

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE
AGRO-INVESTMENT CORPORATION
FOR THE YEAR ENDED MARCH 31, 2011

The matter for tabling in the Houses of Parliament is the Annual Report and Audited Financial Statements of the Agro-Investment Corporation (Agro-Invest) for the year ended March 31, 2011. The report is being tabled in accordance with Section 17 (2) of the Agricultural Development Corporation Act.

2. OVERVIEW

The Agro-Investment Corporation (Agro-Invest) was formed in 2009 upon the merger of the Agricultural Development Corporation (ADC) and the Agricultural Support Services Project (ASSP).

Agro-Invest's mission is to be the arm of the Ministry of Agriculture and Fisheries that will mobilise, finance and facilitate investment in the agricultural sector while undertaking agricultural development for the enhancement of the economic well-being of the Jamaican people. Its services covers the investment chain from the identification of opportunities through feasibility studies, due diligence and business planning to identifying of finance, project management, long term business performance monitoring and technical support.

The Corporation is located at the AMC Complex, 188 Spanish Town Road.

3. MANAGEMENT OF STATE-OWNED ASSETS

Over the period under review, Agro-Invest engaged in several productive activities to enhance the utilisation and operational efficiency of state owned assets, including:

Amity Hall Farm

- i. A total of 637 acres was under agricultural production through engagement of 21 Investors. This resulted in the employment of 132 workers.
- ii. The sale of bales of hay declined from 6,243 bales in 2010 to 5,168 bales during the reporting period. Despite the decline in the volume of sales, operations recovered from a deficit of \$717,617 to a surplus of \$165,937. This was due in part to a 55% reduction in expenditure and an increase in price per bale to \$200 (2010 - \$150).

Ebony Park/Spring Plain/New River

- i. Agro-Invest facilitated 579 acreage being brought under production at Ebony Park/Spring Plain. This resulted in the employment of an estimated 295 workers and production/harvest of 432,272 kilograms of agricultural produce.

Rhymesbury

- i. The development of the small ruminant industry was facilitated with the establishment of a 600 head herd on the property. The herd was valued at \$8.6 million and managed among eight (8) farmers.
- ii. Agro-Invest undertook further industry development activities including investment and market promotions, including workshops, seminars, brand awareness and product tasting events.

Wallens Dairy

The management portfolio was transferred to private interest in a bid to stymie the losses of the Corporation's limited resources.

Minard

- i. The role of the Estate is to develop the livestock industry specifically in the improvement and expansion of the three (3) native/national beef breeds, i.e. Jamaica Brahman, Jamaica Red and Jamaica Black.

At the end of the financial year, 693 saleable animals were on the farm with a market value of \$38.06M.
- ii. The pasture management activities included the planting of 12 hectares of grass, resuscitation of 25 hectares and cleaning of 125 hectares. Repairs were effected to 60.65 kilometres of fence.
- iii. A Performance Test programme was instituted to introduce producers to proper bull development and breeding management required for good sire selection and improving the value of bulls marketed. The 19 native breed bulls included in the programme were subsequently sold to farmers for the purpose of upgrading their herds.
- iv. The 13th staging of the Annual Minard Livestock Show and Beef Festival was held on 11th November 2010. The show was well supported as 99 schools participated and 3,043 students were in attendance.

Other livestock shows and exhibitions in which the estate participated included the Hague Agricultural Show (February 2010) and the Denbigh Agricultural & Livestock Show (August 2010). At the Denbigh show, Minard earned five cups and one trophy for its livestock showings.

Agricultural Marketing Corporation (AMC)

- i. The AMC continued to play a pivotal role in facilitating the marketing of non-traditional agricultural produce by ensuring that there is cost effective marketing infrastructure to enable producers and exporters to access and compete in

domestic and foreign markets. The facilities available include warehouse space, chill room space, plug-in systems, and office space.

- ii. At the end of the reporting period occupancy rate of the warehouse and office facilities was 88%. The mix of tenants included agro-processors, exporters and distributors.
- iii. The rent collection system needs to be improved as some tenants have built up arrears which required the serving of notices to quit.

4. INVESTOR IDENTIFICATION AND FACILITATION

- i. Agro-Invest provided investment advice, feasibility assessments and financial analyses to facilitate engagement in the agricultural sector. Resulting from these activities 42 business plans and 2 special projects were prepared with a potential project implementation cost of \$340M. Business facilitation activities resulted in 13 business plans being approved for funding, with capital injection of \$50M and potential employment of 31 workers.
- ii. Agro-Invest continued to play a strategic role in the development of industries including hot pepper, yam, pig, rice and sheep. Investments were channelled into the various industries by the following means:
 - a. Pineapple – industry development plans were prepared, production trials were conducted, and investors were provided with a shipment of 70,000 plantlets.
 - b. Rice – negotiations continued with National Commercial Bank regarding the provision of funding for the industry. Discussions also continued with Wallenford Coffee Company to lease spaces for the drying of end products.
- iii. The Glut Management Fund, valued at \$50M, is geared at purchasing fresh produce in bulk for storage when there is an oversupply. The Fund acts as a revolving loan scheme providing processors and suppliers access to finances at single-digit interest rates.
- iv. Management of the Agricultural Development Fund ensures food security and the provision of a sustainable source of funding to support development in the sector. During the review period \$63.6M was received and \$47.7M dispensed to facilitate the renovation of the Trelawny Yam House, developments at the Minard Estate and construction of the Hounslow Post Harvest Facility in St. Elizabeth. These projects are expected to improve productivity in the sector and enhance the competitiveness of local farmers.

5. FINANCE

Agro-Invest ended the 2010-2011 fiscal year with a deficit of \$49.4m representing deterioration from \$13.3M shortfall in the previous year. The Corporation attributed this to a 41.4% increase in administrative costs over the preceding period (2010 - \$66.5M).

However, there was 21% growth in revenue generated from operations. Other proceeds to income included Government subvention (\$30.1M) and funds transferred from Agricultural Support Services and Productive Fund Limited (\$30.0M).

6. SALARIES AND EMOLUMENTS

The salaries and emoluments of the senior executives and compensation of directors for the period are included at appendices I and II respectively.

7. AUDITOR'S REPORT

The accounts for the period under review were audited by Lee Clarke Chang Chartered Accountants. They have stated that in their opinion, the financial statements gave a true and fair view of the financial position of the Corporation as at March 31, 2011, and of the financial performance and cash flows of the Corporation for the year then ended, in accordance with International Financial Reporting Standards.

The Annual Report and Audited Financial Statements of the Agro-Investment Corporation for the year ended March 31, 2011 are hereby submitted to be tabled in the Houses of Parliament in accordance with Section 17 (2) of the Agricultural Development Corporation Act.



Roger Clarke

Minister of Agriculture and Fisheries

File No. 12/1/34

February 11, 2014

Appendix I

2010-2011

DIRECTORS' COMPENSATION

Position of Director	Fees (\$)	Motor Vehicle Upkeep/Travelling or Value of Assigned Motor Vehicle (\$)	Honoraria (\$)	All Other Compensation including Non-Cash Benefits as applicable (\$)	Total (\$)
Chairman-1	38,000.00	-	-	3,982.73	41,982.73
Director - 1	22,000.00	-	-	3,982.73	25,982.73
Director - 2	27,500.00	-	-	3,982.73	31,482.73
Director - 3	11,000.00	-	-	3,982.73	14,982.73
Director - 4	22,000.00	-	-	3,982.73	25,982.73
Director - 5	11,000.00	-	-	3,982.73	14,982.73
Director - 6	22,000.00	-	-	3,982.73	25,982.73
Director - 7	20,500.00	-	-	3,982.73	24,482.73
Director - 8	11,000.00	-	-	3,982.73	14,982.73
Director - 9	5,500.00	-	-	3,982.73	9,482.73
Director - 10	11,000.00	-	-	3,982.73	14,982.73
TOTAL	201,500.00	0.00	0.00	43,810.03	245,310.03

Appendix II

2010-2011

SENIOR EXECUTIVES' COMPENSATION

Position of Senior Executive	Salary (\$)	Gratuity or Performance Incentive (\$)	Travelling Allowance or Value of Assigned Motor Vehicle (\$)	Pension or Other Retirement Benefits (\$)	Other Allowances (\$)	Non-Cash Benefits (\$)	Total (\$)
Chief Executive Officer	4,816,656.00	2,940,460.11	796,500.00	-	-	-	8,553,616.11
Director, Joint Venture	3,111,108.00	1,736,567.32	796,500.00	-	-	-	5,644,175.32
Director, Project Development	3,111,108.00	1,691,314.74	796,500.00	-	-	-	5,598,922.74
Director, Human Resources	3,111,108.00	-	796,500.00	-	-	-	3,907,608.00
Total	14,149,980.00	6,368,342.17	3,186,000.00	-	-	-	23,704,322.17

Note

The Gratuity was awarded in accordance with their contracts of employment with Agro-Investment Corporation (Agro-Invest) which states that "at satisfactory expiration of the agreement the Contract Officer will be eligible to receive a percent of the remuneration as an end-of-contract gratuity".