AGRICULTURE

It's a way of life

2018

Annual Report

Agro Investment Corporation

Grow Agriculture... Grow the Jamaican Economy

Corporate Data

Agro-Investment Corporation (AIC) is an Agricultural Investment Facilitation entity which functions as the business facilitation agency of the Ministry of Economic Growth and Job Creation, with a focus on agricultural investment, promotion and facilitation, project and market development as well as the development and execution of the Agro Parks Programme.

AIC seeks to activate, stimulate, facilitate and undertake agricultural development for the economic advancement and well-being of the Jamaican people. The services offered cover the investment chain from the identification of opportunities through feasibility studies, due diligence and business planning to fundraising, project management, long term business performance monitoring and technical support. The Corporation commenced operations in April, 2009.

AIC'S MANDATE

The AIC is mandated to execute on the following:-

- To identify investments in agriculture through research, information gathering and packaging of investment possibilities and opportunities;
- To promote and facilitate investments through collaboration with other agencies and ministries of government;
- To work with investors to identify investment opportunities and assist them with translating their ideas into viable and sustainable projects;
- To influence other stakeholders to create a friendly and hospitable climate for agricultural investment;
- To mobilize funding to support investment opportunities in agriculture;
- To provide access to government owned agricultural lands

STRATEGIC FOCUS OVER 3 YEARS

The strategic focus of AIC over the next 3 years will be to:-

- Drive Investment growth;
- Strengthen stakeholder collaboration and improve investor relations;
- Build organizational capacity and increase operational efficiency;
- Mobilize and manage resources;
- Focus on project implementation and management

01 Mission Statement

It is the mission of the Agro-Investment Corporation to be the arm of the Ministry that will mobilize finance and facilitate investment in the agricultural sector while undertaking agricultural development for the enhancement of the economic well-being of the Jamaican people.

02 Vision Statement

The Vision is to enhance and sustain the competitiveness of the agricultural sector in the domestic and global market in an effort to achieve the food security goals.

Contents

Agro Investment Corporation | Grow Agriculture... Grow the Jamaican Economy

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Chairman's Remarks

"Agriculture is our wisest pursuit, because it will in the end contribute most to real wealth, good morals, and happiness." - Thomas Jefferson.

As we reflect on vision 2030, 'Jamaica the place of choice, to live, work, raise families and do business,' we appreciate the role of agriculture as a viable source of sustainability and economic development for our beautiful island. The ability to leverage agricultural opportunities is our biggest platform and one which the Corporation is dedicated to making full use of.

Agro-Investment Corporation (AIC) was charged by the Prime Minister under the Ministry of Economic Growth and Job Creation with enhancing agricultural investments, promotion and facilitation, project and market development for the economic advancement and well-being of the Jamaican people. As we work to fulfill this mandate, we are cognizant of the challenges that we face in pursuit of these objectives but we remain resolute and focused on the goals at hand.

During our first year as a Board, we focussed on the governance structures and repositioning that were necessary for an Agency such as ours. We thank former Acting CEO Courtney Cole for his efforts in this regard. For 2017 -2018 the focus was to strategically align ourselves with the right tools, human resource capacity and partnerships in an effort to realize the vision of the Corporation. In this regard, a new Chief Executive Officer was hired on October 17, 2017 to create synergies and leverage the opportunities for growth and development within the agricultural sector. Through his leadership, several new memorandums of understandings have been created between the AIC and major participating stakeholders within the Jamaican context including Jampro, the Jamaica Exporters Association (JEA) and the Jamaica Dairy Board. Our hope is that the visibility of AIC will be increased with a greater appreciation and understanding by the Jamaica people of the work that is being done to add value to the achievement of vision 2030. As this current Board of Directors demit office from the AIC, I thank my fellow directors, all trail blazers in their respective areas of expertise, who lent time and attention, beyond reasonable expectations, to ensure the AIC was positioned as an effective and efficient organisation without the distraction of the many legacy issues of the past. We leave with the assurance that the new Board will have a solid foundation on which to build their strategic priorities. We are therefore confident that the AIC is firmly on the path to achieving its mandate of enhancing agricultural investments, promotion and facilitation, project and market development for the economic advancement and well-being of the Jamaican people.

It was truly a pleasure to serve our Country in this way.

CEO's Report

Agro-investment Corporation (AIC) plays a pivotal role in Jamaica's economy by attracting and facilitating agribusiness investments in the country.

Over the last year, the Corporation has concentrated its efforts on executing a three-pronged agribusiness development strategy of: infrastructure development; optimization of existing production and supply chain assets and systems and attracting large-scale private investments.

INFRASTRUCTURE DEVELOPMENT

Essex valley agricultural development project – In collaboration with the National Irrigation Commission (NIC), the AIC is implementing the Essex valley agricultural development project to, among other things: irrigate 1,700 acres of land in Essex Valley, St. Elizabeth; construct multipurpose packaging facilities and implement GlobalGAP quality management system as components of an enhanced agricultural marketing and distribution systems; develop agribusiness investment models and providing business and technical training to valuechain participants to improve business sustainability; and linking producers and packers to domestic and international markets.

South Clarendon and South St. Catherine Agricultural Development Project – Similar to the Essex Valley Agricultural Development project, the AIC and NIC are collaborating on a project to irrigate 4114 acres of lands in South St. Catherine and South Clarendon. However, unlike Essex Valley, with relatively smaller holdings, this project is conceptualized to comprise pivot (mother) farms and satellite farms operating on contractual bases. The pivot farms of 100 acres to 500 acres will contract with smaller farms of 5 acres to 50 acres and provide the supporting marketing infrastructure, such as processing and warehousing facilities. This project will be completed by 2022.

These projects are funded by the UK-CIF (United Kingdom-Caribbean Infrastructure Project) in the total amount of £53 million which is administered by the Caribbean Development Bank.

GlobalGAP Infrastructure – Cognizant of the changing international marketplace and the elevated competitive advantages that reside in quality management systems, the AIC in partnership with the Agricultural Competitiveness Program (ACP) has implemented GlobalGap in the Spring Plains, Ebony Park and PGR Agro parks to increase market access and exports of fresh agricultural products to international markets as well as to linkages into the domestic hospitality, retail and agro-processing markets.

ASSET OPTIMIZATION

Land use – During the past year, the AIC strategically rationalized its Agro Park lands to achieve 80% land use, with signal of full capacity by early in the coming year. Among the target crops cultivated for import substitution are: Onions, Irish potatoes, cassava and fruits and vegetables. Those crops cultivated predominantly for exporting are: hot peppers, pumpkins and sweet potatoes.

Irrigation, drainage and farm access – the irrigation and drainage infrastructure of the Agro Parks were continuously assessed and maintained through the year. While these assets are not yet fully optimized, they are incrementally being brought closer to optimization, while the next generation of technologies are being analyzed for future integration.

Cadastral maps were developed for all Agro Parks under the Corporation's control as a first step in the Geographic Information Data Management System (GIDMS) which is now being developed. The GIDMS will allow for greater efficiency in lease management system, infrastructure assessment and support precision agriculture initiatives.
AMC – the 104,000 sq. ft AMC packaging, storing and

office complex remained a high demand property over the year. Consequently, lease rate at the property quickly approximated efficient market prices and tenancy jumped 15% year on year.

As additional lands are brought into primary production, the AMC is earmarked as a logistics hub in Jamaica's food distribution system. Accordingly, the property of 9.5 acres is being offer to the public under a publicprivate partnership to support that objective. To date, interest in this divestment model remains high, with many domestic and international prospects currently being accommodated for due diligence.

Knowledge discovery – The AIC in partnership with the Research and Development Division and Rural Agricultural Development Authority has established knowledge discovery and demonstration sites in all Agro Parks to ensure that best practices are continuously being discovered, demonstrated and diffused in agribusiness value chains. Onions, Irish Potatoes (table and French Fries varieties), hot peppers and Red Kidney beans are being evaluated.

Youth In Agriculture Program – In partnership with large value chain players, AIC has kick-started the youth in agriculture program, with, initially, twenty (2) youth being engaged on 100 acres of land in the Spring Plain Agro Park. The program is earmarked to expand to 1,000 acres with two years.

LARGE INVESTMENT

During the year, the AIC facilitated Jamaican retailers, agro-processors, exporters and importers to invest backward into primary production in the Agro Parks. Such investment are associated with improved vertical coordination and stronger agricultural value Chains. Similarly, investment interests in large-scale nutraceutical production have been attracted to the Agro Parks with business models that includes value addition, such as extraction and formulation.

Outreach and Engagement – The AIC continues to engage the local and international investing public to participate in the financial and economic development opportunities afforded by the local agricultural sector. The main priority areas of focus of the AIC are: Small ruminants; Aquaculture; Fruit tree crops; Organic Agriculture and Nutraceutical; Herbs and Spices; Roots and Tubers and Fruits and Vegetable for import substitution and exports.

Corporate Governance Review

BOARD OF DIRECTORS

The Board of Directors was appointed by the Prime Minister, pursuant to powers invested in him under the provisions of the Agro-Investment Corporation Act (section (3) 2 of 1952).


Grace Burnett


Vitus Evans


Greg Christie


Gary Coulton


Marlon Morgan


Merle Donaldson


Peter McConnell


Marshall Peterkin


Taniesha Campbell

Company Secretary

The Board of Directors is collectively responsible for the strategic management and oversight of the corporation, serve as the focal point for corporate governance, is accountable to the responsible minister and ensures compliance with the Public Bodies Management & Accountability Act, Financial Administration and Audit Act and all other applicable legislations and GOJ policies. The Board through the Chairman works closely with the Prime Minister under the portfolio as head of the Ministry of Economic Growth and Job Creation and has the power to issue general directions on matters of policy.

Decisions on operational matters and the day-to-day management of the business are delegated to the Chief Executive Officer and the Executive Management team. This includes implementing corporate policies, managing the operations of the agro parks, monitoring financial performance and human resource management.

KEY ROLES AND RESPONSIBILITIES

Effective operation of the Board relies on clarity of the various roles and responsibilities of the individual Board members. Of particular importance are the roles of the Chairman and Chief Executive Officer, whose roles are set out in writing and have been agreed on by the Board. The key responsibilities of these roles are set out below

Chairman:

Grace Burnett

Key responsibilities:

- Running the Board and ensuring its effectiveness in all aspects of its role;
- Ensuring that the Directors receive accurate, timely and clear information;
- Identifying development needs of Directors and ensuring that the Directors continually update their skills and their knowledge, of and familiarity with, the corporation;
- Ensuring that the performance of the Board, its Committees and individual Directors are evaluated at least once a year; and
- Maintain contact with major shareholders and ensuring that their views are communicated to the Board. The other significant commitments of the Chairman

Chief Executive Officers:

Courtney Cole & Sylburn Thomas

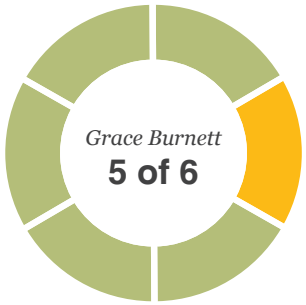
Key responsibilities:

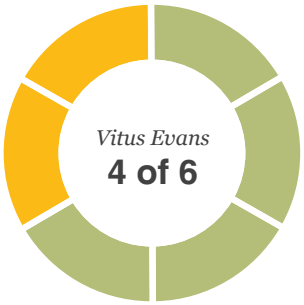
- Development and implementation of the Company's strategy;
- Management of the day-to-day operations of the corporation;
- Recommending to the Board an annual budget;
- Identifying and executing new business opportunities and investments;
- Managing the corporation's risk profile and ensuring appropriate internal controls are in place

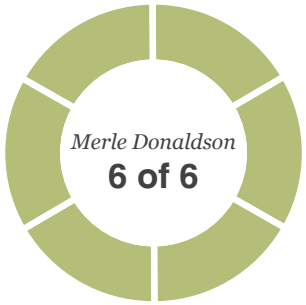
Board Meetings

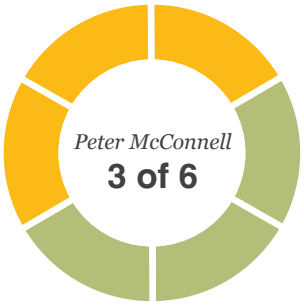
Five (5) Board Meetings and a field trip were held during the reporting period. If a Director is absent from a meeting, his or her views are sought in advance where possible and then put to the meeting. The table below sets out for each Director both the number of meetings attended and the maximum number of meetings that could have been attended.

BOARD OF DIRECTORS ATTENDANCE RECORD









In addition to the Board meetings above, there were four ad hoc Board and sub-committee (Audit) meetings, which approved the 2016/2017 Annual Report and Accounts, the Corporate Strategic Plan, the completed audit of the AMC Complex and AIC's audited financials for the year 2017/2018.

HOW THE BOARD OPERATES

Board information

Board papers containing, amongst other things, current and forecast performance results, governance, litigation and risk updates, agro parks performance, human resource and administration, project development and investments are distributed in advance of the meetings to allow the Directors sufficient time for preparation. Minutes of the meetings are also circulated to all Directors. The Board receives presentations from Executive Directors namely, the Chief Executive Officer and Chief Financial Officer on specific issues as well as having direct access to senior operational management within the organization as required. Executive Directors are involved in regular meetings to consider financial, operational and compliance matters arising throughout the year.

Independent advice

All Directors have access to the advice and services of the Company Secretary who, through the Chairman, is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, all Directors have access to independent professional advice, if required, at the Company's expense.

Induction and personal development

The Chairman through the Corporate Secretary is responsible for ensuring that induction and training is provided for each Director. Each new Director receives an induction pack and undertakes a bespoke induction programme that provides them with information on the Corporation, their responsibilities, and obligations. All Board members receive updates on regulatory and

legal changes as well as operational briefings. For example, the Board received a briefing on all relevant legal and regulatory information needed for board guidance by the Chairman of the Corporate Governance Committee, Greg Christie.

Composition of the Board

The Board aims to have a diversity of skills, experience, length of service, knowledge and gender. These demonstrate a broad range of experience, expertise, and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Corporation.

Conflicts of interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. The Board has put in place a formal system for Directors to declare conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. Furthermore, the Board has in place measures to manage any actual or potential conflict of interest situations that may arise, which operate effectively. In deciding whether to authorise a potential or actual conflict, the non-conflicted Directors are required to act in the way that they consider would be most likely to promote the success of the Company. They may impose limits or conditions when giving authorisation or subsequently, if they think this is appropriate.

Risk Management and Internal Controls

The Board has ultimate responsibility for establishing, monitoring and maintaining the corporation's risk management and internal control systems. These systems are designed to enable the Board to be confident that such risks are mitigated or controlled as far as possible, although no system can eliminate the risks entirely.

The Board has established a number of ongoing processes to identify, evaluate and manage the key financial, operating and compliance risks faced by the company and for determining the appropriate course of action to manage and mitigate those risks. The Board delegates the monitoring of these internal control and risk management processes to the Audit Committee, Risk Committee and Internal Audit function. These measures have been in place throughout the year and up to the date of this Report.

The key features of the risk management and internal controls system, which the Directors have established with a view to providing effective internal control are:

- ongoing review of strategy by the Board, which aims to identify potential strategic risks facing the company;
- establishing and monitoring of the formal schedule of matters reserved for decision by the Board;
- establishing a defined list of authority and approval limits;
- monitoring of actual performance against budget and forecasts. A detailed monthly management pack is prepared, which includes consolidated results and summarised results for each sub-programme. The performance of each sub-programme is reviewed monthly by the Executive Directors and reported to the Board at each meeting;
- frequent management meetings with Heads of department, which cover any emerging operational, financial, strategic or compliance issues and controls;
- at least annually, the Board review the principal risks identified;
- confirmations of key internal controls, including financial controls, are received quarterly from each sub-programme. The purpose of these confirmations is to confirm the operation of an appropriate system of internal controls and to highlight any potential new risks facing the business;
- the Audit Committee reports to the Board at each Board meeting. Risks and controls are reviewed through the Risk Committee to ensure effective management of appropriate strategic, financial, operational and compliance issues; and
- the company's internal audit function provides an independent assessment of the systems and controls in place across the entity. Businesses are selected for internal audit on a risk focused basis; the results of internal audits are reported to management and to the Audit Committee.

The Board and management continue to review and enhance the company's risk management framework to ensure that they are actively identifying and managing risks in the most efficient and effective way for the corporation.

Company ethics and whistleblowing

The Company is committed to the highest standards of integrity and honesty and expects all employees to maintain the same standards in everything they do at work. The Company recognises that effective and honest communication is essential to maintain our business values and to ensure that any instances of business malpractice are detected and dealt with.

The Company has a number of policies available via

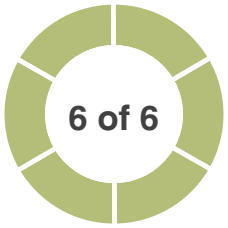
an online policy management portal. This includes a Code of Ethics, a Conflict of Interest Policy, a Nepotism Policy and a Whistleblowing Policy. In particular, the Whistleblowing Policy has procedures for disclosing malpractice and is intended to act as deterrent to fraud or other corruption or serious malpractice. It is also intended to protect the corporation's business and reputation.

During the year, two issues of significance were raised. One was quashed and the other investigation is ongoing.

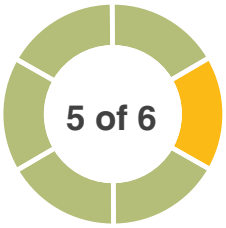
There are 5 committees of the Board, namely: Corporate Governance, Lease Review, Audit, Human Resources and Procurement. The various committees of the board are chaired by individual directors who are equipped to carry out the mandate of the specific committees pursuant to the terms of reference for the particular committee. It must be noted that the Audit and Procurement committees are properly constituted as per the guidelines prescribed.

Report on Board Committees

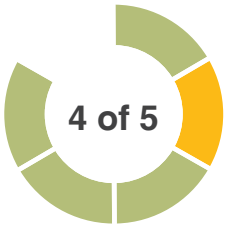
Lease Review Committee Attendance Record



Merle Donaldson

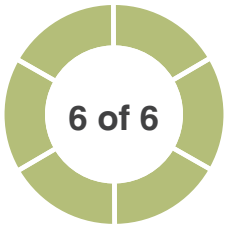


Vitus Evans

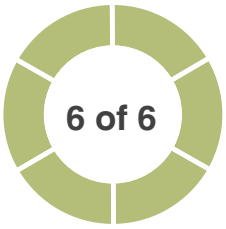


Greg Christie

Audit Committee Attendance Record



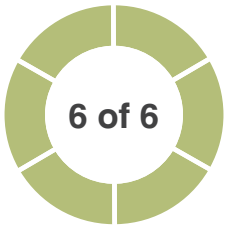
Vitus Evans



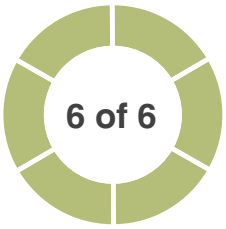
Marlon Morgan

Greg Christie

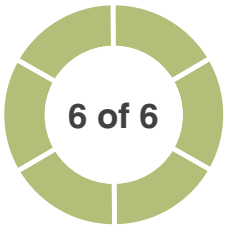
Corporate Governance Committee Attendance Record



Greg Christie

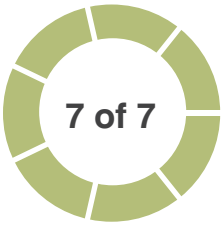


Marlon Morgan

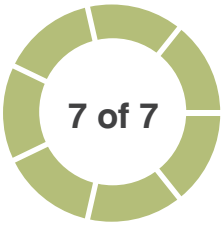


Grace Burnett

Human Resources Committee Attendance Record

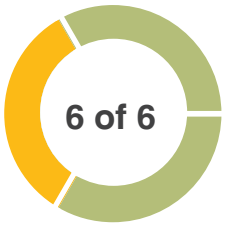


Marlon Morgan

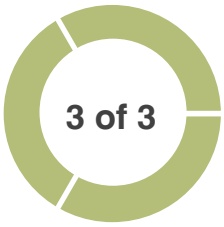


Vitus Evans

Procurement Committee Attendance Record

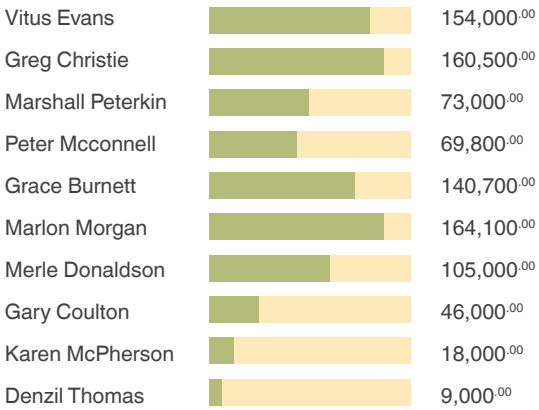


Marshall Peterkin



Peter McConnell

Directors' & Committee Members' Fees Apr '17-Mar '18



$940,100.00

Total for period

Principal & Senior Officers

PRINCIPAL OFFICER

Mr. Sylburn Thomas - Chief Executive Officer
Mr. Courtney Cole - Chief Executive Officer (Acting)*

SENIOR OFFICERS

Mrs. Kadianna Ramballi - Chief Financial Officer
Mr. Owen Scarlett - Director, Agro Park
Miss Karen Hylton - Director, Project Development (Acting)*
Miss Nadine Thompson - Director of Accounts*
Mrs. Sherine Simms-Landell - Senior Internal Auditor
Mr. Rickman Edwards - Manager, Properties and Fixed Assets
Mrs. Judith Leslie-Alexander - Director, HR Management & Admin.
Mrs. Taniesha Campbell - Company Secretary
Miss Kimberly Billings - Information Technology Manager

Agro Investment Corporation
Executive Emoluments
April 2017 -March 2018

	Salary $	Motor Vehicle Allowance $	Gratuity $	Total $
Chief Executive Officer(I)	4,483,496.08	1,024,250.58	1,307,765.72	6,815,512.38
Chief Executive Officer(I)	1,109,323.74			1,109,323.74
Chief Financial Officer	4,788,005.92	1,341,624.00	2,246,005.51	8,375,635.43
Director, Hrm & Dev.	4,385,769.14	1,341,624.00	1,971,416.86	7,698,810.00
Chief Audit Executive	3,411,589.64	1,018,020.00		4,429,609.64
Director, Project Mgmt.	3,096,257.45	929,904.39	780,496.61	4,806,658.45
Property & Fixed Assets Manager	2,739,476.91	703,448.00	1,252,782.48	4,695,707.39
Director, Agro Park Dev.	3,063,776.43	778,835.34		3,842,611.77
Director Of Accounts*	1,752,175.48	412,678.00		2,164,853.48
Corporate Secretary	2,317,839.13	589,540.00		2,907,379.13
IT Manager	433,316.32	115,104.72		548,421.04
Total	**31,581,026.24**	**8,255,029.03**	**7,558,467.18**	**47,394,522.45**

NOTES: (I) Change of CEO in the year. CEO now has a fully maintained vehicle.

Senior Officers Profiles

Chief Financial Officer:
Mrs. Kadiana Ramballi

Mrs. Kadiana Ramballi is an accomplished Chief Financial Officer at the Agro Investment Corporation, with over 30 years' experience in the field of Accounting, Budgeting, Financial and Portfolio Management.

Kadiana's professional life started at St. Catherine High School where she taught Mathematics and English Literature.
She also worked as a Budget Director at the Ministry of Finance & the Public Service, General Manager at the then GSB Cooperative Credit Union Ltd, and Senior Director, Finance and Accounts at the Rural Agricultural Development Authority (RADA).

Kadiana has won medals and awards for her poems at the JCDC's annual writing competitions. She has written 3 books, her favourite being, "WHAT A JOURNEY-A Jamaican Experience".

Her educational pursuit began at Shortwood Teachers' College where she majored in Mathematics and English Literature at the secondary level. She is also the holder of a Bachelor's and a Master's Degree in Accounting from the UWI, Mona. She is an ardent Christian and has participated in several leadership roles at her church. She has one son who is a medical doctor. Kadiana is a person who influences and persuades top ranking people; whose opinion is highly sought after; and whose judgment is respected and trusted

Properties & Fixed Assets Manager
Mr. Rickman Edwards

Mr. Rickman Edwards is the Properties and Fixed Assets Manager at Agro Investment Corporation. He is a graduate of the University of Redding (London) where he obtained a Bachelor of Science Degree (First Class Honors) in Estate Management. He is also a graduate of the University of Technology, where he achieved (Hons.) Diploma in Land Economy and Valuation Surveying.

Mr. Rickman Edwards has over 15 years of experience in property management and valuation. He has managed several property portfolios and has experience in project management, land divestment, land acquisition and construction. He joined the corporation in January 2016 and has lead the process of developing and implementing the Agro Invest Land Lease Policy and Procedures.

He has implemented various standard operating systems to ensure the corporation's lease management processes are in line with Government of Jamaica land divestment guidelines. He currently works along with other government agencies and departments to acquire a target of 10,000 acres of suitable agriculture land for agro-parks.

In his role as the Property and Fixed Asset Manager, Mr. Edwards fosters an environment of teamwork and ensures that strategy is clearly defined while overseeing performance and maintaining morale. He is very passionate about his work and works assiduously to develop the department into what it is today.

Chief Audit Executive
Sherine Landell

Mrs Sherine Simms-Landell is the Chief Audit Executive with responsibility for the Internal Audit Unit. The Unit is responsible for providing full insight and recommendations based on analysis and assessments of financial and operational data and business processes of the Corporation in accordance with the FAA Act, Public Bodies Management and Accountability Act, relevant funding agency contracts and Generally Accepted Accounting Principles.

Mrs Simms-Landell is the holder of a MSc. in Accounting from the University of West Indies. She is a highly motivated, proactive, dedicated professional with over twenty-one years audit experience through the assessment of internal controls. She is a strong leader who practices critical thinking and emotional intelligence to train and motivate a team to peak performance.

Agro Park Development Director
Owen Scarlett

Owen D. Scarlett is the Director for Agro Park Development. He is responsible for providing leadership and direction for the overall development of all Agro-parks and agro-economic zones to ensure that they contribute optimally to the pertinent development objectives of the vision 2030 plan. For more than twelve (12) years he has worked in various positions within the government of Jamaica including Farm Manager at Montpelier Citrus Company in St. James and Farm Supervisor at St. Mary Banana Estate.

He has worked in various positions within the Ministry of Industry, Commerce, Agriculture and Fisheries for more than 10 years which fostered his growth and development in Food safety and quality controls.

Mr Scarlett holds a Master of Business Administration (MBA) with a concentration in Finance and a Bachelor of Science Degree in General Agriculture from the University of the West Indies (UWI). He has also gained an Associate of Science Degree in General Agriculture from the College of Agriculture.

Director Human Resource & Development
Judith Leslie

Ms. Judith Leslie joined the Agro-Investment Corporation as the Director, Human Resource Management and Development in 2015. She brings over 15 years of corporate executive operational and human resources management experience to the Corporation.

In her role as Director, she implements policies and practices that supports the long term objectives of the corporation. She is responsible for managing and directing the human resource activities and supporting the strategic initiatives to attract, develop and retain the human capital within AIC.

She has a passion for people and their development and improvement. Ms. Leslie holds a Bachelor of Business Administration Degree in Human Resource Management and International Business from the University of Technology.

Ago-Park Development

AGRO PARK PROGRAMME

The financial year 2017/2018 presented a number of challenges and opportunities for the various Agro Parks across the country. A number of the Agro Parks were proactive in maximizing on the opportunities to complete the development of Global Gap facilities. The main challenge that affected the various Agro Parks in 2017/2018 was extreme flooding which caused severe losses to a number of investors in the Agro Parks. However, the Agro Parks remained focused on the strategic plans and achieved several of the objectives that were set out during 2017/2018. Our operational strategy was focused on strengthening and optimizing the Agricultural Competitiveness Programme (ACP).

AIMS AND OBJECTIVES

The major aims and objectives are:
To increase the competitiveness of the Agricultural Sector in Jamaica through the following specific objectives:

(1) Increase the capacity of small and medium size farmers to access national and international markets
(2) Increase the performance of the country's food quality and safety management systems
(3) Foster the development of agricultural and agro processing value chains.

2017/2018 Projects & Activities Result Matrix

Strategy	Performance Indicator	Target	Performance/ Achievements	Total Performance On/Off	Target 2018/2019
To increase availability, capabilities and conservation of arable lands.	Number of hectares planted	Amity Hall **45.5** Ebony Park **150** Spring Plain **144** PGR **53.84**	Amity Hall **27.85** Ebony Park **34.58** Spring Plain **31.21** PGR **25.68**	● ● ● ●	Amity Hall **42.5** Ebony Park **198** Spring Plain **170** PGR **36**
	Number of KG harvested	Amity Hall **1,214,363** Ebony Park **2,129,294** Spring Plain **754,257** PGR **429,746**	Amity Hall **714,761** Ebony Park **1,229,192** Spring Plain **464,257** PGR **279,453**	● ● ● ●	Amity Hal **1,300,00** Ebony Park **2,200,000** Spring Plain **800,000** PGR **500,000**
To develop and strengthen institutional frameworks for marketing, distribution and quality management systems.	Number of Global Gap Facilities to be certified	Five(5) Global Gap Facilities targeted for the period	Five (5) facilities were audited and completed for certification	●	Two (2) Global Gap

Strategy	Performance Indicator	Target	Performance/ Achievements	Total Performance On/Off	Target 2018/2019
To develop Agro Parks and Agro Economic Zones through private investment and public partnerships to enhance Jamaica's social and economic indicators.	Number of Economic Zone seeking for establishment	Two (2) Economic zone targeted for scoping and approval	One (1) Economic zone scoped and approved	●	One (1) Economic Zone to scoped and approved
To develop public – private partnership relationship for investors.	Number of Financial windows engagement	Two (2) financial windows targeted for funding of investors	One (1) financial window/ engagement was completed.	●	One (1) financial window for engagement
To develop and strengthen institutional framework for quality management and sustainability systems.	Number of Farmer Groups seeking strengthening and registration. Also employing best practices, Strong organizational skills and Governance practices.	Five (5) farmer groups targeted for strengthening and registration. Also for good Governance structure.	Five (5) farmer groups completed organization strengthening and registration.	●	Three(3) farmer groups to be targeted
	Number of structured marketing arrangement established.	Three (3) structured marketing arrangements targeted.	Three (3) structured marketing arrangements completed.	●	Three(3) structured marketing arrangements targeted
	Number of investors for workshop training and seminars.	One hundred and forty six (146) investors targeted for workshop training and seminars.	Seventy-one (71) investors completed workshop training and seminars.	●	One hundred and fifty (150) investors targeted for workshops training
To improve marketing and physical infrastructure also to improve competitiveness and output of the agricultural sector.	Number of Agro processing facilities for development.	One (1) Agro processing facility targeted for development.	One (1) Agro processing facility completed and in production.	●	One (1) Agro processing facility targeted

Strategy	Performance Indicator	Target	Performance/ Achievements	Total Performance On/Off	Target 2018/2019
	Number of metre drains, verges and farm roads for maintenance	Five thousand (5000m) of drains, verges and farm roads targeted for maintenance	Five thousand (5000m) of drains, verges and farm roads completed	On	Three thousand(3000m) of drains and Verges targeted
	Number of hectares irrigation infrastructures developed	Seventy (70) hectares of irrigation infrastructures targeted for development	Fifty six (56) hectares of Irrigation infrastructures completed.	Off	Twenty(20) hectares of irrigation infrastructures
To ensure Socio-economic development and inclusion through agribusiness	Number of entrepreneurs targeted for operation in the Agro Parks and Agro Economic Zones.	One hundred and fifty (150) entrepreneurs targeted for operating in the Agro Parks and Agro Economic Zones.	Two hundred (200) entrepreneurs	On	One hundred and fifty (150) entrepreneurs targeted
	Number of persons targeted for employment in the Agro Parks and Agro Economic Zones.	Five (500) persons targeted for employment in the Agro Parks and Agro Economic Zones.	One Thousand (1000)	On	Seven (700) hundreds persons targeted for employment
	Number of youths, women and other groups targeted for investment in the Agro Parks and Agro Economic Zones.	Eighty (80) youths, women and other groups targeted for investment in the Agro Parks and Agro Economic Zones.	Sixty (60)	Off	One hundred(100) Youths , women and other groups Targeted

On Off

CAPACITY BUILDING PROGRAMMES

Capacity Building Programmes included: Global Gap Food Safety training, partnership trainings with public and private stakeholders and on farm trainings in Agricultural Best Practices (ABP), these were stimulated by discovery and demonstration plots. The discovery/ demonstration plots are practical design approaches to enhance productivity and capacity building that will have a more lasting effect on the country's mandate of a sustainable agricultural sector. The programme employs rapid research, experimentation, technological innovations that will mobilize new downstream commercial ventures.

Global Gap Programme trainings had Twenty Two **(22)** farmers across Three **(3)** Agro Parks; Ebony, Spring Plain and Plantain Garden River Agro Parks. They were trained in:

- First Aid
- Food Safety System
- Pest Recognition and Control
- Proper Harvesting Techniques

Capacity Building trainings targeting ABP had **70** farmers being trained in:

- On Farm Food safety
- Pumpkin Production
- Onion Production Basics
- Crop Management

Twenty **(20)** farmers were taken on a learning journey to CB's Imagination Farms to have a hands-on-experience with onion production.

Properties & Fixed Assets

The Agro-Investment Corporation is responsible for the management of the Agricultural Marketing Corporation (AMC) which owns over 9290.3 sq. meters (100,000 sq. ft) of rentable space at the Export Complex located at 188 Spanish Town Road, Kingston 11, and at out stations in Wait-a-Bit, Trelawny; Christiana, Manchester; Browns Town, St. Ann; Darliston, Westmoreland and Guys Hill, St. Catherine to investors within the agricultural sector. The facilities at the AMC includes secured grounds for loading containers, packing houses, chill rooms, warehouses and offices. Over 5,000 tons of non-traditional produce is exported from the complex annually.

The Agro-Investment Corporation is also custodian of over 2,000 hectares (4,942.13 acres) of arable, state owned agricultural land, which it is making available to investors. These include the Amity Hall in St. Catherine, Ebony Park and Spring Plain Agro Parks in Clarendon and the Plantation Garden River Agro-Park in St. Thomas as well as the Minard Estate Farm in St. Ann. These properties are operated on a subsidized basis as an incentive to production, productivity and job creation. Agricultural Marketing Corporation

The AMC continues to play a catalytic and pivotal role in facilitating the marketing of non-traditional agricultural produce. The facility ensures that there is cost-effective marketing infrastructure in place which is efficiently managed to enable producers and exporters of non-traditional agricultural produce to access and compete in the domestic and foreign markets. The facilities available are:

- Warehouse space
- Chill room space
- Office space

Occupancy

The Complex is approximately 104,084.70 sq ft. (9669.79 sq. m). At the end of the reporting period; approximately 50% of warehouse and 90% of office space were leased.

There are currently twenty (20) tenants occupying office and warehouse spaces. Approximately 40% of these tenants are agro-processors for the export market, while the remainders are involved in different trading and packing activities.

Renovation/Rehabilitation of the Complex

The main warehouse block on Level 1, estimated at 4,552.24 sq. m (49,000 sq ft) which was slated for complete renovation to meet the Food and Drug Administration (FDA) and other international food safety requirements was still on pause at the end of the year. This had a debilitating impact on the revenue earning potential of the facility. This renovation was put on hold due to the lack of budgetary support and the planned divestment of the complex.

Employment

The complex provides employment for an estimated two hundred and fifty (250) persons which has contributed to local job creation. At the end of the financial year, there were pending applications for facilities which could further increase the employment level.

LAND MANAGEMENT

Agro-Invest manages and operates several agro-parks and properties across the island that are geared towards reducing import subsidies and increasing export of agricultural products. With this in mind, Agro-Invest continues to identify and attract investors to take advantage of the opportunities within the agricultural sector.

The table below represents the land utilization of properties owned and/or managed by Agro-Invest at the end of the financial term:

Agro Park	Total Arable Area (acres)	Area Irrigated		Area Not Irrigated	
		Leased	Not Leased	Leased	Not Leased
Amity Hall	2,340	125	25	269	1,946
Ebony Park	896	886	10	0	0
Spring Plain	943.12	579.15	363.97	0	168
Plantain Garden River	253.2	230	28	23.2	0
Total	**4,432**	**1820.15**	**426.97**	**292.2**	**2114**

Other Properties Managed By AIC

Properties	Total Arable Area (acres)	Area Irrigated		Area Not Irrigated	
		Leased	Not Leased	Leased	Not Leased
Spring Gardens	57.45	57.45	0	0	0
Wallens	250	0	0	250	0
Bernard Lodge	36.28	36.28	0	0	0
Rhymesbury	263.48	0	0	263.40	0
Total	**607.21**	**93.73**	**0**	**513.4**	**0**

Amendments to the Land Divestment Policy

To ensure that its Land Lease Policy and Procedures are in line with Government of Jamaica Land Divestment Framework, Agro-Invest has made several amendments to its existing Land Divestment Policy. These include detailed steps on how to treat with:

- A Request for proposals
- A Request for Offers to Lease
- An Unsolicited proposal for the use and development of land
- How to Advertise Properties available for rental
- How to treat an application for an existing investor/lessee to acquire additional lands.
- Identifying an application for special circumstances.

Non-Performing Leases

Agro-Invest has embarked on a project to identify the delinquent tenants as well as farmers/investors who are performing below the minimum 75% production standard as stipulated in existing land lease policy. To date, approximately 680 acres of lands have been revoked. These properties have been advertised and assigned to new investors.

Land Bank

Agro-Invest is aggressively pursuing an additional 10,000 acres of lands across the island to establish new agro-parks. These are as follows:

Acreages Targeted for Prospective Agro-Parks During the Financial Year 2017/18

Parishes	Area of Land	
	Hectares	Acres
St. Thomas	182.11	450
Clarendon	2961.58	7318.22
St. Mary	242.81	600
Elizabeth	829.19	1,801.87
Hanover	48.38	119.55
Westmoreland	67.32	166.35
Total Hectares/ Acres	**4,331.39**	**10,455.99**

"The Agro-Investment Corporation is also custodian of over 2,000 hectares (4,942.13 acres) of arable, state owned agricultural land, which it is making available to investors."

The establishment of these new agro-parks will enable Agro-Invest to target investment opportunities, new crops or ventures such small ruminants. Additionally, the development of new parks in strategic locations will cater to potential investors who have expressed difficulties over the year as it applies to the location of the current agro-parks.


Rickman Edwards
Nadine Thompson
Kezia Guzman
(Summer Intern)
Kadia Smith
Georgia Gardener

AGRO CULTURE

Summary of Achievements for 2017/18 and Projections for 2018/19			
Programme & Budget No.	**Performance Indicators**	**Performance Target 2017/2018**	**Actual Result 2017/2018**
Agro-Investment Corporation Property & Fixed Asset Management	Sq. ft. of main warehouse renovated and certified.	38,500 sq. ft. of main warehouse space renovated and certified to meet FSMA standards. This will result in an increase export of 3,160 tons of Non-Traditional produce	0% (0 sq. ft) of main warehouse space renovated and leased. No increase export of non-traditional produce
	# chill rooms operational and leased	3 chill rooms operational and leased $5,400,000 in rental per annum	33.33% (1 chill room operational and lease) $1,800,000 in rental per annum)
	# of packing bays operation and leased	18 packing bays operational and leased. This will result in 200 on premises jobs and 3,000 nation wide	55% 10 packing bays operational and leased. This will result in 200 on premises jobs and 1,700 nation-wide.
	# of hectares of land leased	1,900 ha of land leased 100% $12,900,000 in rental per annum	98% (1862 ha of land leased) $12,600,000 in rental per annum
	Sq.ft of warehouse leased.	36,389 sq ft of warehouse 100% leased (levels 1, 2 & 3) $5,294,893 in rental per annum	89% (32,528.49 sq. ft of warehouse leased (1, 2 & 3) $4,733,157 in rental per annum
	Sq.ft of office space and leased.	13,546.84 sq ft of office space and leased $2,031,900 in rental per annum	87% 11,907.45 sq ft of office space leased $1,786,117 in rental per annum

Summary of Achievements for 2017/18 and Projections for 2018/19			
Variance	**Revision/ No Revision/Remarks**	**Forecast & Cost 2018/19 (000)**	**Expected Results**
-100%	This activity was planned to commence in the second quarter. No funding was provided to carry out this activity; hence the target will be revised to zero (0). A capital A budget was submitted to PIMSEC to carryout rehabilitation works to main warehouse. The department was informed last year that if approved, funding would be made available in the 2019/2020 finial year. Therefore no activities were planned for this project in 2018/2019 financial year. However, based on the demand, the department has taken the decision to lease space on a "as is where is basis" for the next financial year is the budget is not approved.	Renovation of 12,500 sq. ft of main warehouse (three packing house) to cost J$12,750. This will result in an increase export of 1,000 tons of NonTraditional produce to new markets.	The corporation did not receive the budgetary allocation to carry out the planned renovation. Hence, this target will be revised.
-66.67%	No budgetary support was provided to carry out renovation. The department a strategic decision to lease remaining 5 chill room on "As is where is" basis for the dry storage in the next finical.	$1,800 in rental per annum 1 chill rooms operational and leased	100%
-45%	The Plant Quarantine Department issued a cease and desist order to several of the AMC tenants stated the poor condition of the facility as the basis. However, no budgetary support was provided to carry out the required repairs on packing houses.	12 packing bays operational and leased This will result in 150 on premises jobs and 2,250 nation wide	100% The department made a strategic decision to lease remaining packing houses on "As is where is" basis for the storage of non-agricultural export products in the next financial year.
-2%	Tenancy void (unoccupied period with no rental income due to tenants turn over) as a result of revocation exercises or tenants leaving at will	1,950 ha of land leased $13,200 in rental per annum	100%
-11%	Tenancy void	36,839 sq ft of warehouse space leased on levels 1, 2 & 3) $5,294,893 in rental per annum	100%
-13%	Tenancy void	13,546.84 sq. ft. of office space leased $2,031, in rental per annum	100%

Project Development

The Project Development Department is the investment outfit of the Agro-Investment Corporation and has responsibility for identifying, developing and promoting agricultural investment opportunities by analyzing market trends, conducting feasibility studies and interpreting market data to advise potential investors on viable agribusiness ventures. The unit is responsible for preparation and development of investment projects and proposals, business cases and concept papers to stimulate interest and stakeholder buy-in for implementation. The department provides business facilitation services by walking potential investors through the stages of the investment process, preparing business and implementation plans and providing market support services.

BUSINESS PLAN/PROPOSAL DEVELOPMENT & FUNDS MOBILIZATION:

1. South St. Catherine AEZ

Prepared and submitted to the FAO Scoping Mission Team justifications (including budget) for the inclusion of the Amity Hall Agro Park and the AMC Complex in the pre-feasibility scoping study executed by the FAO. The feasibility study itself will inform Phase I of the Southern Plains Project.

2. Essex Valley Irrigation Agricultural Development Project (EVADP)

This project is currently in the implementation stage and was designed with the specific purpose of bringing about a positive change in the socio-economic landscape of the project areas through increased agricultural productivity which brings about improved opportunities via the multiplier effect in employment creation for farm and non-farm labour, increased earnings, the rise of farm and non-farm small businesses thereby alleviating poverty.

Agricultural Produce Demand Discovery

Conducted research and analyzed the CET listing and the Tourism Demand Study to determine untapped demand for Jamaica's agricultural products. This effort is to establish the following:

- Agricultural products that are in high demand in the export markets that can be competitively produced locally.
- The most imported agricultural products that can be produced and marketed locally into the hotel trade

PROJECT PROPOSALS

The following projects were submitted to the public investment management secretariat for approval:

1. Agricultural & Marketing Corporation (Amc) Complex Phase I Refurbishig Project

Project is aimed at addressing the structural and supply challenges of the GOJ to increase the export of non-traditional produce to the North American and UK markets. The project is designed to allow penetration of higher quality export and local markets and allow for better produce quality maintenance. Implementation of the project will also address the unsustainable energy billing system and meet the fire safety needs of the beneficiaries.

2. Ebony Park/Spring Plain Critical Infrastructure Completion

This project aims to increase agricultural production on the Spring Plain and Ebony Park Agro Parks in order to facilitate improved opportunities via the multiplier effect for employment creation (farm and non-farm labour), increased farm earnings and increased agri-business development thereby alleviating poverty and contributing to economic growth and increasing food security.

Minard Estate Farms
Report April 2017 – March 2018

1.0 OVERVIEW

The Minard Estate Farms, St Ann is the home to the praised Red Poll, Black Poll and Brahman breeds. The Agro-Investment Corporation (AIC) envisions the Minard Estate Farms as being the primary source of bovine animals for cattle breeders seeking to improve their herd quality over time. The operations at the Estate are geared towards the conservation and development of the selected beef cattle herds through planned breeding & selection programmes and progeny testing for selecting future sires.

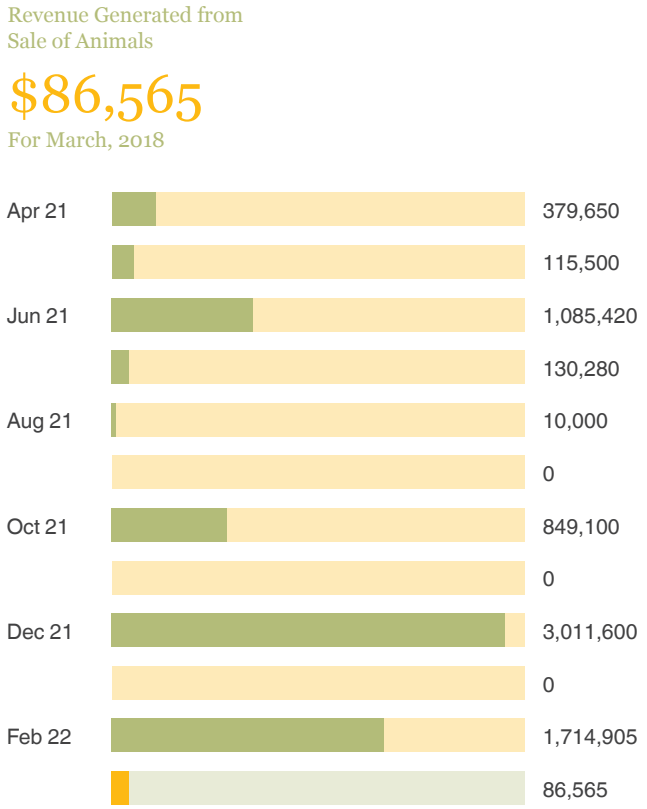
The sale of weaners and semen of the Black Poll, Red Poll and Brahman breeds continue to exhibit a notable income generating capacity, against the backdrop of an increasing local demand for specialty cuts of bovine meat as well as offals. The Minard Estate Farms is therefore favourably positioned as the repository of quality genetic material and is a major stakeholder, vital to the continuity of the cattle rearing industry.

2. FARM OPERATIONS AND MANAGEMENT

2.1 REVENUE EARNED

Over the period of April 2017 to March 2018, some 116 animals were sold with a market value totaling JM $ 8.1Million.

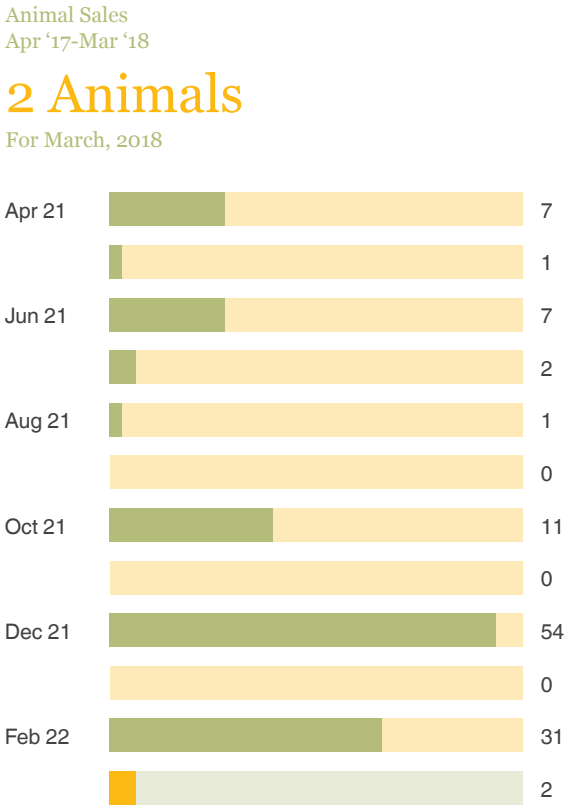
Figure 1:



August 2017, one animal was sold with a salvage value of JM $10,000

October 2017, one animal was donated with an estimate value of JM $47,250 (not included)

Figure 2:



The number of animals sold remained relatively flat for the first two (2) quarters of the period in review. However, significant increase in the number of animals sold as well as the revenue generated were observed for the quarters of Oct-2017 – Dec-2017 and Jan-2018 – Mar-2018. This demand can be attributed the number of new entrants into the industry and existing farmers upgrading their herds.

2.2 PERFORMANCE TESTING (PT)

The cow herd performance testing program is designed to record information on economically important traits. Performance testing allows for a coordinated cattle operation utilizing recorded data for the direction of the herd breeding program. It is an effective farm management tool for selecting high performing, high-quality replacement heifers and is useful in identifying and culling cows with low-performing and low quality calves.

AGRO CULTURE


Jodian Tate-Clark
Donavon Leon
Patrick Forest

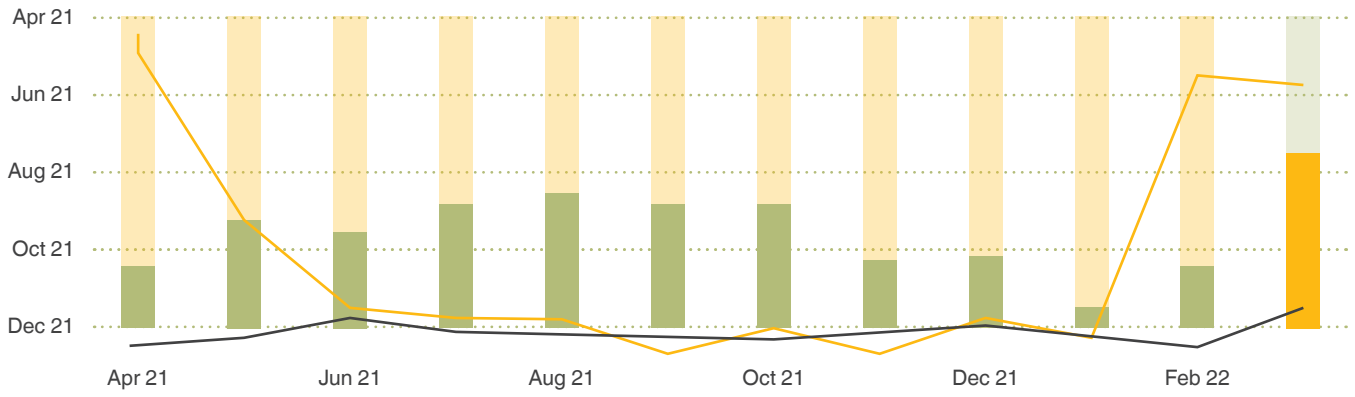
Summary April 2017 – March 2018

- Performance Test -Batch # 1 Batch 1 - 14 weeks into Programme. Bulls weighing average. 728.2 lbs, cumulative average daily growth 2.88lbs. Batch 2 - 4 weeks into programme. Bulls weigh average 504 lb., cumulative average daily growth 1.95 lbs.
- 2016 PT, Batch 2- 18 weeks into the programme. Average weight 711 lbs., cumulative average daily growth 1.69 lbs.
- PT with weaners on going: Batch #1 14 days is average weight 532.88 lbs. The average daily gain 4.09lbs.
- PT with weaners is ongoing: Batch #1 at 56 days average weight 603.5 lbs. The average daily weight gain 2.8 lbs.
- PT with weaners 2017, Batch # 1 at 126 days in test average weight, 737.7 lbs. The average daily weight gain 1.7 lbs. Batch #2, the 70 day average weight, 619 lbs per animal. Average daily weight gain 2.1 lbs.

2.3 CATTLE STATISTICS

The average herd size for the period April 2017 – March 2018 was approximately 560 animals. The total number of births recorded was 240 with an average monthly birth rate of 20. The total number of deaths recorded was 34 animals for the same period, and the monthly average death rate was calculated at 2.833 animals. The net gain on the cattle stock was calculated at 17 animals per month.

Figure 3:



2.4 PASTURE RECOVERY AND MANAGEMENT

Over the period in concern 1520 chains of fencing were repaired and 40 chains of new fencing erected.

2.5 LIVESTOCK SHOWS AND EXHIBITIONS

- Denbigh Agricultural, Industrial Food Show: At the Denbigh Agricultural show 2017, all three beef breeds were represented namely Jamaica Brahman, Jamaica Red Poll and Jamaica Black. 24 classes were awarded and a total of 7 cups and trophies were awarded. We were awarded champion exhibitor with the most points in cattle class
- Minard Livestock and Beef Festival – November 2016.The show was held on November 9, 2017 and was an overall success
- Hague Agricultural Show – Ash Wednesday, February 14, 2017
- St. Mary Agri-Expo – Easter Monday, April 2, 2018
- Montpelier Agricultural Show- Easter Monday, April 2, 2018

OUTREACH ACTIVITIES

Cattle Appraisals:

The Minard Estates team participated in the following cattle appraisals:

- Bengol Farm Appraisal – February 2018
- YS Farm Appraisal –December 2017
- FM Jones and Flynn Estates Appraisal -November 2017
- Jamaica Red and Brahman Appraisal at Green Castle Estate – July 2017
- Jamaica Black Appraisal at LLanrunmey- July 2017
- Bodles Appraisal – May 2017
- Bodles Appraisals- May 2017

Human Resource & Development

One of the goals of the Human Resource Department is to help the Corporation achieve its strategic mission and objectives by partnering with all internal stakeholders and the respective external stakeholders. The department's aim and commitment is to maintain this ongoing collaboration and teamwork with its human capital which will also help to align and integrate processes that will aid in the growth and development of the Corporation.

The department helps to manage a staff complement of 52 (see table below) and is responsible for:

- Directing and facilitating the day to day humanresource management activities
- Supporting the Corporation in executing strategic initiatives to attract, develop and retain skilled and productive employees
- Managing the Corporation's office and related resources including telephone, transportation, reception, security, record keeping and ancillary services

HR Objectives/Targets for the year:

a. To recruit and select suitable persons to fit the vision and mission of the Corporation thus strengthening its ability to attain growth - The HR department had estimated that a total of eleven (11) new persons would be recruited based on the needs of the Corporation.

b. To assess, identify training needs and collaborate with the necessary training institutions to provide training throughout the financial year. It was projected that a total of thirty (30) persons would be trained in various areas to achieve set goals and objectives.

c. To ensure that all performance appraisals are completed within the Corporation as per specific timeline –The department had committed to ensure that all employees were properly evaluated.

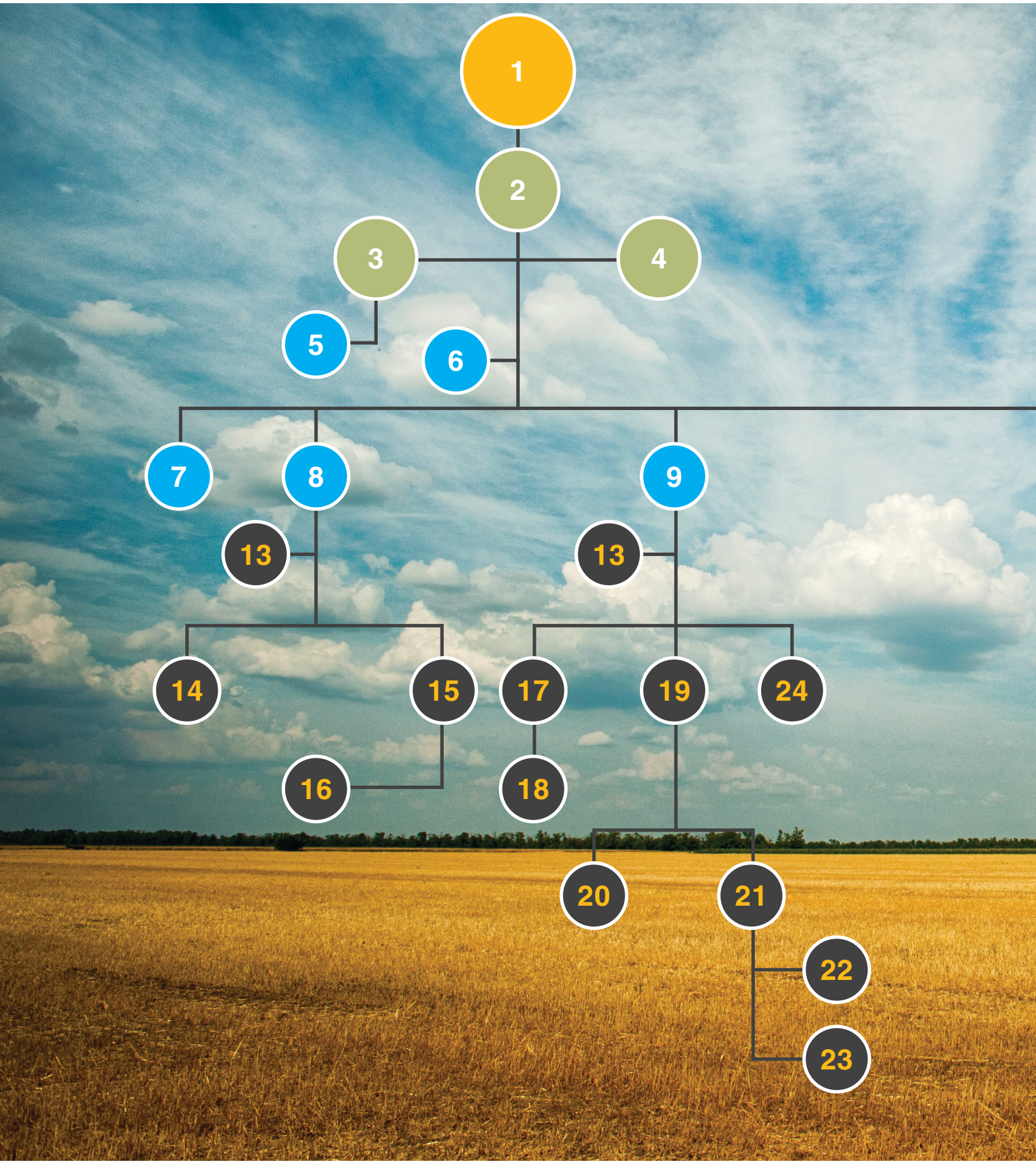
d. To facilitate a planned programme of institutional strengthening and capacity building within the Corporation toward achieving efficiency and effectiveness through reviewing/updating job descriptions. Based on this, the HR department had targeted a total of eight (8) job descriptions to be reviewed and revised.

e. To promote work-life balance and wellness by sensitizing employees of the various health issues through health programs/workshops and by utilizing other preventative measures by the end of the financial year. In order to increase employees' awareness, the HR department had intended to co-ordinate health and wellness sessions with the necessary medical professionals so that all employees could participate and benefit.

f. To manage/co-ordinate social events/incentive programs that will enhance synergies, improve working relationships and stability within AgroInvest throughout the financial year. Approximately six (6) events were targeted for the period.

Organization Structure

The proposed organization chart supports (see below) and facilitates the number of employees needed in the Human Resource Capacity Plan (see table below). The initial chart did not accommodate the Property and Fixed Asset Department, Agricultural Marketing Corporation and the Minard Farm. However, with these changes implemented these departments will now be included. The proposed Human Resources Capacity Plan (table below) demonstrates the medium to long term human resource capital needed to equip the Corporation to effectively achieve its strategic objectives.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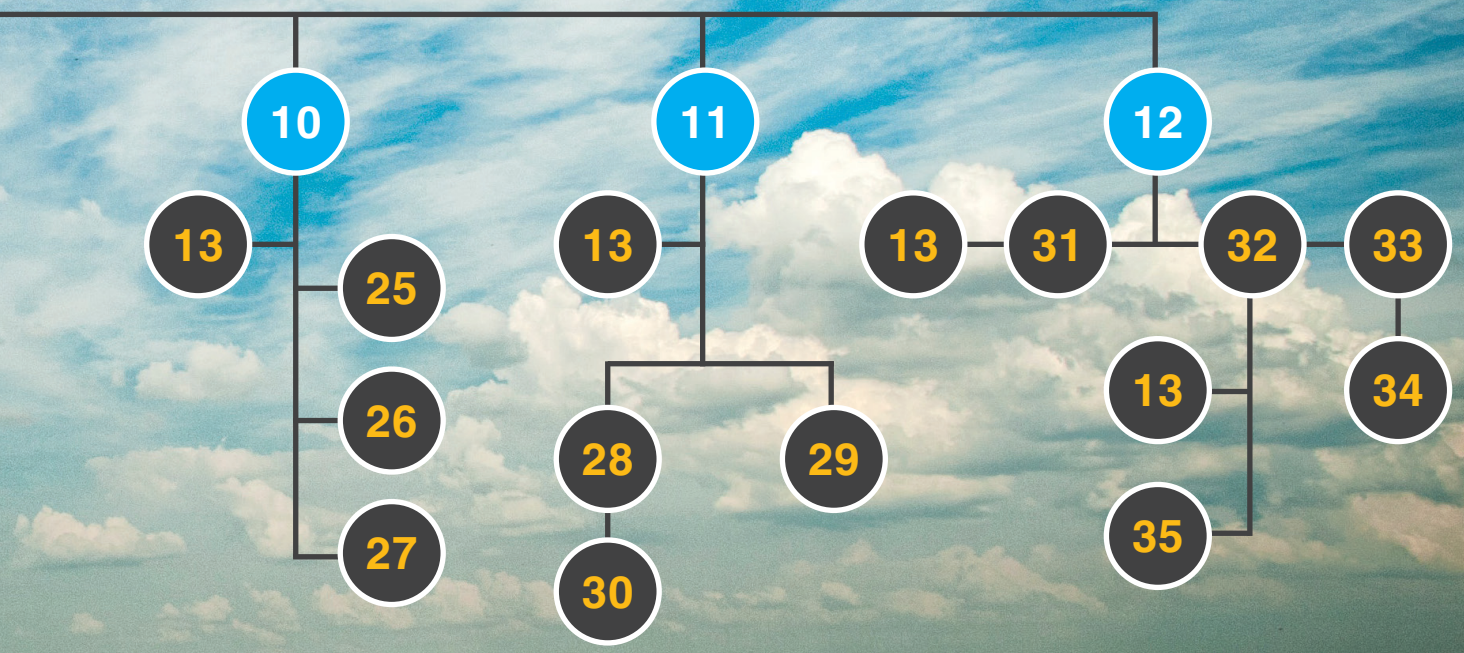
Organizational Chart



1. Board Of Directors
2. CEO
3. Internal Audit: Senior Internal Auditor
4. Company Secretary
5. Auditor
6. Executive Assistant
7. Information Technology
8. Director Human Resource Management & Developent
9. Finance & Accounts CFO
10. Agro Park Development Director
11. Property And Fixed Asset Management Manager
12. Project Development Director
13. Administration Assistant
14. Human Resource Officer
15. Office Administrator
16. (N) Driver, 2 Office Attendants, Telephone Operator, 2 Cleaners
17. Procurement Manager
18. Procurement Officer
19. Manager (Payroll, Payables, Receivables)
20. Payroll Officer/ Accounting Technician
21. Accountant
22. Receivables Clerk
23. Payables Clerk
24. Budget Monitoring & Compliance Manager
25. Farm Management: 4 Farm Managers (1N)
26. Cluster Coordination: Coordination (N)
27. Technology Transfer 2 Specialists (N)
28. Facilities Administrator (N)
29. Property Officer (N)
30. Maintenance Technician: 2 Handymen, Caretaker
31. Marketing: Senior Marketing Officer (N)
32. Minard Farm: Farm Manager
33. Investment & Business Management: Business Facilitation Manager
34. 4 Investment Officers
35. 4 Livestock Attendants, Tractor Operator, 5 Casual Workers

AGRO CULTURE


Carmelia Foster
Chevanese Fullerton
Judith Alexander

PROPOSED HUMAN RESOURCES CAPACITY PLAN

HRM & Dev.

Finance & Accounts Division

Property & Fixed Assets

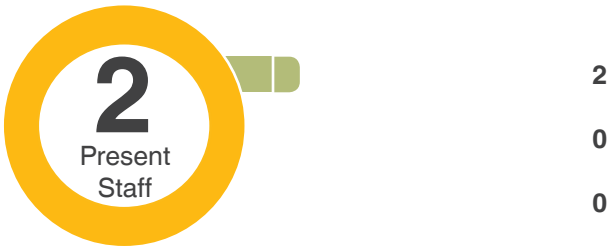
Project Development

Corporate Governance Unit

Agro-Parks

Minard

Wallen



Company Secretary

Internal Audit

Current
'18-'19
'19-'20
'20-'21

Finance & Accounts includes the Procurement Department

Total

Current: **52** | '18-'19: **62** | '19-'20: **63** | '20-'21: **63**

Accomplishments for the year of 2017- 2018

a. The department recruited a total of twenty-one (21) persons to fill vacant posts. It must be noted that whilst we targeted seven (7) persons to be hired, factors such as resignations and non-renewal of contracts had resulted in the increase in number.

b. Approximately twenty-three (23) persons participated in external training.

c. The HR Department partnered with the internal and external stakeholders and reviewed, revised and updated a total of fourteen (14) job descriptions geared at improving the Corporation's efficiency and effectiveness as well as ensuring that key performance indicators are properly aligned to the Corporation's objectives.

d. The HR department coordinated one (1) health and wellness session aimed at increasing employees' awareness on health and work life balance.

Internal Audit

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Agro-Investment Corporation. It assists the company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, and internal controls. The Unit aims to be a business partner and a trusted advisor, and recognized as a driving force behind a culture of governance, accountability, compliance and The objectives of the Unit are;

1. To facilitate good Corporate Governance and compliance to Government regulations, rules and circulars governing the operations of Agro-Investment Corporation
2. Ensure that proper internal controls are in place which will facilitate Agro-Industrial development which will meet international standards
3. Ensure that sound internal controls are in place and being adhered to in the allocation of financial resources and the application of accounting best practices.
4. Ensure that audits are conducted in accordance with International Standards

The Unit was able to execute and generate eight (8) audit reports (Special and Compliance) over the audit year (April 2017- March 2018). A number of audit recommendations were made to strengthen the internal controls of the Corporation which Management has taken steps to implement.

The Unit continues to work closely with Management in order to ensure compliance with the relevant regulations and policies governing its operations.

"The mission of the internal auditing department is to provide independent, objective assurance and consulting services designed to add value and improve the organization's operation"

Audited Financials Overview

Overview & Analytical Discussion on the audited Financial Statements for financial year ended March 31, 2018

There were some major ticket items that we identified which are of special significance during the financial year April 01, 2017 to March 31, 2018 that will be discussed. Great improvements were shown in several areas under both Assets and Liabilities. However, the events, trends and factors that influenced them and the significant impact arising from their occurrence are detailed in the Notes to these Financial Statements.

Budgetary Support and Appropriations-In-Aid (AIA) which the Corporation was able to generate were greatly improved compared to the prior financial year.

The percentage of the Subvention received versus the Budget which was approved by the Ministry of Finance & the Public Service moved from 59.36% in 2013/2014 to 65.36% in 2014/2015, then a whopping 95.50% in 2015/2016, but plummeted to 76.44% in 2016/2017, afterwards increased substantially to 91.23% in the last financial year. Similarly the Appropriations-in-Aid (AIA) collected, increased from 63.30% in 2013/2014 and although it dipped in the succeeding year 2014/2015, in 2015/2016 the AIA increased 114% of the projected amount. 2016/2017 receipts decreased to 68.32%, then reduced further in 2017/2018 to 65.26% of what was projected in the financial year.

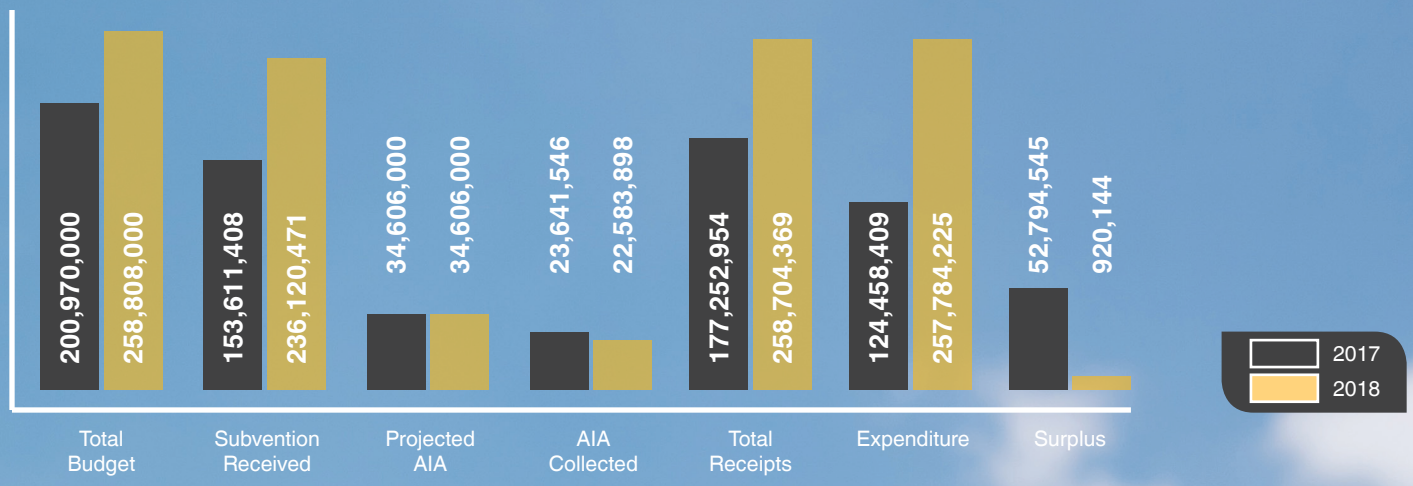
Table 1 below shows the comparisons and overall picture.

Items	2013/2014 $	2014/2015 $	2015/2016 $	2016/2017 $	2017/2018 $
Total Budget Approved	99,909,000.00	108,701,000.00	135,704,000.00	200,970,000.00	258,808,000.00
Subv'n rec'd/ Est. Sub.	59,305,544.90	71,043,079.24	129,597,417.00	153,611,408.00	236,120,471.00
% of Budget rec'd	59.36%	65.36%	95.50%	76.44%	91.23%
(Shortfall)/Surplus	**(40,603,455.10)**	**(37,657,920.76)**	**(6,106,583.00)**	**(47,358,592.00)**	**(22,687,529.00)**
Projected AIA	43,165,000.00	50,538,000.00	42,748,000.00	34,606,000.00	34, 606,000.00
AIA Collected	27,324,754.09	28,825,328.66	49,091,895.00	23,641,546.00	22,583,898.00
% of projected AIA Collected	63.30%	57.04%	114.84%	68.32%	65.26%
(Shortfall)/Surplus	**(15,840,245.91)**	**(21,712,671.34)**	**6,343,895.00**	**(10,964,454.00)**	**(12,022,102.00)**
Subvention rec'd	59,305,544.90	71,043,079.24	129,597,417.00	153,611,408.00	236,120,471.00
AIA Collected	27,324,754.09	28,825,328.66	49,091,895.00	23,641,546.00	22,583,898.00
Total receipts	**86,630,298.99**	**99,868,407.90**	**178,689,312.00**	**177,252,954.00**	**258,704,369.00**
Total expenditure	129,300,969.00	107,988,745.00	179,277,101.00	124,458,409.00	257,784,225.00
(Shortfall)/Surplus	**(42,670,670.01)**	**(8,120,337.10)**	**(587,789.00)**	**52,794,545.00**	**920,144.00**
% (over-exp)/Surp	**(49.26%)**	**(8.13%)**	**(0.33%)**	**42.42%**	**0.004%**

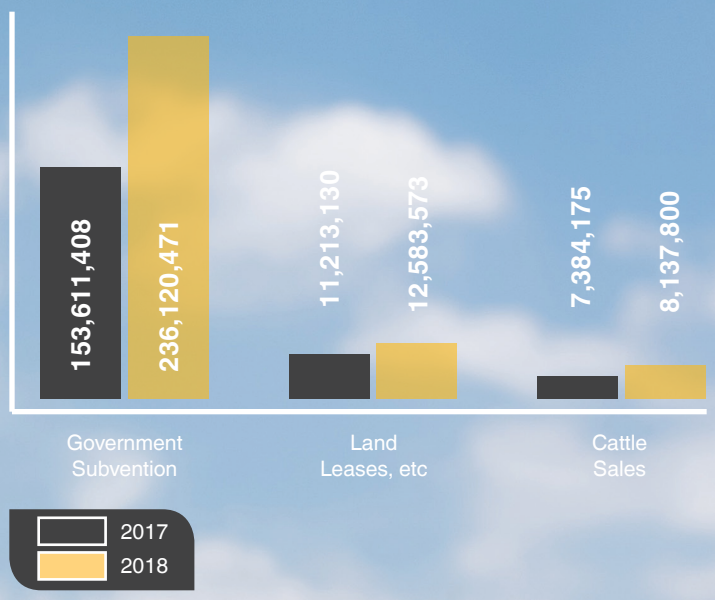
AGRO
CULTURE


Tevin Casey
(Summer Intern)
Daalon Myers
Mrs. Kadiana Ramballi
Brittania Richards
(Summer Intern)
Shaune-kaye Rose

Comparison of Financial Statements for 2017/18 with those of 2016/17 ($)



Revenues 2017/2018 - Compared to those of 2016/2017



The discussion and analysis following should provide additional information to expand the objectives of the financial statements. Explanations are provided for the significant changes and trends of Agro Investment's financial position and performance that are represented in various components of the financial statements and which influenced its objectives and strategies, as compared to the previous period. Mention is also made of substantial commitments, contingencies, and events occurring after the reporting date. As far as is possible, any information about the Corporation's intended actions which will impact its future operations but is not included in the audited financial statements or accompanying notes, has also been mentioned. Significant positive and negative variances between actual results and the budgeted amounts compared to the prior year financial statements have also been highlighted.

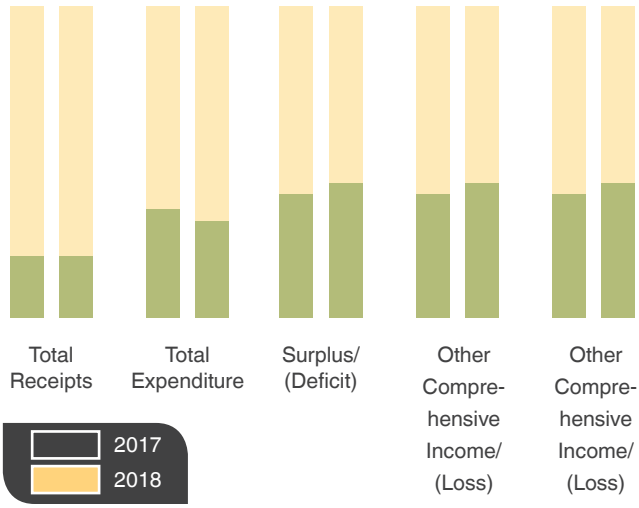
Statement Of Comprehensive Income

Table II below gives highlights of the revenue and expenditure for the financial year for the Corporation for 2017/2018 compared to the results reported in the previous financial year, 2016/2017

Line Item	Financial Year Ended March 31, 2018 $	Financial Year Ended March 31, 2017 $	Variance $	% Variance
REVENUE	22,583,898	23,641,546	(1,057,648)	(4.48)
GOVERNMENT SUBVENTION	236,120,471	153,611,408	82,509,063	53.72
SUB-TOTAL-TOTAL RECEIPTS	**258,704,369**	**177,252,954**	**81,451,415**	**45.96**
OPERATING EXPENSES	14,898,716	11,209,597	3,689,119	32.91
EXPENSES FOR AGRO PARKS	25,313,481	21,857,244	3,456,237	15.82
ADMINISTRATIVE EXPENSES	217,572,028	91,391,568	126,180,460	138.07
SUB-TOTAL-TOTAL EXPENDITURE	**257,784,225**	**124,458,409**	**133,325,816**	**107.13**
SURPLUS/ (DEFICIT)	**920,144**	**52,794,545**	**(51,874,401)**	**(98.26)**
Total other adjustments	2,176,864	2,176,864	-	-
NET SURPLUS/ (DEFICIT)	**3,097,008**	**54,971,409**	**(51,874,401)**	**(94.37)**
Other Comprehensive Income/(Loss)	**3,142,897**	**(26,203,526)**	**(29,346,423)**	**(112.00)**
Total Comprehensive Income/ (Loss)	**6,239,905**	**28,767,883**	**(22,527,978)**	**(78.31)**

Revenues generated by the Corporation reveal trends and dependencies on specific sources such as the sale of cattle. Revenues generated for the financial year ended March 31, 2018 accounted for only 8.76% of total receipts. This represented an overall decrease of approximately 4.58%, moving from $23,641,546 in 2016/2017 to $22,583,898 in 2017/2018. Grant received in 2016/2017 accounted for the increase over the year in audit. Cattle sale showed an increase of 10.21%, moving from $7,384,175 in 2016/2017 to $8,137,800. The decision which was made two (2) years prior to cull as many of the non-performing breeding stock as possible in order to maintain only robust stocks, impacted cattle sale greatly during the year under review. 'Other Income' of $14,446,098 is presented separately after 'Revenue' in the audited Financial

REVENUES 2017/2018 - COMPARED TO THOSE OF 2016/2017



Statements, but is included in the Total Revenue shown in Table II above. 'Other income' comprises mainly of the income from land leases. Income from lease rental shown increased by $1,370,443 or 12.22 %, moving from $11,213,130 in 2016/2017 to $12,583,573 in 2017/2018.

The remaining balance included in overall Receipts represents Government subvention. Changes in revenues by such a major source further indicate trends and dependencies on other specific revenue sources such as Government subvention, instead of only from land leases and others. Government subvention increased by $82,317,295 or 53.53%, moving from $153,803,176 in the previous financial year to $236,120, 471 in the reporting period.

Overall, compared to the previous financial year, total receipts increased by $81,451,415 or 45.96%, that is, from $177,252,954 in 2016/2017 to $258,704,369 in 2017/2018.

Expenses:
Expenses shown in the Agro Investment's financial statements are classified under three headings, namely, Operating Expenses, Expenses for Agro Parks and Administrative Expenses. All classifications of expenses increased significantly during the financial year being reviewed.

Operating expenses moved from $11,209,597 to $14,898,716 which is an increase of $3,689,119 or 32.91 % over the expenses of the previous financial year. Any changes arising from the revaluation of fair value of the biological assets is captured as an expense or a savings. This resultant increase in the livestock value, though less than the previous year, represents an expense to the Corporation as it is similar to expenses incurred in purchasing livestock. Repairs and maintenance costs also increased by $2,037,149 or 736.94 % compared to the previous financial year. Expenses for Agro Parks totaled $25,313,481, a significant increase of $3,456,237 or 15.81% over the $21,857,244 expended during the previous financial year and represents changes related mainly to salaries, travel and other expenses.

Administrative expenses which amounted to $217,572,028 showed a substantial increase of $126,180,460 or 138% over the $91,391,568 expended in the previous financial year. This increase resulted first from the implementation of the planned capacity-building programme under the Strategic Corporate Plan approved for the year, which accounts for the increases in salaries and travel expenses.

Other areas such as general insurances computer supplies, advertisement and promotions increased as well. However, a huge 'Bad debts' provision of $89,352,981 was made to cover 'Related Party' transactions totalling $77,143,032 in the financial year under review which represents reimbursable expenses including salaries, utilities, general insurance and other expenses which the Agro Invest paid on behalf of the AMC.

In addition to that, the 'Bad Debt' provision also included $12,209,949 for Receivables which were outstanding over 90 days. The amount of $9,084,051 to cover 'Contracts Payables Balance was also written back under an item identified as 'Performance Security Contract', the latter two (2) were verified as having been previously dealt with.

Surplus/(Deficit) for the Period

As a result of the several adjustments made, including the substantial provision for 'Bad Debts' as well as major increases in different line items classified and expended under 'Administrative Expenses', surplus for the financial year was significantly reduced.

STATEMENT OF FINANCIAL POSITION

The amounts and timing of future cash flows necessary to service and repay existing claims to the Corporation's resources will constantly have to be considered. In discharging its responsibilities, attempts were made by the Corporation's management to address several claims in the financial year just ended. Surplus recorded at the end of the financial year under review that would help support the Corporation's future service delivery objectives, may be eroded by the servicing of these outstanding claims.

Items that showed significant changes under 'Assets' in the Statement of Financial Position were the Property, Plant & Equipment, Biological Assets, Post-employment Benefit Assets, Receivables, Cash and Cash equivalents, Related Party and for Payables under 'Reserves and Liabilities'.

NON-CURRENT ASSETS

Under non-current assets, there were challenges regarding the required maintenance and replacements, and the question as to the ability of the capital assets to provide sustained services in the future.
During the year, the present management commenced an assessment of the physical conditions of the assets owned or under its management. The existence, age, condition, value and remaining useful life of all physical assets were ascertained and the Fixed Assets Register is still being verified.

Property, Plant and Equipment:
For the period under consideration, the net book value for this asset grouping which was valued at $306,099,983 increased to $320,414,051, an increase of $14,314,068 or 4.68% as a result of the addition of office equipment, machinery and furniture and fixtures purchased mainly for the new staff that was employed during the year.

Biological Assets:
The details of this item are contained in Note 12 of the Notes to the Financial Statements. A revaluation of the biological assets was done which correspondingly resulted in an increase of $4,552,703 or 10.58% in the fair value of the biological assets, which moved from $43,034,063 to $47,586,766 for the financial year just ended.

Post-employment benefit assets
Detailed calculations and explanations are provided in the Notes to the Financial Statements. The value of the Pension Asset recognized through an actuarial valuation as required by IAS 19-Employee Benefits showed this item moving from $5,878,000 to $6,518,000 a net increase of $640,000 or 10.89% compared to the value in the past financial year.

CURRENT ASSETS

Financial Assets
The changes in financial assets sometimes illustrate the unpredictability in the sources of funds. In this case, making the necessary provisions for irrecoverable/bad debts will have to continue.

- Receivables & Prepayments:
  This line item decreased significantly from $16,700,609 to $2,568,914. This decrease of $14,131,695 or 84.62% arose mainly as a result of adjustments for bad debts made for 'Receivables'. Based on discussion with the Corporation's external auditors, the executive management took the decision to make a full 'Bad debt' provision for all 'Receivables' over 90 days.

- Related Party
  The full 'Bad Debt' provision was made for the prior year's balance of $26,051,683. The management will write to the Board of Directors for its approval to 'write off' this total. The Board of Directors will decide thereafter how this amount should be treated. In the meantime, a request was made to the portfolio Ministry for reimbursement of this amount. Its decision awaits.

- Cash and Bank balances
  This item, which represents cash at bank and in hand, along with cash equivalents, increased substantially by $41,217,381 or approximately 390.48% moving from $10,555,478 to $51,772,859. This significant increase in cash and bank balances, therefore, was as a result of additional cash of approximately $27,805,768 received to pay for the claims made by the five (5) employees terminated in 2013 as well as $14,296,520 provided within the short period of time toward the end of the financial year.

RESERVES AND LIABILITIES RESERVES

- Capital Reserves and Fair Value Reserve are detailed in Notes 16 and 17, respectively in the Notes to the Financial Statements.

- Current Liabilities
  These are captured in details in the Notes to the Financial Statements mainly under Payables and the current portion of the 'Long-term loan'. For the period under consideration, 'Payables' decreased from $73,379,018 to $57,106,985. This is a $16,272,033 or 22.18% change, mainly as a result of reduction in Accounts payable, Contracts payable and accrued vacation leave. However, nearly $30 million was used to clear outstanding commitments/claims through Payment Plan arrangements under the first two (2) which were inherited from previous financial years.

Cash Flows

The Statement of Cash Flows is presented in the order of Operating, Investing and Financing Activities. Information about the cash flows contributes to the assessment of financial performance and the entity's liquidity and solvency position. It specifies how the Corporation raised and used cash during the period, including items under operating activities which are not cash transactions hence do not affect actual cash resources. These included items such as depreciation of property, plant, and equipment, any disposal of fixed assets, transfer from capital grants as well as transfer to income from donated assets.

Under the Assets and Liabilities, changes in asset items such as decrease in 'Receivables' and decrease in 'Related party' transaction will be recorded as changes in the Cash Flow Statement. Similarly, a decrease in a liability item such as Payables or Post-employment Benefits is shown as a decrease in cash flow.

During the financial year in question, significant expenditure was made to acquire resources (e.g., property, plant, and equipment, investment property, and Intangible assets) intended to generate future cash flows. This amount of $20,582,942 representing a deficit in cash flow as a result of purchase of office

equipment, machinery, furniture & fixtures is captured under Investing activities.

The cash used under the financing activities includes items such as loan repayment to the Development Bank of Jamaica (DBJ) for the facility at the Hounslow Packing House, St. Elizabeth. Overall, at the end of the period, cash and cash equivalent stood at $51,772,859.
Risks and Uncertainties
Payables and Contingent liabilities which arose before but for which the present management became responsible, as well as expected outcomes, have impacted risks during the financial year and will continue to do so in the following period. However, great improvements have been made and will continue to do so in the following period. Unexpected occurrences may happen similar to the major leaks in the main pipes on the compound resulting in a whopping $16.9 million water bill during the year under review.

However, policies and strategies for safeguarding the Corporation's assets and mitigating such risks and liabilities as well as capitalizing on opportunities have been captured, to a certain extent, in Agro Invest's Policy manual. Going forward, Investment, Bad Debt control, insurance coverage, human resource, lease arrangements and other safety policies and measures approved by the previous Board of Directors, will have to continue to be implemented and tightly managed. These policies have been documented and are available in-house for review.

Final calculations were done for the claims from the terminated employees, audited by the Internal Audit Department of the portfolio Ministry. These obligations are expected to have significant impact on the Corporation's operation and cash flows, within the short term as budgetary provision was made and the cash received to pay these outstanding claims. In addition, an amount of $10.3 million which was required to pay for annual increments, lump-sum payments and seniority allowances has already been provided for to be paid in the month of July 2018.

Liquidity risk management process

The Corporation's liquidity management process, as carried out within the Corporation and monitored by the Finance and Accounts Department, includes:

i. Monitoring future cash flows and liquidity on a regular basis.

ii. Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.

iii. Maintaining committed lines of credit.

iv. Optimizing cash returns on investments.

An analysis of debt servicing costs as a percentage of total expenditure will highlight more evidently the magnitude of expenses that is required to service past obligations, thus reducing the amount of funds that can be directed to the implementation of the substantial and important programmes such as Agro Parks and Project Development needed for the opportune development of the Corporation. In this regard, effective intervention can therefore be planned on a more timely basis.

Prepared by: **Kadiana Ramballi (Mrs.)**
Chief Financial Officer
July 23, 2018

Financial Statements

Agro Investment Corporation | Grow Agriculture... Grow the Jamaican Economy

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INDEPENDENT AUDITORS' REPORT

To The Board of
Agro-Investment Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Agro-Investment Corporation ("the Corporation") set out on pages 4 to 34, which comprise the statement of financial position as at 31 March 2018, and the statements of comprehensive income, changes in reserves and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Corporation as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Corporation's financial reporting process.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Board of
Agro-Investment Corporation

Auditors' 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 auditors' 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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.

BDO

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Board of
Agro-Investment Corporation

We communicate with the Board of Directors 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.

BDO

Chartered Accountants

16 August 2018

Statement of Comprehensive Income

Year Ended 31 March 2018

	Note	2018 $	2017 $
REVENUE	6	244,258,271	160,995,583
Other income	7	14,446,098	16,257,371
		258,704,369	177,252,954
EXPENDITURE:			
Operating expenses – Minard Farms		14,898,716	11,209,597
Agricultural projects development costs		25,313,481	21,857,244
Administrative expenses		217,572,028	91,391,568
		257,784,225	124,458,409
SURPLUS		920,144	52,794,545
Transfer from capital reserve and capital grant an amount equivalent to depreciation charge on capital assets		2,176,864	2,176,864
NET SURPLUS		3,097,008	54,971,409
OTHER COMPREHENSIVE INCOME:			
Item that will or may be reclassified to surplus or deficit:			
Available-for-sale investments		397,897	220,474
Item that will not be reclassified to surplus or deficit:			
Re-measurement of defined benefit pension plan		2,745,000	(26,424,000)
		3,142,897	(26,203,526)
TOTAL COMPREHENSIVE INCOME		6,239,905	28,767,883

Statement of Financial Position

31 March 2018

	Note	2018 $	2017 $
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	10	320,414,051	306,099,983
Investments	11	2,482,616	2,084,719
Biological assets	12	47,586,766	43,034,063
Post-employment benefit assets	13	6,518,000	5,878,000
Related party	21	-	35,094,755
		377,001,433	392,191,520
CURRENT ASSETS:			
Receivables	14	2,568,914	16,700,609
Taxation recoverable		372,648	372,578
Related party	21	-	26,051,683
Cash and cash equivalent	15	51,772,859	10,555,478
		54,714,421	53,680,348
		431,715,854	445,871,868
RESERVES AND LIABILITIES			
RESERVES:			
Capital reserve	16	303,201,627	304,054,627
Fair value reserve	17	2,398,161	2,000,264
Accumulated surplus		58,184,351	52,342,343
		363,784,139	358,397,234
NON-CURRENT LIABILITIES:			
Capital grant	18	5,220,684	6,544,548
Long term loan	19	3,800,089	4,960,649
		9,020,773	11,505,197
CURRENT LIABILITIES:			
Payables	20	57,106,985	73,379,018
Current portion of long term loan	19	1,803,957	2,590,419
		58,910,942	75,969,437
		431,715,854	445,871,868

Approved for issue by the Board of Directors on 16 August 2018 and signed on its behalf by:

Grace Burnett - Chairman

Vitus Evans - Deputy Chairman

Statement of Changes in Reserves

Year Ended 31 March 2018

	Accumulated surplus $	Fair Value Reserve $	Capital Reserve $	Total $
BALANCE AT 31 MARCH 2016	23,794,934	1,779,790	304,907,627	330,482,351
Surplus for the year	54,971,409	-	-	54,971,409
Other comprehensive income	(26,424,000)	220,474	-	(26,203,526)
Total Comprehensive Income	28,547,409	220,474	-	28,767,883
Transfer to income from capital reserve	-	-	(853,000)	(853,000)
	28,547,409	220,474	(853,000)	27,914,833
BALANCE AT 31 MARCH 2017	52,342,343	2,000,264	304,054,627	358,397,234
Surplus for the year	3,097,008	-	-	3,097,008
Other comprehensive income	2,745,000	397,897	-	3,142,897
Total Comprehensive Income	5,842,008	397,897	-	6,239,905
Transfer to income from capital reserve	-	-	(853,000)	(853,000)
	5,842,008	397,897	(853,000)	5,386,905
BALANCE AT 31 MARCH 2018	58,184,351	2,398,161	303,201,627	363,784,139

Statement of Cash Flows

31 March 2018

	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Surplus for the year	3,097,008	54,971,409
Items not affecting cash resources:		
Depreciation	6,268,874	5,326,033
Increase in fair value of biological asset	(4,552,703)	(6,508,900)
Transfer to income from donated assets	(853,000)	(853,000)
Transfer from capital grant	(1,323,864)	(1,323,864)
Interest income	(38,847)	(36,919)
Exchange (gain)/loss on foreign balances	(7,493)	2,932
	2,589,975	51,577,691
Changes in operating assets and liabilities:		
Receivables	14,131,695	(5,912,840)
Taxation recoverable	(70)	(95)
Related parties	61,146,438	(26,051,683)
Post-employment benefits assets	2,105,000	(2,614,000)
Payables	(16,272,033)	(18,860,279)
Cash provided by/(used in) operating activities	63,701,005	(1,861,206)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(20,582,942)	(2,592,481)
Interest received	38,847	36,919
Cash used in investing activities	(20,544,095)	(2,555,562)
CASH FLOWS FROM FINANCING ACTIVITY:		
Loan repayments	(1,947,022)	(1,729,728)
Cash used in financing activity	(1,947,022)	(1,729,728)
	41,209,888	(6,146,496)
Exchange gain/(loss) on foreign cash balances	7,493	(2,932)
Net increase/(decrease) in cash and cash equivalents	41,217,381	(6,149,428)
Cash and cash equivalents at beginning of year	10,555,478	16,704,906
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 15)	51,772,859	10,555,478

1. **IDENTIFICATION AND PRINCIPAL ACTIVITY:**

Agro-Investment Corporation ("the Corporation") is incorporated under the Agricultural Development Corporation Act. It functions as the business facilitation department within the Ministry of Economic Growth and Job Creation, with a focus on agricultural investment promotion and facilitation, project development and market development. The registered office of the Corporation is the AMC Complex, 188 Spanish Town Road, Kingston 11.

The principal objective of the Corporation is to activate, stimulate, facilitate and undertake agricultural development for economic advancement and well-being of the Jamaican people.

On June 1, 2009, the Agricultural Development Corporation's name was changed to Agro-Investment Corporation under the Agricultural Development Corporation (Change of Name) Act 2010, which was passed in the House of Representative on June 2, 2010.

2. **REPORTING CURRENCY:**

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

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented.

(a) **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and have been prepared under the historical cost convention, except for certain financial assets and biological assets 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 Corporation's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Corporation has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following amendments are relevant to its operations.

Amendments to IAS 7, 'Statement of Cash Flows' (effective for annual periods beginning on or after 1 January 2017). The amendment introduces an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financial activities. The amendment is part of the IASB'S Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. An entity is required to disclose information that will allow users to understand changes in liabilities arising from financing activities. This includes changes arising from cash flows, such as drawdowns and repayments of borrowings; and non-cash changes, such as acquisitions, disposals and unrealized exchange differences. There was no significant impact from the adoption of this amendment.

New standards, amendments and interpretation not yet effective and not early adopted

The following new standards, amendments and interpretations, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Corporation's future financial statements:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018). The Corporation is required to adopt IFRS 9, *Financial Instruments* from 1 January 2018. The standard replaces IAS 39, *Financial Instruments: Recognition and Measurement* and sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Based on preliminary assessment, the Corporation does not believe that the new classification requirements will have a material impact on its accounting for accounts receivable and investments in quoted securities that are managed on a fair value basis. However, the Corporation is still in the process of its assessment and the final impact has not yet been determined.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(a) **Basis of preparation (cont'd)**

New standards, amendments and interpretation not yet effective and not early adopted (cont'd)

IFRS 15, 'Revenue from Contracts with Customers', (effective for periods beginning on or after 1 January 2018). It replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC – 31 Revenue – Barter Transactions involving Advertising Services. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.

Amendments to IFRS 15, 'Revenue from Contracts within Customers' (effective for annual periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation).

IFRS 16 'Leases', (effective for accounting periods beginning on or after 1 January 2019). The standard primarily addresses the accounting for leases by lessees. The complete version of IFRS 16 was issued in January 2016. The standard will result in almost all leases being recognized on the statement of financial position, as it removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rental for virtually all these contracts. An option exemption exists for short term and low-value leases. The accounting by lessors will not significantly change.

Annual improvements (2015 – 2017) (effective for annual periods beginning on or after 1 January 2019). IAS 23 borrowing cost eligible for capitalization. The amendments clarify that if any specific borrowings remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

The Corporation is assessing the impact that these standards and amendments to standards will have on the financial statements when they are adopted.

There are no other standards, amendments to existing standards or interpretations that are not yet effective that would be expected to have a significant impact on the operations of the Corporation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Foreign currency transactions are translated into the functional currency of the Corporation, using the exchange rates prevailing at the dates of the transactions. Foreign currency balances at the end of the reporting period are translated at the closing rates of exchange. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognized in surplus or deficit.

Non-monetary items measured at historical cost are translated using the exchange rates at the dates of the transactions.

(c) Property, plant and equipment

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated and includes expenditure relating to infrastructure, irritation and drainage.

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

Depreciation is calculated on the straight-line method to write off the cost of assets to their residual values over their estimated useful lives. Annual rates are as follows:-

Freehold and leasehold Buildings	2.5-4%
Office machinery, equipment, furniture and fixtures	10%
Motor vehicles	20%
Agro-Park equipment	5%
Farm machinery, furniture & equipment	20%

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining surplus.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(d) **Donated assets**

Where an asset is funded by an external donor (including the Government of Jamaica) with no loan attached, the amount is credited to capital reserve. An amount equivalent to the annual depreciation charge on the relevant property, plant and equipment is transferred from capital reserve to surplus or deficit for each reporting period.

(e) **Impairment of non-current assets**

Non-current assets are reviewed for impairment deficits whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment deficit is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) **Capital grant**

These are amounts received for the Agro-Parks Development Programme. The portion of these grants relating to the acquisition of land and amounts spent on infrastructure, irrigation and drainage are included in capital reserve. Capital grants used to acquire depreciable assets are included in long term liabilities and an amount equivalent to the depreciation charge for these assets are transferred to surplus or deficit in each reporting period.

(g) **Financial instruments**

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

Financial assets

(i) **Classification**

The Corporation classifies its financial assets in the following categories: loans and receivables and available-for-sale. 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.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Financial instruments (cont'd)**

Financial assets (cont'd)

(i) **Classification (cont'd)**

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables) but also incorporate other types of contractual monetary asset.

The Corporation's loans and receivables comprise accounts receivable, cash and cash equivalents. They are included in current assets.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of three months or less, and bank overdraft.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the financial asset within 12 months of the reporting date. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale.

(ii) **Recognition and Measurement**

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Corporation commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through surplus or deficit. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value, with fair value gains or deficits being recorded in other comprehensive income. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(g) **Financial instruments (cont'd)**

Financial assets (cont'd)

(ii) **Recognition and Measurement (cont'd)**

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously recognized as other comprehensive income are recycled to surplus or deficit.

Dividends on available-for-sale equity instruments are recognized in surplus or deficit as part of other income when the Corporation's right to receive payments is established.

For loans and receivables impairment, provisions are recognized when there is objective evidence that the Corporation will not collect all of the amounts due under the terms receivable. The amount of the provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized in surplus or deficit. On confirmation that the trade receivable is uncollectible, it is written off against the associated allowance. Subsequent recoveries of amounts previously written off are credited to surplus or deficit.

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in surplus or deficit – is removed from other comprehensive income and recognized in surplus or deficit. Impairment losses recognized in profit or loss on equity instruments are not reversed through surplus or deficit.

Financial liabilities

The Corporation'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: long term loan and accounts payable.

(h) **Biological assets**

Biological assets represent livestock (cattle and horses) held for reproduction. Biological assets are measured at their fair value. Fair value is determined based on market prices of livestock of similar age and breed.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D):**

(i) **Borrowings**

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in surplus or deficit over the period of the borrowings.

(j) **Employee benefits**

Defined benefit plan

The Corporation operates a defined benefit plan, the assets of which are held in a separate trustee-administered fund. The plan is funded through payments to a trustee administered fund, determined by periodic actuarial calculations.

The defined benefit plan surplus and deficit are measured at:

- the fair value of plan assets at the reporting date; less
- plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on Government of Jamaica bonds that have maturity dates approximating to the terms of the liabilities; plus
- unrecognised past service costs; less
- the effect of minimum funding requirements agreed with scheme trustees.

Re-measurements of the net defined obligation are recognised directly within equity. The re-measurements include actuarial gains and deficits, return on plan assets (interest exclusive) and any asset ceiling effects (interest exclusive).

Service costs are recognised in surplus or deficit, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in surplus or deficit, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period. Gains or deficits arising from changes to pension benefits or scheme curtailment are recognised immediately in surplus or deficit.

Settlements of defined benefit plan surplus are recognised in the period in which the settlement occurs.

Leave accrual

All outstanding leave entitlement that are expected to be utilized wholly within 12 months after the end of the reporting period are presented as current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(k) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the goods or services in the ordinary course of the Corporation's activities.

Government subventions

Government subventions to support the Corporation's operating budget are recognized as income in the accounting period when there is reasonable assurance that they will be received.

Interest income

Interest income is recognized in the income statement for all interest bearing instruments on an accrual basis unless collectability is doubtful.

Other income

Revenue from other income is recognized when the significant risk and rewards of ownership have been transferred to the buyer and the Corporation is reasonably certain that economic benefit will be received.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Corporation's accounting policies

In the process of applying the Corporation's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below:

(i) Fair value estimation

A number of assets included in the Corporation's financial statements require measurement at, and/or disclosure of, at fair value.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):**

(b) **Key sources of estimation uncertainty (cont'd)**

(i) **Fair value estimation (cont'd)**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The fair value measurement of the Corporation's financial and non financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized.

The standard requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above level is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item.

Transfers of items between levels are recognised in the period they occur.

The Corporation measures the following at fair value.

Financial Investments (note 11)

Biological assets (note 12)

The fair value of financial instruments traded in active markets, such as available-for-sale investments, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Corporation is the current bid price. These instruments are included in level 1 and comprise equity instruments traded on the Jamaica Stock Exchange.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(b) Key sources of estimation uncertainty (cont'd)

(ii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Corporation applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in surplus or deficit through impairment or adjusted depreciation provisions.

(iii) Defined benefit assumptions

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns.

The Corporation determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations.

In determining the appropriate discount rate, the Corporation considered interest rate of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. Other key assumptions for the retirement benefits are based on current market conditions.

5. FINANCIAL RISK MANAGEMENT:

The Corporation is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Corporation is exposed to risks that arise from its use of financial instruments. This note describes the Corporation's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

There have been no substantive changes in the Corporation's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) **Principal financial instruments**

The principal financial instruments used by the Corporation, from which financial instrument risk arises, are as follows:

- Accounts receivable
- Cash and cash equivalent
- Investments in quoted equity
- Accounts payable
- Long term loan

(b) **Financial instruments by category**

Financial assets

	Loans and Receivable		Available-for-sale	
	2018	2017	2018	2017
	$	$	$	$
Accounts receivable	1,959,665	16,261,326	-	-
Cash and cash equivalent	51,772,859	10,555,478	-	-
Investments (equity)	-	-	2,482,616	2,084,719
Total financial assets	53,732,524	26,816,804	2,482,616	2,084,719

Financial liabilities

	Financial liabilities at amortised cost	
	2018	2017
	$	$
Accounts payable	31,667,473	26,640,518
Long term loan	5,604,046	7,551,068
Total financial liabilities	37,271,519	34,191,586

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(c) **Financial instruments not measured at fair value**

Financial instruments not measured at fair value includes cash and cash equivalents, receivables, accounts payables and long term liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, receivables, bank overdraft and accounts payables approximates their fair value.

(d) **Financial instruments measured at fair value**

The fair value hierarchy of financial instruments measured at fair value is provided below:

	Level 1	
	2018	2017
	$	$
Financial asset		
Investments (equity)	2,482,616	2,084,719
Total financial asset	2,482,616	2,084,719

There were no financial assets valued using level 2 or level 3 measurements.

(e) **Financial risk factors**

The Board of Directors has overall responsibility for the determination of the Corporation's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Corporation's finance function. The Board receives monthly reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Corporation's internal auditors also review the risk management policies and processes and report her findings to the Board.

The overall objective of the Corporation's Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Corporation's activities. Further details regarding these policies are set out below:

(i) **Market risk**

Market risk arises from the Corporation's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from US dollar cash and bank balances.

The Corporation manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Corporation further manages this risk by holding net foreign currency assets.

Concentration of currency risk

The Corporation is exposed to foreign currency risk in respect of US dollar cash and bank balances amounting to $445,726 (2017 - $456,687).

Foreign currency sensitivity

The following table indicates the sensitivity of surplus before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balances, and adjusts their translation at the year-end for 4% (2017 – 6%) depreciation and a 2% (2017 – 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency Rate 2018	Effect on Surplus before Tax 2018 $	% Change in Currency Rate 2017	Effect on Deficit before Tax 2017 $
Currency:				
USD	-4	17,829	-6	27,401
USD	+2	(8,915)	+1	(4,567)

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Financial risk factors (cont'd)**

(i) **Market risk (cont'd)**

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Corporation is exposed to equity securities price risk arising from its holding of available-for-sale investments.

As the Corporation does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The corporation attempts to manage this risk by monitoring it interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract where possible.

Short term deposits and borrowings are the only interest bearing assets and liabilities respectively, within the Corporation. The Corporation invests excess cash in short-term deposits and maintains interest-earning bank accounts with licensed financial institutions. The Corporation's short term deposits and borrowings are due to mature and re-price respectively, within 3 months of the reporting date.

Interest rate sensitivity

As interest rates on the Corporation's short term deposits and long-term loan are fixed up to maturity and interest earned from the Corporation's interest-earning bank accounts is immaterial, there would be no material impact on the results of the corporation's operations as a result of fluctuation in interest rates.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Financial risk factors (cont'd)**

(ii) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial deficit. Credit risk arises from trade receivables and cash and bank balances.

Receivables

Revenue transactions in respect of the Corporation's primary operations are settled either in cash or by using major credit cards. For its operations done on a credit basis, the Corporation has policies in place to ensure that it provides services to customers with an appropriate credit history.

Cash and cash equivalent

Cash transactions are limited to high credit quality financial institutions. The Corporation has policies that limit the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of receivables and cash and cash equivalents in the statement of financial position.

The aging of trade receivables is:

	2018 $	2017 $
0 – 30 days	430,000	1,760,976
31 – 60 days	360,987	352,799
61 – 90 days	1,168,678	2,113,769
91 days and over	12,209,949	12,033,782
	14,169,614	16,261,326

Trade receivables that are past due but not impaired

As at 31 March 2018, trade receivables of $1,529,665 (2018 - $14,500,350) were past due but not impaired. These relate to independent customers for whom there is no recent history of default.

Trade receivables that are past due and impaired

As at 31 March 2018, trade receivables of $12,209,949 (2017 - $nil) that were impaired. The amount of provision was $12,209,949 (2017 $nil). These receivables were aged over 90 days.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Financial risk factors (cont'd)**

(ii) **Credit risk (cont'd)**

Trade receivables that are past due and impaired (cont'd)

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

	2018 $	2017 $
At 1 April	-	-
Provision for receivables impairment	12,209,949	-
At 31 March	12,209,949	-

(iii) **Liquidity risk**

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Corporation's liquidity management process, as carried out within the Corporation and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on a regular basis.
(ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
(iii) Maintaining committed lines of credit.
(iv) Optimising cash returns on investments.

5. **FINANCIAL RISK MANAGEMENT (CONT'D):**

(e) **Financial risk factors (cont'd)**

(iii) **Liquidity risk (cont'd)**

Cash flows of financial liabilities

The maturity profile of the Corporation's financial liabilities, based on contractual undiscounted payments, is as follows:

	Within 1 Year $	1 to 2 Years $	2 to 5 Years $	Over 5 Years $	Total $
31 March 2018					
Accounts payable	31,667,473	-	-	-	31,667,473
Long term loan	2,364,362	2,183,966	2,195,745	-	6,744,073
Total financial liabilities (contractual maturity dates)	34,031,835	2,183,966	2,195,745	-	38,411,546

	Within 1 Year $	1 to 2 Years $	2 to 5 Years $	Over 5 Years $	Total $
31 March 2017					
Accounts payable	26,640,518	-	-	-	26,640,518
Long term loan	1,334,032	1,413,712	5,029,519	1,522,519	9,299,782
Total financial liabilities (contractual maturity dates)	27,974,550	1,413,712	5,029,519	1,522,519	35,940,300

(f) **Capital management**

The Board of Directors' policy is to maintain adequate capital to be able to continue to carry out the objectives the corporation was formed to achieve. The Corporation relies on government subventions for resources to support the various programmes undertaken. It also seeks to manage its budget so as to retain adequate surplus.

There were no changes to the Corporation's approach to capital management.

6. REVENUE:

	2018 $	2017 $
Sales of cattle	8,137,800	7,384,175
Government subvention	236,120,471	153,611,408
	244,258,271	160,995,583

7. OTHER INCOME:

	2018 $	2017 $
Lease rental	12,583,573	11,213,130
Interest and dividend income	38,847	36,919
Foreign exchange gain	21,249	54,953
Other	1,802,429	4,952,369
	14,446,098	16,257,371

8. EXPENSES BY NATURE:

Total operating, administrative and other expenses

	2018 $	2017 $
Staff costs (note 22)	117,146,789	76,512,853
Motor vehicle allowance	10,792,760	9,188,855
Repairs and maintenance	9,599,037	3,928,055
Travelling and subsistence	1,158,789	2,946,928
Depreciation	6,268,874	5,326,033
Professional fees	2,444,498	2,811,861
Audit fees-current	900,000	976,600
-prior year over accrual	(139,203)	-
Utilities	3,932,742	8,949,100
Agro parks other expense	3,543,113	3,957,284
Property tax	405,776	-
Increase in provision for bad debt including related party balance	89,352,982	-
Increase in fair value of biological asset	(4,552,703)	(6,508,900)
Meeting seminars/training	4,649,583	4,700,502
Rates and taxes	7,675,755	4,827,602
General insurance	3,545,699	1,892,227
Other	1,059,734	4,949,409
	257,784,225	124,458,409

9. TAXATION:

The Corporation is exempted from Income Tax under the Agricultural Development Corporation Act.

Notes to the financial statements

31 March 2018

10. **PROPERTY, PLANT AND EQUIPMENT:**

	Freehold Land & Buildings $	Leasehold Land & Buildings $	Agro Park Equipment $	Furniture & Equipment $	Office Equipment Machinery & Furniture Fixtures $	Machinery Motor Vehicles $	Total $
At cost-							
1 April 2016	220,504,258	73,080,668	10,516,140	22,281,760	4,122,399	9,823,500	340,328,725
Additions	-	-	-	-	2,592,481	-	2,592,481
31 March 2017	220,504,258	73,080,668	10,516,140	22,281,760	6,714,880	9,823,500	342,921,206
Additions	-	-	-	7,043,622	5,747,801	7,791,519	20,582,942
31 March 2018	220,504,258	73,080,668	10,516,140	29,325,382	12,462,681	17,615,019	363,504,148
Depreciation -							
1 April 2016	805,890	5,648,206	2,647,728	14,657,902	3,013,599	4,721,865	31,495,190
Charge for year	48,622	344,584	1,323,864	1,436,874	369,089	1,803,000	5,326,033
31 March 2017	854,512	5,992,790	3,971,592	16,094,776	3,382,688	6,524,865	36,821,223
Charge for year	48,622	344,584	1,323,862	1,259,692	1,359,255	1,932,859	6,268,874
31 March 2018	903,134	6,337,374	5,295,454	17,354,468	4,741,943	8,457,724	43,090,097
Net Book Value -							
31 March 2018	219,601,124	66,743,294	5,220,686	11,970,914	7,720,738	9,157,295	320,414,051
31 March 2017	219,649,746	67,087,878	6,544,548	6,186,984	3,332,192	3,298,635	306,099,983

11. INVESTMENTS:

	2018 $	2017 $
Quoted equities – available for sale at fair value:		
Jamaica Broilers Group Limited – 130,458 ordinary shares (cost - $69,300)	2,482,616	2,084,719

12. BIOLOGICAL ASSETS:

The movement in biological assets during the year was as follows:

	2018 $	2017 $
Balance at start of year	43,034,063	36,525,163
Increase in fair value of assets	4,552,703	6,508,900
Balance at end of year	47,586,766	43,034,063

The following represents the number of animals on hand at year end –

	2018 $	2017 $
Cattle reared for sale and reproduction	568	533
Horses held for reproduction	10	18
	578	551

13. POST-EMPLOYMENT BENEFIT ASSETS:

The Corporation participates in a defined benefit plan (The Agricultural Development Corporation Pension Plan) which is open to permanent employees and administered for Agro-Investments Corporation by Employee Benefits Administrator Limited. The plan which commenced on 6 December 1972 is funded by employee's contribution of 5% of their pensionable salary (a voluntary contribution of up to an additional 5% of pensionable salary is allowed) and employer's contribution not exceeding 10% of the employees' pensionable salaries, except where required to cover unfunded liabilities as determined by an Actuary. The pension payable at the date of retirement is 2% of the employee's pensionable salary at the date of determination multiplied by his pensionable service, at the date of determination.

The latest actuarial valuation which was carried out as at 31 March 2018 indicated that the plan was adequately funded.

The Pension Plan is legally separate from the Corporation and is administered by Employee Benefits Administrator Limited.

13. **POST-EMPLOYMENT BENEFIT ASSETS (CONT'D):**

The plan is exposed to a number of risks, including:

- Investment risk: movement of discount rate used (Government of Jamaica) against the return from plan assets.
- Interest rate risk: decrease/increase in the discount rate used (Government of Jamaica bonds) will increase/ decrease the defined benefit obligation.
- Longevity risk: changes in the estimation of morality rate of current and former employees.
- Salary risk: Increases in future salaries, increase the gross defined benefit obligation.

The amounts recognised in the statement of financial position in respect of the plan were determined as follows:

	2018 $	2017 $
Fair value of plan assets	44,436,000	34,766,000
Present value of obligation	(37,918,000)	(28,888,000)
Asset recognized in the statement of financial position	6,518,000	5,878,000

The movement in the fair value of pension plan assets for the year is as follows:

	2018 $	2017 $
Balance at beginning of year	34,766,000	55,808,000
Contribution by the employer and plan participants	2,208,000	2,098,000
Calculated return on plan assets	5,806,000	5,040,000
Benefits paid and administrative expenses	(3,531,000)	(1,720,000)
Re-measurement of plan assets	3,977,000	(960,000)
Changes in effect of asset ceiling	1,210,000	(25,500,000)
Balance at end of year	44,436,000	34,766,000

13. **POST-EMPLOYMENT BENEFIT ASSETS (CONT'D):**

The movement in the present value of the defined benefit obligation over the year is as follows:

	2018 $	2017 $
Balance at beginning of year	28,888,000	26,120,000
Current service Cost	1,735,000	2,043,000
Past service cost	3,026,000	-
Settlement	(3,026,000)	-
Interest cost	2,775,000	2,322,000
Benefits paid on admin expenses	(345,000)	(1,560,000)
Re-measurement on defined benefit obligation	4,865,000	(37,000)
Balance at the end of the year	37,918,000	28,888,000

The amount recognized in surplus or deficit was as follows:

	2018 $	2017 $
Current service cost	746,000	1,117,000
Past service cost	3,025,000	-
Interest cost	(448,000)	(2,558,000)
Total included in staff cost (note 22)	3,323,000	(1,441,000)

The amount recognized in other comprehensive income were as follows:

	2018 $	2017 $
Re-measurement of the defined benefit obligation	4,865,000	(37,000)
Re-measurement on plan assets	(3,977,000)	960,000
Change in effect of Asset Ceiling	(3,633,000)	25,501,000
Components of defined benefit (income)/cost recognised in other comprehensive income	(2,745,000)	26,424,000

13. **POST-EMPLOYMENT BENEFIT ASSETS (CONT'D):**

The distribution of the market value of plan assets by type of security is as follow; The distribution was deemed to be identical to that of the underlying Sagicor pooled investment funds.

	2018 %	Market Value of Assets $	2017 %	Market Value of Assets $
Fixed income securities	10.60	7,290,000	10.86	6,542,000
Money market	5.27	3,620,000	5.43	3,270,000
Foreign currency	9.56	6,570,000	10.78	6,497,000
Other assets	74.57	51,250,000	72.93	43,957,000
	100.00	68,730,000	100.00	60,266,000

The principal actuarial assumptions used were as follows:

	2018	2017
Discount rate	7.50%	9.50%
Inflation rate	4.50%	5.50%
Return on assets	10.00%	9.00%
Future salary increases	4.50%	6.50%
Future pension increases	Valuation assumes no future pension increases	

The actual return on plan assets was $9,783,000.

The sensitivity of the present value of obligation to changes in the principal assumptions is:

	Changes in Assumptions	Impact on post-employment obligations			
		Increase in Assumption		Decrease in Assumption	
		2018 $'000	2017 $'000	2018 $'000	2017 $'000
Discount rate	1%	(3,148)	(2,301)	(3,824)	(2,807)
Salary growth rate	1%	(404)	503	(333)	432

14. RECEIVABLES:

	2018 $	2017 $
Accounts receivable	14,169,614	16,261,326
Less provision for bad debt	(12,209,949)	-
	1,959,665	16,261,326
Livestock development	-	284,000
Other	609,249	155,283
	2,568,914	16,700,609

The Corporation does not hold any collateral over receivable balances.

15. CASH AND CASH EQUIVALENTS:

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and cash in hand as follows:

	2018 $	2017 $
Cash in hand and at bank	51,708,238	10,490,884
Short-term deposits	64,621	64,594
	51,772,859	10,555,478

16. CAPITAL RESERVE:

	2018 $	2017 $
Capital grant - Agro-Parks Development	210,094,934	210,094,934
Property, plant and equipment adjustment	2,300,000	2,300,000
Unrealised surplus on revaluation of assets	80,326,650	80,326,650
Holding Farms	1,784,562	1,784,562
Accrued interest waived	4,516,877	4,516,877
Insurance proceeds	1,490,431	1,490,431
Ministry of Agriculture loan write off	549,849	549,849
Proceeds from hurricane insurance claim	1,454,147	1,454,147
Donated assets	684,177	1,537,177
	303,201,627	304,054,627

16. **CAPITAL RESERVE (CONT'D):**

Capital Grants - Agro-Parks Development represents government grants received which were used to carry out infrastructural works, irrigation and drainage to facilitate the establishment of the Agro-Parks.

Unrealised surplus on revaluation of assets was recorded on the revaluation of the Corporation's property, plant and equipment in 1989 and 1995.

The amount for Holding Farms represents the valuation placed on livestock purchased by the Government of Jamaica, through the Commissioner of Lands and given to the Corporation for livestock development.

Donated assets represent assets owned by the Corporation that is funded by external donors with no loan condition attached.

17. **FAIR VALUE RESERVE:**

This represents unrealized surplus on the revaluation of available-for-sale investments.

18. **CAPITAL GRANTS:**

This represents portions of government grants received for the development of the Agro-Parks, which were used to acquire machinery, fencing etc. An amount equivalent to the depreciation charge relating to these assets is transferred to surplus or deficit for each reporting period.

19. **LONG TERM LOAN:**

	2018 $	2017 $
Development Bank of Jamaica	5,604,046	7,551,068
Less – current portion	(1,803,957)	(2,590,419)
	3,800,089	4,960,649

This represents a loan of $16 million received on 25 January 2012 for the construction of a packing house facility. The loan is repayable over a period of twelve (12) years at an interest rate of 10% per annum and is secured by; Promissory notes, first mortgage over property at Hartlands, Amity Hall, St. Catherine and Assignment of lease payment from GraceKennedy Foods & Services.

20. PAYABLES:

	2018 $	2017 $
Accounts payable	31,667,473	26,640,518
Gratuity payable	10,111,367	15,352,324
Contracts payable	-	9,084,051
Performance security contract	-	8,353,209
Property taxes	9,323,000	9,323,000
Vacation leave	3,509,257	3,509,257
Others	2,495,888	1,116,659
	57,106,985	73,379,018

21. RELATED PARTY TRANSACTIONS AND BALANCES:

Included in the statement of comprehensive income are the following related party transactions:

	2018 $	2017 $
Government of Jamaica - Subvention	236,120,471	153,611,408
Directors' fees	1,439,587	621,934
Year-end balance –		
Due from –		
Agricultural Marketing Corporation	77,143,032	61,146,438
Less: Current portion	-	26,051,683
Provision for doubtful debt	(77,143,032)	-
	-	35,094,755

This balance represents reimbursable expenses paid by Agro-Investment Corporation on behalf of Agricultural Marketing Corporation. The terms of repayment in respect of the amount owed by the related party have not yet been agreed.

22. STAFF COSTS:

	2018 $	2017 $
Salaries, wages and allowances	109,823,508	76,871,639
Pension (note 13)	3,323,000	(1,441,000)
Staff welfare and benefits	4,000,281	1,082,214
	117,146,789	76,512,853

The Corporation employed 51 persons at the end of the year (2017: 44).

Detailed Statement of Surplus or Deficit

31 March 2018

	2018 $	2017 $
REVENUE		
Subvention	236,120,471	153,611,408
Sale of cattle	8,137,800	7,384,175
	244,258,271	160,995,583
Other income	14,446,098	16,257,371
	258,704,369	177,252,954
EXPENDITURE:		
Operating expense – Minard Farms (page 36)	14,898,716	11,209,597
Agricultural projects development cost (page 36)	25,313,481	21,857,244
Administrative expenses (page 37)	217,572,028	91,391,568
	257,784,225	124,458,409
SURPLUS	920,144	52,794,545
Transfer from capital reserve and capital grant an amount equivalent to depreciation charge on capital assets	2,176,864	2,176,864
NET SURPLUS	3,097,008	54,971,409

Operating Expenses

31 March 2018

	2018 $	2017 $
OPERATING EXPENSES MINARD FARMS:		
Salaries, allowances and statutory contributions	13,173,071	13,007,300
Staff welfare and canteen	493,892	642,761
Increase in fair value of biological assets	(4,552,703)	(6,508,900)
Cattle feed	1,275,122	844,896
Medicine and drugs	125,875	193,591
Barb wire and staples	17,672	64,676
Miscellaneous, hay, twine etc.	189,314	300,278
Repairs and maintenance – tractor/truck	64,595	56,563
Repairs and maintenance – pasture, fences, walls	-	25,000
Repairs and maintenance – machinery and equipment	410,326	105,660
Repairs and maintenance – other	2,313,582	276,433
Fuel and lubricants	379,289	434,656
Agricultural show	173,606	260,497
Office and general	413,148	190,753
Utilities	96,432	478,950
Travelling	52,995	319,483
Rental/transportation charges	272,500	237,000
Professional fees	-	280,000
	14,898,716	11,209,597

	2018 $	2017 $
AGRICULTURAL PROJECT DEVELOPMENT COSTS:		
Salaries, allowances and statutory contributions	20,795,555	17,179,363
Travelling and subsistence	902,491	1,996,846
Agro parks other expenses	3,543,113	2,536,650
Utilities	72,322	144,385
	25,313,481	21,857,244

Administrative Expenses

31 March 2018

	2018 $	2017 $
Salaries, allowances and statutory contributions	72,487,651	46,684,976
Directors' fees	1,439,587	621,934
Travelling and subsistence	2,276,987	901,362
Staff welfare and canteen	2,683,343	439,453
Pension	3,324,000	(1,441,000)
Motor vehicle allowance	10,792,760	9,188,855
Repairs and maintenance – motor vehicles	3,671,706	1,559,573
Repairs and maintenance – equipment	1,438,260	903,286
Legal and professional fees	2,444,498	2,531,861
Audit fees-current	900,000	976,600
-prior year over accrual	(139,203)	-
Utilities	3,667,988	8,325,764
Office and general	957,249	555,390
Subscription and donations	379,829	90,275
General insurance	5,223,879	1,892,227
Rates and taxes	7,675,755	4,827,602
Security	70,111	62,263
Miscellaneous	170,469	553,285
Computer supplies	2,366,109	1,119,833
Advertising and promotion	1,517,212	420,650
Meetings, seminars and training	3,273,312	4,197,848
Printing and stationery	912,709	689,704
Finance charges	320,435	311,405
Accommodation	1,795,082	349,584
Rental/transportation charges	978,719	302,805
Write off of accounts payable balance	(9,084,051)	-
Increase in provision for bad debt – accounts receivable	12,209,949	-
- related party balance	77,143,032	-
Property tax	405,776	-
Depreciation	6,268,874	5,326,033
	217,572,028	91,391,568