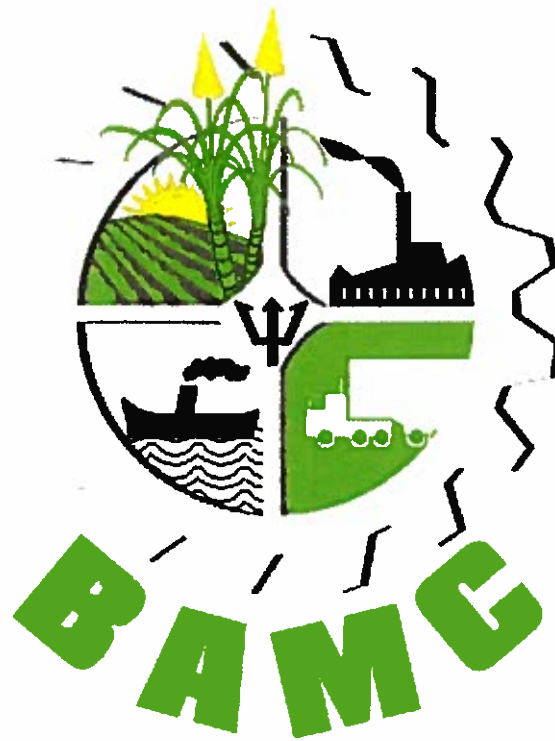


BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.



TWENTY-SECOND

ANNUAL REPORT

AND

ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE, 2015



BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

TWENTY-SECOND

ANNUAL REPORT

AND

ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2015

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	

Appointed:

Dr. Leroy McClean

General Manager	Leslie F. Parris	
Financial Controller	Flo Jean-Marie (Mrs)	(Resigned)
Agricultural Manager	Dr. Orville Wickham	
Technical Manager Factories	John Goodman	(Retired)
Human Resources Manager	Jacqueline Belgrave (Ms)	(Resigned)
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 financial year ended June 30, 2015 continued to pose challenges even greater than those of the previous year. Cane delivered and processed for the crop was 116,106 tonnes compared to 159,607 during the previous year (representing a 27% decline). The decline in cane deliveries for 2015 compared even more starkly to those of 2012 when 258,601 tonnes were delivered. The statistics represent a 55% decline in cane deliveries over the last three (3) years and as such pose an imminent challenge to the sustainability of the agricultural industry as a whole.

As in 2014, these statistics should however be examined in the context of several major inhibitors that continue to adversely affect the overall productivity of the Industry and the Company alike. Among the major inhibitors were the following:

1. A reported decline in the financial position of Independent growers and of the Company. This was in spite of the continuing Government support made available during the year under review. The timeliness of

Government's financial support was however a factor, given the cyclical nature of the Industry and the timing of cash-flow required for good crop husbandry. This was evidenced by the inadequate and the untimely application of critical inputs on farms.

2. Unfavourable weather conditions also played a major role in the outcome of the 2015 harvest, as the island experienced inadequate rainfall in the latter part of 2014 and into 2015. This is likely to affect the 2016 crop as well.
3. The late start to the harvest (which commenced on April 7, 2015) was also an additional factor as the Company's weak financial state led to significant changes in its terms of trade with suppliers. This in to transactions, for the most part, being conducted on a cash basis, resulting in some cases to delays in the acquisition of critical parts and input required to mobilise the factory earlier.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

CHAIRMAN'S REPORT

The issues as described continue to be addressed at both the policy and operational levels by way of the on-going Cane Industry Restructuring Project and discussions with Government.

It is anticipated that meaningful improvement in the Industry's fortunes is unlikely to take place in the short term but rather over the medium term. A reversal of the current decline will however be subject to continuing financial support by Government. While Government's stated intention in this regard is positive, the prevailing and future macro-economic performance of the country over the next two (2) to three (3) year period will also be a critical determining factor.

PRODUCTION

Total arable acreage for farms producing cane (including BAMC) was 19,076 acres for 2015. The BAMC managed 8,392.69 acres or 44% of the total estimated arable acreage available for cane production. Total acreage harvested for the year was 7,427.06 acres down from the 9,590 acres harvested in 2014 registering a 22% decline. This follows on the heels of an 8.5% decline recorded in 2014 over 2013.

Cane delivered for processing in 2015 amounted to 116,106 tonnes compared to that of 159,607 in 2014. Of the 116,106 tonnes of cane harvested approximately 67,418 tonnes (or 52%) were delivered by independent growers and 48,688 (or 48%) by BAMC. The percentage of cane delivered by the BAMC in 2015 was marginally up on that of 47% in 2014. Cane delivered for the period under review yielded 10,384 tonnes of sugar compared to 14,855 tonnes in 2014 (a decline of 30%). This was however consistent with the decline in sugar cane produced and the quality supplied.

A tonnes cane per tonne sugar (tc/ts) 96-polarity conversion rate of 10.79 was achieved, varying marginally from that of 10.14 achieved in 2014.

Of the 10,384 tonnes of sugar produced 9,494 tonnes were exported as Bulk Raw Sugar to T & L Sugars Inc. The remaining sugar produced comprised 889 tonnes of direct consumption sugar of which 175 tonnes were bagged in 25kg quantities and exported to the UK under the Plantation Reserve brand. The remainder was bagged and sold on the domestic market.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

CHAIRMAN'S REPORT

FINANCIAL

The Company for the year ended June 30, 2015 recorded revenue of \$22.0M down 7.3% from that of \$25.5M the previous year. This was in turn due mainly to the continued decline in cane production and quality of cane received.

Operating expenses for the year at \$34.6M were down by \$7.1M compared to \$41.7M in 2014. Expenses in key operating areas (namely Agriculture and Factories) were down by \$15.0M or 30%. This resulted in a reduction in operating losses to \$34.6M for the year, a reduction from the \$41.7M incurred the previous year. The Company therefore continued to maintain a tight control over its expenses as was the case in the previous year, being ever mindful of its financial constraints.

A net loss of \$13.5M was recorded compared to that of \$35.5M in 2014. This was however due to a significant decrease in depreciation and amortisation expenses (i.e. non-operating expenses). Depreciation and amortisation expenses peaked at \$32.0M in 2014 and fell to \$1.6M for the year just ended. It should be noted that these variances are in keeping with a previous

policy decision. In this regard the decision was taken to accelerate the write-down in value of certain assets (comprising machinery and equipment) to reflect their useful life and carrying value. This policy is in keeping with current IAS stipulations and requirements and was deemed to be reasonable given the age and limited alternative future use of the assets involved.

THE FUTURE

The future of the Industry and that of the Company continue to rest on the outcome of the on-going Cane Industry Restructuring Project (CIRP).

Given that the Company currently controls 44% of arable acreage under sugar cane cultivation it continues to play a key and pivotal role in the agricultural industry. In this regard the Barbados Agricultural Management Co. Ltd. continues to strive to improve efficiencies wherever possible, finance permitting. These efforts are however often constrained by a lack of the financial resources to upgrade critical operational areas including key areas such as mechanisation.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

CHAIRMAN'S REPORT

In the interim however, the Company in partnership with the West Indies Sugar and Trading Company has upgraded its packaging facilities at Portvale and will continue to do so in the coming year. This upgrade will permit the Company to increase its production of direct consumption sugar for both the domestic and regional markets. Initial marketing trials and negotiations have to date been extremely encouraging.

Going forward the Company's ultimate objective will be fourfold:

1. To significantly reduce its imports of direct consumption sugar for local consumption by providing a locally produced and high quality alternative to all strata of the market.
2. Through the manufacture of greater quantities of packaged direct consumption sugar produce a value added product to enhance revenue.
3. To reduce the production of bulk raw sugar as international market conditions continue to be volatile and unpredictable.

4. To replace the export of bulk raw with increasing amounts of direct consumption sugar.

The Company continues to provide services to the wider Industry through its Agronomy Research and Variety Testing Unit. Additionally, the management, storage and delivery of molasses to the rum industry continue to rest with the Company. As reported in the past, costs associated with these areas of operation are absorbed by the Company and inflates its expenses. A broader appreciation of the non-agricultural functions and role of the Company is therefore not only necessary but logical in evaluating its performance.

As a result and following discussion with Government, assistance has been sought and obtained in commissioning a review of the financial structure of the Company in the context of developments over the past two (2) years. While a similar exercise was conducted some four (4) years ago, progress has been severely constrained by the need to recapitalise the Company in the context of its current and future role pending the coming on stream of the multi-purpose factory.

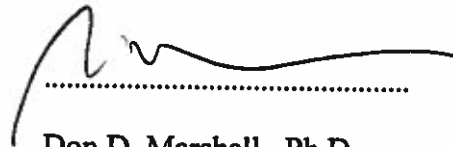
BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

CHAIRMAN'S REPORT

APPRECIATION

Appreciation is expressed on behalf of the Directors to the management and staff of the Company for their contribution to the efforts of the Company during the year. Appreciation is also expressed to the respective - Ministries of Agriculture, Food, Fisheries and Water Resources Management and the Ministry of Finance and Economic Affairs - as without their continued and

valued support, the operations of the Company would not have been possible. The acknowledged support of the farmers and the trade unions, namely the Barbados Workers' Union and the Sugar Industries Staff Association, is also appreciated.



Don D. Marshall, Ph.D.
Chairman

**BARBADOS AGRICULTURAL MANAGEMENT CO. LTD
REVIEW OF OPERATIONS**

FINANCIAL

Revenue declined from \$25.5M to \$22.0M as a direct result of an island-wide drop in cane production. This was further reflected in the decline in revenue from sugar sales, therefore total revenue of \$22.0M covered only approximately 39% of operating expenses resulting in an operating loss of \$34.57M for the year, compared to the prior year's loss of \$41.7M. This was primarily due to an aggregate reduction of approximately 30% in Agriculture and Factory expenses linked to budgetary constraints and tight control over expenses.

The net loss for the year at \$44.5M was, however, above that of the \$35.5M incurred over the previous year. It should be noted that the recorded increase was as a result of \$31.0M being lodged in the Sugar Industry Revitalisation Fund for utilization by CIRP. The application of funds was consistent with the requirements under The Barbados Agricultural

Management Co. Ltd (Sugar Bonds Guarantee) Act, Cap 255, and was treated as an expense.

The Company's liquidity also tightened, as its working capital deficit increased to \$90.1M up from the previous year's deficit of \$22.2M. This was as a result of a \$60.3M Bond payment becoming current. Total shareholder's deficiency as a result of the net loss for the year increased from \$217.0M to \$261.7M.

The sum result of the Company's weak liquidity and increasing shareholder's deficiency has seen an unwillingness by suppliers to extend credit and an inability on the part of the Company to undertake capital expenditure necessary to significantly improve efficiency by way of updating its technology and mechanization.

AGRICULTURE

All arable land managed by the Company is owned privately, or by the

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD
REVIEW OF OPERATIONS

Crown.

The Company commenced and ended the financial year with 8,392.69 acres of land under its management; no acreage having been lost during the year.

Average rainfall received on BAMC's farms in Area 1 for the year was 53.01 inches compared to 69.55 the previous year - a reduction of 16.54 inches. In Area 2, average rainfall received was 44.43 inches for the year compared to 58.02 inches the previous year - a reduction of 13.59 inches. This, therefore, supports the assertion that drought conditions worsened and adversely impacted on cane production for the second year in succession.

BAMC's farms delivered 48,688 tonnes or 42% of the 116,106 tonnes harvested island-wide at a tonnes cane per acre (TC/acre) of 14.58 compared to the TC/acre of 16.3 which obtained in the previous year. This decline in yield has been attributed to the late start of the crop, coupled with severe drought

conditions. The continued drought during the harvest also resulted in the drying out of the canes towards the end of the harvest, negatively impacting quality.

During the year a total of 2,062.75 acres were cultivated for the planting of conventional plant cane (CPC Future), forced-back cane and non-sugar crops compared to 1,411.48 acres in 2014, as relatively dry spells allowed for a comparatively significant increase in land cultivation. Assistance was however required from external contractors as a number of the Company's tractors usually used for cultivation were either in use in the crop due to its late start, or were unavailable because of the need for repairs. In addition, 456.25 acres were strip-tilled .

Planting commenced for both Areas in September of 2014 and a total of 1,012.50 acres of cane were planted compared to 1,029.50 acres the previous year.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD
REVIEW OF OPERATIONS

FACTORY OPERATIONS

BAMC's harvesting of its 2015 crop lasted twelve (12) weeks ending during the week of 21 June.

The 2015 harvest got underway on Tuesday, 7 April and Portvale commenced milling on Wednesday, 8 April at 2:30 p.m. The major factor or cause for the late start can be attributed to the continuing weak financial position of the Company. For example, critical consumables to carry out daily maintenance to the Factory were in several instances funded from the sale of bagasse, filter mud and molasses. In other instances, spare parts were obtained from (the now defunct) Andrews Factory to replace defective equipment at Portvale, as new equipment was, for the most part, either very costly (due to the age of the factory) or not available on a timely basis. Andrews Factory as a source has now been virtually exhausted and early funding of repairs and maintenance at the Factory will be critical in ensuring reliability and efficiency.

Cane deliveries for 2015 amounted to 116,106 metric tonnes and were approximately 17% below the originally estimated tonnage of 140,000. The shortfall has, for the second year, and as previously stated, been attributed to prevailing adverse weather conditions, as a result of a continuing drought. Independent farmers also highlighted poor finances as a contributing factor and as a result, their ability to make timely applications of inputs necessary for good crop-husbandry was reportedly adversely affected.

Over the 2015 crop 116,106 metric tonnes were harvested. Independent farms delivered 67,183 tonnes or 52%, while the BAMC delivered 48,688 tonnes or 48% of the total tonnage to Portvale Factory. Deliveries from the independent farms fell short of their December 2014 estimates by 8.08%, while supplies from the BAMC's farms fell short of their estimate by 26.83%. The BAMC's poor performance was again mainly due to frequent breakdowns of its aged fleet of harvesters and its inability to execute a

**BARBADOS AGRICULTURAL MANAGEMENT CO. LTD
REVIEW OF OPERATIONS**

robust maintenance programme due to financial constraints.

Comparative figures for cane received and processed by the factory in 2015 and 2014 are shown in the table below:

PORTVALE	2015	2014
Tonnes Cane Processed	116,105.741	159,606.68
Budget Tonnes Cane	140,000	189,730.00
% Received	82.93	84.12
Actual Pol % Cane	11.79	12.4
Budget Pol % Cane	11.45	12.05
Actual Pol % Budget	102.97	102.09
Fibre % Cane**	19.14	19.85

Sugar Production

Comparative production statistics for 2015 and 2014 are shown below:

PORTVALE	2015	2014
Tonnes Gross Tel Quel	10,383.68	14,854.80
Tonnes 96° I.S.O.M & E	10,758.92	15,747.03
Tonnes Over (Under) Budget	(2,205.08)	3,220.97
Average Sugar Polarisation	98.17	98.60

Total Sugar Production (Tonnes Tel Quel) for 2015 and 2014 comprised:

PORTVALE	2015	2014
Export Bagged - WISTCO (25kg)	175.110	602.36
Local Bagged - DC Sugar (STAFF)	75,096	100.28
Local Yellow - Crystal WISTCO -	639.0	1,500.00
Export Bulk Raws Sugar	9,494.47	12,652.15
Total Tonnes Tel Quel (GROSS)	10,383.68	14,854.79

Molasses Production

Comparative figures for the production of Black Strap Molasses for 2015 and 2014 are shown below:

PORTVALE	2015	2014
Tonnes Black Strap Molasses	4,511.58	7,753.04
Brix	84.18	85.55
Purity	38.04	37.85
Litres/Tonne 96° Sugar	264.77	315.96
Molasses % Cane	3.89	4.85

All indicators as presented continue to trend unfavourably due to a reduction in the quantity and quality of sugar cane

**BARBADOS AGRICULTURAL MANAGEMENT CO. LTD
REVIEW OF OPERATIONS**

produced on the island. It is however, expected that a reversal will occur in the medium term with the Cane Industry Restructuring Project's introduction of further incentive programmes and technical assistance to farmers. Government's continued financial support will also be critical to the reversal of the decline in the industry and its stabilisation over the short to medium term.

HUMAN RESOURCES

During the 2015 financial year some 542 persons were employed detailed as follows:

Department	Permanent	Seasonal	Temporary	Contract	Total
Agriculture	220	1	46	2	269
Factories	205	11	6	5	227
Head office	43	0	0	3	46
AVERAGE ANNUAL TOTAL	468	12	52	10	542

The total persons employed by the Company during 2015 was 15% below that of 2014 (641 persons). Total employment cost for the year was \$20,953,514.00; a reduction of 16% compared to \$24,997,282.00 incurred in

2014.

The decline in the number of persons employed was primarily due to the retirement of staff, as well as the decline in cane and sugar production and a shorter harvest period. It should be noted that there is a rapid increase in the persons retiring from the Agriculture Department due to the high average age of the workforce. It has become increasingly difficult to attract young persons into the Company inclusive of field-workers, which in turn underscores the need for increased mechanization and the requisite funding to cover the capital investment required.

Collective Bargaining and Industrial Relations

There were no-man days lost due to industrial action during the period under review. Negotiations with both the Barbados Workers' Union (BWU) and the Sugar Industries Staff Association (SISA) were scheduled for the end of the calendar year 2015, Negotiations last occurred in 2013 which resulted in a two-year accord.

**BARBADOS AGRICULTURAL MANAGEMENT CO. LTD
REVIEW OF OPERATIONS**

Training

The Company conducted approximately two hundred and fifty five (255) man-days of training at a cost of \$2,350.00. Areas of training included soil analysis; occupational health and safety; labour legislation; and collective bargaining.

Occupational Safety and Health

During the year there were forty six (46) accidents recorded compared to twenty-three (23) the previous year. Accidents accounted for two hundred and ninety-one (291) days being lost, mostly attributable to one vehicular accident which occurred in September 2014.


.....
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 2015.

RESULTS

Net Loss for the year was \$ 44,474,212.

Total comprehensive loss for the year was \$ 44,700,301.

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 18th day of March 2016,
in accordance with a resolution
passed by the Board of Directors.



CHAIRMAN



DIRECTOR



Financial Statements of

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

June 30, 2015



BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

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Statement of Changes in Shareholder's Deficiency	4
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KPMG
Hastings
Christ Church, BB15154
Barbados

Telephone (246) 434-3900
Fax (246) 427-7123
e-Mail info@kpmg.bb

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, 2015, 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.

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, 2015, 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 the Company has incurred a net loss of \$44,474,212 during the year ended June 30, 2015 and, as of that date, the Company's current liabilities exceeded its current assets by \$90,047,709 and its total liabilities exceeded its total assets by \$261,724,009. 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.

Chartered Accountants
Bridgetown, Barbados
March 1, 2016

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Statement of Financial Position

As at June 30, 2015
with comparative figures for 2014

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Assets			
Current Assets			
Cash and bank	4	\$ 2,601,347	1,392,706
Accounts receivable	5	3,495,692	4,631,528
Inventory	6	18,256,055	24,164,433
Prepayments		70,209	436,619
VAT recoverable		<u>2,316,318</u>	<u>3,401,925</u>
Total current assets		<u>26,739,621</u>	<u>34,027,211</u>
Investments	7	3	3
Employee benefits	15	1,654,115	1,302,715
Capital works in progress		126,639	126,357
Property, plant and equipment, net	8	<u>146,743,153</u>	<u>141,418,387</u>
Total Assets		<u>\$ 175,263,531</u>	<u>176,874,673</u>
Liabilities and Shareholder's Deficiency			
Current Liabilities			
Overdraft	4	\$ -	-
Employee benefits	15	-	-
Accounts payable and accrued liabilities	9	25,798,498	22,568,294
Short term debt	9	6,500,000	10,250,000
Current portion of long term debt	9	<u>84,488,832</u>	<u>23,391,215</u>
Total current liabilities		<u>116,787,330</u>	<u>56,209,509</u>
Bonds payable	10	131,354,729	176,847,242
Loans payable	11	183,483,133	156,164,646
Due to parent company	13	<u>5,362,348</u>	<u>5,129,162</u>
Total Liabilities		<u>436,987,540</u>	<u>394,350,559</u>
Shareholder's Deficiency			
Share capital	14	115,113,480	115,113,480
Revaluation reserves	8	157,586,593	157,586,593
Other reserves		3,305,571	3,079,482
Deficit		<u>(537,729,653)</u>	<u>(493,255,441)</u>
Total shareholder's deficiency		<u>(261,724,009)</u>	<u>(217,475,886)</u>
Commitments	18	-	-
Total Liabilities and Shareholder's Deficiency		<u>\$ 175,263,531</u>	<u>176,874,673</u>

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, 2015
with comparative figures for 2014

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
Revenue			
Sales - sugar		\$ 19,305,335	22,289,950
Sales - other		<u>2,698,603</u>	<u>3,238,796</u>
Total revenue		<u>22,003,938</u>	<u>25,528,746</u>
Expenses			
Agriculture		20,635,309	26,330,963
Factory		14,874,652	24,159,789
Administration		12,754,390	11,040,999
Stock Movement		<u>8,315,012</u>	<u>5,731,510</u>
Operating expenses		<u>56,579,363</u>	<u>67,263,261</u>
Operating loss before the under mentioned items		(34,575,425)	(41,734,515)
Government grants	12	39,003,815	55,097,751
Grant CIRP	13	(31,007,760)	-
Other income		276,498	190,912
Foreign exchange loss		(96,178)	(438,501)
Interest and finance charges		(16,457,095)	(16,421,406)
Depreciation and amortization		<u>(1,618,067)</u>	<u>(32,225,919)</u>
		<u>(9,898,787)</u>	<u>6,202,837</u>
Loss before corporation tax		(44,474,212)	(35,531,678)
Corporation tax	17	-	-
Net loss for the year		<u>(44,474,212)</u>	<u>(35,531,678)</u>
Other Comprehensive Income			
Re-measurement of defined benefit plan		<u>226,089</u>	<u>2,534,046</u>
Other comprehensive income for the year		<u>226,089</u>	<u>2,534,046</u>
Total comprehensive loss for the year		\$ <u>(44,248,123)</u>	<u>(32,997,632)</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, 2015
with comparative figures for 2014

	Notes	Share Capital	Revaluation Reserves	Other Reserves	Deficit	Total
Balance at June 30, 2013		\$ 115,113,480	157,586,593	545,436	(457,723,763)	(184,478,254)
Net loss for the year		-	-	-	(35,531,678)	(35,531,678)
Other comprehensive income	16	-	-	2,534,046	-	2,534,046
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		\$ <u>115,113,480</u>	<u>157,586,593</u>	<u>3,305,571</u>	<u>(537,729,653)</u>	<u>(261,724,009)</u>

See accompanying notes to financial statements.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Statement of Cash Flows

For the year ended June 30, 2015
with comparative figures for 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Net loss for the year	\$ (44,474,212)	(35,531,678)
Adjustment for:		
Depreciation and amortization	1,618,067	32,225,919
Foreign exchange loss	96,178	438,501
Loss (gain) on sale of equipment	(2,000)	63,104
Interest income	(200)	(31,853)
Interest expense and finance charges	16,457,095	16,421,406
Employee benefits	(125,311)	388,854
Grant CIRP	31,007,760	-
Government grant	<u>(39,003,815)</u>	<u>(55,097,751)</u>
Operating loss before working capital changes	(34,426,438)	(41,123,498)
Decrease in accounts receivable	1,039,659	155,979
Decrease in prepayments	366,410	1,272,688
Decrease in inventory	5,908,378	3,182,901
Increase in accounts payable and accrued liabilities	2,745,400	3,215,340
Decrease (increase) in VAT recoverable	<u>1,085,607</u>	<u>(788,497)</u>
Cash used in operating activities	(23,280,984)	(34,085,087)
Interest paid	<u>(15,972,291)</u>	<u>(16,449,860)</u>
Net cash used in operating activities	<u>(39,253,275)</u>	<u>(50,534,947)</u>
Cash Flows from Investing Activities		
Proceeds from sale of equipment	2,000	34,686
Net expenditure on capital works in progress	(282)	111,624
Purchase of plant and equipment	(6,942,833)	(8,906,022)
Interest received	<u>200</u>	<u>31,853</u>
Net cash used in investing activities	<u>(6,940,915)</u>	<u>(8,727,859)</u>
Cash Flows from Financing Activities		
Proceeds of short-term loans	6,500,000	10,250,000
Repayment of short-term loans	(10,250,000)	(9,968,750)
Net (repayment) proceeds of loan from Government of Barbados	28,345,324	(254,526)
Repayment of loan from CDB/GOB	-	(1,070,301)
Due to parent company	233,186	(755,600)
Repayment of loan from ADF	(27,134)	(518,583)
Proceeds of loan from NIB	-	13,000,000
Repayment of loan from NIB	(4,237,925)	(2,051,168)
Proceeds of loan from CIBC FCIB	-	41,000,000
Proceeds from bonds payable	(1,780,489)	10,038,675
Proceeds of bonds payable	31,354,728	-
Repayment of bonds payable	(16,547,420)	(35,836,425)
Finance lease - Storage Solutions - net	5,816,506	8,274,018
CIRP Grant	(31,007,760)	-
Government grant	<u>39,003,815</u>	<u>55,097,751</u>
Net cash from financing activities	<u>47,402,831</u>	<u>87,205,091</u>
Increase in cash and cash equivalents during year	1,208,641	27,942,285
Cash and cash equivalents, beginning of year	<u>1,392,706</u>	<u>(26,549,579)</u>
Cash and cash equivalents, end of year	\$ <u>2,601,347</u>	<u>1,392,706</u>
Cash and cash equivalents are comprised of:		
Cash and bank balances	<u>2,601,347</u>	<u>1,392,706</u>
	\$ <u>2,601,347</u>	<u>1,392,706</u>

See accompanying notes to financial statements.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

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 March 1, 2016.

2. Going Concern

These financial statements have been prepared on a going concern basis. For the year ended June 30, 2015, the Company has a net loss of \$44,474,212 (2014: \$35,531,678) and, as of that date, the Company's current liabilities exceeded its current assets by \$90,047,709 (2014: \$22,182,298) and its total liabilities exceeded its total assets by \$261,724,009 (2014: \$217,475,886). 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, 2015

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

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

3. Significant Accounting Policies, continued

(d) Property, Plant and Equipment, continued

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.

(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.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements
June 30, 2015

3. Significant Accounting Policies, continued

(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 recognised 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 recognised 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.

(l) *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash balances with an initial maturity of less than three months. A bank overdraft that is repayable on demand and forms an integral part of the Company's cash management is included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are carried at amortised 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.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

3. Significant Accounting Policies, continued

(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, 2014, 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>2015</u>	<u>2014</u>
Cash and bank balances	\$ <u>2,601,347</u>	<u>1,392,706</u>

On June 4, 2014 the bank overdraft was converted to a term loan.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

5. Accounts Receivable

Accounts receivable comprise:

	<u>2015</u>	<u>2014</u>
Trade	\$ 4,508,862	5,601,641
Other	<u>851,918</u>	<u>864,075</u>
	5,360,780	6,465,716
Allowance for doubtful accounts	<u>(1,865,088)</u>	<u>(1,834,188)</u>
	\$ <u>3,495,692</u>	<u>4,631,528</u>

6. Inventory

Inventory comprises the following:

	<u>2015</u>	<u>2014</u>
Sugar – Raw	\$ 10,589,695	15,538,575
Molasses	220,551	23,946
Stores stock	12,423,112	13,827,444
Goods in transit	<u>433,860</u>	<u>185,631</u>
	23,667,218	29,575,596
Less provision for obsolescence	<u>(5,411,163)</u>	<u>(5,411,163)</u>
	\$ <u>18,256,055</u>	<u>24,164,433</u>

During the year ended June 30, 2015, stock items of \$0 (2014: \$1,655,019) were provided for.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

7. Investments

Investments comprise:

	<u>2015</u>	<u>2014</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, 2015

8. Property, plant and equipment, net

Property, plant and equipment comprise:

Cost/Valuation	Machinery at Revalued Amount	Building at Revalued Amount	Building Chattels	Furniture and Fittings	Computers	Motor Vehicles	Irrigation Equipment	Land at Revalued Amount	Total
Balance at July 1, 2013	\$ 109,082,082	34,832,323	203,055	1,340,815	1,330,503	17,624,291	578,484	127,354,939	292,346,492
Additions	8,421,676	-	44,699	64,602	21,978	337,140	15,927	-	8,906,022
Disposals	(518,891)	-	-	(5,767)	(48,640)	(191,830)	-	-	(765,128)
Balance at June 30, 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
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
Accumulated Depreciation									
Balance at July 1, 2013	\$ 94,288,911	13,857,176	74,729	1,201,426	1,243,499	16,403,444	441,253	-	127,510,438
Expense	10,725,886	20,975,147	12,004	51,038	36,232	413,035	12,577	-	32,225,919
Disposals	(431,929)	-	-	(5,219)	(48,562)	(181,648)	-	-	(667,358)
Balance at June 30, 2014	\$ 104,582,868	34,832,323	86,733	1,247,245	1,231,169	16,634,831	453,830	-	159,068,999
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	-	160,598,792
Net Book Value									
Balance at June 30, 2013	\$ 14,793,171	20,975,147	128,326	139,389	87,004	1,220,847	137,231	127,354,939	164,836,054
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

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

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.

9. Accounts Payable and Accrued Liabilities

(a) Accounts payable and accrued liabilities comprise:

	<u>2015</u>	<u>2014</u>
Trade	\$ 2,157,333	3,354,582
Cane	68,147	733,336
Other	<u>23,573,018</u>	<u>18,480,376</u>
	<u>\$ 25,798,498</u>	<u>22,568,294</u>

(b) Current portion of long term debt comprise:

	<u>2015</u>	<u>2014</u>
Current portion of long term debt – Bonds payable	\$ 76,934,076	16,634,255
Current portion of long term debt - Agricultural Development Fund	752,735	411,905
Current portion of long term debt - National Insurance Board	4,425,362	4,237,925
Current portion of long term debt - CIBC FCIB	1,921,767	1,903,559
Current portion of long term debt - Storage Solutions	<u>454,892</u>	<u>203,571</u>
	<u>\$ 84,488,832</u>	<u>23,391,215</u>

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

9. Accounts Payable and Accrued Liabilities, continued

	<u>2015</u>	<u>2014</u>
(c) Short term debt comprises:		
Crop loan	\$ <u>6,500,000</u>	<u>10,250,000</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 year-end 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>2015</u>	<u>2014</u>
(i) Tranche 1 Fixed Rate bonds 2004/2016	\$ 2,500,000	3,750,000
(i) Tranche 2 Fixed Rate bonds 2004/2016	4,166,667	6,250,002
(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	60,000,000
(iii) Tranche 2 Fixed Rate Bonds 2013/2019	50,000,000	50,000,000
(iii) Tranche 1 Series 2 Fixed Rate Bonds 2013/2016	10,267,410	23,481,495
(iv) Tranche 1 Series 2 Fixed Rate Bonds 2015/2023	<u>31,354,728</u>	<u>-</u>
	208,288,805	193,481,497
Less current portion	<u>(76,934,076)</u>	<u>(16,634,255)</u>
	\$ <u>131,354,729</u>	<u>176,847,242</u>

(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 16 August 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 30 August 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%.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

10. Bonds Payable, continued

(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.

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.

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.

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

This represents an issue of up to BDS\$73,000,000 or (US\$ equivalent) comprising Class A Series 1A of US\$10,525,000 and Series 1B of BDS\$10,950,000, and Class B of BDS\$41,000,000.

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%.

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, 2015

11. Loans Payable

	<u>2015</u>	<u>2014</u>
(a) Loan Payable – Government of Barbados comprises:		
(i) Loan Payable - Government of Barbados	\$ <u>130,264,211</u>	<u>101,918,887</u>
	<u>130,264,211</u>	<u>101,918,887</u>
(b) Loan payable - Agricultural Development Fund	752,735	779,869
Less current portion	<u>(752,735)</u>	<u>(411,905)</u>
	<u>-</u>	<u>367,964</u>
(c) Loan Payable - National Insurance Board	6,710,908	10,948,832
Less current portion	<u>(4,425,362)</u>	<u>(4,237,925)</u>
	<u>2,285,546</u>	<u>6,710,907</u>
(d) Loan Payable - CIBC FCIB	39,219,511	41,000,000
Less current portion	<u>(1,921,767)</u>	<u>(1,903,559)</u>
	<u>37,297,744</u>	<u>39,096,441</u>
(e) Lease Payable - Storage Solutions	14,090,524	8,274,018
Less current portion	<u>(454,892)</u>	<u>(203,571)</u>
	<u>13,635,632</u>	<u>8,070,447</u>
	\$ <u>183,483,133</u>	<u>156,164,646</u>

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

11. Loans Payable, continued

- (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 \$130,264,211 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.
- (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 two pre-cast concrete Molasses Tank, identified as Tank A and Tank B. The term of the lease is twenty (20) years for an annual lease amount of \$806,250 and \$537,500 for Tank A and Tank B 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	\$	1,414,412	959,520	454,892
Due between 1 and 5 years		5,375,000	3,537,066	1,837,934
Due after more than 5 years		<u>18,002,094</u>	<u>6,204,396</u>	<u>11,797,698</u>
Total	\$	<u>24,791,506</u>	<u>10,700,982</u>	<u>14,090,524</u>

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

12. Government Grants

	<u>2015</u>	<u>2014</u>
\$	<u>39,003,815</u>	<u>55,097,751</u>

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

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

Government grants for 2014 represent funds received from the Government of Barbados for:

- (i) the payment of principal and interest on the Fixed Rate bonds 2004 – 2019 (\$49,773,953);
- (ii) research and development relative to a Moth Borer laboratory (\$27,200) and the Soil fertility project (\$78,000);
- (iii) repairs to Portvale Factory subsequent to a fire (\$2,500,000);
- (iv) the payment of principal and interest on the National Insurance Board Loan (\$718,598);
- (v) the payment of lease amount on Molasses Tank (\$2,000,000).

13. Grant to CIRP under the Sugar Industry Revitalisation 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 utilised 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>2015</u>	<u>2014</u>
Amount due to BACT	\$ 5,928,018	5,648,418
Amount due by BACT	<u>(565,670)</u>	<u>(519,256)</u>
Net amount due to BACT	\$ <u>5,362,348</u>	<u>5,129,162</u>

15. Share Capital

Authorized:

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

	<u>2015</u>	<u>2014</u>
<i>Issued:</i>		
115,113,480 (2014 – 115,113,480) shares	\$ <u>115,113,480</u>	<u>115,113,480</u>

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

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 Sagacor 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>2015</u>	<u>2014</u>
Present value of funded obligations	\$ 14,733,926	14,920,235
Fair value of plan assets	<u>(16,388,041)</u>	<u>(16,222,950)</u>
Net asset in the statement of financial position	\$ <u>(1,654,115)</u>	<u>(1,302,715)</u>

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

	<u>2015</u>	<u>2014</u>
Net liability (asset) at beginning of year	\$ (1,302,715)	842,476
Net expense recognized in the statement of comprehensive loss	1,021,783	1,606,236
Re-measurement recognized in other comprehensive income	(226,089)	(2,534,046)
Contributions	<u>(1,147,094)</u>	<u>(1,217,381)</u>
Net asset in statement of financial position at year end	\$ <u>(1,654,115)</u>	<u>(1,302,715)</u>

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

	<u>2015</u>	<u>2014</u>
Current service cost	\$ 959,208	1,409,943
Interest on obligation	1,180,894	1,328,070
Expected return on plan assets	(1,251,966)	(1,200,681)
Past service cost	-	-
Administration and other non-plan investment management expenses	<u>133,647</u>	<u>68,904</u>
Total included in operating expenses	\$ <u>1,021,783</u>	<u>1,606,236</u>

Changes in the present value of the obligation for defined benefit pension plans were as follows:

	<u>2015</u>	<u>2014</u>
Opening obligation	\$ 14,920,235	15,934,363
Interest cost	1,180,894	1,328,070
Current service cost	959,208	1,409,943
Employees' contributions	11,424	13,023
Benefits paid	(1,295,613)	(428,868)
Actuarial losses (gains)	(1,042,222)	(3,336,296)
Past service cost	-	-
Closing obligation	\$ <u>14,733,926</u>	<u>14,920,235</u>

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

16. Employee Benefits, continued

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

	<u>2015</u>	<u>2014</u>
Opening fair value of plan assets	\$ 16,222,950	15,091,887
Actual return	435,833	398,430
Employer's contributions	1,147,094	1,217,381
Employees' contributions	11,424	13,024
Benefits paid	(1,295,613)	(428,868)
Administrative expenses	<u>(133,647)</u>	<u>(68,904)</u>
Closing fair value of plan assets	\$ <u>16,388,041</u>	<u>16,222,950</u>

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

	<u>2015</u>	<u>2014</u>
Mortgages	12%	11%
Bonds	34%	31%
Equities	42%	45%
Property	6%	6%
Other	6%	6%

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

	<u>2015</u>	<u>2014</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, 2015, 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	\$ 17,381,352
Increase discount rate by 1% pa	12,638,335
Reduce salary increase by 0.5% pa	13,925,988
Increase salary increase by 0.5% pa	15,659,882
Increase average life expectancy by 1 year	14,938,623

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

17. Corporation Tax

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

	<u>2015</u>	<u>2014</u>
Accounting loss before corporation taxes	\$ <u>(44,474,212)</u>	<u>(35,531,678)</u>
Tax at 25%	\$ (11,118,553)	(8,882,920)
Tax effect of expenses not allowable for tax purposes	3,097	5,246,788
Tax effect of deductions allowed for tax purposes	(658,490)	(835,634)
Tax effect of income not subject to tax	-	-
Tax effect of not recognizing the deferred tax asset	<u>11,773,946</u>	<u>4,471,766</u>
Corporation tax expense	\$ <u>-</u>	<u>-</u>

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

	<u>2015</u>	<u>2014</u>
Deductible (taxable) temporary differences:		
Property, plant and equipment	\$ 111,581,198	102,435,606
Accounts receivable	1,865,088	1,834,188
Employee benefits	<u>(1,654,115)</u>	<u>(1,302,715)</u>
	111,792,171	102,967,079
Tax losses	<u>283,606,319</u>	<u>238,783,599</u>
	\$ <u>395,398,490</u>	<u>341,750,678</u>
Deferred tax asset not recognized	\$ <u>98,849,622</u>	<u>85,437,670</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, 2015

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 for Group relief</u>	<u>Losses Incurred</u>	<u>Losses Expired</u>	<u>Amount c/fwd</u>	<u>Expiry Date</u>
2006	2,249,899	-	-	(2,249,899)	-	2015
2007	25,556,286	-	-	-	25,556,286	2016
2008	23,262,563	-	-	-	23,262,563	2017
2009	34,276,347	-	-	-	34,276,347	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
	<u>\$ 240,269,701</u>	<u>-</u>	<u>45,586,517</u>	<u>(2,249,899)</u>	<u>283,606,319</u>	

Losses for the periods 2006 – 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:

(i) Leases

The leases with Highly Indebted Plantations (HIPs) and Independent Plantations which were extended for a period of six (6) years on 1 July 2005 terminated on 30 June 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, 2015

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>2015</u>	<u>2014</u>
Pensions	\$ 6,534	6,117
Medical	6,728	6,728
Land tax	20,814	22,355
Land Lease	(243,300)	(243,300)
Building Lease	(36,300)	(36,300)
Rent	4,100	-
Standing Crop Payment	8,238	-
Loan	<u>-</u>	<u>1,000,000</u>
	\$ <u>(233,186)</u>	<u>755,600</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 1 October 2010 and a Human Resources Manager on 1 March 2011, both on fixed-term contracts. Neither participates in the Company's pension plan, but both receive a gratuity annually.

Key management personnel compensation is comprised of:

	<u>2015</u>	<u>2014</u>
Short-term employee benefits	\$ <u>1,319,543</u>	<u>1,308,091</u>

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, 2015 was \$1,210,909 (2014: \$1,859,759). The balance due from WISTCO UK as at June 30, 2015 was \$880,275 (2014: 954,200). Balances arose from the sale of sugar to these related parties.

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

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, 2015

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 Euro (€), US Dollar (USD), Sterling (£).

At any point in time, the Company may hedge up to 75 percent of its estimated foreign currency exposure in respect of forecast sales over the subsequent four to six months. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity date of less than six months from reporting date.

The Company takes out a USD bank loan to fund its crop operations. The loan is secured by the proceeds of the international sales denominated in Euro, partially hedged sometimes using Euro/USD forward contracts that mature on or around the same date that the loan is due for repayment.

(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, 2015

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>2015</u>	<u>2014</u>
Accounts receivable, net	\$ 3,495,652	4,631,528
Cash and bank	2,601,347	1,392,706

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

	<u>2015</u>	<u>2014</u>
International customers	\$ 880,275	954,201
Wholesale customers (molasses)	393,126	804,295
End-user customers (local & imported sugar)	10,098	8,960
Other	<u>3,225,363</u>	<u>3,834,185</u>
	\$ <u>4,508,862</u>	<u>5,601,641</u>

The Company's most significant customer, a European wholesaler, accounts for \$880,275 of the trade receivables carrying amount at 30 June 2015 (2014: \$954,201).

Impairment losses

The aging of trade receivables at the reporting date was:

	<u>2015</u>	<u>2014</u>
Not past due	\$ 1,128,285	629,507
Past due 0-30 days	4,700	1,320,050
Past due 31-90 days	41,681	330,822
More than 90 days	<u>3,334,196</u>	<u>3,321,262</u>
	\$ <u>4,508,862</u>	<u>5,601,641</u>

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

	<u>2015</u>	<u>2014</u>
Balance at 1 July	\$ 1,834,188	1,825,026
Impairment loss recognized	<u>30,900</u>	<u>9,162</u>
Balance at 30 June	\$ <u>1,865,088</u>	<u>1,834,188</u>

The impairment provision at 30 June 2015 includes an amount of \$716,053 (2014: \$716,053) which relates to an institution which was formerly responsible for the trading of all seed cotton produced in Barbados. This represents 38% (2014: 39%) of the total impairment losses at year end.

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, 2015

22. Financial Instruments, continued

(b) Liquidity risk

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

30 June 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	122,303,324
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>-</u>	<u>-</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>189,227,471</u>

30 June 2014

	<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	\$ 22,568,294	22,568,294	733,336	21,834,958	-
Bonds payable	193,481,497	252,049,691	28,470,778	90,774,424	132,804,489
Loans payable	162,921,606	198,797,994	10,325,700	126,910,495	61,561,799
Due to parent company	<u>5,129,162</u>	<u>5,129,162</u>	<u>-</u>	<u>-</u>	<u>5,129,162</u>
Total	\$ <u>384,100,559</u>	<u>478,545,141</u>	<u>39,529,814</u>	<u>239,519,877</u>	<u>199,495,450</u>

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

22. Financial Instruments, continued

(c) Market risk, continued

(i) Currency risk, continued

A 10 percent weakening of the Euro against the above currencies at 30 June 2015 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

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

	Carrying amount	
	<u>2015</u>	<u>2014</u>
Fixed rate instruments		
Financial liabilities	\$ 208,288,805	193,481,497
Variable rate instruments		
Financial liabilities	-	-

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>2015</u>		<u>2014</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and bank	\$ 2,601,347	2,601,347	1,392,706	1,392,706
Accounts receivable	3,495,692	3,495,692	4,631,528	4,631,528
Bonds payable	208,288,805	208,288,805	193,481,497	193,481,497
Accounts payable and accrued liabilities	25,798,499	25,798,499	22,568,294	22,568,294
Loans payable	160,456,332	160,456,332	162,921,606	162,921,606
Due to parent company	5,362,348	5,362,348	5,129,162	5,129,162

BARBADOS AGRICULTURAL MANAGEMENT CO. LTD.

Notes to Financial Statements

June 30, 2015

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 \$0.04 million (2014: \$0.05 million).

24. Subsequent Events

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

(i) Bond Financing

On 18 February 2016 the Company signed a First Deed of Variation and Amendment (Deed of Variation) in relation to the Deed of Trust dated 12 February 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 authorises 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 12 February 2018.

The proceeds of Class A Series 2 are to be deposited into the Sugar Industry Revitalisation Fund in accordance with the Barbados Agricultural Management Co. Ltd. (Sugar Bonds Guarantee) Act, Chapter 255 of the Laws of Barbados.

