

REPORT

On financial Statements of

FOOD AND AGRICULTURE INDUSTRIES N.V.

for the year ended 31 December, 2015

C 16/30 EP/SS



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To the Shareholders and Management Board of
FOOD AND AGRICULTURE INDUSTRIES N.V.

Paramaribo, August 24, 2016

Dear Sirs,

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements 2015 of FOOD AND AGRICULTURE INDUSTRIES N.V.. The financial statements comprise of the statement of financial position as at December 31, 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium sized Entities. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of FOOD AND AGRICULTURE INDUSTRIES N.V. as at December 31, 2015 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities.

Emphasis of uncertainty with respect to going concern assumption

We draw attention to section "going concern" in note 2 to the financial statements which indicates that the company incurred a net loss of USD 12,527,956 respectively USD 10,192,331 in 2015 and 2014. This condition, along with other matters as set forth in note 2, indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.

For BDO Assurance N.V.



N.T.H. Veerman RA
Partner

FOOD AND AGRICULTURE INDUSTRIES N.V.
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015
(Before appropriation of results)

ASSETS	Notes	2015	2014
		USD	restated USD
Current assets			
Cash and cash equivalents	6	646,130	841,412
Trade and other receivables	7	3,098,034	5,200,761
Inventories	8	5,788,504	5,305,690
Biological assets	9	<u>10,453,390</u>	<u>8,682,181</u>
Total current assets		19,986,058	20,030,044
		-----	-----
Non-current assets			
Property, plant and equipment	10	29,333,398	33,239,552
Intangible assets	11	82,674	42,104
Biological assets	9	174,692	620,172
Deferred tax assets	12	<u>2,935,959</u>	<u>2,935,959</u>
Total non-current assets		32,526,723	36,837,787
		-----	-----
Total assets		<u>52,512,781</u>	<u>56,867,831</u>
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdraft	13	3,655,644	-
Trade and other payables	14	<u>9,377,241</u>	<u>7,873,137</u>
Total current liabilities		13,032,885	7,873,137
		-----	-----
Non-current liabilities			
Government loan	15	2,558,555	2,558,555
Intercompany loans	16	31,147,133	28,077,000
Deferred tax liabilities	12	2,935,959	2,935,959
Provision for Restructuring	17	<u>1,091,619</u>	<u>1,148,594</u>
Total non-current liabilities		37,733,266	34,720,108
		-----	-----
Total liabilities		50,766,151	42,593,245
Equity	18	<u>1,746,630</u>	<u>14,274,586</u>
Total equity and liabilities		<u>52,512,781</u>	<u>56,867,831</u>

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

FOOD AND AGRICULTURE INDUSTRIES N.V.
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	notes	2015	01-03-2014 - 12-31-2014
		USD	USD
Revenue	19	33,454,898	51,212,967
Cost of sales	20	<u>36,674,739</u>	<u>55,549,287</u>
Gross margin		-3,219,841	-4,336,320
Other income		<u>222,339</u>	<u>58,233</u>
		-2,997,502	-4,278,087
Operating expenses:			
Personnel expenses	21	1,211,938	1,119,087
General and administrative expenses	22	2,660,934	2,892,869
Housing expenses	23	120,190	104,269
Depreciation and amortization	24	<u>65,778</u>	<u>74,079</u>
		4,058,840	4,190,304
Operating loss before financial income and expenses		-7,056,342	-8,468,391
Financial income and expenses:			
Interest expenses	25	-2,279,503	-1,601,702
Extraordinary cost		-3,570,196	-
Foreign exchange loss		<u>378,085</u>	<u>-122,238</u>
		-5,471,614	-1,723,940
Loss after financial income and expenses		-12,527,956	-10,192,331
Income tax	26	-	-
Loss for the period		<u>-12,527,956</u>	<u>-10,192,331</u>
Loss per share		<u>-6,264</u>	<u>-5,096</u>

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

FOOD AND AGRICULTURE INDUSTRIES N.V.
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

(indirect method)

	<u>12-31-2015</u>	<u>12-31-2014</u>
	USD	USD
Cash flows from operating activities		
Loss for the period	-12,527,956	-10,192,331
Adjustment for depreciation and amortization	4,600,573	4,534,868
Adjustment for provision for restructuring	<u>-56,975</u>	<u>-</u>
	-7,984,358	-5,657,463
 Changes in working capital:		
Trade and other receivables	2,102,727	-5,141,013
Inventories	-482,814	-5,305,691
Trade and other payables	<u>1,504,104</u>	<u>7,873,247</u>
Cash used by operating activities	-4,860,341	-8,230,920
	-----	-----
Cash flows used by investing activities		
Purchases of intangible assets	-47,877	-41,479
Purchases of property, plant and equipment	-324,217	-21,268,970
Movements in biological assets	<u>-1,688,624</u>	<u>-8,970,806</u>
Net cash used in investing activities	-2,060,718	-30,281,255
	-----	-----
Cash flows from financing activities		
Additional paid-in capital	-	8,718,032
Proceeds from intercompany loans	3,070,133	28,077,000
Proceeds from government loan	-	2,558,555
Bank overdraft	<u>3,655,644</u>	<u>-</u>
Cash generated by financing activities	6,725,777	39,353,587
	-----	-----
Net increase in cash and cash equivalents	-195,282	841,412
Cash and cash equivalents, January 1, 2015	<u>841,412</u>	<u>-</u>
Cash and cash equivalents, December 31, 2015	<u>646,130</u>	<u>841,412</u>

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

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Share premium	Revaluation reserve	Retained earnings	Total
	USD	USD	USD	USD	USD
Opening balance 1 March 2014	59,746	-	-	-	59,746
Additional paid-in-capital	-	8,718,032	-	-	8,718,032
Result for the period	-	-	-	-10,192,331	-10,192,331
Ending balance before restatements	59,746	8,718,032	-	-10,192,331	-1,414,553
Additions regarding biological assets and provision for restructuring	-	-	-	10,469,656	10,469,656
Revaluation	-	-	5,219,483	-	5,219,483
Ending balance 31 December 2014	59,746	8,718,032	5,219,483	277,325	14,274,586
Result for the period	-	-	-	-12,527,956	-12,527,956
Ending balance 31 December 2015	<u>59,746</u>	<u>8,718,032</u>	<u>5,219,483</u>	<u>-12,250,631</u>	<u>1,746,630</u>

The accompanying notes form an integral part of these financial statements

FOOD AND AGRICULTURE INDUSTRIES N.V.

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. General information

Company and activities

Food and Agriculture Industries N.V. (short named as FAI N.V.), hereinafter referred to as the Company is a limited liability entity established on the 3rd of January 2014 in Saramacca, Suriname.

Per articles of association the Company is authorized to engage in the following main activities:

- To install and exploit agriculture industries; and
- To buy, process and sell agriculture products.

The operating activities of the Company mainly include: planting, harvesting, packaging and exporting bananas mainly to Europe and on request to Trinidad & Tobago.

The company has two plantation sites, namely, Jarikaba Estate and Nickerie Estate.

Group structure

At the establishment of the company on the 3rd of January, 2014, 90% (1,800) of the shares were held by Stichting Behoud Bananen Sector (SBBS) AND 10% (200) shares were held by Surinaamse Landbouwbedrijven N.V. (Surland). At concluding the privatization of SBBS on the 23rd of January, 2014 Univeg Fruits partners B.V. bought 1,600 shares of SBBS and the 200 shares of Surland. 200 shares held by SBBS were sold to the Republic of Suriname.

As per January 23, 2014 the issued shares of FAI N.V. are 90% (1,800) shares held by Univeg Fruit partners B.V. (a company organized under the law of the Netherlands) and 10% (200) shares held by the Republic of Suriname.

Univeg Fruit partners B.V. is a 100% subsidiary of Univeg Holding B.V. Univeg Holding B.V. is a 100% subsidiary of Fieldlink N.V. of which the main shareholder is De Weide Blik N.V. (95.4%). On December 10, 2014 The Fruit Farm Group B.V. (TFFG) was established and funded, which is a 100% subsidiary of De Weide Blik N.V. Subsequently on December 17, 2014 Global Farms B.V., which is a 100% subsidiary of TFFG took over the 90% of the issued shares of the Company (1,800) shares from Univeg Fruit partners.

As of December 17, 2014 FAI N.V. is not a subsidiary of Univeg Fruit partners B.V. anymore. Since the year-end is December 31, 2015, FAI is considered to be subsidiary of Global Farms B.V. for the full year for reporting purposes.

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These financial statements were approved by the board of directors and authorised for issue on August 24, 2016.

2. Summary of significant accounting policies

This is the first set of financial statements prepared by Food and Agriculture Industries N.V. in accordance with the 'IFRS for Small and Medium-sized Entities' issued by the International Accounting Standards Board in 2015. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities issued by the International Accounting Standards Board in 2015. The financial statements have been prepared on the historical cost basis, unless otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will be able to meet the mandatory repayment terms of the banking facilities as disclosed in note 13.

The company has incurred a net loss of USD 12,527,956 for the year ended December 31, 2015 (2014: loss USD 10,192,331), a sharp drop in equity to USD 1,746,630 and a negative cash flow from operating activities of USD 4,860,341. This disappointing performance reflected the start-up difficulties, the effects of the moko bacteria and inefficient operations by former management. Management will carry out operational improvements that improve its performance in 2016. The key improvements that are taking place within the operation are the following:

- Increasing banana plant population density, replanting areas and performing farm renovation in areas with low productivity;
- Implementing of precision agriculture practices in order to improve productivity;
- Implementing synergies between Nickerie and Jarikaba estate to reduce overhead cost;
- Training personnel (foremen and supervisors), thereby increasing their ability to perform in a more professional and purposeful manner, achieving higher standards of quality;
- Working to achieve and maintain the Rainforest Alliance certification;
- Presenting the spreading of the MOKO disease by:
 - Identifying of infected parcels with MOKO and putting them in quarantine, to prevent further spreading;
 - Creating of buffer zones that are areas which are infected with the MOKO disease;
 - Installing of decontamination beds in both estates;
 - Decontamination of all working tools that are used by the workers.

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- Investments in the infrastructure and machineries in both estates, financed by the European Union will lead to:
 - Increasing productivity by better accessibility conditions to farm and field;
 - Increasing in fruit quality due to better road accessibility.

Management believes that the Company will be successful in the above matters and, accordingly, have prepared the financial statements on a going concern basis.

Functional and presentation currency

The financial statements are presented in United States Dollar (USD), which is the company's functional currency. All values are rounded to the nearest USD except when otherwise indicated.

Use of estimates and Judgments

The preparation of financial statements in conformity with IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in note 4.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Foreign currency differences are recognized in the Statement of Comprehensive Income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost in a foreign currency remain translated into the functional currency using the exchange rates as at the dates of the initial transactions.

Cash and cash equivalents

Cash and cash equivalents include cash at banks, cash on hand, demand deposits and other short-term highly liquid-investments with original maturities of three months or less.

Bank overdrafts and short-term loans are included in current liabilities in the statement of financial position.

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Non-derivative financial instruments

The Company only uses non-derivative financial instruments.

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, government loan, intercompany loans, bank overdrafts and trade and other payables.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

Financial assets, trade and other receivables and cash and cash equivalents are classified as financial assets at fair value through profit and loss. Financial liabilities that are not at fair value through profit or loss include intercompany loans, trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus any directly attributable costs.

Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for bad debt. A provision of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts in accordance with the original terms of the receivables. The amount of the provision is recognized in the profit and loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of the business, less applicable variable selling expenses.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by an independent appraiser. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

Freehold land is not depreciated. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value to their residual values over their expected useful economic lives. It is provided at the following rates:

Land improvements	- 6.67% - 20% per annum straight line
Buildings	- 5% per annum straight line
Infrastructure	- 5% - 33.33% per annum straight line
Machineries, vehicles and equipment	- 20% - 33.33% per annum straight line
Furniture, fixtures and tools	- 33% per annum straight line

At the date of revaluation, the accumulated depreciation on the revalued property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold land and buildings are expensed through the consolidated statement of comprehensive income (e.g. through depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

The leasehold rights are amortized over the lease term which amortization rate ranges from 4.28% to 6.93% per year.

Assets under construction represent property, plant and equipment which are not yet completed or which as yet not have been put into use. These assets are transferred to the relevant category of property, plant and equipment at the date on which they are effectively put into use.

Intangible assets

Intangible assets are goodwill and purchased computer software.

Goodwill

The entity took over the activities of Stichting Behoud Bananen Sector on 24 January 2014 based on the privatization agreement signed on 23 January 2014.

Based on the privatization agreement, the company as an entity established and domiciled in Suriname acquired the inventories, biological assets and property, plant and equipment including leasehold rights relevant to the operations of the Stichting Behoud Bananen Sector (including land leasehold rights owned by Surland N.V.).



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The goodwill arises from the fair values of the net identifiable assets and liabilities acquired from Stichting Behoud Bananen Sector and Surland N.V. at the date of the acquisition.

Software

Software is measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The following useful lives are used for the amortization of intangibles:

Software - 3 - 5 years

If there is an indication that there has been a significant change in amortization rate or residual value of an asset, the amortization of that asset is revised prospectively to reflect the new expectations.

Biological assets

Biological assets are carried at cost less accumulated depreciation and impairment losses. The fair value of biological assets is not available without undue cost or effort due to the lack of market information for orchards in the region the entity operates.

Depreciation is charged so as to allocate the cost of the biological assets over their estimated useful lives, using the straight-line method. The following useful lives are used for the depreciation of biological assets:

Banana plantation: 80-100 years.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Impairment of assets

At each reporting date, financial and non-financial assets not carried at fair value, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell.

If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Trade and other payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest.

Borrowings

Borrowings, regarding government loan and Intercompany loans, are recognized initially at the transaction price. Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date

Current and deferred income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax basis (known as temporary differences). Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.



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Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Employee benefits

The company has a defined benefit plan, of which the pension rights are entrusted to an insurance company. The insurance company calculates the annual premium and bears the responsibility to the employees as stipulated in the defined benefit pension scheme. The company's contributions to the insurer are treated as if the pension scheme is a defined contribution.

Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are recognized as an expense as the related employee service received.

Retirement benefits and/or post employment benefits

Obligations for contributions to defined benefit pension schemes are recognized as an expense in the statement of comprehensive income as services from employees are received. Under such schemes, the company has no obligation to make further contributions to these schemes beyond the contracted amounts. Prepaid contributions are recognized as an asset to the extent that service has not yet been received.

Provisions

Provisions for restructuring costs and legal claims are recognized when: the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise costs for land that has been infected with the Moko Bacteria. Provisions are not recognized for future operating losses.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Share Capital

Ordinary shares are classified as equity.

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Revenue recognition

Revenue comprises the fair value of the sale of bananas, net of value added tax and excise duties, rebates and discounts and after eliminating sales within the company.

The sales of bananas are recognized when it is probable that economic benefits associated with the transaction will flow to the company and the amount of the revenue can be measured reliably.

3. Transition to IFRS for SMEs

The financial statements for the year ended 31 December 2015 are its first annual financial statements prepared under accounting policies that comply with the 2015 amendments to the IFRS for SMEs (effective 1 January 2017 with early application permitted).

FAI N.V.'s transition date is 1 January 2014. The company prepared its opening IFRS for SMEs statement of financial position at that date.

In preparing these financial statements in accordance with the IFRS for SMEs, the company has applied all the mandatory exceptions and certain of the optional exemptions from full retrospective application of the IFRS for SMEs.

The financial statements of the previous year, which was the first year after establishment of FAI N.V., were presented in full IFRS (previous GAAP).

There are no financial effects on the company's equity of the transition from the previous GAAP to the IFRS for SMEs at 1 January 2014 and 31 December 2014 and the company's loss for the year ended 31 December 2014.

No changes have been made to the presentation of the company's statement of cash flows regarding the transition to IFRS for SMEs.

4. Key sources of estimation uncertainty and judgments

Use of estimates and judgments

The company 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 of assets and liabilities within the next financial year are disclosed below.

Fair value of biological assets

The fair value of the company's biological assets represents the present values of estimated net cash flows relating to the biological assets owned by the entity.

The significant assumptions made in determining the fair value of the group's biological assets are listed below.

- Banana plantations are valued based on expected volumes of fruit that could be obtained from existing plantations, given current management strategies, and legislative and other externally imposed restrictions.

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- The limit of the cash flow analysis is the expected rotation period for the banana plantations. This ranges from 80 years to 100 years.
- The ongoing costs of maintaining the banana orchards are deducted in determining the net cash flows. Categories of costs included are labour pre-harvest and harvest, fertilizing, chemicals, spraying, irrigation and drainage.
- For the year 2014 and 2015 assumptions and corrections are made due to the mismanagement of former management, tax and the Moko bacteria.

Valuation of land and buildings

The fair value of land and buildings is derived from a 'cost approach', since there are no current market prices of comparable real estate. The valuation has been made by an independent appraiser in Suriname. The independent appraiser has a policy that focuses on transparency, quality, reliability and good reputation.

Income taxes

Significant judgement is required in determining the Company's provision on income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company will adjust any differences between the actual tax liabilities and the accrued income tax liabilities in the statement of income in the period in which they are identified.

Deferred tax assets and liabilities are recorded for the expected future tax consequences of temporary differences recognized in the financial statements and tax returns. Deferred tax assets are recognised when there is sufficient evidence in management's view that sufficient taxable income will be generated in future periods prior to the expiration of the losses which generated the deferred tax assets.

5. Correction of prior period accounting errors

Management of FAI N.V., while preparing financial statements of the company for the period ended 31 December 2015 noticed that they had failed in the correct measurement and recognition of some items in the financial statements of the prior period ended 31 December 2014.

An overview of the restatements made in the Statement of Financial Position as at 31 December 2014 is stated below.

No restatements have been made in the Statement of Comprehensive Income for the year ended 31 December 2014.

FOOD AND AGRICULTURE INDUSTRIES N.V.

ASSETS	Notes	31 December 2014	Restatements	Restated 31 December 2014
		USD	USD	USD
Current assets				
Cash and equivalents		841,412	-	841,412
Trade and other receivables		5,200,761	-	5,200,761
Inventories		5,305,690	-	5,305,690
Biological assets	A	-	8,682,181	8,682,181
Total current assets		11,347,863	8,682,181	20,030,044
		-----	-----	-----
Non-current assets				
Property, plant and equipment	B	25,084,736	8,154,816	33,239,552
Intangible assets		41,479	625	42,104
Biological assets		620,172	-	620,172
Deffered tax assets	C	-	2,935,959	2,935,959
Total non-current assets		25,746,387	11,091,400	36,837,787
		-----	-----	-----
Total assets		<u>37,094,250</u>	<u>19,773,581</u>	<u>56,867,831</u>
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables		7,873,248	-111	7,873,137
Total current liabilities		7,873,248	-111	7,873,137
		-----	-----	-----
Non-current liabilities				
Government loan		2,558,555	-	2,558,555
Intercompany loans		28,077,000	-	28,077,000
Deffered tax liabilities	C	-	2,935,959	2,935,959
Provision for restructuring	D	-	1,148,594	1,148,594
Total non-current liabilities		30,635,555	4,084,553	34,720,108
		-----	-----	-----
Total liabilities		38,508,803	4,084,442	42,593,245
Capital and reserves				
Share capital		59,746	-	59,746
Share premium		8,718,032	-	8,718,032
Revaluation Reserve	B	-	5,219,483	5,219,483
Retained earnings	E	-10,192,331	10,469,656	277,325
Total equity		-1,414,553	15,689,139	14,274,586
		-----	-----	-----
Total equity and liabilities		<u>37,094,250</u>	<u>19,773,581</u>	<u>56,867,831</u>

FOOD AND AGRICULTURE INDUSTRIES N.V.

A. Biological assets

The biological assets are restated due to costs capitalized for labour related to pre-harvest and harvest, fertilizing, chemicals, spraying, irrigation and drainage. For the year 2014 regarding biological assets assumptions were revised and corrections are made due to the assumed mismanagement of former management, tax and the Moko bacteria.

B. Property, plant and equipment and revaluation reserve

Property, plant and equipment are restated to record the best approach to fair value. On acquisition the assets were recorded on the basis of historical costs minus depreciation, which does not reflect the fair value.

C. Deferred tax asset and liabilities

The deferred tax assets and liabilities are restated due to the revaluation of property, plant and equipment. Losses of the first 3 years of operation are compensable for an indefinite period and to be applied chronologically.

D. Provision for restructuring

Provision for restructuring the infected land by Moko bacteria is recognized due to the fact that there was a constructive obligation per year-end 2014. Cost capitalized are costs based upon historical expenses.

E. Retained earnings

The restatement directly through retained earnings consists mainly of the restatement due to biological assets and provision for restructuring.

FOOD AND AGRICULTURE INDUSTRIES N.V.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

(All amounts in USD unless otherwise stated)

6. Cash and cash equivalents

	<u>2015</u>	<u>2014</u>
Cash at bank	642,248	839,561
Cash in hand	<u>3,882</u>	<u>1,851</u>
	<u>646,130</u>	<u>841,412</u>

7. Trade and other receivables

Trade receivables	2,935,623	4,784,136
Advances to suppliers	77,718	319,317
Other receivables	<u>84,693</u>	<u>97,308</u>
	<u>3,098,034</u>	<u>5,200,761</u>

8. Inventories

Packing material	963,068	1,030,886
Chemicals	1,071,187	1,189,740
Parts	1,188,604	1,113,143
Fertilizers	1,134,217	1,120,354
Personnel protected equipment	235,474	322,583
Fuel and lubricants	115,536	163,837
Small tools and equipment	32,014	63,839
Fruit protection materials	<u>118,089</u>	<u>100,658</u>
	4,858,189	5,105,040
Goods in transit	850,395	200,650
Stock of Green Bananas at the Port	<u>79,920</u>	-
	<u>5,788,504</u>	<u>5,305,690</u>

FOOD AND AGRICULTURE INDUSTRIES N.V.

9. Biological assets

The entity owns banana plantations through its operations in the Jarikaba and Nickerie Estates. Both plantations range from 1,830 hectares on which the trees are grown to 80-100 years old plantations.

	2015	2014
Cost	9,302,351	6,201,960
Capitalized production costs	1,771,210	8,682,181
Accumulated depreciation	<u>-445,479</u>	<u>-5,581,788</u>
Closing balance	<u>10,628,082</u>	<u>9,302,353</u>
Current asset	10,453,390	8,682,181
Non-current asset	<u>174,692</u>	<u>620,172</u>
Total	<u>10,628,082</u>	<u>9,302,353</u>

10. Property, plant and equipment

	Land leasehold rights USD	Land improve- ments USD	Buildings USD	Machineries, vehicles and equipment USD	Furniture, fixtures and tools USD	Assets under construction USD	Total USD
Opening balance:							
Cost	4,200,000	15,951,641	7,683,031	13,403,040	677,076	-	41,914,788
Revaluation surplus	2,516,219	1,357,573	4,281,650	-	-	-	8,155,442
Accumulated depreciation	<u>-194,188</u>	<u>-1,295,521</u>	<u>-4,193,582</u>	<u>-10,562,092</u>	<u>-585,294</u>	<u>-</u>	<u>-16,830,677</u>
Carrying amount at January 1, 2015	<u>6,522,031</u>	<u>16,013,693</u>	<u>7,771,099</u>	<u>2,840,948</u>	<u>91,782</u>	<u>-</u>	<u>33,239,553</u>
Changes during the year							
Investment	-	24,936	36,201	148,378	64,350	50,352	324,217
Depreciation	<u>-271,931</u>	<u>-2,143,650</u>	<u>-706,827</u>	<u>-1,049,492</u>	<u>-58,472</u>	<u>-</u>	<u>-4,230,372</u>
	<u>-271,931</u>	<u>-2,118,714</u>	<u>-670,626</u>	<u>-901,114</u>	<u>5,878</u>	<u>50,352</u>	<u>-3,906,155</u>
Cost	4,200,000	15,976,577	7,719,232	13,551,418	741,426	50,352	42,239,005
Revaluation surplus	2,516,219	1,357,573	4,281,650	-	-	-	8,155,442
Accumulated depreciation	<u>-466,119</u>	<u>-3,439,171</u>	<u>-4,900,409</u>	<u>-11,611,584</u>	<u>-643,766</u>	<u>-</u>	<u>-21,061,049</u>
Closing balance	<u>6,250,100</u>	<u>13,894,979</u>	<u>7,100,473</u>	<u>1,939,834</u>	<u>97,660</u>	<u>50,352</u>	<u>29,333,398</u>

FOOD AND AGRICULTURE INDUSTRIES N.V.

11. Intangible assets

	<u>2015</u>
<i>Goodwill</i>	-
Opening balance	41,479
Changes	-
Closing balance	41,479

<i>Software</i>	-
Opening balance	625
Additions	47,877
Amortisation	-7,307
Closing balance	41,195

Total	<u>82,674</u>

12. Deferred tax

The following are the deferred tax (liabilities)/assets and valuation allowances recognized by entity:

	<u>Property, plant and equipment</u>	<u>Total</u>
2014		
Opening balance	-	-
Revaluation	<u>2,935,959</u>	<u>2,935,959</u>
Closing balance	<u>2,935,959</u>	<u>2,935,959</u>
2015		
Closing balance	<u>2,935,959</u>	<u>2,935,959</u>

FOOD AND AGRICULTURE INDUSTRIES N.V.

13. Bank overdraft	<u>2015</u>	<u>2014</u>
Bank overdraft	<u>3,655,644</u>	<u>-</u>

The company has a current account facility up to USD 4,000,000 with the Hakrinbank. The interest rate amounts 9% annually. A Corporate Guarantee of USD 4,000,000 has been given by the parent company The Fruit Farm Group B.V. This guarantee expires July 10, 2016.

14. Trade and other payables	<u>2015</u>	<u>2014</u>
Trade payables	4,397,244	5,237,184
Accrued liabilities	3,778,506	1,633,118
Other payables	<u>1,201,491</u>	<u>1,002,835</u>
	<u>9,377,241</u>	<u>7,873,137</u>

15. Government loan		
Non-current liability	<u>2,558,555</u>	<u>2,558,555</u>

This regards the liability of Stichting Behoud Bananen Sector assumed by the company as stipulated in the privatization agreement signed on January 23, 2014. In the privatization agreement is written that further agreements will be made. For 2015 the Government loan is subjected to interest based on the LIBOR rate.

16. Intercompany loans	<u>2015</u>	<u>2014</u>
Intercompany loan with Univeg Fruitpartners B.V.	-	13,027,000
Intercompany loan with Univeg Belgium N.V.	-	5,000,000
Intercompany loan with The Fruit Farm Group B.V.	<u>31,147,133</u>	<u>10,050,000</u>
Total	<u>31,147,133</u>	<u>28,077,000</u>
Current liability	-	-
Non-current liability	<u>31,147,133</u>	<u>28,077,000</u>
Total	<u>31,147,133</u>	<u>28,077,000</u>

All intercompany loans are internal transferred to one loan.



FOOD AND AGRICULTURE INDUSTRIES N.V.

Intercompany loan with Univeg Fruit partners B.V.

On January 21, 2014, the Company and Univeg Fruit partners B.V. signed an agreement for a loan of USD 5,247,000. The rate of interest on the loan applicable to each interest period shall be equal to the sum of (i) the applicable LIBOR rate and (ii) a margin depending on the cost of funding of the Univeg Group. The loan shall be repaid on or before November 15, 2020.

On January 7, 2015, the Univeg Fruit partners B.V signed an agreement to transfer the loan contract of USD 5,247,000 to the Fruit Farm Group B.V.

The rate of interest on the loan applicable to each interest period shall be equal to the sum of (i) the applicable LIBOR rate and (ii) a margin depending on the cost of funding of the Univeg Group. The loan shall be repaid on or before November 17, 2018.

Intercompany loan with Univeg Belgium N.V.

On January 21, 2014, the Company and Univeg Belgium N.V. signed an agreement for a loan of USD 5,000,000. The rate of interest on the loan applicable to each interest period shall be equal to the sum of (i) the applicable LIBOR rate and (ii) a margin depending on the cost of funding of the Univeg Group. The loan shall be repaid on November 15, 2020.

Intercompany loan with The Fruit Farm Group B.V.

On December, 16th 2014, The Fruit Farm Group B.V. signed an agreement for a loan of USD 10,050,000. The rate of interest on the loan applicable to each interest period shall be equal to the sum of (i) the applicable LIBOR rate and (ii) a margin depending on the cost of funding of the Univeg Group and (iii) a margin of 0.50%. For the avoidance of doubt, the Univeg Group will inform the Borrower and Lender of the interest period and shall communicate the interest rate applicable to the interest period two days in advance of such interest period. The loan shall be repaid on November 15, 2020.

On January, 9th 2015, The Fruit Farm Group B.V. signed an agreement for a loan of EUR 5,000,000. The rate of interest on the loan applicable to each interest period shall be equal to the sum of (i) the applicable EURIBOR rate and (ii) a margin depending on the cost of funding of the Fruit Farm Group. For the avoidance of doubt, the Fruit Farm Group shall determine the interest rate applicable to an interest period two days in advance of such interest period. The loan shall be repaid on December 17, 2018.

FOOD AND AGRICULTURE INDUSTRIES N.V.

17. Provision for restructuring costs

The provision regards restructuring costs for land that is infected with the Moko bacteria. A provision is made for the estimated costs to restructure the land for planting, estimated costs are based on historical experiences.

	<u>2015</u>
Opening balance	1,148,594
Amounts utilized during the year	<u>-56,975</u>
Closing balance	<u>1,091,619</u>

The obligation is classified as a non-current liability because the restructuring of the infected land is not limited to twelve months.

18. Equity

Reference is made to the Statement of Changes in Shareholders' Equity.

Share Capital

	<u>2015</u>	<u>2014</u>
Authorised share capital, 10,000 shares at SRD 100 per value	298,507	298,507
Subscribed share capital, 2,000 shares at SRD 100 per value	57,746	57,746
Paid-up share capital, 100% of 2,000 shares at SRD 100	57,746	57,746

Revaluation reserve

As at 1 January	5,219,483	-
Revaluation	<u>-</u>	<u>5,219,483</u>
As at 31 December	<u>5,219,483</u>	<u>5,219,483</u>

19. Revenue

Export sales	34,920,972	51,196,656
Quality control	-126,565	-302,710
Quality claims	<u>-1,961,210</u>	<u>-154,885</u>
	32,833,197	50,739,061
Local Sales	<u>621,701</u>	<u>473,906</u>
	<u>33,454,898</u>	<u>51,212,967</u>



FOOD AND AGRICULTURE INDUSTRIES N.V.

20. Cost of Sales

Cost of sales includes export and productions costs. Details are as follows:

	<u>2015</u>	<u>2014</u>
Export costs:		
Sea freight	5,483,142	12,557,816
Handeling cost	1,041,909	2,093,283
Inland transport	1,047,275	1,769,645
Sales commission	507,092	1,710,543
Ripening expenses	71,951	493,057
Plugging	347,034	339,181
Transit cost	188,391	278,929
Insurance expenses	92,959	227,760
Import duties & clearing	<u>5,192</u>	<u>14,682</u>
	8,784,945	19,484,896
	-----	-----
Production costs:		
Personnel expenses (Note 21)	11,295,393	13,045,354
Depreciation (Note 24)	4,534,795	4,460,789
Packing material expenses	7,349,140	8,121,863
Fertilizers	2,067,036	4,799,349
Chemicals	2,688,300	3,042,007
Fuel and Lubricants	121,871	1,097,483
Spraying costs	497,431	467,270
Parts	542,681	448,813
Personnel protection equipment	232,135	223,640
Tools and equipment	220,289	166,909
Fruitcare	70,062	96,817
Transport rejected fruits	23,865	37,620
Stock revaluation	-1,835,788	56,477
Inventory variation Bio Assets Produce	<u>82,584</u>	<u>-</u>
	27,889,794	36,064,391
	-----	-----
Total cost of sales	<u>36,674,739</u>	<u>55,549,287</u>



FOOD AND AGRICULTURE INDUSTRIES N.V.

21. Personnel expenses

	<u>2015</u>	<u>2014</u>
Salaries and wages	8,480,710	9,996,704
Health Insurance	1,074,434	1,108,615
Transport allowance	927,896	1,001,051
Incentive	485,603	629,255
Pension premium	530,835	413,424
Productivity and quality bonus	44,821	357,323
Holidays allowance	681,630	342,316
Food allowance	243,032	240,622
Performance premium	2,978	47,161
Training and other social costs	<u>35,392</u>	<u>27,970</u>
	12,507,331	14,164,441
Allocated to cost of sales (Note 20)	<u>11,295,393</u>	<u>13,045,354</u>
	<u><u>1,211,938</u></u>	<u><u>1,119,087</u></u>

22. General and administrative expenses

Management fees	843,651	851,515
Professional fees	515,039	702,279
Repair and maintenance	471,467	273,309
Travel and mission	166,771	269,248
Bank charges	73,014	140,167
Insurance	118,003	116,342
Representation	167,620	293,646
Office supplies	86,001	90,215
Mail and telecommunications	80,361	74,227
Advertising and publications	12,811	11,413
Rentals	25,961	10,362
Sponsorship and donations	689	4,957
Studies and research	57,512	11,884
Others	<u>42,034</u>	<u>43,125</u>
	<u><u>2,660,934</u></u>	<u><u>2,892,869</u></u>

FOOD AND AGRICULTURE INDUSTRIES N.V.

23. Housing expenses

	<u>2015</u>	<u>2014</u>
Electricity	82,828	76,654
Maintenance and kitchen products	31,839	24,962
Gas and water supplies	<u>5,523</u>	<u>2,653</u>
	<u>120,190</u>	<u>104,269</u>

24. Depreciation and amortization

Property, plant and equipment (Note 10)	4,230,372	3,815,766
Biological assets (Note 9)	362,895	719,102
Goodwill (Note 11)	<u>7,306</u>	<u>-</u>
	4,600,573	4,534,868
Allocated to cost of sales (note 20)	<u>4,534,795</u>	<u>4,460,789</u>
	<u>65,778</u>	<u>74,079</u>

25. Interest expenses

Interest on Government loan (Note 13)	161,535	144,229
Interest on Bank Loans	181,758	532,180
Interest on Intercompany loans (Note 16)	<u>1,936,210</u>	<u>925,293</u>
	<u>2,279,503</u>	<u>1,601,702</u>

26. Income tax

The company's taxable profit is subject to the income tax rate of 36%. For the period ended 31 December 2015 the company's operations resulted in a loss of USD 12,527,956 hence no income tax is due. Losses of the first 3 years of operation are compensable for an indefinite period and to be applied chronologically.

27. Contingencies

The Company has no contingent liabilities arising in the ordinary course of business in respect of its bankers and other third parties.



FOOD AND AGRICULTURE INDUSTRIES N.V.

28. Related party transactions and balances

	<u>2015</u>	<u>2014</u>
Sales to The Fruit Farm Group	10,538,152	25,575,652
Interest expenses on Intercompany loans (Note 25)	1,936,210	925,293
Interest expenses on Government loans (Note 25)	161,535	144,229

Management fees

The management fees for the period ended December 31, 2015 paid to the managing directors amounted to USD 841,574.

Related party balances

As at December 31, 2015 the following are the related party balances:

	<u>2015</u>	<u>2014</u>
Intercompany Loans	31,147,133	28,077,000
Government loan	2,558,555	2,558,555
Accrued interest- intercompany loans	2,566,118	729,734
Accrued interest- Government loan	305,765	144,229

29. Event(s) after end of the reporting period

Change in exchange rate of Suriname Dollars (SRD)

In March 2016 the Central Bank of Suriname officially brought an end to the fixation of the SRD to the USD by introducing a weekly auction of USD to the market. The official exchange rate was determined by these auctions. At March 31, 2016 the official midrate was SRD 5.15 for 1 USD.



FOOD AND AGRICULTURE INDUSTRIES N.V.

OTHER INFORMATION

Statutory appropriation of result

In accordance with article 14 of incorporation the result for the year is at the disposal of the Annual General Meeting of Shareholders, who then determines how and when the profit distribution will be made available.

Appropriation of result

Awaiting a decision by the General Meeting of Shareholder, the net result for the year ended December 31, 2015 has been presented separately under retained earnings in the statement of changes in equity.