



MISSION STATEMENT

Leading the change to a globally competitive Sugar Industry.

Corporate Objective

The Corporation's principal objective is to competitively produce and sell high quality raw sugar. In doing so, the Corporation is committed to continually enhancing efficiency and quality, to developing new market opportunities and long term relationships with customers and to support the development of a more efficient sugar industry in Fiji.

Corporate Ideals

To be an outstanding corporate citizen, dedicated to make cane sugar at ever improving efficiencies by:

In the Field:

Helping to facilitate the planting, fertilizing, growing and harvesting of the best regional cane varieties at the right time and in the right way.

In Transport:

Scheduling the continuous flow of cane from field to factory on time and maintaining and operating a competitive rail transport system.

In the Factory:

Milling and processing at maximum recovery and capacity, and with minimal stops, to produce the best quality of sugar.

In the Workplace:

Rewarding performance, nurturing teamwork and innovation, and investing in the health, safety and personal development of employees.

In the Community:

Being as concerned with the welfare of cane growers as we are with our own fate, and showing we value our suppliers and stakeholders.

In the Environment:

Respecting our rivers and seas, the air and soil, plants and animals, forever mindful to sustain the Earth, Fiji's natural resources and people.

In the Marketplace:

Storing, shipping and marketing our products at maximum revenues to the full satisfaction of our long term customers, and new markets.

In Commercial Practice:

Conducting our business with integrity, responding to national goals and seeking a wise return on investing for our shareholders.

In Word and Deed:

Freely communicating the great value of our products and activities without reservation to anyone who may



The Fiji Sugar Corporation Limited
and Subsidiary Companies

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BOARD OF DIRECTORS

Hafizud Dean Khan

Director since August 1994 and
Chairman from April 1999

Mr. Khan was previously a commercial/corporate banker, having served in the South Pacific, Asia and North America with international banks. He commenced his own practice as a financial/business consultant in 1983 and diversified into property development in 1984. He is currently the Managing Director of the Hexagon Group that owns and operates a number of hotels, motels and serviced apartments.

Mr Khan was Deputy Chairman of the Fiji Electricity Authority and also served in the past as a Director of the Fiji Development Bank, Chief Administrator of the Nausori Town Council, and also on other Government and private sector authorities and boards.

Kirit Prabhudas Patel,

BCom(UNSW), ACA (Aust), CA (Fiji), CPA (Aust)
Director since July 1998

Mr. Patel, a chartered accountant, is Company Secretary and Director Finance & Strategic Planning with the Motibhai Group. Prior to joining Motibhai Group in 1980, he worked for Coopers & Lybrand in Sydney for four years. He is a past Vice-President of the Ba Chamber of Commerce and past President of the Rotary Club of Ba.

John McFadden,

BSc, BCom (UNSW)
Managing Director since May 2001

Mr. McFadden brings to the Corporation more than 30 years of global experience with major international companies, working in the functional areas of manufacturing, finance and marketing, and as Chairman and Chief Executive Officer of Norton Company (Saint Gobain) operations in Asia Pacific for more than 10 years. He also serves as a Director of the Fiji Sugar Marketing Company, FSC Projects Limited, member of Sugar Commission of Fiji and is the current Chairman of FSC Services Pty Limited.

Vipul M Mishra

Director, 1999 - July 2002

Mr. Mishra is a barrister and solicitor by profession and is one of the two partners of Mishra Prakash & Associates, with offices in Ba, Lautoka and Suva. He is a past Vice-President of the Fiji Law Society, also acting President on a few occasions. Mr Mishra represented the Fiji Law Society to the Beattie Commission of Inquiry into the Judiciary and Court System covering Fiji including Lau and Lomaiviti Group. He served on several committees of the Law Society and has been a member of the International Bar Association and LAWASIA.

Solomone Sila Kotobalavu

Director, 2001 - June 2002

Mr. Kotobalavu was the Permanent Secretary for Finance and the Chairman of Fiji Islands Revenue & Customs Authority Board. He served as a Director on the Boards of the Fiji Electricity Authority and Fiji Visitors Bureau. Prior to this he was the Permanent Secretary for National Planning and was Deputy Secretary for Finance from 1997 - 2000. Mr. Kotobalavu also served as Executive Director's assistant in the World Bank.

Tevita Banuve

Director since July 2002

Mr. Banuve was appointed to the FSC Board upon rejoining the Ministry of Finance as Permanent Secretary in April 2002. He currently serves as Chairman of the Fiji Islands Revenue & Customs Authority Board (April 2002) and also serves on the Boards of the Fiji National Provident Fund (November 2002) and the Reserve Bank of Fiji. Mr. Banuve is a member of the Higher Salaries Commission.

Kelera Tukituku

Director since August 2000

Mrs. Tukituku is a retired school teacher and is currently a member of the National Diabetes Board. She has served as a Board member of Rewa Rice Ltd., the Fiji National Council of Women and YWCA (Fiji). She was also Chairperson of Scripture Union Fiji from 1997 to 1999 and Regional Executive of Scripture Union (Australia, NZ and Pacific) from 1995 to 1998.

Company Profile

THE FIJI SUGAR CORPORATION LIMITED

Leading the change to a globally competitive sugar industry.

The Fiji Sugar Corporation Limited was incorporated in Fiji by an Act of Parliament in 1972 to take over the milling activities with effect from 1st April 1973. It is successor to SPSM Limited and CSR Limited. The shareholders of the Corporation include the Government of Fiji, statutory bodies, local public companies and individuals. The company's shares are listed and traded on the South Pacific Stock Exchange Limited.

The Corporation owns and operates all the four sugar mills, which represent the manufacturing side of the sugar industry in Fiji. They are on the drier side of the two larger islands where conditions are more suited to cane growing. The Corporation is the largest private sector employer with a workforce exceeding 2500 individuals during the peak of the crushing season.

In addition, the Corporation owns and maintains some 730 kilometres of railway network on which sugarcane is transported to the mills. The Corporation, on behalf of the industry, manages the Sugar Cane Research Centre, and is responsible for the storage, marketing, delivery, and sale of raw sugar and molasses to customers in Fiji, the Pacific Islands and the rest of the world. Raw sugar currently accounts for about 27 per cent of Fiji's total merchandise exports.

The Corporation through its subsidiaries and related companies, is also engaged in the procurement of material and machinery (FSC Services Pty Limited - Australia), special development and project work (FSC Projects Limited), the blending and sale of fertilizer (South Pacific Fertilizer Limited), and agricultural chemicals (Agchem Limited).



Directors Report

Introduction

The Directors of The Fiji Sugar Corporation Limited wish to present to shareholders the Annual Report of the Corporation for the financial year ended 31st March 2003, incorporating the results for the 2002 season.

The financial statements have been prepared on the basis that the company will continue operating with the support of all stakeholders in the sugar industry including the Government of the Fiji Islands.

The Corporation is working closely with the Government appointed Steering Committee to have the impending Industry Restructure implemented.

Otherwise, there have been no changes in the nature of the company's business, or in the company's subsidiaries, or in the classes of business in which the company has an interest, whether as a member of another company or otherwise.

Financial Results

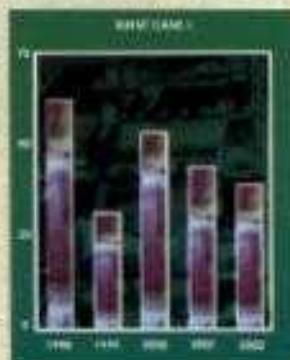
The Corporation's consolidated trading loss before tax for the year was \$13.2 million. The loss for the year charged to the Shareholders' Funds after income tax expense and extraordinary item is \$15.7 million. The extraordinary item valued at \$3.6 million relates to the costs estimated and provided by the Corporation for restoration works required at the Labasa Mill resulting from damages caused by Cyclone Aml.



When compared to the previous year, the operating loss before tax reduced by \$0.3 million. Sugar and molasses sales amounted to \$265.7 million, an increase of \$21.9 million from the previous year. The proceeds available for distribution between the Corporation and the growers was \$261.1 million compared to \$239.5 million for the year ended 31 March 2002. The Corporation's share of proceeds increased by \$6.4 million, from \$71.8 last year to \$78.2 million this year.

In the 2002 season the Corporation's four sugar mills produced 330,406 tonnes of sugar from 3,422,208 tonnes of cane, compared to 293,133 tonnes and 2,804,780 tonnes respectively for the previous season. The prolonged crushing season into the wet period and excessive cane burning during this period affected the quality of cane delivered to the mills and sugar make, thus resulting in increased cost of production.

The operating result also takes into account costs associated with demolition of redundant structures (which are a risk to our



Directors Report

employees under the OHS requirement), and obsolete plant and spares amounting to some \$12.6 million.

Due to a hard and difficult insurance market, the Corporation continued to insure against limited material risks with a self-insured retention of \$10 million.

Dividend

In view of the result for the year and taking into consideration other relevant factors, the Directors have decided not to recommend a dividend payment for the year.

Fixed Assets, Depreciation and Capital Expenditure

The fixed assets of the Corporation, including works in progress, in the financial statements at cost and Directors' valuation now stands at \$359.3 million, a net decrease of \$11.7 million from the previous year.

The written-down value of fixed assets at the end of the financial year was \$179.2 million, compared to \$185.4 million at the end of the previous year.

Details of fixed assets and the changes that took place during the financial year are outlined in Note 8 of the "Notes to and forming part of the Financial Statements".

Capital and Reserves

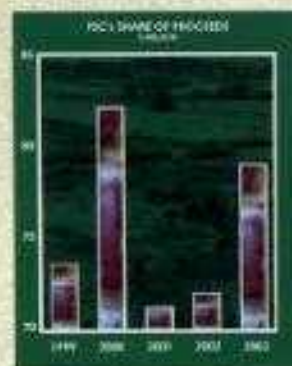
The total reserves of the Corporation (comprising a Capital Profits Reserve of \$2.4 million and Revenue Reserves of \$124.1 million) stand at \$126.5 million.

Cane Production

The effect of non-renewal of cane leases under ALTA saw a decline in cane production, from 3.9 million tonnes in 1999 to 2.8 million in 2001. The industry, however, made a comeback in the 2002 season with a cane production of 3.4 million tonnes. This equates to an average of about 42.3 tonnes cane per hectare from an area of approximately 66,000 hectares.

The increase in cane production is largely attributed to ideal weather conditions throughout the season.

The Farming Assistance Scheme (FAS) has seen an increase in the cane production of Fijian landowners now farming their reverted land after the non-renewal of expired leases. On behalf of Government, the Corporation is administering part of the \$10,000 grant per incoming Fijian grower to establish cane production on the reverted land, most of which would otherwise be barren because 90% of the incoming landowner farmers, though desirous, lack capital and a sound knowledge of cane husbandry.



Directors Report

Sugar Manufacture

Sugar manufactured during the season increased by 13 per cent from the previous year. This was due largely to the increased cane production.

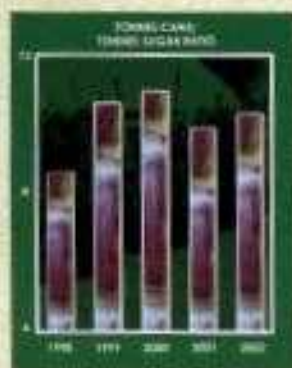
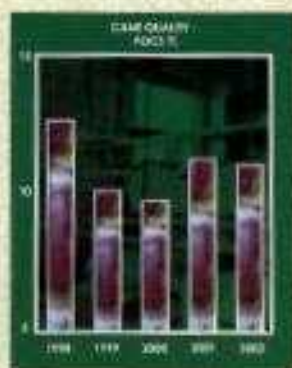
However, the sugar yield from the cane crushed this season was much lower, as reflected in a higher TCTS (Tonnes Cane to Tonnes Sugar) ratio of 10.36 for the season compared to 9.57 in the previous year. This is attributed to a low sugar content of cane, measured as POCs (per cent pure obtainable cane sugar) at 11.05 per cent.

Another contributing factor is the low cane purity of 81.9 per cent, compared to 83.2 per cent in the previous year. Delayed and deteriorated burnt cane at the end of the season also resulted in a generally below par recovery of sugar during the milling and manufacturing process.

The quality of sugar produced during the early part of the season was satisfactory, although the high levels of burnt and stale cane delivered at the end of the season caused high levels of dextran and fine grains in the sugar. Processing aids were thus required to maintain qualities at acceptable levels, with a resultant increase in production costs.

A shipment of sugar destined for Japan at the end of the year had to be sold to China at a reduced price (lower than the world market price) after Japanese buyers raised concern regarding the high level of dextran in the sugar.

Key operating data for the four mills for the 2002 season is shown below:-



	Laloka	Rorowal	Lobase	Penang	Total
Cane Crushed Tonnes	1,137,123	1,071,220	936,434	275,431	3,422,208
Sugar Made Tonnes	100,641	114,364	68,646	24,555	330,406
Molasses Made Tonnes	49,040	43,682	44,917	10,950	148,597
Cane to Sugar Ratio TCTS	11.28	9.21	10.39	11.22	10.36
Average Crushing Rate Tonnes per hour	299	265	296	97	976
Average Cane Crushed Tonnes per week	33,944	36,106	37,388	11,288	118,726
Season Length Weeks	33.5	29.9	25.1	24.4	

Directors Report

Sugar Cane Research Centre

The Sugar Cane Research Centre introduced a new screening method for ratoon stunting disease and identification of plant parasitic nematodes for the first time in the country. This is further evidence of the high priority given to diseases and pest control to retain the present healthy position of the sugar industry (with regards to pests and diseases).

The first erosion trial in 100 years using flipping bucket design was conducted in the sugar cane belt during the year. Trial results show that some 17 tonnes of soil per hectare is lost every year on two-degree slopes where sugarcane is planted up and down the slopes without any soil conservation measure taken. Since many cane-growing areas are on much steeper slopes, the sugar industry must address and advocate soil conservation measures to protect its natural resources.



Human Resources

The Corporation continues to be Fiji's largest single employer in the private sector. The workforce averaged about 2,500 in the 2002 crushing season and about 1,800 during the maintenance period.

Relations between the Corporation and the four unions were generally positive. Industrial issues that arose during the year were resolved by negotiation and good faith bargaining.

Training

The development of human resources remains an integral part of the Corporation's commitment to improving operational efficiencies. A comprehensive benchmarking exercise and training needs analysis was carried out for all categories of workers and subsequent training programmes were implemented.



Apart from on-the-job training under qualified supervision, 916 employees attended in-house training programmes with a further 187 employees on external programmes.

Directors Report

Occupational Health & Safety (OHS)

The Corporation is committed to look after the safety, occupational health and hygiene requirements of its employees.

In conjunction with the Ministry of Labour, an important development in this field was the systematic training of all employees on the Corporation's OHS Management System to raise health and safety awareness of the workforce.

Environment

The Corporation continued to dispense its corporate obligations towards minimising the social and environmental impacts of its operation.

During the year, various levels of upgrade were made to the factory flooring and wastewater drains in all mills. This is part of the Corporation's plan to address the solid and liquid effluent problems at the mills.

Information Systems

The Wide Area Network was reviewed during the year and appropriate training was provided to the relevant Information Systems Centre staff who can now be involved hands on with the upgrade path.

The new Kronos Timekeeper System was tested at Rarawai Mill and is currently running successfully in parallel mode with the existing manual time sheet system.

The Kronos system involves the use of swipe cards for clocking in and out where employees are bestowed the responsibility to record their own time. The system minimises paper work, and greatly reduces time and manpower normally associated with manual timekeeping and payroll management.

The co-operation of the unions, employees and supervisors will be vital to have the Kronos system in full implementation in the very near future.

Also, in preparation for upgrading stores, purchasing and mill maintenance systems, the existing software has been enhanced to assist with stores cataloguing, associated parts lists and works orders. The stores will only have spares related to existing plant in the mills.

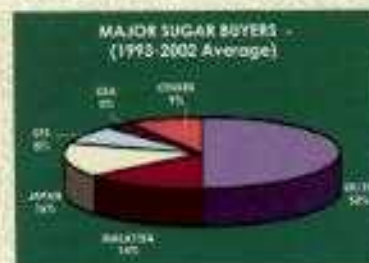


Directors Report

Sugar Exports & Marketing

Sugar manufactured for export in the 2002 season was sold and shipped to the following destinations:-

Destination	Quantity (mt/a)
United Kingdom	158,325 (Protocol)
	20,445 (Special Preferential Sugar)
Portugal	17,500 (Protocol)
USA	9,035
Japan	58,637
China	25,000
TOTAL	288,942



Molasses

Molasses produced during the season were shipped to the following destinations:-

Destination	Tonnage (mt)
Indonesia	29,827
Puerto Rico	110,850
Pacific Islands	133
TOTAL	140,810

Apart from the shipment to Pacific Island countries, all exportable molasses was sold under a marketing arrangement with United Molasses.

The World Sugar Market

The market recovered to a high of over 9.00 US cents/lb. in February 2003 from a low of around 5.00 US cents/lb. in July last year. Expectations of higher values, coupled with encouraging first half 2003 statistical figures, encouraged producers to adopt a more risk-seeking approach to future pricing decisions whilst buyers sought certainty.



Directors Report

Trade Agreements

ACP/EU - Sugar Guaranteed Price Negotiations - 2001/2002 & 2002/2003

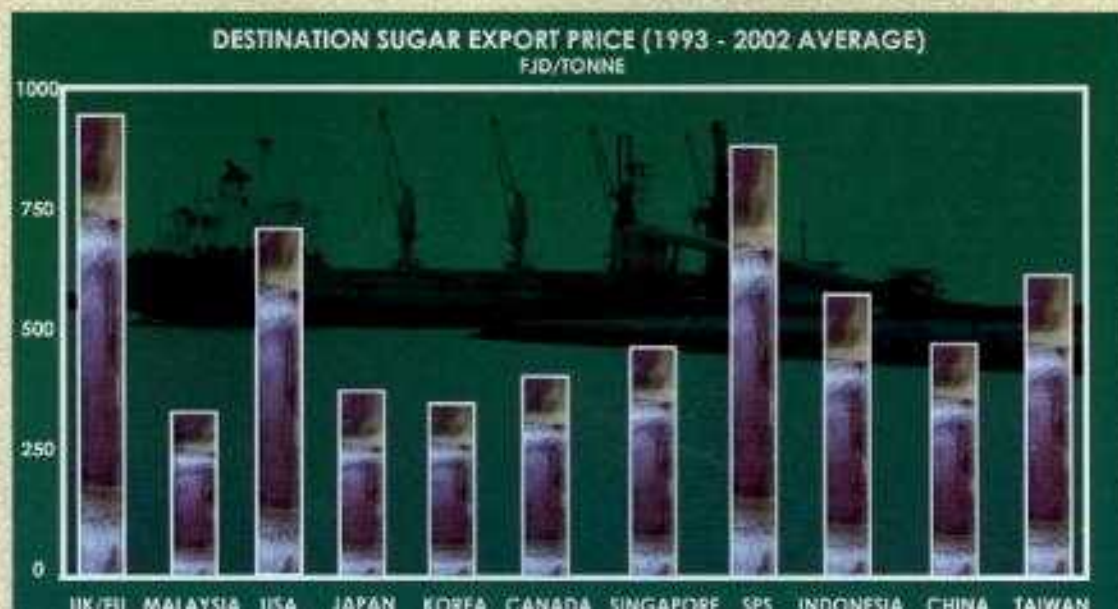
The negotiations for the ACP sugar guaranteed prices for the 2001/02 and 2002/03 delivery periods between the ACP and the EU were concluded on 14th October 2002. The agreed prices applicable to both delivery periods were 52.37 Euro/100kg for raw sugar and 64.65 Euro/100kg white sugar. This represented the same price level which applied to the previous nine delivery periods and was in accordance with the EU Commission's mandate which authorised it to negotiate with the ACP the guaranteed prices for the five-delivery periods (2001 to 2006) with separate negotiations carried out annually.

Negotiations for Economic Partnership Agreements (EPAs)

The negotiation between the ACP Group of States and the European Union for the Economic Partnership Agreement was launched on 27th September 2002 in Brussels. Both sides have exchanged information on their proposals for issues to be discussed during the first phase, which are to be concluded by September 2003.

Australia, Brazil & Thailand Challenge to the EU Sugar Regime

On the 27th September 2002, Australia, Brazil and Thailand officially requested the EU to enter into consultations with respect to the EC's common organisation of the market in sugar. Fourteen ACP States signatory to the Sugar Protocol, including Fiji, participated as third parties, in the consultations held on 21st and 22nd November 2002 in Geneva. The ACP sugar suppliers under the Sugar Protocol are extremely concerned about the possible adverse effects of the challenge on the EC Sugar Regime on their economies. In the event of a successful challenge, the EU may be obliged to reform its sugar regime, which could result in a substantial reduction of the intervention price paid for preferential imports of raw sugar from ACP countries.



Directors Report

Conclusion

The year under review has been another difficult one and highlights the fact that the sugar industry has to be restructured if it is to survive.

The Prime Minister announced in September 2002 "that the Cabinet has agreed in principle to a re-organisation to make the industry into a profitable, world-class and commercial enterprise." Without this re-organisation, and in the face of declining preferential prices, FSC will be unable to return to profitability and suitably reward its shareholders and re-invest the necessary capital to upgrade the mills.

A steering committee comprising representatives of the industry, together with the Native Land Trust Board and relevant Ministries, was established to assist Government to oversee implementation of the restructure.

The intention was that the restructured sugar manufacturing company (and its subsidiary companies) would start operating in April 2003. This deadline has been extended to March 2004 in order to allow for more consultation between the various stakeholders.

The Asian Development Bank, which signed two memorandums of understanding with Government, has duly submitted its interim report addressing the problems of those that would be leaving the industry and was active in assisting Government in it's preparations to implement the restructure.

The Directors appreciate and acknowledge the dedication of all its employees during another difficult year with all the uncertainties surrounding the future of the Corporation and the industry.



H D Khan
Director



J McFadden
Director

MANAGEMENT COMMITTEE

HEAD OFFICE

J McFadden, BSc, BCom (UNSW)
Managing Director

P Glassop
General Manager Technical

M R Farland
General Manager Human Resources

A Ubadutt, GCCom, CA (FII)
General Manager Finance &
Company Secretary

E H Black, FCA (Eng.)
Financial Advisor

MILLS

A Radrodro
General Manager Lautoka Mill

A Shamsheer
General Manager Rarawai Mill

K J Macintosh
General Manager Labasa Mill

S Cavalevu, BA, PGDS (USP)
General Manager Penang Mill



Lautoka Mill



Labasa Mill



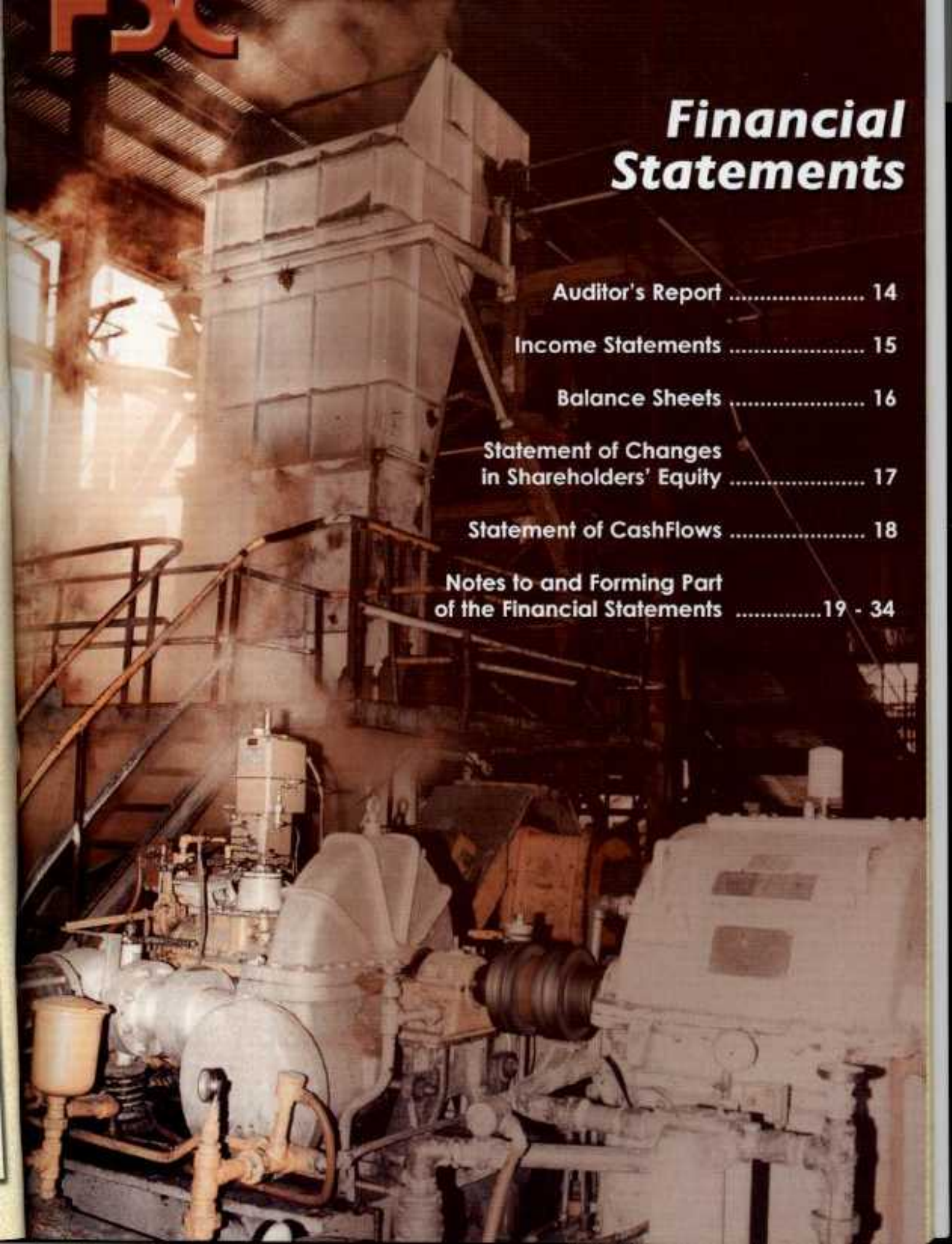
Rarawai Mill



Penang Mill

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THE FIJI SUGAR CORPORATION LIMITED AND SUBSIDIARY COMPANIES

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE FIJI SUGAR CORPORATION LIMITED

Scope

We have audited the financial statements of The Fiji Sugar Corporation Limited and of the group for the year ended 31 March 2003 as set out on pages 15 to 34. The company's directors are responsible for the preparation and presentation of the financial statements and the information contained therein. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Fiji Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Fiji Accounting Standards and statutory requirements so as to present a view which is consistent with our understanding of the company's and the group's financial position, the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

- (a) proper books of account have been kept by the company, so far as it appears from our examination of those books, and
- (b) the accompanying accounts which have been prepared in accordance with Fiji Accounting Standards:
 - (i) are in agreement with the books of account;
 - (ii) to the best of our information and according to the explanations given to us:
 - a) give a true and fair view of the state of affairs of the company and of the group as at 31 March 2003 and of the results, statement of change in Shareholders' equity and cash flows of the company and of the group for the year ended on that date;
 - b) give the information required by the Fiji Companies Act, 1983 in the manner so required.

Matter of Emphasis

Without qualifying our opinion above, we draw your attention to Note 1.1 (ii) to the financial statements, which refers to the preparation of the accounts on a going concern basis and which indicates that the continuing viability of the company and the group is dependent upon ongoing support from the Government of the Republic of the Fiji Islands (the Government). As noted in Note 24 to the financial statements, the Government has provided a guarantee limited to \$75 million to allow the company to borrow in the short-term money market, which is valid until 31 March 2004. It has also given a written undertaking to provide necessary funding to enable the 2004 crush to proceed.

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

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

INCOME STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

	Notes	Consolidated		Holding Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
TURNOVER		<u>265,717</u>	<u>243,837</u>	<u>265,682</u>	<u>243,806</u>
LESS COST OF SALES		<u>(262,879)</u>	<u>(236,364)</u>	<u>(262,810)</u>	<u>(236,299)</u>
GROSS PROFIT		<u>2,838</u>	<u>7,473</u>	<u>2,872</u>	<u>7,507</u>
Other income		1,647	630	1,519	548
Administrative expenses		(8,078)	(9,394)	(8,131)	(9,427)
Other expenses		(8,725)	(11,164)	(8,725)	(11,164)
		<u>(15,156)</u>	<u>(19,928)</u>	<u>(15,337)</u>	<u>(20,043)</u>
OPERATING LOSS BEFORE FINANCE COSTS	2	<u>(12,318)</u>	<u>(12,455)</u>	<u>(12,465)</u>	<u>(12,536)</u>
Finance costs - net	3	<u>(915)</u>	<u>(1,028)</u>	<u>(950)</u>	<u>(1,059)</u>
OPERATING LOSS BEFORE INCOME TAX		<u>(13,233)</u>	<u>(13,483)</u>	<u>(13,415)</u>	<u>(13,595)</u>
Income Tax (Expense)/Benefit	5	<u>1,180</u>	<u>(2,852)</u>	<u>1,200</u>	<u>(2,839)</u>
OPERATING LOSS BEFORE EXTRAORDINARY ITEM		<u>(12,053)</u>	<u>(16,335)</u>	<u>(12,215)</u>	<u>(16,434)</u>
Extraordinary item - net of income tax	6	<u>(3,603)</u>	-	<u>(3,603)</u>	-
OPERATING LOSS FOR THE YEAR		<u>(15,656)</u>	<u>(16,335)</u>	<u>(15,818)</u>	<u>(16,434)</u>
Basic earnings per share	7	(0.71)	(0.74)	(0.71)	(0.74)
Diluted earnings per share	7	(0.71)	(0.74)	(0.71)	(0.74)

The above income statements should be read in conjunction with the accompanying notes.



**THE FIJI SUGAR CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

BALANCE SHEETS AS AT 31 MARCH 2003

	Notes	Consolidated		Holding Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
NON-CURRENT ASSETS					
Property, plant and equipment	8	179,278	185,450	179,234	185,391
Investments	9	972	972	932	932
Receivables & prepayments	10	300	300	300	300
TOTAL NON-CURRENT ASSETS		<u>180,550</u>	<u>186,722</u>	<u>180,466</u>	<u>186,623</u>
CURRENT ASSETS					
Inventories	11	50,467	49,994	50,467	49,994
Receivables & prepayments	10	7,480	3,610	7,146	3,517
Cash and cash equivalents	12	15,802	13,721	14,242	12,501
TOTAL CURRENT ASSETS		<u>73,749</u>	<u>67,325</u>	<u>71,855</u>	<u>66,012</u>
TOTAL ASSETS		<u>254,299</u>	<u>254,047</u>	<u>252,321</u>	<u>252,635</u>
SHAREHOLDERS' EQUITY					
Share capital	13	22,200	22,200	22,200	22,200
Reserves	14	126,524	128,224	126,524	128,224
Accumulated losses		(33,776)	(19,820)	(34,442)	(20,324)
TOTAL SHAREHOLDERS' EQUITY		<u>114,948</u>	<u>130,604</u>	<u>114,282</u>	<u>130,100</u>
NON-CURRENT LIABILITIES					
Term loans - secured	15	-	4,645	-	4,645
- unsecured	16	34,000	25,500	34,000	25,500
Deferred income	17	2,017	2,191	2,017	2,191
Provisions	18	22,088	23,298	22,088	23,298
TOTAL NON-CURRENT LIABILITIES		<u>58,105</u>	<u>55,634</u>	<u>58,105</u>	<u>55,634</u>
CURRENT LIABILITIES					
Creditors & borrowings:	19	51,875	41,202	50,707	40,425
Provisions	18	22,486	20,361	22,342	20,230
Term loan - secured	15	6,885	6,246	6,885	6,246
TOTAL CURRENT LIABILITIES		<u>81,246</u>	<u>67,809</u>	<u>79,934</u>	<u>66,901</u>
TOTAL EQUITY AND LIABILITIES		<u>254,299</u>	<u>254,047</u>	<u>252,321</u>	<u>252,635</u>

The above balance sheets should be read in conjunction with the accompanying notes.
These financial statements have been approved by a resolution of the Board of Directors.

For and on behalf of the Board

 (Director)

 (Director)



STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2003

CONSOLIDATED	Notes	Share Capital	Reserves	Accumulated	Total
		\$'000	\$'000	Losses \$'000	\$'000
Balance at 1 April 2001		22,200	135,387	(3,485)	154,102
Deficit on revaluation of property	14	-	(7,163)	-	(7,163)
Net loss for the year	2	-	-	(16,335)	(16,335)
Balance at 31 March 2002		<u>22,200</u>	<u>128,224</u>	<u>(19,820)</u>	<u>130,604</u>
Reversal of revaluation surplus upon disposal of property	14	-	(1,700)	1,700	-
Net loss for the year	2	-	-	(15,656)	(15,656)
Balance at 31 March 2003		<u>22,200</u>	<u>126,524</u>	<u>(33,776)</u>	<u>114,948</u>
HOLDING COMPANY					
Balance at 1 April 2001		22,200	135,387	(3,890)	153,697
Deficit on revaluation of property	14	-	(7,163)	-	(7,163)
Net loss for the year	2	-	-	(16,434)	(16,434)
Balance at 31 March 2002		<u>22,200</u>	<u>128,224</u>	<u>(20,324)</u>	<u>130,100</u>
Reversal of revaluation surplus upon disposal of property	14	-	(1,700)	1,700	-
Net loss for the year	2	-	-	(15,818)	(15,818)
Balance at 31 March 2003		<u>22,200</u>	<u>126,524</u>	<u>(34,442)</u>	<u>114,282</u>

The above changes in shareholders' equity statements should be read in conjunction with the accompanying notes.



**THE FIJI SUGAR CORPORATION LIMITED
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STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2003

	Note	Consolidated		Holding Company	
		2003	2002	2003	2002
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Receipts from trade and other receivables		263,952	244,925	263,917	244,894
Payments to trade payables, other suppliers and employees		(251,642)	(238,399)	(251,810)	(238,795)
Dividend received		257	217	138	138
Interest received		117	159	81	128
Interest and other cost of finance paid		(1,032)	(1,187)	(1,032)	(1,187)
Net cash flows from operating activities		<u>11,652</u>	<u>5,715</u>	<u>11,294</u>	<u>5,178</u>
Cash flows from investing activities					
Payments for property, plant and equipment		(13,483)	(7,630)	(13,464)	(7,624)
Proceeds from sale of property plant and equipment		76	139	76	139
Net cash flows from investing activities		<u>(13,407)</u>	<u>(7,491)</u>	<u>(13,388)</u>	<u>(7,485)</u>
Cash flows from financing activities					
Repayment of Westpac term loan		(4,005)	(3,980)	(4,005)	(3,980)
Proceeds via Government term loan		8,500	8,500	8,500	8,500
Net cash flows from financing activities		<u>4,495</u>	<u>4,520</u>	<u>4,495</u>	<u>4,520</u>
Net increase in cash and cash equivalents		2,740	2,744	2,401	2,213
Cash and cash equivalents at 31 March 2002		11,568	8,824	10,347	8,134
Cash and cash equivalents at 31 March 2003	12	<u>14,308</u>	<u>11,568</u>	<u>12,748</u>	<u>10,347</u>

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by The Fiji Sugar Corporation Limited and its subsidiaries are stated to assist in a general understanding of these financial statements. These policies have been consistently applied by group companies except as otherwise indicated.

1.1 Basis of preparation of financial statements

- (i) The financial statements have been prepared in accordance with Fiji Accounting Standards and Fiji Companies Act. The financial statements have been prepared under the historical cost convention and except where stated, do not take into account changing money values or current valuations of non-current assets.
- (ii) The group and company have incurred operating losses of \$15.7m and \$15.8m respectively for the year ended 31 March 2003. As at that date the group and company have recorded accumulated losses of \$33.8m and \$34.4m respectively. The accounts have been prepared on a going concern basis, which the directors believe is fair and reasonable given the following:
 - a) an undertaking by the Government to provide periodic financial guarantee and related support. The Government has renewed its guarantee to 31 March 2004 and has given an undertaking to provide the necessary support to ensure the 2004 crush to proceed.
 - b) Government announced in the 2003 budget that it will restructure the industry. The Corporation is working closely with the Government appointed Steering Committee to have the restructure implemented. The effective date of the restructure has been deferred to 31 March 2004 to allow further consultation and the directors have no reason to believe that the revised timetable will not be adhered to.

1.2 Group Accounting

Subsidiaries

Subsidiaries, which are those entities in which the group has an interest of more than half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. The consolidated accounts incorporate the assets and liabilities of all subsidiaries as at 31 March 2003 and results of all subsidiaries for the year then ended. The Fiji Sugar Corporation Limited and its subsidiaries together are referred to in this financial statements as the Group. The effects of all transactions between entities in the group are eliminated in full. The group's subsidiaries are listed in Note 9.

Associates

Investments in associates are accounted for using the cost method, whereby the investments are carried at original cost and income is only recognised to the extent it is received from the investee. Provisions are raised against cost to recognise permanent diminution in value, if any.



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 Foreign currency translation

i) Measurement Currency

Items included in the financial statements of each entity in the group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Fijian currency, which is the measurement currency of the parent.

ii) Transaction and balances

Foreign currency transactions are translated into the measurement 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 of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

iii) Group companies

Income statements and cash flows of foreign entities are translated into the Group's reporting currency at average exchange rates for the year and their balance sheets are translated at the exchange rates ruling on 31 March in accordance with Fiji Accounting Standard No.21 on Foreign Currency Translation.

1.4 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation, except for freehold land and buildings which were last revalued in 2002 by external independent valuers and which are shown at market value less subsequent depreciation.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to asset revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the reserve; all other decreases are charged to the income statement.

Property, plant and equipment, other than freehold land are depreciated so that the assets are written off over their estimated useful economic lives using the straight line method. The depreciation rates used for each class of asset are as follows:

Buildings and improvements	2%
Plant, machinery and equipment	3% to 25%
Motor vehicles and transport systems	15% and 20%

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**1.4 Property, plant and equipment (continued)**

Leasehold land is depreciated over the term of the applicable lease. New assets are depreciated from the commencement of the half-year in which they are commissioned.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit or loss for the year. On disposal of revalued assets, the revaluation amounts are transferred to retained earnings.

Repairs and maintenance are charged to the profit and loss statement 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 Group. Major renovations are depreciated over the remaining life of the related asset.

1.5 Inventories

Sugar and molasses produced locally are valued at 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.

1.6 Receivables

Trade receivables are carried at original invoice value less marketing, selling and distribution costs. Provision is raised for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

1.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts.



**THE FIJI SUGAR CORPORATION LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 MARCH 2003

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.8 Income taxes

Income tax has been brought to account using the liability method of tax effect accounting.

Income tax is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences which arise from items being brought to account in different years for income tax and accounting purposes, is carried forward in the balance sheet as future income tax benefit and/or deferred income tax liabilities. Future income tax benefits are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

1.9 Employee entitlements

All employees who are Fiji citizens belong to the Fiji National Provident Fund, an independent statutory administered fund. The company has no liability for current or past service pensions in respect of these employees. Employee entitlements to annual leave, long service leave and other benefits are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave, long service leave and other benefits as a result of services rendered by employees up to the balance sheet date.

1.10 Provisions

Provisions are recognised where there is a reasonable certainty of a loss being incurred, as a result of past events and a reliable estimate of the amount can be made at balance date.

1.11 Slack season overhaul cost

All slack season overhaul costs are taken into account in determining the results for the year.

1.12 Government grants

Grants from the government are recognised where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight line basis over the expected lives of the related assets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
1.13 Uninsured risk

A provision is made to cover uninsured risks based on an assessment of the risks involved.

1.14 Turnover

Turnover represents revenue received by the group from sale of its products and services, net of returns, trade allowances, brokerage, marketing fees, duties and taxes paid.

1.15 Comparative figures

Certain comparative figures have been reclassified to conform to current year's disclosure. In particular the comparatives have been adjusted to take into account the requirements of the revised Fiji Accounting Standards effective for years ending on or after 30 June 2002.



**THE FIJI SUGAR CORPORATION LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 MARCH 2003

	Consolidated		Holding Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
2. OPERATING LOSS				
The following items have been included in arriving at operating loss:				
Amortisation of government grants (Note 17)	(174)	(174)	(174)	(174)
Auditors' remuneration for:				
Auditing services	83	81	67	67
Bad debts written off	13	504	13	504
Dividend income:				
Associate companies	(257)	(217)	(138)	(138)
Depreciation and amortisation:				
Leasehold land, building & improvements	1,642	1,640	1,642	1,640
Plant, machinery & equipment	10,747	10,944	10,724	10,924
Motor vehicles & transport systems	1,496	1,693	1,485	1,680
Directors' emoluments for:				
Services as directors	25	33	25	33
Other services	427	423	321	321
Loss on disposal of property, plant and equipment (a)	5,599	838	5,599	838
Obsolete stock written off (b)	3,044	25	3,044	25
Provision for:				
- Doubtful debts	39	(39)	39	(39)
- Restructure / Reorganisation	1,000	1,000	1,000	1,000
- Demolition of redundant structures	1,700	2,000	1,700	2,000
- Obsolete stock (b)	2,300	-	2,300	-
Staff costs (note 4)	36,195	38,862	35,698	38,410

a) The Corporation carried out an extensive physical verification of its property, plant and equipment during the year. The following summarises value of assets that were either obsolete, no longer in use or physically not present and which are being written off by the Corporation.

Cost	17,544	-	17,544	-
Provision for depreciation	(13,984)	-	(13,984)	-
Loss on disposal arising out of above review	3,560	-	3,560	-
Loss on disposal arising out of Cyclone Ami damages	433	-	433	-
Loss arising from sale or disposal of other fixed assets in the normal course of business	1,606	838	1,606	838
Total loss on disposal	5,599	838	5,599	838

b) A comprehensive review is being carried out by the Corporation on the spares stock held at the mills with a view to rationalising the same. During the year \$3,043,892 worth of spares stock were found to be obsolete and have been written off. As the review is still in progress, a further \$2.3m has been provided by the Corporation in recognition of potential spares which remain in the books but may be obsolete.

	Consolidated		Holding Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
3. FINANCE COSTS - NET				
Interest expense :				
- Secured term loan	(719)	(836)	(719)	(836)
- Promissory notes	(309)	(257)	(309)	(257)
- Others	(4)	(94)	(4)	(94)
	<u>(1,032)</u>	<u>(1,187)</u>	<u>(1,032)</u>	<u>(1,187)</u>
Interest income	117	159	82	128
	<u>(915)</u>	<u>(1,028)</u>	<u>(950)</u>	<u>(1,059)</u>

4. STAFF COSTS

Wages and salaries	32,281	30,975	31,856	30,581
Other employee benefits (FNPF & FNTC)	3,510	3,549	3,451	3,505
Provisions for:				
- Employee benefits	290	(392)	277	(406)
- Redundancy	(786)	4,628	(786)	4,628
- Manufacturing wage order	900	102	900	102
	<u>36,195</u>	<u>38,862</u>	<u>35,698</u>	<u>38,410</u>

Average number of permanent employees during the year. This increases by approximately 700 employees during the crushing period.

	<u>1,796</u>	<u>1,849</u>	<u>1,790</u>	<u>1,843</u>
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**THE FIJI SUGAR CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 MARCH 2003

Consolidated		Holding Company	
2003	2002	2003	2002
\$'000	\$'000	\$'000	\$'000

5. INCOME TAX (EXPENSE) / BENEFIT

The prima facie income tax (expense)/benefit on pre-tax operating loss is reconciled to the income tax (expense)/benefit shown in the income statements as follows:

Prima facie income tax benefit on the operating loss before income tax at 32% (2002 - 34%).	4,234	4,584	4,293	4,622
(a) Tax effect of permanent differences which:				
i) Reduce tax payable:				
Amortisation of Government grants	56	59	56	59
Dividends received	82	74	44	47
Change in tax rate	1	1,446	1	1,446
ii) Increase tax payable:				
Depreciation expense not allowable for income tax	(419)	(465)	(419)	(465)
Sundry non-allowable expenditure	(44)	(40)	(44)	(40)
Prima facie tax benefit adjusted for permanent differences	3,910	5,658	3,931	5,669
Timing differences not brought to account	(2,025)	(1,787)	(2,023)	(1,785)
Future income tax benefit in respect of previous years now reversed.	-	(4,584)	-	(4,584)
Future income tax benefit in respect of current year loss not brought to account.	(705)	(2,139)	(708)	(2,139)
Income tax (expense) / benefit	<u>1,180</u>	<u>(2,852)</u>	<u>1,200</u>	<u>(2,839)</u>

Future income tax benefits relating to tax losses and provisions have not been brought to account as realisation of the same is not regarded as virtually certain. The benefit will only be obtainable if:

- 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 realised;
- the Corporation continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in the tax legislation adversely affect the Corporation in realising the benefit from the deductions for the loss.

Consolidated		Holding Company	
2003	2002	2003	2002
\$'000	\$'000	\$'000	\$'000

6. EXTRAORDINARY ITEM

(3,603)	-	(3,603)	-
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The above relates to the costs estimated and provided for by the Corporation for rehabilitation required at the Labasa Mill resulting from damages caused by Cyclone Ami. A total amount of \$7.1m has been budgeted for the total rehabilitation works which includes capital improvements to existing structures amounting to \$3.5m. As at balance date a total of \$1.1m had been incurred as revenue expenditure.

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit/loss attributed to shareholders by the weighted average number of ordinary shares in issue during the year. The diluted earnings per share is the same as basic earnings per share.

Net loss attributable to shareholders	(15,656)	(16,335)	(15,818)	(16,434)
Weighted average number of ordinary shares in issue	22,200	22,200	22,200	22,200
Basic earnings per share	<u>(0.71)</u>	<u>(0.74)</u>	<u>(0.71)</u>	<u>(0.74)</u>
Diluted earnings per share	<u>(0.71)</u>	<u>(0.74)</u>	<u>(0.71)</u>	<u>(0.74)</u>



**THE FIJI SUGAR CORPORATION LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 MARCH 2003

8. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	Land Buildings & Improvements	Plant, Machinery & Equipment	M. Vehicles & Transport systems	CWIP	Total
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
At 31 March 2003					
At cost					
Cost	11,968	226,750	44,256	9,781	292,755
Accumulated depreciation	(4,910)	(142,004)	(32,084)	-	(178,998)
Net book amount	<u>7,058</u>	<u>84,746</u>	<u>12,172</u>	<u>9,781</u>	<u>113,757</u>
At valuation					
Valuation	66,727	-	-	-	66,727
Accumulated depreciation	(1,206)	-	-	-	(1,206)
Net book amount	<u>65,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,521</u>
Net book amount	<u>72,579</u>	<u>84,746</u>	<u>12,172</u>	<u>9,781</u>	<u>179,278</u>
Reconciliation of carrying amounts of each class of property, plant and equipment at the beginning and end of current financial year are as follows:					
Opening net book amount	74,435	89,428	13,723	7,864	185,450
Additions	1,559	9,167	676	2,081	13,483
Disposal	(1,773)	(3,102)	(731)	(164)	(5,770)
Depreciation (Note 2)	(1,642)	(10,747)	(1,496)	-	(13,885)
Net book amount	<u>72,579</u>	<u>84,746</u>	<u>12,172</u>	<u>9,781</u>	<u>179,278</u>
At 31 March 2002					
At cost					
Cost	11,040	235,587	48,241	7,864	302,732
Accumulated depreciation	(5,032)	(146,159)	(34,518)	-	(185,709)
Net book amount	<u>6,008</u>	<u>89,428</u>	<u>13,723</u>	<u>7,864</u>	<u>117,023</u>
At valuation					
Valuation	68,427	-	-	-	68,427
Accumulated depreciation	-	-	-	-	-
Net book amount	<u>68,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,427</u>
Net book amount	<u>74,435</u>	<u>89,428</u>	<u>13,723</u>	<u>7,864</u>	<u>185,450</u>

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

HOLDING COMPANY	Land, Buildings & Improvements	Plant, Machinery & Equipment	M.Vehicles & Transport systems	CWIP	Total
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
At 31 March 2003					
At cost					
Cost	11,968	226,612	44,176	9,781	292,537
Accumulated depreciation	(4,910)	(141,893)	(32,021)	-	(178,824)
Net book amount	<u>7,058</u>	<u>84,719</u>	<u>12,155</u>	<u>9,781</u>	<u>113,713</u>
At valuation					
Valuation	66,727	-	-	-	66,727
Accumulated depreciation	(1,206)	-	-	-	(1,206)
Net book amount	<u>65,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,521</u>
Net book amount	<u>72,579</u>	<u>84,719</u>	<u>12,155</u>	<u>9,781</u>	<u>179,234</u>

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

Opening net book amount	74,435	89,398	13,694	7,864	185,391
Additions	1,559	9,147	677	2,081	13,464
Disposal	(1,773)	(3,102)	(731)	(164)	(5,770)
Depreciation (Note 2)	(1,642)	(10,724)	(1,485)	-	(13,851)
Net book amount	<u>72,579</u>	<u>84,719</u>	<u>12,155</u>	<u>9,781</u>	<u>179,234</u>

At 31 March 2002

At cost					
Cost	11,040	235,469	48,161	7,864	302,534
Accumulated depreciation	(5,032)	(146,071)	(34,467)	-	(185,570)
Net book amount	<u>6,008</u>	<u>89,398</u>	<u>13,694</u>	<u>7,864</u>	<u>116,964</u>
At valuation					
Valuation	68,427	-	-	-	68,427
Accumulated depreciation	-	-	-	-	-
Net book amount	<u>68,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,427</u>
Net book amount	<u>74,435</u>	<u>89,398</u>	<u>13,694</u>	<u>7,864</u>	<u>185,391</u>

The revalued amounts above represent freehold land and buildings which is based on the valuation carried out by independent registered valuers, Rolle Hillier Parker of Suva, Fiji in July 2002. Rolle have on 1 May 2003 advised no change to the above valuation.

If the revalued assets were stated on the historical cost basis, the amounts would be as follows:

	Consolidated		Holding Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Freehold land and buildings				
Cost	23,167	23,648	23,032	23,648
Accumulated depreciation	(10,493)	(10,532)	(10,493)	(10,532)
Net book amount	<u>12,674</u>	<u>13,116</u>	<u>12,539</u>	<u>13,116</u>



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	Consolidated		Holding Company	
	2003 \$' 000	2002 \$' 000	2003 \$' 000	2002 \$' 000
Shares in subsidiary companies at cost	-	-	12	12
Shares in associated companies at cost	972	972	920	920
	<u>972</u>	<u>972</u>	<u>932</u>	<u>932</u>

9. INVESTMENTS

(a) Investments in subsidiaries

Name of Company	Place of Incorporation	Contribution to Group Results		Book Value of Holding Company Investments (Ordinary shares)		% Shareholding	
		2003 \$' 000	2002 \$' 000	2003 \$' 000	2002 \$' 000	2003 %	2002 %
Unlisted							
FSC Projects Ltd	Fiji	118	77	0	0	100	100
FSC Services Pty Ltd	Australia	65	35	12	12	100	100
		<u>183</u>	<u>112</u>	<u>12</u>	<u>12</u>		

(b) Investments in associated companies

Name of Company	Place of Incorporation	% Shareholding	
		2003 %	2002 %
South Pacific Fertilizers Limited	Fiji	40	40
Agchem Limited	Fiji	40	40

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 MARCH 2003

	Consolidated		Holding Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
10. RECEIVABLES AND PREPAYMENTS				
Current				
Trade receivables	1,740	214	1,740	214
Related companies	525	465	525	465
	<u>2,265</u>	<u>679</u>	<u>2,265</u>	<u>679</u>
Other receivables and prepayments	5,304	2,981	4,970	2,888
Less Provision for doubtful debts	(89)	(50)	(89)	(50)
	<u>5,215</u>	<u>2,931</u>	<u>4,881</u>	<u>2,838</u>
Total Current	<u>7,480</u>	<u>3,610</u>	<u>7,146</u>	<u>3,517</u>
Non Current				
Related companies	300	300	300	300
	<u>7,780</u>	<u>3,910</u>	<u>7,446</u>	<u>3,817</u>

11. INVENTORIES

Sugar and molasses	38,721	30,821	38,721	30,821
Spare parts and other inventories	14,246	19,373	14,246	19,373
	<u>52,967</u>	<u>50,194</u>	<u>52,967</u>	<u>50,194</u>
Deduct: Provision for obsolescence (Note 2)	(2,500)	(200)	(2,500)	(200)
	<u>50,467</u>	<u>49,994</u>	<u>50,467</u>	<u>49,994</u>

12. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	15,802	7,716	14,242	6,496
Short term bank deposits	-	6,005	-	6,005
	<u>15,802</u>	<u>13,721</u>	<u>14,242</u>	<u>12,501</u>

For the purpose of the cash flow statement, the cash and cash equivalents comprise of the following:

Cash and bank balances	15,802	13,721	14,242	12,501
Bank overdraft (Note 19)	(1,494)	(2,153)	(1,494)	(2,153)
	<u>14,308</u>	<u>11,568</u>	<u>12,748</u>	<u>10,347</u>

13. SHARE CAPITAL

Authorised capital 160,000,000 (2002 - 160,000,000) ordinary shares of 50 cents each	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>
Issued capital 44,399,998 (2002 - 44,399,998) fully paid ordinary shares of 50 cents each	<u>22,200</u>	<u>22,200</u>	<u>22,200</u>	<u>22,200</u>



**THE FIJI SUGAR CORPORATION LIMITED
AND SUBSIDIARY COMPANIES**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 MARCH 2003

14. RESERVES

	Capital	Asset Replacement	Uninsured Risk	Asset Revaluation	Total
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
Balance at 1 April 2001	2,393	66,000	3,500	63,494	135,387
Deficit on revaluation of property	-	-	-	(7,163)	(7,163)
Balance at 31 March 2002	<u>2,393</u>	<u>66,000</u>	<u>3,500</u>	<u>56,331</u>	<u>128,224</u>
Reversal of revaluation surplus upon disposal of property	-	-	-	(1,700)	(1,700)
Balance at 31 March 2003	<u>2,393</u>	<u>66,000</u>	<u>3,500</u>	<u>54,631</u>	<u>126,524</u>

15. TERM LOAN - SECURED

	Consolidated		Holding Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Westpac Banking Corporation Ltd	6,885	10,891	6,885	10,891
Loss				
Current Portion	<u>6,885</u>	<u>6,246</u>	<u>6,885</u>	<u>6,246</u>
Non-Current Portion	<u>-</u>	<u>4,645</u>	<u>-</u>	<u>4,645</u>

The terms and conditions of the above loan are as follows:

- Term of Loan : 5 years
- Interest Rate : 5.99% and 6.18% for the first and second year respectively, thereafter, at 0.27% above the bank's Prime Lending Rate (PLR). Presently this is around 9.25%.
- Repayment : Half yearly, principal and interest.
- Security : Limited guarantee of \$20,400,000 from the Government of the Republic of Fiji Islands.

16. TERM LOAN - UNSECURED

Term loan from the Government of Fiji	<u>34,000</u>	<u>25,500</u>	<u>34,000</u>	<u>25,500</u>
---------------------------------------	---------------	---------------	---------------	---------------

Term loan from the Government is to assist finance the purchase of plant and equipment that will improve the mill efficiency. The loans are also used for upgrade of sections of the tramline network, and to generally improve infrastructure relating to the transportation of rail cane. Whilst the original term of the loan was for 15 years, the Government's budget statement for 2003 states that "Government will be writing off \$34 million in loans to The Fiji Sugar Corporation as part of the restructure of the industry". The Corporation will pursue this matter in the next financial period.

	Consolidated		Holding Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
7. DEFERRED INCOME				
Government grants	5,014	5,014	5,014	5,014
Less: Provision for amortisation	(2,997)	(2,823)	(2,997)	(2,823)
	<u>2,017</u>	<u>2,191</u>	<u>2,017</u>	<u>2,191</u>

	Consolidated		Holding Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
18. PROVISIONS				
Non-current	22,088	23,298	22,088	23,298
Current	22,486	20,361	22,342	20,230
	<u>44,574</u>	<u>43,659</u>	<u>44,430</u>	<u>43,528</u>
Non-current provisions				
Employee benefits	148	158	148	158
Deferred income tax liability	21,940	23,140	21,940	23,140
	<u>22,088</u>	<u>23,298</u>	<u>22,088</u>	<u>23,298</u>
Current provisions				
Income tax	11	13	-	-
Employee benefits	2,527	2,364	2,394	2,246
Uninsured risk	4,474	4,634	4,474	4,634
Redundancy (a)	6,950	8,210	6,950	8,210
Restructure and demolition (b)	4,700	3,318	4,700	3,318
Manufacturing wage order (c)	1,024	1,564	1,024	1,564
Uninsured loss - Cyclone Ami (refer note 6)	2,518	-	2,518	-
Other	282	258	282	258
	<u>22,486</u>	<u>20,361</u>	<u>22,342</u>	<u>20,230</u>

- a) Redundancy provision relates to the estimated costs of meeting redundancy payments and outplacement costs of PSC's manpower rationalisation programme. The provision is expected to be realised in the next financial year.
- b) Provision for restructure/demolition includes \$1m towards the proposed restructure and a further \$3.7m to meet the cost of demolition of redundant structures at the four mills to comply with necessary Occupational Health and Safety requirements.
- c) Manufacturing wage order provision relates to claims against the Company for change in shift roster and outstanding overtime wage rates stipulated under the Wages and Manufacturing Wage Order Memorandum 2000.

19. CREDITORS AND BORROWINGS				
Trade creditors and accruals	50,381	39,049	47,238	37,439
Bank overdraft - unsecured	1,494	2,153	1,494	2,153
Amount due to subsidiaries	-	-	1,975	833
	<u>51,875</u>	<u>41,202</u>	<u>50,707</u>	<u>40,425</u>

20. CONTINGENT LIABILITIES				
Guarantees or undertakings given by the bank.	42	414	42	414

At balance date, no provision was included in respect of sundry court actions against the Holding Company; the company's directors believe that claims arising from such actions are not likely to be of material nature based on the advice of the company's solicitors.



THE FIJI SUGAR CORPORATION LIMITED AND SUBSIDIARY COMPANIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AT 31 MARCH 2003

	Consolidated		Holding Company	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
21. CAPITAL COMMITMENTS				
Capital commitments contracted but not provided for in the accounts	19,051	9,952	19,051	9,952
Capital commitments approved by the directors but not yet contracted	3,735	3,986	3,735	3,986
	<u>22,786</u>	<u>13,938</u>	<u>22,786</u>	<u>13,938</u>

22. RELATED PARTY INFORMATION

Ownership interests in related parties

Interests held in subsidiaries and associated companies are set out in note 9 to the financial statements.

Transactions with related parties

All transaction with related parties are made on normal commercial terms and conditions. The material transaction during the year were:

	2003	2002
	\$'000	\$'000
Purchases by holding company from subsidiary company FSC Services Pty Ltd	<u>15,038</u>	<u>12,470</u>

Amounts receivable from or payable to related parties are disclosed in notes 10 and 19 to the financial statements.

23. PRINCIPAL ACTIVITIES

Holding Company

Principal activities are the milling of sugar cane in Fiji and the sale of sugar and molasses produced. The registered office of the Company is situated at Western House, Lautoka.

Subsidiary Companies

Principal activities of subsidiary companies are as follows:

FSC Projects Limited - the examination and development of projects relating to the utilisation of natural resources on behalf of the Corporation.

FSC Services Pty Limited - the procurement and supply of materials and spare parts and the provision of ancillary services to the holding company.

24. GOVERNMENT GUARANTEE

The Government has provided a guarantee limited to \$75 million to allow the company to borrow in the short-term money market. The guarantee is in place until 31 March 2004. The Government has also given a written undertaking to the company ensuring availability of necessary funding to enable the 2004 crush to proceed.

25. STOCK EXCHANGE LISTING

The shares of the holding company, which is incorporated in Fiji, is listed on the South Pacific Stock Exchange.

South Pacific Stock Exchange Requirements

Listing requirements of the South Pacific Stock Exchange (not included elsewhere in this Annual Report).

1. As at 30 June 2003, Directors' interests in the share capital of the Corporation or related companies were Nil.

2. DIRECTORS' INTEREST IN CONTRACTS

During the financial year, none of the Directors had any material interest in any contract with the Corporation.

3. DIRECTORS' TERMINATION BENEFITS :

There are no termination benefits payable to Directors in respect of their tenure as Directors.

4. STATEMENT OF SHAREHOLDERS

Holding	No. of Holders	Distribution of Share Holding	
		No. of Shares	% Holding
Less than 500 shares	1,478	313,244	0.71
501 to 5,000 shares	524	697,169	1.57
5,001 to 10,000 shares	25	173,385	0.39
10,001 to 20,000 shares	10	132,840	0.30
20,001 to 30,000 shares	1	24,000	0.05
30,001 to 40,000 shares	Nil	Nil	Nil
40,001 to 50,000 shares	1	40,800	0.09
50,001 to 100,000 shares	2	176,310	0.40
100,001 to 1,000,000 shares	4	821,971	1.85
Over 1,000,000 shares	3	42,020,279	94.64

5. TWENTY LARGEST SHAREHOLDERS

As at 30 June 2003 the twenty largest shareholders held 43,216,200 shares which is equal to 97.33% of the total issued capital of 44,399,998 fully paid shares of 50 cents each.

1. The Government of Fiji Permanent Secretary of Finance PO Box 2212 Government Buildings, Suva	30,239,160	2. Fiji National Provident Fund Private Mail Bag Suva	7,847,219
3. Fijian Holdings Limited PO Box 2110 Government Buildings, Suva	3,933,900	4. Unit Trust of Fiji (Trustee) Co. Ltd. PO Box 1359 Suva	374,539
5. Colonial Mutual Life Assurance Society Limited PO Box 155, Suva	250,080	6. Sugar Cane Growers Council PO Box 5162 Lautoka	119,401
7. Ba Provincial Holdings Co. Ltd. Rogorogavuda House Lautoka	101,951	8. Robert Lee GPO Box 13510 Suva	98,720
9. Reddys' Enterprises Limited PO Box 784 Lautoka	77,590	10. Morris Hedstrom Limited Scholarship Fund Trustees PO Box 299, Suva	40,800



THE FIJI SUGAR CORPORATION LIMITED AND SUBSIDIARY COMPANIES

South Pacific Stock Exchange Requirements

11. Pacific Transport Limited PO Box 1266 Suva	18,000	12. Lionel Ding Sun Yee GPO Box 13600 Suva	17,160
13. Amranya Naidu GPO Box 13153 Suva	14,800	14. Rotuma Development Fund Government Station PO Box 18, Rotuma	14,400
15. Salmone Lutu PO Box 170 Levuka	12,120	16. Fiji Public Service Association - Investments Co-op Ltd. PO Box 1405, Suva	12,000
17. Johnson Fong 5/113 Mount Street Coogee, NSW 2034, Australia	12,000	18. Joyce Due & Rasmus Due 93 Mallowa Ave Palm Beach, QLD 4221 Australia	11,320
19. Sugar Milling Staff Officers' Association The Secretary The Sugar Milling Staff Officers' Association FSC Limited, Lautoka.	10,800	20. Heihachiro & Masako Ohamoto Akasaka Minato-Ku, Tokyo Japan 107	10,240

6. VOTING RIGHTS OF SHAREHOLDERS

Article 65 provides for:
On show of hands - 1 vote
On a poll - 1 vote for each share held

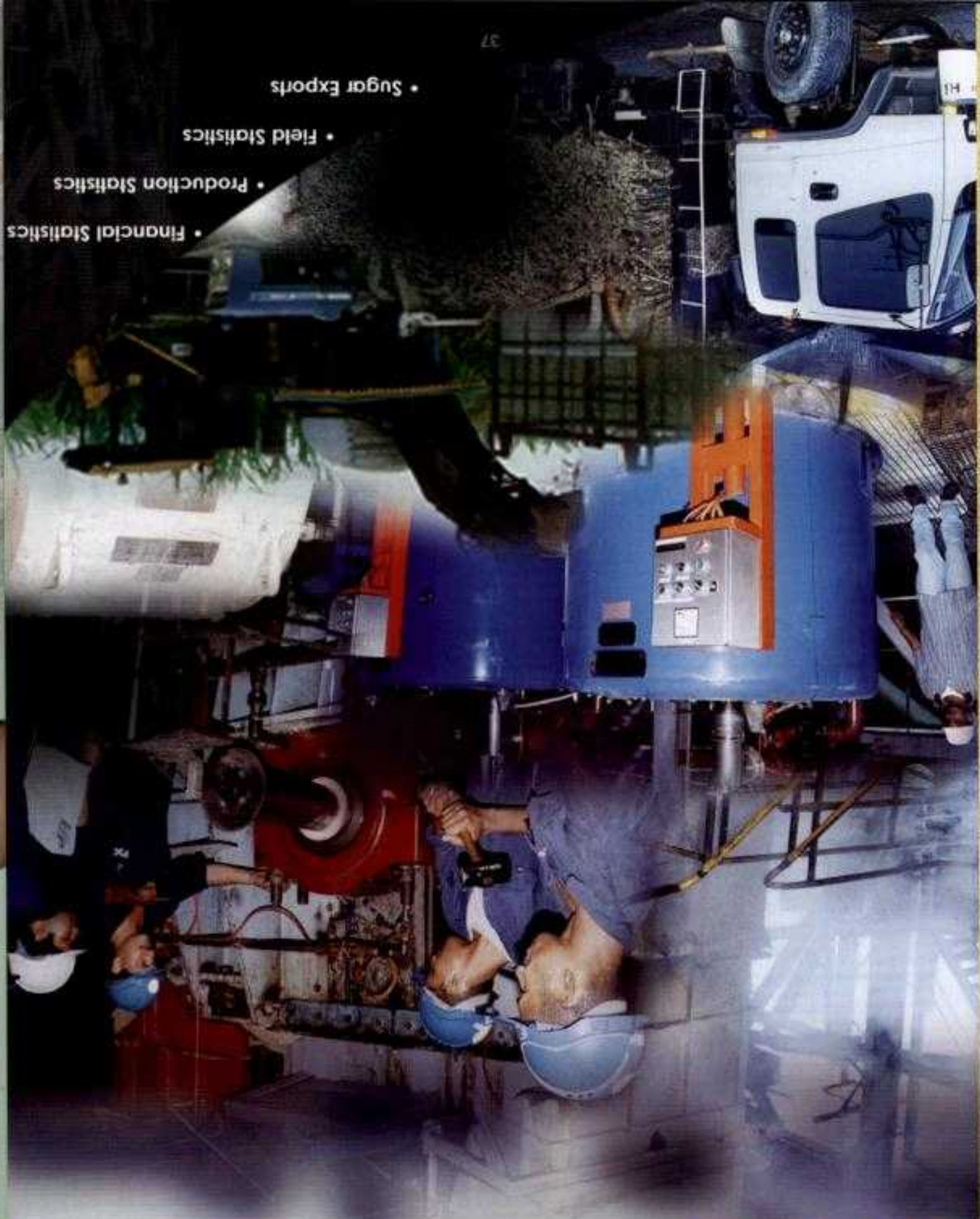
7. MAJOR SHAREHOLDERS

The names, addresses and number of shares held by shareholders holding 10% or more of the issued capital:

1. The Government of Fiji Permanent Secretary of Finance PO Box 2212 Government Buildings, Suva	30,239,160	2. Fiji National Provident Fund Private Mail Bag Suva	7,847,219
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8. SITUATION OF THE SHARE REGISTER

The share register of the Fiji Sugar Corporation Limited is situated at Third Floor of the Western House in Lautoka.



- Financial Statistics
- Production Statistics
- Field Statistics
- Sugar Exports

10 YEARS STATISTICAL REVIEW

FINANCIAL STATISTICS

For year ended 31 March		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Turnover	(\$m)	265.7	243.8	251.2	287.2	257.1	239.1	279.3	313.1	292.7	255.8
Profit/(Loss) before taxation	(\$m)	(13.4)	(13.6)	(20.9)	(5.3)	3.0	(11.1)	(2.0)	13.0	18.1	9.3
Income Tax (expense)/ benefit	(\$m)	1.2	(2.8)	0.0	2.0	1.0	(4.1)	(0.8)	4.3	6.2	3.2
Profit/(Loss) after taxation and Extraordinary items	(\$m)	(15.8)	(16.4)	(20.9)	(3.3)	2.0	(3.0)	(1.2)	8.7	11.9	6.1
Total Assets	(\$m)	252.3	252.6	274.1	304.1	237.2	228.9	235.0	270.6	257.5	251.5
Net Assets	(\$m)	114.3	130.1	153.7	174.6	114.4	113.5	118.0	120.9	115.6	107.0
Proceeds of Sugar & Molasses	(\$m)	261.1	239.5	236.6	282.0	245.1	232.2	275.3	310.1	288.8	255.8
FSC's share of proceeds	(\$m)	78.2	71.8	70.7	83.1	73.5	69.3	79.1	89.0	81.6	73.7
Price per tonne cane	(\$)	53.8	60.80	44.01	50.76	81.79	50.07	44.82	53.78	50.98	49.16

PRODUCTION STATISTICS

Season		2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Cane Crushed	(000t)	3422	2805	3786	3958	2098	3280	4380	4110	4064	3704
Sugar Produced	(000t)	330	293	341	377	256	347	454	454	517	442
Molasses Produced	(000t)	149	106	164	159	96	139	186	181	155	136
Tonnes Cane/Tonnes Sugar		10.36	9.57	11.10	10.50	8.20	9.45	9.65	9.05	7.86	8.38
Molasses % Cane		4.4	3.8	4.3	4.0	4.6	4.2	4.2	4.4	3.8	3.7
POCS %		11.05	11.50	9.96	10.00	13.19	11.90	11.15	11.88	13.29	12.60
Cane Purity %		81.9	83.2	80.5	80.4	83.5	83.1	82.4	82.8	85.0	84.3
Fibre in Cane %		11.86	11.96	11.79	11.40	12.77	12.62	12.18	12.24	12.83	12.64
Avg. Crushing Rate (tph)		978	1083	1115	1025	968	984	1044	1071	1057	1039
Act. Crushing Time % of Available Time		75.6	71.0	69.7	74.4	76.8	70.7	83.0	80.6	89.0	80.7

FIELD STATISTICS

Season	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Number of Growers-as at 31 March	21253	21882	22179	22178	22146	22100	22304	22449	23264	23454
Tonnes Cane per Hectare	42.3	42.3	56.6	61.3	36.8	44.7	59.2	55.6	54.6	50.1
Average Tonnes Cane per Grower	161	128	171	178	95	148	196	183	175	158
Number of Cane Cutters	16772	15280	17251	13866	13417	14891	15118	14305	13797	12635
Output per Cutter (tonnes)	204	184	219	285	156	220	290	287	295	293
Burnt Cane %	36.4	43.4	50.4	30.7	64.0	61.5	43.4	47.0	40.2	33.4

SUGAR EXPORTS - DESTINATIONS AND QUANTITIES (METRIC TONNES)

Season	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
UK/EU	175825	152233	163624	200074	186770	145710	137554	192950	169043	183204
MALAYSIA	-	-	22000	-	-	60000	90000	90000	113367	106886
USA	9035	9065	9044	18420	-	18900	20000	10200	11200	8453
JAPAN	58637	46615	18385	49410	17000	45000	77250	31500	143080	46500
KOREA	-	-	14600	30000	15000	-	15000	-	-	20422
CANADA	-	-	-	-	-	-	-	18000	36000	38000
SINGAPORE	-	-	-	-	-	-	20000	-	-	-
CHINA	25000	-	-	-	-	-	20000	15750	-	-
INDONESIA	-	-	20000	-	-	-	-	-	-	-
SPS	20445	39460	33778	38500	34280	33900	30150	55400	-	-
TAIWAN	-	-	27650	-	-	-	-	-	-	-

NOTICE OF MEETING

Annual General Meeting of Shareholders

Notice is hereby given that the Annual General Meeting of The Fiji Sugar Corporation Limited will be held at the Conference Room, Waterfront, Lautoka on 16th December 2003 at 3.00pm.

Business

1. To receive and consider the Balance Sheet, the Income Statement and the reports of the Directors and Auditors for the year ended 31st March 2003, including the declaration of dividend as proposed by the Board.
2. To appoint Auditors and fix their remuneration.
3. To transact such other business as may properly be brought before the meeting.

By order of the Board

All Ubadutt
Company Secretary,
3rd Floor, Western House, Lautoka
Telephone: (679) 666 2655

Date: 25th November 2003

Proxies

A member is entitled to appoint a proxy to attend and vote instead of himself. A proxy shall be a member of the Company. A form of proxy is enclosed overleaf for this purpose. The proxy form, or any instrument appointing a proxy, must be received at the Corporation's Registered Office (3rd Floor, Western House, Lautoka) not less than forty - eight hours before the time fixed for the meeting.



FORM OF PROXY

How to complete this form

- Note 1 In the case of a Company / Corporation, the proxy must either be under seal or under the hand of an officer or attorney duly authorised.
- Note 2 Unless the appointer is a Company / Corporation, the proxy must be signed in the presence of a Justice of Peace, Magistrate, Police Officer, Roko or other recognised public official.
- Note 3 Please ensure that all details are legible.
- Note 4 To be effective, this instrument must be received by the Corporation not less than forty – eight hours before the time of the meeting.



The Fiji Sugar Corporation Limited

3rd Floor, Western House, Lautoka
Postal Address: Private Mail Bag, Lautoka

I / We*
being a shareholder/s* of The Fiji Sugar Corporation Limited.

hereby appoint.....
who is also a shareholder of the Corporation, or failing him, the Chairman of the Meeting, as my proxy to vote for me/us* on my/our* behalf at the Annual General Meeting of the Corporation to be held on 16th December, 2003, and at any adjournment thereof.

At witness my/our* hand this day of December 2003.

Signed in my presence by the said
who is personally known to me. (Name of Shareholder) (Signature of Shareholder)

.....
(Signature of Witness)

.....
(Name of Witness)

.....
(Designation of Witness -
Refer note 2 above)