

#### REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY FINANCIAL STATEMENTS

##### To the Shareholders of Barbados Dairy Industries Limited

The accompanying summary financial statements, which comprise the summary statement of financial position as of 31 August 2015, and the summary statement of income, summary statement of changes in equity and summary statement of cash flows for the year then ended, are derived from the audited financial statements of Barbados Dairy Industries Limited (the "Company") for the year ended 31 August 2015. We expressed an unqualified audit opinion on those financial statements in our report dated 29 October 2015.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

##### Management's Responsibility for the Summary Financial Statements

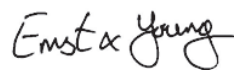
Management is responsible for the preparation of a summary of the audited financial statements on the basis of their established criteria as described in Note 1.

##### Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

##### Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the Company for the year ended 31 August 2015 are consistent, in all material respects, with those financial statements, on the basis of management's established criteria as described in Note 1.



CHARTERED ACCOUNTANTS  
Barbados  
29 October 2015

#### Summary Statement of Income Year ended 31 August 2015

(Expressed in Barbados dollars)

	Audited 2015 \$'000	Restated Audited 2014 \$'000
Sales	62,206	60,715
Operating profit from operations before undernoted items	3,375	218
Interest expense	(587)	(849)
Income (loss) before taxation	2,788	(631)
Taxation	558	246
Net income (loss) for the year	3,346	(385)
Earnings (loss) per share - basic and diluted	\$0.71	(\$0.08)

#### Summary Statement of Cash Flows Year ended 31 August 2015

(Expressed in Barbados dollars)

	Audited 2015 \$'000	Restated Audited 2014 \$'000
Cash flows from operating activities		
Income (loss) before taxation	2,788	(631)
Adjustments for non-cash items	4,207	4,747
Operating profit before working capital changes	6,995	4,116
Net working capital changes	(4,826)	1,964
Net cash from operating activities	2,169	6,080
Net cash used in investing activities	(755)	(705)
Net cash used in financing activities	(139)	(4,055)
Increase in cash	1,275	1,320
Cash - beginning of year	(3,393)	(4,713)
Cash - end of year	(2,118)	(3,393)

#### Summary Statement of Financial Position As of 31 August 2015

(Expressed in Barbados dollars)

	Audited 2015 \$'000	Restated Audited 2014 \$'000	Restated Audited 2013 \$'000
Current assets	22,182	17,410	22,428
Asset classified as held for sale	-	-	400
	22,182	17,410	22,828
Current liabilities	(21,293)	(22,920)	(30,587)
Working capital (deficiency)	889	(5,510)	(7,759)
Property, plant and equipment	22,678	25,725	28,732
Pension plan asset	3,926	4,381	4,712
Deferred tax asset	4,889	4,232	3,899
Long-term liabilities	(4,051)	(3,306)	(3,219)
Post-employment medical liability	(352)	(326)	(289)
	27,979	25,196	26,076
Shareholders' equity			
Share capital	998	998	998
Other Reserves	(704)	(141)	354
Retained earnings	27,685	24,339	24,724
	27,979	25,196	26,076

#### Summary Statement of Changes in Equity Year ended 31 August 2015

(Expressed in Barbados dollars)

	Audited 2015 \$'000	Restated Audited 2014 \$'000
Balance at the beginning of the year as previously reported	25,196	25,472
Prior period adjustment	-	604
Balance at the beginning of the year as restated	25,196	26,076
Net income (loss) for the year	3,346	(385)
Other comprehensive loss for the year	(563)	(495)
	27,979	25,196

##### Directors' Statement:

It is pleasing to report that the improved operational performance, which began in the previous financial year, continued during the year ended 31 August 2015 with the Company becoming profitable after several years of losses.

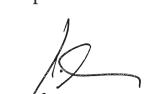
Sales grew only by \$1.5m or 2.5% over the prior year given an environment of dampened demand, however, the Pine Hill brand of milk and juices continues to be the # 1 choice by consumers domestically and export sales throughout the Eastern Caribbean continue to grow.

The primary aspects that brought about the improved Income before Tax were production efficiencies, our focus on cost containment and lower bank interest expense. The higher credit for deferred tax for the year arises from the better results permitting recognition of prior tax losses which can be applied against future income. Accordingly, Net Income for the year was \$3.3 million versus a Loss in the prior year of \$385 thousand.

In respect of items that will not be reclassified subsequently to profit or loss, Comprehensive Income, after accounting for the re-measurement loss on defined benefit plans net of the tax effect, was \$2.8million versus a Loss of \$880 thousand for the prior year.

During the year, a measure of debt restructuring has allowed Working Capital to turn positive while positive cash flows have been utilised to service debt and to bring Payables into line. This improvement, while encouraging, needs to be sustained for the Company to reduce overall debt, recover recent years' losses, and to being in a position to return to paying dividends.

Towards the end of the year the Government announced the long discussed milk industry support initiative during the 2015 Budget. The implementation date was stated to be August 1st 2015 but this has been deferred and no new date has as yet been announced. This initiative remains a key component to the sustainability and future growth of the industry and we will continue to work with the authorities to address the issues hindering implementation.



G. Anthony King  
Chairman



C. Richard Cózier F.C.G.A.  
Director

##### Note 1

The summary financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary statement of financial position, summary statement of income, summary statement of changes in equity and summary statement of cash flows. These summary financial statements are derived from the audited financial statements of Barbados Dairy Industries Limited for the year ended 31 August 2015 which are prepared in accordance with International Financial Reporting Standards.