

BARBADOS FARMS LIMITED



Annual Report
2017

TABLE OF CONTENTS

Corporate Information	3
Chairman's Statement	4
Directors' Report.	6
Independent Auditor's Report.	10
Statement of Financial Position	16
Statement of Changes in Equity	18
Statement of Comprehensive Income.	19
Statement of Cash Flows	20
Notes to Financial Statements	22
Notice of Annual Meeting	53
Management Proxy Circular	54
Form of Proxy	57

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Dodridge D Miller - Chairman
Dr M Patricia Downes-Grant - Deputy Chairman
Mr Martin A Brathwaite - Managing Director
Mr Patrick W Bethell, BSS, JP
Mr J Edward Clarke
Mr David O Wright

CORPORATE SECRETARY

Mr Andrew C Greaves, Attorney-at-Law

ASSISTANT CORPORATE SECRETARY

Mrs Althea C Hazzard, Attorney-at-Law

MANAGERS

Applewhaites and Buttals - Mr Wayne L Ward
Castle - Mr Anthony Deukett
Workshop - Mr Arnold C Bynoe

BANKERS

CIBC FirstCaribbean International Bank (Barbados) Ltd.

ATTORNEYS-AT-LAW

Carrington & Sealy

AUDITORS

PricewaterhouseCoopers SRL, Chartered Accountants

REGISTERED OFFICE

Cecil F de Caires Building
Willey, St Michael, BB15096
Barbados

CHAIRMAN'S STATEMENT

The Barbados Sugar Industry is in need of a clear medium term strategy for the resuscitation and sustainability of the industry. Critical to this strategy is a comprehensive funding strategy which allows the industry players to plan and execute their respective part in the re-development of the industry, with clarity and confidence. This was not the circumstances of 2015/2016 year, as financial challenges continued to plague the industry and negatively impacted the re-development efforts.

Within this environment, the 2016 harvest commenced on Monday, March 7, 2016 and concluded on Saturday, May 21, 2016. The harvest started one (1) month earlier than the previous year and the island's sugar cane production for 2016 was 83,369 tonnes compared to 116,106 in 2015, a decline of 28%. Sugar production declined from 10,384 tonnes in 2015 to 6,52, tonnes in 2016, a decline of 37%, which represents the lowest figures recorded by the industry to date.

Barbados Farms Limited produced 17,829 tonnes of cane in 2016, a decrease of 4,202 tonnes or 19% on the 2015 crop of 22,031 tonnes of cane.

The reduction in tonnage was mainly due to the following:

- Drought conditions which existed over the previous two years
- Late payment of agreed funding from Government, which affected the adequate and timely purchase and application of critical inputs.

Revenue from the sale of cultivated crops for 2015 and 2016 was as follows:

	2016	2015	Variance	%
	\$	\$	\$	
Cane Revenue	4,027,565	3,661,831	365,734	10.0%
Non Sugar Revenue	421,261	676,590	-255,329	-37.7%
Other Revenue	297,876	141,218	156,658	110.9%
Total Revenue	4,746,702	4,479,639	267,063	6.0%

Total revenue for the 2016 financial year was 6.0% higher than 2015. Revenue from sugar was \$4.0M, an increase of 10.0%, compared to \$3.7M for 2015, despite a decline in production. This resulted from an increased payment per acre under the Enhanced Cane Replanting Scheme (ECRIS) from \$900.00/acre to \$2,700.00/acre.

The final cane payment and Support Price for 2016 paid to Barbados Farms Limited was approximately \$158.00 per tonne.

Non sugar crop revenue declined by 37.7 %, due to the following:

- Drought conditions experienced prevented the planting of crops under rain-fed conditions
- Smaller acreage planted in yams due to insufficient planting material and reduced yields
- Inability to purchase supplies and reduced work week for employees due to lack of finance
- Revenue was further eroded by an increase in praedial larceny, and the additional costs incurred for employing security personnel to reduce incidences of theft.

Other revenue increased by 111% over 2015, which includes the sale of land and gas/oil royalties. The royalties received in 2016 was \$82,286 compared to \$141,218 in 2015, and the balance was derived from the sale of two lots at Bulkeley Heights and tenantry lots.

Approval was finally granted from TCPO for the development of Phase 1 (62 lots) at Carmichael Heights. Construction will commence in the first half of 2017. These lots are within the current market range, and the ideal location should generate keen interest from prospective home owners.

Planning permission has also been granted for the development of forty-four lots at Applewhaites, and these lots are also in the range of the current market demand. Construction on this development will commence after the completion of construction of Phase 1 at Carmichael Heights.

The company recorded a profit before taxation of \$3,913,982 for the year ended 30 June, 2016, compared to a loss of \$2,784,842 for the year ended 30 June, 2015. A net profit of \$31,402 was recorded after a deferred tax expense of \$3,882,580, compared to a net loss of \$2,033,867 in the year ended 30 June 2015.

Our management team will continue to focus on improving sugar cane yields, reducing operational costs, and improving the efficiency in our operations. The Company has consolidated harvesting and cultivation in an effort to reduce operating costs. Our biggest challenges continue to be the receipt of adequate and timely financial support from Government to assist us in proper farm management techniques, and maintaining a fleet of very old equipment that has exceeded its useful economic life.

On behalf of the Board, I would like to express our thanks to Management and Staff for their dedication and commitment to the Company, and to you, the Shareholders, for your continued understanding and support as we continue to face the challenges in these difficult times.

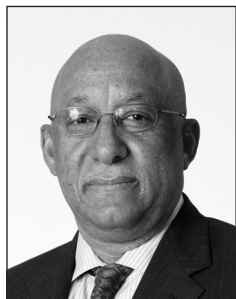


Dodridge D Miller
Chairman

8 March 2017

DIRECTOR'S REPORT

Board of Directors



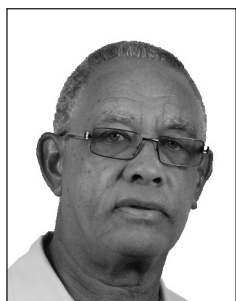
Board of Directors

Dodridge Miller is the Chairman of the Board. With over 25 years' experience in financial services and insurance, he is a Fellow of the Association of Certified Chartered Accountants (United Kingdom), and obtained his MBA from the University of Wales and Manchester Business School, United Kingdom. He holds an LLM in Corporate and Commercial Law from the University of the West Indies and, in October 2008, he was conferred with an Honorary Doctorate of Laws by the University of the West Indies. He is the President and Chief



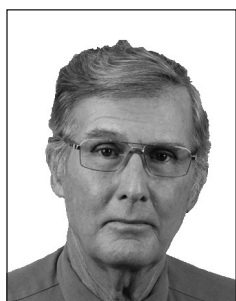
Executive Officer of the Sagicor Group and a Director of Sagicor Financial Corporation. He is also a Director of a number of subsidiaries within the Sagicor Group, which he joined in 1989.

Dr Patricia Downes-Grant, CBE, is Deputy Chairman of the Board. She holds an MA in Economics, an MBA in Finance and a Doctorate in Business Administration. She is the President and Chief Executive Officer of Sagicor Life Inc, where she has held many senior positions since joining the Group in 1991. She was previously a Senior Manager in the Management, Consulting and Insolvency Division of Coopers and Lybrand



(PricewaterhouseCoopers). Dr Downes-Grant is also a Director of a number of subsidiaries within the Sagicor Group.

Martin Brathwaite is the Managing Director. With more than 40 years' experience in agriculture, he has held this position since 2006. He is a former Agricultural Manager of Barbados Agricultural Management Co Ltd, and has extensive experience managing and supervising farms in Barbados. Mr Brathwaite is a Director of a number of companies operating in the agricultural sector in Barbados.



Patrick Bethell, BSS, JP, is an independent non-executive Director. He holds a Diploma of Agriculture from McDonald College, McGill University. He has made a significant contribution to the development of agriculture in Barbados over the last 40 years. Mr Bethell has worked in the industry and has served on a number of advisory committees relating to agriculture in Barbados. He has also served as a Director of numerous agricultural companies, and has represented both public and private sector interests on various boards and committees.



Edward Clarke is Chief Operating Officer of Sagicor Life Inc. Prior to this he held the position of Group Chief Internal Auditor. He is a Fellow of the Association of Chartered Certified Accountants and is a Certified Internal Auditor with more than 25 years' experience in the field of auditing and finance. Mr Clarke began his accounting career at Pannell Fitzpatrick & Company Chartered Accountants. He later joined Texaco and served as a senior member of its finance team in Barbados, Nigeria and the USA. Prior to joining Sagicor, Mr Clarke was the Chief Finance Officer of Goddard Enterprises Limited and is a Council Member of the Barbados Chamber of Commerce, the National Non-Communicable Diseases Commission and the University of the West Indies Campus Council. He is also Director of several subsidiaries within the Sagicor Group of Companies.



David Wright is an independent non-executive Director. He is a UK-qualified accountant and Chief Executive Officer of the HBW Management Group. He has over 25 years' experience in the international financial services sector, providing services to international business companies, exempt insurance companies and offshore banks. His areas of expertise include insurance and investment management, financial risk management, trading in precious metals, corporate restructuring, tax planning, and information technology. Mr Wright is also a Director of a number of subsidiaries within the Sagicor Group.

Directors' Interests

Directors' interests as at June 30, 2017 and as at the record date, March 15, 2018, are as follows:

	Shares as at June 30, 2017		Shares as at March 15, 2018	
	Number	%	Number	%
Dodridge D Miller	Nil	0	Nil	0
Martin A Brathwaite	76	< 1	76	< 1
Patrick W Bethell	Nil	0	Nil	0
Dr M Patricia Downes-Grant	Nil	0	Nil	0
Edward Clarke	Nil	0	Nil	0
David Wright	Nil	0	Nil	0

Interest of Significant Shareholder

The following Shareholder held more than 5% of the issued share capital as at June 30, 2017 and as at the record date, March 15, 2018.

	Shares as at June 30, 2017		Shares as at March 15, 2018	
	Number	%	Number	%
Sagicor Life Inc	15,876,631	77	15,876,631	77

Corporate Governance Report

The Board of Directors

The maximum number of Directors permitted by the Articles of Continuance of the Company is ten, and the minimum is two. The Board of Directors presently consists of six Members, two of whom are independent non-executive Directors. The remaining are the Managing Director of the Company, and Executives of the Company's principal shareholder, Sagicor Life Inc, or the Company's ultimate parent, Sagicor Financial Corporation. Non-executive Directors' sole compensation comprises fees paid in cash. For the financial year under review the total cumulative fees paid to independent non-executive Directors was \$16,000. Executives of the Company, the Company's principal shareholder, Sagicor Life Inc, and the Company's ultimate parent, Sagicor Financial Corporation, who serve as directors on the Company's Board are not paid Directors' fees.

Directors retire by rotation. The number of Directors to be elected at the Meeting is two. Dr M. Patricia Downes-Grant and Mr David O. Wright will retire at the end of the Meeting and, being eligible, are seeking re-election.

The Board of Directors considers that the quality, skills and experience of each Director enhance the Board's effectiveness. The training, skills and competencies of the various members of the Board, particularly relevant to the Company's operations, have been identified in the Competency Matrix below.

Directors' Skills and Experience	Dodridge Miller	Dr M Patricia Downes-Grant	Martin Brathwaite	Patrick Bethell	Edward Clarke	David Wright
General Management						
Agricultural Operations						
Agronomics						
Finance/Accounting						
Property Management and Development						
Strategic Planning						
Human Resource Management						
Regulatory						
Asset Management						
Risk Management						
Other: Education/Training						

Board Responsibilities

The Board of Directors is collectively responsible for providing entrepreneurial leadership, guidance and oversight to the Company, within a framework of prudent and effective controls that enable risks to be assessed and managed, with a view to maximizing shareholder wealth within the bounds of law and community standards of ethical behaviour. The Board's main responsibilities, which it executes through decision-making and oversight, include the supervision of senior management, strategic planning, enterprise risk management, succession planning, stakeholder communications, public disclosures, internal controls and Corporate Governance. The Board presently does not have any sub-committees, but ensures that it devotes adequate time to the in-depth discussion of all matters relating to the operations and business of the Company.

Board Operations

During 2016/2017, Management engaged the Board of Directors (BOD) 3 times in formal meetings. A record of Director attendance appears below:

	BOD	Percentage Attendance
Dodridge Miller	2 of 3	67
Dr M Patricia Downes-Grant	3 of 3	100
Martin Brathwaite	3 of 3	100
Patrick Bethell	1 of 3	33
Edward Clarke	3 of 3	100
David Wright	3 of 3	100

Board Committees

There are currently no sub-committees of the Board of Directors. The Company's Constitutive documents do not mandate such establishment and given the small size of the Board, directors consider that the affairs of the Company are best administered when the entire Board of Directors, as opposed to a segment thereof, exercise direct oversight over all major aspects of the Company's operations including governance and audit matters.

External Auditors' Fees

PricewaterhouseCoopers SRL are the Company's External Auditors. Following is a statement of the fees charged by the External Auditors for audit and non-audit services during 2015, 2016 and 2017.

Services	Fees Charged BD\$ (excluding VAT)		
	2014/2015	2015/2016	2016/2017
Audit	73,500	80,705	75,700
Non-Audit	4,197	4,300	4,275

Barbados Stock Exchange Corporate Governance Recommendations

The Company is listed on the Barbados Stock Exchange (the Exchange). On January 1, 2014, the Exchange's Corporate Governance Recommendations for Listed Companies came into force. These Recommendations require that all Listed Companies comply with the requirements contained therein regarding their corporate governance structure and various disclosures those companies are encouraged to include in their Annual Reports. Companies whose Board of Directors consider it desirable and in their Companies' best interest to deviate from any particular Recommendation, are required to explain such deviation. The Company continues the process of implementing the Recommendations. The Board and Management of the Company have committed to continued efforts to enhance corporate governance practices within the Company.

By Order of the Board of Directors



Andrew C Greaves
Corporate Secretary

March 26, 2018

Independent auditor's report

To the Shareholders of Barbados Farms Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Barbados Farms Limited (the Company) as at 30 June, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

Barbados Farms Limited's financial statements comprise:

- the statement of financial position as at 30 June, 2017;
 - the statement of comprehensive income for the year then ended;
 - the statement of changes in equity for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview



- Overall materiality: BDS\$1,170,000, which represents 1% of net assets
- In addition to determining materiality, we also assessed, amongst other factors, the following in designing our audit:
 - the risk of material misstatement in the financial statements
 - significant accounting estimates
 - the risk of management override of internal controls
- Valuation of the Company's Real Estate (Land and buildings and Investment property)

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	BDS\$1,170,000
How we determined it	1% of net assets
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, in our view, it is the principal indicator used by the entity's shareholders in making decisions. The Company is an asset based entity with substantial investment property and holdings of agricultural land and, whilst being a public company, net assets provide the most relevant benchmark to reflect the financial performance of the Company. We chose 1% which is within a range of acceptable benchmark thresholds.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above BDS\$58,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p>Valuation of the Company's Real Estate (Land and buildings and Investment property)</p> <p><i>See notes 2 (c, d & e), 10 and 11 to the financial statements.</i></p> <p>Land and buildings, included within Property, plant and equipment, are carried at fair value of BDS\$76 million at June 30, 2017 (see note 10, property, plant and equipment) and represent 58% of total assets of the Company.</p> <p>Investment property is carried at fair value of BDS\$40 million at June 30, 2017 (see note 11, Investment property) and represent 30% of total assets of the Company.</p> <p>These balances are material to the financial statements of the Company as a whole. Fair value in respect of these assets is by nature subjective, with significant judgement applied, and the existence of significant estimation</p>	<p>We engaged our own independent expert to assist us in assessing the appropriateness of the Company's valuation methodology and we confirmed that it was suitable for determining market value for the purposes of the financial statements in accordance with the financial reporting framework.</p> <p>We obtained the valuations performed by management's third party expert and, with the assistance of our own expert, assessed the appropriateness of the appraiser's scope of work and also assessed the experience, competence and objectivity of the appraiser. We determined that they were appropriately qualified and independent, confirming there was no affiliation to the</p>

uncertainty led us to direct specific audit focus and attention to this area.

The Company used an independent qualified property appraiser to value its Land and buildings and Investment property in the current year. The appraisals are performed using the market value approach which establishes the value of the property in comparison to historic sales involving similar properties.

The market value approach takes into consideration various assumptions and factors, the most significant of which are;

- location of properties
- physical features including size and landscaping
- age and condition of buildings
- quality of the facilities at the property
- demand for properties

A change in any of these assumptions and factors could have a significant impact on the valuation of the Company's Land and buildings and Investment property.

Other information

Management is responsible for the other information. The other information comprises the information presented in the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Company.

With the further assistance of our expert, we evaluated the appraisals provided by management's expert. This involved challenging the significant assumptions made by performing an independent assessment of the underlying data and the key assumptions used in the valuations, including consideration of any contrary evidence. We determined that the methodology and assumptions used by management's appraiser were appropriate and the work performed was consistent with accepted professional practices.

As a result of the above audit procedures, the evidence we obtained corroborated the carrying value of the Land and buildings and Investment property as determined by management.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michelle White-Ying.

Chartered Accountants
date

BARBADOS FARMS LIMITED
STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

	2017	2016
	\$	\$
Assets		
Current assets		
Cash in hand and at bank (note 5)	170,195	913,198
Trade and other receivables (note 6)	4,789,925	2,351,074
Corporation tax recoverable	173,634	172,254
Biological assets (note 7)	677,942	614,347
Inventory (note 8)	434,798	465,180
	<u>6,246,494</u>	<u>4,516,053</u>
Non-current assets		
Property, plant and equipment (note 10)	76,444,272	80,358,209
Investment property (note 11)	39,817,000	39,512,001
Development property (note 12)	9,005,931	8,935,473
	<u>125,267,203</u>	<u>128,805,683</u>
Total assets	<u>131,513,697</u>	<u>133,321,736</u>

BARBADOS FARMS LIMITED
STATEMENT OF FINANCIAL POSITION (continued)

AS AT JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

	2017	2016
	\$	\$
Liabilities and equity		
Current liabilities		
Trade and other payables (note 9)	1,280,391	820,650
Due to ultimate parent company (note 21)	2,634	–
Due to parent company (note 21)	5,424,351	4,513,285
Dividend payable	135,050	135,050
	<u>6,842,426</u>	<u>5,468,985</u>
Non-current liabilities		
Retirement benefit obligations (note 14)	4,329,003	4,591,090
Loan from a related company (note 21)	5,394,400	5,393,298
	<u>9,723,403</u>	<u>9,984,388</u>
Total liabilities	<u>16,565,829</u>	<u>15,453,373</u>
Equity		
Share capital (note 15)	2,060,729	2,060,729
Revaluation surplus	110,543,185	114,327,099
Retained earnings	2,343,954	1,480,535
	<u>114,947,868</u>	<u>117,868,363</u>
Total equity	<u>114,947,868</u>	<u>117,868,363</u>
Total liabilities and equity	<u>131,513,697</u>	<u>133,321,736</u>

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors on February 26, 2018


 Director


 Director

BARBADOS FARMS LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

	Share capital \$	Revaluation surplus \$	Retained earnings \$	Total \$
Balance at June 30, 2015	2,060,729	113,995,862	1,147,040	117,203,631
Total comprehensive income:				
Net income for the year	–	–	31,402	31,402
Other comprehensive income	–	565,253	68,077	633,330
Total comprehensive income	–	565,253	99,479	664,732
Transfer on disposal of land	–	(234,016)	234,016	–
Balance at June 30, 2016	2,060,729	114,327,099	1,480,535	117,868,363
Total comprehensive income:				
Net income for the year	–	–	676,466	676,466
Other comprehensive loss	–	(3,783,914)	186,953	(3,596,961)
Total comprehensive loss	–	(3,783,914)	863,419	(2,920,495)
Balance at June 30, 2017	2,060,729	110,543,185	2,343,954	114,947,868

The accompanying notes are an integral part of these financial statements.

BARBADOS FARMS LIMITED
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

	2017	2016
	\$	\$
Sale of cultivated crops	6,513,803	4,448,824
Cost of cultivation	(4,390,133)	(4,302,966)
Gross profit	2,123,670	145,858
General and administrative expenses (note 18)	(1,544,560)	(1,593,789)
Other income (note 19)	730,326	6,036,139
Income from operations	1,309,436	4,588,208
Finance expense	(696,668)	(674,226)
Income before taxation	612,768	3,913,982
Taxation credit/(expense) (note 17)	63,698	(3,882,580)
Net income for the year	676,466	31,402
Other comprehensive income:		
<i>Items net of tax that will not be reclassified subsequently to income:</i>		
Actuarial gains on retirement benefit obligations	186,953	68,077
Deferred tax on revaluation gain of property transferred to development property	–	(10,339)
Deferred tax on revaluation gain of development property transferred to investment property	–	575,592
Loss on revaluation of property	(3,783,914)	–
Other comprehensive (loss)/income for the year	(3,596,961)	633,330
Total comprehensive (loss)/income for the year	(3,920,495)	664,732
Earnings per share - basic and diluted (note 22)	3.28¢	0.15¢

The accompanying notes are an integral part of these financial statements.

BARBADOS FARMS LIMITED
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

	2017 \$	2016 \$
Cash flows from operating activities		
Income before taxation	612,768	3,913,982
Adjustments for:		
Depreciation	137,691	168,985
Gain in fair value of biological assets (net)	(63,595)	(167,543)
Unrealised gain in fair value of investment property	(304,999)	(5,570,645)
Gain on disposal of tenantry land	(4,786)	(202,129)
Gain on disposal of development property	–	(13,461)
Loss on disposal of property, plant and equipment	–	4
Finance expense	696,668	674,226
Pension plan expense	320,479	331,192
Post-retirement medical benefit expense	36,720	37,292
Operating profit/(loss) before changes in non-cash working capital balances	1,430,946	(828,097)
(Increase)/decrease in trade and other receivables	(2,438,851)	748,902
Decrease/(increase) in inventory	30,382	(27,942)
Increase in trade and other payables	459,741	12,686
Increase in amount due to ultimate parent company	2,634	–
Increase in amount due to parent company	617,519	156,697
Cash generated from operations	102,371	62,246
Finance cost paid	(402,019)	(369,980)
Income tax recovered	–	1,950
Pension contributions paid	(349,097)	(49,234)
Post-retirement medical benefits contribution paid	(20,918)	(21,028)
Net cash used in operating activities	(669,663)	(376,046)
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,668)	–
Development property costs incurred	(70,458)	(136,923)
Proceeds from disposal of tenantry land	4,786	202,129
Proceeds from disposal of development property	–	471,926
Net cash (used in)/generated from investing activities	(73,340)	537,132
Carried forward	(743,003)	161,086

BARBADOS FARMS LIMITED
STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

	2017	2016
	\$	\$
Brought forward	(743,003)	161,086
(Decrease)/increase in cash and cash equivalents	(743,003)	161,086
Cash and cash equivalents - beginning of year	913,198	752,112
Cash and cash equivalents - end of year	170,195	913,198

The accompanying notes are an integral part of these financial statements.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

1 General information

Historically, the principal activity of Barbados Farms Limited (the "Company") has been the operation of sugar farms and the cultivation of various crops. The Company also develops parcels of its own land for sale as residential lots. The Company is a subsidiary of Sagicor Life Inc. and its ultimate parent company is Sagicor Financial Corporation Limited. Sagicor Life Inc. holds 77% of the share capital of the Company. The Company is a limited liability company incorporated and domiciled under the Laws of Barbados and is listed on the Barbados Stock Exchange. Its registered office is located at the Cecil F. deCaires Building, Wildey, St. Michael.

2 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 the years 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, except for land and buildings included in property, plant and equipment, biological assets and investment property which are measured at fair value.

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 3.

i) *New standards interpretations and amendments to existing standards that are not yet effective and have been early adopted by the Company*

The Company has not early adopted any standards, amendments or interpretations.

ii) *New standards, amendments and interpretations issued but not effective for the financial year beginning July 1, 2016 and not early adopted*

Management has reviewed the new standards, amendments and interpretations to existing standards that are not yet effective and have determined that the following are relevant to the Company's operations. The Company has not early adopted the new standards, amendments and interpretations.

IFRS 15: 'Revenue from contracts with customers'. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risk and reward. Mandatory adoption is expected for fiscal year beginning July 1, 2018.

2 Significant accounting policies (continued)

a) Basis of preparation (continued)

ii) *New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company (continued)*

IFRS 9: 'Financial Instruments'. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities: It also includes an expected credit losses model that replaces the current incurred loss impairment model. The impact on the financial statements has not been assessed by the Company. The amendments are effective for periods beginning on or after January 1, 2018.

IFRS 16: 'Leases'. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements will be an increase in lease assets and financial liabilities. Mandatory adoption is expected for fiscal year beginning January 1, 2019.

Management is currently assessing the impact of these new standards on the Company's financial statements.

b) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

The Company has classified its financial assets as loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date which are included in non-current assets. The Company's loans and receivables comprise cash and cash equivalents and trade and other receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Refer to note 2(i) for measurement and impairment policy on trade receivables.

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 reporting date, the following items were classified as financial liabilities: trade and other payables, due to ultimate parent, due to parent company and loan from a related company.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

2 Significant accounting policies (continued)

c) Real estate

The Company's real estate is classified as follows:

- Property, plant and equipment
- Investment property
- Development property

The accounting policies for these real estate classifications are set out in notes 2(d), 2(e) and 2(f).

d) Property, plant and equipment

Real estate within property, plant and equipment comprises land and buildings which are currently utilised in the Company's operations. These freehold land and buildings are carried at valuations performed every three years by independent valuers, less subsequent depreciation on buildings plus subsequent additions.

All other property, plant and equipment are stated at historical cost less accumulated depreciation. Subsequent expenditure is capitalised when it will result in future economic benefits to the Company. Repairs and maintenance expenses are charged to the statement of comprehensive income during the financial period in which they are incurred. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in other income/expenses in the statement of comprehensive income.

Depreciation is computed on the straight line method at rates considered adequate to write off the cost or valuation of depreciable property, plant and equipment, less salvage, over their useful lives.

The estimated useful lives are as follows:

Freehold buildings	50 years
Agricultural equipment	5 to 20 years
Computer equipment	5 years

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate. 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.

Consistent with the accounting policy of the Company's ultimate parent, the Company does not make an annual transfer from the revaluation surplus to retained earnings for the difference between depreciation based on the re-valued carrying amount of buildings and depreciation based on the original cost of buildings.

Increases in the carrying amount arising on revaluation of assets are credited to other comprehensive income and shown as revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation surplus directly in equity; all other decreases are charged against net profit for the year.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

2 Significant accounting policies (continued)

d) Property, plant and equipment (continued)

On disposal of land and buildings, the amount included in the revaluation surplus is transferred to retained earnings.

e) Investment property

Investment properties comprise land and buildings owned but not occupied by the Company and held to earn rental income or held for capital appreciation with possible future development potential.

Investment properties are recorded initially at cost and are subsequently carried at fair value, representing open market value determined annually by independent qualified external valuers. Any appreciation or depreciation in value is taken to the statement of comprehensive income as a fair value gain or loss.

Transfers to or from investment property are recorded when there is a change in use of the property. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting purposes. If any actions are taken to develop or sell investment property, it is reclassified as development property, and its fair value at the date of reclassification also becomes its deemed cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in accordance with IAS 16 and its fair value in the same way as a revaluation in accordance with IAS 16.

f) Development property

Development properties are classified and stated at the lower of carrying value and fair value less cost to sell. In the case of transfers from investment property or property, plant and equipment, the cost is deemed to be the carrying value at the date of the transfer.

Land under development or held for sale is classified as development property when actions are taken to either develop or sell the land. Development property includes all land acquisition and development costs included prior to sale. Gains and losses realised on the sale of development property are included in other income/expenses in the statement of comprehensive income at the time of sale. In the case of development property that was transferred from property, plant and equipment, the related revaluation surplus is transferred to retained earnings when the property is sold. Sale is recognised upon execution of the conveyance.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

2 Significant accounting policies (continued)

g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out basis. The cost of cultivation balance comprises of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

h) Biological assets

Biological assets are cultivated crops produced by the Company and are measured at their fair value less estimated point-of-sale costs. The fair value is determined based on a percentage of the average price currently paid in the local market and the estimated stage of maturity. The determination of this fair value requires the use of a degree of judgement and assumptions regarding the estimated stage of maturity of crops. The Company has determined that there are no significant point-of-sale costs for its cultivated crops.

i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. 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.

j) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short term deposits with an original maturity of three months or less.

k) Taxation

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable income for the year, which differ from the income before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current tax is calculated at tax rates that have been enacted at reporting date.

The Company follows the liability method of accounting for deferred income 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 which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

2 Significant accounting policies (continued)

l) Employee benefits

i) Pension obligation

The Company participates in a defined benefit pension plan for its employees, which is managed by its parent. The assets of the plan are held in a separate fund administered by a Trustee. The scheme is generally funded through payments from the employees and the company, and determined by periodic, independent actuarial calculations.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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 reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries 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 government bonds for the maturity dates of the related liability.

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

ii) Other retirement benefits

The Company also provides post-retirement healthcare benefits to its employees, pensioners and their registered dependents. These benefits are funded by contributions from the Company. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined pension plans.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the other comprehensive income and retained earnings in the period in which they arise. This obligation is valued by independent qualified actuaries.

iii) Profit-sharing bonus plan

The Company recognises a liability and an expense for bonuses and profit-sharing, based on various profit and other objectives. An accrual is recognised where there are contractual obligations or where past practice has created a constructive obligation.

2 Significant accounting policies (continued)

m) 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 entity 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.

n) Dividend distribution

Dividend distributions on the Company's shares are recorded in the period during which the dividend declaration has been approved by the directors.

o) Revenue recognition

Revenue from the sale of cultivated crops represents the fair value of consideration received or receivable on delivery of the crops to the buyer. The change over the accounting period in the fair value less estimated point of sale costs of biological assets on hand is recognised in revenue.

The Company sells its sugar cane crop to the Barbados Agricultural Management Company (BAMC) which is an agency of government. Sugar cane sales are recognised on the delivery of canes to the BAMC. Government price support is generally received some months after the end of the crop and is recognised at that time or when there is reasonable assurance of receipt.

Interest income is recognised on the accrual basis using the effective yield method.

Gains and losses realised on the sale of land are included in other income upon execution of the conveyance. Rental income from leased lands is recognised on an accruals basis. Royalties arising from oil extracted from certain leased lands is recognised when received, as the Company does not possess the information necessary to accrue a reliable estimate.

2 Significant accounting policies (continued)

p) 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 the asset's fair value less cost to sell and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer who makes strategic decisions. He is also the Chairman of the Board of Directors. The Company currently does not disaggregate its reporting on a segment basis.

3 Critical accounting estimates and judgements

a) Real estate

Except for development property, the Company's real estate is carried at fair values determined by independent valuers. The determination of fair value of the Company's land involves a significant degree of judgment. The valuation of a parcel of land reflects an assessment of the current use of the land, the potential future use of the land, and government policy regarding the future use of the land.

The impact of an across-the-board adjustment of 10% increase to the fair value of real estate on the total comprehensive income is an increase of \$11,623,100 (2016 - \$11,983,392) and a 10% decrease to the fair value of real estate on total comprehensive income is a decrease of \$11,623,100 (2016 - \$11,983,392).

b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies.

c) Employee retirement 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, 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 14.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

4 Financial risk management

The Company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Market risk

i) Foreign exchange risk

The Company has limited transactions in foreign currencies and if any arise it is mainly for purchases of supplies. These transactions are denominated mainly in United States dollars. Since there are fixed exchange rates between the Barbados dollar and United States dollar there is no significant exposure to foreign exchange risk.

ii) Interest rate risk

The loans from the related companies bear interest at a fixed rate of 7.50% per annum and are repayable within three (3) years or on demand. The Company therefore is not exposed to significant interest rate risk.

iii) Price risk

The Company is not exposed to price risk as it does not hold any equity investments.

b) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Credit limits are defined for each customer. The approval process is undertaken on an individual basis before management provides credit to customers. The Company evaluates the financial institutions with which it places cash and cash equivalents. Only reputable financial institutions with high credit ratings are considered.

The maximum credit risk exposure is as follows:

	2017	2016
	\$	\$
Cash and cash equivalents	170,195	913,198
Trade and other receivables	4,789,925	2,351,074
	<u>4,960,120</u>	<u>3,264,272</u>

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

4 Financial risk management (continued)

c) 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.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date 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.

	Less than 1 year \$	More than 1 year \$	Total \$
At June 30, 2017			
Trade and other payables	1,280,391	–	1,280,391
Loan from a related company	34,144	5,360,256	5,394,400
Due to ultimate parent company	2,634	–	2,634
Due to parent company	5,424,351	–	5,424,351
Dividend payable	135,050	–	135,050
	6,876,570	5,360,256	12,236,826
At June 30, 2016			
Trade and other payables	820,650	–	820,650
Loan from a related company	33,042	5,360,256	5,393,298
Due to parent company	4,513,285	–	4,513,285
Dividend payable	135,050	–	135,050
	5,502,027	5,360,256	10,862,283

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

4 Financial risk management (continued)

d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and in order to provide adequate returns to shareholders. The principal capital resources of the Company are as follows:

	2017	2016
	\$	\$
Shareholders' equity	114,947,868	117,868,363
Loan from a related company	5,394,400	5,393,298
	<u>120,342,268</u>	<u>123,261,661</u>

The loan from a related company has been entered into to assist in the financing of development costs incurred in the readying of development property for sale. It is anticipated that the loan will be repaid from the sale proceeds from development property.

e) Fair value of financial assets and liabilities

The fair values of financial assets and liabilities are not considered to be materially different from their carrying amounts.

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

f) Fair value of property

Investment property and owner-occupied property are carried at fair value as determined by independent valuations using internationally recognised valuation techniques. Direct sales comparisons, when such data is available, and income capitalisation methods, when appropriate, are included in the assessment of fair values. The highest and best use of a property is considered in determining its fair value.

Some tracts of land are currently used for farming operations, are un-developed or are leased to third parties. In determining the fair value of all lands, their potential for development within a reasonable period is assessed, and if such potential exist, the fair value reflects that potential.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

4 Financial risk management (continued)

f) Fair value of property (continued)

The fair value hierarchy has been applied to the valuations of the Company's property. The different levels of hierarchy are as follows:

- Level 1 - fair value is determined by quoted, unadjusted prices in active markets for identical assets;
- Level 2 - fair value is determined by inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly; and
- Level 3 - fair value is determined from inputs that are not based on observable market data.

The results of applying the fair value hierarchy to the Company's property are as follows:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2017				
Investment property	–	–	39,817,000	39,817,000
Freehold land	–	–	70,464,000	70,464,000
Freehold buildings	–	–	5,950,000	5,950,000
	–	–	116,231,000	116,231,000
2016				
Investment property	–	–	39,512,001	39,512,001
Freehold land	–	–	74,369,914	74,369,914
Freehold buildings	–	–	5,952,000	5,952,000
	–	–	119,833,915	119,833,915

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

4 Financial risk management (continued)

f) Fair value of property (continued)

For Level 3 investment property, reasonable changes in fair value would affect net income. For Level 3 owner occupied property, reasonable changes in fair value would affect other comprehensive income. The following table represents the movements in Level 3 property for the current year.

	Investment Property \$	Freehold Land \$	Freehold Buildings \$	Total \$
Balance, beginning of year	39,512,001	74,369,914	5,952,000	119,833,915
Depreciation charge	–	–	(124,000)	(124,000)
Loss on property revaluation	–	(3,905,914)	122,000	(3,783,914)
Unrealised gain in fair value of investment property	304,999	–	–	304,999
Balance, end of year	<u>39,817,000</u>	<u>70,464,000</u>	<u>5,950,000</u>	<u>116,231,000</u>

5 Cash in hand and at bank

	2017 \$	2016 \$
Cash in hand	9,421	4,246
Cash at bank	160,774	908,952
	<u>170,195</u>	<u>913,198</u>

Significant concentration of cash is as follows:

	2017 \$	2016 \$
CIBC FirstCaribbean International Bank Limited (unrated)	<u>71,343</u>	<u>819,464</u>

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

6 Trade and other receivables

	2017	2016
	\$	\$
Trade receivables	4,065,647	1,810,941
Other receivables	759,395	575,250
Less: provision for impairment of receivables	(35,117)	(35,117)
	4,789,925	2,351,074

Trade receivables of \$3,877,794 (2016 - \$1,665,547) relate to amounts due from the BAMC primarily for final cane payments and are deemed to be current and not impaired.

The carrying value of accounts receivable is considered to approximate fair value because of their short term maturity. The maximum exposure to credit risk on receivables is the carrying value disclosed above. The Company does not hold any collateral security on these receivables.

As at June 30, 2017, other receivables at a nominal value of \$35,117 (2016 - \$35,117) were impaired and fully provided for.

The movements in the provision for impairment of receivables are as follows:

	2017	2016
	\$	\$
Balance - beginning and end of year	35,117	35,117

With respect to trade receivables and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations since the Company trades only with recognised, creditworthy third-parties.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

7 Biological assets

	2017 \$	2016 \$
Sugar cane	644,870	537,946
Food crops	33,072	76,401
	<u>677,942</u>	<u>614,347</u>

Reconciliation of carrying amount:

	2017 \$	2016 \$
Balance at July 1	614,347	446,804
Gain arising from changes in fair value less estimated point-of-sale costs	6,577,398	4,616,367
Decrease due to sales	(6,513,803)	(4,448,824)
	<u>677,942</u>	<u>614,347</u>

8 Inventory

	2017 \$	2016 \$
Fertilizers and herbicides	44,959	79,533
Parts, petrol and oils	389,839	385,647
	<u>434,798</u>	<u>465,180</u>

9 Trade and other payables

	2017 \$	2016 \$
Trade payables	790,019	633,709
Accrued liabilities	101,858	134,211
Deposits on land	50,530	49,990
Other payables	337,984	2,740
	<u>1,280,391</u>	<u>820,650</u>

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have an average settlement period of six months. Deposits on land are transferred to sales when the lands to which they relate are sold.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

10 Property, plant and equipment

	Freehold land \$	Freehold buildings \$	Agricultural equipment \$	Computer equipment \$	Total \$
At June 30, 2015					
Cost	76,104,959	6,200,000	11,654,752	50,610	94,010,321
Accumulated depreciation	–	(124,000)	(11,593,443)	(30,635)	(11,748,078)
Net book amount	76,104,959	6,076,000	61,309	19,975	82,262,243
Year ended June 30, 2016					
Opening net book value	76,104,959	6,076,000	61,309	19,975	82,262,243
Transfer to development property	(43,651)	–	–	–	(43,651)
Transfer to investment property	(8,110,258)	–	–	–	(8,110,258)
Transfer from investment property	6,418,864	–	–	–	6,418,864
Disposal	–	–	(83,249)	–	(83,249)
Disposal depreciation	–	–	83,245	–	83,245
Depreciation charge	–	(124,000)	(40,562)	(4,423)	(168,985)
Closing net book amount	74,369,914	5,952,000	20,743	15,552	80,358,209
At June 30, 2016					
Cost	74,369,914	6,200,000	11,571,503	50,610	92,192,027
Accumulated depreciation	–	(248,000)	(11,550,760)	(35,058)	(11,833,818)
Net book amount	74,369,914	5,952,000	20,743	15,552	80,358,209

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

10 Property, plant and equipment (continued)

	Freehold land \$	Freehold buildings \$	Agricultural equipment \$	Computer equipment \$	Total \$
At June 30, 2016					
Cost	74,369,914	6,200,000	11,571,503	50,610	92,192,027
Accumulated depreciation	–	(248,000)	(11,550,760)	(35,058)	(11,833,818)
Net book amount	74,369,914	5,952,000	20,743	15,552	80,358,209
Year ended June 30, 2017					
Opening net book value	74,369,914	5,952,000	20,743	15,552	80,358,209
Additions	–	–	6,060	1,608	7,668
Depreciation charge	–	(124,000)	(8,974)	(4,717)	(137,691)
Revaluation (loss)/gain	(3,905,914)	122,000	–	–	(3,783,914)
Closing net book amount	70,464,000	5,950,000	17,829	12,443	76,444,272
At June 30, 2017					
Cost	70,464,000	5,950,000	11,577,563	52,218	88,043,781
Accumulated depreciation	–	–	(11,559,734)	(39,775)	(11,599,509)
Net book amount	70,464,000	5,950,000	17,829	12,443	76,444,272

The Company's land and buildings were revalued on June 30, 2017 by independent valuers. Valuations were made on the basis of recent market transactions on arm's length terms.

The carrying value of freehold land and buildings stated at revalued amounts had they been carried at historical cost, would have been \$1,874,150 (2016 - \$1,874,150) and \$918,918 (2016 - \$941,312) respectively.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

11 Investment property

	2017	2016
	\$	\$
Balance at beginning of year	39,512,001	31,140,871
Transfers to property, plant and equipment (note 10)	–	(6,418,864)
Transfers from property, plant and equipment (note 10)	–	8,110,258
Transfers to development property (note 12)	–	(1,200,000)
Transfers from development property (note 12)	–	2,309,091
Unrealised gain in fair value of investment property (note 19)	304,999	5,570,645
	<hr/>	<hr/>
Balance at end of year	39,817,000	39,512,001

An independent valuation of the Company's investment property was performed by valuers as at June 30, 2017. As a result, the fair value of investment property increased by \$304,999.

12 Development property

	2017	2016
	\$	\$
Balance at beginning of year	8,935,473	10,322,455
Development cost incurred	70,458	136,923
Disposals	–	(458,465)
Transfers from property, plant and equipment (note 10)	–	43,651
Transfers from investment property (note 11)	–	1,200,000
Transfers to investment property (note 11)	–	(2,309,091)
	<hr/>	<hr/>
Balance at end of year	9,005,931	8,935,473

There were no transfers from property, plant and equipment or investment property to development property during the current year.

In the prior year, lands valued at \$43,651 and \$1,200,000 were transferred from property, plant and equipment and investment property respectively, as actions were taken to develop the lands. Similarly, lands at carrying value of \$2,309,091 were transferred to investment property as the Company sought approval for amended development plans. No such transfers occurred during 2017.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

13 Deferred income tax asset

The deferred income tax asset is comprised of the following:

	2017	2016
	\$	\$
Bad debt provision	8,779	8,779
Delayed tax depreciation	613,278	531,858
Retirement benefit obligations	1,082,251	1,147,772
Biological assets	(169,486)	(153,587)
Unrealised fair value gain on development property	(1,534,822)	(1,534,822)
	—	—

As at June 30, 2017, the amount of \$4,462,616 (2016 - \$4,493,720), representing the potential deferred tax asset was not recognised as it was determined that it was not probable that there would be future taxable profits against which the tax benefit would be realised.

The movement on the deferred tax asset account is as shown below:

	2017	2016
	\$	\$
At July 1	—	3,340,019
<i>Recognised in profit and loss</i>		
Tax expense/(credit)	62,318	(3,882,580)
<i>Recognised in other comprehensive income:</i>		
Actuarial gains on retirement benefit obligations	(62,318)	(22,692)
Revaluation gain of property transferred to development property	—	(10,339)
Revaluation gain of development property transferred to investment property	—	575,592
At June 30	—	—

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

13 Deferred income tax asset (continued)

The Company has tax losses amounting to \$17,646,362 (2016 - \$17,458,785), which are available for set off against future taxable income.

The losses have neither been confirmed nor disputed by the Barbados Revenue Authority.

Income year	B/f \$	(Utilised) \$	Incurred \$	Expired \$	C/f \$	Expiry date
2008	122,660	—	—	(122,660)	—	2017
2009	1,835,449	—	—	—	1,835,449	2018
2010	1,971,505	—	—	—	1,971,505	2019
2011	2,689,599	—	—	—	2,689,599	2020
2012	974,104	—	—	—	974,104	2021
2013	1,776,022	—	—	—	1,776,022	2022
2014	3,425,559	—	—	—	3,425,559	2023
2015	2,742,280	—	—	—	2,742,280	2022
2016	1,921,607	—	—	—	1,921,607	2023
2017	—	—	310,237	—	310,237	2024
	17,458,785	—	310,237	(122,660)	17,646,362	

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

14 Retirement benefit obligations

Employees of the Company are members of the Sagicor Life Barbados & Eastern Caribbean Pension Plan. The Plan provides defined benefits based on final salary and number of years active service.

The pension plan is registered with the local regulatory authority and is governed by a Trust Deed which conforms to the relevant laws. The Plan is managed by the parent company, under the direction of the appointed Trustees.

Retirees of the Company also receive medical insurance benefits. The Company provides a subsidy to former employees who retired before January 1, 2012.

Annual valuations of the pension and medical benefits are conducted by an independent actuary for the purpose of preparing the Company's financial statements.

The amount recognised in statement of financial position is as follows:

	Pension benefits		Post-retirement medical benefits	
	2017 \$	2016 \$	2017 \$	2016 \$
Fair value of plan assets	44,541	82,463	–	–
Present value of funded retirement obligation	(3,959,811)	(4,229,947)	–	–
	(3,915,270)	(4,147,484)	–	–
Present value of unfunded retirement obligations	–	–	(413,733)	(443,606)
Net liability - end of year	(3,915,270)	(4,147,484)	(413,733)	(443,606)
			2017 \$	2016 \$
Pension benefits			(3,915,270)	(4,147,484)
Post-retirement medical benefits			(413,733)	(443,606)
Retirement obligations - end of year			(4,329,003)	(4,591,090)

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

14 Retirement benefit obligations (continued)

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

	Pension benefits		Post-retirement medical benefits	
	2017 \$	2016 \$	2017 \$	2016 \$
Fair value of plan assets				
- beginning of year	82,463	376,126	–	–
Benefits paid	(403,343)	(350,606)	(20,918)	(21,028)
Administration and other non-plan management expenses	7,808	(8,813)	–	–
Employer contributions	349,097	49,234	20,918	21,028
Employee contributions	7,404	7,509	–	–
<i>Remeasurements:</i>				
Return on plan assets	1,112	9,013	–	–
Fair value of plan assets - end of year	44,541	82,463	–	–

The assets of the plan are invested in a bonds fund.

The amounts recognised in the statement of comprehensive income are as follows:

	Pension benefits		Post-retirement medical benefits	
	2017 \$	2016 \$	2017 \$	2016 \$
Current service cost	20,671	19,857	3,033	2,981
Administration and other non-plan management expenses	(7,808)	8,813	–	–
Net interest on the defined benefit liability	307,616	302,522	33,687	34,311
Net expense included in the statement of comprehensive income (staff costs) (note 20)	320,479	331,192	36,720	37,292

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

14 Retirement benefit obligations (continued)

The amounts recognised in the statement of other comprehensive income are as follows:

	Pension benefits		Post-retirement medical benefits	
	2017 \$	2016 \$	2017 \$	2016 \$
<i>Remeasurements:</i>				
Gain from change in assumptions	(13,721)	–	–	–
Experience gain	(193,339)	(75,114)	(45,675)	(24,404)
Return on plan assets excluding amounts included in interest expense	3,464	8,750	–	–
Net expense recognised in other comprehensive income	(203,596)	(66,364)	(45,675)	(24,404)

Changes in the present value of the defined benefit obligation are:

	Pension benefits		Post-retirement medical benefits	
	2017 \$	2016 \$	2017 \$	2016 \$
Present value of funded obligations				
- beginning of year	4,229,947	4,308,016	443,606	451,746
Current service cost	20,671	19,857	3,035	2,981
Past service cost	–	–	–	–
Interest cost	312,192	320,285	33,685	34,311
Employee contributions	7,404	7,509	–	–
<i>Remeasurements:</i>				
Actuarial gains	(207,060)	(75,114)	(45,675)	(24,404)
Benefits paid	(403,343)	(350,606)	(20,918)	(21,028)
Present value of funded obligations - end of year	3,959,811	4,229,947	413,733	443,606

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

14 Retirement benefit obligations (continued)

The movement in the pension liability recognised in the statement of financial position is as follows:

	Pension benefits		Post-retirement medical benefits	
	2017 \$	2016 \$	2017 \$	2016 \$
Balance - beginning of year	(4,147,484)	(3,931,890)	(443,606)	(451,746)
Pension plan expense included in the statement of comprehensive income (note 20)	(320,479)	(331,192)	(36,720)	(37,292)
Pension contributions paid	349,097	49,234	20,918	21,028
Remeasurement included in other comprehensive income	203,596	66,364	45,675	24,404
Balance - end of year	(3,915,270)	(4,147,484)	(413,733)	(443,606)

Maturity profile of the defined benefit obligations:

	Less than 1 year (Year 1)	Between 1-2 years (Year 2)	Between 2-5 years (Yrs 3-5)	Over 5 years (Yrs 6-10)
Projected pension benefit payments	365,000	375,000	1,116,000	1,764,000
Projected post-retirement benefit payments	27,000	32,000	114,000	249,000

The duration of the Company's liabilities were calculated as 8.35 years and 9.88 years for the Company's pension and post-retirement medical benefits plans respectively.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

14 Retirement benefit obligations (continued)

The principal actuarial assumptions used were as follows:

	Pension benefits		Post-retirement medical benefits	
	2017 \$	2016 \$	2017 \$	2016 \$
Discount rate	7.75%	7.75%	7.75%	7.75%
Expected return on plan assets	7.75%	7.75%	–	–
	2.00%	2.00%		
	Yrs 1-3; 2.50%	Yrs 1-4; 3.25%		
	per annum thereafter	per annum thereafter		
Future salary increases	2.00%	2.00%	–	–
Future pension increases	2.00%	2.00%	–	–
Portion of employees opting for early retirement	–	–	–	–
Future changes in NIS ceilings	3.50%	3.50%	–	–
Long term increase in health costs	–	–	4.25%	4.25%
Mortality	UP94 to 2017 with projection Scale AA	UP94 to 2016 with projection Scale AA	UP94 to 2017 with projection Scale AA	UP94 to 2016 with projection Scale AA
Termination of active members				
- Barbados Farms Sagicor members	Nil	Nil	Nil	Nil
- Barbados Farms BS&T members	See table below	See table below		
Early retirement				
- Barbados Farms Sagicor members	Nil	Nil	Nil	Nil
- Barbados Farms BS&T members	40% of eligible Members from age 60 and 15% at each age thereafter. All remaining Members at age 65.		40% of eligible Members from age 60 and 15% at each age thereafter. All remaining Members at age 65.	

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

14 Retirement benefit obligations (continued)

Termination rates for Barbados Farms BS&T members:

Age	Percentage of Members leaving Service	
	Males	Females
20	10.0%	15.0%
30	8.4%	13.6%
40	5.1%	6.0%
50	2.1%	1.0%
55	0.0%	0.0%

The sensitivity of the retirement benefit obligations to individual changes in actuarial assumptions is summarised below:

	Pension Benefit \$	Post- retirement medical benefit \$
Base pension obligation	3,959,811	413,733
Change in assumption:		
Reduce discount rate by 1% p.a.	4,315,452	458,022
Increase discount rate by 1% p.a.	3,655,096	376,253
Reduce salary increase by 0.5% p.a.	3,944,951	N/a
Increase salary increase by 0.5% p.a.	3,975,407	N/a
Reduce pension increase by 0.5% p.a.	3,803,054	N/a
Increase pension increase by 0.5% p.a.	4,127,249	N/a
Reduce medical premium increase by 1% p.a.	N/a	368,091
Increase medical premium increase by 1% p.a.	N/a	466,486
Increase average life expectancy by 1 year	4,135,268	429,807

The sensitivity analysis has been prepared based on a change in assumption while holding all others constant. The sensitivity analysis presented above may not therefore be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the sensitivity analysis the present values of the retirement benefit obligations has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the retirement benefit obligations recognised in the statement of financial position.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

15 Share capital

Authorised

An unlimited number of common shares of no par value.

Issued

	2017	2016
	\$	\$
20,607,294 common shares (2016 - 20,607,294 common shares)	2,060,729	2,060,729

16 Contingencies and commitments

The Company has no contingent liabilities in respect of legal claims or any other matter in the ordinary course of business.

There are no significant capital expenditure contracted for at the reporting date but not yet incurred.

17 Taxation

	2017	2016
	\$	\$
Current tax credit	(1,380)	–
Deferred tax (credit)/expense	(62,318)	3,882,580
	(63,698)	3,882,580

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the basic tax rate of Barbados as follows:

	2017	2016
	\$	\$
Income before taxation	612,768	3,913,982
Tax calculated at the applicable statutory rate of 25% (2016 - 25%)	153,192	978,496
Tax effect of the following items:		
Agricultural cash rebate	(1,380)	–
Expired tax losses	30,665	41,520
Movement in deferred tax asset not recognised	(31,103)	4,452,201
Over provision of prior year deferred tax asset	–	(11,112)
Income not subject to tax	(77,447)	(1,443,194)
Expenses not deductible for tax purposes	31,000	33,294
Tax allowances	(168,625)	(168,625)
Tax (credit)/expense for the year	(63,698)	3,882,580

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

18 General and administrative expenses

	2017	2016
	\$	\$
Bank charges	3,188	3,258
Building and maintenance	53,445	53,854
Central office charges	30,777	7,419
Depreciation (note 10)	137,691	168,985
Directors' fee	7,869	11,805
Discounts	(162)	(99)
Electricity	26,034	24,141
Freight	7,111	1,582
Fuel and lubricants	8,266	9,074
Insurance and licences	49,595	46,988
Miscellaneous	25,890	21,614
Professional fees	359,842	420,002
Property tax	333,978	280,712
Staff costs (note 20)	443,870	468,166
Stationery	5,584	17,430
Subscriptions	2,410	2,520
Telephone	22,360	24,454
Water facilities	26,812	31,884
	1,544,560	1,593,789

19 Other income/(expense)

	2017	2016
	\$	\$
Gain in fair value of biological assets	63,595	167,543
Gain on sale of development property	–	13,461
Gain on sale of tenantry land	4,786	202,129
Miscellaneous income	–	75
Oil and gas royalties	75,144	82,286
Refund of wages	281,802	–
Unrealised gain in fair value of investment property (note 11)	304,999	5,570,645
	730,326	6,036,139

There were no sales of development property during the year.

Gain on sale of development property during 2016 represents the sales proceeds of \$471,926 on three (3) residential lots net of related cost of \$458,465.

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

20 Staff costs

	2017	2016
	\$	\$
Salaries	503,105	526,152
Wages	1,624,775	1,556,253
Other salary and wages expenses	157,500	122,675
National insurance	231,024	243,182
Medical cost	27,958	8,972
Pension and post-retirement medical benefits (note 14)	357,199	368,484
	<u>2,901,561</u>	<u>2,825,718</u>

Included in the total staff cost balance above, is \$443,870 (2016 - \$468,166) which has been allocated to general and administrative expenses. The remaining staff cost balance is included within the total cost of cultivation.

21 Related party balances and transactions

	2017	2016
	\$	\$
Loan interest payable		
Loan interest payable - Globe Finance Inc.	<u>34,144</u>	33,042
Due to a related company		
Loan from Globe Finance Inc.	<u>5,360,256</u>	5,360,256
	<u>5,394,400</u>	5,393,298
Due to ultimate parent company		
Amounts owing to Sagicor Financial Corporation	<u>2,634</u>	-
Due to parent company		
Amounts owing to Sagicor Life Inc.	1,233,022	615,503
Loan interest payable - Sagicor Life Inc.	151,094	140,142
Loan from Sagicor Life Inc.	<u>4,040,235</u>	3,757,640
Total amount due to Sagicor Life Inc.	<u>5,424,351</u>	4,513,285

BARBADOS FARMS LIMITED
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

(EXPRESSED IN BARBADOS DOLLARS)

21 Related party balances and transactions (continued)

All amounts owing to the parent and the ultimate parent parties are unsecured, interest-free and payable on demand.

The loan from Globe Finance Inc. is a bridging loan. It is secured by a mortgage over 20 acres of lands included within development property. The loan will be repaid by lump sum payments generated from the sale of development property lots. The rate of interest is fixed at 7.50% per annum and interest is payable monthly.

The loan from Sagicor Life Inc. is unsecured, bears interest at a rate of 7.50% (2016 - 7.50%) per annum and is payable on demand.

	2017	2016
	\$	\$
Key management compensation		
Salary and short-term benefits	150,083	150,083

22 Earnings per share

Basic earnings per share is calculated by dividing the net income by the weighted average number of common shares in issue during the year.

	2017	2016
	\$	\$
Net income for the year	676,466	31,402
Weighted average number of common shares in issue	20,607,294	20,607,294
Basic earnings per share (cents)	3.28¢	0.15¢

There are no financial instruments that could dilute the basic earnings per share.

BARBADOS FARMS LIMITED

Notice of Annual Meeting

NOTICE is hereby given that the Thirty-Third Annual Meeting of the Shareholders of Barbados Farms Limited will be held at the Cecil F de Caires Building, Wildey, St Michael, Barbados, on Wednesday April 25, 2018, at 5:00 pm to transact the following business:

1. To receive and consider the Financial Statements and the Reports of the Directors and the Auditors for the year ended June 30, 2017.
2. To elect Directors.
3. To re-appoint the incumbent Auditors and to authorise Directors to fix their remuneration.
4. To transact such other business as may properly come before the Meeting.

By Order of the Board of Directors,



Andrew C. Greaves
Corporate Secretary

March 26, 2018

Proxies:

Shareholders who are unable to attend the Meeting in person may complete and return the enclosed form of proxy to the Corporate Secretary, Barbados Farms Limited, Cecil F de Caires Building, Wildey, St Michael, Barbados, at least 48 hours before the appointed time of the Meeting or adjourned Meeting.

BARBADOS FARMS LIMITED

Company No. 2175 Management Proxy Circular

Management is required by the Companies Act Chapter 308 of the Laws of Barbados (“the Act”) to send, with the Notice convening the Meeting, forms of proxy. By complying with the Act, Management is deemed to be soliciting proxies within the meaning of the Act.

This Management Proxy Circular accompanies the Notice of the Thirty-Third Annual Meeting of the Shareholders of Barbados Farms Limited (“the Company”) to be held on **Wednesday April 25, 2018, at 5:00 pm** (“the Meeting”) and is furnished in connection with the solicitation of proxies by the Management of the Company for use at the Meeting, or any adjournment thereof. The solicitation will primarily be by mail. The cost of the solicitation will be borne by the Company.

Appointment and Revocation of Proxies

A form of proxy is enclosed and, if it is not your intention to be present at the Meeting, you are kindly asked to complete, sign, date, and return the proxy. **Proxies to be exercised at the Meeting must be deposited not later than 5:00 pm on Monday April 23, 2018** with the Corporate Secretary at the registered office of the Company at the Cecil F de Caires Building, Wildey, St Michael, Barbados.

Any Shareholder, having given a proxy, has the right to revoke it by depositing an instrument in writing executed by the Shareholder or his/her attorney authorised in writing, or if the Shareholder is a company, under its corporate seal or by any officer or attorney thereof duly authorized, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof with the Corporate Secretary at the registered office of the Company at the Cecil F de Caires Building, Wildey, St Michael, Barbados.

Record Date and Voting Shares

The Directors of the Company have fixed March 15, 2018 as the record date for determining the Shareholders entitled to receive Notice of the Meeting, and have given notice thereof by advertisement as required by the Act. Only the Shareholders of record at the close of business on that day will be entitled to receive Notice of the Meeting.

Shareholders are voting on (a) the election of Directors and (b) the re-appointment of the incumbent Auditors and Directors’ authorisation to fix their remuneration.

Only the registered holders of shares of the Company will be entitled to vote at the Meeting. On a show of hands, each Shareholder is entitled to one vote. On a poll, each Shareholder is entitled to one vote for each share held. As at March 15, 2018, there are 20,607,294 common shares without par value of the Company issued and outstanding.

Presentation of Financial Statements, Directors’ Report and Auditors’ Report

The Financial Statements of the Company for the year ended June 30, 2017 and the Directors’ Report and the Independent Auditors’ Report are included in the 2017 Annual Report.

Election of Directors

The Board of Directors consists of six members who retire by rotation. The number of Directors to be elected at the Meeting is two. Dr M. Patricia Downes-Grant and Mr David O. Wright will retire at the end of the Meeting and, being eligible, will be seeking re-election. The Board proposes Dr M. Patricia Downes-Grant and Mr David O. Wright as nominees for re-election as Directors of the Company, and it is intended that votes will be

cast for their election as Directors pursuant to the form of proxy herewith enclosed. A short biographical profile of each of the nominees is set out in the Directors' Report.

The term of office for the Directors so elected will expire at the close of the third Annual Meeting of the Shareholders of the Company following their election or until their successor is elected or appointed.

The Management of the Company does not contemplate that the persons named above will, for any reason, become unable or unwilling to serve as a Director.

Management and the Directors recommend that Shareholders VOTE FOR the above-named nominees.

Re-Appointment of Incumbent Auditors

PricewaterhouseCoopers SRL, Chartered Accountants, of The Financial Centre, Bishops Court Hill, St Michael, Barbados, are the incumbent Auditors of the Company. It is proposed to re-appoint PricewaterhouseCoopers SRL as Auditors of the Company to hold office until the next Annual Meeting of Shareholders.

The Directors recommend that Shareholders VOTE FOR the re-appointment of PricewaterhouseCoopers SRL and the authorisation of Directors to fix the Auditors' remuneration.

Discretionary Authority

Shares represented by any proxy given on the enclosed form of proxy to the persons named in the proxy will be voted or withheld from voting on any ballot in accordance with the instructions contained therein.

In the absence of shareholder instructions, SHARES represented by proxies received will be voted FOR:

- (a) The election of Dr M. Patricia Downes-Grant and Mr David O. Wright.**
- (b) The re-appointment of the incumbent Auditors, PricewaterhouseCoopers SRL, and the authorisation of Directors to fix their remuneration.**

The enclosed form of proxy confers discretionary authority upon the persons named with respect to amendments to or variations in matters identified in the Notice of Meeting or other matters that may properly come before the Meeting. The Management of the Company knows of no matter to come before the Meeting other than the matters referred to in the Notice of Meeting. If any other matters which are not now known to Management should properly come before the Meeting, the persons named in the accompanying form of proxy will vote on such matters in accordance with their best judgement.

Unless otherwise noted, a simple majority of the votes cast at the Meeting, whether by proxy or otherwise, will constitute approval of any matter submitted to a vote.

The contents of this Management Proxy Circular and the sending thereof to the holders of the common shares of the Company have been approved by the Directors of the Company.

No Directors' statement is submitted pursuant to Section 71(2) of the Act.

No Auditors' statement is submitted pursuant to Section 163(1) of the Act.

Dated March 26, 2018.



Andrew C. Greaves
Corporate Secretary

BARBADOS FARMS LIMITED

**Company No. 2175
Proxy Form**

THIRTY-THIRD ANNUAL MEETING OF SHAREHOLDERS

The undersigned Shareholder(s) of **Barbados Farms Limited** hereby appoint(s) **DODRIDGE D MILLER**, Chairman, or failing him **DR M PATRICIA DOWNES-GRANT**, Deputy Chairman, or failing her:

.....
(PLEASE PRINT NAME OF PROXY ON THIS LINE ONLY IF YOU WISH TO APPOINT ANOTHER PROXY)

of

.....
(PLEASE PRINT PROXY'S ADDRESS HERE)

as my/our proxy to attend, vote and otherwise act for and on behalf of the undersigned in respect of all matters that may properly come before the Thirty-Third Annual Meeting of Shareholders to be held on April 25, 2018 and any adjournments thereof.

.....
SIGNATURE OF SHAREHOLDER(S)

.....
NAME OF SHAREHOLDER (PLEASE PRINT)

.....
DATE (DD/MM/YYYY)

NOTES ON PROXY:

This form must be executed by the Shareholder or by his/her attorney duly authorised in writing. If the Shareholder is a body corporate, partnership, estate, trust or association, the form must be executed by the officers or attorney thereof or the person, duly authorised, in which case each signatory should state the capacity in which he/she signs. Alternatively, if the Shareholder is a body corporate, partnership, estate, trust or association, votes at meetings may be given by an individual authorised by a resolution of the directors or governing body of that body corporate, partnership, estate, trust or association to represent it at meetings of Shareholders.

If this form is not dated in the space provided, it will be deemed to bear the date on which it was mailed to the Shareholder.

This proxy authorisation form confers discretionary authority upon the person whom it appoints in respect of any variation or amendments or additions to the matters identified in the Notice of Meeting and any other matter that may properly come before the Meeting or any adjournment thereof.

Proxies are required to be completed, signed, dated, and returned by **5:00 pm on Monday April 23, 2018**, or at least 48 hours before the time of the Meeting or adjourned Meeting to the Corporate Secretary, Barbados Farms Limited, at its Registered Office at Cecil F de Caires Building, Wildey, St Michael, Barbados.

Barbados Farms Limited
A Member of the Sagicor Group
Registered Office:
Cecil F de Caires Building
Wildey, St Michael, BB15096
Barbados
Tel: (246) 467-7500
Fax: (246) 436-8829
email: info@sagicor.com