent memory, FSC has emerged more resilient. Strategic interventions in crop optimisation, mechanisation, varietal improvement, and grower collaboration have delivered outstanding results: record reductions in standover cane, expanded planting areas, and robust adoption of mechanisation.

While Lautoka and Rarawai experienced production setbacks, Labasa's performance reaffirms the importance of responsive agronomic adaptations. The shift toward mechanical harvesting and the reinvigorated use of fallow lands reflect a shared commitment to revitalising Fiji's sugar industry.

Moving forward, FSC will remain at the forefront of innovation, grower support, and operational reinforcement to navigate future climatic and economic pressures. Together, we will ensure the industry's sustainability and resilience in the years ahead.



Blend B application to plant using fertilizer box.



Field team visits.

FSC - Factory Operations

Lautoka Mill

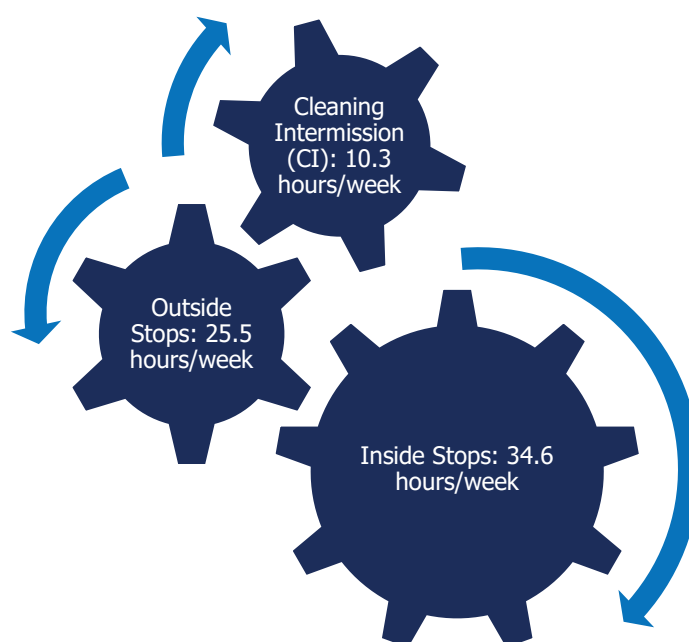
Lautoka Mill commenced its crushing operations on June 5, 2024, and concluded on October 8, 2024, operating for a total of 17 weeks and 9 days. During this period, the mill crushed 368,260 tonnes of cane, producing 31,403 tonnes of sugar. The Tonne of Cane to Tonne of Sugar (TCTS) ratio improved from 12.1 in 2023 to 11.7 in 2024, reflecting enhanced cane quality despite a shortened season.

The mill also produced 18,403 tonnes of molasses, equivalent to 5.0% of total cane crushed. Notably, 87,389 tonnes of cane were transferred from Rarawai to Lautoka.

The average POCS (Pure Obtainable Cane Sugar) was 10.16 units, and Cane Purity was recorded at 77.5%. Improvements in cane quality are needed to optimise sugar recovery.

The seasons burnt cane accounted for 57.6% of total cane received, contributing to reduced recoveries, higher molasses losses, and operational inefficiencies. Additionally, extraneous matter in cane stood at 16.0%, primarily due to mechanically harvested cane, which further impacted performance.

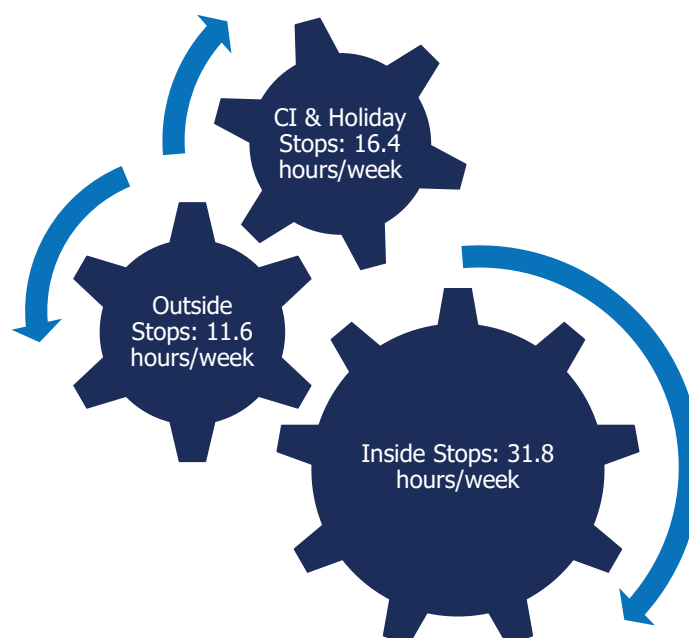
Operational stoppages included:



Cleaning Intermission (CI) stops were exacerbated by a weak cane supply, resulting in frequent Sunday shutdowns. Major bottlenecks occurred at the boilers, feeding, crushing, clarification, evaporator, and pan stations.

Rarawai Mill

Rarawai Mill operated from June 19 to October 17, 2024, spanning 17.2 calendar weeks, and crushed a total of 388,594 tonnes of cane. The average crushing rate was 208 tonnes per hour



The mill transferred 87,389 tonnes of cane to Lautoka and processed 5,812 tonnes of Lautoka cane at Rarawai.

The POCS was 10.30, and Cane Purity averaged 78.2%, an improvement from 2023. The burnt cane percentage increased to 64.3%, negatively impacting sugar recovery and operational efficiency.

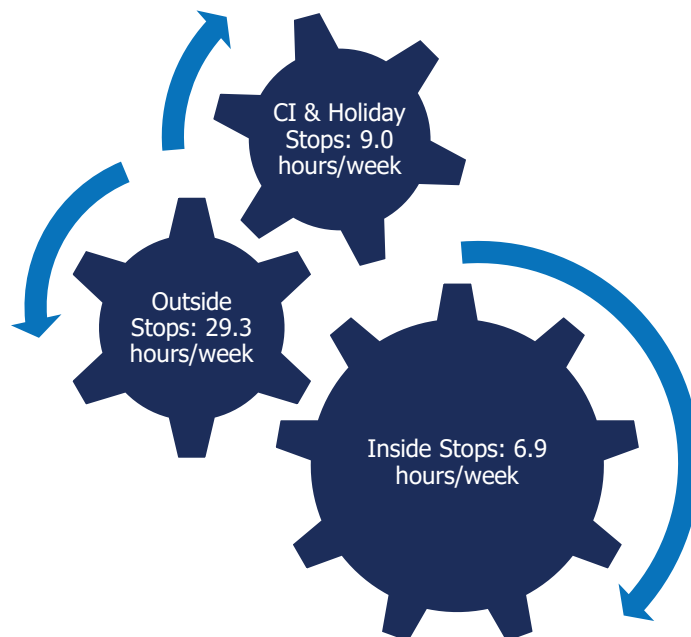
A total of 37,126 tonnes of sugar was produced, achieving a TCTS of 10.5, with 19,727 tonnes of molasses produced (5.1% of cane). These improvements reflect better cane quality and more consistent crushing performance.

Labasa Mill

Labasa Mill began crushing on June 13, 2024, and concluded on November 11, 2024, recording a 21.6-week season.

- Total Cane Crushed: 575,068 tonnes
- Sugar Produced: 57,993 tonnes
- Molasses Produced: 26,061 tonnes (4.5% of cane)
- TCTS Ratio: 9.9
- Crushing Rate: 217 tonnes/hour

Despite operational improvements, outside stops dominated total downtime:



Frequent rain interruptions and poor harvesting operations were primary contributors to the extended season and increased operating costs.

Cane quality indicators were favourable:

- POCS: 10.36
- Cane Purity: 79.1%
- Fibre in Cane: 11.93
- Burnt Cane: 44.1% (increased from 2023)
- Extraneous Matter: 13.9% (higher than prior year)



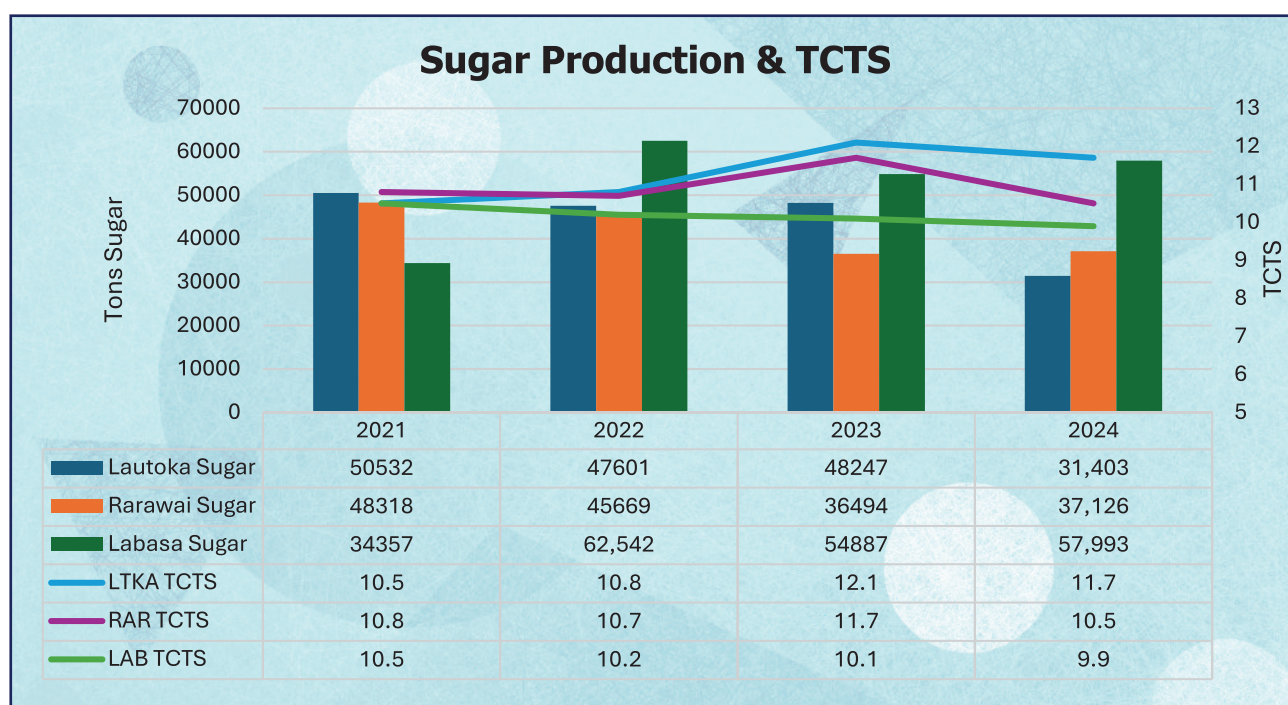
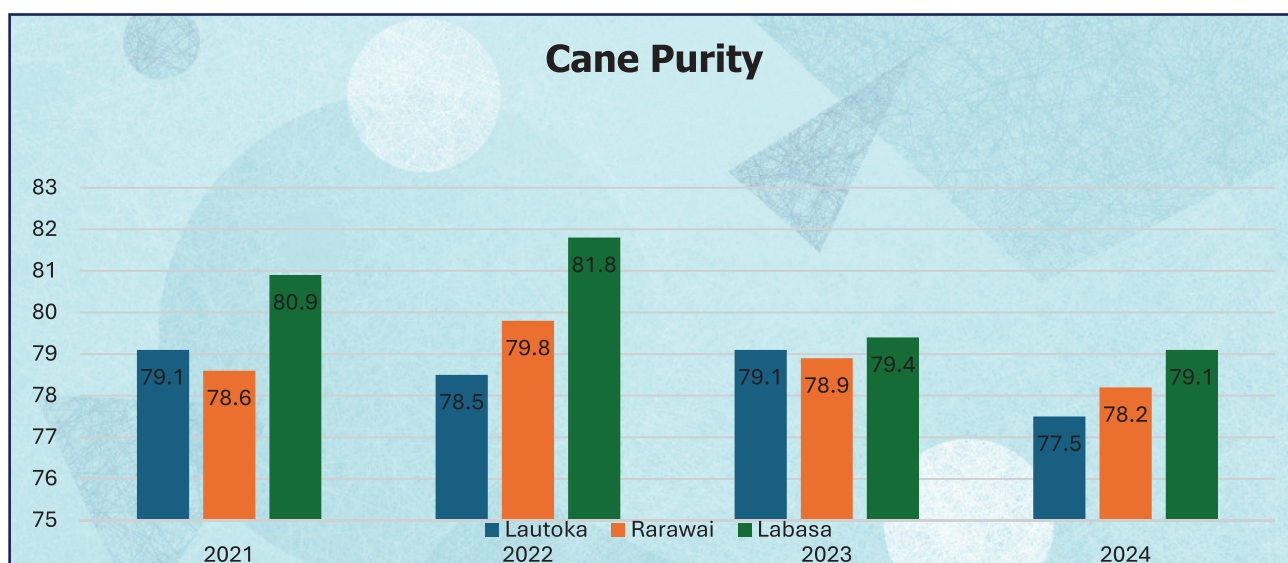
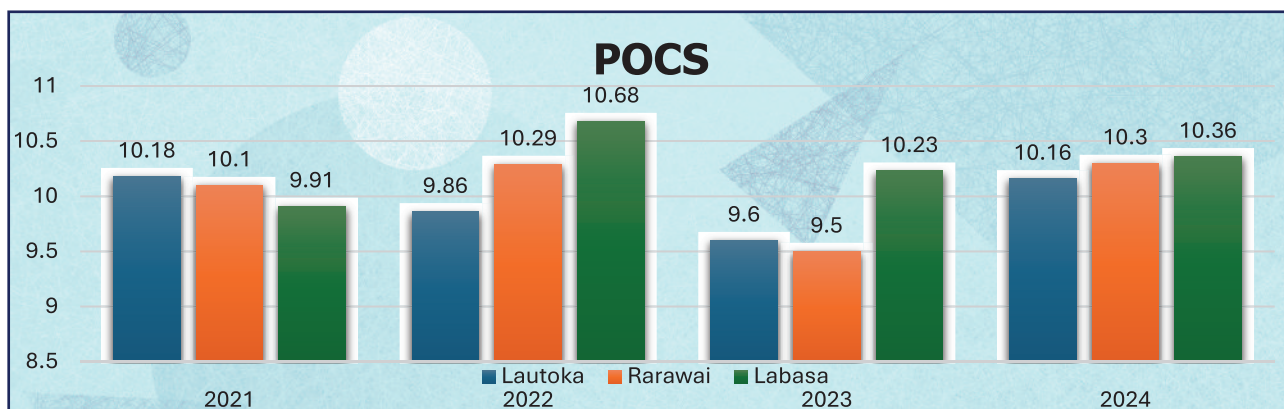
FSC Operations Team.

Targets vs Achievements for 2024 Season

Parameters	Lautoka		Rarawai		Labasa		Total/Avg	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Tonnes Cane Crushed	530,000	368,260	470,000	388,594	600,000	575,068	1,600,000	1,331,922
Tonnes Sugar Made	50,251	31,403	46,434	37,126	56,337	57,993	153,022	126,522
Tonnes Molasses	23,557	18,403	22,802	19,727	28,429	26,061	74,788	64,191
Molasses % Cane	4.4	5.0	4.8	5.1	4.7	4.5	4.7	4.8
TCTS	10.5	11.7	10.1	10.5	10.8	9.9	10.5	10.5
Inside Stops (hrs/week)	16.0	34.6	14.0	31.8	14.1	6.9	14.7	24.5
Outside Stops (hrs/week)	23.0	25.5	16.0	11.6	16.3	29.3	18.4	22.1
Cleaning & Maintenance (hrs/week)	8.0	10.3	8.0	16.4	8.2	9.0	8.1	11.9
Actual Crushing Time (hrs/week)	120.0	97.6	130.0	108.2	130.0	122.8	126.8	109.5
Crushing Rate (tcph)	250	211	230	208	250	217	243	212
Season Length (weeks)	17.6	17.9	15.7	17.2	18.5	21.6		—



FSC Packaging Plant and Operations Team in action.



2024 Season Cane Quality

Parameter	Lautoka	Rarawai	Labasa
POCS	10.16	10.30	10.36
Cane Purity (%)	77.5	78.2	79.1
Fibre in Cane (%)	11.38	11.60	11.93
Burnt Cane Received (%)	58	64	44

The quality of cane processed at the 3 mills was well below the required levels and this impacted the milling efficiencies and sugar recovery. Operational parameters were also adversely impacted by the high percentage of burnt cane.

Human Capital Management

Achievements and Workforce Metrics

Workforce Development

Over the 2024–2025 financial year, FSC delivered 125 targeted training programs to enhance employee capabilities. We are expanding this initiative by partnering with external providers such as AusAID to further enrich skill-building opportunities.

Apprenticeship Recognition

Two electrical trade apprentices, one from Lautoka Mill and one from Labasa Mill, were awarded prestigious accolades at the 2025 Apprentice Awards, securing a Gold Medal and a Merit Award, respectively.



Industrial Relations Success

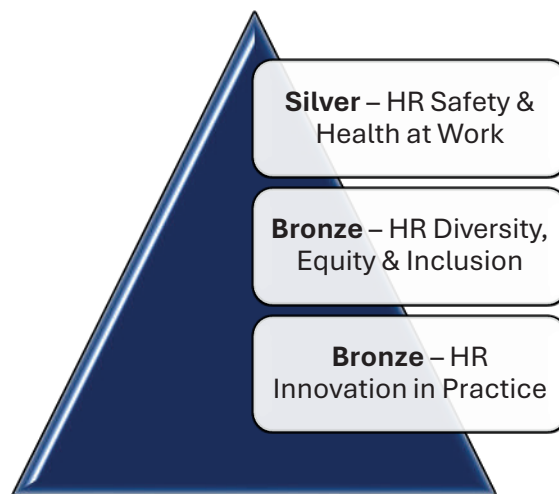
FSC concluded collective bargaining negotiations in good faith with the Sugar Milling Staff Officers Association (SMSOA), resulting in a renewed Collective Agreement that ensures fair and equitable labour practices.



Minister for Employment, Productivity and Workplace Relations, Hon. Agni Deo Singh, during his visit to the Lautoka Sugar Mill.

Industry Recognition

At the Fiji Human Resources Institute (FHRI) Awards 2024, FSC earned three significant honours:



These awards highlight FSC's commitment to safety, inclusion, and innovative HR practices.

Challenges and Response Strategies

Talent Acquisition & Retention

The competitive job market led to the departure of 45 tradespeople and 7 IT professionals. FSC has responded by streamlining hiring processes and offering retention incentives for critical roles.

Employee Well Being & Safety

FSC has intensified health and safety training and implemented enhanced support systems, including immediate medical aid and injury leave, fully aligning with the Occupational Health and Safety Act.

Regulatory Misalignment

Inconsistencies in the definition of rest days under the Wages Regulations Order 2017 (Amended) have led to additional crushing-season costs. FSC is collaborating with the Ministry of Employment to resolve this issue.

Expatriate Workforce Dependence

To fill technical skill gaps, FSC currently employs 45 expatriates from India and the Philippines. FSC's strategic focus is to build local capabilities to reduce this reliance.

Rising Wage Costs

With approximately 1,600 seasonal employees, the new minimum wage rates (\$5.10/hr in August 2024; \$5.60/hr in April 2025) have increased annual labour costs.

Strategic HR Priorities

HR Digital Transformation

FSC is developing a fully digital recruitment portal featuring AI-driven shortlisting, aiming to streamline the hiring process and enhance the candidate experience.

Cadet Program Launch

We are introducing a structured Cadet Program targeting young professionals in technical disciplines, offering hands-on training and leadership development.

Performance Management System Overhaul

The PMS is being modernised with competency-based evaluations, data-driven performance tracking, and continuous feedback to boost productivity and transparency.

Local Talent Development

To reduce expatriate reliance, FSC will intensify local skill development and knowledge transfer to foster a sustainable, home-grown technical workforce.

Community Driven HR Initiatives

FSC actively engages with local communities and landowners to promote youth employment. While adhering to merit-based hiring, we prioritise opportunities for regional youth during the crushing season, reinforcing our regional commitment.

Workforce Snapshot & Gender Representation

Total Employees: 1,702 (93% male; 7% female)

Gender & Wage Distribution

Year	Females			Males		
	No.	Percentage (%)	Wages (\$'000)	No.	Percentage (%)	Wages (\$' 000)
2025	121	7	2,114	1,581	93	28,093
2024	82	6	1,739	1,537	94	27,246

Workforce by Location

Location	Males	Females	Total
Head Office	23	13	36
Lautoka Mill/Procurement/CES/ISC	529	43	572
Packaging Plant/Sales & Marketing	29	2	31
Rarawai Mill	484	37	521
Labasa Mill	474	26	500
Expatriates	42	0	42
Total	1,581	121	1,702

Risk, Compliance & Sustainability

FSC is firmly committed to integrating risk management, legal compliance, sustainability, and operational excellence into our core corporate strategy. Throughout 2025, the Corporation strengthened its capabilities to anticipate and manage enterprise risks while cultivating a culture of safety, environmental responsibility, quality assurance, and continuous improvement across the organisation.

This section outlines FSC's 2025 achievements in enterprise risk management, regulatory adherence, workplace and product safety, and sustainability, consistent with national priorities and the United Nations' Sustainable Development Goals (SDGs).

Achievements

Enterprise Risk Management (ERM)	1. Enhanced the ERM framework with stronger governance, updated policies, and controls 2. Held quarterly Risk & Governance Subcommittee meetings addressing real-time exposures, litigation, regulatory threats, and insurance adequacy. 3. Regularly updated the Corporate Risk Register and Heat Maps, maintaining focus on pollution controls, infrastructure integrity, and SOP compliance. 4. Partnered with AON Insurance to conduct a gap assessment and explore enhanced public liability, pollution, product contamination, and cybersecurity coverage.
Litigation & Insurance Management	1. 1. Reduced exposure through the successful resolution of multiple Employment Relations Tribunal matters.
Occupational Health & Safety Compliance	1. Reinforced a "safety-first" culture via proactive leadership, awareness campaigns, and regular compliance training. 2. Reported low Lost Time Injuries (LTIs), with quick medical response and return to work (2–3 days). 3. Addressed human-error incidents via increased first-aid and OJT training. 4. Delivered training across Fire Warden, OHS Modules I & II, and First Aid for all mills. 5. Conducted monthly safety inspections, hazard analyses, and corrective actions. 6. Enforced permit-to-work protocols for confined spaces, hot work, and elevated work. 7. Introduced targeted SOP reviews focusing on OHS, food safety, and environmental management.
Environmental Compliance.	1. PM10/PM2.5 dust emissions across all mills conformed to National Air Quality Standards. 2. Maintained daily effluent monitoring and monthly independent lab testing. 3. Completed boiler emission upgrades—including Labasa's MCDC unit—significantly reducing emissions.
Food Safety and Product Quality	1. Complied fully with the Food Safety Act 2003 and Food Safety Regulations 2009. 2. Enhanced equipment with upgraded magnets and vibrating screens to maintain sugar purity. 3. Continued third-party microbial and heavy metal testing. 4. Positioned full-time shift chemists at packaging facilities to ensure oversight and quality control.

Challenges & Responses

Aging Infrastructure

- Activated a capital repair programme to address corroded platforms, sheds, and railings, ensuring operational safety and compliance.

Safety Lapses & SOP Non-Compliance

- Launched an Injury Profiling & Analysis System, recording and categorising all incidents to enable data-driven corrective actions.

Strategic Priorities & Future Outlook

FSC will intensify its enterprise risk culture, embed compliance at all operational levels, and scale sustainability across its value chain. Upcoming initiatives include:

- Expanding internal compliance audits and awareness training.
- Revising SOPs to align with regulatory changes.
- Embedding sustainable practices across all business strategies.

Sustainability Commitments Aligned with SDGs

SDG 5 – Gender Equality

- Maintain female workforce representation above 6% or higher.
- Ensure pay equity in accordance with law and agreements.
- Enforce Equal Employment Opportunity protocols and anti-discrimination practices.
- Continue to increase female participation in training and leadership.

SDG 9 – Industry, Innovation & Infrastructure

- Deploy advanced equipment:
 - 30 Fertiliser Applicators
 - 10 Sugarcane Planters
 - 1 Hilly-Terrain Harvester

SDG 17 – Partnerships for the Goals

- Collaborated with Fairtrade (NAPP), the Sugarcane Growers Council, and the Ministry of Sugar.
- Empowered Land Owning Units through joint-venture models, promoting sustainable, equitable farming practices.

SDG 8 – Decent Work & Economic Growth

- Promote diversity via merit-based recruitment of local staff and overseas experts (India, Philippines).
- Provide housing support, insurance, apprenticeships, and weekly wellness programs.
- Maintain transparent onboarding and union-led feedback forums.

SDG 13 – Climate Action

- Roll out climate-resilient cane varieties and upgrade field drainage systems to enhance resilience.
- Implement trash conservation, eco-friendly pest control, and precision fertilisation.
- Generate green energy from bagasse, achieving \$3.25 million in cogeneration revenue.

Marketing

Global Sugar Market Trends

World Market Price Trend (June 2024 – May 2025)

The global raw sugar market experienced significant volatility during the reporting period. Prices peaked at US\$23/lb in February 2025, before easing to US\$18/lb by May 2025. This decline was primarily attributed to increased exports from Brazil, currency fluctuations, and improved production from key exporters.

Key supply-side developments included:

- Brazil increased production to 46.29 million tonnes, bolstering global availability.
- Demand grew modestly, especially in emerging markets, though health-conscious trends in developed nations may temper long-term growth.
- India's output declined due to the red rot disease and inconsistent weather patterns, although carry-over stocks

- buffered the domestic supply.
- Thailand's production rebounded by 16% year-on-year.

The No. 11 Sugar Futures market forecast projects a 2026 average price of US¢18/lb, assuming persistent tight stock levels.

Bulk Molasses Export

FSC exported 61,300 tonnes of molasses during the year, supported by strategic sales directly to end-users for enhanced margins.

Bulk Molasses Exports FY2025

Destination	Tonnage (MT)	Revenue (\$)
Jamaica/Trinidad	34,000	13,090,000
New Zealand	15,200	4,894,400
New Zealand	12,100	4,114,000
Total	61,300	22,098,400

Domestic & Regional Retail Sales

FSC's domestic sales totalled 22,615 tonnes, with 5,759 tonnes in 25kg bags and 16,856 tonnes in retail packs. Regional exports to Pacific Island Countries (PICs) totalled 5,238 tonnes, primarily destined for Samoa, Tonga, Tahiti, Vanuatu, and New Zealand.

Domestic & Regional Sugar Sales FY2025

Sales Segment	Volume (MT)	Revenue
Local – Retail Pack	16,856	38,769,720
Local – 25 Kg	5,759	13,244,608
Total Local	22,615	52,014,328
Regional – Retail Pack	852	1,530,468
Regional – 25 Kg	4,386	6,944,173
Total Regional	5,238	8,474,641
Grand Total	27,852	60,488,968

Packaging Operations

FSC's packaging plant played a key role in supporting domestic and regional markets:

- 17,708 MT of sugar packed in 1kg, 2kg, and 4kg bags.
- High demand for 1kg and 2kg packs in the Pacific Islands; 4kg packs are popular in New Zealand.
- New state-of-the-art packaging machinery was commissioned, enhancing operational efficiency and consistency of output.

New Market Development

To broaden market reach and improve revenue yields, FSC undertook the following initiatives:

- Sample dispatches to potential distributors in the UK, Japan, USA, and Australia to explore higher-yield markets.
- Strengthened retail presence in Samoa, Tonga, and Vanuatu through partnerships with Investment Fiji and Pacific Trade Invest.
- The final molasses shipment (27,300 MT) was sold directly to an end-user, generating FJD 2 million more than brokered alternatives.

These strategic moves highlight FSC's shift toward value-driven marketing, direct engagement with end-users, and expansion into diversified international markets.



**THE FIJI SUGAR CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2025**

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DIRECTORS' REPORT

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of The Fiji Sugar Corporation Limited (the "Corporation") as at 31 May 2025 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 the date of this report:

Mr Nitya Reddy - Chairman
 Mr Paras Ram Reddy
 Ratu Jone Mataove Qomate
 Mr Jawahar Lal
 Mr Solomone Viticauravou Kepa Nata
 Mr Adrian Sunil Parshu Ram (Appointed on 14 March 2025)
 Mr Kamlesh Chandra Sharma (Appointed on 5 May 2025)

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:

	2025	2024
	\$'000	\$'000
Profit / (loss) from operations	(19,794)	2,508
Finance cost, net	(17,529)	(6,738)
Impairment loss on non-financial assets	(72,150)	-
Government grant - for EXIM Bank loan repayment	15,000	-
Government grant - for Government debt forgiven	200,185	-
Profit / (loss) for the year	105,712	(4,230)
Earnings Before Interest, Tax, Depreciation, Impairment and Amortisation (EBITDA), before Government grants - for Government debt forgiven and Bank loan repayment	2,173	24,965

Dividends

The Directors recommend that no dividends be declared for the year ended 31 May 2025.

DIRECTORS' REPORT (CONT'D)**Bad Debts and Allowance for Impairment Loss**

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 impairment loss. In the opinion of the Directors, adequate allowance has been made for impairment loss. 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 impairment loss in the Corporation's financial statements, inadequate to any substantial extent.

Current and Non-Current Assets

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

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

Unusual Transactions

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

Basis of Accounting - Going Concern

The financial statements have been prepared on a going concern basis on the assumption that the Corporation and sugar industry will continue to receive ongoing financial and other support from the Government of Fiji. The existing loans continue to be guaranteed by the Government until the loans are fully discharged, and an additional Government guarantee of \$105 million has been approved by Parliament on 5 September 2024 bringing total government guarantee to \$200 million with expiry on 31 May 2028.

Furthermore, the Corporation continue to pursue increasing the area under cane cultivation, improving productivity, 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. Also, management plans to invest in refurbishing and upgrading the mills 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 (CONT'D)**Significant Events During the Year**

Significant events during the year were:

i) *Impairment of Non - Financial Assets*

For the year ended 31 May 2025, 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 and assessed that further provision of \$72.15 million for impairment is required.

ii) *Government Debt Forgiven*

On 15 July 2024, the Government Cabinet approved the write-off of the Government debt amounting to \$200.185 million owed by the Corporation to the Government of Fiji. This debt forgiveness by the Government has improved the Corporation's liquidity and financial position.

iii) *Government Guarantee*

During the year, the Government of Fiji approved an additional government guarantee of \$105 million on 5 September 2024 to enable the Corporation to borrow funds from various financial institutions throughout the year. Accordingly, the Government guarantee limit for the Corporation's borrowings amounts to \$200 million with exemption from the payment of guarantee fee.

iv) *Term Loan - Home Finance Company Pte Limited (HFC Bank)*

The Corporation secured an additional \$20 million overdraft facility from HFC Bank to assist with delivery payment from June to September 2024. Subsequently, during the year, this overdraft facility was converted into a three-year term loan with monthly repayments. The borrowing is secured by Government guarantee.

v) *Temporary Overdraft Facility with HFC Bank*

The Corporation secured a temporary overdraft facility of \$35 million from HFC Bank to partially fund the 4th cane payment for 2024 season and for delivery cane payment for 2025 season till July 2025. The borrowing was secured by a Government guarantee.

vi) *Term Loan Facility from Fiji Development Bank*

All previous FDB loans as of December 2024 totaling \$34 million has been restructured and a further \$20 million was obtained to partially fund third and fourth cane payment for 2024 season. The remaining loan of \$50.8 million is repayable over a 10-year period with monthly installments and is secured by a Government guarantee.

vii) *BRED Bank (Fiji) Pte Limited - Loan*

Additional loan of \$20 million was secured to fund the third cane payment of 2024 season. The borrowing was secured by a government guarantee.

viii) *EXIM Bank of India Loan Restructure*

The Corporation through support of Government of Fiji grant has repaid two installments amounting to US\$6.54 million (FJD \$15 million).

DIRECTORS' REPORT (CONT'D)**Events Subsequent to Balance Date**

Subsequent to the year end:

- a) The Corporation has transferred its Vitogo and Drasa land (part of) CT 11438, which has a carrying book value of \$80,000 to Sugar Cane Growers Fund at a consideration of \$1,075,000 (VEP) by way of debt - asset swap.
- b) The Corporation is in the process of transferring its FSC Bowling Club property to South Pacific Fertilizers Limited for a consideration of \$8,750,000 (VEP). The consideration for the proposed transfer of this property will be offset against SPFL debt.

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

Other Circumstances

As at the date of this report:

- i) no charge on the assets of the Corporation has been given since the end of the financial year to secure the liabilities of any other person;
- ii) no contingent liabilities have arisen since the end of the financial year for which the Corporation could become liable; and
- iii) except for the contingent liabilities disclosed in the financial statements, 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

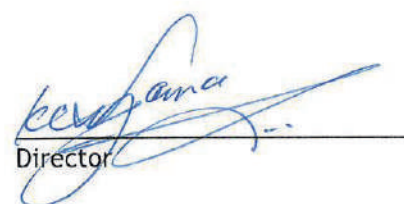
Since the end of the previous financial year, no Director has received or become entitled to receive a benefit other than a benefit disclosed in the financial statements and/ or included in the aggregate number of emoluments received or due and receivable by Directors shown in the financial statements.

Auditor's Declaration

The Directors have obtained an independent declaration from the Corporation's auditor, BDO. 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 1 day of September 2025.


Director
Director

DIRECTORS' DECLARATION

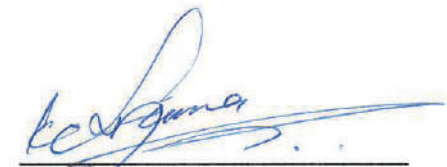
The declaration by Directors is required by the Companies Act 2015.

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 2025:
 - 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 2025 and of the performance and cash flows of the Corporation for the year ended 31 May 2025; 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 1 day of September 2025.



Director

Director

THE FIJI SUGAR CORPORATION LIMITED

Page 7

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS

As auditor for the audit of The Fiji Sugar Corporation Limited for the financial year ended 31 May 2025, 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.



Pradeep Patel
Partner
Suva, Fiji



BDO
CHARTERED ACCOUNTANTS

1 September 2025

INDEPENDENT AUDITOR'S REPORT

Page 8

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 2025;
- 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 material 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 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

Emphasis of Matter Relating to Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) in the financial statements, which refers to the preparation of the Corporation's financial statements on a going concern basis. As explained in Note 24, as of 31 May 2025, the Corporation's current liabilities exceeded its current assets by \$140.2 million and it had contractual debt repayment commitments amounting to \$145.1 million during the year ending 31 May 2026. Furthermore, as at 31 May 2025, total liabilities of the Corporation exceed total assets resulting in net liability of \$298.6 million.

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 24.

As stated in Note 24, these events or conditions, along with other matters explained in Notes 2(b), 24 and 25 indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Other Information

The management and directors are responsible for the other information. The other information comprises of the information included in the directors' report but does not include the financial statements and the auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged With Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists.

Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance 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.



BDO
CHARTERED ACCOUNTANTS



Pradeep Patel
Partner
Suva, Fiji
1 September 2025

THE FIJI SUGAR CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2025

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	Notes	2025 \$'000	2024 \$'000
Revenue from export, sugar and molasses	7.1	119,481	166,720
Revenue from local, sugar and molasses	7.1	49,128	66,069
Revenue		168,609	232,789
Cost of sales	8.1	(176,269)	(219,657)
Gross profit / (loss)		(7,660)	13,132
Other operating income	7.2	4,698	3,937
Administrative and other operating expenses	8.2	(16,832)	(14,561)
Profit / (loss) from operations		(19,794)	2,508
Finance costs	8.3	(17,537)	(6,754)
Finance income	8.4	8	16
Government grant - for EXIM Bank loan repayment	18(a)	15,000	-
Government grant - for Government debt forgiven	18(e)	200,185	-
Impairment loss on non - financial assets	10(a(i))	(72,150)	-
Profit / (loss) before income tax		105,712	(4,230)
Income tax expense	9(a)	-	-
Profit / (loss) for the year		105,712	(4,230)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		105,712	(4,230)

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

THE FIJI SUGAR CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2025

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	Notes	2025 \$'000	2024 \$'000
Non-current assets			
Property, plant and equipment	10(a)	24,511	104,127
Intangible assets	11	73	1,298
Right-of-use assets	12(a)	51	5,570
Inventories	14	1,969	1,735
		<u>26,604</u>	<u>112,730</u>
Current assets			
Current tax assets	9(b)	856	856
Investment in joint venture	13	40	40
Inventories	14	24,062	22,483
Trade and other receivables	15	5,041	8,992
Non-current asset classified as held for sale	10(b)	80	-
Cash and cash equivalents	16	26,736	11,042
		<u>56,815</u>	<u>43,413</u>
TOTAL ASSETS		83,419	156,143
Equity and Liabilities			
Equity			
Share capital	17	22,200	22,200
Accumulated losses		<u>(320,766)</u>	<u>(426,478)</u>
TOTAL EQUITY DEFICIT		(298,566)	(404,278)
Non-current liabilities			
Lease liabilities	12(b)	5,358	5,006
Interest-bearing loans and borrowings	18	166,951	287,543
Deferred income	19	12,556	61,534
Employee benefit liability	20	120	272
		<u>184,985</u>	<u>354,355</u>
Current liabilities			
Lease liabilities	12(b)	429	612
Interest-bearing loans and borrowings	18	145,085	156,144
Employee benefit liability	20	1,413	1,077
Provisions	21	3,712	3,712
Trade and other payables	22	46,361	44,521
		<u>197,000</u>	<u>206,066</u>
TOTAL LIABILITIES		381,985	560,421
TOTAL EQUITY AND LIABILITIES		83,419	156,143

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

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


.....
Director


.....
Director

THE FIJI SUGAR CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2025

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	<u>Note</u>	<u>2025</u> \$'000	<u>2024</u> \$'000
Accumulated losses			
Balance at the beginning of the year		(426,478)	(422,248)
Profit / (loss) for the year		105,712	(4,230)
Balance at the end of the year		<u>(320,766)</u>	<u>(426,478)</u>
Share capital			
Balance at the beginning of the year		<u>22,200</u>	<u>22,200</u>
Balance at the end of the year	17	<u>22,200</u>	<u>22,200</u>
Total equity		<u>(298,566)</u>	<u>(404,278)</u>

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 2025

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	<u>Note</u>	<u>2025</u>	<u>2024</u>
		<u>\$'000</u>	<u>\$'000</u>
Operating activities			
Receipts from customers and other operating activities		175,984	235,909
Payments to suppliers, employees and other operating activities		(171,244)	(248,205)
Cash from / (used in) operations		4,740	(12,296)
Interest paid		(16,260)	(6,373)
Interest income received		8	11
Lease finance costs	8.3	(407)	(381)
Net cash flows used in operating activities		(11,919)	(19,039)
Investing activities			
Purchase of property, plant and equipment		(7,341)	(10,049)
Proceeds from sale of property, plant and equipment		302	59
Purchase of intangible assets	11	(19)	(50)
Net cash flows used in investing activities		(7,058)	(10,040)
Financing activities			
Payment of principal portion of lease liabilities, net		(235)	(232)
Proceeds from loans and borrowings		60,000	20,000
Proceeds from Government Grant - for EXIM Bank loan repayment		15,000	-
Proceeds from deferred revenue		818	821
Repayment of loans and borrowings		(37,916)	(16,849)
Net cash flows from financing activities		37,667	3,740
Net increase / (decrease) in cash and cash equivalents		18,690	(25,339)
Cash and cash equivalents at the beginning of the year		(49,172)	(23,833)
Cash and cash equivalents held at the end of the year	16	(30,482)	(49,172)

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

NOTE 1. GENERAL INFORMATION

a) Corporate Information

The financial statements of The Fiji Sugar Corporation Limited (the “Corporation”) for the year ended 31 May 2025 were authorised for issue in accordance with a resolution of the Directors on 1 September 2025. The Corporation is a limited liability company incorporated and domiciled in Fiji. The address of its registered office and principal place of business is at Drasa Avenue, Balawa, Lautoka.

b) Principal activities

The Corporation 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.

NOTE 2. MATERIAL 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 recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. 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 and sugar industry will continue to receive ongoing financial and other support from the Government of Fiji. The existing loans continue to be guaranteed by the Government until the loans are fully discharged, and an additional Government guarantee of \$105 million has been approved by Parliament on 5 September 2024 bringing total government guarantee to \$200 million with expiry on 31 May 2028.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

a) Basis of accounting - going concern (Cont'd)

Furthermore, the Corporation continue to pursue increasing the area under cane cultivation, improving productivity, revenue optimization 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. Also, management plans to invest in refurbishing and upgrading the mills 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 authorization of financial statements 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 Material Accounting Policies

a) Investment in joint venture

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 joint venture is accounted for using the equity method. Information on investment in 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. For export sales, generally revenue is recognised when sugar and molasses are 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.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

b) Revenue recognition (Cont'd)

Sale of electricity (Cont'd)

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. The Government loan forgiveness is also treated as a Government grant.

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.

d) Taxes

(i) 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.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

d) Taxes (Cont'd)

Deferred tax (Cont'd)

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.

(ii) 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.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Material Accounting Policies (Cont'd)

f) Non-current assets classified as 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 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.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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.

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. Right-of-use 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.

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.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

i) Right-of-use assets (Cont'd)

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.

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.

j) 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.

k) 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.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

k) Intangible assets (Cont'd)

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.

l) 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.

Financial assets

i) 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.

ii) 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.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

l) Financial instruments - initial recognition and subsequent measurement (Cont'd)

Financial assets at amortised cost (debt instruments) (Cont'd)

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.

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.

i) Financial instruments - initial recognition and measurement

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.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

i) Financial instruments - initial recognition and subsequent measurement (Cont'd)

ii) 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.

iii) 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.

Financial liabilities

i) 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.

ii) 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.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

l) Financial instruments - initial recognition and subsequent measurement (Cont'd)

ii) Subsequent measurement (Cont'd)

- *Financial liabilities at amortised cost (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.

iii) 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.

iv) 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.

m) 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 unserviceable are written off or brought down to their estimated fair value in the year in which they are identified.

n) 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.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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, 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, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

o) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and cash in banks 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.

p) Receivables

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

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

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

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

q) 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.

r) 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.

NOTE 2. MATERIAL ACCOUNTING POLICIES (CONT'D)

s) 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.

t) Employee Benefits

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.

u) 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.

v) 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.

NOTE 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:

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

a) 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.

b) 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.

i) Impairment of non-financial assets

The Corporation assesses whether there are any indicators of impairment of non-financial assets at each reporting date. Non-financial assets 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 2025, 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 9 years from 2026 to 2034 based on a scenario with cane volumes of 1.55 million tonnes for 2026, increasing to 1.720 million tonnes by 2028 and averaging around 1.69 million over 9 years up to 2034 with TCTS ratio ranging from 10.5 to 10. 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, taking into consideration relevant factors and have assessed that further provision for impairment amounting to \$72.15 million is required.

NOTE 3. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS (CONT'D)

b) Estimates and assumptions (Cont'd)

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

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

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

ii) 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.

iii) 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.

iv) 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.

v) Deferred tax assets

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

NOTE 3. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS (CONT'D)

b) Estimates and assumptions (Cont'd)

vi) Deferred tax liabilities

Deferred tax liability is recognized on taxable temporary differences 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 recording 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).

vii) 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.

NOTE 4. CHANGES IN ACCOUNTING POLICIES

New standards, interpretations and amendments effective during the year

The following amendments are effective for the period beginning on or after 1 January 2024:

(i) Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

On 25 May 2023, the IASB issued *Supplier Finance Arrangements*, which amended IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

(ii) Lease Liability in a Sale and Leaseback (Amendment to IFRS 16 Leases);

On 22 September 2022, the IASB issued amendments to IFRS 16 - *Lease Liability in a Sale and Leaseback* (the Amendments).

Prior to the Amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

NOTE 4. CHANGES IN ACCOUNTING POLICIES (CONT'D)

New standards, interpretations and amendments effective during the year (Cont'd)

These amendments had no effect on the financial statements of the Corporation.

(iii) Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements);

The IASB issued amendments to IAS 1 in January 2020 *Classification of Liabilities as Current or Non-current* and subsequently, in October 2022 *Non-current Liabilities with Covenants*.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

The above amendments have no material effect on the measurement of any items in the financial statements of the Corporation.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Corporation has decided not to adopt early.

The following amendments are effective for the period beginning on or after 1 January 2025:

- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates).

The following amendments are effective for the period beginning on or after 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7).

The following standards are effective in Fiji for the period beginning on or after 1 January 2026:

- IFRS S1 - General requirements for disclosure of sustainability-related financial information. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across a company's value chain.

NOTE 4. CHANGES IN ACCOUNTING POLICIES (CONT'D)

New standards, interpretations and amendments not yet effective (Cont'd)

- IFRS 52 - Climate-related disclosures. This standard sets out requirements for entities to disclose information about climate-related risks and opportunities.

The following standard is effective for the period beginning on or after 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements.

The Corporation is currently assessing the effect of these new accounting standards and amendments.

IFRS 18 *Presentation and Disclosure in Financial Statements*, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 *Basis of Preparation of Financial Statements* (renamed from *Accounting Policies, Changes in Accounting Estimates and Errors*). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

NOTE 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.

i) Market risk

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

ii) 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:

	2025 \$'000	2024 \$'000
Liabilities		
US Dollar	60,961	75,497
Assets		
US Dollar	1,701	676

NOTE 5. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

ii) Foreign exchange risk (Cont'd)

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
2025	+10%	5,899
	-10%	(6,584)
2024	+10%	6,802
	-10%	(8,313)

iii) 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 the stock exchange and hence is not exposed to equity securities price risk.

Cash flow and fair value interest rate risk

The Corporation had significant interest-bearing borrowings denominated in foreign currency from Export Import Bank of India (EXIM). The interest accrued and future interest in respect of EXIM Bank loan have been waived off. Therefore, EXIM Bank borrowings are not exposed to interest rate risk. In relation to borrowings from Sugar Cane Growers Fund, Reserve Bank of Fiji, Fiji National Provident Fund, Fiji Development Bank, Home Finance and Company Pte Limited 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.

NOTE 5. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Regulatory risk

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

The salaries and wages payable to workers are subject to relevant wages regulations and employment legislation. Price of sugar in Fiji market is subject to price controls regulated by Fijian Competition & Consumer Commission.

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 (except for lease liabilities).

	Less than 1 year \$'000	1 - 5 years \$'000	Over 5 years \$'000	Total \$'000
Year ended 31 May 2025				
Short term borrowings	145,085	-	-	145,085
Long-term loans and bonds	-	138,299	28,652	166,951
Lease liabilities	429	1,262	4,096	5,787
Trade and other payables	46,361	-	-	46,361
	191,875	139,561	32,748	364,184
Year ended 31 May 2024				
Short term borrowings	156,144	-	-	156,144
Long term loans and bonds	-	132,010	155,533	287,543
Lease liabilities	612	2,203	2,803	5,618
Trade and other payables	44,521	-	-	44,521
	201,277	134,213	158,336	493,826

NOTE 5. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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)
2024 - Actual	1,566	13.13
2025 - Actual	1,332	(7.66)
2026 - Budgeted	1,532	(0.15)

Operational risk

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

NOTE 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 target to achieve and maintain an optimal capital structure to reduce the cost of capital.

The Corporation monitors capital on the basis of the desired target gearing ratio and required funding and liquidity. Target gearing 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.

The Corporation has capital deficit of \$226.4 million as at balance date and the Corporation is relying on the ongoing Government funding and other support.

Fair value estimation

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

NOTE 7. REVENUE

Disaggregated revenue information

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

7.1. Revenue from sugar and molasses sale contract with customers

	2025 \$'000	2024 \$'000
Sale of sugar and molasses - Export	119,481	166,720
Sale of sugar and molasses - Local	49,128	66,069
	168,609	232,789
<i>Timing of revenue recognition:</i>		
- Goods transferred at a point in time	168,609	232,789

7.2 Other operating income

Sale of electricity	3,251	3,048
Gain on disposal of property, plant and equipment	7	59
Amortisation of Government grants	778	768
Exchange gain, net	662	-
Unrealised exchange gain, net	-	62
Total other operating income	4,698	3,937

NOTE 8. COST OF SALE AND EXPENSES

8.1 Cost of sales

Depreciation (Note 10)

- Leasehold land, buildings and improvements	1,636	1,662
- Plant, machinery and equipment	17,522	17,874
- Vehicles and transport system	2,192	2,318
Amortisation of intangible assets (Note 11)	394	394
Depreciation on right-of-use assets (Note 12(a))	223	209
Employee costs	22,752	21,538
Factory related cost	10,689	12,130
Purchase of cane	120,861	163,532
Total cost of sales	176,269	219,657

8.2 Administrative and other operating expenses

Auditor's remuneration - audit fees	68	65
- other services	5	4
Professional fees	13	21
Directors' fees and allowance	77	72
Employee costs	4,536	3,974
Insurance	3,432	3,283
Unrealised exchange loss	426	-
Realised exchange loss	-	487
Other operating expenses	8,275	6,655
Total administrative and other operating expenses	16,832	14,561

NOTE 8. COST OF SALE AND EXPENSES

	2025	2024
	\$'000	\$'000
8.3 Finance costs		
Interest on debts and borrowings	17,130	6,373
Interest on lease liabilities	407	381
Total finance costs	17,537	6,754
8.4 Finance Income		
Interest income	8	16
Total finance income	8	16
8.5 Employee benefits expense		
Wages and salaries	27,893	27,514
FNPF contribution	2,788	2,186
	30,681	29,700
Less: staff costs for capital works	(213)	(323)
	30,468	29,377
Provision for employee benefits, net movement	(261)	(392)
Total employee benefits expense	30,207	28,985

NOTE 9. INCOME TAX

The major components of income tax expense for the years ended 31 May 2025 and 2024 are:

a) Profit or loss

Accounting profit / (loss) before income tax	105,712	(4,230)
Prima facie tax expense / (benefit) thereon at the rate of 25%	28,005	(1,058)
<i>Tax effect of:</i>		
Non-deductible expenses for tax purposes	3	12
Amortisation of Government grant	(195)	(192)
Tax losses and deferred tax assets not recognized / (utilized)	(26,236)	1,238
Income tax expense attributable for the year	-	-

b) Current tax asset

Movements during the year were as follows:

Opening balance at 1 June	856	850
Movement during the year	-	6
Closing balance at 31 May	856	856

c) Deferred tax liability

Deferred tax liability of the Corporation amounting to \$Nil (2024: \$12 million) 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.

NOTE 9. INCOME TAX (CONT'D)

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 (4 years prior to 1 January 2020).

The deferred tax assets of the Corporation relating to estimated tax losses and temporary differences amounting to approximately \$16.6 million (2024: \$51.38 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.

NOTE 10. PROPERTIES

a) Property, Plant & 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 2025							
Cost	16,755	875	72,222	484,563	57,501	6,795	638,711
Accumulated depreciation	-	(157)	(40,541)	(382,962)	(46,555)	-	(470,215)
Accumulated impairment	-	-	(31,614)	(101,522)	(10,849)	-	(143,985)
At 31 May 2025	16,755	718	67	79	97	6,795	24,511
Movement:							
At 1 June 2024	16,835	734	17,059	52,158	10,400	6,941	104,127
Additions	-	-	-	-	-	7,683	7,683
Disposals	-	-	(8)	(156)	(183)	-	(347)
Depreciation	-	(16)	(1,620)	(17,522)	(2,192)	-	(21,350)
Adjustments	-	-	1	76	1	-	78
Impairment loss	-	-	(15,400)	(42,200)	(8,000)	-	(65,600)
Transfer to non-current asset classified as held for sale	(80)	-	-	-	-	-	(80)
Transfer from CWIP	-	-	35	7,723	71	(7,829)	-
At 31 May 2025	16,755	718	67	79	97	6,795	24,511
31 May 2024							
Cost	16,835	876	72,200	477,770	57,929	6,941	632,551
Accumulated depreciation	-	(142)	(38,927)	(366,290)	(44,680)	-	(450,039)
Accumulated impairment	-	-	(16,214)	(59,322)	(2,849)	-	(78,385)
At 31 May 2024	16,835	734	17,059	52,158	10,400	6,941	104,127
Movement:							
At 1 June 2023	16,835	641	18,378	64,144	12,397	3,992	116,387
Additions	-	-	-	-	-	9,450	9,450
Disposals	-	-	(1)	(7)	(1)	-	(9)
Depreciation	-	(19)	(1,642)	(17,874)	(2,318)	-	(21,853)
Adjustments	-	-	-	146	6	-	152
Transfer from CWIP	-	112	324	5,749	316	(6,501)	-
At 31 May 2024	16,835	734	17,059	52,158	10,400	6,941	104,127

NOTE 10. PROPERTIES (CONT'D)

a) Property, Plant & Equipment (Cont'd)

i) Impairment assessment on non-financial assets

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 in the financial year ended 2010. During the subsequent 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.

However, for the year ended 31 May 2016, 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. Between 31 May 2017 to 31 May 2024, no further provision for impairment was required.

For the year ended 31 May 2025, 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)). Based on the independent assessment, management and Directors have carried out an assessment of the recoverable amount of the assets taking into consideration relevant factors, and have assessed that additional provision for impairment amounting to \$72.15 million is required for the year ended 31 May 2025. Based on IAS 36, the total impairment loss has been allocated to buildings and improvements, plant, machinery and equipment, vehicles and transport system, right-of-use assets and intangibles assets on a pro-rata basis. The impairment loss allocated to buildings and improvements, plant, machinery and equipment and vehicle and transport systems amounts to \$65.60 million.

The Corporation has further carried out sensitivity analysis of assessment of recoverable amount as at 31 May 2025 with the following assumptions:

- | | | | |
|------------------------|-----------|----------------------|--------|
| • Terminal growth rate | - 0% - 4% | • Expenditure | - ± 4% |
| • Cane production | - ± 4% | • World market price | - ± 2% |

Refer Note 3(b) (i) in relation to significant accounting judgements, estimates and assumptions in relation to impairment of property, plant and equipment together with other assets.

ii) 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.

a) **Property, Plant & Equipment (Cont'd)**

The Corporation has insurance cover on various property, plant and equipment (excluding railway network) including truck fleet and harvesters subject to various terms and conditions and exclusions. This insurance cover expires on 31 May 2026 and is renewed annually.

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

Included in property, plant and equipment at 31 May 2025 was an amount of \$6.8 million (2024: \$6.9 million) relating to expenditure on mill refurbishment.

	2025	2024
	\$'000	\$'000
Land classified as held for sale	80	-

Subsequent to year end, the Corporation has transferred Drasa Land (CT 11438) to Sugar Cane Growers Fund at a consideration of \$1,075,000. The sale was settled by way of debt asset swap.

Software costs

Opening balance at 1 June	1,298	1,642
Additions	19	50
Amortisation for the year	(394)	(394)
Impairment loss (Note 10 (a)(i))	(850)	-
Closing balance at 31 May	73	1,298

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 estimated useful lives and tested for impairment when there is any indication of impairment. Useful life details for these assets are as follows:

Software costs 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.

NOTE 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.

	2025	2024
	\$'000	\$'000
Cost	7,043	5,060
Accumulated depreciation	(1,696)	(1,473)
Accumulated impairment (Note 10 (a) (i))	(5,700)	-
Additions	36	1,711
Remeasurement during the year	368	272
	51	5,570
Movement		
Opening balance	5,570	3,796
Depreciation charge for the year	(223)	(209)
Additions for the year	36	1,711
Remeasurement during the year	368	272
Impairment loss (Note 10 (a) (i))	(5,700)	-
At 31 May	51	5,570

The above represent assets under lease contracts which have been realizable as an asset in accordance with IFRS 16. The assets are written down over the terms of their contracts.

Based on the independent assessment carried out during the year, management and directors have carried out an assessment of the recoverable amount of the assets, taking into consideration relevant factors and have assessed that provision for impairment amounting to \$5.7 million is required for ROU assets.

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.

Movement:

Opening balance	5,618	3,867
Additions during the year	36	1,711
Interest	407	381
Repayments	(642)	(613)
Remeasurement during the year	368	272
At 31 May	5,787	5,618

This is disclosed as:

Current liabilities	429	612
Non-current liabilities	5,358	5,006
At 31 May	5,787	5,618

NOTE 12. LEASES (CONT'D)

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.

NOTE 13. INVESTMENT IN A JOINT VENTURE

Interest in a joint venture - Nagigi Farms

	Interest (%)	2025 \$'000	2024 \$'000
Unincorporated joint venture			
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.

Since the Joint Venture is incurring losses, the investment is stated at historical capital contribution.

NOTE 14. INVENTORIES

Non-current

Capital spare parts and spare gears - at cost	7,104	6,870
Allowance for inventory obsolescence	(5,135)	(5,135)
Total non-current inventories	1,969	1,735

Current

Maintenance spares and consumables - at cost	3,723	3,348
Allowance for inventory obsolescence	(962)	(962)
	2,761	2,386
Sugar and molasses - at net realizable value	21,301	20,097
Total current inventories	24,062	22,483
Total inventories at the lower of cost and net realizable value	26,031	24,218

NOTE 15. TRADE AND OTHER RECEIVABLES

	2025	2024
	\$'000	\$'000
Current		
Trade receivable from customers	677	1,037
Receivable from joint venture	296	296
VAT receivable	-	3,316
Other receivables	125	410
	1,098	5,059
Allowance for expected credit losses	(1,013)	(1,995)
	85	3,064
Prepayments and deposits	4,956	5,928
Total trade and other receivables	5,041	8,992

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:

As at 1 June	1,995	1,995
Write-offs against allowance	(982)	-
At 31 May	1,013	1,995

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

NOTE 16. CASH AND CASH EQUIVALENTS

Cash at banks and on hand	26,736	11,042
	26,736	11,042

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

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

Cash at banks and on hand	26,736	11,042
Bank overdrafts (Note 18 (i))	(57,218)	(60,214)
	(30,482)	(49,172)

NOTE 17. SHARE CAPITAL

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

NOTE 18. INTEREST-BEARING LOANS AND BORROWINGS

	Notes	2025	2024
		\$'000	\$'000
Non-current			
Export Import Bank of India (EXIM Bank)	a	41,848	52,926
Sugar Cane Growers Fund	b	2,539	3,565
Reserve Bank of Fiji	c(i)	6,016	-
Reserve Bank of Fiji	c(ii)	5,000	5,000
Fiji National Provident Fund	d	32,165	35,610
Government of Fiji	e(i)	-	135,398
Government of Fiji	e(ii)	-	15,965
Fiji Development Bank	f(i)	-	5,464
Fiji Development Bank	f(ii)	-	1,370
Fiji Development Bank	f(iii)	-	1,512
Fiji Development Bank	f(iv)	-	4,257
Fiji Development Bank	f(v)	-	16,476
Fiji Development Bank	f(vi)	46,260	-
BRED Bank (Fiji) Pte Limited	g	25,000	10,000
Home Finance Company Pte Limited (HFC Bank)	j	8,123	-
Non-current interest-bearing loans and borrowings		166,951	287,543
Current			
Bank overdraft - HFC Bank Operating Account	i	57,218	60,214
Export Import Bank of India	a	12,750	11,553
Sugar Cane Growers Fund	b	1,511	824
Reserve Bank of Fiji	c(i)	984	7,000
Fiji National Provident Fund	d	5,318	5,239
Government of Fiji	e(i)	-	4,345
Government of Fiji	e(ii)	-	114
Fiji Development Bank	f(i)	-	2,382
Fiji Development Bank	f(ii)	-	1,757
Fiji Development Bank	f(iii)	-	1,938
Fiji Development Bank	f(iv)	-	2,088
Fiji Development Bank	f(v)	-	3,690
Fiji Development Bank	f(vi)	4,637	-
BRED Bank (Fiji) Pte Limited	g	5,000	5,000
BSP Financial Group Limited	h	50,000	50,000
Home Finance Company Pte Limited (HFC Bank)	j	7,667	-
Current interest-bearing loans and borrowings		145,085	156,144
Total interest-bearing loans and borrowings		312,036	443,687

Particulars relating to borrowings:

a) Export Import Bank of India - Loan

The Corporation entered into contracts with the Export Import Bank of India on 7 November 2005 and 4 February 2015 by way of Dollar Line of Credit aggregating to US\$55.78 million for the upgrade of sugar mills. The loan is secured by the Government guarantee and the principal amount is repayable in ten six monthly installments over a period of five years from the financial year ending 2025, after the restructure of loan which has been agreed upon. The interest payable on this loan has been waived off at the point of restructuring. Furthermore, the loan repayment is currently funded by the Government by way of Government grant.

NOTE 18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

a) Export Import Bank of India - Loan (Cont'd)

	2025	2024
	\$'000	\$'000
Loans from EXIM Bank	60,961	75,497
Less: Deferred grant income on interest (Note 19)(e)	(6,363)	(11,018)
	54,598	64,479
Less: Current liability	12,750	11,553
Non-current liability	41,848	52,926

b) Sugar Cane Growers Fund (SCGF) - Loan

Loan to be repaid with 2 equal annual repayment of \$440,430 for 10 years. Further, subsequent to the year end, the Corporation has transferred its Drasa land to Sugar Cane Growers Fund at a consideration of \$1,075,000 by way of debt - asset swap. Subsequent to this debt - asset swap, the repayments have been revised to 6 monthly installments of \$436,281.

c) Reserve Bank of Fiji (RBF) - Loan

i) Flood Rehabilitation Fund

The Corporation had borrowed \$7 million from RBF in 2012 to finance rehabilitation work undertaken due to severe flooding in the western division of the island of Viti Levu, Fiji. On FSC's request, the maturity was extended till 31 May 2025. This has now been restructured to 5-year term loan with monthly repayment of \$83,000 starting from June 2025.

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. At the request of FSC in June 2022, the maturity has been extended till 4th August 2027.

d) Fiji National Provident Fund

The Corporation had secured loan of \$50 million from FPNF to meet its working capital and capital expenditure requirements. The loan is for 15-year term secured by Government guarantee with quarterly repayments.

e) Government of Fiji

i) Loan

Loans from Government of Fiji	-	173,817
Less: Deferred grant income on interest (Note 19)(c)	-	(34,074)
	-	139,743
Less: Current liabilities	-	4,345
Non-current liabilities	-	135,398

The borrowings from Government of Fiji aggregated to \$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.

NOTE 18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

e) *Government of Fiji (Cont'd)*

ii) Debt restructure

	2025 \$'000	2024 \$'000
Loans from Government of Fiji	-	26,368
Less: Deferred grant income on interest (Note 19)(d)	-	(10,289)
	-	16,079
Less: Current liability	-	(114)
Non-current liability	-	15,965

The Corporation did not meet the repayment of bonds with FPNF for \$15 million and \$10 million which matured on 30th September 2019 and 4th November 2019, respectively. Consequently, the guarantee was called, and the obligation was taken over by the Government of Fiji.

On 15 July 2024, the Government Cabinet approved the write-off of the Government debt amounting to \$200.185 million owed by the Corporation to the Government of Fiji. This debt forgiveness by the Government has improved the Corporation's liquidity and financial position. The debt forgiveness has been recognized as grant income in the statement of profit or loss.

f) *Fiji Development Bank*

- i) The term loan facility of \$30 million was obtained in prior year from Fiji Development Bank for purchase of agricultural equipment for sugarcane development. The loan was for 10-year period. The drawdown from the facility was \$20,416,023. The loan was payable in monthly instalments of \$245,000 (including principal, interest and bank fees)
- ii) The Corporation secured term loan funding of \$7 million in prior year from Fiji Development Bank to partially fund the fourth cane payment for 2020 season. The loan was for 5-year period. The loan was payable in monthly instalments of \$160,000 (including principal, interest, stamp duty and bank fees).
- iii) The Corporation obtained a term loan funding of \$8 million in prior year from Fiji Development Bank under the Reserve Bank of Fiji's Import Substitution and Export Finance Facility to partially fund the fourth cane payment for 2020 season. The loan was for 5-year period. The loan was payable in monthly instalments of \$170,000 (including principal, interest, stamp duty and bank fees).
- iv) The Corporation secured term loan funding of \$10 million in prior year from Fiji Development Bank to partially fund the third cane payment for 2021 season. The loan was for 5-year period. The loan was payable in monthly instalments of \$210,000 (including principal, interest, stamp duty and bank fees).
- v) In 2024 financial year, the Corporation secured term loan funding of \$20 million from Fiji Development Bank to partially fund third and fourth cane payment for 2023 season. The loan was for 5-year period with monthly repayments of \$400,000 (including principal, interest, stamp duty and bank fees).
- vi) During year ended 31 May 2025, all previous FDB loans as of December 2024 totaling \$34.0 million have been restructured and a further \$20.0 million was obtained to partially fund third and fourth cane payment for 2024 season. The remaining loan of \$50.8 million is repayable over a 10-year period with a monthly installment, secured by a Government guarantee.

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

NOTE 18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

g) BRED Bank (Fiji) Pte Limited

The funding of \$25 million in prior year from BRED Bank was restructured to a 5-year period. During year ended 31 May 2025, additional loan of \$20 million was secured to fund the third cane payment of 2024 season. The loan is secured by Government guarantee.

h) BSP Financial Group Limited

Loan facility of \$50 million was secured in prior year from BSP with bulk payment on maturity in August 2024 with quarterly interest payment. This was further extended till June 2025. Apart from Government guarantee as security, third charge over FSC asset has been provided.

i) Home Finance Company Pte Limited - Bank Overdraft

The overdraft facility in HFC operating account was maintained at \$30 million and a temporary facility of \$35 million was obtained during the year. Overdraft facilities are secured by Government guarantee and floating charge over all the Corporation's assets.

j) Home Finance Company Pte Limited - Term Loan

The Corporation secured an additional \$20 million overdraft facility from HFC Bank to assist with delivery payment from June to September 2024. This overdraft facility has now been converted into a three-year term loan, with monthly repayments. The borrowing is secured by Government guarantee.

NOTE 19. DEFERRED INCOME

	Notes	2025	2024
		\$'000	\$'000
Government grants	a(i)	1,848	1,848
Government grants	a(ii)	6,001	6,001
Government grants	a(iii)	210	210
India Government grant	b(i)	1,487	1,487
Government grants	g	46	-
Accumulated amortisation		(5,678)	(4,900)
		3,914	4,646
Deferred grant income from Government of India	b(ii)	686	686
Deferred grant income on interest for the Government of Fiji loan	c	-	34,074
Deferred grant income on interest for the Government of Fiji loan	d	-	10,289
Deferred grant income on interest for the Export Import Bank of India Loan	e	6,363	11,018
Deferred grant income from Government of Fiji	f	862	821
Deferred grant income from Government of Fiji	g	41	-
Deferred grant income from Government of Fiji	h	690	-
Total deferred income - non-current		12,556	61,534

NOTE 19. DEFERRED INCOME (CONT'D)

- 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. The grant is being amortised on a straight-line basis at 10%.
 - iii) The Labasa Lorry bay is being amortised on a straight-line basis at 2%.
- b) Government of India grant received in relation to:
 - i) Grant provided to the Corporation through the Ministry of Sugar Industry for the purchase of agricultural equipment with implements. Four harvesters and five tractors worth \$1,487,274 have been purchased, which is being amortized.
 - ii) Grant provided to the Corporation through the Ministry of Sugar Industry for the purchase of agricultural equipment with implements. The grant is not yet being amortised as the equipment are not yet ready for use.
- c) The benefit amounting to \$34,074,000 from the Government of Fiji loan at below-market rate of interest was treated as deferred income grant. Deferred grant income is measured as the difference between the initial carrying value of the loan and the actual proceeds from the Government loan. 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)(i)). The amortization of this grant would have commenced with the commencement of debt repayment. However, this loan has been written off by the Government during the financial year ended 31 May 2025.
- d) The benefit amounting to \$10,289,000 from the Government of Fiji loan at below-market rate of interest was treated as deferred income grant. Deferred grant income is measured as the difference between the initial carrying value of the loan and the actual proceeds from the Government loan. 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)(ii)). The amortization of this grant would have commenced with the commencement of debt repayment. However, this loan has been written off by the Government during the financial year ended 31 May 2025.
- e) The benefit amounting to \$6,362,887 from the Export Import Bank of India loan at interest-free is treated as deferred income grant. The loan is recognized and measured in accordance with IFRS 9 Financial Instruments. The benefit of the interest-free loan 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 18) (a).
- f) Related to grant provided by the Government of Fiji for assets purchase and installation. The grant is not yet being amortised as the assets were not ready for use during the year.
- g) Related to strategic development grant provided in June 2024.
- h) Related to farm mechanization and procurement of harvesters for hilly cane areas grant provided in April 2025.

NOTE 20. EMPLOYEE BENEFIT LIABILITY

	2025	2024
	\$'000	\$'000
Current		
Annual leave entitlements - obligation		
As at 1 June	1,077	1,054
Movement during the year	336	23
Obligation at 31 May	1,413	1,077
Non-current		
Long service leave entitlements and termination benefits - obligation		
As at 1 June	272	687
Movement during the year	(152)	(415)
Obligation at 31 May	120	272
Total obligation for employee benefits	1,533	1,349

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(s) outline the accounting policy and underlying basis for these accruals. The expected future payments are discounted at the rate of 4.25%.

NOTE 21. PROVISIONS

	Unpaid rent	Litigations	Total
	\$'000	\$'000	\$'000
As at 1 June	1,808	1,904	3,712
Movement during the year	-	-	-
Obligation at 31 May - Current	1,808	1,904	3,712

NOTE 22. TRADE AND OTHER PAYABLES

	2025	2024
	\$'000	\$'000
Trade payables	4,491	7,175
Other payables	15,203	15,193
Grower creditors	16,681	15,695
Cane access road, ACRP and other grants payable	7,639	6,201
Income in advance	706	26
VAT payable	742	-
Interest payable	899	231
	46,361	44,521

NOTE 22. TRADE AND OTHER PAYABLES (CONT'D)

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.

NOTE 23. COMMITMENTS AND CONTINGENCIES

a) Capital commitments

At 31 May, capital commitment is as follows:

	2025	2024
	\$'000	\$'000
Capital commitments contracted but not provided for in accounts	6,223	5,088

b) 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 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.

c) Legal claim contingency

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

In addition, the Corporation is contesting certain litigation matters relating to commercial disputes. The matters are under consideration by the Court. The ultimate outcome cannot be measured reliably as at the balance date.

d) Guarantees

	2025	2024
	\$'000	\$'000
Guarantees or bonds given by the bank	67	67

e) 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 2024 crushing season (year ended 31 May 2025), the growers supplied to the Corporation a total of 1.32 million tonnes of cane from which 126,522 tonnes of sugar has been produced. The Corporation has exported 83,877 tonnes of sugar. 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.

NOTE 23. COMMITMENTS AND CONTINGENCIES (CONT'D)

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 alternative 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 and the Corporation is confident to sell the Sugars of Fiji brand at a decent market price.

NOTE 24. GOING CONCERN AND FINANCIAL SUPPORT

The Corporation has been incurring significant losses during recent years. During the year ended 31 May 2025, the Corporation has made loss from operations of \$19.8 million (2024: \$2.5 million profit) and net profit before income tax of \$105.7 million after recognizing Government grant relating to Government debt forgiveness of \$200.2 million (2024: loss of \$4.2 million).

As at 31 May 2025, total liabilities of the Corporation exceed total assets resulting in net liability of \$298.6 million (2024: \$404.3 million). The current liabilities exceed the current assets by \$140.2million, representing the ratio of 3.5 : 1 (2024: \$162.7 million, representing the ratio of 4.7 : 1).

The Corporation has debt repayment commitments amounting to \$145.1 million during the financial year ending 31 May 2026. Furthermore, the Corporation requires further funding to meet its working capital requirements, ongoing 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 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) On 15 July 2024, the Government Cabinet approved the write-off of the Government debt amounting to \$200.2 million owed by the Corporation to the Government of Fiji. This debt forgiveness by the Government has improved the Corporation's liquidity and financial position.
- b) During the year, the Government of Fiji approved an additional government guarantee of \$105 million on 5 September 2024 to enable the Corporation to borrow funds from various financial institutions throughout the year. Accordingly, the Government guarantee limit for the Corporation's borrowings amounts to \$200 million with exemption from the payment of guarantee fee.

NOTE 24. GOING CONCERN AND FINANCIAL SUPPORT (CONT'D)

- c) 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 \$46.3 million in 2025-2026 National Budget for various initiatives to assist the sugar cane industry, including farm development to increase cane production, fertilizer and weedicide subsidy, subsidy for cane cartage, upgrade of cane access roads, lease premium assistance, drainage, farm mechanization, subsidy for manual harvesting and working capital support to the Corporation.
- d) 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 response 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.

Furthermore:

- i) The Corporation in next 2-3 years through revenue optimisation from large scale sugar plantations, cost cutting initiatives, revenue generating investments, better marketing of Sugars of Fiji, improvements in mill efficiency and mill performance together with improved quantity and quality of cane supply will aim to 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. A separate Board Sub-committee has been established to look at Corporate Planning and Development.
- 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 that the milling efficiencies will improve to an acceptable level of performance.
- iii) Technical expertise is being engaged where necessary in order to carry out financial restructure, operations streamlining and marketing of Sugars of Fiji brand to get better value for sugar.
- iv) The 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 and the Corporation is confident to sell the Sugars of Fiji brand at a decent market price.
- v) A number of strategies and initiatives have been put in place to reduce costs through rationalization of manpower levels, streamlining of business operations, centralization of corporate functions and outsourcing of non-core activities.
- vi) The Corporation through the Joint Venture arrangements and share farming 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.

NOTE 24. GOING CONCERN AND FINANCIAL SUPPORT (CONT'D)

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 financial support and improvements will be achieved in cane supply and mill performance and thereby the Corporation will be able to generate adequate funds to meet their liabilities as and when they fall due. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might become necessary should the Corporation be unable to continue as a going concern.

NOTE 25. GOVERNMENT GUARANTEE

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

- a) The Government continues to guarantee all previous borrowings, after the expiry of \$322 million Government guarantee on 31 May 2022. During the year, the Government of Fiji approved an additional government guarantee of \$105 million on 5 September 2024 to enable the Corporation to borrow funds from various financial institutions throughout the year. Accordingly, the Government guarantee limit for the Corporation's borrowings amounts to \$200 million with exemption from the payment of guarantee fee.
- b) The Government has provided a guarantee of US\$55.78 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\$26.12 million under this guarantee.
- c) The Government as a majority shareholder has made a commitment to support and assist the Corporation and sugarcane industry given the importance of the sugarcane industry for the economy of Fiji.

NOTE 26. RELATED PARTY DISCLOSURES

a) Ownership interests in related parties

Interest held in joint venture is set out in Note 13 to the financial statements.

b) Directors

The following were Directors of the Corporation at any time during the financial year.

Mr Nitya Reddy - Chairman
Mr Paras Ram Reddy
Ratu Jone Mataove Qomate
Mr Jawahar Lal
Mr Solomone Viticauravou Kepa Nata
Mr Adrian Sunil Parshu Ram (Appointed on 14 March 2025)
Mr Kamlesh Chandra Sharma (Appointed on 5 May 2025)
Mr Kaison Chang (Retired in 4 May 2025)
Mr Maciusela N. Lumelume (Retired on 4 May 2025)
Ms Akisi Vinaka (Retired on 19 May 2025)
Mr Athil Narayan (Resigned on 29 January 2025)

Directors' emoluments for services as Directors are disclosed under Note 8.2. There has been no change in the rate of directors' emoluments from prior years.

Certain directors also provide other services in their professional capacity or through their associated business which are undertaken on an arm's length basis and commercial terms. During the year ended 31 May 2025, no other services were provided and no other fees were paid.

NOTE 26. RELATED PARTY DISCLOSURES (CONT'D)

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 and prior year, eight executives (Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Head of Agriculture, 3 Mill General Managers and Chief Human Resources Officer) were identified as key management personnel, with the greatest authority and responsibility for planning, directing and controlling the activities of the Corporation.

The aggregate remuneration to the executive management group for year ended 31 May 2025 and 2024 were:

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
Executive management	1,185	1,163

Furthermore, certain members of the executive management group were provided non-cash employment benefits, such as vehicle, housing allowances and medical insurance cover, in aggregate benefit value of \$134,784 for the year (2024: \$84,395).

e) Amount due to, and receivable from related parties

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

f) Government guarantee and assistance

- (i) Additional Government guarantee of \$105 million has been approved by Parliament on 5 September 2024 bringing total government guarantee to \$200 million with expiry on 31 May 2028. The existing loans continue to be guaranteed by the Government until the loans are fully discharged.
- (ii) On 15 July 2024, the Government Cabinet approved the write-off of the Government debt amounting to \$200.185 million owed by the Corporation to the Government of Fiji. This debt forgiveness by the Government has improved the Corporation's liquidity and financial position.
- (iii) During the year the Government has provided \$15 million grant towards EXIM Bank of India loan repayment.

NOTE 27. SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year were:

i) *Impairment of Non-Financial Assets*

For the year ended 31 May 2025, 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 and assessed that further provision of \$72.15 million for impairment is required.

ii) *Government Debt Forgiven*

On 15 July 2024, the Government Cabinet approved the write-off of the Government debt amounting to \$200.185 million owed by the Corporation to the Government of Fiji. This debt forgiveness by the Government has improved the Corporation's liquidity and financial position.

iii) *Government Guarantee*

During the year, the Government of Fiji approved an additional Government guarantee of \$105 million on 5 September 2024 to enable the Corporation to borrow funds from various financial institutions throughout the year. Accordingly, the Government guarantee limit for the Corporation's borrowings amounts to \$200 million with exemption from the payment of guarantee fee.

iv) *Term Loan - Home Finance Company Pte Limited (HFC Bank)*

The Corporation secured an additional \$20 million overdraft facility from HFC bank to assist with delivery payment from June to September 2025. Subsequently, during the year, this overdraft facility was converted into a three-year term loan, with monthly repayments. The borrowing is secured by Government guarantee.

v) *Temporary Overdraft Facility with HFC Bank*

The Corporation secured a temporary overdraft facility of \$35 million from HFC Bank to partially fund the 4th cane payment for 2024 season and for delivery cane payment for 2025 season till July 2025. The borrowing was secured by a Government guarantee.

vi) *Term loan facility from Fiji Development Bank*

All previous FDB loans as of December 2024 totaling \$34 million has been restructured and a further \$20 million was obtained to partially fund third and fourth cane payment for 2024 season. The remaining loan of \$50.8 million is repayable over a 10-year period with monthly installments and is secured by a Government guarantee.

vii) *EXIM Bank of India Loan Restructure*

The Corporation through support of Government of Fiji grant has repaid two installments amounting to US\$6.54 million (FJD \$15 million).

viii) *BRED Bank (Fiji) Pte Limited - Loan*

Additional loan of \$20 million was secured to fund the third cane payment of 2024 season. The borrowing was secured by a Government guarantee.

NOTE 28. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the year end:

- a) The Corporation has transferred its Vitogo and Drasa land (part of) CT 11438, which has a carrying book value of \$80,000 to Sugar Cane Growers Fund at a consideration of \$1,075,000 (VEP) by way of debt - asset swap.
- b) The Corporation is in the process of transferring its FSC Bowling Club property to South Pacific Fertilizers Limited for a consideration of \$8,750,000 (VEP). The consideration for the proposed transfer of this property will be offset against SPFL debt.

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

NOTE 29. INSURANCE

The Corporation has obtained insurance cover for property, plant and equipment (excluding railway network) for material damage and business interruption which expires on 31 May 2026. The insurance cover is subject to various terms and conditions, various exclusions and insurance excess. Motor vehicles and truck fleets are insured under comprehensive insurance cover.

NOTE 30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 1 September 2025.

10 YEAR STATISTICAL REVIEW

THE FIJI SUGAR CORPORATION LIMITED

Financial statistics																
for year ended 31 May		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Turnover	(\$m)	175.0	238.8	211.5	135.9	147.7	144.9	132.8	182.1	144.9	199.8	197.3	224.0	199.0	203.6	141.5
EBITDA	(\$m)	2.2	25.0	17.9	(6.7)	4.4	60.7	(25.1)	0.6	(19.2)	(27.1)	(4.8)	(4.8)	5.9	1.6	(2.1)
Profit/(Loss) after taxation & Extra-ordinary item	(\$m)	105.7	(4.2)	(23.0)	(44.3)	(32.8)	21.9	(80.1)	(24.6)	(45.0)	(53.4)	(31.7)	6.9	6.3	1.8	(36.6)
Total Assets	(\$m)	83.4	156.1	146.8	180.3	199.3	223.9	203.9	204.1	199.6	254.2	266.2	279.3	254.6	196.1	148.7
Net Assets	(\$m)	(298.6)	(404.3)	(400.0)	(377.1)	(332.8)	(300.0)	(321.8)	(241.8)	(217.1)	(172.1)	(117.4)	(85.7)	(92.6)	(98.9)	(100.7)
Proceeds of Sugar & Molasses	(\$m)	170.0	234.7	206.5	139.1	143.9	139.8	129.8	180.7	143.4	195.8	191.7	214.6	185.7	200.8	121.6
FSC's share of proceeds	(\$m)	50.9	71.2	64.3	38.3	42.8	41.9	38.8	54.2	43.0	58.7	56.0	62.5	55.7	60.2	36.5
Price per tonne cane	(\$)	101.33	105.08	91.38	85.00	85.00	85.00	85.00	85.00	82.00	76.66	81.01	88.49	81.83	65.67	49.16
Production statistics																
Season		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Cane Crushed	(000t)	1,332	1,566	1,639	1,417	1,729	1,806	1,697	1,631	1,387	1,845	1,832	1,610	1,547	2,095	1,780
Sugar Produced	(000t)	127	140	156	133	152	169	160	180	140	222	227	179	155	167	132
Molasses Produced	(000t)	64	68	74	72	83	84	85	66	63	76	78	59	67	107	113
Tonnes Cane/Tonnes Sugar		10.5	11.2	10.5	10.6	11.4	10.7	10.6	9.0	9.9	8.3	8.1	9.0	10.0	12.6	13.5
Molasses % Cane		5	4	5	5	5	5	5	4	5	4	4	4	4	5	6
POCS %		10.3	9.8	10.3	10.0	9.8	10.0	11.0	11.0	10.9	12.2	12.3	11.4	11.0	9.8	10.4
Cane Purity %		78	79	80	80	79	80	81	83	82	83	82	82	82	80	79
Fibre in Cane %		12	12	12	12	12	12	13	13	12	12	12	12	12	11	12
Average Crushing Rate for all mills (tph)		636	677	696	689	727	682	674	694	692	792	853	834	811	834	794
Actual Crushing Time as % of Available Time		71	65	62	67	64	64	63	66	58	71	70	63	61	60	53
Field statistics																
Season		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Number of Growers		17,071	17,019	16,977	16,909	16,840	16,754	16,666	16,605	16,526	16,387	16,348	15,528	15,948	16,259	16,609
Number of Active Growers		10,231	10,594	10,872	11,398	11,622	11,638	11,412	11,871	11,676	12,405	12,681	12,633	12,848	12,791	13,251
Area under Cane (Ha)		34,679	33,802	34,897	33,504	36,733	37,643	37,105	38,040	36,794	39,291	38,427	38,160	41,959	42,856	44,927
Tonnes Cane per Hectare		38	47	47	42	46	48	46	43	38	47	48	42	37	49	40
Average Tonnes Cane per Grower		130	144	151	124	149	143	142	137	119	148	144	127	120	164	134
Number of Cane Cutters		4,721	5,402	5,222	7,681	7,651	7,650	7,700	7,771	9,173	9,582	10,341	8,973	8,109	10,285	9,650
Output per Cutter (tonnes)		156	187	180	118	146	154	110	117	142	182	173	179	191	203	184
Burnt Cane %		54	46	46	57	51	49	51	34	57	39	41	29	36	25	23
Sugar exports - destinations and quantities (metric tonnes)																
Season		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
UK/EU			90,970	131,740	34,818	109,246	146,000	68,600	129,828	104,736	165,260	184,414	165,557	146,656	138,222	110,731
USA		13,877	13,760	12,539	10,551	15,611	8,411	9,034	14,570	8,329	21,163	16,254	-	-	-	-
KOREA		70,000	-	-	35,000	-	-	-	-	200	220	766	-	-	-	-
GERMANY			-	-	-	-	-	480	-	-	-	-	-	-	-	-
CHINA			-	-	-	-	-	33,730	-	-	-	-	-	-	-	-
TOTAL		83,877	104,730	144,279	80,368	124,857	154,411	111,844	144,398	113,265	186,643	201,434	165,557	146,656	135,462	110,731

NOTES



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ANNUAL REPORT



FIJI SUGAR CORPORATION

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