

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

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Our Organisation

The Fiji Sugar Corporation Limited was incorporated in Fiji by an Act of Parliament in 1972 to take over the milling activities with effect from 1 April 1973. It is successor to SPSM Limited and CSR Limited.

Our Shareholders

The shareholders of the Corporation include the Government of Fiji, statutory bodies, local public companies and individuals. The Corporation's shares are listed and traded on the South Pacific Stock Exchange Limited.

Our Business

The Corporation owns and operates four 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 2,700 individuals during the peak season.

The Corporation is responsible for the manufacture and sale of raw sugar together with molasses as a by-product. Sugar industry is important to the economy as it contributes some 6 percent of GDP, generates 25 percent of total domestic exports, accounts for 8 percent of total foreign earnings and provides direct employment to around 40,500 people. Unlike other export-oriented industries, almost all factors of production are domestic and have a high regional impact and cross-sectoral linkages.

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). Sugar is sold through the Corporation's agent, Fiji Sugar Marketing Limited.

The Corporation owns and maintains some 720 kilometers of railway network on which sugar cane is transported to the mills, and manages the Sugar Cane Research Centre on behalf of the industry.

CORPORATE HIGHLIGHTS

Financial Results

- Operating revenue for the period was \$227.5 million, a decrease of 14.4% over the previous year. Corporation's share of proceeds declined consequently to \$67.1 million from \$78.2 million in the previous year.
- Consolidated operating profit after tax and extraordinary items was \$2.5 million compared to \$15.7 million loss for the previous year, primarily due to reversal of provisions amounting to \$13.5 million.
- Cashflow for the Group decreased by \$13.3 million compared to an increase of \$2.7 million in the previous year directly attributable to the decline in revenue.
- Working capital ratio remains at 1:1 from the previous year.
- Earnings per share improved to \$0.11 from (\$0.71) in the previous year.

Investment

- Net assets for the Group marginally increased to \$117.4 million from \$114.9 million in the previous year.
- Total capital expenditure for the period was \$27.4 million compared to \$13.5 million in the previous year.

Operations

- A total of 2.6 million tonnes of sugarcane was crushed from an area of approximate 60,912 hectares compared to 3.4 millions tonnes from approximate 66,000 hectares in the previous season.
- Sugar production declined to 293,654 tonnes compared to 330,406 tonnes in the previous season.
- Tonnes Cane to Tonnes Sugar ratio improved to 8.9 compared to 10.4 in the previous season.
- Cane Quality (POCS) for 2003 season improved to 12.6% compared to 11.1% in the previous season.
- A total of 255,654 tonnes of sugar was exported compared to 288,942 tonnes in the previous year.

Industry Restructure

- The Government has accepted a report on the restructure of Sugar Industry in Fiji, prepared by the Sugar Technology Mission of India. The report will determine the strategies on the revival programs and investment in all the mills.

FINANCIAL SUMMARY

BOARD OF DIRECTORS

	2004	2003
Sales and Profit (\$'000)		
Total sales	227,522	265,717
Operating profit before extraordinary items and income tax	869	(13,233)
Income tax benefit	1,597	1,180
Extraordinary item after income tax	-	(3,603)
Operating profit/(loss) and extraordinary items after income tax	2,466	(15,656)
Cash Flow (\$'000)		
Operating activities	833	11,652
Investing activities	(27,240)	(13,407)
Financing activities	13,115	4,495
	(13,292)	2,740
Financial Position (\$'000)		
Working capital	1,160	(7,497)
Total assets	222,998	254,299
Non-current liabilities	76,295	58,105
Shareholders' equity	117,414	114,948
Total capitalisation	193,709	173,053
Additional Information		
Ratio of current assets to current liabilities	1:1	0.9:1
Ratio of debt to shareholders' equity	0.9	1.2
Return on equity (after tax)	11%	(71%)

The ratio of a company's supply of equity capital to total debt is a measure of its financial solvency. While the company's equity to debt ratio at the end of 2004 is 1.1:1, this compares to a ratio of 0.9:1 at the end of 2003. The company's financial position is strong and its ability to service its debt is not expected to be significantly impacted by the proposed acquisition. The company's debt to equity ratio is 0.9, which is a significant improvement on the 1.2 ratio at the end of 2003. The company's return on equity (after tax) is 11%, which is a significant improvement on the (71%) ratio at the end of 2003.

Capital Expenditures

The company's capital expenditures for 2004 are \$27,240,000, compared to \$13,407,000 for 2003. The company's capital expenditures are expected to be significantly higher in 2005 due to the proposed acquisition.

BOARD OF DIRECTORS

YASAMU NA

Ross George McDonald <i>Chairman</i>	Mr. McDonald is the Managing Director of Credit Corporation (Fiji) Limited and a director of The Fiji Times Limited.
Charles Walker <i>Deputy Chairman</i>	Mr. Walker is a retired diplomat and a former Cabinet Minister. He holds directorships in BOC Gases (Fiji) Limited and Golden Manufacturers.
Rasheed Akhtar Ali	Mr. Ali is a director of Ramu Sugar Ltd, Papua New Guinea, and Queensland Guide Dogs for the Blind Inc., Australia.
Damend Goundar	Mr. Goundar is a director of Air Pacific Limited and holds interests in several travel and leisure companies.
Isimeli Savutini Bose	Mr. Bose is the Chief Executive of Ba Provincial Holding Company Limited.
Bhoo Prasad Gautam	Mr. Gautam is the General Manager of South Pacific Fertilizers Limited and is a director of Food Processors (Fiji) Limited.
Tevita Banuve	Mr. Banuve is the Chief Executive Officer of the Ministry of Finance and Economic Planning and is a director of the Reserve Bank of Fiji.
Jay Lal	Mr. Lal is the Principal of Jay Lal and Company, Chartered Accountants.
Deo Saran <i>Company Secretary</i>	Mr. Saran is the General Manager Finance of the Corporation.

1. The Board of Directors is pleased to announce that the 2017-2018 Wakaranga Na has been published. The Wakaranga Na is available on the Corporation's website and is also available in hard copy form. The Corporation is pleased to announce that the 2017-2018 Wakaranga Na is available in both English and Fijian.

2. The Corporation is pleased to announce that the 2017-2018 Wakaranga Na is available in both English and Fijian. The Corporation is pleased to announce that the 2017-2018 Wakaranga Na is available in both English and Fijian.

CHAIRMAN'S MESSAGE

The financial year under review was another difficult year for the Corporation in which it incurred a further operating loss that reinforces the need for the Sugar Industry as a whole to be restructured so that it becomes globally competitive in the international market and meets stakeholder expectations.

The Corporation has received advanced notice from the European Union of price reduction for sugar that have been widely referred in the media and make the need for the reform more urgent.

Much has been said about the industry over the past year. We now need to focus on the future. Together with other stakeholders we must take advantage of the small window of opportunity that we have as an industry through adoption of the industry reforms, to bring the Sugar Industry back to global competitiveness if the industry is to survive when the sugar protocol price regime expires.

Operating Results

For the fourteen month period under review, the Corporation's operating revenue reduced to \$227.5 million compared to \$265.7 million in the previous year, primarily due to a decline in sugar production which in turn resulted from the reduction in crop.

With this background the operating loss, excluding provisions was \$11.1 million, compared to \$6.9 million in the previous year. This operating loss includes costs of \$5.0 million for the additional two months as a result of the change in the Corporation's financial year from 31 March to 31 May. Adjusted for this, the operating loss for the twelve months to 31 March 2004 was \$6.1 million which compares to \$6.9 million for the same period last year.

After taking into account the reversal of provisions of \$13.5 million that are no longer required, profit after tax for the period was \$2.5 million that compares to a loss after tax of \$15.7 million in the previous year.

Cane Supply and Sugar Production

The decline in the results for the period under review over the previous year was primarily attributed to the decline in cane supply and consequently sugar production. Cane supply for the 2003 season declined to 2.6 million tonnes compared to 3.4 million tonnes in the 2002 season. This was primarily attributed to the prolonged drought, coupled with the after effects of Cyclone Ami. Fortunately, due to the drought the sugar content in the cane was much better compared to the previous season, resulting in improved sugar make as the tonnes of cane required to make a tonne of sugar reduced to 8.9 compared to 10.4 in the previous season. Despite the improvement in cane quality, sugar production fell to 293,654 tonnes from 330,405 tonnes in 2002 season.

The lack of a consistent supply of quality cane and burnt cane continue to be major determinates of cane quality. While there was virtually no cane burning in the first half of the season, this escalated to around 90% in the second half of the season. Reasons for burning cane are many and include mill performance where we need significant improvement as burning is partially a response to mill breakdowns that increase farmers uncertainty as the season progresses. The challenge is for us to improve mill efficiency and to create a climate of confidence with growers that will ultimately alleviate the problem of cane burning.

Capital Expenditure

The Corporation invested \$40.9 million in its factories over the last two years. A further \$15.1 million of capital investments is in progress and is expected to be completed during the 2004 crushing season.

Industry Restructure

I applaud Government for its initiative in inviting the Government of India to send an expert team from the Sugar Technology Mission of India (STM) to make recommendations for the restructure of the Industry.

Their recently completed report on the Revival of the Sugar Industry, March 2004, recommends improvements in all segments of the Industry. The Parliamentary Sub-committee on Sugar has accepted the report and is currently holding discussions with the stakeholders to hear their views. My Board is of the firm belief that the Corporation can be turned around and looks forward to working closely with the Indian team to formulate and implement strategies for the revival of the Industry.

I stress that in doing so the cooperation and support of all stakeholders in the Industry is necessary for this to be successful. All players in the industry must recognise that it is time to work together, with and for each other, while still respecting the position of the other stakeholders, for the reforms to succeed.

Meeting Future Challenges

Future challenges facing the Sugar Industry are huge but not insurmountable and I am confident that with all stakeholders working together we can find a way through the difficult times that are before us. The Sugar Industry remains critical for the Fiji economy and provides an effective vehicle for economic development in the rural sector.

The future of the Sugar Industry relies on the immediate implementation of the industry reforms as recommended by STM and it is essential for all stakeholders in the industry, to face the future united, and to go forward together, hand in hand in the adoption and implementation of these reforms. In doing this we can succeed for the benefit not only of those stakeholders directly involved in the industry but for the larger benefit of Fiji as a whole.

Acknowledgment

A new Board was appointed in July 2004. I take this opportunity to thank my fellow directors in taking up the challenge to embark on perhaps the biggest corporate and industry turnaround program in Fiji's history. It will be difficult but I am sure that we will succeed.

To the outgoing Chairman, Mr. Hafiz Khan, directors, Mr. Kirit Patel and Mrs. Kelera Tukitutu and the Managing Director, Mr. John McFadden, I extend my appreciation for their dedication and contribution to the Corporation. I also take this opportunity to express my appreciation and gratitude to the Government of Fiji and all other stakeholders in the Sugar Industry for their continued support and commitment to the Corporation and the Sugar Industry at large.

Finally, on behalf of the Board of Directors, I would like to thank our employees for their dedication and solidarity during a very difficult year.

I remain confident that FSC and the Sugar Industry will be successfully restructured and can reclaim their position of being globally competitive and once again be among the world's best and a Corporation and Industry that we all can be proud of.



RG McDonald
Chairman

DIRECTORS' REPORT

For the fourteen months ended 31 May 2004

In respect of the financial period ended 31 May 2004, the directors of The Fiji Sugar Corporation Limited submit the following report in accordance with a resolution of the directors:

Directors retired /resigned during the period:

Mr. Hafizud Dean Khan (retired)	30 June 2004
Mr. John McFadden (retired)	22 May 2004
Mr. Kirit Prabhudas Patel (retired)	30 June 2004
Mrs. Kelera Tukituku (resigned)	05 April 2004

The following persons, appointed on 1 July 2004, held office as directors of The Fiji Sugar Corporation Limited at the date of this report:

Mr. Ross George McDonald (Chairman)
Mr. Charles Walker (Vice Chairman)
Mr. Rasheed Akhtar Ali
Mr. Isimeli Savutini Bose
Mr. Damend Goundar
Mr. Bhoo Prasad Gautam
Mr. Jay Lal
Mr. Tevita Benuve (re-appointed)

State of Affairs

In the opinion of the Directors, the financial statements of the Corporation and its subsidiaries, incorporating the balance sheets, income statements, statements of changes in shareholders' equity, statements of cash flows and notes to the accounts are drawn up so as to give a true and fair view of:

- (i) the results and cash flows for the fourteen-months ended 31 May 2004, and
- (ii) the state of affairs of the Corporation and its subsidiaries at 31 May 2004.

Group Accounts

The accounts have been consolidated on the basis that the Corporation fully owns the equity capital of the subsidiaries.

Principal Activities

The Corporation owns and operates four sugar mills and is involved in the purchase of cane, manufacture and sale of sugar.

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

**DIRECTORS' REPORT (continued)
For the fourteen months ended 31 May 2004**

Trading Results

The consolidated trading results are summarized below:

	<u>2004</u>	<u>2003</u>
	\$'000	\$'000
Operating loss	(12,667)	(13,233)
Provisions reversed during the period	<u>13,536</u>	-
Operating profit/(loss) before extraordinary item	869	(13,233)
Extraordinary item net of income tax	-	(3,603)
Operating profit/(loss) and before income tax	869	(16,836)
Income tax benefit	<u>1,597</u>	<u>1,180</u>
Operating profit/(loss) and extraordinary item after income tax	<u>2,466</u>	<u>(15,656)</u>

Dividends

The directors recommend that no dividends be declared for the period ended 31 May 2004.

Reserves

The directors recommend that \$34,809 be transferred from the asset revaluation reserve to accumulated losses.

Likely Developments

(i) Implementation of the Sugar Industry revival programme

The Government of Fiji has accepted a report from the Sugar Technical Mission of India on the revival of the Sugar Industry. In this regard a technical team from India is working with the Corporation to prepare a detailed implementation plan for upgrading of the mill and formulating strategies. The report is expected to be completed by 30 September 2004. Total project costs over the next three years are expected to be around \$86.0 million.

(ii) Conversion of Government loan to grant

Government has agreed in principle to convert its loans to the Corporation totaling \$54 million to grants and has advised that necessary parliamentary approval will be sought before 31 December 2004 to formalise the conversion.

(iii) Co-Generation

The Corporation will be evaluating options to undertake co-generation of electricity at its mills with a view to broaden its revenue base.

Events Subsequent to Balance Date

Since the end of the financial period, the directors are not aware of any other matter or circumstances not otherwise dealt with in this report or in the accompanying financial statements that has significantly or may significantly affect the operations of the Group, the results of those operations or state of affairs of the Group in subsequent financial years.

Signed in accordance with a resolution of the Board of Directors this 12th day of August 2004.

For and on behalf of the Board:

Director

Director

**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 period ended 31 May 2004 as set out on pages 11 to 31. 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, changes in the shareholders' equity and the company's and the group's 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 May 2004, and of the results, changes in shareholders' equity and cash flows of the company and of the group for the period 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 25 to the financial statements, the Government has provided a guarantee limited to \$75million to allow the company to borrow in the short-term money market, which is valid until 31 March 2005. It has also given a written undertaking to provide necessary funding to enable the 2005 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 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 explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

For the fourteen months ended 31 May 2004

	Notes	Consolidated		Holding Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Turnover		227,522	265,717	227,522	265,682
Less cost of sales		(231,334)	(262,879)	(231,311)	(262,810)
Gross profit/(loss)		(3,812)	2,838	(3,789)	2,872
Other income		1,103	1,647	1,027	1,519
Administrative expenses		(8,951)	(8,078)	(9,017)	(8,131)
Other expenses		(341)	(8,725)	(341)	(8,725)
Provisions reversed during the period	2	13,536	-	13,536	-
		5,347	(15,156)	5,205	(15,337)
Operating profit/(loss) before finance costs	2	1,535	(12,318)	1,416	(12,465)
Finance costs - net	3	(666)	(915)	(697)	(950)
Operating profit/(loss) before income tax		869	(13,233)	719	(13,415)
Income tax benefit	5	1,597	1,180	1,626	1,200
Operating profit/(loss) before extraordinary item		2,466	(12,053)	2,345	(12,215)
Extraordinary item - net of income tax	6	-	(3,603)	-	(3,603)
Operating profit/(loss) for the period		2,466	(15,656)	2,345	(15,818)
Basic earnings per share	7	0.11	(0.71)	0.11	(0.71)
Diluted earnings per share	7	0.11	(0.71)	0.11	(0.71)

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

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

BALANCE SHEETS AT 31 MAY 2004

	Notes	Consolidated		Holding Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Non-current assets					
Property, plant and equipment	8	191,577	179,278	191,542	179,234
Investments	9	972	972	932	932
Receivables and prepayments	10	-	300	-	300
Future income tax benefit		-	-	-	-
Total non-current assets		192,549	180,550	192,474	180,466
Current assets					
Inventories	11	18,870	50,467	18,870	50,467
Receivables and prepayments	10	7,664	7,480	7,385	7,146
Cash at bank and in hand	12	3,915	15,802	1,326	14,242
Total current assets		30,449	73,749	27,581	71,855
Total assets		222,998	254,299	220,055	252,321
Shareholders' equity					
Share capital	13	22,200	22,200	22,200	22,200
Reserves	14	126,489	126,524	126,489	126,524
Accumulated losses		(31,275)	(33,776)	(32,062)	(34,442)
Total shareholders' equity		117,414	114,948	116,627	114,282
Non-current liabilities					
Term loan - unsecured	16	54,000	34,000	54,000	34,000
Deferred income	17	1,842	2,017	1,842	2,017
Provision for deferred income tax	18	20,314	21,940	20,314	21,940
Provisions	19	139	148	139	148
Total non-current liabilities		76,295	58,105	76,295	58,105
Current liabilities					
Creditors and borrowings	20	20,654	51,875	18,661	50,707
Provisions	19	8,635	22,486	8,472	22,342
Term loan - secured	15	-	6,885	-	6,885
Total current liabilities		29,289	81,246	27,133	79,934
Total equity and liabilities		222,998	254,299	220,055	252,321

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

	Notes	Share capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000
Consolidated					
Balance at 1 April 2002		22,200	128,224	(19,820)	130,604
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		22,200	126,524	(33,776)	114,948
Reversal of revaluation surplus upon disposal of property	14	-	(35)	35	-
Net Profit for the period	2	-	-	2,466	2,466
Balance at 31 May 2004		<u>22,200</u>	<u>126,489</u>	<u>(31,275)</u>	<u>117,414</u>
Holding company					
Balance at 1 April 2002		22,200	128,224	(20,324)	130,100
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		22,200	126,524	(34,442)	114,282
Reversal of revaluation surplus upon disposal of property	14	-	(35)	35	-
Net Profit for the period	2	-	-	2,345	2,345
Balance at 31 May 2004		<u>22,200</u>	<u>126,489</u>	<u>(32,062)</u>	<u>116,627</u>

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

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

STATEMENTS OF CASH FLOWS

For the fourteen months ended 31 May 2004

	Note	Consolidated		Holding Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Cash flows from operating activities					
Receipts from trade and other receivables		228,638	263,952	228,623	263,917
Payments to trade payables, other suppliers & employees		(227,337)	(251,642)	(228,275)	(251,810)
Dividend received		198	257	138	138
Interest received		69	117	38	81
Interest and other cost of finance paid		(735)	(1,032)	(735)	(1,032)
Net cash flows from (used in) operating activities		833	11,652	(211)	11,294
Cash flows from investing activities					
Payments for property, plant and equipment		(27,416)	(13,483)	(27,401)	(13,464)
Proceeds from sale of property plant and equipment		176	76	176	76
Net cash flows from (used in) investing activities		(27,240)	(13,407)	(27,225)	(13,388)
Cash flows from financing activities					
Repayment of Westpac term loan		(6,885)	(4,005)	(6,885)	(4,005)
Proceeds via government term loan		20,000	8,500	20,000	8,500
Net cash flows used in financing activities		13,115	4,495	13,115	4,495
Net increase/(decrease) in cash and cash equivalents		(13,292)	2,740	(14,321)	2,401
Cash and cash equivalents at 31 March 2003		14,308	11,568	12,748	10,347
Cash and cash equivalents at 31 May 2004	12	1,016	14,308	(1,573)	12,748

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

For and on behalf of the Board

[Signature]
Director

[Signature]
Director

Accounting policies

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the fourteen months ended 31 May 2004

Accounting policies (continued)

1.4 Property, plant and equipment (continued)

Repairs and maintenance are charged to the income 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 useful 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.

Spare parts 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 purposes 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 with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within creditors and borrowings in current liabilities on the balance sheet.

1.8 Share capital

Share capital of the Corporation comprise of ordinary shares that are classified as equity.

1.9 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.

Accounting policies (continued)

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 Dividends

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Group's shareholders.

1.15 Reporting period

The Corporation has changed its balance date from 31 March to 31 May 2004 to allow having better estimates and enhance budgeting and financial planning functions. Hence the current financial statements are for a fourteen-month period ended 31 May 2004. The comparatives are for twelve months period ended 31 March 2003. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

1.16 Rounding of amounts

The amounts have been rounded off to nearest thousand unless otherwise stated.

**THE FIJI SUGAR CORPORATION LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the fourteen months ended 31 May 2004

Notes to consolidated financial statements

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	Consolidated		Holding Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
2. Operating results				
The following items have been included in arriving at the operating results:				
Amortisation of government grants (Note 17)	(174)	(174)	(174)	(174)
Auditors' remuneration for:				
Auditing services	91	83	73	67
Bad debts written off	6	13	6	13
Dividend income:				
Associate companies	(198)	(257)	(138)	(138)
Depreciation and amortisation:				
Leasehold land, building and improvements	1,912	1,642	1,912	1,642
Plant, machinery and equipment	11,316	10,747	11,304	10,724
Motor vehicles and transport systems	1,765	1,496	1,754	1,485
Directors' emoluments for:				
Services as directors	28	25	28	25
Other services	502	427	392	321
Loss/(Gain) on disposal of property, plant & equipment (a)	(52)	5,599	(52)	5,599
Obsolete stock written off (b)	-	3,044	-	3,044
Provision for:				
- Doubtful debts	238	39	238	39
- Manufacturing wage claims	-	900	-	900
- Restructure / Reorganisation	-	1,000	-	1,000
- Demolition of redundant structures	-	1,700	-	1,700
- Obsolete stock	-	2,300	-	2,300
Provisions reversed during the period (c)	(13,536)	-	(13,536)	-
Staff costs (note 4)	37,284	35,215	36,668	34,715

a) The loss on disposal last year reflects assets written off that were obsolete, no longer in use or non-existent, and which had been determined through an extensive physical verification of the property, plant and equipment undertaken in year ended 31 March 2003.

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
(Gain)/Loss arising from sale or disposal of other fixed assets in the normal course of business	(52)	1,606	(52)	1,606
Total loss on disposal	(52)	5,599	(52)	5,599

b) Amounts written off last year relates to spares stock found to be obsolete based on a comprehensive review conducted by the Corporation.

c) Provisions reversed during the period are as follows:

- Redundancy (refer Note 19)	(4,451)	-	(4,451)	-
- Manufacturing wage claims (refer Note 19)	(1,018)	-	(1,018)	-
- Demolition of redundant structures (refer Note 19)	(2,916)	-	(2,916)	-
- Cyclone Ami (refer Note 19)	(1,427)	-	(1,427)	-
- Uninsured risks (refer Note 19)	(1,974)	-	(1,974)	-
- Obsolete stock (refer Note 11)	(1,750)	-	(1,750)	-
	(13,536)	-	(13,536)	-

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	Consolidated		Holding Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
3. Finance costs - net				
Interest expense :				
- Secured term loan	(344)	(719)	(344)	(719)
- Promissory notes	(387)	(309)	(387)	(309)
- Others	(4)	(4)	(4)	(4)
	<u>(735)</u>	<u>(1,032)</u>	<u>(735)</u>	<u>(1,032)</u>
Interest Income	69	117	38	82
	<u>(666)</u>	<u>(915)</u>	<u>(697)</u>	<u>(950)</u>
4. Staff costs				
Wages and salaries	34,894	32,281	34,367	31,856
Other employee benefits	3,922	3,510	3,858	3,451
	<u>38,816</u>	<u>35,791</u>	<u>38,225</u>	<u>35,307</u>
Less payroll costs associated with Capital works	(1,674)	(739)	(1,674)	(739)
	<u>37,142</u>	<u>35,052</u>	<u>36,551</u>	<u>34,568</u>
Provisions for:				
- Employee benefits	142	163	117	147
	<u>37,284</u>	<u>35,215</u>	<u>36,668</u>	<u>34,715</u>
Average number of permanent employees during the period. This increases by approximately 700 employees during the crushing period.	<u>1,848</u>	<u>1,796</u>	<u>1,842</u>	<u>1,790</u>

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5. Income tax benefit

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

Prima facie income tax (expense)/benefit on the operating result before income tax at 32%

Tax effect of permanent differences:

Amortisation of Government grants

Dividends received

Change in tax rate

Depreciation expense not allowable for income tax

Sundry non-allowable expenditure

Prima facie tax benefit adjusted for permanent differences

Future income tax benefit in respect of tax loss and timing differences not brought to account

Income tax benefit

	Consolidated		Holding Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Prima facie income tax (expense)/benefit on the operating result before income tax at 32%	(278)	4,234	(230)	4,293
Tax effect of permanent differences:				
Amortisation of Government grants	56	56	56	56
Dividends received	63	82	44	44
Change in tax rate	655	1	655	1
Depreciation expense not allowable for income tax	(403)	(419)	(403)	(419)
Sundry non-allowable expenditure	(128)	(44)	(128)	(44)
Prima facie tax benefit adjusted for permanent differences	(35)	3,910	(6)	3,931
Future income tax benefit in respect of tax loss and timing differences not brought to account	1,632	(2,730)	1,632	(2,731)
Income tax benefit	<u>1,597</u>	<u>1,180</u>	<u>1,626</u>	<u>1,200</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.

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	Consolidated		Holding Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
6. Extraordinary item	-	(3,603)	-	(3,603)

The above related to the costs estimated and provided for rehabilitation required at the Labasa Mill resulting from damages caused by Cyclone Ami.

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 profit/(loss) attributable to shareholders	2,466	(15,656)	2,345	(15,818)
Weighted average number of ordinary shares in issue	22,200	22,200	22,200	22,200
Basic earnings per share	<u>0.11</u>	<u>(0.71)</u>	<u>0.11</u>	<u>(0.71)</u>
Diluted earnings per share	<u>0.11</u>	<u>(0.71)</u>	<u>0.11</u>	<u>(0.71)</u>

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 May 2004					
At cost					
Cost	13,117	239,302	45,409	22,207	320,035
Accumulated depreciation	(5,672)	(153,103)	(33,577)	-	(192,352)
Balance at 31 May 2004	<u>7,445</u>	<u>86,199</u>	<u>11,832</u>	<u>22,207</u>	<u>127,683</u>
At valuation					
Valuation	66,692	-	-	-	66,692
Accumulated depreciation	(2,798)	-	-	-	(2,798)
Balance at 31 May 2004	<u>63,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,894</u>
Balance at 31 May 2004	<u>71,339</u>	<u>86,199</u>	<u>11,832</u>	<u>22,207</u>	<u>191,577</u>

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

Balance at 1 April 2003	72,579	84,746	12,172	9,781	179,278
Additions	722	12,843	1,425	12,426	27,416
Disposal	(50)	(74)	-	-	(124)
Depreciation (Note 2)	(1,912)	(11,316)	(1,765)	-	(14,993)
Balance at 31 May 2004	<u>71,339</u>	<u>86,199</u>	<u>11,832</u>	<u>22,207</u>	<u>191,577</u>
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)
Balance at 31 March 2003	<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)
Balance at 31 March 2003	<u>65,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,521</u>
Balance at 31 March 2003	<u>72,579</u>	<u>84,746</u>	<u>12,172</u>	<u>9,781</u>	<u>179,278</u>

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For the fourteen months ended 31 May 2004

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 May 2004					
At cost					
Cost	13,117	239,149	45,329	22,207	319,802
Accumulated depreciation	(5,672)	(152,979)	(33,503)	-	(192,154)
Balance at 31 May 2004	<u>7,445</u>	<u>86,170</u>	<u>11,826</u>	<u>22,207</u>	<u>127,648</u>
At valuation					
Valuation	66,692	-	-	-	66,692
Accumulated depreciation	(2,798)	-	-	-	(2,798)
Balance at 31 May 2004	<u>63,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,894</u>
Balance at 31 May 2004	<u>71,339</u>	<u>86,170</u>	<u>11,826</u>	<u>22,207</u>	<u>191,542</u>

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

Balance at 1 April 2003	72,579	84,719	12,155	9,781	179,234
Additions	722	12,828	1,425	12,426	27,401
Disposal	(50)	(73)	-	-	(123)
Depreciation (Note 2)	(1,912)	(11,304)	(1,754)	-	(14,970)
Balance at 31 May 2004	<u>71,339</u>	<u>86,170</u>	<u>11,826</u>	<u>22,207</u>	<u>191,542</u>
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)
Balance at 31 March 2003	<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)
Balance at 31 March 2003	<u>65,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,521</u>
Balance at 31 March 2003	<u>72,579</u>	<u>84,719</u>	<u>12,155</u>	<u>9,781</u>	<u>179,234</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.

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

	Consolidated		Holding Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Freehold land and buildings				
Cost	23,019	23,167	23,019	23,032
Accumulated depreciation	(10,986)	(10,493)	(10,986)	(10,493)
Net book amount	<u>12,033</u>	<u>12,674</u>	<u>12,033</u>	<u>12,539</u>

	Consolidated		Holding Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
9. Investments				
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>

(a) Investments in subsidiaries

Name of Company	Place of Incorporation	Contribution to Group Results		Book Value of Holding Company Investments (Ordinary shares)		% Shareholding	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 %	2003 %
<i>Unlisted</i>							
FSC Projects Ltd	Fiji	59	118	-	-	100	100
FSC Services Pty Ltd	Australia	62	65	12	12	100	100
		<u>121</u>	<u>183</u>	<u>12</u>	<u>12</u>		

(b) Investments in associated companies

Name of Company	Place of Incorporation	Issued Capital (normal @ \$1 par)		Issued to FSC (normal @ \$1 par)		Shareholding	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 %	2003 %
South Pacific Fertilizers Limited	Fiji	2,300	2,300	920	920	40	40
Agchem Limited	Fiji	130	130	52	52	40	40
		<u>2,430</u>	<u>2,430</u>	<u>972</u>	<u>972</u>		

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	Consolidated		Holding Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
10. Receivables and prepayments				
Current				
Trade receivables	1,756	1,740	1,756	1,740
Related companies	402	525	402	525
	<u>2,158</u>	<u>2,265</u>	<u>2,158</u>	<u>2,265</u>
Other receivables and prepayments	5,833	5,304	5,554	4,970
Less Provision for doubtful debts	(327)	(89)	(327)	(89)
	<u>5,506</u>	<u>5,215</u>	<u>5,227</u>	<u>4,881</u>
Total Current	<u>7,664</u>	<u>7,480</u>	<u>7,385</u>	<u>7,146</u>
Non-current				
Related companies	-	300	-	300
	<u>7,664</u>	<u>7,780</u>	<u>7,385</u>	<u>7,446</u>
11. Inventories				
Sugar and molasses	1,773	38,721	1,773	38,721
Spare parts and other inventories	17,847	14,246	17,847	14,246
	<u>19,620</u>	<u>52,967</u>	<u>19,620</u>	<u>52,967</u>
Deduct : Provision for obsolescence	(750)	(2,500)	(750)	(2,500)
	<u>18,870</u>	<u>50,467</u>	<u>18,870</u>	<u>50,467</u>
12. Cash and cash equivalents				
Cash at bank and in hand	<u>3,915</u>	<u>15,802</u>	<u>1,326</u>	<u>14,242</u>
For the purpose of the statements of cash flow, the cash and cash equivalents comprise of the following:				
Cash and bank balances	<u>3,915</u>	15,802	<u>1,326</u>	14,242
Bank overdraft (Note 20)	<u>(2,899)</u>	<u>(1,494)</u>	<u>(2,899)</u>	<u>(1,494)</u>
	<u>1,016</u>	<u>14,308</u>	<u>(1,573)</u>	<u>12,748</u>
13. Share capital				
Authorised capital 160,000,000 (2003 - 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 (2003 - 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>

14. Reserves

	Capital	Asset Replacement	Uninsured Risk	Asset Revaluation	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 01 April 2002	2,393	66,000	3,500	56,331	128,224
Reversal of revaluation surplus upon disposal of property	-	-	-	(1,700)	(1,700)
Balance at 31 March 2003	2,393	66,000	3,500	54,631	126,524
Reversal of revaluation surplus upon disposal of property	-	-	-	(35)	(35)
Balance at 31 May 2004	<u>2,393</u>	<u>66,000</u>	<u>3,500</u>	<u>54,596</u>	<u>126,489</u>

15. Term loan - secured

	Consolidated		Holding Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Westpac Banking Corporation Ltd	-	6,885	-	6,885
less:				
Current Portion	-	6,885	-	6,885
Non-Current Portion	-	-	-	-

16. Term loan - unsecured

Government of Fiji - non-current	<u>54,000</u>	<u>34,000</u>	<u>54,000</u>	<u>34,000</u>
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The above loans are in the process of being converted into a grant by Government and it is expected to formalise by end of 2004 once necessary approvals have been endorsed by the Parliament.

17. Deferred income

Government grants	<u>5,014</u>	5,014	<u>5,014</u>	5,014
less: Provision for amortisation	<u>(3,172)</u>	<u>(2,997)</u>	<u>(3,172)</u>	<u>(2,997)</u>
	<u>1,842</u>	<u>2,017</u>	<u>1,842</u>	<u>2,017</u>

The above largely relates to grants received in relation to the bulk sugar shed and rail system and are being amortised on a straight line basis at 2% and 5% respectively.

18. Provision for deferred income tax

Consists of timing differences in respect to:

Difference between accounting and tax written down value of property, plant and equipment	<u>20,216</u>	19,316	<u>20,216</u>	19,316
Unrealised gains on stock	<u>98</u>	<u>2,624</u>	<u>98</u>	<u>2,624</u>
	<u>20,314</u>	<u>21,940</u>	<u>20,314</u>	<u>21,940</u>

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	Consolidated		Holding Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
19. Provisions				
Non-current	139	148	139	148
Current	8,635	22,486	8,472	22,342
	<u>8,774</u>	<u>22,634</u>	<u>8,611</u>	<u>22,490</u>
Non-current provisions				
Employee benefits	<u>139</u>	<u>148</u>	<u>139</u>	<u>148</u>
Current provisions				
Income Tax	5	11	-	-
Employee benefits	2,678	2,527	2,520	2,394
Uninsured risk (a)	2,500	4,474	2,500	4,474
Redundancy (b)	2,500	6,950	2,500	6,950
Restructure and demolition (c)	710	4,700	710	4,700
Manufacturing wage claims (d)	-	1,024	-	1,024
Uninsured loss - Cyclone Ami	-	2,518	-	2,518
Other	242	282	242	282
	<u>8,635</u>	<u>22,486</u>	<u>8,472</u>	<u>22,342</u>

- a) The provision for uninsured risk has been reassessed at \$2,500,000.
- b) The Corporation has revised its previous estimates on redundancies to reflect current developments on its restructure programme and the Directors believe it reflects an accurate estimate of likely amounts to be realised in the next financial year.
- c) The provision for restructure has been utilised during the year, with additional provisions of \$710,000 being raised in the above regard at 31 May 2004.
- d) Provision for manufacturing wage claims was reversed during the year as the liability which appeared to exist is now believed to be of contingent nature (refer Note 21).

20. Creditors and borrowings

Trade creditors and accruals	17,755	50,381	13,709	47,238
Bank overdraft - unsecured	2,899	1,494	2,899	1,494
Amount due to subsidiaries	-	-	2,053	1,975
	<u>20,654</u>	<u>51,875</u>	<u>18,661</u>	<u>50,707</u>

21. Contingent liabilities

Manufacturing wage claims	1,018	-	1,018	-
Guarantees or undertakings given by the bank	58	42	58	42
	<u>1,076</u>	<u>42</u>	<u>1,076</u>	<u>42</u>

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.

	Consolidated		Holding Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
22. Capital commitments				
Capital commitments contracted but not provided for in the accounts	12,293	19,051	12,293	19,051
Capital commitments approved by the directors but not yet contracted	2,847	3,735	2,847	3,735
	<u>15,140</u>	<u>22,786</u>	<u>15,140</u>	<u>22,786</u>

23. 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:

	2004 \$'000	2003 \$'000
Purchases by Holding Company from subsidiary company FSC Services Pty Ltd	<u>25,916</u>	<u>15,038</u>

Amounts receivable from or payable to related parties are disclosed in Note 10 and 20 to the financial statements.

24. 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 Corporation 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.

25. 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 2005. The Government has also given a written undertaking to the Corporation ensuring availability of necessary funding to enable the 2005 crush to proceed.

26. 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 31 May 2004, 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

Distribution of Share Holding

Holding	No. of Holders	No. of Shares	% Holding
Less than 500 shares	1,475	312,164	0.70
501 to 5,000 shares	522	692,049	1.56
5,001 to 10,000 shares	25	173,385	0.39
10,001 to 20,000 shares	10	134,040	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	181,310	0.41
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 31 May 2004 the twenty largest shareholders held 43,216,200 shares which is equal to 97.35% of the total issued 44,399,998 fully paid shares of 50 cents each.

1. The Government of Fiji	30,239,160	2. Fiji National Provident Fund	7,847,219
Permanent Secretary of Finance PO Box 2212 Government Buildings, Suva		Private Mail Bag Suva	
3. Fijian Holdings Ltd	3,933,900	4. Unit Trust of Fiji (Trustee) Co Ltd	374,539
PO Box 2110 Government Buildings, Suva		PO Box 1359 Suva	
5. Colonial Mutual Life Assurance Society Ltd	250,080	6. Sugar Cane Growers Council	119,401
PO Box 155, Suva		PO Box 5162 Lautoka	
7. Ba Provincial Holdings Co. Ltd.	101,951	8. Robert Lee	98,720
Rogorogoluvuda House Lautoka		GPO Box 13510 Suva	
9. Reddys' Enterprises Limited	82,590	10. Morris Hedstrom Limited Scholarship Fund Trustees	40,800
PO Box 784 Lautoka		PO Box 299, Suva	

<p>11. Lionel Ding Sun Yee GPO Box 13600 Suva</p>	<p>18,360</p>	<p>12. Pacific Transport Ltd. PO Box 1266 Suva</p>	<p>18,000</p>
<p>13. Amraiya Naidu GPO Box 13153 Suva</p>	<p>14,800</p>	<p>14. Rotuma Development Fund Government Station PO Box 18 Rotuma</p>	<p>14,400</p>
<p>15. Saimone Lutu PO Box 170 Levuka</p>	<p>12,120</p>	<p>16. Fiji Public Service Association - Investments Co-op Ltd. PO Box 1405 Suva</p>	<p>12,000</p>
<p>17. Johnson Fong 5/113 Mount Street Coogee, NSW 2034 Australia</p>	<p>12,000</p>	<p>18. Joyce Due & Rasmus Due 93 Mailawa Ave Palm Beach, QLD 4221 Australia</p>	<p>11,320</p>
<p>19. Sugar Milling Staff Officers' Association The Secretary The Sugar Milling Staff Officers' Association FSC Limited, Lautoka.</p>	<p>10,800</p>	<p>20. Heihachiro & Masako Ohamoto Akasaka Minato-Ku, Tokyo Japan 107.</p>	<p>10,240</p>

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 SHERHOLDERS

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

<p>1. The Government of Fiji Permanent Secretary of Finance PO Box 2212 Government Buildings Suva</p>	<p>30,239,160</p>	<p>2. Fiji National Provident Fund Private Mail Bag Suva</p>	<p>7,847,219</p>
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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.

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

10-YEAR STATISTICAL REVIEW

Financial statistics											
for year ended 31 March (2004 - P/E 31 May)		2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
Turnover	(\$m)	227.5	265.7	243.8	251.2	287.2	257.1	239.1	279.3	313.1	292.7
Profit/Loss before taxation	(\$m)	0.7	(13.4)	(13.6)	(20.9)	(5.3)	3.0	(11.1)	(2.0)	13.0	18.1
Income Tax expense/benefit	(\$m)	1.6	1.2	(2.8)	-	2.0	1.0	(4.1)	(0.8)	4.3	6.2
Profit/Loss after taxation & Extra-ordinary Items	(\$m)	2.3	(15.8)	(16.4)	(20.9)	(3.3)	2.0	(3.0)	(1.2)	8.7	11.9
Total Assets	(\$m)	220.1	252.3	252.6	274.1	304.1	237.2	228.9	235.0	270.6	257.5
Net Assets	(\$m)	116.6	114.3	130.1	153.7	174.6	134.4	113.5	118.0	120.9	115.6
Proceeds of Sugar & Molasses	(\$m)	223.8	261.1	239.4	236.6	282.0	245.1	232.2	275.3	310.1	288.8
FSC's share of proceeds	(\$m)	67.1	76.2	71.8	70.7	83.1	73.5	69.3	79.1	89.0	81.6
Price per tonne cane	(\$)	59.9	53.8	60.80	44.01	50.76	81.79	50.07	44.82	53.78	50.98
Production statistics											
Season		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Cane Crushed(000t)		2,610	3,423	2,805	3,786	3,958	2,098	3,280	4,380	4,110	4,064
Cane Crushed	(000t)	2,610	3,422	2,805	3,780	3,958	2,098	3,280	4,380	4,110	4,064
Sugar Produced	(000t)	294	330	293	341	377	256	347	454	454	517
Molasses Produced	(000t)	107	149	106	184	159	96	139	186	181	155
Tonnes Cane/Tonnes Sugar		9	10	10	11	10	8	9	10	9	8
Molasses % Cane		4	4	4	4	4	5	4	4	4	4
POCS %		13	11	12	10	10	13	12	11	12	13
Cane Purity %		84	82	83	81	80	84	83	82	83	85
Fibre In Cane %		12	12	12	12	11	13	13	12	12	13
Average Crushing Rate for all mills (tcph)		895	978	1,083	1,115	1,025	968	984	1,044	1,071	1,057
Actual Crushing Time as % of Available Time		82	76	71	70	74	77	71	83	81	89
Field statistics											
Season		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Number of Growers		20,693	21,253	21,892	22,179	22,178	22,146	22,400	22,304	22,449	23,264
Number of Active Growers		17,362	17,773	18,615	19,081	19,364	19,430	20,524	20,600	20,740	20,858
Tonnes Cane per Hectare		43	42	42	57	61	37	45	59	56	55
Average Tonnes Cane per Grower		126	161	128	171	178	95	148	196	183	175
Number of Cane Cutters		15,285	16,772	15,280	17,251	13,866	13,417	14,891	15,118	14,305	13,797
Output per Cutter (tonnes)		170	204	184	219	285	156	220	290	287	296
Burnt Cane %		33	36	43	50	31	64	62	43	47	40
Sugar exports - destinations and quantities (metric tonnes)											
Season		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
UK/EU		167,585	175,825	152,233	163,624	200,074	186,770	145,710	137,554	192,950	169,043
MALAYSIA		-	-	-	22,000	-	-	60,000	90,000	90,000	113,367
USA		9,061	9,035	9,065	9,044	18,420	-	18,900	20,000	10,200	11,200
JAPAN		37,008	58,637	46,615	18,385	49,410	17,000	45,000	77,250	31,500	143,080
KOREA		-	-	-	14,600	30,000	15,000	-	15,000	-	-
CANADA		-	-	-	-	-	-	-	-	18,000	36,000
SINGAPORE		-	-	-	-	-	-	-	20,000	-	-
CHINA		25,000	25,000	-	-	-	-	-	20,000	15,750	-
INDONESIA		-	-	-	20,000	-	-	-	-	-	-
SPS		-	20,445	39,460	33,778	38,500	34,280	33,900	30,150	55,400	-
TAIWAN		-	-	-	27,650	-	-	-	-	-	-
PORTUGAL		17,000	-	-	-	-	-	-	-	-	-
TOTAL		255,654	288,942	247,373	309,081	336,404	253,050	303,510	409,954	413,800	472,690

... given that the 31st Annual General Meeting of the Fiji Sugar Corporation Limited will be held at the Conference Room, Waterfront Hotel, Lautoka on 21 October 2004 at 3.00pm.

Agenda

1. Apologies.
2. Proxy Holders.
3. Confirmation of the Minutes of the 30th Annual General Meeting held on 16 December 2003.
4. Matters arising from the Minutes.
5. Receive and consider the Balance Sheet, the Income Statement and the reports of the Directors and of the Auditors for the fourteen months ended 31 May 2004.
6. Declaration of Dividends
7. Transfers to Reserves.
8. Appointment of Auditors.
9. Transact such other business as may properly be brought before the meeting.

By order of the Board

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

Date: 30 September 2004

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 scheduled for the meeting.

The Fiji Sugar Corporation Limited
 3rd Floor, Western House, Lautoka
 P.O. Box 1000, Lautoka, Fiji



Date: _____

Signature of the Proxy Holder: _____

Signature of the Member: _____

Name of Member: _____

Address of Member: _____

Signature of the Company Secretary: _____

Date: _____



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 that 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 21 October, 2004, and at any adjournment thereof.

At witness my/our* hand this day of October 2004.

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)

* DELETE WHICHEVER IS INAPPLICABLE
PLEASE PRINT