

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 2014, summary statement of comprehensive loss, 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 2014. We expressed an unqualified audit opinion on those financial statements in our report dated 27 November 2014.

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.

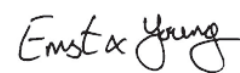
Auditor's Responsibility

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 2014 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
27 November 2014

Summary Statement of Comprehensive Loss Year ended 31 August 2014

(Expressed in Barbados dollars)

	Audited 2014 \$'000	Restated Audited 2013 \$'000
Sales	60,715	60,531
Profit (Loss) from operations before undernoted items	360	(1,608)
Impairment of decommissioned equipment	-	(431)
Interest expense	(849)	(1,083)
Loss before taxation	(489)	(3,122)
Taxation	246	(1,641)
Net loss for the year	(243)	(4,763)
Other comprehensive (loss) income	(494)	77
Total comprehensive loss for the year	(737)	(4,686)
Loss per share - basic and diluted	(0.05)	(1.02)

Summary Statement of Cash Flows Year ended 31 August 2014

(Expressed in Barbados dollars)

	Audited 2014 \$'000	Restated Audited 2013 \$'000
Cash flows from operating activities		
Loss before taxation	(489)	(3,122)
Adjustments for non-cash items	4,908	5,046
Operating profit before working capital changes	4,419	1,924
Net working capital changes	2,753	2,057
Net cash from operating activities	7,172	3,981
Net cash used in investing activities	(1,797)	(1,100)
Net cash used in financing activities	(4,055)	(4,335)
Increase (Decrease) in cash	1,320	(1,454)
Cash - beginning of year	(4,713)	(3,259)
Cash - end of year	(3,393)	(4,713)

Summary Statement of Financial Position As of 31 August 2014

(Expressed in Barbados dollars)

	Audited 2014 \$'000	Restated Audited 2013 \$'000	Restated Audited 2012 \$'000
Current assets	16,456	21,414	22,330
Asset classified as held for sale	-	400	-
	16,456	21,814	22,330
Current liabilities	(22,921)	(30,587)	(28,960)
Working capital deficiency	(6,465)	(8,773)	(6,630)
Property, plant and equipment	26,218	29,142	33,671
Pension plan asset	4,381	4,712	4,447
Deferred tax asset	4,232	3,898	5,553
Long-term liabilities	(3,306)	(3,219)	(6,586)
Post-employment medical liability	(326)	(289)	(299)
	24,734	25,471	30,156
Shareholders' equity			
Share capital	998	998	998
Other Reserves	(141)	354	276
Retained earnings	23,877	24,119	28,882
	24,734	25,471	30,156

Summary Statement of Changes in Equity Year ended 31 August 2014

(Expressed in Barbados dollars)

	Audited 2014 \$'000	Restated Audited 2013 \$'000
Balance at the beginning of the year as previously reported	25,471	29,880
Adoption of IAS 19 (Revised)	-	277
Balance at the beginning of the year as restated	25,471	30,157
Total comprehensive loss for the year	(737)	(4,686)
	24,734	25,471

Directors' Statement:

The performance of Barbados Dairy Industries Ltd for the year ended 31 August 2014 reflects improvements in operational costs yielding a meaningful reduction in losses the over prior year. Sales were however only marginally higher with some growth in export markets. Production costs were reduced primarily due to the discontinuation of an inefficient packaging line during the first quarter of the year together with reductions in energy usage and the installation of a new photovoltaic system.

Notwithstanding the low operational profit which has turned the corner from losses over the previous four years, positive cash flows continue to facilitate the reduction in our debt and in interest costs. Plant depreciation is a major element in the company's costs but represents the write-down of cash outflows in prior years.

The major challenge facing the company continues to be the cost of its inputs with limited scope to implement higher selling prices given the economic environment and the prices of imported products. This is apart from a reduction in the consumption of milk through changing consumption patterns and zero (or negative) growth in consumption in the tourism sector.

Critical to the sustainability of the dairy operations is a restructuring of the local farm milk industry. Barbados has perhaps the only remaining comprehensive fresh milk production and processing industry in Caricom. Imported milk products are all based on low-cost powdered milk formulations. Without financial assistance reaching the local milk farmers so as to facilitate lower farm-gate prices, as exists in many other countries, the Pine Hill Dairy will have to re-assess its business in the processing of fresh milk. A proposal for the milk industry is in the hands of Government and we await their decision and hopefully subsequent implementation.

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 comprehensive loss, 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 2014 which are prepared in accordance with International Financial Reporting Standards.



G. Anthony King
Chairman



C. Richard Cozier F.C.G.A.
Director