

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.



**TWENTY-THIRD
ANNUAL REPORT
AND
ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2016**



BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

**TWENTY-THIRD
ANNUAL REPORT
AND
ACCOUNTS**

FOR THE YEAR ENDED 30 JUNE 2016

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

DIRECTORS, OFFICERS, MANAGEMENT

Directors who served during the year were as follows:

Continuing:

Dr. Don Marshall	Chairman
Anderson Morrison	Deputy Chairman
Dr. Attlee H. Brathwaite C.B.E.	
Michael O'Neale Eastmond	
Martin A. Brathwaite	
Juliet M. Pollard (Mrs)	
Lt. Col. Neville E. Edwards	
Stephen E. Layne	
Clement G. Maloney	
Lennox R. Chandler	
Dr. Leroy McClean	

General Manager	Leslie F. Parris
Financial Controller	Winslow Haynes
Agricultural Manager	Dr. Orville Wickham
Factory Manager Portvale	Raphael O'neal
Human Resources Manager	Julia Norville (Ms)
Corporate Secretary	Victoria Bowen (Ms)

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

DIRECTORS, OFFICERS, MANAGEMENT (Cont'd)

Auditors

KPMG
Hastings
Christ Church

Bankers

CIBCFirstCaribbean International Bank
Willey
St. Michael

CIBCFirstCaribbean International Bank
Broad Street
Bridgetown

Republic Bank (Barbados) Limited
Independence Square
Bridgetown

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

CHAIRMAN'S REPORT

INTRODUCTION

The Company's operating performance for the year ended June 30, 2016 continues, (as has been the case over the past three (3) years or more), to be critically affected by its weakening capital base and tightening cash-flow. As a result, net cash used in operating activities declined from \$39.25M in the 2015 period to \$33.85M during the year just ended. This in turn resulted in the Company, for the most part, being unable to apply inputs such as fertilizer and herbicides on a timely basis, and in the quantities required to improve productivity and output. It should, at the same time, be noted that while the Company was provided with grant financing of \$120.17M during 2016, \$108.6 of this amount was expended towards repayment of outstanding debt. As a consequence, net cash and bank balances as at June 30, 2016 amounted to \$1.1M compared to \$2.6M the previous year.

The outcome of the foregoing, is that the Auditors were again constrained to address the issue of the Company as a "Going Concern" and to include an "Emphasis of Matter" statement in their 2016 Report. This was necessary as current liabilities continue

to outstrip current assets and total liabilities to outstrip total assets.

The financial state of affairs as outlined has therefore continued to adversely affect all areas of the Company's operations and to impact heavily on potential productivity.

PRODUCTION

The Company began the financial year 2016 with 8,392.69 acres of land under its control and ended the year with 7,863.69 acres (a net reduction of 529 acres). The net reduction was as a result of a total of 520 acres being released to Mt. Gay/Oxford and St. Nicholas, 24.25 acres to Rock Hall, 1.75 acres to Edgecumbe, 6 acres to Mt. Pleasant and 13 acres to Three Houses inclusive of 36 acres previously released to Searles and subsequently returned to the control of the BAMC.

Planting for 2016 began in September 2015 and a total of 1,255.79 acres of sugar cane were planted. Planting was affected by a shortage of planting material due to the severe drought conditions which existed in late 2014 and the first half of 2015.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

CHAIRMAN'S REPORT

SYNOPSIS

At the end of the 2016 harvest, BAMC's Farms delivered 27,240 or 33% of the total 83,369.20 tonnes of cane harvested and delivered island-wide. The total cane harvested for 2016 was 29% below that of the 116,106 tonnes harvested in 2015.

In terms of the start of the crop, Portvale commenced operations March 7, 2016 compared to April 7, 2015. Every effort will be made (barring unforeseen circumstances) to be ready for a January 2017 start. Maintenance and repairs to the factory (given its age) continue to pose challenges both in terms of the immediate availability of parts as well as the cost involved.

The weak performance of the Company and the Industry in general, is once again primarily attributed to the following:

1. Three (3) successive years of drought;
2. The poor financial state of some plantations in spite of the support and incentive programs. The complaint being that financing, when made available, was not in sync with the required crop cycle and therefore not compatible with

the timely application of inputs necessary for a viable outcome;

3. No capital expenditure on equipment at the BAMC due to its weak financial position and the shortage of planting material due to drought conditions.

As a result, total sugar production declined from 10,384 tonnes in 2015 to 6,521 tonnes in 2016 or a decline of 37%.

In keeping with the objectives outlined in the 2015 Report, the Company was able to reduce its raw-bulk exports from 91% to 82% of total production. This was achieved (as was outlined in the 2015 Report) in partnership with the West Indies Sugar and Trading Company Limited (WISTCO).

During the year the packaging equipment at Portvale Factory was modernised, enabling the Factory to increase its supply of direct consumption sugar under WISTCO's brand name of Plantation Reserve. As a result, there was a 25% increase in supply of direct consumption sugar to the local and export markets, while at the same time, a reduction of the dependence on the export of raw bulk sugar. Portvale has become fully capable of

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

CHAIRMAN'S REPORT

bagging 2 kg and 4kg packages and sachets for the local and export markets in accordance with international standards.

RESEARCH

Cane production during the financial year continued to be adversely affected by ratoon stunting disease (RSD) which also contributed to low yields and by extension the low level of sugar production. In this regard, the Agricultural Research Variety Testing Unit (ARVTU) (given the pervasiveness of RSD) has, for some time now, been applying a hot water treatment process to combat the disease threat and to provide the Industry with healthy plants. The ARVTU has designed a variation on the current process to provide greater capacity to meet the Industry's needs. Funding of this aspect is being sought through the Sugar Research & Development Fund with the assistance of the Ministry of Agriculture, Food, Fisheries and Water Resource Management (MAFFW).

In addition, a number of research projects were also being simultaneously undertaken by the ARVTU to combat other factors related to declining yields (e.g. moth borer disease and soil nutrition) and to introduce

additional scientific solutions to the agronomic issues affecting the Industry.

THE FUTURE

Whilst it is fully recognized that the future of the Industry continues to depend on the successful outcome of the Cane Industry Restructuring Project (CIRP), recent events such as BREXIT will also ultimately have an impact in terms of the competitive market of beet sugar as this will most likely become an issue in the UK and EU markets. In this regard, the BAMC has over the past two (2) years concentrated its efforts on exports to the US market.

Government's stated intention of support to the Company and the Industry continues to be positive. The current and future macro-economic outlook will nevertheless be a determining factor, especially given the global economic changes which have occurred since the last Report.

In spite of the less-than-encouraging outlook, the Company is nevertheless in the process of concluding a critical consultancy. Arising from the consultancy, a complete re-organisation of the Company's operations is contemplated. The exercise will include the long outstanding recapitalization of a

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

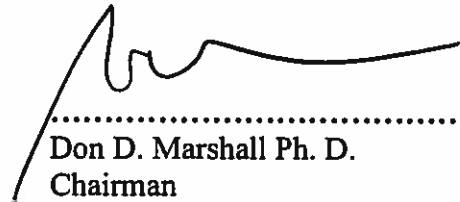
CHAIRMAN'S REPORT

significantly altered agricultural enterprise. The outcome will, of necessity, significantly alter the scope and services currently offered by the existing Company with the intention to reduce and ultimately eliminate its total financial reliance on Government.

APPRECIATION

Appreciation is expressed on behalf of the Directors to the management and staff for their contribution during the year. Appreciation is also expressed to the Ministry of Agriculture, Food, Fisheries and Water Resources Management and the Ministry of Finance, as without their

continued support, the operations of the Company would not have been possible; appreciation is also expressed to all farmers, cane suppliers and the trade unions, namely, the Barbados Workers' Union and the Sugar Industries Staff Association.



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Don D. Marshall Ph. D.
Chairman

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD

REVIEW OF OPERATIONS

FINANCIAL

The Company realized a Net Income of \$54.8M for the year ended June 30, 2016 as compared to a Net Loss of \$44.7M the previous year.

This Net Income can be broken down as follows:

Grants received	\$ 120.2M
Grants paid	\$ (21.9M)
Operating Losses	\$ (43.5M)
TOTAL	\$ 54.8M

Operating losses incurred were primarily due to the following:

1. A decline in revenue of approximately 36%. This was consistent for sugar sales and Non Sugar sales. Revenues were boosted by \$ 5.1M from price support received from the Cane Industry Restructuring Project (CIRP).
2. A reduction in operating expenses of 18.8%, due to a lack of funds to adequately service equipment and provide inputs for timely field management.

Administration and Factory expenses remained constant while the Agricultural expenses decreased by 11.1% due to lack of timely funding for operations.

3. A drawdown of \$ 22.5M on an existing ANSA Merchant Bank bond issue of \$73.0M was received and these funds were transferred to the CIRP. Bond and loan repayments, with relevant interest, to the tune of \$ 96.4M were made during the year.

The overall financial performance of the Company for the year ended June 30, 2016 therefore continued to reflect a working-capital deficit and losses from operations of \$ 43.5M. As a result, the Company's ability to undertake the logical, as well as, strategic initiatives to improve its operating efficiency continued to be severely constrained.

While Government's continued support has kept the Company afloat over the past several years, its sustainability as a

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD

REVIEW OF OPERATIONS

'Going Concern' remains financially challenging.

AGRICULTURE

The company began the year July 1, 2015 controlling 8,392.69 acres of land and ended the current year in control of 7,863.69 acres. The resulting decrease in acreage of 529 acres followed requests for the release of land by Mount Gay/Oxford and St. Nicholas (520 acres in total), Rock hall (24.25 acres), Edgecumbe (1.75 acres) Mt. Pleasant (6 acres) and Three Houses (13 acres). Thirty-six acres (36 acres) previously released to Searles reverted to BAMC's control during the year resulting in the net reduction of 529 acres.

A total of 1,382.48 acres of land was cultivated during the year, while commencing September 2015 a total of 1,255.79 acres was planted in sugar cane. There was, however, a shortage of planting material due to drought conditions which limited the Company's ability to exceed the quantity planted, although higher than the 1,012 acres planted the previous year.

Harvesting in both BAMC Areas commenced on March 7, 2016 and 2,480.48 acres of cane were harvested from its farms, of which 25 acres represented burnt cane.

The BAMC harvest yielded a total of 27,240 tonnes of cane at a TCA of 10.6 compared to that of 14.3 for the Independents, and an industry average of 12.93.

Agricultural operations continued to be affected by the frequent break down of equipment due to an aged fleet which adversely impacted overall efficiency in all areas and resulted in approximately \$1.7M being spent in repairs and overall maintenance. Again, there were no funds available for capital expenditure related to mechanization.

FACTORIES

Grinding operations at Portvale commenced on Monday, March 7, 2016 and concluded on Saturday, May 21, 2016. The Factory, though able to start operations one (1) month earlier than the previous year, continued to be

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD

REVIEW OF OPERATIONS

financially challenged in meeting repairs and maintenance costs on a timely basis. Once again, replacement parts were either unavailable or costly given the age of the Factory.

Cane deliveries received and processed by Portvale were 83,369 tonnes in 2016 compared to 116,106 in 2015 (or down 28%). See Table 1 below:

Table 1

YEAR	2015	2016
Tonnes Cane Processed	116,105.74	83,369.20
Tonnes Budgeted	140,000	85,000
% Received	82.93	98.08
% Burnt	5.89	1.92
Actual Pol % Cane	11.79	11.19
Budgeted Pol % Cane	11.45	12.00
Pol Actual x 100 Cane Budget	102.97	93.25
Fibre % Cane**	19.14	20.65

**The Natural Fibre % data are inflated as a result of the included insoluble solids in mixed juice.

Independent Plantations delivered 71% of the estimated tonnage for 2016 while BAMC's farms delivered 29%.

As previously stated, the small size of the 2016 crop was due mainly to low yields resulting from the following, among others:

1. Drought conditions which existed over the previous two (2) years;
2. The inability of the Industry (in general) to obtain timely financing for the application of critical inputs;
3. The prevalence of Ratoon Stunting Disease (RSD) on farms.

Sugar produced in 2016 amounted to 6,520.73 Tonnes compared 10,383.68 in 2015 or a decline of 37%. See Table 2 for details:

Table 2

Year	2016	2015
Export Bagged – WISTCO	374.30	175.11
Local Bagged – dc sugar Staff	75	75.096
Local Yellow - Crystal WISTCO	666.071	639.0
Export Bulk Raw Sugar	5,362.054	9,494.47
Mount Gay	43.30	-
Total Tonnes Tel Quel (GROSS)	6,520.73	10,383.68

Resulting from a shortage of cane supply in 2016 from Week 8 and onwards, a

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD

REVIEW OF OPERATIONS

negative impact on Factory operations ensued as the frequency of the starting and stopping of Factory operations increased. As a result, Lost Operational Hours for Out-of-Cane increased from 298.36 hours in 2015 to 350.58 hours in 2016.

The Factory was nevertheless able to achieve a Factory Time Efficiency rate of 80.16% in spite of boiler leaks and related challenges posed by an aged plant.

HUMAN RESOURCES

There were no man-days lost as a result of industrial action during the year as the Company engaged both the Barbados Workers Union (BWU) and the Sugar Industries Staff Association (SISA) in fruitful dialogue.

In this regard the following issues were discussed:

1. Licenses being granted to local importers and its possible impact on the sale of locally produced sugar on the local market

2. The staffing levels on farms as positions not being quickly filled
3. Health & Safety of workers as it related to the supply of protective gear on a timely basis annually
4. The length of time of some acting appointments.

It was agreed by the BAMC that it would on, its part, address these issues as expeditiously as was financially practical.

Following further rounds of discussion the BWU agreed that it would not at this time press for increases in wages given the financial state of the Industry.

Average manpower utilized in 2016 was 520 employees resulting in a total labour cost of \$18,754,946 and a total employment cost of \$20,062,195 below budget by 12%.

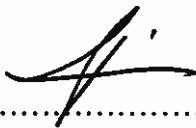
The year under review also saw a reduction in absenteeism which fell from 5,888 man-days lost in 2015 to 4,670 in 2016.

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REVIEW OF OPERATIONS

In terms of Health & Safety, there was also a notable improvement as the number of related incidences declined from 46 in 2015 to 24 in 2016.

During the year the Company also provided eighty-seven (87) man days of training at a cost of \$5,450 which, while admittedly below previous years, could not be avoided due to budgetary constraints. It should, however, be noted that thirty-six (36) of the eighty-seven (87) days were devoted to Skills Training.



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Leslie F. Parris

General Manager

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

DIRECTORS' REPORT

The Directors submit their report on the Financial Statements of the Company for the year ended 30 June 2016.

RESULTS

Net Income for the year was \$ 54,624,917.

Total comprehensive Income for the year was \$ 54,593,750.

DIVIDEND

No dividend was declared during the period and the Directors do not now recommend the declaration of a final dividend.

General

- (a) No contingent liability has arisen since the end of the financial year which continued to exist at the date of this report.
- (b) No contingent liability has become enforceable, or is likely to become enforceable within a period twelve months from the date of this report, that will materially affect the Company's ability to meet its obligations as and when they fall due.
- (c) No significant events have occurred since the end of the financial year which render misleading or otherwise affect the financial statements.

Signed in Barbados
this 27 day of October 2016,
in accordance with a resolution
passed by the Board of Directors through
its Audit Committee.



CHAIRMAN



DIRECTOR



Financial Statements of

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

June 30, 2016

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

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P.O. Box 690C
Bridgetown, Barbados

AUDITORS' REPORT

To the Shareholder of Barbados Agricultural Management Co. Ltd.

We have audited the accompanying financial statements of Barbados Agricultural Management Co. Ltd., which comprise the statement of financial position as of June 30, 2016, the statement of comprehensive loss, statement of changes in shareholder's deficiency and the statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



AUDITORS' REPORT (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Barbados Agricultural Management Co. Ltd. as of June 30, 2016, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that as of June 30, 2016, the Company's current liabilities exceeded its current assets by \$18,011,130 and its total liabilities exceeded its total assets by \$207,130,259. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

KPMG

Chartered Accountants
Bridgetown, Barbados
October 27, 2016

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.



Statement of Financial Position

As at June 30, 2016
with comparative figures for 2015

	Notes	2016	2015
Assets			
Current Assets			
Cash and bank	4	\$ 1,082,989	2,601,347
Accounts receivable	5	2,980,827	3,495,692
Inventory	6	14,893,550	18,256,055
Prepayments		654,665	70,209
VAT recoverable		<u>2,564,394</u>	<u>2,316,318</u>
Total current assets		22,176,425	26,739,621
Investments	7	3	3
Employee benefits	16	1,906,695	1,654,115
Capital works in progress	8	9,088,911	126,639
Property, plant and equipment, net	8	<u>145,069,064</u>	<u>146,743,153</u>
Total Assets		\$ <u>178,241,098</u>	<u>175,263,531</u>
Liabilities and Shareholder's Deficiency			
Current Liabilities			
Accounts payable and accrued liabilities	9	31,116,603	25,798,498
Short term debt	9	-	6,500,000
Current portion of long term debt	9	<u>9,070,952</u>	<u>84,488,832</u>
Total current liabilities		40,187,555	116,787,330
Bonds payable	10	153,498,820	131,354,729
Loans payable	11	186,128,747	183,483,133
Due to parent company	14	<u>5,556,235</u>	<u>5,362,348</u>
Total Liabilities		<u>385,371,357</u>	<u>436,987,540</u>
Shareholder's Deficiency			
Share capital	15	115,113,480	115,113,480
Revaluation reserves	8	157,586,593	157,586,593
Other reserves		3,274,404	3,305,571
Deficit		<u>(483,104,736)</u>	<u>(537,729,653)</u>
Total shareholder's deficiency		<u>(207,130,259)</u>	<u>(261,724,009)</u>
Total Liabilities and Shareholder's Deficiency		\$ <u>178,241,098</u>	<u>175,263,531</u>
Commitments	19	-	-

See accompanying notes to financial statements.

Approved on behalf of the Board:

 Director
 Director

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Statement of Comprehensive Loss

For the year ended June 30, 2016
with comparative figures for 2015

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Revenue			
Sales - sugar		\$ 12,054,920	19,305,335
Sales - other		<u>1,962,095</u>	<u>2,698,603</u>
Total revenue		<u>14,017,015</u>	<u>22,003,938</u>
Expenses			
Agriculture		18,253,847	20,635,309
Factory		15,194,512	14,874,652
Administration		9,642,530	12,754,390
Stock movement		<u>3,186,601</u>	<u>8,315,012</u>
Operating expenses		<u>46,277,490</u>	<u>56,579,363</u>
Operating loss before the under mentioned items		<u>(32,260,475)</u>	<u>(34,575,425)</u>
Government grants	12	120,175,907	39,003,815
Grant CIRP	13	(21,924,895)	(31,007,760)
Other income		6,831,616	276,498
Foreign exchange loss		(110,564)	(96,178)
Interest and finance charges		(16,388,938)	(16,457,095)
Depreciation and amortization		<u>(1,697,734)</u>	<u>(1,618,067)</u>
		<u>86,885,392</u>	<u>(9,898,787)</u>
Income (loss) before corporation tax		54,624,917	(44,474,212)
Corporation tax	17	<u>-</u>	<u>-</u>
Net income (loss) for the year		<u>54,624,917</u>	<u>(44,474,212)</u>
Other Comprehensive Income			
Re-measurement of defined benefit plan		<u>(31,167)</u>	<u>226,089</u>
Other comprehensive (loss) income for the year		<u>(31,167)</u>	<u>226,089</u>
Total comprehensive income (loss) for the year		<u>\$ 54,593,750</u>	<u>(44,248,123)</u>

See accompanying notes to financial statements.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Statement of Changes in Shareholder's Deficiency

For the year ended June 30, 2016
with comparative figures for 2015

	Notes	Share Capital	Revaluation Reserves	Other Reserves	Deficit	Total
Balance at June 30, 2014		\$ 115,113,480	157,586,593	3,079,482	(493,255,441)	(217,475,886)
Net loss for the year		-	-	-	(44,474,212)	(44,474,212)
Other comprehensive income	16	-	-	226,089	-	226,089
Balance at June 30, 2015		115,113,480	157,586,593	3,305,571	(537,729,653)	(261,724,009)
Net income for the year		-	-	-	54,624,917	54,624,917
Other comprehensive income	16	-	-	(31,167)	-	(31,167)
Balance at June 30, 2016		\$ 115,113,480	157,586,593	3,274,404	(483,104,736)	(207,130,259)

See accompanying notes to financial statements.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Statement of Cash Flows

For the year ended June 30, 2016
with comparative figures for 2015

	2016	2015
Cash Flows from Operating Activities		
Net income (loss) for the year	\$ 54,624,917	(44,474,212)
Adjustment for:		
Depreciation and amortization	1,697,734	1,618,067
Foreign exchange loss	110,564	96,178
Loss (gain) on sale of equipment	(16,500)	(2,000)
Interest income	(92,696)	(200)
Interest expense and finance charges	16,388,938	16,457,095
Employee benefits	(283,747)	(125,311)
Grant CIRP	21,924,895	31,007,760
Government grant	<u>(120,175,907)</u>	<u>(39,003,815)</u>
Operating loss before working capital changes	(25,821,802)	(34,426,438)
Decrease in accounts receivable	508,861	1,039,659
(Increase)Decrease in prepayments	(584,456)	366,410
Decrease in inventory	3,362,505	5,908,378
Increase in accounts payable and accrued liabilities	5,274,394	2,745,400
(Increase)Decrease in VAT recoverable	<u>(248,076)</u>	<u>1,085,607</u>
Cash used in operating activities	(17,508,574)	(23,280,984)
Interest paid	<u>(16,345,227)</u>	<u>(15,972,291)</u>
Net cash used in operating activities	<u>(33,853,801)</u>	<u>(39,253,275)</u>
Cash Flows from Investing Activities		
Proceeds from sale of equipment	34,324	2,000
Net expenditure on capital works in progress	(8,962,272)	(282)
Purchase of plant and equipment	(41,469)	(6,942,833)
Interest received	<u>92,696</u>	<u>200</u>
Net cash used in investing activities	<u>(8,876,721)</u>	<u>(6,940,915)</u>
Cash Flows from Financing Activities		
Proceeds of short-term loans	-	6,500,000
Repayment of short-term loans	(6,500,000)	(10,250,000)
Net (repayment) proceeds of loan from Government of Barbados	(170,117)	28,345,324
Due to parent company	193,887	233,186
Repayment of loan from ADF	-	(27,134)
Repayment of loan from NIB	(4,425,362)	(4,237,925)
Repayment of loan from CIBC FCIB	(1,928,804)	-
Proceeds from bonds payable	-	(1,780,489)
Repayment (proceeds) of bonds payable	(51,561,212)	14,807,308
Finance lease - Storage Solutions - net	7,352,760	5,816,506
CIRP Grant	(21,924,895)	(31,007,760)
Government grant	<u>120,175,907</u>	<u>39,003,815</u>
Net cash from financing activities	<u>41,212,164</u>	<u>47,402,831</u>
Increase in cash and cash equivalents during year	(1,518,358)	1,208,641
Cash and cash equivalents, beginning of year	<u>2,601,347</u>	<u>1,392,706</u>
Cash and cash equivalents, end of year	\$ <u>1,082,989</u>	<u>2,601,347</u>
Cash and cash equivalents are comprised of:		
Cash and bank balances	<u>1,082,989</u>	<u>2,601,347</u>
	\$ <u>1,082,989</u>	<u>2,601,347</u>

See accompanying notes to financial statements.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

1. General

The Company was incorporated under the Companies Act of Barbados on June 10, 1992. On March 08, 1993, the Company obtained articles of amendment to change its name from B. A. P. Land Management Co. Ltd. to Barbados Agricultural Management Co. Ltd. The Company commenced operations in June 1993. The registered office of the Company is located at Warrens, St. Michael, Barbados.

The Company currently controls approximately 40% of lands under sugar cane cultivation. In addition to the cultivation of sugar cane and non-sugar crops it also manages and operates the sole sugar mill on the island from its Portvale factory as well as provides services to the wider industry by way of its sugar and molasses terminal and extension services through its Agronomy Research & Variety Testing Unit.

The Company is a wholly owned subsidiary of Barbados Agricultural Credit Trust Ltd. ("BACT"), whose sole shareholder is the Government of Barbados, which guarantees the repayment of principal and interest of the bonds issued by the Company in accordance with the Barbados Agricultural Management Co. Ltd. (Sugar Bonds Guarantee) Act Cap. 255. To this end, the Company is economically dependent upon the Government of Barbados for its continued operations.

The financial statements were authorized for issue by the Board of Directors on October 27, 2016.

2. Going Concern

These financial statements have been prepared on a going concern basis. For the year ended June 30, 2016, the Company has a net income of \$ 54,624,917 (2015: loss of \$44,474,212) and, as of that date, the Company's current liabilities exceeded its current assets by \$ 18,011,130 (2015: \$90,047,709) and its total liabilities exceeded its total assets by \$ 207,130,259 (2015: \$261,724,009). The ability of the Company to remain as a going concern is dependent upon the continued financial support of its ultimate Shareholder. The ultimate Shareholder has provided written assurance (as it has in the past) of its intention to "make whatever financial support is needed" for the Company for at least the next twelve months from the date of the Directors' approval of the statement of financial position.

This assurance should be viewed in the context of the Government's stated intention of transforming the industry from that of a sugar industry to that of a sugar cane industry by way of an on-going Cane Industry Restructuring Project ("the CIRP"). In this regard plans are still on stream for the construction of a multipurpose factory intended to enhance the viability of the industry and to increase its contribution to the further economic development of the country. This objective is expected to be achieved through the capacity of the new factory to generate value added products and processes currently not possible given the age and configuration of the existing factory. In addition, "the CIRP" provides for a technical assistance component designed to assist the industry in improving existing practices in order to achieve improved yields and efficiencies-at the field level. Arrangements for the financing of the Project have been undertaken by the principal shareholder who has undertaken the responsibility of bringing the Project to fruition.

The new multipurpose factory is intended to come on stream in 2018 and is expected to be otherwise managed. The BAMC's core activity will be revised (following this transition), to that of cultivating sugar cane and non-sugar crops, thereby relieving it of the costs involved in operating the current factory at Portvale. It is therefore evident that the continued financial support of the BAMC will be vital in achieving the shareholder's objectives as previously outlined.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

3. Significant Accounting Policies

These financial statements are stated in Barbados dollars and have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ significantly from those reported. The significant accounting policies adopted in the preparation of these financial statements by the company are as follows:

(a) *Basis of Accounting*

Historical cost accounting has been used, except where stated, and therefore does not take into account changing money values or current valuations of non-current assets.

(b) *Use of Estimates and Judgments*

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those 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.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 16 - measurement of defined benefit obligation
- Note 3(c) & 6 - Inventory
- Note 3(d) & 8 - Property, plant and equipment

(c) *Inventory*

Molasses and sugar stocks have been valued at the lower of cost into store and net realizable value. Stores stocks are valued at cost. Cost is determined on the average cost basis.

(d) *Property, Plant and Equipment*

All property, plant and equipment are initially recorded at cost. Land, buildings, plant and equipment are carried at revalued amounts based on valuations done by two independent valuers. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Increases arising from revaluations are credited to Revaluation Reserves in Shareholder's Deficiency.

Depreciation is calculated on a straight-line basis so as to write off the cost of the assets over their estimated useful lives. Cost includes expenditures that are directly attributable to the acquisition of assets. Cost associated with capital work-in-progress includes all expenditures that are attributable to.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

3. Significant Accounting Policies, continued

(d) Property, Plant and Equipment, continued

bringing the asset to its state of use. Additions are depreciated from the date of purchase in the year of acquisition

The annual depreciation rates are as follows:

Building chattels	5%
Furniture and fittings	10% - 20%
Computers	20%
Motor vehicles	10% - 20%
Irrigation equipment	6%
Machinery	5% - 20%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(e) Biological Assets

Biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognized in the statement of comprehensive loss. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

(f) Taxation

Corporation tax in the statement of comprehensive loss for the year comprises current and deferred tax. Corporation tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity or in other comprehensive loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the date of the statement of financial position, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets and liabilities that affect neither the accounting nor taxable income. The amount of deferred tax provided is based on the expected manner of realization of settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the date of the statement of financial position.

The tax value of losses expected to be available for utilization against future taxable income is set off against the deferred tax liability within the legal unit and jurisdiction. The deferred tax asset arising from unused tax losses or tax credit is established to the extent that the Company has sufficient taxable profit against which the unused tax losses or unused tax credit can be utilized by the Company. Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. The effect on the deferred tax of any changes in tax rates is charged to the statement of comprehensive loss, except to the extent that it relates to items previously charged or credited to equity.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

3. Significant Accounting Policies, continued

(g) *Foreign Currency Transactions*

Foreign currency transactions completed during the year are recorded at actual rates of exchange prevailing at the dates of such transactions. Monetary assets and liabilities are translated into Barbados dollars at rates of exchange prevailing at the date of the statement of financial position. Resulting exchange differences are taken to the statement of comprehensive loss.

(h) *Pension Expense and Obligation*

The Company maintains two (2) non-contributory defined benefit plans which cover its eligible employees and the employees of its parent BACT. The recognized amount in the statement of financial position is determined as the present value of the defined benefit obligation adjusted for the unrecognized actuarial gains or losses and less any past service costs not yet recognized and the fair value of any plan assets. Where this calculation results in a net surplus, the recognized asset does not exceed the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the statement of comprehensive loss.

The present value of the defined benefit obligations and the related service costs are calculated by a qualified actuary using the projected unit credit method. The amount charged to the statement of comprehensive loss consists of current service cost, interest cost, the expected return on any plan assets and actuarial gains and losses. (See note 16)

(i) *Government Grants*

Government grants are not recognized until there is reasonable assurance that the grants will be received and that the Company will comply with conditions applying to them. Grants are recognized when the related cost for which the grants are intended to compensate are recognized.

(j) *Impairment*

The carrying amounts of the Company's assets other than inventories are reviewed by management at each date of the statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

(k) *Investments*

The Company's investments are accounted for in the accompanying financial statements at cost, as there is no quoted market price for these companies' shares.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

3. Significant Accounting Policies, continued

(l) *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash balances with an initial maturity of less than three months. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

(m) *Revenue Recognition*

The Company recognizes revenue when Sugar is shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

(n) *Functional Currency*

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

(o) *Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

(p) *New Standards and Interpretations not yet Adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after July 1, 2015, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except for *IFRS 9 Financial Instruments*, which becomes mandatory for the Company's 2018 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

4. Cash and Cash Equivalents

Cash and cash equivalents comprise:

	<u>2016</u>	<u>2015</u>
Cash and bank balances	\$ <u>1,082,989</u>	<u>2,601,347</u>

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

5. Accounts Receivable

Accounts receivable comprise:

	<u>2016</u>	<u>2015</u>
Trade	\$ 3,238,511	4,508,862
Other	<u>864,961</u>	<u>851,918</u>
	4,103,472	5,360,780
Allowance for doubtful accounts	<u>(1,122,645)</u>	<u>(1,865,088)</u>
	\$ <u>2,980,827</u>	<u>3,495,692</u>

6. Inventory

Inventory comprises the following:

	<u>2016</u>	<u>2015</u>
Sugar – Raw	\$ 7,844,939	10,589,695
Molasses	208,026	220,551
Stores stock	12,138,325	12,423,112
Goods in transit	<u>225,720</u>	<u>433,860</u>
	20,417,010	23,667,218
Less provision for obsolescence	<u>(5,523,460)</u>	<u>(5,411,163)</u>
	\$ <u>14,893,550</u>	<u>18,256,055</u>

During the year ended June 30, 2016, stock items of \$ 112,297 (2015: \$0) were provided for.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

7. Investments

Investments comprise:

	<u>2016</u>	<u>2015</u>
(a) Exclusive Cottons of the Caribbean Inc.	\$ 1	1
(b) West Indies Sugar & Trading Company Limited	1	1
(c) West Indies Sugar & Trading Company Caribbean Limited	<u>1</u>	<u>1</u>
	<u>\$ 3</u>	<u>3</u>

(a) Exclusive Cottons of the Caribbean Inc.

In 2005, the Company, in pursuit of its diversification efforts, purchased 100,000 common shares in Exclusive Cottons of the Caribbean Inc. at a cost of \$50,000. The investment represents approximately 7.2% of the issued capital of the Company. All cotton grown by the BAMC estates is purchased by Exclusive Cottons of the Caribbean Inc. At year-end, the amount due from Exclusive Cottons of the Caribbean Inc. was \$6,888 (2013 - \$nil).

In 2012, the Company conducted an assessment of the carrying value of the investment and it was determined that the investment should be written down to \$1.

(b) West Indies Sugar & Trading Company Limited

In 2006, the Company expended \$145,300 to acquire a 19.5% interest in the joint venture company, West Indies Sugar and Trading Company Limited (WISTCO). A further \$1,950 was expended by the Company in September 2007 to maintain its 19.5% interest. This business arrangement involves the Company supplying special sugars to the WISTCO UK subsidiary. In 2010, WISTCO restructured, resulting in the Company acquiring an additional 13,833 common shares, a 33.33% interest in the joint venture company.

At the time of the restructuring of WISTCO, the Company conducted an assessment of the carrying value of the investment and it was determined that the investment should be written down to \$1.

(c) West Indies Sugar & Trading Company Caribbean Limited

In September 2012, the Company had acquired 3,333 Common Shares in the West Indies Sugar & Trading Company Caribbean Limited (WISTCO Caribbean) for the consideration of \$1.00, representing a total shareholding interest of 33.33% in WISTCO Caribbean.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

8. Property, Plant and Equipment, net

Property, plant and equipment comprise:

	Machinery at Revalued Amount	Building at Revalued Amount	Building Chateaus	Furniture and Fittings	Computers	Motor Vehicles	Irrigation Equipment	Land at Revalued Amount	Total
Cost/Valuation									
Balance at July 1, 2014	\$ 116,984,867	34,832,323	247,754	1,399,650	1,303,841	17,769,601	594,411	127,354,939	300,487,386
Additions	6,601,139	-	-	6,862	10,079	324,753	-	-	6,942,833
Disposals	-	-	-	(260)	-	(91,014)	-	-	(91,274)
Balance at June 30, 2015	\$ 123,586,006	34,832,323	247,754	1,406,252	1,313,920	18,003,340	594,411	127,354,939	307,338,945
Balance at July 1, 2015	\$ 123,586,006	34,832,323	247,754	1,406,252	1,313,920	18,003,340	594,411	127,354,939	307,338,945
Additions	-	31,128	-	5,402	4,939	(549,627)	-	-	41,469
Disposals	-	-	-	(1,966)	-	-	-	-	(551,593)
Balance at June 30, 2016	\$ 123,586,006	34,863,451	247,754	1,409,688	1,318,859	17,453,713	594,411	127,354,939	306,829,821
Accumulated Depreciation									
Balance at July 1, 2014	\$ 104,582,868	34,832,323	86,733	1,247,245	1,231,169	16,634,831	453,830	-	159,068,999
Expense	1,196,340	-	12,388	44,362	26,280	325,301	13,396	-	1,618,067
Disposals	-	-	-	(260)	-	(91,014)	-	-	(91,274)
Balance at June 30, 2015	\$ 105,779,208	34,832,323	99,121	1,291,347	1,257,449	16,869,118	467,226	-	160,595,792
Balance at July 1, 2015	\$ 105,779,208	34,832,323	99,121	1,291,347	1,257,449	16,869,118	467,226	-	160,595,792
Expense	1,269,044	821	11,562	37,735	22,780	342,396	13,396	-	1,697,734
Disposals	-	-	-	(1,966)	-	(531,803)	-	-	(533,769)
Balance at June 30, 2016	\$ 107,048,252	34,833,144	110,683	1,327,116	1,280,229	16,679,711	480,622	-	161,759,757
Net Book Value									
Balance at June 30, 2014	\$ 12,401,999	-	161,021	152,405	72,672	1,134,770	140,581	127,354,939	141,418,387
Balance at June 30, 2015	\$ 17,806,798	-	148,633	114,905	56,471	1,134,222	127,185	127,354,939	146,743,153
Balance at June 30, 2016	\$ 16,537,754	30,307	137,071	82,572	38,630	774,002	113,789	127,354,939	145,069,064

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

8. Property, Plant and Equipment, net, continued

The Company revalued its land and buildings at several locations as at June 2008, based on an independent appraisal done by the firm of Rolphe Alleyne and Associates.

A combination of the contractor's method and the comparison method was used in estimating the values, where having determined the replacement cost, it was compared to the amount that a prudent person would pay to acquire an equally desirable substitute. The excess of the appraised value of the properties over the carrying value in the amount of \$94,968,300 was recorded as revaluation reserves in Shareholder's Deficiency.

The Company revalued its plant and equipment as at June 2012, based on an independent appraisal done by the firm CASSE Engineering Inc. The fair market value of the assets was determined using a combination of the Market Data Approach and the Cost Approach. The excesses of the appraised value of the plant and equipment over the carrying value resulted in a further \$14,081,676 being added to the revaluation reserves in the Shareholder's Deficiency.

The Company re-valued land and buildings as at March 2012, based on an independent appraisal done by Rolphe Alleyne and Associates. The excess of the appraised value over the carrying value in the amount of \$41,278,508 was recorded as revaluation reserves in Shareholder's Deficiency.

Rolph Alleyne and Associates reassessed the land and buildings at Andrews as at June 2013. The excess of the appraised value over the carrying value in the amount of \$7,258,109 was recorded as revaluation reserves in Shareholder's Deficiency.

Capital works in progress

During the year the Company's supplier completed the construction of the third and final leased pre-cast concrete tank. As at June 30, 2016 this third tank had a carrying value of \$8,964,745 had not been placed into operations by that date.

9. Accounts Payable and Accrued Liabilities

(a) Accounts payable and accrued liabilities comprise:

	<u>2016</u>	<u>2015</u>
Trade	\$ 2,772,503	2,157,333
Cane	996,926	68,147
Other	<u>27,347,174</u>	<u>23,573,018</u>
	<u>\$ 31,116,603</u>	<u>25,798,498</u>

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

9. Accounts Payable and Accrued Liabilities, continued

	<u>2016</u>	<u>2015</u>
(b) Current portion of long term debt comprise:		
Current portion of long term debt – Bonds payable	\$ 3,333,333	76,934,076
Current portion of long term debt - Agricultural Development Fund	752,735	752,735
Current portion of long term debt - National Insurance Board	2,285,546	4,425,362
Current portion of long term debt - CIBC FCIB	2,046,014	1,921,767
Current portion of long term debt - Storage Solutions	<u>653,324</u>	<u>454,892</u>
	<u>\$ 9,070,952</u>	<u>84,488,832</u>

	<u>2016</u>	<u>2015</u>
(c) Short term debt comprises:		
Crop loan	\$ <u>-</u>	<u>6,500,000</u>

The Company received a loan from Consolidated Finance Co. Limited in April 2015 for BDS \$6.5 million to partly finance the operations of crop 2015. The effective interest rate was 6.5% per annum. The loan was secured by the sugar receivables, Letter of Comfort from Government of Barbados and assignment of insurance proceeds. The loan remained unpaid at June 30, 2015 as a result of the delayed shipment of the bulk sugar at the request of the customer. Payment of US\$3.03 million was received on July 27, 2015 and the loan was liquidated on July 31, 2015.

10. Bonds Payable

	<u>2016</u>	<u>2015</u>
(i) Tranche 1 Fixed Rate bonds 2004/2016	\$ 1,250,000	2,500,000
(i) Tranche 2 Fixed Rate bonds 2004/2016	2,083,334	4,166,667
(ii) Fixed Rate Non-Callable Bonds 2007/2022	50,000,000	50,000,000
(iii) Tranche 1 Series 1 Fixed Rate Bonds 2013/2016-	-	60,000,000
(iii) Tranche 2 Fixed Rate Bonds 2013/2019	50,000,000	50,000,000
(iv) Tranche 1 Series 2 Fixed Rate Bonds 2013/2016-	-	10,267,410
(v) Tranche 1 Class A Series 1A Fixed Rate Bonds 2015/2018	20,550,597	20,550,597
(vi) Tranche 1 Class A Series 1B Fixed Rate Bonds 2015/2018	10,804,131	10,804,131
(vii) Tranche 1 Class A Series 2A Fixed Rate Bonds 2016/2018	5,271,887	-
(viii) Tranche 1 Class A Series 2B Fixed Rate Bonds 2016/2018	<u>16,872,204</u>	<u>-</u>
	156,832,153	208,288,805
Less current portion	<u>(3,333,333)</u>	<u>(76,934,076)</u>
	<u>\$ 153,498,820</u>	<u>131,354,729</u>

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

10. Bonds Payable, continued

(i) Fixed Rate Guaranteed Bonds 2004 – 2016

Tranche 1

This represents an issue of \$15,000,000 bonds which are redeemable in twelve equal annual installments. The first redemption took place on August 16, 2005. The bonds carry an interest rate of 5.40%.

Tranche 2

This represents an issue of \$25,000,000 bonds which are redeemable in twelve equal annual installments. The first redemption took place on August 30, 2005. The bonds carry an interest rate of 5.40%.

(ii) Fixed Rate Non-Callable Guaranteed Bonds 2007 – 2022

This represents an issue of US\$25,000,000 fixed rate non-callable bonds that are redeemable by a single bullet payment at maturity date. The bonds carry a minimum interest rate of 7.10 % and the interest rate is presently 7.284%.

(iii) Fixed Rate Barbados Dollar and US Dollar Guaranteed Bonds

This represents a total issue of BDS\$161,000,000 fixed rate bonds comprising Tranche 1 – Series 1 and Series 2 of BDS\$50,000,000 and US\$30,500,000 respectively, and Tranche 2 of BDS\$50,000,000. Due to market conditions, US\$5,000,000 were converted and subscribed in BDS\$, increasing the face value of Tranche 1, Series 2. The composition is now Tranche 1 – Series 1 and Series 2 of BDS\$60,000,000 and US\$25,500,000 respectively, and Tranche 2 of BDS\$50,000,000.

Tranche 1, Series 1: 2013 - 2016

This issue of BDS\$60,000,000 has a five year maturity date, carries a fixed interest rate of 6.00% and is redeemable by a single bullet payment at maturity date. This Tranche was fully repaid in March 2016.

Tranche 1, Series 2: 2013 – 2016

This represents an issue of US\$25,500,000 bonds which are redeemable by quarterly payments of principal on each interest payment date. The bonds carry an interest rate of 6.00%. The first redemption took place on 1 June 2013. This Tranche was fully repaid in March 2016.

Tranche 2: 2013 - 2019

This issue of BDS\$50,000,000 has an eight year maturity date, carries a fixed interest rate of 6.50% and is redeemable by a single bullet payment at maturity date.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

10. Bonds Payable, continued

(ii) Fixed Rate Non-Callable Bonds 2015 – 2023

On February 18, 2016 the Company signed a First Deed of Variation and Amendment (Deed of Variation) in relation to the Deed of Trust dated February 12, 2015 (the Original Bond Trust Deed) in respect of the issue of fixed rate dual currency non-callable sovereign guaranteed bonds issuable in series in the aggregate principal amount of up to BDS\$73 million (or USD equivalent). The Deed of Variation modifies the Original Bond Trust Deed to increase the aggregate principal of Class A Bonds issued to BDS\$54 million (or USD equivalent) and to reduce the value of the aggregate principal of Class B Bonds to be issued to BDS\$18.5 million (or USD equivalent). The Deed of Variation authorizes the creation and issue of the Class A Bonds Series 2A and Series 2B for an aggregate principal value of BDS\$22.5 million (or USD equivalent). The maturity date of the Class A Series 2 Bonds is February 12, 2018.

Class A, Series 1A: 2015 – 2018

This represents an issue of US\$10,525,000 bonds which are redeemable at maturity. Semi-annual payments of interest are due on each interest payment date. The bonds carry an interest rate of 6.75% and are issued at a discounted rate of 97.62754%.

Class A, Series 1B: 2015 – 2018

This represents an issue of BDS\$10,950,000 bonds which are redeemable at maturity. Semi-annual payments of interest are due on each interest payment date. The bonds carry an interest rate of 6.5% and are issued at a discounted rate of 98.66786%.

Class A, Series 2A: 2016 – 2018

This represents an issue of US\$2,700,000 bonds which are redeemable at maturity. Semi-annual payments of interest are due on each interest payment date. The bonds carry an interest rate of 6.75% and are issued at a discounted rate of 97.62754%.

Class A, Series 2B: 2016 – 2018

This represents an issue of BDS\$17,100,000 bonds which are redeemable at maturity. Semi-annual payments of interest are due on each interest payment date. The bonds carry an interest rate of 6.5% and are issued at a discounted rate of 98.66786%.

As at the reporting date, the Class B bonds have not been issued.

All of the bonds are subject to the provisions of Barbados Agricultural Management Co. Ltd. (Sugar Bonds Guarantee) Act, Cap. 255. Payment of principal and interest is guaranteed by the Government of Barbados.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

11. Loans Payable

	<u>2016</u>	<u>2015</u>
(a) Loan Payable – Government of Barbados comprises:		
(i) Loan Payable - Government of Barbados	\$ <u>130,094,094</u>	<u>130,264,211</u>
(b) Loan payable - Agricultural Development Fund	752,735	752,735
Less current portion	<u>(752,735)</u>	<u>(752,735)</u>
	<u>-</u>	<u>-</u>
(c) Loan Payable - National Insurance Board	2,285,546	6,710,908
Less current portion	<u>(2,285,546)</u>	<u>(4,425,362)</u>
	<u>-</u>	<u>2,285,546</u>
(d) Loan Payable - CIBC FCIB	37,290,707	39,219,511
Less current portion	<u>(2,046,014)</u>	<u>(1,921,767)</u>
	<u>35,244,693</u>	<u>37,297,744</u>
(e) Lease Payable - Storage Solutions	21,443,284	14,090,524
Less current portion	<u>(653,324)</u>	<u>(454,892)</u>
	<u>20,789,960</u>	<u>13,635,632</u>
	\$ <u>186,128,747</u>	<u>183,483,133</u>

(a) This amount represents an advance by the Government of Barbados. The loan is interest free and has no specific terms of repayment. The balance of \$130,094,094 is not expected to be repaid within the next financial year.

(b) The loan payable to the Agricultural Development Fund represents funds received for the upgrading of Andrews Sugar Factory in keeping with the policy statement on factory rationalization. The loan is repayable in 10 years 8 months inclusive of a moratorium of 9 months at 6.5% interest rate. The monthly payments of principal and interest are \$82,381.

(c) The loan payable to the National Insurance Board (NIB) represents funds received to assist the Company in providing support and incentives to the independent plantations. The loan is repayable in three (3) years by semi-annual blended payments of principal and interest of \$2,335,542.57. The interest rate is 4.375% and it is secured by a Letter of Comfort from the Government of Barbados, which must be renewed every six (6) months.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

11. Loans Payable, continued

- (d) The loan payable to CIBC FirstCaribbean International Bank represents the conversion of the overdraft facility. The loan is repayable in fifteen (15) years at an interest rate of 5.55%. The repayments are quarterly of principal and interest totaling \$1,011,364.91. It is secured by a Government Guarantee.
- (e) The lease payable to Storage Solutions Limited represents long-term lease for the construction of three pre-cast concrete Molasses Tank, identified as Tank A and Tank B and Tank C. The term of the lease is twenty (20) years for an annual lease amount of \$806,250, \$537,500 and \$806,250 for Tank A, Tank B and Tank C respectively.

The total future minimum lease payments and their present value are noted as follows:

	Future Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
Due in 1 year	\$ 2,150,000	1,496,676	653,324
Due between 1 and 5 years	8,600,000	5,474,880	3,125,120
Due after more than 5 years	<u>26,606,250</u>	<u>8,941,410</u>	<u>17,664,840</u>
Total	\$ <u>37,356,250</u>	<u>15,912,966</u>	<u>21,443,284</u>

12. Government Grants

	<u>2016</u>	<u>2015</u>
	\$ <u>120,175,907</u>	<u>39,003,815</u>

Government grants for 2016 represent funds received from the Government of Barbados for:

- (i) the payment of principal and interest on the Fixed Rate bonds 2004 – 2023 (\$86,379,022)
- (ii) the payment of principal and interest on the National Insurance Board Loan (\$4,671,085)
- (iii) operational funding for working capital (\$25,080,339)
- (iv) the payment of principal and interest on the CIBC FCIB Loan (\$4,045,460)

Government grants for 2015 represent funds received from the Government of Barbados for:

- (v) the payment of principal and interest on the Fixed Rate bonds 2004 – 2023 (\$23,532,622)
- (vi) the payment of principal and interest on the National Insurance Board Loan (\$1,437,257)
- (vii) operational funding from CIRP Fund (\$9,988,477)
- (viii) the payment of principal and interest on the CIBC FCIB Loan (\$4,045,460)

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

13. Grant to CIRP under the Sugar Industry Revitalization Fund ("the Fund")

The Barbados Agricultural Management Co. Ltd. (Sugar Bonds Guarantee) Act, Cap. 255 (the Act), establishes the Fund and all monies raised under the Act are to be deposited into the Fund and utilized to finance the operations of the sugar industry. As set out at Note 2 above, the CIRP falls within the ambit of sugar industry operations to be financed under the Fund.

14. Due to Parent Company

The balance due to Barbados Agricultural Credit Trust Ltd. (BACT) is interest free and has no specific repayment terms. This amount is comprised as follows:

		<u>2016</u>	<u>2015</u>
Amount due to BACT	\$	6,195,281	5,928,018
Amount due by BACT		<u>(639,046)</u>	<u>(565,670)</u>
Net amount due to BACT	\$	<u>5,556,235</u>	<u>5,362,348</u>

15. Share Capital

Authorized:

An unlimited number of common shares of one class designated as common shares.

		<u>2016</u>	<u>2015</u>
<i>Issued:</i>			
115,113,480 (2015 – 115,113,480) shares	\$	<u>115,113,480</u>	<u>115,113,480</u>

16. Employee Benefits

The Barbados Agricultural Management Co. Ltd. and the Barbados Agricultural Credit Trust jointly maintain a non-contributory defined benefit Group Pension Plan with Sagikor Life Inc. Employees are not required to contribute, but they may make voluntary contributions. The Company contributes amounts recommended by the actuary to meet the cost of the benefits arising under the Plan.

At the year end, the net defined benefit liability (asset) can be specified as follows:

		<u>2016</u>	<u>2015</u>
Present value of funded obligations	\$	15,245,669	14,733,926
Fair value of plan assets		<u>(17,152,364)</u>	<u>(16,388,041)</u>
Net asset in the statement of financial position	\$	<u>(1,906,695)</u>	<u>(1,654,115)</u>

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

16. Employee Benefits, continued

Movements in the net (asset) liability recognized in the statement of financial position are as follows:

	<u>2016</u>	<u>2015</u>
Net liability (asset) at beginning of year	\$ (1,654,115)	(1,302,715)
Net expense recognized in the statement of comprehensive loss	832,969	1,021,783
Re-measurement recognized other comprehensive income	31,167	(226,089)
Contributions	<u>(1,116,716)</u>	<u>(1,147,094)</u>
Net asset in statement of financial position at year end	\$ <u>(1,906,695)</u>	<u>(1,654,115)</u>

The amounts recognized in the statement of comprehensive loss are as follows:

	<u>2016</u>	<u>2015</u>
Current service cost	\$ 858,783	959,208
Interest on obligation	1,179,469	1,180,894
Expected return on plan assets	(1,284,380)	(1,251,966)
Past service cost	-	-
Administration and other non-plan investment management expenses	<u>79,097</u>	<u>133,647</u>
Total included in operating expenses	\$ <u>832,969</u>	<u>1,021,783</u>

Changes in the present value of the obligation were as follows:

	<u>2016</u>	<u>2015</u>
Opening obligation	\$ 14,733,926	14,920,235
Interest cost	1,179,469	1,180,894
Current service cost	858,783	959,208
Employees' contributions	7,164	11,424
Benefits paid	(754,675)	(1,295,613)
Actuarial losses (gains)	(778,998)	(1,042,222)
Past service cost	<u>-</u>	<u>-</u>
Closing obligation	\$ <u>15,245,669</u>	<u>14,733,926</u>

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

16. Employee Benefits, continued

Changes in the fair value of the defined benefit pension plan assets were as follows:

	<u>2016</u>	<u>2015</u>
Opening fair value of plan assets	\$ 16,388,041	16,222,950
Actual return	474,215	435,833
Employer's contributions	1,116,716	1,147,094
Employees' contributions	7,164	11,424
Benefits paid	(754,675)	(1,295,613)
Administrative expenses	<u>(79,097)</u>	<u>(133,647)</u>
Closing fair value of plan assets	\$ <u>17,152,364</u>	<u>16,388,041</u>

The assets of the plan are invested in segregated funds. The major categories underlying the plan assets are as follows:

	<u>2016</u>	<u>2015</u>
Mortgages	10%	12%
Bonds	32%	34%
Equities	40%	42%
Property	6%	6%
Other	11%	6%

Principal actuarial assumptions at the statement of financial position date are as follows:

	<u>2016</u>	<u>2015</u>
Discount rate at end of year	7.75%	7.75%
Future salary increases	2.50%	2.50%
Future inflationary salary increases	4.25%	4.25%
Future pension increases	0.75%	0.75%
Future changes in NIS Ceiling	4.25%	4.25%

Reasonably possible changes at the reporting date, June 30, 2016, to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

<u>Change in assumption</u>	<u>Defined Benefit Obligation</u>
Reduce discount rate by 1% pa	\$ 17,922,764
Increase discount rate by 1% pa	13,121,947
Reduce salary increase by 0.5% pa	14,454,945
Increase salary increase by 0.5% pa	16,154,471
Increase average life expectancy by 1 year	15,470,299

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

17. Corporation Tax

Reconciliation of taxes calculated at the applicable tax rate with tax expense

	<u>2016</u>	<u>2015</u>
Accounting loss before corporation taxes	\$ <u>54,624,917</u>	<u>(44,474,212)</u>
Tax at 25%	\$ 13,656,229	(11,118,553)
Tax effect of expenses not allowable for tax purposes	3,096	3,097
Tax effect of deductions allowed for tax purposes	-	(658,490)
Utilization of prior year tax losses	(13,659,325)	-
Tax effect of not recognizing the deferred tax asset	<u>-</u>	<u>11,773,946</u>
Corporation tax expense	\$ <u>-</u>	<u>-</u>

Deferred tax assets have not been recognized in respect of the following items:

	<u>2016</u>	<u>2015</u>
Deductible (taxable) temporary differences:		
Property, plant and equipment	\$ 112,730,402	111,581,198
Accounts receivable	1,122,645	1,865,088
Employee benefits	<u>(1,906,695)</u>	<u>(1,654,115)</u>
	111,946,352	111,792,171
Tax losses	<u>228,843,627</u>	<u>283,606,319</u>
	\$ <u>340,789,979</u>	<u>395,398,490</u>
Deferred tax asset not recognized	\$ <u>85,197,495</u>	<u>98,849,622</u>

The tax losses expire between 2016 and 2022. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Company can utilize the benefits therefrom.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

18. Corporation Tax Losses

As at the date of the statement of financial position, the Company had the following estimated losses available for set off against future taxable income:

<u>Year of Income</u>	<u>Amount B/fwd</u>	<u>Utilized</u>	<u>Losses Incurred</u>	<u>Losses Expired</u>	<u>Amount C/fwd</u>	<u>Expiry Date</u>
2007	25,556,286	25,556,286	-	-	-	2016
2008	23,262,563	23,262,563	-	-	-	2017
2009	34,276,347	5,943,843	-	-	28,538,910	2018
2010	40,656,423	-	-	-	40,656,423	2019
2011	42,100,364	-	-	-	42,100,364	2020
2012	33,858,238	-	-	-	33,858,238	2021
2013	32,099,473	-	-	-	32,099,473	2022
2014	6,210,108	-	-	-	6,210,108	2023
2015	45,586,517	-	-	-	45,586,517	2022
2016	-	-	-	-	-	-
	<u>\$ 283,606,319</u>	<u>54,762,692</u>	<u>-</u>	<u>-</u>	<u>228,843,627</u>	

Losses for the periods 2007 have been agreed by the Department of Inland Revenue. Losses for the periods 2008 – 2015 have not been agreed or contested by the Department of Inland Revenue. The tax benefit of these losses has not been recognized in these financial statements as the Company does not expect to earn sufficient future taxable profits against which the unused tax losses could be utilized.

19. Commitments

The following commitments were outstanding at the date of the statement of financial position:

Leases

The leases with Highly Indebted Plantations (HIPs) and Independent Plantations which were extended for a period of six (6) years on July 1, 2005 terminated on June 30, 2011. It is the Company's intention to offer new leases for a period not exceeding twelve years. These leases provide for future annual lease payments as follows:

	<u>Lease Period</u>	<u>Annual Amount</u>
Highly Indebted Plantations	1 year	\$ 243,300
Independent Plantations	1 year	\$ 1,278,222

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

20. Related Parties

(a) Parent Company

During the year the following arm's length transactions occurred with the parent company, Barbados Agricultural Credit Trust.

	<u>2016</u>	<u>2015</u>
Pensions	\$ 6,560	6,534
Medical	6,315	6,728
Land tax	29,638	20,814
Land Lease	(243,300)	(243,300)
Building Lease	(36,300)	(36,300)
Rent	-	4,100
Standing Crop Payment	-	8,238
Loan	<u>43,200</u>	<u>-</u>
	<u>\$ (193,887)</u>	<u>(233,186)</u>

(b) Transactions with Key Management Personnel

Directors

The Board of Directors of the Company is a policy Board. The directors are not covered by the pension plan; they are not shareholders of the Company and they do not possess voting shares.

Key Management Personnel Compensation

In addition to their salaries, the Company also provides non-cash benefits to executive officers and contributes to a post-employment defined benefit plan on their behalf. In accordance with the terms of the plan, the normal retirement age is 65 but officers may retire at age 55 and are entitled to receive equal monthly amounts throughout the lifetime of the retired officer.

The General Manager was employed on October 1, 2010 on fixed-term contracts. He does not participate in the Company's pension plan, but receives a gratuity annually.

Key management personnel compensation is comprised of:

	<u>2016</u>	<u>2015</u>
Short-term employee benefits	1,185,198	1,319,543

Other

The General Manager is the designate Director of Exclusive Cottons of the Caribbean Inc., West Indies Sugar & Trading Company Limited (WISTCO UK) and West Indies Sugar & Trading Company Caribbean Ltd (WISTCO Caribbean). The balance due from WISTCO Caribbean as at June 30, 2016 was \$ (2015: \$1,210,909). The balance due from WISTCO UK as at June 30, 2016 was \$831,687 (2015: \$880,275). Balances arose from the sale of sugar to these related parties.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

21. Financial Risk Management

Overview

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

- (a) credit risk
- (b) liquidity risk
- (c) 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. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The 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 the limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through the implementation of constructive controls together with training, standards and procedures, aims to develop a disciplined environment in which all employees understand their roles and obligations.

(a) 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 contractual obligations and arises principally from the Company's receivables from customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 70 percent of the Company's revenue is attributable to sales transactions with a single international customer who has been transacting business with the Company for twenty years and within the sugar industry for longer. The trade agreement for the industry, has established terms under which payment is made to suppliers and this has had the effect of practically eliminating credit risk from this customer. The Company's domestic wholesale customers have also been transacting business with the Company for twenty years and have established a good record of payment. It is the Company's policy within the end-user customer category, to extend credit to State-owned entities only. The Company also trades in non-sugar commodities, approximately 40 percent of which is sold to one customer on a credit basis. All other non-sugar trade is done on a cash basis.

The Company has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is specific to a customer who is no longer in business. The remainder of the loss allowance is determined based on historical data of payment statistics of the other customers.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

21. Financial Risk Management, continued

(b) *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.

The liquidity position is monitored on a weekly basis to ensure that cash flows are maintained within the budgeted requirements.

(c) *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.

The Company seeks to apply hedge principles in order to manage market risks. All such transactions are carried out within the guidelines set by the Board.

(i) *Currency risk*

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company. The currencies in which these transactions primarily are denominated are US Dollars (USD). There was no significant exposure to foreign currency risk during as at and during the year ended June 30, 2016.

(ii) *Interest rate risk*

The Company is exposed to some risks associated with the effects of fluctuations in interest rates. Short-term debt or the overdraft carries a variable interest rate, which is tied to the Prime rate of the bank. The interest rates, most of which are fixed, and terms of repayment of long-term debt are disclosed in Notes 10 and 11 to the financial statements.

(iii) *Capital management*

The Company's sole shareholder is the Government of Barbados which guarantees the repayment of long-term and short-term debt instruments. The Company is economically dependent on the Government of Barbados for its continued operations.

There was no change in the Company's approach to capital management during the year.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

22. Financial Instruments

(a) Credit risk

Exposure to credit risk

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

	<u>2016</u>	<u>2015</u>
Accounts receivable, net	\$ 2,980,828	3,495,652
Cash and bank	1,082,988	2,601,347

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	<u>2016</u>	<u>2015</u>
International customers	\$ 831,687	880,275
Wholesale customers (molasses)	365,244	393,126
End-user customers (local & imported sugar)	44,428	10,098
Other	<u>2,862,114</u>	<u>3,225,363</u>
	<u>\$ 4,103,473</u>	<u>4,508,862</u>

The Company's most significant customer, a European wholesaler, accounts for \$831,687 of the trade receivables carrying amount at June 30, 2016 (2015: \$880,275).

Impairment losses

The aging of trade receivables at the reporting date was:

	<u>2016</u>	<u>2015</u>
Not past due	\$ 451,599	1,128,285
Past due 0-30 days	162,073	4,700
Past due 31-90 days	570,382	41,681
More than 90 days	<u>2,919,419</u>	<u>3,334,196</u>
	<u>\$ 4,103,473</u>	<u>4,508,862</u>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	<u>2016</u>	<u>2015</u>
Balance at July 1	\$ 1,865,088	1,834,188
Impairment loss recognized	<u>(742,443)</u>	<u>30,900</u>
Balance at June 30	<u>\$ 1,122,645</u>	<u>1,865,088</u>

Based on historic default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days; some 35 percent of the balance, which includes the amount owed by the Company's most significant customer (see above), relates to customers that have a good track record with the Company.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

22. Financial Instruments, continued

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

June 30, 2016

	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>0 - 12 Months</u>	<u>1 - 2 Years</u>	<u>More than 2 Years</u>
Financial Liabilities					
Accounts payable and accrued liabilities	\$ 31,116,603	31,116,603	31,116,603		
Bonds payable	156,832,153	194,316,185	12,238,725	64,259,460	117,818,000
Loans payable	191,866,366	219,020,616	8,381,002	6,045,460	204,594,154
Due to parent company	<u>5,556,235</u>	<u>5,556,235</u>			<u>5,556,235</u>
Total	\$ <u>385,371,357</u>	<u>450,009,639</u>	<u>51,736,330</u>	<u>70,304,920</u>	<u>327,968,389</u>

June 30, 2015

	<u>Carrying Amount</u>	<u>Contractual Cash Flows</u>	<u>0 - 12 Months</u>	<u>1 - 2 Years</u>	<u>More than 2 Years</u>
Financial Liabilities					
Accounts payable and accrued liabilities	\$ 25,798,498	25,798,498	68,147	25,730,351	-
Bonds payable	208,288,805	258,218,805	85,964,643	49,950,061	122,304,101
Loans payable	160,456,332	198,770,860	10,298,566	126,910,495	61,561,799
Due to parent company	<u>5,362,348</u>	<u>5,362,348</u>	-	-	<u>5,362,348</u>
Total	\$ <u>399,905,983</u>	<u>488,150,511</u>	<u>96,331,356</u>	<u>202,590,907</u>	<u>189,228,248</u>

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

22. Financial Instruments, continued

(c) Market risk

(ii) Interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	<u>2016</u>	<u>2015</u>
Fixed rate instruments		
Financial liabilities	156,832,153	208,288,805

Fair values

The Company does not account for any fixed rate financial liabilities at fair value through profit or loss, therefore, a change in interest rates at reporting date would not affect profit or loss.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	<u>2016</u>		<u>2015</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and bank	\$ 1,082,988	1,082,988	2,601,347	2,601,347
Accounts receivable	2,980,828	2,980,828	3,495,692	3,495,692
Bonds payable	156,832,153	156,832,153	208,288,805	208,288,805
Accounts payable and accrued liabilities	31,116,603	31,116,603	25,798,499	25,798,499
Loans payable	191,866,366	191,866,366	160,456,332	160,456,332
Due to parent company	5,556,235	5,556,235	5,362,348	5,362,348

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2016

23. Bulkeley Sugar Factory Operations

Commencing July 15, 2002, the cane yard at Bulkeley operated as a cane trans-loading station.

The Ministry of Agriculture indicated its intention to engage expertise to determine if the Bulkeley factory plant could be transformed into a revenue-generating asset. As at June 2014, this process had not yet commenced. However, due to some deterioration of the plant, accelerated depreciation was taken on the machinery and equipment components of the asset.

As at the date of the statement of financial position, the assets at Bulkeley have a carrying value of \$0.04million (2015: \$0.04 million).

24. Subsequent Events

The following represents non-adjusting events which occurred subsequent to the reporting date:

- (i) During the course of the financial year the Company engaged consultants to undertake a restructuring of the Company. This was within the context of the anticipated construction of a new multi-purpose factory to be located at the site of the non-operational factory at Andrews, St. Joseph. The restructuring is to occur in three phases (diagnostic, development of a restructuring plan, implementation) and is scheduled to be concluded during the 2016/17 financial period.
- (ii) As part of the restructuring, the Company has been mandated by the Ministry of Agriculture to proceed with the divestment of its non-core assets. The ambit of the engagement of the consultants undertaking the restructuring has been expanded to provide advisory services and support in this regard, and includes the development and execution of a divestment plan. It is anticipated that the divestment process will occur over the subsequent three (3) financial years.