


ANNUAL REPORT



2015-2016

BARBADOS
TOURISM MARKETING INC.



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BARBADOS[®]

TOURISM MARKETING INC.

VISION

Our vision sees Barbados elevated to the top of its capacity as a globally competitive, warm weather destination, with tourism sustainably enhancing the quality of life of visitors and Barbadians together.

MISSION

Our mission is to develop and apply exceptional marketing capabilities in the process of telling the authentic brand story of Destination Barbados. It further calls for us to galvanize all partners to elevate Barbados' tourism to new heights; while doing so in a fiscally prudent and sustainable manner.

Our focus in carrying out our mission will be on highly targeted marketing efforts guided by sound market intelligence and research. This will enable us to deploy effective and efficient marketing initiatives with a concentration on the utilization of digital marketing.

We will achieve our mission by employing and developing the talents of our staff while ensuring that they are all fully cognizant and compliant with our policies and practices so as to empower them to operate freely, expeditiously, and in the best interest of destination Barbados; our Government shareholder; our visitors and the wider community. Emphasis will also be placed on the importance of professionalism; a customer-focused approach to business; innovation; passion; and continuous improvement.

VALUES

- Flexibility
- Speed
- Results Orientation
- Process Driven



SECTION ONE



CHAIRMAN'S MESSAGE

2015-2016

ROSEANNE MYERS

Chairman, BTMI

As At November 2021

OVERVIEW

The current Board of September 2021 has faced the challenge that from 2013/14 to 2016/17 required financial statements and audits of Barbados Tourism Marketing Inc (BTMI), Barbados Tourism Product Authority (BTPA), and their predecessor the Barbados Tourism Authority (BTA) had not been completed and presented on a timely basis.

I am pleased to report that we have made tremendous progress in this regard and now present the annual report, financial statements for the year ended 31 March 2016. The retrospective review of management's report show growth in tourism air and cruise arrivals. Marketing strategies and tactics across source markets seemed to have borne fruit during the period. The team at the BTA is to be commended for their execution of plans to drive revenue to the economy and with that, jobs and opportunities.

However, the accompanying financial statements, for the year ended 31 March 2016, have a qualified opinion from our auditors KPMG for the reasons set out in their report. Great effort was made to try to achieve unqualified audit opinions but regrettably the underlying supporting information which the auditors requested for the year under review could not be located by the organisation's finance team. It is important to note that if adequate supporting information cannot be supplied to the auditors for the samples that they have selected for audit testing,

they are required to indicate in their report that the total amount of that particular Balance Sheet or Income Statement item is noted in their report as unsubstantiated.

Given that several years have elapsed since the period covered in the accompanying financial statements, and given the lack of an unqualified opinion by the auditors, we are not in a position to comment or give any assurance on the financial statements beyond what the auditors have stated in their report.

On behalf of the 2021 board, I confirm that significant changes to policies, systems, technology and organisational structure have been made to rectify the shortcomings highlighted in the auditors report for 2016/17 and prior, and to improve the financial management and internal controls. I am pleased to advise that for the financial statements for the most recent years, 2017/18, 2018/19 and 2019/20 we have achieved unqualified reports from the auditors.

FINANCIAL PERFORMANCE 2015-2016

Total assets of BDS \$9,054,388 were recorded and the largest component of this was BDS \$(...) which comprised grant subvention receivable from the Government of Barbados. At the year ended 2012, an entry for grant receivable was....(....).

Liabilities of BDS \$9,054,388 were recorded and this comprised account payables to local and overseas vendors. The Loan payable consists of the current amount (within twelve months) due to Carnival Corporation for the Bank of Nova Scotia 2008

US \$10.5 million Loan and the National Insurance Department for the 2011 BDS \$17 million Loan. The non-current amount for the loan payable was BDS \$18.3 million.

Revenue recorded was BDS \$(...) which was mainly subvention and hotel registration fees of BDS \$(...) and expenditure of BDS \$54,599,698 caused a deficit of BDS \$(24,014,128).

The deficit by the close of 2015 was (BDS \$59,830,970).

VISITOR ARRIVAL PERFORMANCE 2015-2016

Total visitor arrivals increased by 11.4 percent, or 61,683 visitors, with all major markets registering increases and slight moderate declines during this period.

The United States had the highest increase of visitor arrivals of 20.7 percent. Similarly, the U.K. saw a 13.1 percent increase and the Caribbean followed with a 11.5 percent increase in visitor arrivals. During this period there were a few declines namely in the European and Central & South American markets; these markets experienced decreases of 6.0 percent and 5.1 percent respectively.

The United Kingdom once again prevailed as the top producing market and accounted for 37 percent of traffic to Barbados with 224,553 arrivals. This market saw 25,957 more visitors when compared to the corresponding period 2014/2015. This increase can be attributed to improvements in the UK's economy, consistent advertising and public

relations campaigns (Brilliant Barbados, Gimme 5 & Fly etc.) and new accommodation stock with the advent of Sandals Barbados.

The United States followed as the second highest producer of business (25 percent) contributing 153,061 arrivals. This growth can be attributed to the addition of JetBlue's service out of Boston as well as increases in JetBlue's traffic to Barbados.

The Caribbean market was the third highest producer for the reporting period, resulting in 16 percent of overall business. Trinidad & Tobago was the highest contributor from this market capturing 32.5 percent of the share with 31,496 arrivals. Arrivals from the Other Caribbean countries increased by 6,380.

Canada contributed 12 percent of traffic for the reporting period, with 74,521 arrivals. This market experienced a slight growth of 2.0 percent.

Europe provided 36,414 visitors from this market; however, it experienced a decline of 6.0 percent. Germany recorded 12,025 arrivals a -7.7 percent decrease or 1,001 less visitors; this decrease was caused by a 19.8 percent decline in Condor's traffic. Other Europe also experienced a decline of 5.2 percent or 1,339 less visitors.

Central & South America accounted for just 2.0 percent of the arrivals to Barbados and experienced a decline of 5.1 percent. Brazil emerged as the top producer for this market, contributing 3,423 arrivals and recorded a 40 percent decrease. This decline in arrivals was a result of the discontinuation of the GOL service out of Brazil. Meanwhile the 29.6 percent growth in other Central & South American territories was attributed to the introduction of the Avianca service out of Bogota, Colombia.

The Bridgetown Port welcomed 624,488 cruise arrivals in 2015/2016, up from the 544,918 cruise arrivals recorded during the corresponding period of 2014/2015; an increase of 13.7 percent.

There were declines during the months of December (1.2 percent) May (6.9 percent), July (10.2 percent), and March (11.1 percent), while the remaining months experienced growths ranging from 4.0 percent to 46 percent.

There was an increase in the number of cruise ship calls to Barbados when compared with the corresponding period of 2014/2015. Cruise calls increased from 387 calls during 2014/2015 to 412 calls during 2015/2016.

VISITOR REVENUE PERFORMANCE 2015-2016

Total visitor expenditure on island grew from US\$836.3 million during 2014 to US\$865.9 million in 2015. This was achieved by a 13.9 percent increase in visitor arrivals despite having a slight decline in the average daily spend.

Visitors from the UK contributed 45.1 percent of the overall total expenditure followed by visitors from the USA (21.7 percent) and Canada (12.3 percent). These top three generating markets accounted for 79 percent of the overall expenditure, and subsequently recorded increases and a decrease of +1.4 percent (United Kingdom), +27.8 percent (United States) and -0.6 percent (Canada).

The average daily spend for 2015 was an estimated US\$165.36, a decrease of 0.7 percent or US\$1.15 less when compared to the estimated total of US\$166.50 for 2014.

Visitor spending in Barbados ranged from US\$143.72 (Canada) to US\$189.52 (Other Europe) per day. There was an equal amount of decreases and increases in daily visitor spend among the markets. Other Europe recorded the highest increase with +13 percent while "Other" recorded the largest decrease with -7.6 percent.



BOARD OF DIRECTORS

Roseanne Myers - Chairman
Nicholas Branker - Deputy Chairman
Kevin Yearwood
Cecil Miller
Anthony Arthur
Cranston Browne - Representative NCF
Kashka Haynes
Shelly Carrington - PS Ministry of Tourism

SENIOR MANAGEMENT

William Griffith - Chief Executive Officer (Contract)
Neville Boxill - Senior Director Support Service (Contract)
Cheryl Carter - Director (UK)
Vicky Chandler - Director (C'bean and Latin America)
Robert Chase - Director Marketing
Carol-Ann Jordan - Director Human Resources & Corporate Services
Peter Mayer - Director (Canada)
Michelle Moore - Director Finance
Anita Nightingale - Director Europe (Contract)
Petra Roach - Director (USA) (Contract)

EMPLOYEE DEPARTURES

Marvellos Beckles
Office Attendant (Temp) - Jun 18, 2015

Tricia Williams
Business Development Officer (CLA) - Dec 31, 2015

Deborah Thompson
Personal Assistant (UK) - Feb 29, 2016



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SECTION TWO

OVERVIEW

For the reporting period of April 1st 2015 to March 31st 2016, there was an increase of 11.4% in stay-over visitor arrivals when compared to the same period of 2014/2015. There were a number of positive performances however, the United States had the highest increase with 20.7%. The United

Kingdom and the Caribbean followed with increases of 13.1% and 11.5%.

During this period there were a few declines namely in the European and Central & South American markets; these markets experienced decreases of 6% and 5.1% respectively.

STAY-OVER ARRIVALS BY MAJOR MARKETS				
MAJOR MARKETS	2014/2015	2015/2016	AB CHG	%CHG
United Kingdom	198,596	224,553	25,957	13.1
United States	126,838	153,061	26,223	20.7
Canada	72,779	74,251	1,472	2.0
Other Caribbean	58,929	65,309	6,380	10.8
Trinidad & Tobago	27,910	31,496	3,586	12.8
Other Europe	25,728	24,389	-1,339	-5.2
Germany	13,026	12,025	-1,001	-7.7
Central & South America	11,446	10,867	-579	-5.1
Other	8,131	9,115	984	12.1
Total	543,383	605,066	61,683	11.4

MARKET PERFORMANCE

The **United Kingdom** once again prevailed as the top producing market and accounted for 37% of traffic to Barbados with 224,553 arrivals. This market recorded an increase of 13.1% or 25,957 more visitors when compared to the corresponding period 2014/2015.

This increase can be attributed to improvements in the UK's economy, consistent advertising and public relations campaigns (Brilliant Barbados, Gimme 5 & Fly etc.) and new accommodation stock with the advent of Sandals Barbados.

The **United States** followed as the second highest producer of business (25%) contributing 153,061 arrivals; resulting in an increase of 20.7%. This

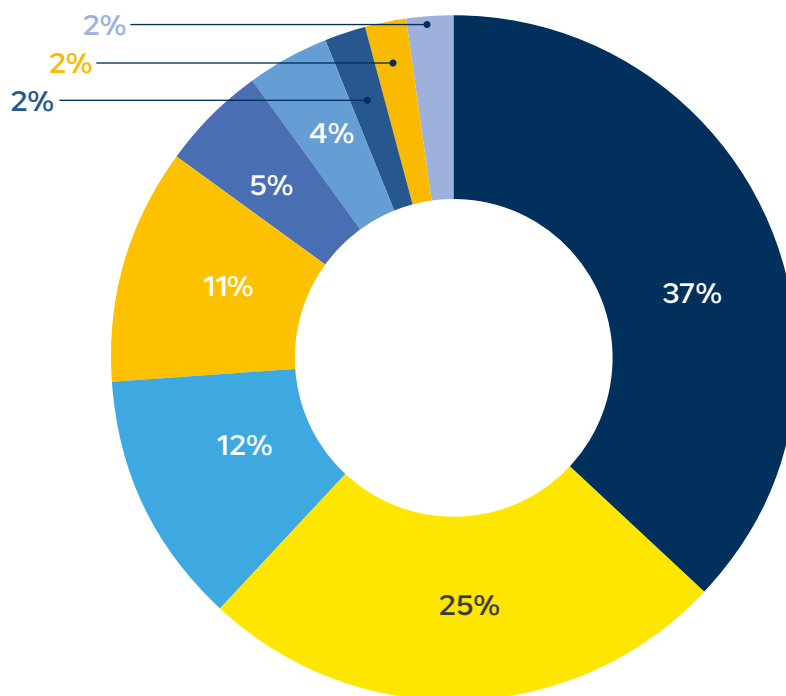
growth can be attributed to the addition of JetBlue's service out of Boston as well as increases in JetBlue's traffic to Barbados.

The **Caribbean** market was the third highest producer for the reporting period, resulting in 16% of overall business and registered a gain of 11.5%. Trinidad & Tobago was the highest contributor from this market capturing 32.5% of the share with 31,496 arrivals. Arrivals from the Other Caribbean countries increased by 6,380.

Canada contributed 12% of traffic for the reporting period, with 74,251 arrivals. This market experienced a slight growth of 2.0%.

Market Share - 2015/2016

- United Kingdom: **37%**
- United States: **25%**
- Canada: **12%**
- Other Caribbean: **11%**
- Trinidad & Tobago: **5%**
- Other Europe: **4%**
- Germany: **2%**
- Central & South America: **2%**
- Other: **2%**



Europe provided 6% of the arrivals to Barbados which resulted in 36,414 visitors from this market; however, it experienced a decline of 6%.

Germany recorded 12,025 arrivals a -7.7% decrease or 1,001 less visitors; this decrease was caused by a 19.8% decline in Condor's traffic. Other Europe also experienced a decline of 5.2% or 1,339 less visitors.

Central & South America accounted for just 2% of the arrivals to Barbados and experienced a decline of 5.1%.

Brazil emerged as the top producer for this market, contributing 3,423 arrivals but recorded a 40% decrease. This decline in arrivals was a result of the discontinuation of the GOL service out of Brazil.

Meanwhile the 29.6% growth in **other Central & South American** territories was attributed to the introduction of the Avianca service out of Bogota, Colombia.

VISITOR EXPENDITURE

ESTIMATED VISITOR EXPENDITURE JANUARY TO DECEMBER 2015 VS 2014

REGION	ARRIVALS		LOS		AVG SPEND		TOTAL		AB CHG	%CH
	2014	2014	2014	2014	2014	2014	2014	2014		
United States	118,510	148,067	8.4	7.6	\$147.14	\$166.09	\$146,957,349.20	\$187,861,795.09	\$40,904,445.89	27.8
Canada	65,813	74,494	10.9	10.0	\$149.73	\$143.72	\$107,231,597.52	\$106,567,554.83	\$(664,042.69)	-0.6
United Kingdom	186,858	214,175	11.0	10.2	\$187.51	\$178.47	\$385,015,203.41	\$390,299,566.32	\$5,284,362.92	1.4
Other Europe	44,736	40,852	9.6	8.8	\$167.78	\$189.52	\$71,967,579.14	\$68,501,161.76	\$(3,466,417.38)	-4.8
Caribbean	78,730	87,980	7.6	5.9	\$148.35	\$154.68	\$88,430,924.28	\$80,900,956.77	\$(7,529,967.52)	-8.5
Other	24,988	26,304	7.9	7.1	\$184.93	\$170.92	\$36,711,655.26	\$31,827,760.09	\$(4,883,895.17)	-13.3
Total	519,635	591,872	9.7	8.8	\$166.50	\$165.36	\$836,314,308.80	\$865,958,794.86	\$29,644,486.06	3.5

AVERAGE DAILY SPEND

The average daily spend for 2015 was an estimated US\$165.36, a decrease of 0.7% or US\$1.15 less when compared to the estimated total of US\$166.50 for 2014.

Visitor spending in Barbados ranged from US\$143.72 (**Canada**) to \$US189.52 (**Other Europe**) per day. There was an equal amount of decreases and increases in daily visitor spend among the markets. Other Europe recorded the highest increase with +13% while “Other” recorded the largest decrease with -7.6%

TOTAL VISITOR EXPENDITURE

Total visitor expenditure on island grew from US\$836.3 million during 2014 to US\$865.9 million in 2015. This was achieved by a 13.9% increase in

visitor arrivals despite having a slight decline in the average daily spend.

Visitors from the **UK** contributed 45.1 percent of the overall total expenditure followed by visitors from the **USA** (21.7%) and **Canada** (12.3%). These top three generating markets accounted for 79 percent of the overall expenditure, and subsequently recorded increases of +1.4% (**United Kingdom**), +27.8% (**United States**) and a decrease of -0.6% (**Canada**).

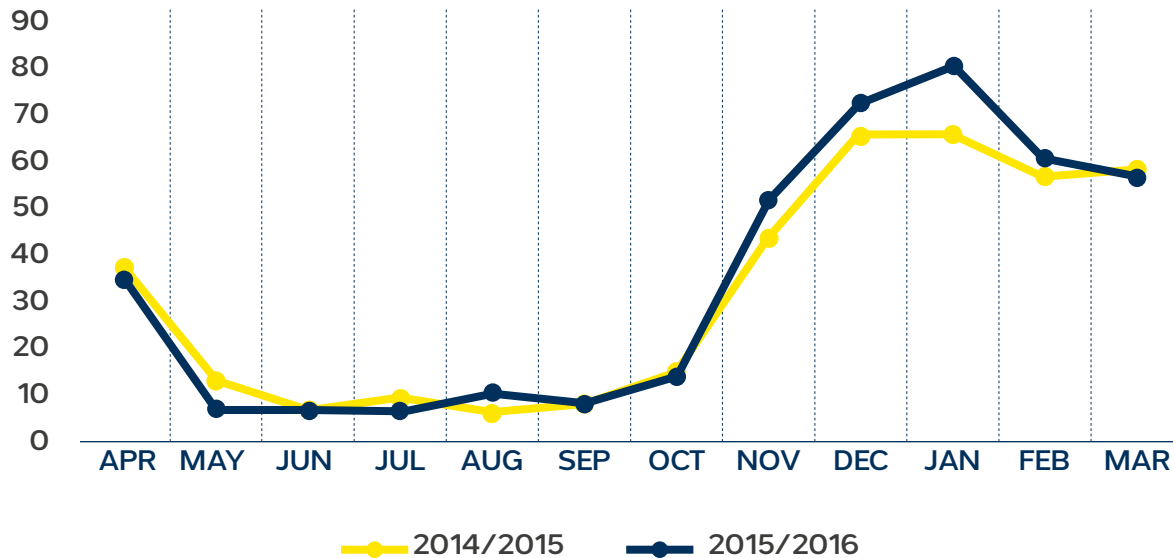
CRUISE ARRIVALS

The Bridgetown Port welcomed 624,488 cruise arrivals in 2015/2016, up from the 544,918 cruise arrivals recorded during the corresponding period of 2014/2015; an increase of 13.7%.

CRUISE ARRIVALS				
	2014/2015	2015/2016	AB CHG	%CHG
April	53205	63625	10420	19.6
May	24614	22923	-1691	-6.9
June	17440	23939	6499	37.3
July	27385	24585	-2800	-10.2
August	18269	21000	2731	14.9
September	21258	22937	1679	7.9
October	30996	35626	4630	14.9
November	55348	72438	17090	30.9
December	83371	82403	-968	-1.2
January	78239	114225	35986	46.0
February	68281	78037	9756	14.3
March	70619	62750	-7869	-11.1
Total	549025	624488	75463	13.7

There were declines during the months of December (1.2%) May (6.9%), July (10.2%), and March (11.1%), while the remaining months experienced growths ranging from 4% to 46%.

There was an increase in the number of cruise ship calls to Barbados when compared with the corresponding period of 2014/2015. Cruise calls increased from 387 calls during 2014/2015 to 412 calls during 2015/2016.



AIRLIFT

UNITED KINGDOM

There were six (6) scheduled flights from this market originating from Gatwick, Manchester and Glasgow gateways. The three (3) major carriers were namely British Airways, Virgin Atlantic and Thomas Cook.

Airline seat capacity out of the United Kingdom decreased by 1.8% or 4,793 less seats during 2015/2016 when compared to 2014/2015.

British Airways

The BA service from Gatwick contributed only 452 additional seats which was a slight increase of 0.6%.

Virgin Atlantic

There was a 3.6% decline in seats from Virgin's service out of Gatwick meanwhile there weren't changes to Virgin's Manchester service.

Thomas Cook

Thomas Cook introduced a new service from Glasgow in the month of November, 2015 which contributed an additional 2,925 seats for the reporting period.

UNITED STATES

Overall seat capacity from the United States increased significantly by 15.3% or 38,422 seats during the reporting period. There were a number of factors for this increase namely:

- Slight increases in American Airlines service from Florida (AM & PM)
- Increased seat capacity from American Airlines (formerly US Airways) Charlotte service
- A 50.3% increase in seat capacity from JetBlue's additional service
- The introduction of the JetBlue service from Boston contributed an additional 3,150 seats
- Delta services from New York and Atlanta contributed an additional 9,120 seats and 11,520 seats respectively

CANADA

Seat capacity for this market had a slight decrease of 28 seats during the reporting period.

Air Canada's Montreal service seat capacity increased by 7.8% while the service from Toronto experienced a decline of 1.6% in seat capacity. West Jet and Sunwing also contributed 514 additional seats from this market.

EUROPE

Overall European seat capacity decreased by 6.1% or less 2,364. Condor was the only major carrier from this market however it experienced a significant decline of 24.1%

CENTRAL & SOUTH AMERICA

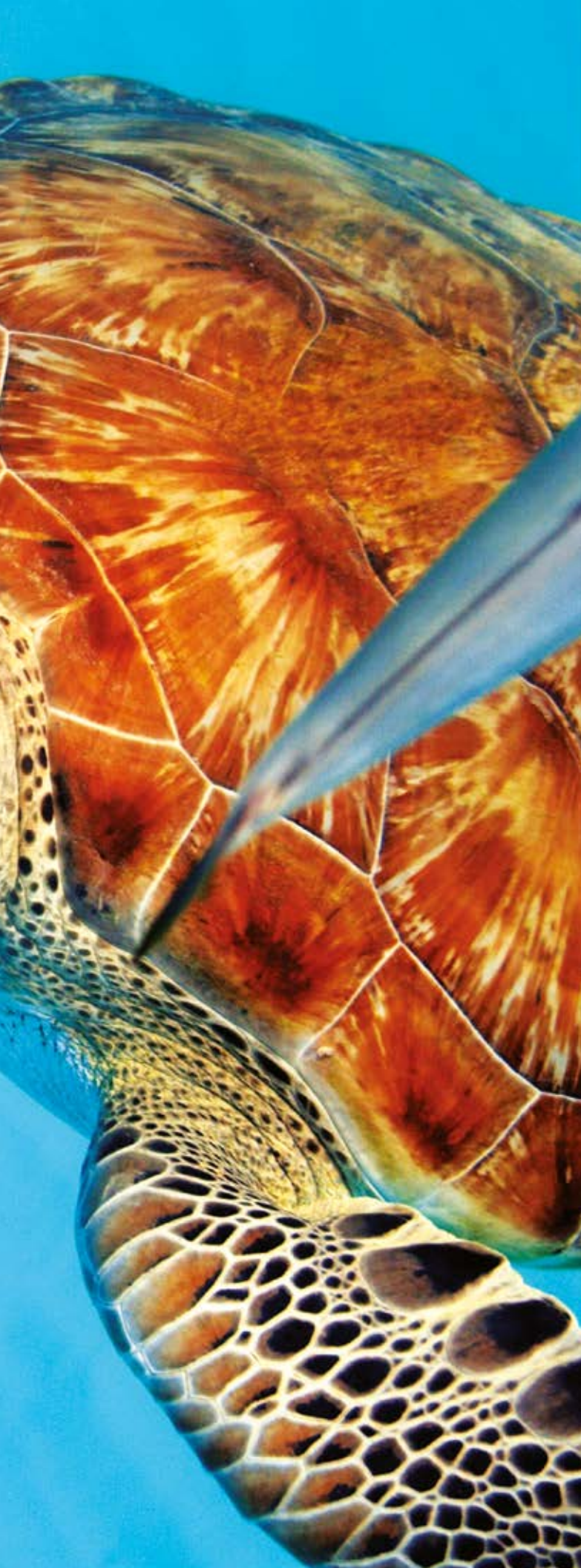
The introduction of the Avianca service from Bogota, Colombia contributed 3,500 additional seats from this market.





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SECTION THREE



MARKETING OVERVIEW

The marketing communications, promotions and channel partner strategy for 2015/16 brought focus to the vital issue of clarifying the positioning of the Barbados brand in order to maximize competitive advantage in a dynamic and challenging tourism market.

The strategy was grounded in focus-differentiation, the marketing communications initiatives highlighted the primary distinctive strengths of the Barbados offering through the telling of the Barbados brand story. This effort allowed Barbados to narrow its vision on those market segments within which it can most effectively compete while addressing the need for BTMI to maximize return on marketing investment through optimum use of marketing resources and by focusing the communications efforts on those audiences most attuned to Barbados' offering. Each activity highlighted the importance of measuring the performance of marketing initiatives and selecting initiatives utilising prior estimation of effectiveness and subsequent tracking of actual performance for each initiative.

The marketing strategies consolidated global planning across geographic regions in pursuit of sustainable growth. New market share was acquired in the United States market, driven by increases in seat capacity via new gateways, and by improved economic conditions in that region. This was supported by providing adequate marketing resources and devising innovative collaborative strategies to fill these newly acquired seats, while preserving our existing US airlift.

The industry condition remained encouraging, as the return of national economic growth in 2014 provided a platform for the new Barbados Tourism Marketing Inc. (BTMI) to pursue its mandate as the leading national tourism marketing agency. Increasing our aggregate visitor arrivals remained a top priority

in 2015. Public-private sector partnerships with our local and international stakeholders were paramount in maximizing available resources and ultimately, increasing the revenue generated by the tourism sector.

The normalization of relations between Cuba and the US generated a spike in demand for travel between these countries. Additionally, capitalizing on Barbados' strong positioning in the upscale market segment where there is a strong tendency among wealthier travelers to take multiple trips, coupled with positioning Barbados as an island-wide experience proved critical in ensuring we obtained our share of Caribbean-bound US travels.

Throughout the year we focused on our other key strengths including our dense calendar of events, stable socio-economic conditions and strong reputation, while capitalizing on the industry trend of growth in multi-generational and family travel, which were pivotal in achieving our goals.

Additionally, optimal support was provided to the new seasonal Thomas Cook service out of Glasgow, Scotland, another significant market development for Barbados. Analysis projected flat visitor-number growth from both Europe and Latin America source markets due to declining currency values and

economic conditions, as such, our efforts were concentrated on defending existing market share in these emerging markets.

In all regions, emphasis was placed on preserving our airlift connections, maintaining strong partnerships with the airlines and other industry partners, and creating unique value propositions for the trade and consumers.

Our marketing efforts were also bolstered as a result of the resurgence of new hotel products in the past 12 months. It is noticeable that the three largest hotel projects that came on stream, namely Sandals, Sugar Bay and Sands are all-inclusive product. There was an indication of significant demand for this product category.

At the corporate level, a comprehensive review of existing marketing and related policies ensured judicious allocation of marketing resources; including the increased use of digital marketing; greater communication and collaboration between the market teams and head office; increased organizational agility in the face of contingencies and new opportunities; and sustained use of performance indicators to measure our progress toward our goals.



OBJECTIVES:

- To increase brand recognition
- To tighten sales and marketing integration
- To pursue aggressive marketing programs to defend our airlift capacity.
- To reduce seasonality in visitor travel patterns.
- To develop an integrated plan to regain European business



MARKETING GOALS:

- Continuing to build and hold airlift capacity
- Improving our competitiveness and market share in key markets
- Improving the return on marketing investment through measurement and selection
- Making greater use of digital marketing
- Pursuing source market diversification
- Prioritizing the allocation of our financial resources based on the potential of our existing, new and developing markets
- Developing and implementing a full and clearly-defined risk management program
- Developing incremental business.
- Producing and supporting Food Wine Rum and RunBarbados to international standards.
- Promoting ideal niche markets e.g. honeymoons and weddings, MICE and golf
- Using an integrated marketing communications approach to our sales, marketing, social media and promotional campaigns to maximize the returns on our budgetary allocations
- Engaging our global travel trade network and consumers, through our global advertising, public relations, tour operators and strategic partnerships

KEY OPPORTUNITIES:

- Innovative new digital marketing strategy
- 50th anniversary of independence in 2016
- Increased air service
- New and refurbished hotel accommodation
- The diverse calendar of events and variety of activities that can appeal to a wide range of demographics from different markets
- The Barbados Family & Friends Program (BFF) and, in general, the commitment of the Diaspora to marketing Barbados
- The new strategic plan for the wedding and honeymoon niche market
- The meetings, incentives, conventions, and events (MICE) niche market.
- The Barbados Elite Club destination specialists as an extended distribution channel
- Several opportunities and competitive levels of capacity for hosting sports tourism events
- Historic Bridgetown and its Garrison as a UNESCO World Heritage Site.
- The burgeoning Latin American market

MARKETING INITIATIVES

FOCUS AREAS & SWOT INITIATIVES:

The initiatives were centered around four focus areas; direct consumer initiatives; those that target the trade; those based in airline co-op spend; and those that target market niches.

Consumer

Marketing efforts targeted directly at consumers focused on consolidating Barbados' current brand positioning as an aspirational destination while advancing it to take advantage of the destination's distinctive competencies of delivering a clean, friendly, and well-built infrastructure. Marketing communications utilized the full range of media channels including traditional above-the-line media and new digital media along with strong Out of Home Promotions to present this enhanced brand position of "Engaging Island Inclusiveness".

The marketing initiatives undertaken in some markets placed a focus on the ABC1 income demographic segment with some leaning towards the AB segment. Economic data out of Canada and UK clearly indicates that wealthier and older travelers are driving growth in long haul vacation travel, hence justifying a focus on both baby boomer and generation X cohorts as they proved to be financiers of the family vacations. This was particularly relevant as we sought to capitalize on the international trend towards multigenerational travel. Given Barbados' strong showing in both the upmarket income demographic as well as amongst the older set, this targeting was worthy of a heavy proportion of marketing expenditure. In support of this opportunity, up-market activities such as golf, along with sailing, and polo continued to feature prominently in our messaging.

Barbados positioned itself as a destination rich in activity for the whole family and the culinary capital of the Caribbean. Consequently, there was heavy

promotion of the Food Wine and Rum Festival as well as highlighting of other events such as Crop Over, the Mount Gay Sailing Regatta, WI vs. Eng Cricket Series, CPL and the Sir Garfield Sobers School Cricket competition.

PUBLIC RELATIONS

Our Public Relations (PR) resources were employed through press trips for the international media to generate news content targeted at both traditional press and blogs about Barbados' year round calendar of events. In this context the 30th anniversary of the CHUM FM breakfast in Barbados was a major contributor to public awareness in the Canadian market. Similarly, stories of the WI vs. England match created significant awareness of the destination during the pre-match April and May period. In the Brazil market we built awareness of Barbados as a desirable and diverse destination via culturally homogenous events such as Crop Over.

We utilized direct targeting of consumers through the use of e-mail and our social media properties to entice members of our Friends and Family program to travel to Barbados and other persons in the VFR (Visiting Friends and Relatives category).

In the UK along with targeting the AB segment we also conducted a food based promotion targeting up-market restaurants to promote the Food Wine and Rum Festival and Barbados' culinary reputation. While in the Caribbean & Latin America region the Luxury segment was targeted through partnerships with Republic Bank through their gold and platinum card holders.

To hit key booking periods for the general market we carried out three road shows in the SE UK in the September booking period and developed other campaigns around Crop Over and other family oriented activities for the May/June booking period.

In the US market, above-the-line advertising with a focus on radio was utilized and supplemented with digital placements on trade sites such as Travel Zoo, Trip Advisor, Sojern and up market publications such as the Wall St. Journal.

In Europe we utilized high traffic points such as rail stations to highlight the beauty of a Barbados getaway. Out of Home Rail E-boards 60 sq.m in Switzerland and info screens in Austria engaged members of the pedestrian traffic as they waited for transport or traversed high foot-fall areas. In Germany 60" and 82" HD multi screens synchronized presentations played a similar role in the underground. Persons seeking a Caribbean vacation were made aware of Barbados through the popular Das Karibik magazine with circulation of over 100,000 for distribution at trade fairs in Germany, Austria, and Switzerland.

Trade

Trade partners saw a similar focus in the positioning of the Barbados brand as we worked assiduously to build upon the strong relationship we have with trade partners. This entailed the development of joint promotions and continuing exposure of our travel agent and tour operator partners to the Barbados product. In this latter regard we undertook a number of familiarization trips that showcased what Barbados has to offer to these key partners.

Our cooperative advertising programs with trade partners included Tour Operators such as Apple vacations, Caradonna Tours and Classic Vacations in the US market. In the CLA market we strengthened our presence with partnerships in Martinique through Royal Tours and Selectour Richard Flecher Voyages. In Europe we undertook cooperative campaigns with tour operators including TUI, Knechtreisen, JT Just Travel Touristik. The JTTouristik initiative involved a FAM with 10 agents organized in

conjunction with Condor. Similar partnerships were undertaken with Thomas Cook, DerTours, Meiere's, and DerPart.

Our focus on luxury tour operators in the UK saw close working relationships with Azure where we launched luxury travel shows and dinners with the Azure collection. In Canada this entailed our gold sponsorship of THE travel agent expo and in Brazil, THE Virtuoso for the Luxury segment.

This was coupled with numerous sales calls to key partners and incentive programs. We also worked with Funway tours to execute a campaign during the peak September booking period encompassing a dedicated brochure, trade promotions, and social media activations. The partnership also leveraged Funway's loyalty program with their money card. In the Brazil market we increased our number of sales calls in Sao Paulo and other major cities in order to increase the pool of operators selling Barbados.

We also strengthened our relationship with our trade partners and their ability to sell Barbados by utilizing a training incentives program targeting 1,500 travel agents in the US market as well as similar initiatives in our UK, Canada and CLA markets.

To support Barbados' position as an activities hub for family travel we highlighted our many events in our sales calls and collateral materials including the Crop Over Festival, Food Wine and Rum Festival, Global Rally Cross etc. This was especially prominent in our Brilliant Barbados summer promotion which carried its own microsite with a Call-To-Action that targeted our partner's booking portals. This included

our hotel partners and the Book Barbados Now booking engine. The microsite highlighted all of the activities that took place in Barbados through the summer and fall period.

In addition, a number of trade shows and Road Shows were utilized to provide the opportunity to sell Barbados to Trade partners including a road show in the US in June, participation in the world Travel Market in Latin America in April and The ITB trade fair in Germany.

Airlift Co-op Marketing

Maintaining and building air lift remained an important part of our marketing efforts. This had a specific focus in cooperative marketing arrangements with our airline partners. In the UK market, for the summer, we increased load factors on our two larger carriers, BA and Virgin, to off-set the loss of the Thomas Cook seats. Similarly, we allocated marketing dollars to support load factors on BA to ensure the availability of 12 flights in the rotation during the winter period. Flights out of Glasgow with Thomas Cook were strongly supported with marketing efforts to maximize the opportunity presented by this new UK gateway.

Our efforts in the US supported the new seats emerging from our JetBlue partnership with a targeting of the Tri-State area as well as Massachusetts and Connecticut, to take advantage of the new flight out of Boston on JetBlue. We engaged potential travelers through advertising on both Delta and JetBlue's websites during key booking periods of Jan-Feb, May-Aug, September and November as well as targeted singles, couples and families for Atlanta and JFK with Delta.

In the CALA market we focused on achieving LIAT and CAL fare reductions to promote early bookings and travel through the softer travel periods. The comparatively high cost of LIAT fares to travel to Barbados compared to travel to North America has continually undermined our competitiveness and

was subsequently addressed through cooperative pricing promotions with our airline partners in the region. Our relationship with GOL saw us promoting special fares and the sharing of a flight with Tobago to reduce costs, while alternative airlift with AVIANCA commenced.

Niche Markets

Utilising non-core market opportunities in the niche areas of culinary travel, romance travel, and sports travel bolstered our opportunities for growth through encouraging group travel.

In the UK market a MICE FAM and Sports FAM for 20 agents was driving increased exposure and visibility to these niches. Additionally, we participated in the Wedding Fair at GLOW, a Bespoke MICE event and a dive show in the Birmingham area.

In Canada we continued to support the West Jet romance promotion and the Forever Begins in Barbados promotion along with a Romance FAM in May and participation in a significant MICE trade show.

The US also targeted diving and sporting associations to bolster sports tourism travel to Barbados. The CMITE and IMEX MICE conventions were also targeted, growing our meetings and incentives travel business. Epicurean events were used to promote Barbados in support of the Food Wine and Rum Festival.

Barbados was continually featured prominently in planning for meetings in the CLA region through targeting companies and branches for retreats. Sports groups were also targeted along with other groups including professional associations and ethnic associations such as the East Indian community in Trinidad. While in Brazil we enhanced our sports tourism efforts with special projects in conjunction with AgazTur and a surf project in conjunction with Fluir Magazine and Waves.com.br.

Cruise

Our position with Carnival Cruise lines was strengthened in part through a cooperative advertising and a volume based program. This was structured to guarantee a specified volume of passengers as well as other benefits such as employment for locals and local sourcing of goods and services.

We also embarked on a number of sales and negotiation meetings through various conferences which allowed us to engage key channel partners in closed door sessions where we focused on the Barbados partnership. These included SeaTrade Global in Florida, SeaTrade Europe and SeaTrade Tobago.

We also undertook training of Cruise Planners' agents in order to familiarise them with the Barbados experience and improve and leverage their sales efforts of Cruise Planner's 5,000-agent network. We accomplished this through Cruise

Planners University by providing materials for video training, downloadable documents and a link to a certification program. We shall also used Cruise Planner's network to target direct consumers through e-mail messages, its newsletter and consumer magazine as well as appearance in Cruise Planner's destination of the month.

Familiarization trips continued to be a part of our strategy for agents out of the US market as well as for journalists focused on the cruise market.

Sports

Through leveraging Barbados' strong regional position as a safe, well developed Caribbean country with a wide range of elite sporting facilities, we drove sports teams and tournaments to Barbados' shores. This was supported through social media and other digital marketing strategies in the respective source markets.





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BARBADOS TOURISM MARKETING INC. | MARCH 31, 2016

FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT

To the Government and Members of Barbados Tourism Marketing Inc.

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Barbados Tourism Marketing Inc. ("the Company"), which comprise the statement of financial position as March 31, 2016, the statements of revenue and expenditure, deficit and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

We were unable to satisfy ourselves with the completeness and accuracy of accounts receivable. At the time of our report, accounts receivable had not been verified. We were unable to confirm or verify by alternative means accounts receivable included in the statement of financial position at a total amount of \$491,337 as at March 31, 2016.

We were unable to satisfy ourselves with the completeness and accuracy of prepaid expenses. At the time of our report the prepaid expenses had not been verified. We were unable to confirm or verify by alternative means prepaid expenses included in the statement of financial position at a total amount of \$687,146 as at March 31, 2016.

We were unable to satisfy ourselves with the completeness and accuracy of accounts payable and accrued liabilities. At the time of our report, accounts payable and accrued liabilities had not been verified. We were unable to confirm or verify by alternative means accounts payable and accrued liabilities included in the statement of financial position amounting to \$49,034,163 as at March 31, 2016.

We were unable to satisfy ourselves with the completeness and accuracy of selected expenses. As of the date of our report management was in the process of locating the support for selected balances. We were unable to confirm or verify by alternative means expenses included in the statement of revenue and expenditure amounting to \$3,076,769 as at March 31, 2016.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Government and Members of Barbados Tourism Marketing Inc. (continued)

Report on the Audit of the Financial Statements (continued)

Basis for Disclaimer of Opinion (continued)

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of accounts receivable, prepaid expenses, accounts payable and accrued liabilities and the elements making up the statements of revenue and expenditure, deficit and cash flows.

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

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

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

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

The purpose of this report and restrictions on its use by persons other than the Authority's members, as a body

This report is made solely to the Company's shareholder, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to the shareholder in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder, for our audit work, for this report, or for the opinion we have formed.

Chartered Accountants
Bridgetown, Barbados
XXXXXX, 2021

STATEMENT OF FINANCIAL POSITION

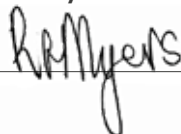
As at March 31, 2016 | With figures for 2015

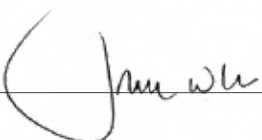
(EXPRESSED IN BARBADOS DOLLARS)

	Notes	2016	Unaudited 2015
Current assets			
Cash and cash equivalents	6	\$ 9,958,238	6,556,126
Accounts receivable	7	491,337	-
Intercompany receivable	8	2,069,486	1,302,792
Prepaid expenses	9	687,146	645,929
Total current assets		13,206,207	8,504,847
Staff loans	10	70,173	112,324
Property and equipment	14	429,963	438,217
Total Assets		\$ 13,706,343	9,055,388
Liabilities and Deficiency			
Current liabilities			
Bank overdraft	6	\$ 24,131	-
Accounts payable and accrued liabilities		49,034,163	48,393,417
Loans payable	18	4,264,634	2,111,668
Total current liabilities		53,322,928	50,505,085
Long term liabilities			
Loan payable	18	11,564,275	18,380,273
Total liabilities		64,887,203	68,885,358
Shareholder's Deficiency			
Share capital	21	1,000	1,000
Deficiency		(51,181,860)	(59,830,970)
Total Shareholder's Deficiency		(51,180,860)	(59,829,970)
Total Liabilities and Shareholder's Deficiency		\$ 13,706,343	9,055,388

See accompanying notes to the financial statements.

Approved by the Board of Directors:

 Director

 Director

BARBADOS TOURISM MARKETING INC.
STATEMENT OF DEFICIT

For the year ended March 31, 2016

With figures for the seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

	Notes	2016	Unaudited 2015
Deficit, beginning of year/period		\$ (59,830,970)	-
Deficit acquired on transfer of net assets	1	\$ -	(35,816,842)
Excess of revenue over expenditure/(excess of expenditure over revenue)		8,649,110	(24,014,128)
Deficit, end of year/period		\$ (51,181,860)	(59,830,970)

See accompanying notes to the financial statements.

STATEMENT OF REVENUE AND EXPENDITURE

For the year ended March 31, 2016

With figures for the seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

	Notes	2016	Unaudited 2015
Revenue			
Government grant	11	\$ 82,487,656	30,585,111
Interest income		-	459
Other income		301,637	-
		82,789,293	30,585,570
Expenditure			
Airline revenue guarantee		26,730,556	8,768,160
Marketing	13	19,341,706	20,120,297
Promotions	13	9,254,150	6,675,445
Contribution and sponsorship		4,062,614	7,581,236
Salaries and allowances		5,090,015	5,447,961
Operational expenses		5,043,214	1,644,671
Exchange adjustments and bank charges		1,135,827	498,311
Interest expense		1,224,586	78,906
Travel		1,056,286	-
Public relations		1,075,370	3,723,057
Depreciation	14	125,859	61,654
		74,140,183	54,599,698
Excess of revenue over expenditure (expenditure over revenue)		\$ 8,649,110	(24,014,128)

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

For the year ended March 31, 2016

With figures for the seven-month period ended March 31, 2015

(EXPRESSED IN BARBADOS DOLLARS)

	Notes	2016	Unaudited 2015
Cash Flows from Operating Activities			
Excess of revenue over expenditure		\$ 8,649,110	(24,014,128)
expenditure over revenue			
Items not affecting working capital:			
Release of deferred grant		-	(401,141)
Depreciation	14	125,859	61,654
Interest income		-	(459)
Interest expense		1,224,586	78,906
Cash generated (used in) before working capital changes			(24,275,168)
Increase in intercompany receivable		(766,694)	(1,302,792)
Increase in prepaid expenses		(42,214)	(644,929)
Increase in accounts receivable		(491,339)	-
Decrease in staff loans		42,151	68,716
Increase in accounts payable and accrued liabilities		640,746	22,933,997
Net cash from (used in) operating activities		9,382,207	(222,176)
Cash Flows from Investing Activities			
Additions to plant and equipment	14	(117,605)	(102,700)
Interest received		-	459
Interest paid		(1,224,588)	(78,906)
Net cash used in investing activities		(1,342,193)	(181,147)
Cash Flows from Financing Activities			
Issuance of share capital	21	1,000	-
Loan repayments		(4,663,033)	(1,081,168)
Net cash used in financing activities		(4,662,033)	(1,081,168)
Net increase (decrease) in cash		3,377,981	(1,484,492)
Cash, net – acquired on transfers		6,556,126	8,040,618
Cash, and cash equivalents - at end of year/period		9,934,107	6,556,126
Cash and cash equivalents comprise:			
Cash		\$ 9,934,107	6,556,126
Bank overdraft		(24,131)	-
		\$ 9,934,107	6,556,126

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

1. Reporting Entity

The Barbados Tourism Marketing Inc. (the "Company") is an organization domiciled in Barbados. The registered office of the Company is located at 2nd Floor One Barbados Place, St. Michael, Barbados. The Barbados Tourism Authority was first established as the Barbados Board of Tourism under the Barbados Board of Tourism Act 1933-1 which provided for the establishment of a Board of Tourism. Further to this, the Barbados Tourism Marketing Inc. Act 1955-15 came into operation on November 1, 1995 and replaced the prior Act. Under the terms of the Act, the duties of the Company are to promote, assist and facilitate the efficient development of tourism and to design and implement suitable marketing strategies for the effective promotion of the tourism industry. On September 1, 2014, pursuant to the Vesting Act, 100% of the assets and liabilities were vested to BTMI as per Note 19.

During 2014 the Government of Barbados took the decision to dissolve the Barbados Tourism Authority and create two new business entities being the Barbados Tourism Marketing Inc. (BTMI) and the Barbados Tourism Product Authority (BTPA).

The BTMI was established as a wholly government owned limited liability company operating under the Companies Act, Cap 308 with the sole responsibility for the marketing of Barbados' tourism.

The financial statements were approved by the Board of Directors on XXXXXX, 2021.

2. Going Concern

The financial statements are prepared on a going concern basis which contemplates the realisation of assets and the discharge of liabilities in the normal course of business. As at March 31, 2016, the Company has a cumulative deficit of \$ 51,181,860 (2015-\$59,830,970). Its current liabilities exceeded its current assets by \$40,116,721 (2015-\$42,000,238).

Due to the economic dependence of the Company on an annual grant from Government to finance its operations, the going concern assumption is contingent on the continued financial support of Government.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

3. Basis of Presentation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Barbados dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

4. Significant Accounting Policies

The financial statements have been prepared in accordance with the accounting policies described below.

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company using average exchange rates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the average exchange rate at that date. Foreign currency differences arising on retranslation are recognized in the statement of revenue and expenditure.

(b) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, accounts receivable, intercompany receivable, staff loans, accounts payable and accrued liabilities and loans payable.

Cash and cash equivalents comprise cash balances and term deposits with original maturities of three months or less.

Non-derivative financial instruments are recognized initially at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

4. Significant Accounting Policies (continued)

(c) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of revenue and expenditure. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date, to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of revenue and expenditure.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation if no impairment loss had been recognized.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

4. Significant Accounting Policies (continued)

(d) Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of plant and equipment have different useful lives they are accounted for as separate items (major) components of plant and equipment.

Gains or losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net in the statement of revenue and expenditure.

Subsequent costs

The cost of replacing part of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day-to-day servicing of plant and equipment is recognized in the statement of revenue and expenditure as incurred.

Depreciation

Depreciation is recognized in the statement of revenue and expenditure on a straight-line basis over the estimated useful lives of each item in property and equipment. The annual rates are:-

Equipment	10%, 12.5%, 20%
Furniture, fixtures and fittings	5%, 10%, 12.5%, 20%
Motor vehicles	20%
Improvements to buildings	100%

Depreciation methods, useful lives and residual values are reviewed at each reporting date

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

4. Significant Accounting Policies (continued)

(e) Employee benefits

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed without realistic possibility of withdrawal, to a formal plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognized if the Company has made an offer encouraging voluntary redundancy and it is probable that the offer will be accepted and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(f) Government grants

Revenue grants received from Government are taken to income in the accounting period in which the related expenditure is incurred.

Grants relating to plant and equipment are deferred and amortized at the same rate as the depreciation on the plant and equipment to which they relate.

(g) Revenue recognition

Revenue is recognized on an accrual basis.

(h) Brochures

The cost of brochures and other promotional literature are expensed in the year of purchase.

(i) New and amended standards and interpretations

- IAS 1- Presentation of Financial Statements (Amended)

Adoption of these revised standards and interpretations did not have an effect on the financial performance and position of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

4. Significant Accounting Policies (continued)

(i) New and amended standards and interpretations (continued)

Standards issued but not yet effective

New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group are as follows:

- New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company are as follows.
- IAS 1- Presentation of Financial Statements (Amended)

The Company will evaluate the impact that these standards and interpretations will have on the financial statements.

5. Financial Risk Management

The Company has minimal exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

5. Financial Risk Management, continued

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from employees and other Government institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market risk

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

6. Cash and Cash Equivalents

		2016	2015
Cash with banks	\$	9,955,362	6,526,442
Petty cash fund		2,876	29,684
Cash and cash equivalents		9,958,238	6,556,126
Bank overdraft		(24,231)	-
Cash less overdraft	\$	9,934,107	6,556,126

Cash with banks is non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

7. Accounts Receivable

		2016	2015
General receivables	\$	422,148	-
VAT receivable		69,189	-
Less: allowance for doubtful accounts		-	-
	\$	491,337	-

As at March 31, 2016, the aging analysis of general receivables from due date is as follows:

		Total	Current	30 to 60 days	60 to 90 days	>90 days
2016	\$	422,148	21,432	6,249	-	394,467

As at March 31, 2016, based on Management's assessment, no trade receivables (2015 – Nil) were impaired and fully provided for.

8. Intercompany Receivables

		2016	2015
Due from Barbados Tourism Product Authority	\$	2,069,486	1,302,792

The amounts due from related party are interest free and have no fixed dates of repayment.

9. Prepaid Expenses

		2016	2015
Prepaid expenses - local	\$	26,786	579,658
Prepaid expenses - foreign (overseas)		660,360	66,271
	\$	687,146	645,929

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

10. Staff Loans

		2016	2015
Staff loans	\$	70,173	130,815
Less: allowances for doubtful debt		-	(18,491)
	\$	70,173	112,324

11. Government Grants

		2016	2015
Total grant for the period	\$	82,487,656	30,585,111

Barbados Tourism Marketing Inc. is a Government owned company and is allocated a yearly government subvention to support its operational and promotional activities to market Destination Barbados. There are no conditions that the entity must meet to receive this subvention. The tranches are received in increments throughout the financial year and is recorded as they are received in the government grant line in the statement of comprehensive income. For 2016, a Government Grant was approved in the estimates and the Company received \$82,487,656 (2015 - \$30,585,111).

12. Share Capital

The Company is authorized to issue an unlimited number of shares of no par value.

No shares were issued or redeemed in 2016.

		2016	2015
Issued and fully paid 1,000 common shares (2016 - 1,000 common shares)			
Stated capital	\$	1,000	1,000

13. Marketing Expenditure

Marketing expenditure consisted of spend for advertising initiatives through Digital, Out of Home, Radio and Print mediums. These expenses also capture contributions and sponsorships, public relations and promotional expenses for the destination. The airline revenue guarantee is a mix of cooperative marketing agreements with airlines and airline subsidies.

		2016	2015
Advertising	\$	19,341,706	20,120,297
Promotion		9,254,150	6,675,445
Airline Revenue Guarantee		26,730,556	8,778,160
	\$	55,326,410	35,573,901

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

14. Plant and Equipment

	Equipment	Furniture & Fittings	Motor Vehicles	Total
Costs				
Acquired on transfer – September 1, 2014	\$ 4,833,125	1,854,822	261,369	6,949,316
Additions	1,895	30,145	70,660	102,700
Balance at March 31, 2015	\$ 4,835,020	1,884,967	332,029	7,052,106
Costs				
Balance at April 1, 2015	\$ 4,835,020	1,884,967	332,029	7,052,106
Additions	93,657	23,948	-	117,605
Balance at March 31, 2016	\$ 4,928,677	1,908,915	332,029	7,169,621
Accumulated Depreciation				
Acquired on transfer – September 1, 2014	\$ 4,787,314	1,621,575	143,256	6,552,145
Charge for the period	30,924	17,505	13,225	61,654
Balance at March 31, 2015	\$ 4,818,238	1,639,080	156,481	6,613,799
Balance at April 1, 2015	\$ 4,818,238	1,639,080	156,481	6,613,799
Charge for the year	47,077	32,762	46,020	125,859
Balance at March 31, 2016	\$ 4,865,315	1,671,842	202,501	6,739,658
Net Book Value – March 31, 2015	\$ 16,782	245,887	175,548	438,217
Net Book Value – March 31, 2016	\$ 63,362	237,073	129,528	429,963

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

15. Related Party Transactions

The following related party transactions occurred during the year: Key management personnel compensation is as follows:

		2016	2015
Board of Directors	\$	68,140	58,214
Senior Management	\$	1,548,474	507,587

16. Taxation

Under the terms of the Barbados Tourism Marketing Inc. Act, the Company is not liable for the payment of any income tax or other tax in respect of its income, revenue or receipts, or any part thereof under any law in force in Barbados.

17. Financial Instruments

Financial assets of the Company include cash and cash equivalents, intercompany receivable, and staff loans. Financial liabilities include accounts payable and accrued liabilities and loans payable.

Exposure to credit, market and liquidity risks arises in the normal course of the Company's business.

(a) Credit risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Company. The amount of the Company's maximum exposure to credit risk is indicated in the carrying amounts of its financial assets. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset at the reporting date.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		2016	2015
Cash and cash equivalents		9,958,238	6,556,126
Accounts receivable, net	\$	491,337	-
Intercompany receivable		2,069,486	1,302,792
Staff loans, net		70,173	112,324
		12,589,234	1,415,116

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

17. Financial Instruments (continued)

There was movement in the allowance for impairment in respect of staff loans.

		2016	2015
Balance – beginning of year	\$	18,491	-
Impairment loss recognized during the year		-	18,491
Written off during the year		(18,491)	-
Balance – end of year	\$	-	18,491

(b) Foreign currency risk

The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than its functional currency. The currencies giving rise to this risk are primarily Pounds Sterling (GBP) and Canadian Dollars (CAD). The Company does not take any specific measures to mitigate against this risk. At the reporting date, there were no significant concentrations of foreign currency risk.

(c) Fair value

The fair values of cash and cash equivalents, accounts receivable, intercompany receivable, staff loans, accounts payable and accrued liabilities and loan payable are not materially different from their carrying amounts.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates. All non-financial instruments such as deferred revenue are excluded from fair value disclosure. Thus the total fair value amounts cannot be aggregated to determine the underlying economic value of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

17. Financial Instruments (continued)

(d) Liquidity risks

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities

March 31, 2016

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Accounts payable and accrued liabilities	49,034,163	(49,034,163)	(49,034,163)	-	-	-	-
Loans payable	15,828,909	(37,534,466)	(2,163,129)	(4,320,609)	(6,633,302)	(7,529,545)	(16,887,881)

March 31, 2016

	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Accounts payable and accrued liabilities	48,393,417	(48,393,417)	(48,393,417)	-	-	-	-
Loans payable	20,491,941	(31,399,967)	(1,650,398)	(1,626,670)	(2,650,562)	(8,946,688)	16,523,649

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

18. Loans Payable

On March 9, 2006 the Cabinet of Barbados authorized the following:

- i. The Barbados Tourism Authority (the Authority) to act on behalf of the Government of Barbados to conclude negotiations with a cruise line company to ensure that the most effective option was chosen to secure cruise ship accommodation for the matches of the International Cricket Council Cricket World Cup 2007.
- ii. The Ministry of Finance to issue a form of guarantee and/or payment acceptable to the cruise line company to secure the vessel for Barbados; and
- iii. The procurement of the use of cruise ship facilities and services under Rule 137A of the Financial Administration and Audit Act Cap 5.

As a result of the Cabinet's decision, the Authority entered into an agreement with the Carnival Cruise Lines, owners of the Carnival Destiny, to lease the Carnival Destiny for an amount of US\$14,068,000 in order to supplement on-land accommodation for International Cricket Council World Cup 2007.

Under the terms of the lease agreement, the Authority was required to issue two irrevocable bank standby letters of credit in the amount of US\$14,068,000, for the cruise hire and US\$804,000 for onboard target revenue.

In order to comply with the terms of the lease agreement, on May 19, 2006, the Authority entered into an agreement with the Bank of Nova Scotia to provide standby letters of credit in the amount of \$14,772,000 to Carnival Cruise Lines. The financial guarantees covered the charter hire cost of US\$13,968,000 (the lease amount of US\$14,068,000 less initial deposit of US\$100,000) and the potential loss of on-board revenue calculated at US\$804,000. The letters of credit were secured by a letter of comfort from the Government of Barbados.

The Carnival Cruise Lines made drawdowns of US\$4,589,384 on January 11, 2007, US\$4,689,383 on February 9, 2007, and on May 2, 2007 on the standby letter of credit, to meet the contractual obligations due to Carnival Cruise lines for the lease of the vessel.

The transactions related to the loans obtained are as follows:

		2016	2015
Carnival loan	\$	5,406,016	6,528,119
National insurance loan		15,085,926	15,044,990
Repayment during the period		(4,663,033)	(1,081,168)
		15,828,909	20,491,941
Current portion		(4,264,634)	(2,111,668)
	\$	11,564,275	18,380,273

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

18. Loans Payable (continued)

(a) Carnival Loan

Interest on the Bank of Nova Scotia loan is charged at a rate of 2.24125%. This loan is not expected to be settled within 12 months after the date of the statement of financial position.

Interest expense of \$110,365 (2015- \$78,906) was charged on the BNS loan during the year.

(b) NIS Loan

The proceeds of the loan were BDS\$17 million and was issued by the National Insurance Board in August 2011. This loan was to assist in the provision of working capital and is guaranteed by a letter of comfort from the Government of Barbados. The interest rate of the loan is 7.75% fixed with semi-annual payments every February and August 1st over the life of the loan. The maturity date of the loan is August 1, 2031.

Interest expense of \$1,114,221 (2015 – nil) was charged on the NIS loan during the year.

19. Vested Assets

On 1 September 2014, pursuant to the Vesting Act, 100% of the assets and liabilities were vested to BTMI as follows: -

Current Assets

Cash and cash equivalents	\$ 8,040,618
Staff loans, net	<u>181,040</u>

8,221,658

Current Liabilities

Accounts payable and accrued liabilities	(22,465,390)
Loan payable	<u>(3,192,836)</u>

Working capital deficiency	(17,436,568)
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Plant and equipment	404,141
Loan payable	(18,380,274)
Deferred capital grants	<u>(401,141)</u>

Total net deficit	\$ <u>(35,816,842)</u>
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

20. Subsequent Event

(a) Formation of New Entities

Following the Government of Barbados' decision to dissolve the Barbados Tourism Authority and create two new business entities, effective September 1st 2014, the BTMI was established as a wholly government owned limited liability company operating under the Companies Act, Cap 308 with the sole responsibility for the marketing of Barbados' tourism. The BTPA was also created and charged with the responsibility to maintain Barbados' competitiveness in the global tourism market by planning and coordinating continuous improvement in the quality of Barbados' tourism products and services.

During 2019, the Cabinet of Barbados mandated the Board of the Barbados Tourism Marketing Inc. (BTMI) to execute the process of transfer of the operations and functions of the Barbados Tourism Product Authority (BTPA) to the BTMI. The transfer of functions of the BTPA into BTMI became effective March 25, 2019.

The transfer included all functions except the regulatory and licensing function conferred by the BTPA Act upon the BTPA, which therefore could not be executed by BTMI as a private Company under the Companies Act Cap. 308.

(b) NIS Loan

During 2019, as a consequence of the acceptance of the Government of Barbados' Domestic Debt Exchange Offer, the facility previously held by Barbados Tourism Marketing Inc. at the National Insurance Board has been exchanged for new Government of Barbados securities which will be serviced by the government. These securities are valued at \$7,464,519.

(c) Intragovernmental Debt Write-off

By Memo Ref 5741/00 Vol.1, the Ministry of Finance, Economic Affairs and Investment (MOFEI) instructed State Owned Enterprises and other public bodies to ensure that all claims on other state owned enterprises and other public sector bodies prior to September 1, 2018 be written off (including tax refunds and budgetary transfers which have not been made).

In addition, any amounts owed to other public sector bodies (including the Barbados Revenue Authority) incurred prior to September 1, 2018 should be been written off. These write-offs should have taken place with effect as of December 31, 2018 for bookkeeping purposes.

The purpose of these write-offs, which are part of the Barbados Economic Recovery and Transformation program, is to:

- rationalise intragovernmental relationships;
- ensure that the public sector's accounting for assets and liabilities is true and fair;
- place Barbados's public debt firmly on a sustainable footing.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended March 31, 2016

(EXPRESSED IN BARBADOS DOLLARS)

21. Share Capital

The Government of Barbados is the registered holder of 1,000 common shares in Barbados Tourism Marketing Inc. which were issued on July 18, 2014.

22. COVID 19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic, in recognition of its rapid spread across the globe. Management continues to consider the impact of the pandemic.

The full extent of the impact of the COVID-19 outbreak on the financial performance of the Company will depend on future developments, including the duration and spread of the outbreak, related advisories and restrictions and its impact on the overall economy, all of which are highly uncertain and cannot be predicted.

There will be a rapid fall in the visitor arrivals that BTMI aims to bolster through its marketing initiatives. The virtual collapse in tourism—which accounts for 40 percent of economic activity—will significantly depress Barbados' economic activity in 2021.



ANNUAL REPORT 2015-2016



Barbados Tourism Marketing Inc.
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