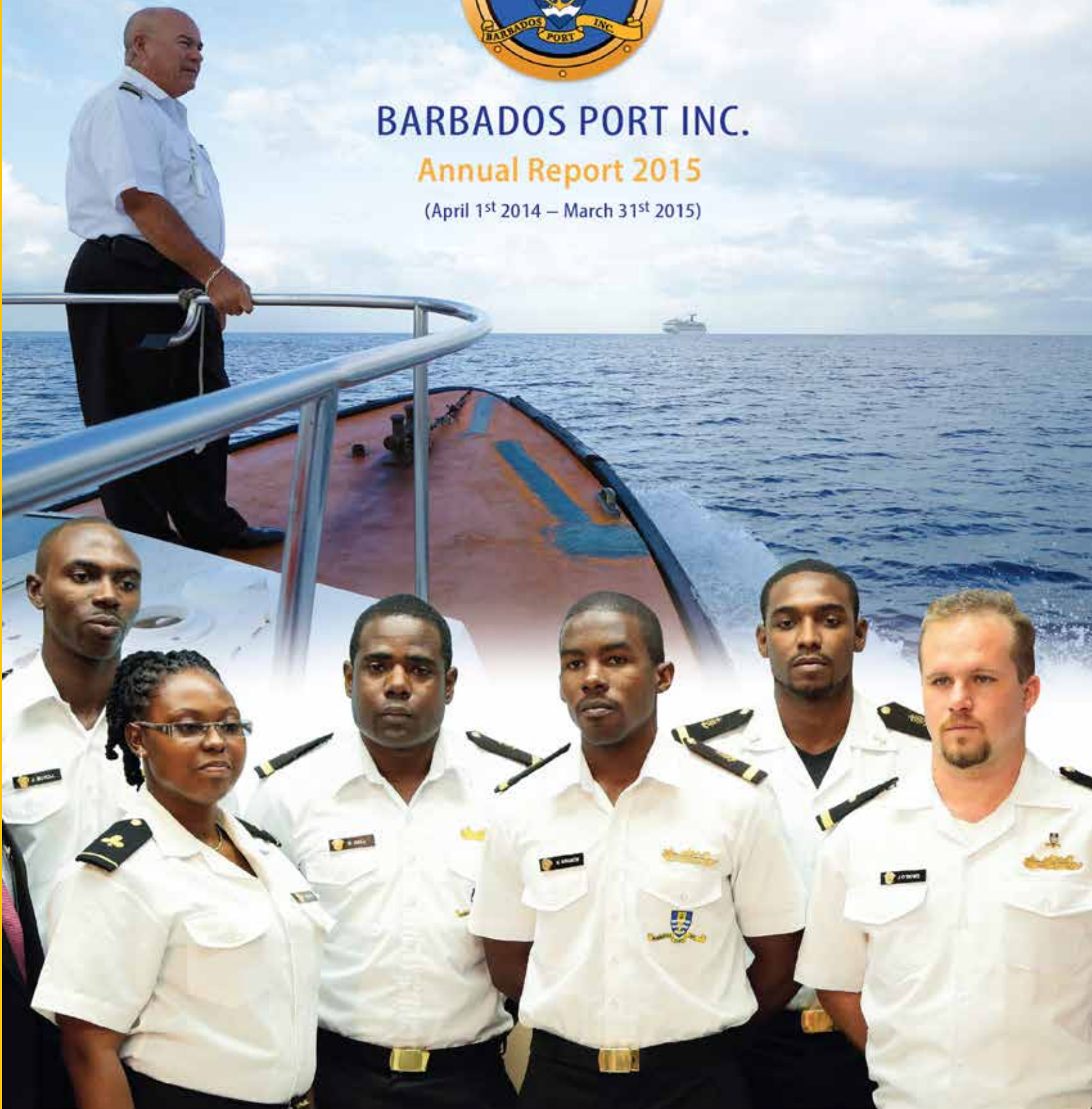




BARBADOS PORT INC.

Annual Report 2015

(April 1st 2014 – March 31st 2015)



"Full Steam Ahead And Securing Our Future."



OUR VISION

“To be consistently the best of all Caribbean ports by providing quality services and facilities for cargo and cruise operations, and to use this regional leadership as a basis for enhancing international reputation.”

MISSION STATEMENT

“To be the most customer focused, cost effective and highly efficient provider of value driven cruise, cargo services and related property development services while providing satisfactory benefits to stakeholders, including customers and employees.”

TABLE OF CONTENTS

Board of Directors, Officers and Advisors.....	3
Board of Directors / Management team.....	4 - 5
Notice of Meeting.....	6
Chairman's Report	7 - 22
Appendix 1-3	23 - 27
Independent Auditor's Report.....	32 - 33
Statement of Financial Position	34
Statement of Changes in Equity	35
Statement of Comprehensive Income.....	36 - 37
Statement of Cash Flows.....	38
Notes to the Financial Statements.....	39 - 83

BOARD OF DIRECTORS

Mr. David L. Harding	Chairman
Capt. George N. M. Fergusson.....	Deputy Chairman
Mr. David Jean-Marie.....	Managing Director
Mr. Everton G. Walters.....	Director
Mr. Neville S. Rowe.....	Director
Mr. David Douglas	Director
Mr. Michael J. Weetch.....	Director
Mr. Keith E. Wilson.....	Director
Mr. Irvine M. Best.....	Director
Mr. Calvin N. Alkins.....	Director
Mrs. Donna S. Cadogan.....	Director

Corporate Secretary

David Jean-Marie

Auditor

PricewaterhouseCoopers SRL

Attorney-at-Law

Lystra Kodilinye

Bankers

Republic Bank (Barbados) Limited
(formerly Barbados National Bank Inc.)

RBC Royal Bank (Barbados) Limited
(formerly RBTT)

First Citizens Bank (Barbados) Limited
(formerly Bank of Butterfield)

BOARD OF DIRECTORS



Mr. David L. Harding
Chairman



Capt. George N. M. Fergusson
Deputy Chairman



David Jean-Marie
Managing Director



Mrs. Donna S. Cadogan
Permanent Secretary



Everton G. Walters
Director



Michael J. Weetch
Director



Irvine M. Best
Director



Karen Henry
Director (*Deceased*)



Neville S. Rowe
Director



Calvin N. Alkins
Director



Keith E. Wilson
Director



David Douglas
Director

MANAGEMENT TEAM



David Jean-Marie
Chief Executive Officer



Kenneth Atherley
Divisional Manager,
Corporate Development & Strategy



Curtis Smith
Divisional Manager, Human Resources
& Industrial Relations



Carol-Lyn Edghill
Manager, Audit Department



Ian Stewart
Manager, Terminal Operations



Anthony Benn
Manager, Security Services



Richard Alleyne
Manager, Marine Services
& Harbour Master



Freida Nicholls
Manager, Market Development
& Public Relations



Anderson Leacock
Manager, Engineering



Peter Carrington
Manager, Human
Resources/Administration



Albert Soudatt
Accountant



Karl Branch
Manager, Management
Information Systems



Glenn Roach
Manager, Quality Assurance

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING of the Shareholder of Barbados Port Inc. (hereinafter called "the Company") will be held at the Board Room, Barbados Port Inc., University Row, Bridgetown, St. Michael on 22nd March 2016 at 10:00 a.m. for the following purposes:

1. To receive and consider the financial statements of the Company for the year ended 31st March 2015 together with the reports of the Directors and Auditor thereon.
2. To elect Directors of the Company.
3. To appoint the Auditors for the ensuring year.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To transact any other business which may properly come before the meeting.

Dated the 16th day of February 2016.

BY ORDER OF THE BOARD OF DIRECTORS

A handwritten signature in blue ink, reading "David Jean-Marie". The signature is written in a cursive style. Below the signature is a dotted line.

David Jean-Marie

Corporate Secretary

CHAIRMAN'S REPORT

ANNUAL REPORT 2015

On behalf of the Board of Directors and Management of Barbados Port Inc., it is indeed a pleasure to report on the performance of Barbados Port Inc. during the period April 1, 2014 to March 31, 2015.

CARGO

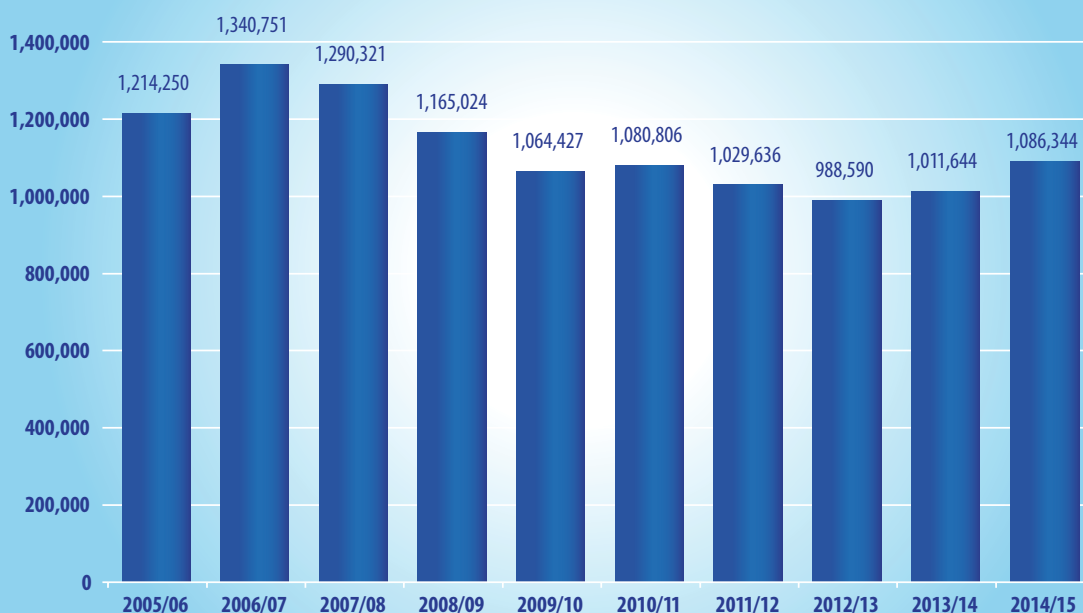
Total General Cargo

Total general cargo handled by the Bridgetown Port during the captioned period was 1,086,344 tonnes compared to 1,011,630 tonnes in the previous period, a 7% increase (See Figure 1).



David Harding, Chairman

FIGURE 1: TOTAL CARGO TONNAGE 2006 - 2015 (DWH & SD)



The following are noted:

- Imports of 806,557 tonnes represented 74% of the total tonnage arriving at the Port.
- Imports expressed in tonnage increased slightly by 1% over the previous period.
- Exports comprised 165,451 tonnes representing 15% of the total tonnage handled by the Port of Bridgetown.
- Exported tonnage increased slightly over the previous period.
- Transshipment levels increased significantly by 127%, from 46,901 tonnes in the previous period to 106,295 tonnes in the captioned period. This was mainly due to transshipment cargo by King Ocean Line.
- The total containerized tonnage handled across the categories (imports, exports, transshipment

and shifted) was 989,586 tonnes, or 91% of the total tonnage.

- Only 8,041 tonnes of cargo fell in the shifted category, less than 1% of the total tonnage.

Bulk Cargo Handling

Bulk cargo decreased by 12% from 979,030 tonnes to 857,632 tonnes. Following the usual trend, petroleum products (586,447 tonnes) accounted for the main category of bulk cargo handled (68%), followed by Cement (130,575 tonnes), representing 15% of the total bulk handled.

It is worthy to note that the volume of cement increased significantly by 43% from the previous period. Additionally, Petroleum decreased by 4% from 613,695 tonnes to 586,447 in the captioned period. These changes impacted on the revenues usually associated with the bulk categories.

Table 1: BREAKDOWN OF BULK CARGO TONNAGE HANDLED BY TYPE (2006 - 2015)

BULK CARGO HANDLED COMMODITY	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
SUGAR	32,781	31,056	30,845	27,481	30,302	24,218	21,637	20,751	14,454	12,593
MOLASSES	40,956	33,097	40,134	60,311	26,523	55,997	44,867	45,254	37,620	41,741
FISH OIL/MARGARINE/FAT	0	1,500	1,701	3,550	800	0	0	1,498	0	0
GRAIN/AGRIBULK	95,643	87,867	94,580	80,708	91,389	76,511	74,836	82,568	74,708	72,210
FERTILIZER	3,716	3,862	3,983	2,454	1,385	2,415	1,290	700	1,900	500
PETROLEUM PRODUCTS	702,815	751,049	728,437	685,431	659,535	656,570	638,381	602,866	613,695	586,447
LIMESTONE	0	7,000	153	204	0	0	0	3,700	10,500	10,000
CEMENT	190,615	119,825	119,277	123,919	125,528	113,331	115,118	94,767	167,572	130,575
HYDRATED LIME	9,691	9,362	9,384	7,710	3,097	637	0	0	0	0
GYPSUM/POZZOLAN GRAVEL	32,517	45,412	34,244	39,520	34,965	30,955	22,434	16,990	36,527	8,210
CEMENT PLANT OTHER	40,667	10,460	18,086	3	0	3,715	1,020	11,819	9,344	0
IRON ORE	3,075	0	2,221	6,500	3,000	700	1,424	997	2,864	993
DWH OTHER*	6,596	49,867	15,535	4,000	9,577	25,455	22,825	3,079	9,846	3,363
TOTAL TONNES	1,159,072	1,150,357	1,098,580	1,041,791	986,101	990,504	943,832	884,989	979,030	857,632
% INCREASE / DECREASE	5.64%	0.75%	-4.50%	-5.17%	-5.35%	0.45%	-4.71%	-6.23%	10.63%	-0.124%

Container Traffic

(Inclusive of transshipment in and out, and empties)

The Port handled 80,322 TEUs of containers in the period, representing a 6% increase when compared to the 75,807 TEUs which were handled during the previous period (Table 2).

Of the total TEUs handled during the period, 43% (34,713 TEUs) were imports while 9% (7,208 TEUs) were full exports comprising mainly manufactured

and other cargo, including recycled product. Some 29,769 TEUs (37%) were outbound empty containers.

Although the period under consideration was relatively flat as it relates to domestic imports and exports, the Port was still able to continue to show growth by significant improvement in transshipment cargo. The above was mainly due to direct negotiation with major lines for transshipment cargo which resulted in a 127% increase over the previous period.

**Table 2: BREAKDOWN OF CONTAINERS (TEUs) HANDLED
BY STATUS AND DIRECTION (2006 - 2015)**

TEUs Handled	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/2015
Inbound Laden (Imports)	38,369	40,161	38,743	37,169	34,643	35,815	35,109	34,345	34,426	34,713
Inbound Empty	1,060	3,691	2,540	2,134	874	1,446	716	783	833	1,264
Outbound Laden (exports)	4,876	6,322	7,147	6,724	6,077	6,302	6,578	6,822	7,341	7,208
Outbound Empty	36,323	37,283	34,862	34,427	30,818	32,524	30,867	28,101	30,697	29,769
Transshipment	8,880	15,506	12,530	7,108	7,997	5,017	2,150	1,384	2,511	7,368
Total TEUs	89,507	102,963	95,821	87,562	80,409	81,103	75,419	71,435	75,807	80,322
% Increase / Decrease	6.18%	15.03%	-6.94%	-8.62%	-8.17%	0.86%	-7.01%	-5.28%	6.12%	5.96%





Vessel Calls

Barbados received some 1,518 vessel calls during the captioned period, down only 4% from 1,579 vessel calls during the previous period (Table 3).

There were 792 cargo vessels calls (52% of the total calls), comprising Container, Break Bulk, Dry Bulk, Oil,

Sugar, Molasses, Cement and Tankers, along with inter-island vessels. In addition there were 382 cruise vessel calls which represented 25% of the total calls during the captioned period.

Table 3: BREAKDOWN OF VESSEL CALLS BY MAJOR CATEGORY (2006 - 2015)

Vessel Calls	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Cruise	421	431	506	434	438	403	399	357	374	382
General Cargo - Deep Water Harbour	705	611	621	581	550	486	437	403	422	454
General Cargo - Shallow Draught	199	230	192	166	157	120	114	105	99	105
Cargo - Bulk Handling Facility (Inc PF)	18	32	25	12	12	30	17	14	15	7
Bulk Sugar	2	2	2	2	2	3	2	2	1	2
Molasses	10	11	10	11	10	15	11	10	7	7
Cargo - Cement Plant	198	113	99	86	98	84	96	83	124	79
Tankers	158	154	148	141	132	142	135	148	139	138
Other Vessels	212	171	318	412	400	449	396	430	398	344
Total Calls	1,923	1,755	1,921	1,845	1,799	1,732	1,607	1,552	1,579	1,518
% Increase / Decrease	-0.72%	-8.74%	9.46%	-3.96%	-2.49%	-3.72%	-7.22%	-3.42%	1.74%	-4.17%

Personal Effects

The Port handled 51,251 pieces of personal effects, a decline of 5% over the previous period (see Figure 2).

Management made significant improvements in the use of information technology to service customers, giving access to the status of cargo, and

to the management of the operations in the shed. Additionally, management remains buoyed by the fact that at last, we are receiving revenue from the personal effects operation and our new systems are generally well received by customers and stakeholders alike.

FIGURE 2: PERSONAL EFFECTS (2006 - 2015)



CRUISE ACTIVITY

Barbados recorded an increase in cruise passenger arrivals during the period, moving from 655,322 at the end of the previous period to 670,807 an increase of 2%. (See Figure 3)

Homeporting of vessels continues to be a strong sub-segment of the industry. Approximately 150,000 passengers embarked on cruise vessels during the period of review.

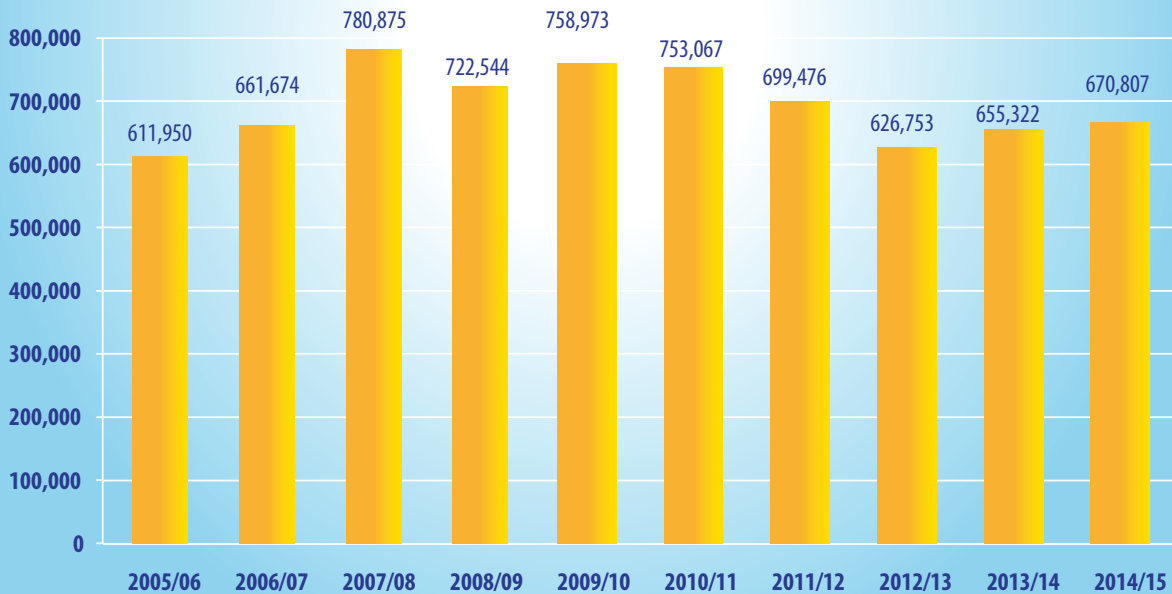
During the year, Barbados Port Inc. received confirmation that the Britannia will replace the Ventura, from P&O Cruise Line, while the Mein Schiff 3 would replace the Mein Schiff 2, for the 2015/16 season. Since the two large vessels will be arriving on

the same day, for two days in Port, it was recognized that Berth 5 needed to be expanded. A contract was awarded for the design and construction of the extended Berth 5. The design work was completed during the year in review.

A major disappointment, however, relates to the slow progress made with respect to the "Sugar Point Cruise Facility". The Board reviewed the financing options available, with the view to ensuring that a viable and sustainable project can be developed.

Barbados Port Inc. also continued efforts towards the establishment of the Southern Caribbean Cruise Alliance, as a strategy to grow the business especially during the summer.

FIGURE 3: CRUISE PASSENGER ARRIVALS (2006 - 2015)



Business Facilitation & Information Technology

During the period of review, Barbados Port Inc. extended the services and processes using information systems. These included:

- Computerisation of the docket function for Finance and Billing.
- Computerisation of the vessel reconciliation process (Reporting of Boats) and production of Out-turn statements.
- Computerisation of receipt and processing of commercial documents at Shed 4 by any authorized clerk.
- Use of WIFI to support Port connectivity and information traversal.
- Further computerisation of the Personal Effects function.
- Use of the web portal by customers to significantly reduce the data entry and processing work.
- The development of Productivity Dashboards.

Perhaps the most significant of the initiatives relates to the introduction of “Gatekeeper”, an application which manages the initial processing of customers entering the Port for cargo, and which triggers the locating, retrieval and delivery of personal effects. Gatekeeper expedited the customer processing by shifting the data entry responsibility (and time taken to enter the pre-requisite security application form information) from employees to the customer using the online facility.

The Port also took steps to improve service levels at Shed 4, the commercial shed. The receipt and processing of customer documents at the commercial shed was centralized and expedited as a ‘one stop shop’. The objectives were as follows:

- To reduce the congestion at Shed 4 by reducing the number of steps and the time taken to reach the delivery stage.
- To eliminate the use of physical rubber stamps to prove that cargo to be collected at Shed 4 was paid for at the Tax Office.
- To improve customer service by preventing the commercial customer from transporting documents from one section of the shed to the other for processing.
- To remove the need for the commercial customer to leave the Shed to proceed to the Administration building to pay additional fees in the case of expired taxable periods.

Special mention should also be made to the development and introduction of the e-dockets system. This system captures all of the relevant information for every vessel and cargo handled at the Port. Rather than collating and filing large volumes of paper, this information is readily available online. The development of the system also enabled the Port to rationalize aspects of the terminal operations department, in terms of number of persons doing manual work, and also in terms of the number of manual tasks to be done. The docket system streamlined work in Finance as well as Terminal Operations.

The above, together with the several other business transformation initiatives have moved the Management Information Systems department from simply a support department, to a business innovation and revenue generation centre.

Energy Conservation Initiatives

The Engineering and Maintenance Department through its three (3) sections, namely, Electrical/ Electronic Engineering, Mechanical (Marine) Engineering, and Maintenance Management provided

invaluable support services to the Port's operating and other departments. Indeed, one of the more innovative programmes by the department has been greening initiatives. These included the following:

- At Container Park No.1, lighting was changed from 1000 W High Pressure Sodium to 500W Light Emitting Plasma (LEP) fittings. There has been a 60% reduction in electricity usage for the area since the installation.
- Changing out fluorescent lighting to LED lighting in all offices of the port.
- Replacement of office split system air conditioning units to the inverter type, as required.
- At the Engineering Workshop, new 100W LED bulbs were installed to replace the previous 400W bulbs. There has been a 40% reduction in electricity usage since the installations.

The medium term plan is to continue the programme to systematically replace traditional lighting with greener solutions, with the aim of significantly reducing the company's overall energy usage.

New Equipment Acquisitions

Another important decision taken by the Company during the last year relates to the upgrading of the equipment fleet, thereby offering more reliable services in the area of working vessels, handling cargo and making deliveries. Over the reporting period therefore, several pieces of equipment were acquired as follows:

- Twelve (12) Caterpillar fork trucks, each with a capacity of 6,000 lbs.
- Two (2) Taylor forklifts, each with a capacity of 65,000 lbs.



Recently Acquired Equipment

- Two (2) Taylor Empty Container Handlers.
- One Capacity Tractor Tug Unit.
- Three (3) Yale electric fork trucks, each with a capacity of 7000 lbs.

Specifications were developed for the procurement of a new Gantry Crane, Electric Straddle Carriers, a new Pallet Scanner as well as a Container Scanner. These will be delivered within the next reporting period.

Training and Human Resources Development

The Board must also compliment the management for the serious attention paid towards training of staff. In this context, sincerest appreciation should also go out to the many training partners involved in these initiatives, including the National Vocational Board and Caribbean Maritime Institute, the main training partners. Other partners included The Heart and Stroke Foundation

of Barbados, The Labour Department, Barbados Workers' Union Labour College, Barbados Employers' Confederation, Ministry of Labour, Ministry of Health, The Royal Barbados Police Force and the Barbados Fire Service.

The Port also became an approved Caribbean Vocational Qualification (CVQ) Centre. In addition, Barbados Port Inc. (BPI) in partnership with the Caribbean Maritime Institute (CMI) was part of the first group of seven companies to be awarded the Inter-American Development Bank (IDB) and the Competency Based Training Fund (CBTF) funding in the amount of \$504,000.00 to implement a two year Competency-Based Training Programme for its workers in Stevedoring Operations. The main training modules completed are outlined below:

Stevedoring Operations CVQ Level I: Forty-two (42) Dockers were trained. Six (6) Dockers were awarded



Port staff participating in the Competency-Based Training Programme



CVQ certification in Stevedoring Operations

full CVQ certification in Stevedoring Operations Level I by the Technical and Vocational Education and Training Council (TVET) Council, and eleven (11) Dockers awarded Unit Certification.

Stevedoring Operations CVQ Level II: The Port conducted training and certification for the Dockers in Stevedoring Operations Level I and for the Operators and the Cargo Supervisors at Level II. The Programme commenced in October 2014, and a total of forty-eight (48) Operators and Cargo Supervisors have completed training at Level II in the Stevedoring Operations Standards.

Thirty (30) persons completed the assessment in the following units:

- Occupational Safety and Health Policies and Procedures Handling
- Dangerous Cargo
- Receive, Secure, and Transfer Cargo

- Capability of Forklift, Reach Stacker, Straddle Carrier, and Crane Perform Basic
- Complex Operations on Forklift, Reach Stacker, Straddle Carrier, and Crane

Tug Crew Training: Twenty-four (24) tug crew members comprising Captains, Engineers, and Seamen successfully completed training and certification in Basic Safety and Personal Survival conducted by the Caribbean Fisheries Training and Development Institute.

Marine Cadet Officers: The six (6) Cadet Officers sponsored by the Port successfully completed their programme and were awarded Diplomas in the Officer in Charge of Navigation Watch and Engineering Watch by the Caribbean Maritime Institute.

Four (4) Cadet Officers completed six (6) months sea time on deck with the Maersk Lines vessels, while the two (2) Engineering Watch Cadet Officers



Cadet Officers sponsored by the Port

completed three (3) months sea time onboard the Maersk Line vessels.

The six (6) Cadets are expected to complete their sea time before obtaining their Masters' Certificates, following which they will be expected to become available to enhance the quality of the delivery of navigational and engineering services at the Bridgetown Port.

Engineering Workshop Training: Thirty-six (36) technical staff at the workshop comprising mechanical, electronic, electrical, and refrigeration and air-conditioning began multi-skilled Mechanical Technician Training. This training will facilitate the requirement for a multi-skilled work environment at the Engineering Workshop.

The department continued its multi-skilling training program in collaboration with the Barbados Vocational Training Board (BVTB) which saw ten (10) persons from various technical disciplines being trained in

'Diesel Engines, Fuel and Hydraulics Systems'.

Training for mechanical staff on the basic maintenance required for Caterpillar 2PD6000 & 2PD7000 forklifts was conducted by representatives from RIMCO, the local CAT agents.

Security Services: The Department fulfilled its obligations under the National mandates for Boarder Control and remained compliant with the ISPS Code.

Training remained an important capacity building tool. Forty-six (46) Security Officers participated in training conducted by the Organization of American States (OAS) in Contraband Control and Security, and the International Ship Port Security (ISPS) Code.

Other training was completed in the area of Occupational Safety and Health, Safety and Health at Work Act, First Aid, as well as in several software applications in Operations.

Strategic and Business Plans

The Port completed its Strategic Plan for 2014-2019 during the early part of the year in review, defining the Company's new Mission and Vision, as well as measures for achieving the corporate goals. Work was also started on the Business Plan, focused on the financial projections associated with the strategic initiatives.

Awards

During the year in review, Barbados Port Inc. was recognized for operational performance and initiatives to enhance worker productivity.

In November 2014, the Caribbean Maritime Institute recognized the Port as a "Top Caribbean Training Partner" during their annual Graduation Ceremony.

In June 2015, BPI was awarded the prestigious Novaport Cup at the 18th Annual General Meeting of the Port Management Association of the Caribbean

(PMAC) in Suriname. PMAC annually presents the Novaport Cup to the participating Member Port deemed to have demonstrated the greatest level of improvement over its previous year's performance.

Financial Performance

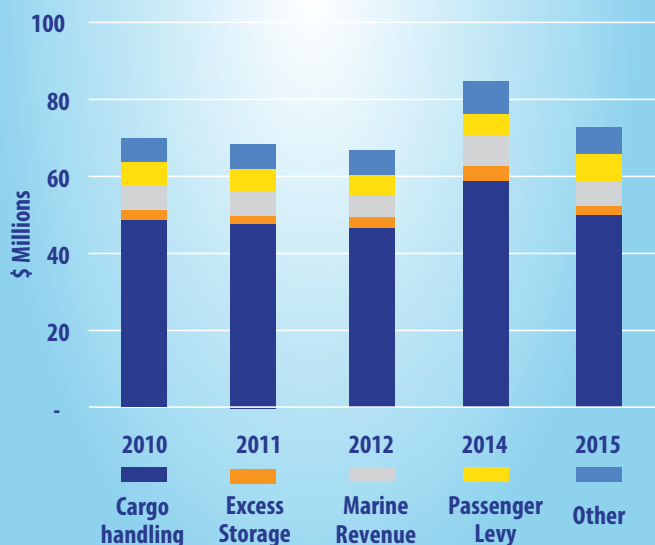
Barbados Port Inc. once again received an unqualified audited opinion but with an emphasis of matter note due to a working capital deficit (2015: \$51 million). Efforts continued during the year under review to manage this deficit, however debt service costs significantly impacted the cash flows; \$54 million was disbursed to service debt: interest - \$9 million and principal - \$45 million. Despite this, a profit was realized in the amount of \$5 million (net of tax adjustment of \$9 million).

On review of the main revenue streams for Barbados Port Inc., it can be observed that whilst there was a marginal decline between 2010 and 2012, all areas have shown improvement (except excess storage)

Table 4: Statement of Financial Position
Statement of Position Highlights for the period 2010-2015

	2010	2011	2012	2014	2015
Current assets	17.7	14.0	13.4	14.3	13.7
Accounts receivable	9.6	8.9	7.9	7.4	7.5
Non-current assets	196.7	193.5	208.3	206.6	217.0
Total Assets	214.5	207.5	221.7	220.9	230.7
Current liabilities	14.4	23.7	44.2	55.1	64.9
Non-current liabilities	123.8	110.0	103.6	83.4	68.9
Total equity	76.2	73.8	73.9	82.5	96.9
Total Liabilities & equity	214.5	207.5	221.7	220.9	230.7

FIGURE 4: BREAKDOWN OF REVENUE FROM OPERATIONS 2010 - 2015



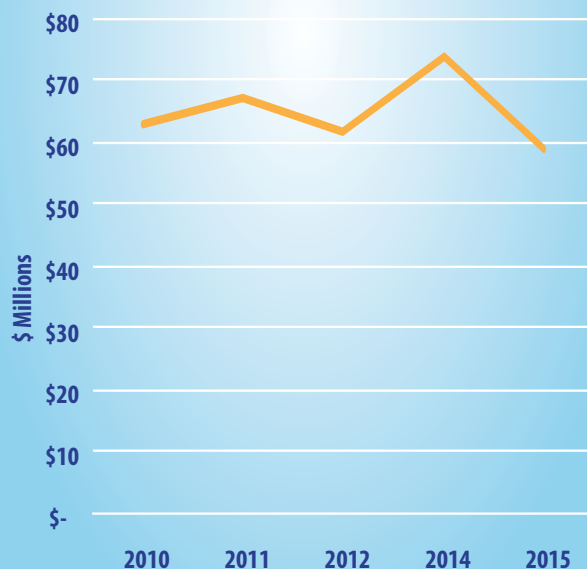
in 2015 as highlighted in Figure 4. Increases were realized in 2014, but this was primarily due to the fact that that was a 15-month period as compared to the other reporting periods.

During the last year, the Company amended storage rates and storage periods to encourage a shorter turnaround of cargo movement in the Sheds and to improve efficiencies, thus resulting in declining income..

Operating expenses continued to gradually decline, except during 2014, which was an anomalous 15-month period. This highlights the deliberate efforts of management to control expenditure with expenses at the lowest in 2015 steadily declining from 2010, as reflected in Figure 5.

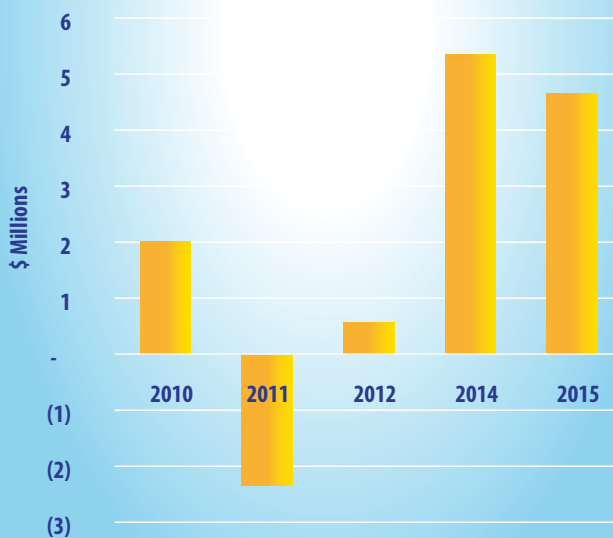
With increased revenues and declining operating expenses, the net position of the Company has shown steady improvement over the years, recovering from the loss realized in 2011, as highlighted in Figure 6. Again, the performance realized in 2015 has

FIGURE 5: OPERATING EXPENSES 2010 - 2015



surpassed that of 2010, which can be attributed to the continued marketing efforts and prudent cash management measures.

FIGURE 6: INCOME/LOSS BEFORE TAXES AND OTHER COMPREHENSIVE INCOME 2010 - 2015



Income Statement

Operating revenues remained stable with earnings of \$72 million, however Administration costs increased by \$1 million over the last reporting period. This is a significant increase given that last reporting period was 15 months when compared to the 2015 12-month period. A major factor in this area was an increase in legal costs associated with the bond issue, equipment lease agreement and a new loan facility as well as the commencement of the payments on the tug operating lease.

Significant highlights as at March 31, 2015 are primarily the increase in current liabilities and the decrease in non-current liabilities. These variances result primarily from changes in loans, accounts payable and bank overdraft.

During the year, a new loan was negotiated to subsume other loans previously held and the negotiated terms of the loan created a shift in the distribution between current and long-term portion of the loans.

Accounts payable increased significantly from last reporting period, and this is primarily due to cash flows constraints, which have hampered the ability of

the Company to pay creditors as timely as in previous years. On the contrary, the bank overdraft has been reduced to \$11.9 million when compared to \$18.5 at end of March 31, 2014. These changes have occurred due to stringent cash management policies.

Non-current assets also experienced significant changes resulting from the recording of a deferred tax asset of \$9 million and an increase in Capital Works in Progress of \$16.7 million.

No deferred tax asset has been recognized in the past, however due to the probability of a recovery of the asset, it was determined prudent to do so at March 31, 2015. Capital Works in Progress has been impacted by the works carried out on the design and construction to Berth 5 to allow the Bridgetown Port to receive larger cargo and cruise vessels.

Overall, whilst the operations remain profitable, there are cash flow concerns which are at the forefront of Port management's attention. Several revenue enhancing measures are being considered as well as cost saving policies and practices for which implementation in some areas have commenced.



Berth 5 under construction

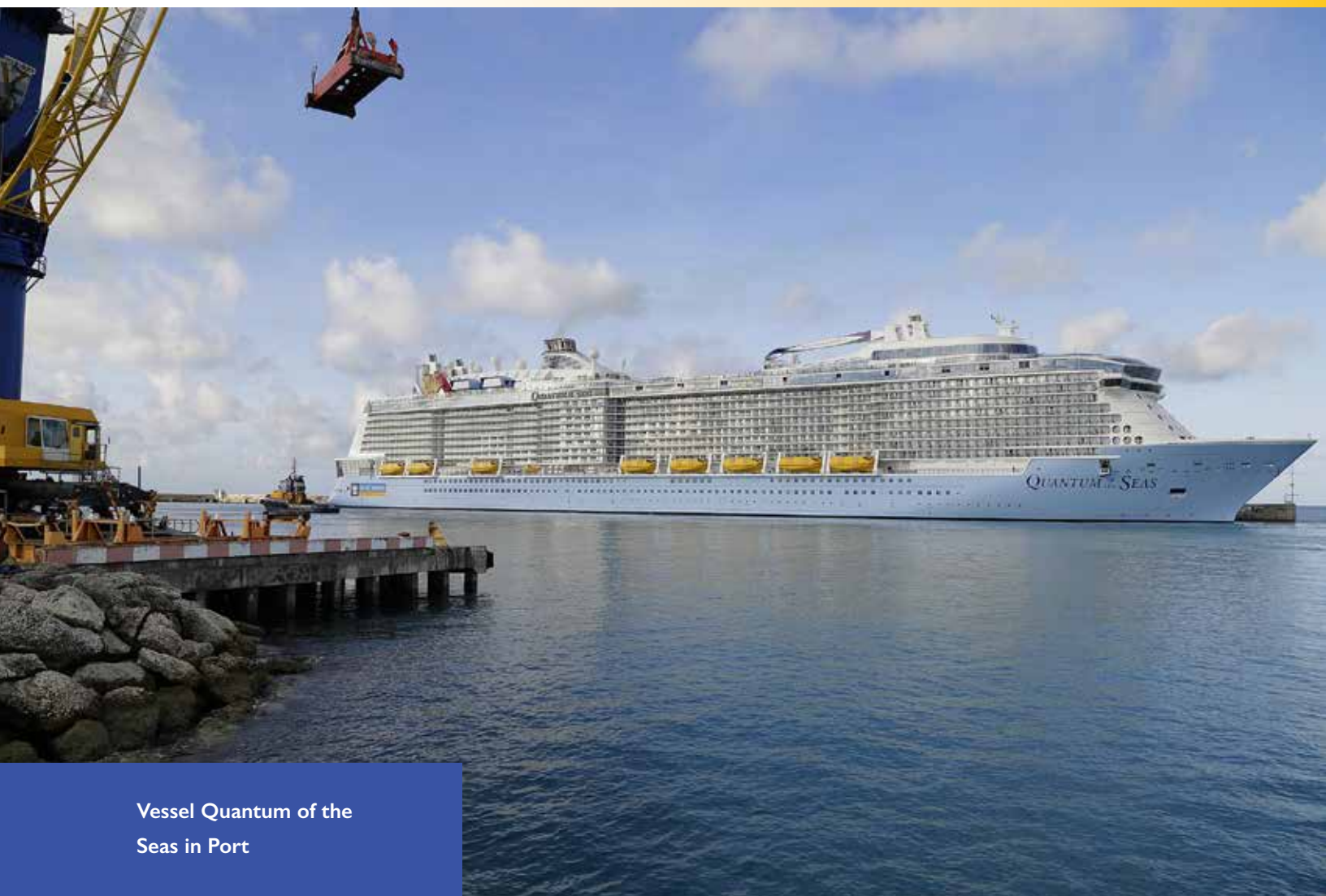
Conclusion

The performance during the 2014-15 cycle showed signs of recovery in both cruise and cargo operations. At the same time, the Company started some expansion plans with respect to infrastructure and equipment acquisition, that will allow the Port to perform more efficiently and competitively in the future.

Furthermore, the green energy direction, the expansion of information technology through the operation, as well as the training focus, show that the Company is using more creative and effective ways of operating at lower costs and greater efficiency levels. These are to be commended.

More emphasis has however to be placed on realizing the rationalization initiatives being negotiated with the workers' representatives, and even more importantly, managing the financial challenges in relation to cash flow and debt service. These should gain more significance over the next year.

Finally, the Board must work with management to finalize a position with respect to the cruise facility project. The benefits of such a facility are clear. However, the project can and should only be pursued where the costs are manageable, relative to the potential for growth that can be reasonably projected.



Vessel Quantum of the
Seas in Port

Acknowledgements

On behalf of the Board of Directors as well as management, I wish to take this opportunity to offer sincere appreciation to those who have contributed to the effective operation of the Port during the period under review, particularly:

- The Right Honourable Freundel Stuart, Q.C. M.P. Prime Minister
- The Government of Barbados
- The Honourable Minister, Richard Sealy, M.P., Minister of Tourism and International Transport
- Permanent Secretary, Ministry of Tourism and International Transport
- Management and Staff of Barbados Port Inc.
- Shipping Association of Barbados
- The Barbados Workers' Union
- Barbados Tourism Marketing Inc.
- Town Planning Department
- Coastal Zone Management Unit

- Customs and Excise Department
- Royal Barbados Police Force
- Immigration Department
- Ministry of Foreign Affairs and Foreign Trade
- Ministry of Commerce and Trade
- Ministry of Finance, Investment, Telecommunications and Energy
- Ministry of Health
- Ministry of Agriculture
- Ministry of Transport and Works



David Harding

Chairman



APPENDICES

APPENDIX 1: CRUISE PASSENGER ACTIVITY 2013 - 2015 (BY OPERATOR)

	CALLS			ARRIVALS		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
AIDA CRUISES	10	10	11	20,175	20,974	23,000
ALL LEISURE GROUP	1	0	0	358	0	0
ARTICA ADVENTURES & CRUISES	0	2	0	0	581	0
ATLANTAGENT	0	0	1	0	0	80
AZAMARA CRUISES	1	0	1	560	0	536
CARNIVAL CRUISE LINES	51	52	50	165,022	176,899	162,736
CELEBRITY CRUISES	32	30	30	80,765	76,807	77,005
CLIPPER CRUISE LINE	1	0	0	3	0	0
CLUB MED CRUISES	4	3	5	1,033	643	1,178
COSTA CRUISES	2	8	8	4,210	16,795	22,890
CRISTAL TRADING	0	2	2	0	648	86
CROISIÈRES DE FRANCE	0	19	3	0	21,607	3,834
CRYSTAL CRUISES	2	0	1	1,794	0	1,013
CUNA RD LINE LTD	1	0	1	1,923	0	2,578
DELPHIN MARITIME	0	2	1	0	783	256
DISNEY CRUISE LINES	0	0	4	0	0	9,126
FRED OLSEN CRUISES	3	4	8	2,247	3,424	6,821
GLOBAL CRUISE LINE	1	2	1	726	1,438	733
HAPAG LLOYD	2	1	2	667	346	705
HOLLAND AMERICA LINE	18	13	15	25,545	17,517	20,863
KRISTINA CRUISES	2	0	0	571	0	0
MAJESTIC CRUISE LINE	9	0	5	1,568	0	660
MSC CRUISES	2	1	3	3,287	2,274	9,649
NORWEGIAN CRUISE LINE	14	14	6	29,766	31,713	18,427
OCEANIA CRUISE LINE	8	8	10	9,056	8,539	7,561
P & O CRUISES	39	28	30	101,162	72, 431	73,327
PHOENIX REISEN BONN	0	1	0	0	955	0
PRINCESS CRUISES	12	10	11	36,805	30,638	34,485
RADISSON SEVEN SEAS CRUISES	3	3	1	1,679	1,595	455
RESIDENSEA	1	0	0	141	0	0
ROYAL CARIBBEAN CRUISE LINE	28	43	49	74,851	106,630	126,831
SAGA HOLIDAYS	5	1	2	1,988	627	997
SALEN MANAGEMENT	0	1	0	0	94	0
SEA CLOUD CRUISES	11	14	11	666	761	712
SEABOURN CRUISE LINE	10	11	12	2,182	2,613	2,823
SEADREAM YACHT CLUB	5	8	9	471	656	872
SILVERSEA CRUISES	13	16	12	4,145	4,516	3,281
STAR CLIPPERS INC.	21	22	22	3,407	4,148	3,920
THOMSON CRUISES	18	18	21	27,010	27,262	26,722
TUI CRUISES	11	10	12	20,527	19,007	22,608
V SHIPS	1	1	3	525	335	1,392
WINDSTAR SAIL CRUISES	15	16	18	1,918	2,066	2,184
CLASSIC INTERNATIONAL CRUISES	0	0	1	0	0	461
	357	374	382	626,753	655,322	670,807

APPENDIX 2 : CRUISE PASSENGER ACTIVITY 2013 - 2015 (BY MONTH)

MONTH	NUMBER OF CALLS				ARRIVING PASSENGERS				EMBARCKING PASSENGERS				DISEMBARKING PASSENGERS							
	2012/13	2013/14	%+/()	2014/15	%+/()	2012/13	2013/14	%+/()	2014/15	%+/()	2012/13	2013/14	%+/()	2014/15	%+/()	2012/13	2013/14	%+/()	2014/15	%+/()
APRIL	29	34	17.24%	37	8.82%	55,892	49,769	-10.96%	58,711	17.97%	4,142	3,428	-17.24%	5,027	46.65%	4,834	4,004	-17.17%	5,470	36.61%
MAY	6	8	33.33%	13	62.50%	17,451	22,590	29.45%	25,450	12.66%	585	681	-17.24%	813	19.38%	599	681	13.69%	882	29.52%
JUNE	5	6	20.00%	7	16.67%	13,510	19,216	42.24%	18,318	-4.67%	584	568	16.41%	651	14.61%	472	558	18.22%	781	39.96%
JULY	6	8	33.33%	9	12.50%	14,150	25,617	81.04%	27,953	9.12%	767	762	-2.74%	681	-10.63%	833	749	-10.08%	674	-10.01%
AUGUST	5	7	40.00%	6	-14.29%	16,343	21,815	33.48%	18,877	-4.67%	538	643	-0.65%	675	4.98%	448	646	44.20%	609	-5.73%
SEPTEMBER	4	7	75.00%	8	14.29%	12,275	19,796	61.27%	21,912	9.12%	479	598	19.52%	629	5.18%	494	614	24.29%	654	6.51%
OCTOBER	10	11	10.00%	14	27.27%	26,365	27,207	3.19%	31,850	16.96%	636	776	25.10%	782	2.06%	641	774	20.75%	820	5.94%
NOVEMBER	41	40	-2.44%	44	10.00%	67,037	63,991	-4.54%	74,135	15.13%	9,576	15,010	22.01%	18,815	25.35%	9,590	16,401	71.02%	18,798	14.61%
DECEMBER	62	64	3.23%	63	-1.56%	93,116	102,648	10.24%	105,930	2.45%	16,239	22,705	39.82%	21,860	-3.72%	14,989	20,615	37.53%	21,259	3.12%
JANUARY	64	61	-4.69%	66	8.20%	112,370	110,997	-1.22%	109,911	-0.98%	19,315	27,237	41.01%	27,756	1.91%	19,466	27,550	41.53%	27,730	0.65%
FEBRUARY	60	59	-1.67%	57	-3.39%	96,859	100,709	-3.97%	92,203	-8.45%	22,486	22,981	2.20%	24,613	7.10%	22,538	22,833	1.31%	24,521	7.39%
MARCH	65	69	6.15%	58	-15.94%	101,385	90,967	-10.28%	88,020	-3.24%	18,382	21,220	15.44%	19,916	-6.15%	18,454	21,653	17.33%	19,748	-8.80%
TOTAL	357	374	4.76%	382	2.14%	626,753	655,322	4.56%	670,807	2.36%	93,728	116,609	24.41%	122,228	24.41%	93,358	117,078	25.41%	121,946	4.16%

APPENDIX 3 : HOME PORT CRUISE PASSENGER ACTIVITY 2013 - 2015 (BY VESSEL)

OPERATOR	VESSELL	2012/13				2013/14				2014/15			
		CALLS	ARRIVED	DISSEMBARKED	EMBARKED	CALLS	ARRIVED	DISSEMBARKED	EMBARKED	CALLS	ARRIVED	DISSEMBARKED	EMBARKED
AIDA CRUISES	AIDALUNA	9	18,707	7,725	7,775	10	20,974	9,110	9,095	10	20,842	8,635	8,634
ARTICA ADVENTURES & CRUISES	MINERVA	0	0	0	0	3	916	845	764	0	0	0	0
ATLANTAGENT	SERENISSIMA	0	0	0	0	0	0	0	0	1	80	78	76
CELEBRITY CRUISES	AZAMARA JOURNEY	0	0	0	0	0	0	0	0	1	536	7	18
FRED OLSEN CRUISES	BRAEMAR	0	0	0	0	0	0	0	0	4	3,202	2,943	3,055
KRISTINA CRUISES	KRISTINA KATARINA	2	571	551	547	0	0	0	0	0	0	0	0
NOBLE CALEDONIAN	ISLAND SKY	0	0	0	0	1	94	94	0	0	0	0	0
P & O CRUISES	AZURA	10	30,468	13,606	13,742	10	29,893	29,421	29,428	10	30,353	29,816	30,312
P & O CRUISES	VENTURA	17	52,171	26,029	26,038	10	28,512	28,254	28,517	10	30,274	29,959	30,042
SEA CLOUD CRUISES	SEA CLOUD II	6	410	389	352	3	197	161	174	5	360	349	311
SEA CLOUD CRUISES	SEA CLOUD"	5	256	248	238	11	564	540	508	6	352	333	328
SEABOURN CRUISES	SEABOURN SPIRIT	8	1,579	1,310	1,260	9	1,774	1,499	1,418	10	1,939	1,637	1,616
SEADREAM YACHT CO	SEADREAM I	3	254	219	212	5	450	301	318	6	566	512	542
SEADREAM YACHT CO	SEADREAM II	2	217	191	136	3	206	164	134	3	306	268	268
SILVERSEA CRUISES	SILVER CLOUD	4	980	426	361	8	1,977	1,206	1,052	5	1,226	390	389
SILVERSEA CRUISES	SILVER EXPLORER	1	75	75	24	1	76	52	58	1	62	62	8
SILVERSEA CRUISES	SILVER SPIRIT	3	1,388	1,066	750	2	981	373	344	1	495	78	77
SILVERSEA CRUISES	SILVER WHISPER	5	1,702	1,539	1,369	5	1,482	1,048	1,065	3	800	737	805
STAR CLIPPERS	ROYAL CLIPPER	19	3,303	3,132	3,258	21	4,002	3,791	3,690	21	3,824	3,591	3,558
STAR CLIPPERS	STAR FLYER	2	104	104	150	1	146	146	154	1	96	88	145
THOMSON	THOMSON DREAM	18	27,010	17,949	17,934	18	27,262	17,780	17,623	3	4,462	2,361	2,212
THOMSON	THOMSON CELEBRATION	0	0	0	0	0	0	0	0	18	22,260	14,668	14,702
TUI CRUISES	MEIN SCHIFF	10	18,747	8,537	8,642	0	0	0	0	11	20,637	9,433	9,557
TUI CRUISES	MEIN SCHIFF 2	0	0	0	0	10	19,007	11,113	11,165	1	1,971	1,268	1,280
WINDSTAR SAIL CRUISES	WIND SPIRIT	15	1,918	1,908	1,919	0	0	0	0	0	0	0	0
WINDSTAR SAIL CRUISES	WIND STAR	0	0	0	0	16	2,066	2,051	2,048	18	2,184	2,178	2,140
		139	159,860	85,004	84,707	147	140,579	107,949	107,555	149	146,827	109,391	110,075

APPENDIX 4 : TEU's BY SHIPPING LINE APRIL 2014-MARCH 2015

BARBADOS PORT INC . TEU's BY SHIPPING LINE FOR THE YEAR APRIL 2014-MARCH 2015

DISCHARGED						LOADED						
SHIPPING LINE	LOCAL	TRANSSHIPMENT	EMPTY	TOTAL	%	LOCAL	TRANSSHIPMENT	EMPTY	TOTAL	%	TOTAL TEU's	%
KING OCEAN	5,077.25	2,246.50	492.25	7,816.00	19.26	375.00	2,114.50	4,856.00	7,345.50	18.49	15,161.50	18.88
CAT	5,616.00	0.00	3.00	5,619.00	13.84	187.00	1.00	5,307.00	5,495.00	13.83	11,114.00	13.84
CMA CGM	3,646.00	36.00	110.00	3,792.00	9.34	706.00	52.00	2,707.00	3,465.00	8.72	7,257.00	9.03
GEEST	2,606.00	743.00	81.00	3,430.00	8.45	657.00	42.00	2,228.50	2,927.50	7.37	6,357.50	7.92
MSC	1,538.00	1.00	0.00	1,539.00	3.79	169.00	2.00	1,396.00	1,567.00	3.94	3,106.00	3.87
SBML	3,889.75	159.00	69.00	4,117.75	10.15	1,674.00	6.00	2,408.00	4,088.00	10.29	8,205.75	10.22
TROPICAL	7,800.25	1,072.00	479.00	9,351.25	23.04	1,831.00	355.00	7,115.25	9,301.25	23.41	18,652.50	23.22
ZIM	4,538.25	181.00	13.00	4,732.25	11.66	1,602.00	13.00	3,751.25	5,366.25	13.51	10,098.50	12.57
OTHER	1.00	172.00	17.00	190.00	0.47	7.00	172.00	0.00	179.00	0.45	369.00	0.46
TOTAL	34,712.50	4,610.50	1,264.25	40,587.25		7,208.00	2,757.50	29,769.00	39,734.50		80,321.75	

BARBADOS PORT INC . TEU's BY SHIPPING LINE FOR THE YEAR APRIL 2013-MARCH 2014

DISCHARGED						LOADED						
SHIPPING LINE	LOCAL	TRANSSHIPMENT	EMPTY	TOTAL	%	LOCAL	TRANSSHIPMENT	EMPTY	TOTAL	%	TOTAL TEU's	%
KING OCEAN	3,954.50	337.75	16.00	4,308.25	11.53	131.00	262.75	3,816.75	4,210.50	10.95	8,518.75	11.24
CAT	6,115.50	8.00	8.00	6,131.50	16.41	222.00	3.00	6,000.75	6,225.75	16.19	12,357.25	16.30
CMA CGM	3,839.00	25.00	136.00	4,000.00	10.71	518.00	31.00	4,090.00	4,639.00	12.07	8,639.00	11.40
GEEST	2,290.50	760.00	94.50	3,145.00	8.42	526.50	76.00	2,160.00	2,762.50	7.18	5,907.50	7.79
MSC	1,624.00	3.00	11.00	1,638.00	4.38	170.00	0.00	1,446.00	1,616.00	4.20	3,254.00	4.29
SBML	3,957.00	149.00	30.00	4,136.00	11.07	1,908.00	4.00	2,211.00	4,123.00	10.72	8,259.00	10.89
TROPICAL	7,539.50	675.00	531.00	8,745.50	23.41	2,133.00	22.00	7,490.50	9,645.50	25.09	18,391.00	24.26
ZIM	5,106.00	138.00	6.00	5,250.00	14.05	1,730.00	13.00	3,479.00	5,222.00	13.58	10,472.00	13.81
OTHER	0.00	3.00	0.00	3.00	0.01	2.00	0.00	3.00	5.00	0.01	8.00	0.01
TOTAL	34,426.00	2,098.75	832.50	37,357.25		7,340.50	411.75	30,697.00	38,449.25		75,806.50	

BARBADOS PORT INC.
Financial Statements
March 31, 2015
(expressed in Barbados dollars)

Barbados Port Inc.

Table of Contents

(expressed in Barbados dollars)

	Pages
Board of Directors, Officers and Advisors	31
Independent Auditor's Report	32 - 33
Statement of Financial Position	34
Statement of Changes in Equity	35
Statement of Comprehensive Income	36 - 37
Statement of Cash Flows	38
Notes to Financial Statements	39 - 83

(expressed in Barbados dollars)

Board of Directors

David Harding	- Chairman
Captain George Fergusson	- Deputy Chairman
David Jean-Marie	- Managing Director
Calvin Alkins	- Director
David Douglas	- Director
Everton Walters	- Director
Irvine Best	- Director
Karen Henry	- Director (deceased November 2014)
Keith Wilson	- Director
Michael Weetch	- Director
Neville Rowe	- Director
Donna Cadogan	- Director

Secretary

David Jean-Marie

Attorney-at-law

Lystra Kodilinye

Bankers

Republic Bank (Barbados) Limited
First Citizens Bank (Barbados) Limited
RBC Royal Bank (Barbados) Limited

Auditor

PricewaterhouseCoopers SRL



INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Barbados Port Inc.

We have audited the accompanying financial statements of Barbados Port Inc. ('the Company'), which comprise the statement of financial position as of March 31, 2015 and the statements of comprehensive income, changes in equity and 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 the auditor's 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, the auditor considers 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 Port Inc. as of March 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 2 to these financial statements, which states that as of March 31, 2015 the Company's current liabilities exceeded its current assets by \$51,170,060 (2014 - \$40,701,448). This, along with other matters as described in Note 2, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Barbados Port Inc. to continue as a going concern. Our opinion is not qualified in respect of this matter.

Other Matter

This report is made solely to the company's shareholder in accordance with Barbados Port Inc. (Transfer of Management and Vesting of Assets), Cap. 285B section 7(1). Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder, for our audit work, for this report, or for the opinion we have formed.

A handwritten signature in black ink that reads "PricewaterhouseCoopers SPL". The signature is written in a cursive, flowing style.

August 31, 2015
Bridgetown, Barbados

Barbados Port Inc.
Statement of Financial Position
As of March 31, 2015

(expressed in Barbados dollars)

	2015 \$	2014 \$
Assets		
Current assets		
Cash and cash equivalents (note 5)	2,357,612	3,076,920
Accounts receivable (note 6)	7,535,693	7,386,042
Other receivables and prepaid expenses (note 7)	1,111,373	1,608,262
Inventories (note 8)	2,719,541	2,278,029
	<u>13,724,219</u>	<u>14,349,253</u>
Non-current assets		
Financial investments (note 9)	7,898,003	17,740,200
Investment in associated company (note 10)	676,213	1,075,161
Property, plant and equipment (note 11)	156,416,704	161,461,900
Capital works in progress (note 12)	42,952,842	26,298,701
Deferred tax asset (note 13)	9,014,321	–
	<u>216,958,083</u>	<u>206,575,962</u>
Total assets	<u>230,682,302</u>	<u>220,925,215</u>
Liabilities and equity		
Current liabilities		
Bank overdraft (note 5)	11,947,638	18,525,453
Accounts payable and accrued liabilities (note 14)	10,525,358	7,524,381
Current portion of long-term loans (note 15)	42,421,283	29,000,867
	<u>64,894,279</u>	<u>55,050,701</u>
Non-current liabilities		
Deferred capital grant (note 16)	493,030	774,762
Long-term loans (note 15)	55,197,622	68,036,019
Retirement benefit obligations (note 17)	13,181,113	14,550,742
	<u>68,871,765</u>	<u>83,361,523</u>
Total liabilities	<u>133,766,044</u>	<u>138,412,224</u>
Equity		
Share capital (note 18)	100	100
Capital contributions (note 19)	29,145,080	29,145,080
Port Fund	100,000	100,000
Fair value reserve	213,461	249,999
Retained earnings	67,457,617	53,017,812
	<u>96,916,258</u>	<u>82,512,991</u>
Total equity	<u>96,916,258</u>	<u>82,512,991</u>
Total liabilities and equity	<u>230,682,302</u>	<u>220,925,215</u>

Approved by the Board of Directors on August 18, 2015



Director



Director

Barbados Port Inc.

Statement of Changes in Equity

For the year ended March 31, 2015

(with comparative figures for the period from January 1, 2013 to March 31, 2014)

(expressed in Barbados dollars)

	Share capital \$	Capital contribution \$	Port Fund \$	Fair value reserve \$	Retained earnings \$	Total \$
Balance at December 31, 2012	100	29,145,080	100,000	249,999	45,747,757	75,242,936
Net income for the period	-	-	-	-	5,352,072	5,352,072
Other comprehensive income for the period	-	-	-	-	1,917,983	1,917,983
Total comprehensive income for the period	-	-	-	-	7,270,055	7,270,055
Balance at March 31, 2014	100	29,145,080	100,000	249,999	53,017,812	82,512,991
Net income for the year	-	-	-	-	13,657,292	13,657,292
Other comprehensive (loss)/income for the year	-	-	-	(36,538)	782,513	745,975
Total comprehensive income for the year	-	-	-	(36,538)	14,439,805	14,403,267
Balance at March 31, 2015	100	29,145,080	100,000	213,461	67,457,617	96,916,258

Barbados Port Inc.

Statement of Comprehensive Income

For the year ended March 31, 2015

(with comparative figures for the period from January 1, 2013 to March 31, 2014)

(expressed in Barbados dollars)

	2015 \$	2014 \$
Revenue		
Cargo handling	49,798,558	58,626,223
Excess storage	2,326,662	3,721,196
Marine revenue	6,316,572	8,255,156
Passenger levy	7,030,862	8,475,390
Other (note 20)	6,859,171	8,310,579
	<u>72,331,825</u>	<u>87,388,544</u>
Other operating income		
Rent	1,398,113	2,136,010
Gain on disposal of plant and equipment	19,597	212,444
Miscellaneous	1,454,123	2,781,828
	<u>2,871,833</u>	<u>5,130,282</u>
Total operating income	<u>75,203,658</u>	<u>92,518,826</u>
Expenses		
Administration	11,449,730	10,363,455
Staff costs (note 22)	35,416,142	46,250,113
Other expenses	12,345,284	17,589,357
	<u>59,211,156</u>	<u>74,202,925</u>
Operating income before the following:	<u>15,992,502</u>	<u>18,315,901</u>

Barbados Port Inc.

Statement of Comprehensive Income ...continued For the year ended March 31, 2015

(expressed in Barbados dollars)

	2015 \$	2014 \$
Other (expenses)/income		
Interest income	412,658	722,856
Dividend income	34,615	55,769
Impairment loss on property, plant and equipment (note 11)	—	(5,005,722)
	<u>447,273</u>	<u>(4,227,097)</u>
Profit from operations	16,439,775	14,088,804
Finance costs	<u>(12,177,856)</u>	<u>(9,375,114)</u>
Profit before taxation and share of net income of associated company	4,261,919	4,713,690
Share of net income of associated company (note 10)	<u>381,052</u>	<u>638,382</u>
Income before taxation	4,642,971	5,352,072
Taxation (note 23)	<u>9,014,321</u>	<u>—</u>
Net income for the year/period	<u>13,657,292</u>	<u>5,352,072</u>
Other comprehensive income:		
Items that will not be reclassified to income:		
Remeasurement of retirement benefit obligations (note 17)	782,513	1,917,983
Items that may be subsequently reclassified to income:		
Unrealised loss on available-for-sale financial investments	<u>(36,538)</u>	<u>—</u>
Other comprehensive income for the year/period	<u>745,975</u>	<u>1,917,983</u>
Total comprehensive income for the year/period	<u>14,403,267</u>	<u>7,270,055</u>

Barbados Port Inc.

Statement of Cash Flows

For the year ended March 31, 2015

(with comparative figures for the period from January 1, 2013 to March 31, 2014)

(expressed in Barbados dollars)

	2015 \$	2014 \$
Cash flows from operating activities		
Income before taxation	4,642,971	5,352,072
Adjustments for:		
Depreciation	6,569,158	8,268,704
Gain on disposal of property, plant and equipment	(19,597)	(212,444)
Interest and dividend income	(447,273)	(778,625)
Finance costs	12,177,856	9,375,114
Share of net income of associated company	(381,052)	(638,382)
Pension and other post-retirement benefits	2,898,142	4,070,715
Impairment of property, plant and equipment	–	5,005,722
Amortisation of deferred grant	(281,732)	(352,164)
Operating profit before working capital changes	25,158,473	30,090,712
(Increase)/decrease in accounts receivable	(149,651)	523,917
Decrease/(increase) in other receivables and prepaid expenses	496,889	(340,816)
(Increase)/decrease in inventories	(441,512)	324,076
Increase in accounts payable and accrued liabilities	3,491,720	1,039,818
Decrease in amount due to associated company	–	(1,704,821)
Cash generated from operations	28,555,919	29,932,886
Finance costs paid	(8,915,339)	(6,863,185)
Pension and other post-retirement benefits' contributions	(3,485,258)	(4,664,415)
Net cash generated from operating activities	16,155,322	18,405,286
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,239,267)	(462,511)
Expenditure on capital works in progress	(21,879,239)	(10,281,173)
Proceeds from disposal of property, plant and equipment	7,960,000	212,444
Interest and dividend income received	592,742	626,631
Purchase of financial investments	(15,785,045)	(898,057)
Proceeds on disposal of financial investments	25,445,235	–
Dividend received from associated company	330,000	862,500
Capital reduction payment received from associated company	450,000	–
Net cash used in investing activities	(7,125,574)	(9,940,166)
Cash flows from financing activities		
Loan received	41,671,087	721,510
Repayment of long-term loans	(44,842,328)	(14,068,611)
Net cash used in financing activities	(3,171,241)	(13,347,101)
Net increase/(decrease) in cash and cash equivalents	5,858,507	(4,881,981)
Cash and cash equivalents - beginning of year/period	(15,448,533)	(10,566,552)
Cash and cash equivalents - end of year/period (note 5)	(9,590,026)	(15,448,533)

(expressed in Barbados dollars)

I Establishment of the Barbados Port Inc.

The Barbados Port Authority was established by the Barbados Port Authority Act, Cap 285B, as amended by the Barbados Port Authority (Amendment) Acts 1978-33 and 1987-37. The Act as initially amended was proclaimed on January 1, 1979.

Upon the commencement of the Act on January 1, 1979 all property (other than land and buildings) belonging to the Crown and used exclusively for the purpose of the Port Department and Port Contractors (Barbados) Limited was transferred to and vested in the Authority, and all liabilities of the Port Department and Port Contractors (Barbados) Limited existing at the commencement of the Act were assumed and assured by the Authority.

The Act was repealed on December 19, 2003 and a new Act, the Barbados Port Inc. (Transfer of Management and Vesting of Assets) Act 2003, was proclaimed.

The Act was passed:

- a) To provide for the Port of Bridgetown to be managed by the Barbados Port Inc., a Company incorporated under the Companies Act, for the purpose of enabling the Port to operate as a commercial entity.
- b) To transfer the assets and liabilities of the Government of Barbados in relation to the operation of the Port of Bridgetown to the Barbados Port Inc.
- c) To repeal the Barbados Port Authority Act.

The main provisions of the Act are disclosed below.

Commencement of Operations

The Port shall be operated by the Company from the date of the commencement of this Act.

Transfer of Assets, Liabilities, Rights, etc

For the purposes of the Act:

1. The lands of the Port shall be leased to the Company by the Crown for such period as the Crown determines.
2. All:
 - a) Assets in relation to the operation of the Port that were vested in the Authority immediately before the commencement of this Act;
 - b) Liabilities that were incurred by or on behalf of the Authority in relation to the operation of the Port and subsisting immediately before the commencement of this Act; and
 - c) Rights to set, collect and retain port dues and charges for the provision and use of port facilities and services

are transferred and vested in the Company, and by virtue of this Act and without further assurance, transfer or other formality are to be held with effect from the date of the commencement of this Act, by the Company to the same extent and interest and in the same manner as they were vested in or held by the Authority.

(expressed in Barbados dollars)

1 Establishment of the Barbados Port Inc. ...continued

Transfer of Assets, Liabilities, Rights, etc ...continued

All contracts entered into by or on behalf of the Authority in relation to the operation of the Port before the commencement of this Act, shall be deemed to have been entered into by or on behalf of the Company from the date of the commencement of this Act.

In respect of the operation of the Port:

- a) All rights, privileges, duties or obligations conferred or imposed upon the Authority; and
- b) All powers and remedies as to the taking and resisting of legal proceedings for the ascertaining, perfecting or enforcing of all rights or liabilities vested in the Authority immediately before the commencement of this Act, shall be deemed to be conferred or imposed on the Company.

The Company's principal place of business is at University Row, St. Michael, Barbados.

Financial statement presentation

Consistent with the provisions of Section 355.7 of the Companies Act Cap 308, which addressed the preservation of a Statutory Company incorporated under the Companies Act, and in accordance with the substance of the corporatisation plan of the Port, these financial statements were presented from the year to December 31, 2003 as if the Barbados Port Authority had been "continued" as Barbados Port Inc.

During 2013, the Company changed its year end from December 31 to March 31, the year end of the Government of Barbados.

2 Going concern

These financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the discharge of liabilities in the normal course of business and assumes that the Company will continue in operation for the foreseeable future. However at the year end the Company's current liabilities exceeded its current assets by \$51,170,060 (2014 - \$40,701,448). Included in current liabilities are amounts due in respect of the Company's long-term loans of \$42,421,283 (2014 - \$29,000,867) of which \$38,421,283 (2014 - \$19,820,014) are guaranteed by the Government of Barbados.

As part of the expansion plans for the Port, the Company embarked in 2012 on the Cruise Pier project and in 2015 on the Berth 5 project. Included in the current portion of long-term loans are amounts of \$28,925,000 (2014 - \$14,000,000) borrowed to facilitate commencement of these projects of which \$14,000,000 was replaced on April 1, 2015 through the issuance of bonds (see below). The Company is in discussions with potential financiers with a view to securing overall financing arrangements of US\$220 million and \$50 million for the Cruise Pier and Berth 5 projects respectively, out of which these loan amounts will be repaid.

The Company entered into a Letter of Undertaking with Republic Bank (Barbados) Limited dated April 25, 2014 for the issuance of up to \$107.5 million bonds in two tranches. As at the date of these financial statements \$36.9 million bonds were subscribed, and net proceeds of \$23.0 million were received (note 15 (vi)).

(expressed in Barbados dollars)

2 Going concern ...continued

The Company's net working capital deficiency position and absence of committed financing of the Cruise Pier and Berth 5 projects, result in material uncertainty about the Company's ability to continue as a going concern. However based on the initiatives described above and additional steps which the Company will take during the next twelve months, the Board of Directors is confident that the Company will be able to meet its liquidity and cash flow requirements in the short and medium term.

3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

i) New standards, amendments and interpretations adopted by the Company

IAS 19 (amendment) 'Employee benefits' (effective July 1, 2014)
IFRS 12 'Disclosures of interests in other entities' (effective January 1, 2014)
IAS 36 (amendment) 'Impairment of Assets' (effective January 1, 2014)

ii) New standards, amendments and interpretations mandatory for the first time for the financial period beginning April 1, 2014 but not currently relevant to the Company

IAS 32 (amendment) 'Financial instruments: presentation' (effective January 1, 2014)
IFRS 10 (amendment) 'Consolidated financial statements' (effective January 1, 2014)
IAS 27 (amendment) 'Separate financial statements' (effective January 1, 2014)
IAS 39 (amendment) 'Financial instruments; recognition and measurement' (effective January 1, 2014)

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

a) Basis of preparation.... continued

- iii) New standards, amendments and interpretations issued but not yet effective for the financial period beginning April 1, 2014 and not early adopted

IFRS 9, 'Financial instruments', retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Company is yet to assess the full impact of the standard.

b) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete, slow-moving and defective items.

c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. Assets acquired under lease arrangements are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Land is not depreciated.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment is provided on a straight-line basis at rates which are expected to write off the assets over their estimated useful lives. The annual rates used for this purpose are as follows:

Leased assets	
Wharves, breakwater and crossberths	- 2%
Administration building	- 2%
Transit sheds and workshops	- 4%
Other buildings	- 5%

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

c) Property, plant and equipment

Other assets	
Watercraft	- 3% and 5%
Cargo handling equipment	- 10% and 6 $\frac{2}{3}$ %
Marine equipment and navigational aids	- 10%
Motor vehicles	- 20%
Pallets	- 33 $\frac{1}{3}$ %
Other equipment and furniture	- 10%
Port expansion asset	- 2%

The assets' useful lives are reviewed, and adjusted if appropriate, at the date of each statement of financial position.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

d) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Barbados dollars, which is the Company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserve in equity.

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

e) Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the corporation tax rates expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised when it is probable that taxable income will be available against which the assets may be utilised.

f) Investment in associated company

Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Company's investment in associated company includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Company's share of its associates' post-acquisition profits or losses and post-acquisition movements is recognised in the statement of comprehensive income. The cumulative post-acquisition movements in reserves are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in share of income of associated company, in the statement of comprehensive income.

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

g) Financial investments

The Company classifies its financial assets in the following categories:

- i) Available-for-sale
- ii) Loans and receivables
- iii) Held-to-maturity

Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired.

i) Available-for-sale

Available for sale financial assets are intended to be held for an indefinite period of time and hence are included in non-current assets unless management intends to dispose of the investment within twelve months of the statement of financial position date. They may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. They are measured initially at fair value and are subsequently remeasured at their fair value based on quoted bid prices. Investments without quoted prices are carried at management's valuation based on the net assets of the entity net of any provisions made where there is an indication of impairment. Unrealised gains and losses are recorded in the statement of comprehensive income. Either on the disposal of the asset or if the asset is determined to be impaired, the previously recorded gain or loss is transferred to the statement of comprehensive income.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially measured at fair value which is the cash consideration to originate or purchase the loan plus transaction costs - and are subsequently measured at amortised cost using the effective interest method less provision for impairment. The Company's loans and receivables comprise government bonds and fixed deposits.

iii) Held-to-maturity

Held to maturity financial assets are non-derivative financial instruments with fixed or determinable payments and fixed maturities that management has both the intent and ability to hold to maturity. They are initially recognised at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest method less provision for impairment if any.

Purchases and sales of investments are recognised on the trade date which is the date that the Company commits to purchase or sell the asset. Cost of purchase includes transaction costs.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

g) Financial investments ...continued

Financial assets

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The impairment loss for assets carried at amortised cost is calculated as the difference between the carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The impairment loss for an available-for-sale equity security is recognised in income if there has been a significant or prolonged decline in its recoverable amount below cost. Significant or prolonged declines are assessed in relation to the period of time and extent to which the fair value of the equity security is less than its cost.

Except for equity securities, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, and the amount of the reversal is recognised in income. For equity securities, any subsequent increases in fair value after an impairment has occurred are recognised in other comprehensive income.

Financial liabilities

The Company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the date of the statement of financial position, the following items were classified as financial liabilities: bank overdraft, accounts payable, due to associated company and long-term loans.

h) Employee benefits

The Company operates both a defined benefit and a defined contribution pension plan.

i) Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. For defined contribution plans, the Company pays contributions to administered pension insurance plans. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

h) Employee benefits ...continued

ii) Defined benefit plan

A defined benefit plan is any plan other than a defined contribution plan. The Company operates a defined benefit pension plan for its employees, the assets of which are held in a separate fund administered by a Trustee. The scheme is generally funded through payments from the employees and the Company, and contributions are determined by full independent actuarial calculations every three years and interim valuations in years where a full valuation has not been performed.

Employee benefits

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the statement of comprehensive income.

iii) Other post-retirement benefit obligations

The Company also provides post-retirement medical benefits to their retirees. Fifty percent to sixty percent of the premium is funded by the Company, dependent on the category of employee. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for the Company's defined benefit pension plan.

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

i) Revenue recognition

i) Cargo handling

Revenue generated from inbound cargo handling is recognised on the delivery of cargo to the consignees or on delivery of auctioned cargo to the buyer.

Revenue generated from outbound cargo and other revenue is recognised on the basis of the usage of the facilities and services provided by the Company.

ii) Excess storage

Revenue generated from excess storage is recognised on the basis of the usage of the storage facilities, which ordinarily exceeds the free storage period at the Port.

iii) Marine revenue

Marine revenue is generated on vessels making a Port call in Barbados on the basis of the length or net registered tonnage of the vessel and is recognised as earned.

iv) Passenger levy

Passenger levy is applied to the greater of embarking and disembarking passengers per cruise vessel at the Bridgetown Port and is recognised as earned.

v) Interest income

Interest income is recognised in the statement of comprehensive income on the accrual basis, using the effective interest method.

vi) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

vii) Rental income

Rental income is recognised on an accrual basis.

viii) Other revenue

Other revenue is recognised on an accrual basis.

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

j) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at the anticipated realisable value. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the anticipated realisable value. The carrying amount of the asset is reduced through the use of the provision for impairment of receivables and the amount of loss is recognised in the statement of comprehensive income within administration expenses. When a trade receivable is uncollectible, it is written off against the provision for impairment of receivables and any subsequent recoveries of amounts previously written off are credited against administration expenses.

l) Cash and cash equivalents

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

m) Accounts payable

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

n) Long-term loans

Long-term loans are recognised initially at fair value, net of transaction costs incurred. Long-term loans are subsequently stated at amortised cost and any difference between the net proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the long-term loans using the effective interest method. Associated costs are classified as finance costs in the statement of comprehensive income. Long-term loans due within twelve months of the date of the statement of financial position are classified as current liabilities.

General and specific finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other finance costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(expressed in Barbados dollars)

3 Significant accounting policies ...continued

o) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

p) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

q) Capital grants

Grants related to assets, including non-monetary grants at fair value, are capitalised and presented in the statement of financial position as deferred grants. These grants are amortised over the expected useful lives of the related assets.

Grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

4 Critical accounting estimates and judgements

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on reported assets, liabilities, revenues and expenses. The items which may have a significant effect on the Company's financial statements are set out below:

Pension benefits

The cost of the defined benefit pension plan and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets of the plan, future pension increases, future salary increases, proportion of employees opting for early retirement, future changes in the NIS ceiling and inflation. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Assumptions used are disclosed in Note 16.

Impairment of available-for-sale financial assets

The Company follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(expressed in Barbados dollars)

5 Cash and cash equivalents

	2015 \$	2014 \$
Cash at bank	2,357,612	3,076,920
Bank overdraft	(11,947,638)	(18,525,453)
	<u>(9,590,026)</u>	<u>(15,448,533)</u>

Significant concentrations of cash and cash equivalents are as follows:

	2015 \$	2014 \$
First Citizens Bank (Barbados) Limited (long term issue credit rating BBB+ by Standard & Poors)	2,230,423	2,542,398
Republic Bank (Barbados) Limited (unrated)	(11,821,828)	(17,992,371)

The following have been pledged as security as at March 31, 2015:

- i) First legal debenture over the fixed and floating assets of the Company stamped to cover the amount of \$14,400,000.
- ii) Hypothecation of term deposit #2051620 in the amount of \$8,000.
- iii) Hypothecation of term deposit in the amount of \$12,000.
- iv) Letter of comfort from the Government of Barbados to the extent of \$10,000,000.

(expressed in Barbados dollars)

6 Accounts receivable

	2015 \$	2014 \$
Trade receivables	8,253,709	8,013,666
Less: Provision for impairment of receivables	(718,016)	(627,624)
	<u>7,535,693</u>	<u>7,386,042</u>

As at year end, trade receivables of \$5,059,561 (2014- \$5,112,081) were fully performing.

Trade receivables that are less than three months past due are not considered impaired. As at year end trade receivables of \$2,476,132 (2014 - \$2,273,961) were past due but not considered impaired. The ageing analysis of these receivables is as follows:

	2015 \$	2014 \$
Over 30 days	868,466	903,731
Over 60 days	541,526	199,774
Over 90 days	1,066,140	1,170,456
	<u>2,476,132</u>	<u>2,273,961</u>

As at period end, trade receivables of \$718,016 (2014 - \$627,624) were past due, impaired and provided for.

	2015 \$	2014 \$
Over 90 days	<u>718,016</u>	<u>627,624</u>
Total trade receivables	<u>8,253,709</u>	<u>8,013,666</u>

The movement in the provision for impairment of receivables is as follows:

	2015 \$	2014 \$
Balance - beginning of year/period	627,624	481,244
Write back of provision	—	(100,112)
Increase in provision	90,392	246,492
Balance - end of year/period	<u>718,016</u>	<u>627,624</u>

The carrying value of accounts receivable is considered to approximate fair value because of their short term maturity.

The Company does not hold any collateral on its accounts receivable.

(expressed in Barbados dollars)

7 Other receivables and prepaid expenses

	2015 \$	2014 \$
Staff receivables	411,235	463,204
Dividend receivable	21,154	21,154
Other	7,441	3,000
	<hr/>	<hr/>
Other receivables	439,830	487,358
Prepaid expenses	671,543	1,120,904
	<hr/>	<hr/>
	1,111,373	1,608,262

No provision for impairment on these receivables was required in 2015 or 2014.

8 Inventories

	2015 \$	2014 \$
Fuel	20,285	76,820
Equipment spares	3,074,435	2,575,728
Stationery	46,049	46,709
	<hr/>	<hr/>
	3,140,769	2,699,257
Less: provision for obsolescence	(421,228)	(421,228)
	<hr/>	<hr/>
	2,719,541	2,278,029

The Company wrote off inventory of \$Nil (2014 - \$191,197) directly to the statement of comprehensive income during the year.

(expressed in Barbados dollars)

9 Financial investments

	2015 \$	2014 \$
Available-for-sale:		
Insurance Corporation of Barbados Limited (Equities) - at market value		
At beginning of the year/period	499,999	499,999
Unrealised loss included in other comprehensive income	(36,538)	—
At March 31	463,461	499,999
Loans and receivables:		
Term deposits at Republic Bank (Barbados) Limited	22,871	21,948
Debt Service Reserve Account at First Citizens Bank (Barbados) Limited	—	2,591,648
US\$ Bond Holders Account at First Citizens Bank (Barbados) Limited	—	6,981,136
Debt Service Reserve Account at Republic Finance & Trust (Barbados) Limited	6,416,671	—
Ansa Finance Lease Reserve Account at First Citizens Bank	995,000	—
	7,434,542	9,594,732
Held-to-maturity:		
Government of Barbados Treasury Note 5.875% (January 1, 2009 - October 31, 2014)	—	1,536,719
Government of Barbados Treasury Note 7.25% (March 1, 2007 - December 31, 2014)	—	6,108,750
	—	7,645,469
	7,898,003	17,740,200

Government of Barbados Treasury Note 5.875% was held by RBC Royal Bank (Barbados) Limited as security for a loan to assist in financing the Dredging Project and was released when this loan was fully repaid in February 2012. This Treasury Note was then held by First Citizens Bank (Barbados) Limited as part of the security for the \$14 million loan obtained during 2012, until maturity of the Note during 2014.

The term deposits at Republic Bank (Barbados) Limited, the Debt Service Reserve account and the Government of Barbados Treasury Note 7.25% were held by First Citizens Bank (Barbados) Limited in connection with the \$25 million loan which was fully repaid on December 31, 2014. The Debt Service Reserve Account as well as the US\$ Bondholders Account, both held at First Citizens Bank (Barbados) Limited were utilised in paying off the First Citizens Bank (Barbados) Limited loans effective December 31, 2014.

(expressed in Barbados dollars)

9 Financial investments... continued

The Debt Service Reserve at Republic Finance & Trust (Barbados) Limited is being held in connection with the \$70 million bond issue, whilst the Ansa Finance Lease Reserve Account is being held in connection with a financing lease from Ansa Merchant Bank.

The maturity dates of the Company's loans and receivables are tied to the long-term loans against which they are secured.

No provision for impairment of financial investments was required in 2015 and 2014.

The fair value of loans and receivables and held-to-maturity financial investments at year end was \$7,434,542 (2014 - \$9,594,732) and \$Nil (2014 - \$7,978,702) respectively.

10 Investment in associated company

	2015 \$	2014 \$
Bridgetown Cruise Terminals, Inc. 750,000 Class 'A' common shares (30% interest) - at cost	750,000	750,000
Increase in equity value over cost to end of previous period	325,161	549,279
	<u>1,075,161</u>	<u>1,299,279</u>
Share of net income for the year/period	381,052	638,382
Dividends received	(330,000)	(862,500)
Capital reduction payment received	(450,000)	—
	<u>676,213</u>	<u>1,075,161</u>

The results of the associated company as of March 31, 2015 and 2014 are as follows:

	Assets \$	Liabilities \$	Revenues \$	Net Income \$
Year ended 2015	<u>3,293,808</u>	<u>1,039,765</u>	<u>4,630,394</u>	<u>1,270,173</u>
Period ended 2014	<u>4,742,435</u>	<u>1,158,565</u>	<u>4,196,043</u>	<u>2,127,940</u>

(expressed in Barbados dollars)

II Property, plant and equipment

	Land \$	Buildings, inciner, workshop and ator \$	Wharfs and breakwater sheds \$	Watercraft, tugs, etc. \$	Cargo handling equipment, vehicles, other equipment and navigational aids \$	Port expansion asset \$	Total \$
At December 31, 2012							
Cost	52,309,305	27,389,925	23,503,167	29,694,492	92,128,840	78,068,622	303,094,351
Accumulated depreciation	–	(20,048,288)	(13,780,098)	(13,143,553)	(81,519,567)	(7,804,082)	(136,295,588)
Net book amount	52,309,305	7,341,637	9,723,069	16,550,939	10,609,273	70,264,540	166,798,763
Period from January 1, 2013 to March 31, 2014							
Opening net book amount	52,309,305	7,341,637	9,723,069	16,550,939	10,609,273	70,264,540	166,798,763
Transferred from capital works in progress	2,082,743	359,154	–	–	5,033,155	–	7,475,052
Additions	–	–	–	–	462,511	–	462,511
Disposals	–	–	–	–	(228,779)	–	(228,779)
Accumulated depreciation on disposals	–	–	–	–	228,779	–	228,779
Impairment loss	–	–	–	(5,005,722)	–	–	(5,005,722)
Depreciation for period	–	(744,791)	(587,579)	(1,243,826)	(3,740,792)	(1,951,716)	(8,268,704)
Closing net book amount	54,392,048	6,956,000	9,135,490	10,301,391	12,364,147	68,312,824	161,461,900
At March 31, 2014							
Cost	54,392,048	27,749,079	23,503,167	29,694,492	97,395,727	78,068,622	310,803,135
Impairment	–	–	–	(5,005,722)	–	–	(5,005,722)
Accumulated depreciation	–	(20,793,079)	(14,367,677)	(14,387,379)	(85,031,580)	(9,755,798)	(144,335,513)
Net book amount	54,392,048	6,956,000	9,135,490	10,301,391	12,364,147	68,312,824	161,461,900

(expressed in Barbados dollars)

II Property, plant and equipment ...continued

Year ended March 31, 2015	Land \$	Buildings, sheds, workshop and incinerator \$	Wharfs and breakwater \$	Watercraft, tugs, etc. \$	Cargo handling equipment, vehicles, other equipment and navigational aids \$	Port expansion asset \$	Total \$
Opening net book amount	54,392,048	6,956,000	9,135,490	10,301,391	12,364,147	68,312,824	161,461,900
Transferred from capital works in progress	4,272,213	331,123	-	-	621,762	-	5,225,098
Additions	45,000	113,685	-	-	4,080,582	-	4,239,267
Disposals	-	-	-	(7,984,124)	-	-	(7,984,124)
Accumulated depreciation on disposals	-	-	-	43,721	-	-	43,721
Depreciation for year	-	(604,190)	(470,063)	(303,091)	(3,630,442)	(1,561,372)	(6,569,158)
Closing net book amount	58,709,261	6,796,618	8,665,427	2,057,897	13,436,049	66,751,452	156,416,704
At March 31, 2015							
Cost	58,709,261	28,193,886	23,503,167	4,956,680	102,443,116	78,068,622	295,874,732
Accumulated depreciation	-	(21,397,268)	(14,837,740)	(2,898,783)	(89,007,067)	(11,317,170)	(139,458,028)
Net book amount	58,709,261	6,796,618	8,665,427	2,057,897	13,436,049	66,751,452	156,416,704

(expressed in Barbados dollars)

11 Property, plant and equipment ...continued

The carrying amount of the tugs was reduced to the recoverable amount of \$7,960,000 as at March 31, 2014 through recognition of an impairment loss. The recoverable amount of the tugs was equivalent to their fair value less costs to sell based on the post balance sheet date sale of the tugs to a third party. This valuation was considered to be level 2 in the fair value hierarchy. No such impairments have been recognised in the current year.

12 Capital works in progress

	Cruise Pier project \$	Berth 5 project \$	Other \$	Total \$
At December 31, 2011				
Cost	20,165,942	—	3,326,638	23,492,580
Period from January 1, 2013 to March 31, 2014				
Opening net book amount	20,165,942	—	3,326,638	23,492,580
Additions	2,364,463	—	8,190,871	10,555,334
Transfers to property, plant and equipment	—	—	(7,475,052)	(7,475,052)
Expensed	—	—	(274,161)	(274,161)
Closing net book amount	22,530,405	—	3,768,296	26,298,701
At March 31, 2014				
Cost	22,530,405	—	3,768,296	26,298,701
At March 31, 2014				
Opening net book amount	22,530,405	—	3,768,296	26,298,701
Additions	3,210,878	14,515,138	4,230,022	21,956,038
Transfers to property, plant and equipment	—	—	(5,225,098)	(5,225,098)
Expensed	—	—	(76,799)	(76,799)
Closing net book amount	25,741,283	14,515,138	2,696,421	42,952,842
At March 31, 2015				
Cost	25,741,283	14,515,138	2,696,421	42,952,842

During 2012, the Company commenced work on the design phase of the new Cruise Pier project. It is anticipated that the total cost of the project will be US\$220 million. Financing arrangements for the project are currently being negotiated.

(expressed in Barbados dollars)

12 Capital works in progress... continued

During the year, the Company commenced work on the design and construction of an extension to Berth 5 allowing the Port to receive larger cargo and cruise vessels. It is anticipated that the total cost of the project will be \$50 million. Financing arrangements for the project are currently being negotiated. A short-term loan to finance work to date was obtained as described in note 15(vii). Subsequent to year end further loan funds were received (note 30).

13 Deferred tax asset

	2015 \$	2014 \$
Deferred tax asset - beginning of year/period	—	—
Deferred tax credit (note 23)	9,014,321	—
Deferred tax asset - end of year/period	9,014,321	—

The Company has recognised \$9,014,321 (2014 - \$Nil) of its total deferred tax asset of \$28,076,783 (2014 - \$25,979,515) due to the probability of this amount being recoverable.

The total deferred tax asset consists of the following components:

	2015			2014
	Recognised \$	Unrecognised \$	Total \$	Unrecognised \$
Delayed tax depreciation	—	57,443,762	57,443,762	53,692,854
Interest receivable	—	—	—	(130,781)
Retirement benefit obligations	—	13,181,113	13,181,113	14,550,742
Unutilised tax losses (note 24)	5,134,076	—	5,134,076	14,985,143
Qualifying capital expenditure (note 25)	30,923,208	5,624,972	36,548,180	20,820,102
	36,057,284	76,249,847	112,307,131	103,918,060
Deferred tax asset at corporation tax rate of 25% (2014 - 25%)	9,014,321	19,062,462	28,076,783	25,979,515

The expiry dates of tax losses are disclosed in Note 24 and the expiry dates of qualifying capital expenditure are disclosed in Note 25. The other temporary differences have no expiry dates.

(expressed in Barbados dollars)

14 Accounts payable and accrued liabilities

	2015 \$	2014 \$
Accounts payable	2,643,051	1,291,434
Accrued liabilities	7,251,752	5,060,500
Interest payable	393,071	883,814
VAT payable	237,484	288,633
	<u>10,525,358</u>	<u>7,524,381</u>

15 Long-term loans

	2015 \$	2014 \$
i) RBC Royal Bank Barbados - Port Rehabilitation Project	10,453,596	13,440,337
ii) a) First Citizens Bank (Barbados) Limited - Series 1	—	2,598,381
b) First Citizens Bank (Barbados) Limited - Series 2	—	9,415,895
iii) a) First Citizens Bank (Barbados) Limited (US\$7.5M)	—	14,347,583
b) First Citizens Bank (Barbados) Limited (\$5M)	—	8,380,246
iv) Republic Bank (Barbados) Limited - \$50M	27,740,961	34,854,444
v) First Citizens Bank (Barbados) Limited	14,000,000	14,000,000
vi) Republic Bank (Barbados) Limited - \$70M	23,853,598	—
vii) Ansa Bridging Loan	14,925,000	—
viii) Ansa Finance Lease Liability	6,645,750	—
	<u>97,618,905</u>	<u>97,036,886</u>
Less: current portion	<u>(42,421,283)</u>	<u>(29,000,867)</u>
	<u>55,197,622</u>	<u>68,036,019</u>

- i) This loan was obtained from RBC Royal Bank (Barbados) Limited in order to assist in the funding of the Port Rehabilitation Project. It commenced on July 1, 2003 and bears interest fixed at the rate of 6.75%. The loan of \$34,000,000 is repayable by 26 semi-annual instalments of principal and interest from the period December 31, 2005 to July 1, 2018. Interest capitalised during the moratorium period of July 2003 to June 2005 amounted to \$4,827,641. Repayment of the loan commenced on December 31, 2005 and the outstanding amount owed to the Bank is \$10,453,596 (2014 - \$13,440,337). The loan is secured by a Government of Barbados guarantee.

(expressed in Barbados dollars)

15 Long-term loans ...continued

- ii) The loan from First Citizens Bank (Barbados) Limited commenced on July 22, 2007. The loan of \$25,000,000 was in two series as follows:
 - a) Series 1 - \$12,500,000 bore interest fixed at 5.375%. This series was repayable by 16 semi-annual installments of \$866,127 plus interest payable on June 30 and December 31 beginning December 31, 2007 and ending June 30, 2015. Interest capitalised during the moratorium period of July 2005 to June 2007 amounted to \$1,358,037. Repayment of this series commenced on December 31, 2007 and the outstanding amount owing to the Bank is \$Nil (2014 - \$2,598,381) as the loan was repaid in full effective December 31, 2014.
 - b) Series 2 - \$12,500,000 bore interest fixed at 6.25%. This series was repayable by 22 semi-annual installments of \$724,300 plus interest payable on June 30 and December 31 beginning December 31, 2009 and ending June 30, 2020. Interest capitalised during the moratorium period of July 2005 to June 2009 amounted to \$3,434,590. Repayment of the loan commenced on December 31, 2010 and the outstanding amount owing to the Bank is \$Nil (2014 - \$9,415,895) as the loan was repaid in full effective December 31, 2014.
- iii) This loan from First Citizens Bank (Barbados) Limited issued January 2007, was obtained to finance the Port's capital works programme and was a combination facility of US\$7.5million and Bds\$5.0million as follows:
 - a) US\$ Facility - This facility bore interest fixed at 8.25% for the first 7 years, thereafter floating at US prime rate with a floor of 7.75% and a ceiling of 9.0%. This facility was repayable by variable semi-annual payments of principal and interest. The Bank disbursed US\$4,215,000 of the facility. Interest capitalised during the moratorium period of January 2007 to January 2014 amounted to US\$2,958,792. The loan was repaid in full effective December 31, 2014.
 - b) Bds\$ Facility - This facility bore interest fixed at 8.25% for the first 7 years, thereafter floating at 1.5% discount to First Citizens Bank (Barbados) Limited's corporate prime rate with a floor of 7.75% and a ceiling of 9.0%. This facility was repayable by variable semi-annual payments of principal and interest. Interest capitalised during the moratorium period of January 2007 to January 2014 amounted \$3,380,246. The loan was repaid in full effective December 31, 2014.
- iv) This loan from Republic Bank (Barbados) Limited was obtained on October 31, 2008 to refinance a portion of existing debt, including pension liabilities and to fund ongoing capital works. The loan of \$50,000,000 is for a term of 10 years and bears interest at the rate of 7.0% fixed. Interest is to be paid quarterly during the term of the facility, with a moratorium on principal repayments during the first three years. Commencing December 31, 2011 and ending September 30, 2018, the loan is to be repaid by 28 blended quarterly payments of \$2,274,076. The amount owed to the Bank is \$27,740,961 (2014 - \$34,854,444). The loan is secured by a Government of Barbados guarantee.

(expressed in Barbados dollars)

15 Long-term loans ...continued

- v) The loan from First Citizens Bank (Barbados) Limited was obtained on February 15, 2012 to finance 70% of the cost of preparation of detailed planning documents in relation to a proposed project which involves the construction of a new cruise terminal. The loan of \$14,000,000 bears interest at the rate of 7.0%. Interest only is payable monthly in arrears. The loan is secured by an assignment of US \$750,000 from the Company's US dollar account held at First Citizens Bank (Barbados) Limited and a Letter of Comfort from the Ministry of Finance and Economic Affairs on behalf of the Government of Barbados for \$10,000,000. The principal was repayable in full in December 31, 2012. However extensions were subsequently granted up to March 31, 2015. Subsequent to year end, on April 1, 2015, the loan was rolled over by participation in the new \$70 million bond issue described below.
- vi) This bond was issued through Republic Bank (Barbados) Limited for the purposes of refinancing existing loans and working capital management. As at March 31, 2015, net subscriptions totalled \$22,964,000 (Note 2) and capitalised interest to March 31, 2015 totalled \$889,598. The loan bears interest fixed at 7.5%, with a moratorium on principal and interest payments for the first 3 years, during which interest is capitalised. In year 4, amortised quarterly payments of principal and interest will commence. This loan is secured by a first mortgage over fixed and floating assets of the Company stamped to cover \$87,500,000; a charge over the Debt Service Reserve Account funded at \$7,000,000 per annum; and a letter of comfort from the Government of Barbados to the extent of \$70,000,000.
- vii) This loan from ANSA Merchant Bank was obtained on March 16, 2015 to assist with funding of the extension of Berth 5. The loan of US\$7.5 million is for a term of 1 year and bears interest at a rate of 6.5%. Interest is to be repaid on a quarterly basis in arrears commencing 3 months after the issue date. The principal is to be repaid at maturity via a single bullet payment. The amount owed to the bank is US\$7,500,000 (2014 - \$Nil). This loan is secured by a letter of comfort from the Government of Barbados and a second legal charge over property assets of the Company.

(expressed in Barbados dollars)

15 Long-term loans ...continued

- viii) This finance lease, arranged and financed through ANSA Merchant Bank Limited was entered into for the purchase of operational equipment. The face value of the lease is US\$23,396,494 which represents 100% of the cost of the equipment being leased. The lease bears interest at the rate of 7.25%; with a moratorium on principal and interest payments for the first 18 months, during which interest is capitalised. As of March 31, 2015, equipment with a fair value of \$3,782,088 was received. Capitalised interest to date is \$2,863,662.

Monthly lease payments of \$958,189 will commence on November 11, 2015. The lease is secured by a letter of comfort from the Government of Barbados, a charge over the Ansa Finance Lease Reserve Account, monthly assignment of US\$229,594 in revenues and a sale option agreement which will entitle the lessor to require the Government of Barbados to purchase the equipment at a fixed price in the event of default by the Company.

	2015 \$	2014 \$
Gross finance lease liabilities - minimum lease payments		
No later than 1 year	4,790,946	—
Later than 1 year and no later than 5 years	45,993,086	—
Later than 5 years	12,456,461	—
	63,240,493	—
Future finance charges on finance lease liabilities	(11,215,043)	—
Present value of finance lease liabilities:	52,025,450	—
The present value of finance lease liabilities is as follows:		
No later than 1 year	4,708,003	—
Later than 1 year and no later than 5 years	38,849,255	—
Later than 5 years	8,468,192	—
	52,025,450	—

The maturity of loan balances has been disclosed in note 26 (a)(iii).

The fair value of the Company's fixed rate borrowings was \$99,952,315 (2014 - \$100,182,078) at the end of the year.

(expressed in Barbados dollars)

16 Deferred capital grant

The Company has obtained capital grants from the Barbados Competitiveness Programme Implementation Unit to partly fund the acquisition of the Klein Port Management Systems, as follows:

	2015 \$	2014 \$
Balance - beginning of year/period	774,762	1,126,926
Amortisation	(281,732)	(352,164)
Balance - end of year/period	<u>493,030</u>	<u>774,762</u>

The system is being amortised over its useful life of four years.

17 Retirement benefit obligations

The Company maintained a non-contributory defined benefit plan with the Insurance Corporation of Barbados Limited until November 30, 2005. Employees were eligible to join that plan on January 1 following one year's continuous service. The Company withdrew from this Statutory Corporation Pension Fund (SCPF) in order to establish a new plan in keeping with the requirements of the Barbados Port Inc. (Transfer of Management and Vesting of Assets) Act 2003. The Port created a new Defined Benefit (DB) Plan for employees who were previously part of the SCPF, as well as a Defined Contribution (DC) Plan for new employees.

The Company also offers post-retirement medical benefits to its employees, pensioners and their dependents. These medical benefits are offered under a scheme which is insured with an insurance provider. Period-end obligations are as follows:

	2015 \$	2014 \$
Pension plan	8,481,955	9,114,519
Post-retirement medical benefits	<u>4,699,158</u>	<u>5,436,223</u>
	<u>13,181,113</u>	<u>14,550,742</u>

Pension plan

The amounts recognised in the statement of financial position for the pension plan liability are as follows:

	2015 \$	2014 \$
Present value of funded obligations	61,007,142	60,949,174
Fair value of plan assets	<u>(52,525,187)</u>	<u>(51,834,655)</u>
Pension plan liability	<u>8,481,955</u>	<u>9,114,519</u>

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Pension plan ...continued

Changes in the present value of funded obligations are as follows:

	2015 \$	2014 \$
Present value of funded obligations - beginning of year/period	60,949,174	59,569,125
Current service cost	1,619,345	2,175,187
Interest cost	4,632,365	5,650,600
Benefits paid	(3,972,787)	(4,655,885)
Actuarial gain on obligations	(2,220,955)	(1,789,853)
Present value of funded obligations - end of year/period	<u>61,007,142</u>	<u>60,949,174</u>

Changes in the fair value of plan assets are as follows:

	2015 \$	2014 \$
Plan assets - beginning of year/period	51,834,655	47,847,099
Expected return on plan assets	3,995,139	4,630,356
Contributions - total	3,403,846	4,562,621
Benefits paid	(3,972,787)	(4,655,885)
Actuarial losses on plan assets	(2,735,666)	(549,536)
Plan assets - end of year/period	<u>52,525,187</u>	<u>51,834,655</u>

Movements in the net liability recognised in the statement of financial position:

	2015 \$	2014 \$
Net liability - beginning of year/period	9,114,519	11,722,026
Contributions paid	(3,403,846)	(4,562,621)
Expense recognised in the statement of comprehensive income	2,256,571	3,195,431
Actuarial loss/(gain) recognised in the statement of other comprehensive income	<u>514,711</u>	<u>(1,240,317)</u>
Net liability - end of year/period	<u>8,481,955</u>	<u>9,114,519</u>

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Pension plan ...continued

Expense recognised in the statement of comprehensive income:

	2015 \$	2014 \$
Current service cost	1,619,345	2,175,187
Interest cost	4,632,365	5,650,600
Expected return on plan assets	(3,995,139)	(4,630,356)
	<u>2,256,571</u>	<u>3,195,431</u>
Actual return on plan assets	<u>1,259,473</u>	<u>4,081,134</u>

Expense recognised in the statement of other comprehensive income:

	2015 \$	2014 \$
Actuarial gains on retirement benefit obligations	2,220,955	1,789,853
Return on plan assets excluding amounts included in interest expense	(2,735,666)	(549,536)
	<u>(514,711)</u>	<u>1,240,317</u>

	2015 %	2014 %
Plan assets are comprised as follows:		
Bonds	53.6	63.0
Equities	38.4	34.8
Deposits	0.9	—
Other assets	<u>7.1</u>	<u>2.2</u>
Net assets	<u>100.0</u>	<u>100.0</u>

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Pension plan ...continued

Retirement Benefit Obligations

Through its defined benefit pension plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Barbados bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

The pension investment committee invests the funds for the defined benefits section of the plan and amends the asset allocation as necessary to meet the objectives. The bonds held by the plan represent primarily investments in Government of Barbados securities. There are limited (6%) investments in corporate bonds.

The Company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long term strategy to manage the plan efficiently.

Changes in bond yields

A decrease in Government of Barbados bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Life expectancy

The primary obligation of the plan is to provide benefits for the life of the member. As such increases in life expectancy will result in an increase in the plan's liabilities. A sensitivity analysis of changes in life expectancy indicates this risk is not very material.

Expected contributions for the year ending March 31, 2016 are \$7,355,197.

The weighted average duration of the defined benefit plan is 13.10 (2014 – 11.05) years.

Expected maturity analysis of undiscounted pension benefits:

	Less than a year \$m	Between 1-2 years \$m	Between 2-5 years \$m	Over 5 years \$m	Total \$m
Pension benefits	3.79	4.00	14.70	27.74	50.23

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Principal actuarial assumptions used for accounting purposes were:

	2015 %	2014 %
Discount rate	7.75	7.75
Future promotional salary increases	2.00	2.00
Future inflationary salary increases	3.00	3.00
Proportion of employees opting for early retirement	10.00	10.00
Future changes in NIS ceiling	3.50	3.50
Mortality	AA	AA

The sensitivity of the present value of funded obligations to changes in the weighted principal assumptions is:

	<u>Impact on present value of funded obligations</u>		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(5,976,597)	7,216,872
Salary growth rate	0.5%	2,506,413	(2,215,803)
Life expectancy	1 year	3,272,908	n/a

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the obligations to significant actuarial assumptions, the same method (present value of the funded obligations calculated with the projected unit credit method at the end of the year) has been applied as when calculating the pension plan liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Post-retirement medical benefits

The amounts recognised in the statement of financial position for the post retirement medical benefits are as follows:

	2015 \$	2014 \$
Present value of funded obligations	4,699,158	5,436,223

The Company fully funds the post-retirement medical benefits as there are no plan assets.

Changes in the present value of funded obligations are as follows:

	2015 \$	2014 \$
Present value of funded obligations - beginning of year/period	5,436,223	5,340,399
Current service cost	214,867	271,418
Interest cost	426,487	525,566
Past service cost - vested benefits	217	78,300
Benefits paid	(81,412)	(101,794)
Actuarial gains on obligations	(1,297,224)	(677,666)
Present value of funded obligations - end of year/period	4,699,158	5,436,223

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Post-retirement medical benefits ...continued

Movements in the net liability recognised in the statement of financial position:

	2015 \$	2014 \$
Net liability - beginning of year/period	5,436,223	5,340,399
Contributions paid	(81,412)	(101,794)
Expense recognised in the statement of comprehensive income	641,571	875,284
Actuarial gains recognised in the statement of other comprehensive income	(1,297,224)	(677,666)
Net liability - end of year/period	<u>4,699,158</u>	<u>5,436,223</u>

Expense recognised in the statement of comprehensive income:

	2015 \$	2014 \$
Current service cost	214,867	271,418
Interest cost	426,487	525,566
Past service cost - vested benefits	217	78,300
	<u>641,571</u>	<u>875,284</u>

The effect of a 1% movement in the assumed medical cost trend is as follows:

	Increase \$	Decrease \$
Effect on the current service cost and interest cost	769,166	540,434
Effect on funded obligations	5,485,782	4,061,710

(expressed in Barbados dollars)

17 Retirement benefit obligations ...continued

Post-retirement medical benefits ...continued

Principal actuarial assumptions used for accounting purposes were:

	2015 %	2014 %
Discount rate	7.75	7.75
Medical cost inflation	4.00	5.00
Proportion of employees opting for early retirement	10.00	10.00

The amounts recognised in the statement of financial position and the statement of comprehensive income for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised are disclosed above along with an analysis of the sensitivity of these assumptions.

The discount rate is determined based on the estimate of yield on long-term Government Bonds that have maturity dates approximating the terms of the Company's obligation. The estimate of expected rate of change in the National Insurance Scheme ceiling is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

18 Share capital

Authorised

The Company is authorised to issue an unlimited number of common shares without nominal or par value.

Issued

	2015 \$	2014 \$
100 (2014 - 100) common shares, stated value	100	100

(expressed in Barbados dollars)

19 Capital contributions

Capital contributions made by the sole shareholder, the Government of Barbados, comprise the following:

	2015 \$	2014 \$
Value of leased assets of \$42,310,845 less long-term loan obligations of \$28,229,630 at January 1, 1979, under the lease agreement with the Crown.	14,081,215	14,081,215
Value of the other assets less other liabilities of the former Port Department and Port Contractors (Barbados) Limited at January 1, 1979, transferred to, or assumed by Barbados Port Inc, less the amount of \$100,000 allocated to the Port Fund as established under Section 7(l) of the Barbados Port Authority Act, Cap. 285B.	15,063,865	15,063,865
	<u>29,145,080</u>	<u>29,145,080</u>

Leased assets and long-term obligations under lease agreement with the Crown

- The freehold land and buildings and the static facilities at the Port of Bridgetown belonging to the Crown (other than the land and buildings and related wharf facilities of the bulk handling facility) which were valued at \$42,310,845 at January 1, 1979 are being leased for a period of 50 years from January 1, 1979 at a yearly rent of \$100.
- Under the terms of the lease agreement, the Port will have the option to renew the lease for a further term of 50 years from the expiration of the original lease period and will be responsible for the maintenance and insurance of the leased assets and for the payment of property taxes thereon, and will receive the income from the subletting of any part or parts of the properties.
- Under the terms of the lease agreement, the Port also undertook to reimburse the Crown for the debt servicing assumed by the Crown in connection with Loan Contract dated February 21, 1975 and made between the Government of Barbados and Inter-American Development Bank for a loan of US\$9,100,000 or the equivalent thereof in other currencies, to partially finance the Project for the Expansion and Improvement of the Port of Bridgetown; and to assume the liability to the Crown for long term loans made by the Crown for the construction of the Deep Water Harbour which amounted to \$3,320,236 and \$6,709,394 at January 1, 1979. This loan was fully repaid in 1994.
- Since the terms of the lease transactions are significantly affected by the relationship between the Port and the Crown, the economic substance rather than the legal form of the lease has been recognised by the Company in its accounting treatment of the capital lease, and the actual cost of, or values assigned to the leased assets and the actual related long-term obligations under the lease have been reflected in its financial statements with the excess of the cost of or values assigned to leased assets over the loan obligations being shown as a capital contribution by the Government of Barbados.

(expressed in Barbados dollars)

20 Revenue - other

	2015 \$	2014 \$
Bulk handling terminal	712,564	1,023,109
Sugar levy	62,374	207,225
Auction sales	66,689	381,557
Garbage disposal	903,850	891,058
Security services	4,915,792	5,578,513
Taxi and tour buses registration	169,188	198,242
Photo identification	28,714	30,875
	<u>6,859,171</u>	<u>8,310,579</u>

21 Expenses by nature

	2015 \$	2014 \$
Staff costs (note 22)	35,416,142	46,250,113
Repairs and maintenance	6,057,860	9,672,817
Utilities	2,816,282	3,680,283
Advertising and promotions	456,421	446,040
Depreciation	6,569,158	8,268,704
Amortisation of deferred grant	(281,732)	(352,164)
Insurance	893,040	1,279,732
Professional fees	404,301	472,575
Other	6,879,684	4,484,825
	<u>59,211,156</u>	<u>74,202,925</u>

Included within other expenses above is Tranche I of a training grant in the amount of \$501,800 from Competency-Based Training Fund to offset training expenses incurred under pre-identified training programmes.

22 Staff costs

	2015 \$	2014 \$
Payroll costs and benefits	32,377,660	42,025,254
Pension expenses		
- defined benefit	2,256,571	3,195,431
- defined contribution	140,340	154,144
Post-retirement medical benefits	641,571	875,284
	<u>35,416,142</u>	<u>46,250,113</u>

(expressed in Barbados dollars)

23 Taxation

	2015 \$	2014 \$
Deferred tax credit (note 13)	<u>9,014,321</u>	<u>—</u>

The tax on the Company's net income for the period differs from the theoretical amount that would arise using the basic tax rate as follows:

	2015 \$	2014 \$
Net income for the year/period	<u>4,642,971</u>	<u>5,352,072</u>
Taxation calculated at 25% (2014 - 25%)	1,160,743	1,338,018
Expenses not deductible for tax purposes	931,248	657,415
Income not subject to tax	(79,087)	(102,410)
Market development and other allowances	(278,517)	(223,775)
Qualifying capital expenditure	(3,932,020)	(1,968,675)
Movement in deferred tax asset not recognised	(6,917,053)	459,023
Associated company's results reported net of tax	(95,263)	(159,596)
Under provision of deferred tax	<u>195,628</u>	<u>—</u>
	<u>(9,014,321)</u>	<u>—</u>

24 Tax losses

Tax losses of the Company which are available for set off against future taxable income for corporation tax purposes are as follows:

Year of income	Losses b/fwd \$	Utilised \$	Losses c/fwd \$	Expiry date
2007	11,690,396	(9,851,067)	1,839,329	2016
2008	1,855,292	—	1,855,292	2017
2011	<u>1,439,455</u>	<u>—</u>	<u>1,439,455</u>	<u>2020</u>
	<u>14,985,143</u>	<u>(9,851,067)</u>	<u>5,134,076</u>	

These losses are as computed by the Company in its corporation tax returns and have as yet neither been confirmed nor disputed by the Barbados Revenue Authority (formerly the Commissioner of Inland Revenue).

(expressed in Barbados dollars)

25 Qualifying capital expenditure

In accordance with the Barbados Port Inc. (Exemption from Taxation) Act, 2011-21 the Company is granted income tax concessions in respect of expenditure of a capital nature on the expansion or development of the Port. The approved capital expenditure available for deduction is as follows:

Year of income	B/fwd \$	Incurred \$	C/fwd \$	Expiry date
2011	258,792	—	258,792	2031
2012	12,686,611	—	12,686,611	2032
2014	7,874,699	—	7,874,699	2034
2015	—	15,728,078	15,728,078	2035
	<u>20,820,102</u>	<u>15,728,078</u>	<u>36,548,180</u>	

26 Financial risk management

a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity 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 Company's risk management policies are established to identify and analyse the risks faced by the Company, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and structured environment in which all employees understand their roles and obligations.

(expressed in Barbados dollars)

26 Financial risk management ...continued

a) Financial risk factors ...continued

i) 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 optimising the return.

1) Currency risk

The Company's exposure to currency risk arises from purchases that are denominated in a currency other than the functional currency of the Company mainly the US Dollar and from the US Dollar denominated long-term loan which it holds. This risk is however considered not to be significant as the US Dollar is fixed with the Barbados dollar.

2) Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to cash flow interest rate risk in respect of its term deposits and long term loans.

Management reviews the rates on a regular basis along with the cost of putting alternative financing in place to determine the most cost effective source of borrowings. Management has entered into long term loans which bear interest at fixed rates and hence limit the Company's exposure to cash flow interest rate risk.

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

Fixed rate instruments

	2015 \$	2014 \$
Financial assets	7,434,542	17,240,201
Financial liabilities	97,618,905	97,036,886

3) Price risk

The Company is exposed to price risk arising from changes in the equity price of its holding in the Insurance Corporation of Barbados Limited. If the equity price of Insurance Corporation of Barbados Ltd. was to increase or decrease by 10% with all other variables held constant, the fair value reserve within equity would increase or decrease by \$46,346 (2014 - \$49,999).

(expressed in Barbados dollars)

26 Financial risk management ...continued

a) Financial risk factors ...continued

ii) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company's credit risk arises principally from the Company's receivables from customers, loans and receivables and held-to-maturity investments.

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

	2015		2014	
	\$	%	\$	%
Cash and cash equivalents	2,357,612	13.27	3,076,920	10.91
Accounts receivable	7,535,693	42.41	7,386,042	26.20
Other receivables	439,830	2.48	487,358	1.73
Loans and receivables	7,434,542	41.84	9,594,732	34.04
Held-to-maturity investments	—	—	7,645,469	27.12
	<u>17,767,677</u>	<u>100.00</u>	<u>28,190,521</u>	<u>100.00</u>

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company's revenue is attributable to customers' credit sales and the demographics of the customers' geographical location, including default risk of the industry and the country in which customers operate. Credit is granted to authorised shipping agents only who are registered in a prescribed manner, and who are mandated to provide a bond through a financial institution as security to the Company. Additionally, shipping agents are normally required to pre-pay a deposit of ninety (90) percent of the anticipated revenue per ship visit. This has the effect of significantly reducing credit risk.

Management has instituted standard repayment periods for credit sales and monitors each receivable balance on a weekly basis with regard to credit sales granted and payments received.

(expressed in Barbados dollars)

26 Financial risk management ...continued

a) Financial risk factors ...continued

iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet reasonable expectations of short-term obligations. Where necessary, management seeks to renegotiate repayment terms on long term loans.

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying amount \$	Contractual cash flows \$	0 to 12 months \$	1 to 2 years \$	2 to 5 years \$	More than 5 years \$
2015						
Assets						
Cash	2,357,612	2,357,612	2,357,612	—	—	—
Accounts receivable	7,535,693	7,535,693	7,535,693	—	—	—
Other receivables	439,830	439,830	439,830	—	—	—
Financial investments	7,898,003	7,898,003	7,898,003	—	—	—
	<u>18,231,138</u>	<u>18,231,138</u>	<u>18,231,138</u>	<u>—</u>	<u>—</u>	<u>—</u>
Liabilities						
Long-term loans	97,618,905	172,635,321	46,710,619	23,967,964	68,540,887	33,415,851
Accounts payable	2,643,048	2,643,048	2,643,048	—	—	—
	<u>100,261,953</u>	<u>175,278,369</u>	<u>49,353,667</u>	<u>23,967,964</u>	<u>68,540,887</u>	<u>33,415,851</u>
Liquidity gap	<u>(82,030,815)</u>	<u>(157,047,231)</u>	<u>(30,112,529)</u>	<u>(23,967,964)</u>	<u>(68,540,887)</u>	<u>(33,415,851)</u>

(expressed in Barbados dollars)

26 Financial risk management ...continued

a) Financial risk factors ...continued

iii) Liquidity risk ...continued

	Carrying amount \$	Contractual cash flows \$	0 to 12 months \$	1 to 2 years \$	2 to 5 years \$	More than 5 years \$
2014						
Assets						
Cash	3,076,920	3,076,920	3,076,920	—	—	—
Accounts receivable	7,386,042	7,386,042	7,386,042	—	—	—
Other receivables	487,358	487,358	487,358	—	—	—
Financial investments	17,240,201	10,653,648	10,653,648	—	—	—
	<u>28,190,521</u>	<u>21,603,968</u>	<u>21,603,968</u>	<u>—</u>	<u>—</u>	<u>—</u>
Liabilities						
Long-term loans	97,036,886	116,295,335	34,690,096	19,273,718	49,547,187	12,784,334
Accounts payable	1,291,434	1,291,434	1,291,434	—	—	—
	<u>98,328,320</u>	<u>117,586,769</u>	<u>35,981,530</u>	<u>19,273,718</u>	<u>49,547,187</u>	<u>12,784,334</u>
Liquidity gap	<u>(70,137,799)</u>	<u>(95,982,801)</u>	<u>(14,377,560)</u>	<u>(19,273,718)</u>	<u>(49,547,187)</u>	<u>(12,784,334)</u>

(expressed in Barbados dollars)

26 Financial risk management ...continued

a) Financial risk factors ...continued

iv) Fair value of financial instruments

Financial instruments carried at fair value in the financial statements are measured in accordance with a fair value hierarchy. This hierarchy is as follows:

- Level 1 - unadjusted quoted prices in active markets for identical instruments.
- Level 2 - inputs other than quoted prices in Level 1 that are observable for the instrument, either directly or indirectly.
- Level 3 - inputs for the instrument that are not based on observable market data.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no data available to substantiate the frequency of market transactions of a financial instrument, then the Company does not consider the instrument to be traded in an active market.

The Company's equity securities in the Insurance Corporation of Barbados Limited have been designated a Level 1 financial asset.

b) Fair value of financial assets and liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

The fair value of available-for-sale financial instruments which are traded is based on quoted bid market prices at the date of the financial statements.

The Company's financial assets and liabilities as disclosed in the statement of financial position are considered by management to approximate their fair value except for loans and receivables and held-to-maturity financial investments and long-term loans, the fair values of which are disclosed in notes 9 and 14.

c) Capital risk management

The Company manages equity and long-term loans as capital. The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

There were no changes to the Company's approach to capital management during the year.

(expressed in Barbados dollars)

27 Contingent liabilities

As of March 31, 2015 and 2014, there exist a number of legal claims against the Company, the outcome of which could not be determined with reasonable certainty. No provision for any liability that may result has been made in these financial statements. Settlement, if any, concerning these claims, will be recorded in the period in which they are realized.

The Company has bonds in favour of the Comptroller of Customs in the amount of \$28,000.

28 Related party transactions

1) The following transactions were carried out with the associated company during the year/period:

	2015 \$	2014 \$
i) Portion of passenger head tax paid	727,993	4,721,175
ii) Security service charge	110,592	136,800

2) Key management

	2015 \$	2014 \$
Directors' fees	87,000	111,900
Salaries and other employee benefits	1,938,339	2,429,850

There were no loans to key management at March 31, 2015 and 2014.

Transactions with entities which have common directors of the Company are as follows:

	2015 \$	2014 \$
Rental income	57,920	287,640
Miscellaneous services	193,785	384,276
Cargo handling	6,720,376	11,641,306
	<u>6,972,081</u>	<u>12,313,222</u>
Brokerage fee expenses	<u>241,995</u>	<u>12,336</u>

(expressed in Barbados dollars)

29 Operating leases

The Company sublets parts of the property it leases from the Crown. The future minimum lease payments receivable under terms of the leases are as follows:

	2015 \$	2014 \$
Less than one year	1,291,255	1,387,255
Between one and five years	641,465	732,769
More than 5 years	8,712,500	8,822,532

During the year \$1,398,113 (2014 - \$2,136,010) was recognised as rental income in the statement of comprehensive income.

During the year, the Company entered into a fifteen year operating lease with Svitzer Barbados for the provision of tug charter services. The future minimum lease payments payable under the terms of the leases are as follows:

	2015 \$	2014 \$
No later than one year	2,694,858	—
Later than 1 year and no later than 5 years	10,757,343	—
Later than 5 years	26,889,676	—

30 Subsequent events

Subsequent to year end, on May 29, 2015, the Company received a loan of \$12 million from Barbados Tourism Investment Inc. The proceeds were used to finance the ongoing construction of Berth 5 (note 12).

(expressed in Barbados dollars)

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