Seprod Limited

Financial Statements
31 December 2015

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Independent Auditor's Report

To the Members of
Seprod Limited

Report on the Consolidated and Company Stand Alone Financial Statements
We have audited the accompanying consolidated financial statements of Seprod Limited and its subsidiaries, set out on pages 1 to 80, which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated 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, and the accompanying financial statements of Seprod Limited standing alone, which comprise the statement of financial position as at 31 December 2015 and 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 for the Consolidated and Company Stand Alone Financial Statements
Management is responsible for the preparation of consolidated and company stand alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand alone 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 consolidated and company stand alone financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and company stand alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand alone financial statements that give a true and fair view 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 consolidated and company stand alone financial statements.

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

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Opinion

In our opinion, the consolidated financial statements of Seprod Limited and its subsidiaries, and the financial statements of Seprod Limited standing alone give a true and fair view of the financial position of Seprod Limited and its subsidiaries and the Seprod Limited standing alone as at 31 December 2015, and of their financial performance and cash flows for the year then ended, so far as concerns the members of Seprod Limited, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and company stand alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
31 March 2016
Kingston, Jamaica

Seprod Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Revenue		13,777,863	14,007,117
Direct expenses		(11,114,536)	(11,216,211)
Gross Profit		2,663,327	2,790,906
Finance and other operating income	6	760,629	682,791
Selling expenses		(510,648)	(399,517)
Administration expenses		(1,798,595)	(1,416,111)
Other operating expenses		(213,890)	(197,591)
Operating Profit		900,823	1,460,478
Finance costs	9	(290,054)	(289,833)
Share of results of joint venture	18	(6,711)	-
Profit before Taxation		604,058	1,170,645
Taxation	10	(281,317)	(270,244)
Profit from continuing operations		322,741	900,401
Discontinued operations			
Profit/(loss) for the period from discontinued operations	36	254,159	(5,026)
Net Profit		576,900	895,375
Other Comprehensive Income, net of taxes			
Item that will not be reclassified to profit or loss -			
Re-measurements of post-employment benefits	10	71,775	(113,700)
Items that may be subsequently reclassified to profit or loss -			
Unrealised fair value gains on available-for-sale investments		137,887	280,403
Realised fair value gains on available-for-sale investments		(143,580)	(2,819)
	10	(5,693)	277,584
TOTAL COMPREHENSIVE INCOME		642,982	1,059,259
Net Profit is attributable to:			
Stockholders of the Company	11	865,953	1,011,810
Non-controlling interest		(289,053)	(116,435)
		576,900	895,375
Total Comprehensive Income is attributable to:			
Stockholders of the Company		932,035	1,175,694
Non-controlling interest		(289,053)	(116,435)
		642,982	1,059,259
Earnings per Stock Unit attributable to Stockholders of the Company:	12		
From continued operations		$1.18	$1.97
From discontinued operations		$0.50	($0.01)
		$1.68	$1.96

Seprod Limited

Consolidated Statement of Financial Position

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Non-current Assets			
Property, plant and equipment	14	3,907,037	3,820,236
Intangible assets	16	4,234	7,975
Available-for-sale investments	17	1,837,860	2,752,296
Investments in joint venture	18	427,403	-
Long term receivables	19	2,584,476	1,096,044
Biological assets	21	250,759	317,976
Deferred tax assets	30	73,701	74,989
		9,085,470	8,069,516
Current Assets			
Inventories	22	1,746,461	1,934,453
Biological assets	21	510,516	659,227
Trade and other receivables	23	1,740,697	1,957,832
Available-for-sale investments	17	-	9,627
Financial asset at fair value through profit or loss	24	807,069	594,595
Current portion of long term receivables	19	121,836	65,370
Taxation recoverable		38,178	27,042
Short term deposits		142,824	134,457
Cash and bank balances	25	1,312,707	583,787
		6,420,288	5,966,390
Current Liabilities			
Payables	26	1,981,790	1,247,604
Current portion of long term liabilities	29	1,447,781	916,268
Bank overdraft	25	-	33,693
Provisions	34	-	10,631
Taxation payable		86,876	71,390
		3,516,447	2,279,586
Net Current Assets		2,903,841	3,686,804
		11,989,311	11,756,320
Equity Attributable to Stockholders of the Company			
Share capital	27	561,287	561,287
Treasury shares	27	(899)	(899)
Capital reserves	28	1,412,170	1,417,863
Retained earnings		8,546,526	8,099,377
		10,519,084	10,077,628
Non-controlling Interest		(575,368)	(286,315)
		9,943,716	9,791,313
Non-current Liabilities			
Long term liabilities	29	1,565,114	1,406,028
Deferred tax liabilities	30	182,581	200,979
Retirement benefit obligations	20	297,900	358,000
		11,989,311	11,756,320

Approved for issue by the Board of Directors on 30 March 2016 and signed on its behalf by:

Paul B. Scott Director

Nigel Clarke Director

Seprod Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Equity Attributable to Stockholders of the Company					Non-controlling Interest	Total Equity
	Number of Shares	Share Capital	Capital Reserve	Retained Earnings	Total		
	'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2014	516,339	560,388	1,140,279	7,665,980	9,366,647	(169,880)	9,196,767
Profit for the year	-	-	-	1,011,810	1,011,810	(116,435)	895,375
Remeasurements on pension and other retirement obligations	-	-	-	(113,700)	(113,700)	-	(113,700)
Fair value gains on investments	-	-	277,584	-	277,584	-	277,584
Total comprehensive income	-	-	277,584	898,110	1,175,694	(116,435)	1,059,259
Transactions with owners:							
Dividends paid (Note 13)	-	-	-	(464,713)	(464,713)	-	(464,713)
Balance at 31 December 2014	516,339	560,388	1,417,863	8,099,377	10,077,628	(286,315)	9,791,313
Profit for the year	-	-	-	865,953	865,953	(289,053)	576,900
Fair value gains on investments	-	-	(5,693)	-	(5,693)	-	(5,693)
Remeasurements on pension and other retirement obligations	-	-	-	71,775	71,775	-	71,775
Total comprehensive income	-	-	(5,693)	937,728	932,035	(289,053)	642,982
Transactions with owners:							
Dividends paid (Note 13)	-	-	-	(490,579)	(490,579)	-	(490,579)
Balance at 31 December 2015	516,339	560,388	1,412,170	8,546,526	10,519,084	(575,368)	9,943,716

Seprod Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Cash Flows from Operating Activities	31		
Cash provided by operating activities		1,808,975	653,431
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(718,431)	(480,316)
Proceeds on disposal of property, plant and equipment		26,668	7,011
Proceeds from disposal of available-for-sale investments		987,221	227,890
Issue of long term receivables		(2,544,810)	-
Repayment of long term receivables		1,070,081	323,757
Purchase of short term deposits		(2,002)	(43,996)
Interest received		220,971	216,124
Dividends received		25,023	79,803
Cash (used in)/provided by investing activities		(935,279)	330,273
Cash Flows from Financing Activities			
Long term loans received		1,076,964	1,446,575
Long term loans repaid		(488,573)	(1,464,552)
Dividends paid		(490,579)	(464,713)
Interest paid		(225,269)	(202,834)
Cash used in financing activities		(127,457)	(685,524)
Increase in cash and cash equivalents		746,239	298,180
Net effect of foreign currency translation on cash		16,374	8,893
Cash and cash equivalents at beginning of year		550,094	243,021
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	1,312,707	550,094

Non cash transaction during the year was due to the disposal of a subsidiary at its deemed cost and the investment in joint venture (Note 36).

Seprod Limited

Statement of Comprehensive Income

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Group costs recovered from subsidiaries		561,138	488,435
Finance and other operating income	6	1,027,188	599,157
Administration expenses	7	(629,546)	(1,464,047)
Operating Profit/(Loss)		958,780	(376,455)
Finance costs	9	(129,657)	(101,641)
Profit/(Loss) before Taxation		829,123	(478,096)
Taxation	10	(61,450)	(59,488)
Net Profit/(Loss)	11	767,673	(537,584)
Other Comprehensive Income, net of taxes			
Item that will not be reclassified to profit or loss -			
Re-measurements of post-employment benefits	10	71,775	(113,700)
Items that may be subsequently reclassified to profit or loss -			
Unrealised fair value gains on available-for-sale investments		137,887	280,403
Realised fair value gains on available-for-sale investments		(143,580)	(2,819)
	10	(5,693)	277,584
TOTAL COMPREHENSIVE INCOME		833,755	(373,700)

Seprod Limited
Statement of Financial Position
31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Non-current Assets			
Property, plant and equipment	14	257,646	199,211
Available-for-sale investments	17	1,837,860	2,752,296
Investment in subsidiaries	18	1,398,107	1,410,267
Investment in joint venture	18	434,114	-
Long term receivables	19	2,553,392	1,096,044
Deferred tax assets	30	64,223	73,742
		6,545,342	5,531,560
Current Assets			
Trade and other receivables	23	110,256	154,753
Available-for-sale investments	17	-	9,627
Current portion of long term receivables	19	89,754	65,370
Due from subsidiaries		4,128,841	3,016,182
Cash and bank balances	25	1,097,907	330,577
		5,426,758	3,576,509
Current Liabilities			
Bank overdraft	25	-	33,693
Payables	26	934,281	209,484
Current portion of long term liabilities	29	1,285,262	637,424
Taxation payable		9,116	159
Due to subsidiaries		1,676,709	443,653
		3,905,368	1,324,413
Net Current Assets		1,521,390	2,252,096
		8,066,732	7,783,656
Equity			
Share capital	27	561,287	561,287
Treasury shares	27	(899)	(899)
Capital reserves	28	851,632	857,325
Retained earnings		5,756,812	5,407,943
		7,168,832	6,825,656
Non-current Liabilities			
Long term liabilities	29	600,000	600,000
Retirement benefit obligations	20	297,900	358,000
		897,900	958,000
		8,066,732	7,783,656

Approved for issue by the Board of Directors on 30 March 2016 and signed on its behalf by:

Paul B. Scott — Director

Nigel Clarke — Director

Seprod Limited

Statement of Changes in Equity
Year ended 31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Capital Reserve	Retained Earnings	Total
	‘000	$'000	$'000	$'000	$'000
Balance at 1 January 2014	516,339	560,388	579,741	6,523,940	7,664,069
Loss for the year	-	-	-	(537,584)	(537,584)
Remeasurements on pension and other retirement obligations	-	-	-	(113,700)	(113,700)
Fair value gains on investments	-	-	277,584	-	277,584
Total comprehensive income	-	-	277,584	(651,284)	(373,700)
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(464,713)	(464,713)
Balance at 31 December 2014	516,339	560,388	857,325	5,407,943	6,825,656
Profit for the year	-	-	-	767,673	767,673
Remeasurements on pension and other retirement obligations	-	-	-	71,775	71,775
Fair value gains on investments	-	-	(5,693)	-	(5,693)
Total comprehensive income	-	-	(5,693)	839,448	833,755
Transactions with owners:					
Dividends declared (Note 13)	-	-	-	(490,579)	(490,579)
Balance at 31 December 2015	516,339	560,388	851,632	5,756,812	7,168,832

Seprod Limited

Statement of Cash Flows

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Cash Flows from Operating Activities			
Cash provided by/(used in) operating activities	31	841,236	(352,517)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(87,804)	(22,662)
Proceeds on disposal of property, plant and equipment		1,075	1,400
Proceeds from disposal of available-for-sale investments		987,221	227,890
Issue of long term receivables		(2,481,644)	-
Repayment of long term receivables		1,070,081	323,757
Interest received		458,544	386,691
Dividends received		314	56,622
Cash (used in)/provided by investing activities		(52,213)	973,698
Cash Flows from Financing Activities			
Long term loans received		810,000	1,303,357
Long term loans repaid		(200,000)	(1,072,421)
Dividends paid		(490,579)	(464,713)
Interest paid		(123,437)	(102,946)
Cash used in financing activities		(4,016)	(336,723)
Increase in cash and cash equivalents		785,007	284,458
Net effect of foreign currency translation on cash		16,015	8,432
Cash and cash equivalents at beginning of year		296,884	3,994
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	1,097,906	296,884

Seprod Limited

Notes to the Financial Statements
31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

1. Principal Activities and Operations

Seprod Limited ("the Company") is incorporated and domiciled in Jamaica. The Company is publicly listed on the Jamaica Stock Exchange, and has its registered office at 3 Felix Fox Boulevard, Kingston.

The Company and its subsidiaries are collectively referred to as "the Group".

Subsidiaries

The Company's subsidiaries, which are all incorporated and domiciled in Jamaica except for Xaymaca Limited and Golden Grove Funding Limited which are incorporated and domiciled in St. Lucia, and their principal activities, are as follows:

Name of subsidiary	Principal activities
Belvedere Limited	Agriculture
Caribbean Products Company Limited	Manufacture and sale of oils and fats
Golden Grove Sugar Company Limited and its subsidiary	Sugar production
- Golden Grove Funding Limited	Investments
Industrial Sales Limited	Sale of consumer products
International Biscuits Limited	Manufacture and sale of biscuit products
Serge Island Dairies Limited	Manufacture and sale of milk products and juices
Serge Island Farms Limited	Dairy farming
Jamaica Edible Oils and Fats Company Limited	Dormant
Xaymaca Limited	Investments
Joint Venture	
Jamaica Grain and Cereals Limited	Manufacture and sale of corn products and cereals

All subsidiaries are wholly owned, with the exception of Golden Grove Sugar Company Limited, which is owned 71.2% by the Company, 17.8% by Fred M. Jones Estate Limited and 11.0% by Quadrille Holdings.

A former subsidiary, Jamaica Grain and Cereals Limited became a 50% joint venture on 5 October following the disposal of 50% interest in the entity and the joint sharing of decision making responsibility with the other shareholder.

Seprod Limited
Notes to the Financial Statements
31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

2. 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, unless otherwise stated.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, biological assets at fair value through profit or loss, and investments at fair value through profit and loss.

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 Group's accounting policies. Although these estimates are based on managements' 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 consolidated financial statements are disclosed in Note 4.

Standards and amendments to published standards effective during the year

At the date of authorisation of these financial statements, certain new and amended standards and interpretations to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following are relevant to its operations.

IAS 19 (Amendment), 'Employee Benefits', (effective for annual periods beginning on or after 1 July 2014). This amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The adoption of this amendment had no impact the financial statements of the Group.

Annual Improvements 2012 and 2013 (effective for annual periods beginning on or after 1 July 2014). The IASB issued its Annual Improvements to IFRSs 2010 – 2012 and 2011 – 2013 cycles amending a number of standards, the following of which are relevant to the Group.

The amendments to *IFRS 13, 'Fair Value Measurement'* clarified that short-term receivables and payables may be measured at invoice amounts where the impact of discounting is immaterial. They also clarify that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

IAS 16, 'Property, Plant and Equipment,' and *IAS 38, 'Intangible Assets'* were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways: either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or the accumulated depreciation is eliminated against the gross carrying amount of the asset.

Seprod Limited
Notes to the Financial Statements
31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective during the year (continued)

Annual Improvements 2012 and 2013 (effective for annual periods beginning on or after 1 July 2014). (continued)

IAS 24, 'Related Party Disclosures', was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The adoption of these amendments effective 1 January 2015 did not have any significant impact on the Group's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative (effective for annual periods beginning on or after 1 January 2016). These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments do not require specific changes. However, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. The adoption of these amendments is not expected to have a significant impact on the Group's financial statements.

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2018). This standard will replace IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. Classification of debt instruments under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. All equity instruments are measured at fair value under IFRS 9. IFRS 9 removes also the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortised cost or fair value.

For financial liabilities, IFRS 9 retains most of the IAS 39 requirements, including amortised cost accounting for most financial liabilities and the requirement to separate embedded derivatives. The main change is where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

Certain aspects of IFRS 9 are still under development and have not been finalised. The Group does not expect any significant impact from adoption of IFRS 9.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' - Clarification of Acceptable Methods of Depreciation and Amortisation, (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Group does not expect any impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation or amortisation methods.

IFRS 15, 'Revenue from Contracts with Customers', (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Group is currently assessing the impact of future adoption of the new standard on its financial statements.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, (effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Group is currently assessing the impact on its financial statements arising from the future adoption of the amendments.

Annual Improvements 2014, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

Seprod Limited
Notes to the Financial Statements
31 December 2015
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019). In January 2016, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets. The Group is assessing the impact of future adoption of the amendments on its financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)
Amendments to IAS 12, 'Income Taxes, (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 12 clarifying specifically how to account for deferred tax assets related to debt instruments measured at fair value as well as clarifying the guidance for deferred tax assets in general by adding examples and elaborating on some of the requirements in more detail. The amendments do not change the underlying principles for the recognition of deferred tax assets. The Group does not expect any significant impact on its financial statements arising from the future adoption of the amendments.

Amendments to IAS 7, 'Statement of Cash Flows', (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 7 to improve information about an entity's financing activities. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments require disclosure of information enabling users to evaluate changes in liabilities arising from financing activities including both cash and non-cash changes. The future adoption of these amendments will result in additional disclosure in the financial statements.

(b) Basis of consolidation

Consolidation of subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

Consolidation of subsidiaries
The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

InterCompany transactions, balances and unrealised gains and losses on transactions between the Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Loans to subsidiaries that are intended to provide subsidiaries with a long-term source of additional capital are considered additions to the Company's investment. Accordingly, these loans are included in Investment in Subsidiaries on the Company's statement of financial position.

Transactions with non-controlling interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions ie. as transactions with owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Joint ventures
Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual right and obligations of each investor. The group has assessed the nature of its joint arrangement and has determined it to be a joint venture. The Group's interest in the joint venture is accounted for using the equity accounting method. Under the equity accounting method, investments in joint ventures are carried in the consolidated statement of financial position at cost as adjusted for the post acquisition changes in the Group's share of the net assets of the joint venture, less any impairment.

The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. Losses of the joint venture in excess of the group's interest are not recognised unless the group has incurred legal or constructive obligations or made payments on behalf of the joint venture. Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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2. Significant Accounting Policies (Continued)

(c) Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Sales of goods – wholesale
Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. Some products are often sold with a right of return.

Sales of goods – retail
Sales of goods are recognised when a Group entity sells a product to the customer. It is the Group's policy to sell its products to the end customer with a right of return.

Interest income
Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income
Dividend income is recognised when the right to receive payment is established.

(d) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates, referred to as the functional currency. The functional currency of each entity is the same as its presentation currency. The consolidated financial statements are presented in Jamaican dollars, which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from such transactions and from the translation of foreign currency monetary assets and liabilities at the year end exchange rates are recognised in profit or loss.

Translation differences resulting from changes in the amortised cost of foreign currency monetary assets classified as available-for-sale are recognised in profit or loss. Other changes in the fair value of these assets are recognised in other comprehensive income. Translation differences on non-monetary financial assets classified as available-for-sale are reported as a component of the fair value gain or loss in other comprehensive income.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

2. Significant Accounting Policies (Continued)

(f) Property, plant and equipment

Buildings, plant and equipment are recorded at cost or deemed cost, less accumulated depreciation and impairment losses. All other property, plant and equipment are carried at historical cost less accumulated depreciation, except land, which is not depreciated.

Depreciation is calculated on the straight line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives are as follows:

Buildings	30 – 50 years
Plant, equipment and furniture	3 – 40 years
Motor vehicles	3 - 5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount.

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

Repairs and maintenance expenditure is charged to profit or loss during the financial period in which it is incurred.

(g) Intangible assets

Brands

Brands obtained by the Group in a business combination are recognised at fair value at the acquisition date. These brands are deemed to have a finite useful life, and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the carrying value of brands over their estimated useful lives.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are Grouped at the lowest levels for which there are separately identified cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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2. Significant Accounting Policies (Continued)

(i) Financial assets

Classification
The Group classifies its financial assets in the following categories: at fair value through profit or loss, 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.

(a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) 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 are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', long term receivables and 'cash and cash equivalents'.

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement
Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss in the statement of comprehensive income within 'Finance and Other Operating Income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss in the statement of comprehensive income as part of finance and other operating income when the Group's right to receive payments is established.

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2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

Recognition and measurement (continued)

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as ‘Gains and losses from investment securities’.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of finance and other operating income when the Group’s right to receive payments is established.

(j) Impairment of financial assets

(a) Assets carried at amortised cost
The Group assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2. Significant Accounting Policies (Continued)

(j) Impairment of financial assets (continued)

(b) Assets classified as available for sale
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, 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 recognised in profit or loss – is removed from equity and recognised in statement of comprehensive income. Impairment losses recognised in the arriving at profit or loss on equity instruments are not reversed through the consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in arriving at profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

(k) Biological assets

(a) Livestock
Livestock is measured at its fair value less point of sale costs. Fair value is determined based on market prices of assets of similar age, breed and genetic merit.

(b) Sugar cane
Sugar cane is measured at its fair value, less estimated point of sale costs. Fair value is determined based on market prices of sugar and its by product, molasses. Changes in fair value of biological assets are recognised in profit or loss.

(l) Inventories

Inventories are stated at the lower of cost or net realisable value, cost being determined using the weighted average cost method. The cost of finished goods and work in progress includes cost of raw materials used, direct labour and an appropriate proportion of overhead expenses. The cost of merchandise for resale are determined using weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

(m) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(n) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2. Significant Accounting Policies (Continued)

(o) Payables

Trade payables are obligations to pay for goods or services that have been acquired n the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(q) Income taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates in force at the reporting date, and any adjustment to tax payable and tax losses in respect of previous years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities and the corresponding tax bases. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

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2. Significant Accounting Policies (Continued)

(r) Employee benefits

Pension obligations

Defined benefit plan
The Group operates a defined benefit plan, the assets of which are generally held in a separate trustee-administered fund. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

Defined contribution plan
The employees of the Group also participate in an Individual Retirement Scheme operated by an independent insurance Company. The Group makes fixed contributions to the scheme for participating employees. The Group has no obligation for the benefits provided under the scheme as these are payable by, and accounted for by the insurance Company. Accordingly, the Group recognises a cost equal to its contributions payable in respect of each accounting period in the statement of comprehensive income.

Other retirement benefits
The Group provides post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Profit share scheme
The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company’s equity holders after certain adjustments.

2. Significant Accounting Policies (Continued)

(s) Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(t) Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's directors.

(u) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(v) Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Board has established committees/departments for managing and monitoring risks, as follows:

Central treasury department
The central treasury department is responsible for managing the Group's financial assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group. Group treasury identifies, evaluates and manages financial risks in close co-operation with the Group's operating units.

Audit Committee
The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

The most important types of risk are credit risk, liquidity risk and market risk. Market risk for the Group includes currency risk, interest rate and other price risk.

3. Financial Risk Management (Continued)

(a) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Group's receivables from customers and its holdings of investments. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or Groups of related counterparties and industry segments.

Investments

The Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality, and in Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations. The disclosures provided in this note are based on the Company's investment portfolio as at 31 December 2015.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The executive committee has established a credit policy under which each customer is analysed individually for creditworthiness prior to the Group offering them a credit facility. Credit limits are assigned to each customer, which represents the maximum credit allowable without approval from the Board. The Group has procedures in place to restrict customer orders if the order will exceed their credit limits. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Customer credit risk is monitored according to their credit characteristics such as whether it is an individual or Company, industry, aging profile, and previous financial difficulties. Trade receivables relate mainly to the Group's wholesale customers.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The Group addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

The Group's average credit period on the sale of goods is 30 days. Trade receivables over 30 days are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

Cash and bank balances

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

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Ageing analysis of trade receivables that are past due but not impaired

Trade receivables that are less than 90 days past due are not considered impaired. The ageing analysis of trade receivables that are past due but not considered impaired is as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
30 – 60 days	190,077	133,972	-	-
60 – 90 days	68,777	89,088	-	-
	258,854	223,060	-	-

Ageing analysis of trade receivables that are past due and considered impaired

Trade receivables of $82,442,000 (2014 – $125,058,000) for the Group and $3,619,000 (2014 – $3,619,000) for the Company were considered impaired and were fully provided for. The individually impaired receivables mainly relate to wholesalers who are in unexpected difficult economic situations. All of the aforementioned impaired receivables balances were greater than 90 days old.

Movement in the provision for impairment of trade receivables

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

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
At start of year	125,058	116,065	3,619	3,619
Amounts recovered during the year	(12,996)	(8,995)	-	-
Provided during the year	56,579	18,031	-	-
Written off during the year	(86,199)	(43)	-	-
At end of year	82,442	125,058	3,619	3,619

The creation and release of provision for impaired receivables have been included in administration expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

There are no financial assets other than trade receivables that were individually impaired.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Trade receivables by customer sector
The following table summarises the credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Supermarket chains	92,072	66,011	-	-
Retailers & Wholesalers	695,299	652,398	-	-
Distributors	145,159	120,957	-	-
Manufacturers	32,349	51,937	-	-
Others	23,709	36,917	3,619	3,619
	988,588	928,220	3,619	3,619
Less: Provision for impairment	(82,442)	(125,058)	(3,619)	(3,619)
	906,146	803,162	-	-

The Company's receivables are due from the Company's affiliates. The majority of the Group's trade receivables are receivable from customers in Jamaica.

(b) Liquidity risk
Liquidity risk is the risk that the Group is 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, 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 Group's liquidity management process, as carried out within the Group and monitored by the central treasury department, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and diverse assets 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.

(v) Managing the concentration and profile of debt maturities.

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Undiscounted contractual cash flows of financial liabilities
The tables below summarise the maturity profile of financial liabilities based on contractual undiscounted payments:

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 years	Total $'000
			2015			
Long term liabilities	245,925	1,146,695	245,108	1,709,513	75,556	3,422,797
Trade payables	741,442	4,800	-	-	-	746,242
Due to affiliate	686,294	-	-	-	-	686,294
Other payables	253,674	-	-	-	-	253,674
	1,927,335	1,151,495	245,108	1,709,513	75,556	5,109,007
			2014			
Long term liabilities	1,694	686,063	347,449	1,517,523	9,885	2,562,614
Trade payables	640,156	-	-	-	-	640,156
Other payables	345,023	1,019	-	-	-	346,042
Bank overdraft	33,693	-	-	-	-	33,693
	1,020,566	687,082	347,449	1,517,523	9,885	3,582,505

	The Company				
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Total $'000
			2015		
Long term liabilities	222,116	1,089,538	72,025	615,144	1,998,823
Other payables	133,272	-	-	-	133,272
Due to subsidiaries	1,676,708	-	-	-	1,676,708
Due to affiliate	686,294	-	-	-	686,294
	2,718,390	1,089,538	72,025	615,144	4,495,097
			2014		
Long term liabilities	1,694	631,718	64,266	713,702	1,411,380
Other payables	96,117	-	-	-	96,117
Due to subsidiaries	443,653	-	-	-	443,653
Bank overdraft	33,693	-	-	-	33,693
	575,157	631,718	64,266	713,702	1,984,843

Assets available to meet all of the liabilities and to cover financial liabilities include cash and investments.

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3. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Group treasury department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar, Euro, Pound Sterling and the Canadian dollar. Foreign exchange risk arises primarily from transactions for purchases and sales and investing and financing activities. The statement of financial position at 31 December 2015 includes aggregate net foreign assets of approximately US$10,848,000, £141,000 and (CND$7,000) (2014 – aggregate net foreign liabilities of €15,000, CND$22,000 and US$8,582,000 and £67,000), in respect of such transactions.

The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar, Euro, Pound Sterling and the Canadian dollar. Foreign exchange risk arises primarily from transactions for purchases and sales and investing and financing activities. The statement of financial position at 31 December 2015 includes aggregate net foreign assets of approximately US$20,384,000, £164,000 (2014 – aggregate net foreign assets of US$6,260,000 and £54,000), in respect of such transactions.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

The following table indicates the effect on profit before taxation arising from changes in foreign exchange rates. There is no effect on other items of equity. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 8% devaluation/1% revaluation (2014 - 1% revaluation/10% devaluation) change in foreign currency rates, which represents management's assessment of the possible change in foreign exchange rates. The sensitivity was primarily as a result of foreign exchange gains and losses on translation of US dollar-denominated long term receivables, trade receivables, investment securities classified as available-for-sale, payables and long term liabilities.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Effect on profit before taxation -				
US$				
8% devaluation (2014 – 10%)	103,830	204,789	195,106	312,104
1% revaluation (2014 – 1%)	(12,979)	(20,478)	(24,388)	(31,210)
Other currencies				
8% devaluation (2014 – 10%)	2,030	19,452	2,304	954
1% revaluation (2014 – 1%)	(254)	(1,945)	(288)	(95)

(d) *Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

Seprod Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial bearing liabilities.

The Group's interest rate risk arises from long term borrowings and available-for-sale debt instruments. The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on profit before taxation based on floating rate borrowing and available-for-sale debt instruments. The sensitivity of other components of equity is calculated by revaluing fixed rate available-for-sale investments for the effects of the assumed changes in interest rates.

The following table indicates the sensitivity to a reasonably possible increase/(decrease) in interest rates of 1%/(1%) in respect of Jamaican dollar denominated instruments (2014 – 2.5%/(1%) increase/decrease) and increase/(decrease) of 1.0%/(0.5%) for United States dollar denominated instruments (2014 – 2%/(0.5%) increase/decrease), with all other variables held constant, on profit before taxation and other components of equity.

Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity	Change in basis points	Effect on Profit before Taxation	Effect on Other Components of Equity
2015	**2015**	**2015**	**2014**	**2014**	**2013**
JMD / USD	**$'000**	**$'000**	**JMD / USD**	**$'000**	**$'000**
		The Group			
+100/+100	18,906	-	+250/+200	33,001	(30,307)
-100/-50	(9,453)	-	-100/-50	(13,200)	8,049
		The Company			
+100/+100	25,003	-	+250/+200	33,001	(30,307)
-100/-50	(12,502)	-	-100/-50	(13,200)	8,049

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

The following tables summarise the exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2015			
Financial assets							
Available-for-sale investments	-	-	-	-	-	1,837,860	1,837,860
Fair value through profit or loss	-	-	-	-	-	807,069	807,069
Long term receivables	48,257	16,510	55,054	2,586,491	-	-	2,706,312
Trade and other receivables	-	40,798	-	-	-	998,427	1,039,225
Short term deposits	-	142,824	-	-	-	-	142,824
Cash and bank	1,303,223	-	-	-	-	9,484	1,312,707
	1,351,480	200,132	55,054	2,586,491	-	3,652,840	7,845,997
Financial liabilities							
Long term liabilities	10,460	1,314,586	122,735	1,476,578	88,535	-	3,012,894
Due to affiliate	-	-	-	-	-	686,294	686,294
Trade and other payables	-	-	-	-	-	1,180,515	1,180,515
	10,460	1,314,586	122,735	1,476,578	88,535	1,866,809	4,879,703
Total interest repricing gap	1,341,020	(1,114,454)	(67,681)	1,109,913	(88,535)	1,786,031	2,966,294

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2014			
Financial assets							
Available-for-sale investments	6,596	449	2,583	736,698	235,793	1,779,804	2,761,923
Fair value through profit or loss	-	-	-	-	-	594,595	594,595
Long term receivables	27,710	6,847	30,812	1,096,045	-	-	1,161,414
Trade and other receivables	-	56,049	142,057	-	-	1,475,156	1,673,262
Short term deposits	-	134,457	-	-	-	-	134,457
Cash and bank	572,215	-	-	-	-	11,572	583,787
	606,521	197,802	175,452	1,832,743	235,793	3,861,127	6,909,438
Financial liabilities							
Long term liabilities	7,400	785,415	123,453	1,428,946	-	-	2,345,214
Bank overdraft	33,693	-	-	-	-	-	33,693
Trade and other payables	-	-	-	-	-	1,153,515	1,153,515
	41,093	785,415	123,453	1,428,946	-	1,153,515	3,532,422
Total interest repricing gap	565,428	(587,613)	51,999	403,797	235,793	2,707,612	3,377,016

Seprod Limited

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2015			
Financial assets							
Available-for-sale investments	-	-	-	-	-	1,837,860	1,837,860
Trade and other receivables	-	40,798	-	-	-	-	40,798
Due from subsidiaries	-	-	-	-	-	2,452,133	2,452,133
Long term receivables	48,257	10,768	28,714	2,555,407	-	-	2,643,146
Cash and bank	1,097,907	-	-	-	-	-	1,097,907
	1,146,164	51,566	28,714	2,555,407	-	4,289,993	8,071,844
Financial liabilities							
Long term liabilities	7,233	1,278,029	-	600,000	-	-	1,885,262
Due to affiliate	-	-	-	-	-	686,294	686,294
Other payables	-	-	-	-	-	247,987	247,987
	7,233	1,278,029	-	600,000	-	934,281	2,819,543
Total interest repricing gap	1,138,931	(1,226,463)	28,714	1,955,407	-	3,355,712	5,252,301
				2014			
Financial assets							
Available-for-sale investments	6,596	449	2,583	736,698	235,793	1,779,804	2,761,923
Trade and other receivables	-	56,049	-	-	-	-	56,049
Due from subsidiaries	-	-	-	-	-	2,572,529	2,572,529
Long term receivables	27,710	6,847	30,812	1,096,045	-	-	1,161,414
Cash and bank	330,577	-	-	-	-	-	330,577
	364,883	63,345	33,395	1,832,743	235,793	4,352,333	6,882,492
Financial liabilities							
Long term liabilities	7,400	630,024	-	600,000	-	-	1,237,424
Bank overdraft	33,693	-	-	-	-	-	33,693
Other payables	-	-	-	-	-	209,486	209,486
	41,093	630,024	-	600,000	-	209,486	1,480,603
Total interest repricing gap	323,790	(566,679)	33,395	1,232,743	235,793	4,142,847	5,401,889

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

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 Group is exposed to equity price risk because of investments held by the Group classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

The impact on total stockholders' equity (before tax) of a 20% (2014 -10%) increase/decrease in equity prices is an increase/decrease of $80,707,000 (2014 – $59,460,000) for the Group.

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the Group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

(e) Fair value estimates

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

(i) Fair values of financial instruments

	The Group			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
		2015		
Financial assets at fair value through profit or loss				
Quoted equities	807,069	-	-	807,069
Available-for-sale investments –				
Unquoted equities	-	-	1,837,860	1,837,860
	807,069	-	1,837,860	2,644,929
		2014		
Financial assets at fair value through profit or loss				
Quoted equities	594,595	-	-	594,595
Available-for-sale investments –				
Unquoted equities	-	-	1,779,804	1,779,804
Issued by the Government of Jamaica	-	982,119	-	982,119
	594,595	982,119	1,779,804	3,356,518

The following table presents the Company's financial assets and liabilities that are measured at fair value at 31 December 2015.

	The Company			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
		2015		
Available-for-sale investments –				
Unquoted equities	-	-	1,837,860	1,837,860
	-	-	1,837,860	1,837,860
		2014		
Available-for-sale investments –				
Unquoted equities	-	-	1,779,804	1,779,804
Issued by the Government of Jamaica	-	982,119	-	982,119
	-	982,119	1,779,804	2,761,923

There were no transfers between levels during the year.

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3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

(i) Fair values of financial instruments (continued)

Financial instruments in level 1
The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. Instruments included in Level 1 comprise primarily Jamaica Stock Exchange equity investments classified as trading securities.

Financial instruments classified in level 2
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 2 instruments comprise available-for-sale GOJ securities.

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Financial instruments classified in Level 3
If one or more of the significant inputs for valuation is not based on observable market data, the financial instrument is included in Level 3, and fair value is determined using discounted cash flow analysis.

The movement in instruments classified as level 3 was as follows:

	Group and Company	
	2015	**2014**
	$'000	**$'000**
At start of year	1,779,804	1,544,096
Fair value (losses)/gains	(28,156)	112,978
Foreign exchange gains	86,212	122,730
At end of year	1,837,860	1,779,804

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3 Financial Risk Management (Continued)

(e) Fair value estimates (continued)

(i) Fair values of financial instruments (continued)

The following unobservable inputs were used to measure the Company's Level 3 financial instruments:

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Discount rate	11.00%	If the discount rate increases the fair value decreases

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Discount rate	11.30%	If the discount rate increases the fair value decreases

Discounted cashflow valuation technique was used to value the unquoted equities of $1,837,860,000 (2014 - $1,779,804,000).

(ii) Fair values of biological assets

The Group measures the biological assets at fair value at each reporting date. In measuring the fair value of biological assets various management estimates and judgements are required. The Group classified its biological assets in Level 3 due to the unobservable inputs used in the termination of fair value for those assets, as described below.

Livestock
Estimates and judgements in determining the fair value of livestock relate to the market prices, use of animals and age of animals. Market prices of the animals are obtained from other players in the industry.

Sugar Cane
Estimates and judgements in determining the fair value of sugar cane relate to the market prices of sugar and molasses, and certain cane to sugar conversion efficiency metrics known as the Jamaica Recovery Cane Sugar (JRCS). Market prices of the sugar and molasses are obtained from Jamaica Cane Products Sales Limited, the authorised sales agent for sugar in Jamaica. The JRCS is determined by the Sugar Industry Authority.

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3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

(ii) Fair values of biological assets (continued)

The movement in the fair value of livestock within Level 3 of the hierarchy is as follows:

	2015 $'000	2014 $'000
Opening balance	317,976	294,633
Decreases due to sales	(60,590)	(50,576)
Total gains or losses for the period included in profit or loss	2,373	73,919
Closing balance	250,759	317,976
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period, under 'Changes in fair value less estimated point of sale costs of livestock' and 'Other operating income'	2,373	73,919
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(18,113)	59,512

The movement in the fair value of sugar cane within Level 3 of the hierarchy is as follows:

	2015 $'000	2014 $'000
Opening balance	659,227	607,870
Net cost of cane cultivation and value and cane harvested	(287,930)	(412,146)
Total gains or losses for the period included in profit or loss	139,219	463,503
Closing balance	510,516	659,227
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period, under 'Change in fair value less cost to sell of sugar cane'	139,219	463,503
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(68,326)	51,357

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

(ii) Fair values of biological assets (continued)

The following unobservable inputs were used in determined the fair value of the Group's livestock, using a market approach for valuation.

Fair Value at 2015

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Dairy livestock price	$10,286 - $100,000 ($55,143) per animal	The higher the market price, the higher the fair value.
Other livestock price	$30,000 - $32,000 ($31,000) per animal	The higher the market price, the higher the fair value.

Fair Value at 2014

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Dairy livestock price	$3,000 - $100,000 ($54,407) per animal	The higher the market price, the higher the fair value.
Other livestock price	$12,000 - $30,000 ($21,000) per animal	The higher the market price, the higher the fair value.

The market approach valuation technique was used to fair value the livestock of $250,759,000 (2014 - $317,976,000).

Fair Value at 2015

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
JRCS	9.061	The higher the JRCS, the higher the fair value.

Fair Value at 2014

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
JRCS	9.502	The higher the JRCS, the higher the fair value.

The market approach valuation technique was used to fair value sugar cane of $510,516,000 (2014 - $659,227,000).

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

(ii) Fair values of other financial assets and liabilities

The following methods and assumptions have been used in determining fair values for instruments not re-measured at their fair value after initial recognition:

(i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances (Note 25), trade receivables (Note 23) and trade payables (Note 26).

(ii) The fair value of long term receivables (Note 19) has been estimated at $2,478,078,000 (2014 – $925,248,000). This was derived by discounting the contractual cash flows using the market rate of interest.

(iii) The carrying values of long term loans (Note 29) approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements 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.

Income taxes
Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were originally recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Retirement benefit obligations
The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Sensitivity disclosures in relation to changes in assumptions are disclosed in Note 20.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

Fair value of certain biological assets

Sugar cane

The Group measures its biological assets at fair value less costs to sell. In doing this valuation for cane, the Group first determines a price per tonne of cane, based on the established price per tonne of sugar, and certain cane to sugar conversion efficiency metrics, as established by the Sugar Industry Authority (SIA), the regulatory body which oversees the local sugar industry. This price per tonne of fully grown cane is used as the base for determining the fair value for the cane in each field, at the various stages in the cane harvest cycle.

In valuing the cane for each cane field in each cane farm, the Group estimates each field's yield, by estimating the tonnes of cane to be reaped, per hectare of cane planted. The value of the cane considers the stage of growth of the cane, using certain assumptions regarding the relationship between the stage of growth of the cane and the cane's value. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the prices of sugar and the sugar conversion efficiency metrics (JRCS). For the valuation of biological assets at the year end, if the sugar conversion efficiency metric had changed by 5%, with all other variables constant, the fair value would have changed accordingly by $27,083,000/($35,288,000).

Livestock

In the process of applying the Group's accounting policies, management determines fair values of biological assets based on prices in the local market, less the transport and other costs of getting the assets to the market. The fair value is sensitive to certain assumptions used in the computation, the primary assumption being the price of the animals. For the valuation of biological assets at the year end, if the price per animal had changed by 5% with all other variables constant, the fair value would change accordingly by $18,202,000/($18,202,000).

Fair value of unquoted equities

The fair value of securities not quoted in an active market are determined using valuation techniques. The Group exercises judgement and estimates on the quantity and quality of cashflow projections used. Where no market data is available, the Group values positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard for this purpose. The inputs into these models are primarily discounted cash flows. The models used to determine fair values are reviewed by external experts. The fair value is sensitive to the assumptions used in the computation, the primary assumptions being the discount rate of 11.00%, and a market participant minority discount of 20.0%. For the valuation of unquoted ordinary shares at the year-end, if the discount rate had increased/decreased to 12%/10% with all other variables constant, the fair value would increase/decrease from US$7,611,000 to US$5,230,000/US$10,680,000.

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5. Business Segments

The Group is organised into two main business segments:

(i) Manufacturing - This incorporates the operations for manufacturing and sale of oils and fats, corn products, cereals, milk products, juices, sugar and biscuits.

(ii) Distribution - The merchandising of consumer goods.

	2015			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	8,777,037	5,000,826	-	13,777,863
Inter-segment revenue	3,700,324	-	(3,700,324)	-
Total revenue	12,477,361	5,000,826	(3,700,324)	13,777,863
Segment result	419,190	(53,874)	-	365,316
Unallocated corporate income				535,507
Operating profit				900,823
Segment assets	7,919,316	1,147,971	-	9,067,287
Unallocated corporate assets				6,438,471
Total consolidated assets				15,505,758
Segment liabilities	2,925,177	172,464	-	3,097,555
Unallocated corporate liabilities				2,464,487
Total consolidated liabilities				5,562,042
Other segment items –				
Capital expenditure	619,299	11,328	-	630,627
Unallocated capital expenditure				87,804
Total capital expenditure				718,431
Depreciation	425,952	3,915	-	429,867
Unallocated depreciation				21,543
Total depreciation				451,410

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5. Business Segments (Continued)

	2014			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	8,808,651	5,198,466	-	14,007,717
Inter-segment revenue	3,602,911	-	(3,602,911)	-
Total revenue	12,411,562	5,198,466	(3,602,911)	14,007,117
Segment result	851,610	108,879	-	960,489
Unallocated corporate income				499,989
Operating profit				1,460,478
Segment assets	8,228,914	1,125,342	-	9,354,256
Unallocated corporate assets				4,681,650
Total consolidated assets				14,035,906
Segment liabilities	2,832,040	260,799	-	3,092,839
Unallocated corporate liabilities				1,151,754
Total consolidated liabilities				4,244,593
Other segment items –				
Capital expenditure	328,824	1,226	-	330,050
Unallocated capital expenditure				22,662
Total capital expenditure				352,712
Depreciation	405,468	3,926	-	409,394
Unallocated depreciation				17,639
Total depreciation				427,033

The Group's customers are mainly resident in, and operate from, Jamaica.

The result of its revenue from external customers in Jamaica is $13,840,680,000 (2014 - $14,227,309,000), and the total of revenue from external customers from other countries is $546,188,000 (2014 - $544,634,000).

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6. Finance and Other Operating Income

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Fair value gains on financial assets at fair value through profit or loss	212,474	58,900	-	-
Gain on sale of available-for-sale investments	43,315	-	43,315	-
Gain on disposal of property, plant and equipment	11,108	1,400	1,075	1,400
Gain on sale of shares in subsidiary	-	-	421,954	-
Interest income from subsidiaries	-	-	248,977	180,064
Manufacturing fees and contribution	8,836	9,976	-	-
Net foreign exchange gains	68,967	116,240	67,857	116,087
Other	140,801	133,175	12,532	6,556
Other dividend income on available-for-sale investments	314	56,622	314	56,622
Other dividend income on financial assets at fair value through profit or loss	24,709	23,181	-	-
Other interest income	233,025	236,808	221,812	227,351
Recoveries from managed farms	7,728	26,186	-	-
Rental income	9,352	20,303	9,352	11,077
	760,629	682,791	1,027,188	599,157

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7. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Advertising and promotion	144,143	96,965	7,441	11,483
Amortisation of intangible assets	3,741	7,341	-	-
Auditors' remuneration	20,828	20,236	5,863	5,757
Bad debt expense, net of recoveries	114,360	5,260	2,427	-
Cost of inventories recognised as an expense	7,072,390	7,283,219	-	-
Delivery charges	133,518	138,908	-	-
Depreciation	451,410	427,033	21,543	17,639
Donation to Foundation	-	30,323	-	30,323
Feed, chemicals and veterinary supplies	480,904	274,365	-	-
Fertilising	53,139	80,304	-	-
Impairment loss	-	-	-	876,443
Insurance	186,949	178,173	19,649	17,736
Motor vehicle and travelling	77,404	126,555	-	-
Non-recoverable GCT	101,493	69,467	-	-
Professional services	159,396	38,612	48,575	32,204
Provision for legal claim	-	32,204	-	-
Raw and packaging material	678,964	670,125	-	-
Repairs and maintenance	481,450	440,377	11,517	11,091
Security	145,850	112,450	22,275	17,432
Supplies	76,745	49,811	-	-
Staff costs (Note 8)	2,078,479	1,821,647	394,402	333,355
Utilities	634,116	924,846	23,904	26,985
Other	542,390	401,209	71,950	83,599
	13,637,669	13,229,430	629,546	1,464,047

Impairment loss represented the write down of balances receivable from a subsidiary.

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8. Staff Costs

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Wages and salaries	1,433,491	1,388,950	258,064	237,887
Statutory contributions	170,088	138,626	27,611	19,014
Pension – defined benefit (Note 20)	34,400	17,800	34,400	17,800
Pension - defined contribution (Note 20)	28,011	23,442	5,082	3,763
Other retirement benefits (Note 20)	14,100	12,200	14,100	12,200
Redundancy cost	128,814	1,394	-	705
Other	269,575	239,235	55,145	41,986
	2,078,479	1,821,647	394,402	333,355

9. Finance Costs

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Foreign exchange losses	52,818	84,033	-	-
Interest expense –				
Long term loans	217,935	180,781	128,218	100,362
Other	13,584	18,761	1,439	1,279
Amortisation of deferred financing fees	5,717	6,258	-	-
	290,054	289,833	129,657	101,641

10. Taxation Expense

Taxation is based on the profit for the year adjusted for tax purposes and comprises income tax at 25%.

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Current taxation	316,935	292,440	75,856	63,142
Adjustment to prior year provision	(329)	(7,327)	-	(7,327)
	316,606	285,113	75,856	55,815
Deferred taxation (Note 30)	(35,289)	(14,869)	(14,406)	3,673
	281,317	270,244	61,450	59,488

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10. Taxation Expense (Continued)

The tax on the Group's and the Company's profits differ from the theoretical amounts that would arise using the applicable tax rate as follows:

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Profit/(loss) before taxation	604,058	1,170,645	829,123	(478,096)
Tax calculated at a tax rate of 25 %	151,015	292,661	207,281	(119,524)
Adjusted for the effect of:				
Investment income not subject to tax	(88,609)	(50,800)	(134,729)	(30,673)
Adjustment to prior year provision	(329)	(7,327)	-	(7,327)
Employment tax credit	(55,845)	(60,901)	-	-
Profit of subsidiaries not subject to tax	35,297	(6,449)	-	-
Expenses not deductible	11,972	5,688	1,020	220,402
Loss of joint venture included net of tax	1,678	-	-	-
Tax losses of subsidiaries for which no deferred tax assets have been created (Note 30)	237,080	100,988	-	-
Income tax at different rate	(10,066)	-	(10,066)	-
Other charges and credits	(876)	(3,616)	(2,056)	(3,390)
	281,317	270,244	61,450	59,488

Effective 1 January 2014, certain companies in the Group became eligible for an Employment Tax Credit against income tax liabilities that arise on trading activities. The value of this credit is equivalent of the monthly employer's and employees' portions of payroll deductions (with the exception of PAYE) for the financial year, that are filed and paid in full by their due dates. The credit is restricted to 30% of the income tax liability that arises on trading activities.

Certain subsidiaries are granted relief from taxation as Approved Farmers, under Section 36D of the Income Tax Act 1982, for a period of 10 years commencing in the year of assessment 2008. As such, profits of these subsidiaries, in 2014 amounting to $72,744,000 were not subject to tax. These activities incurred losses during the current year.

Tax (charge)/credit relating to components of other comprehensive income are as follows:

	The Group & The Company		
	2015		
	Before Tax	**Tax Effect**	**After Tax**
	$'000	**$'000**	**$'000**
Fair value gains - Available-for-sale financial assets	(5,693)	-	(5,693)
Remeasurements of post-employment benefit liabilities	95,700	(23,925)	71,775
Other comprehensive income	90,007	(23,925)	66,082

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10. Taxation Expense (Continued)

	The Group & The Company		
	2014		
	Before Tax	Tax Effect	After Tax
	$'000	$'000	$'000
Fair value gains - Available-for-sale financial assets	277,584	-	277,584
Remeasurements of post-employment benefit liabilities	(151,600)	37,900	(113,700)
Other comprehensive income	(125,984)	37,900	163,884

11. Net Profit Attributable to Stockholders of the Company

Dealt with as follows in the financial statements:

	2015	2014
	$'000	$'000
The Company	767,673	(537,584)
Impairment loss on intercompany receivable reversed on consolidation	-	876,443
	767,673	338,859
Subsidiaries	104,991	672,951
Joint Venture	(6,711)	-
	865,953	1,011,810

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12. Earnings per Stock Unit Attributable to Stockholders of the Company

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue.

	2015	**2014**
Net profit attributable to stockholders from continuing operations ($'000)	611,794	1,016,836
Net profit/(loss) attributable to stockholders from discontinued operations ($'000)	254,159	(5,026)
Net profit attributable to stockholders ($'000)	865,953	1,011,810
Weighted average number of ordinary stock units ('000)	516,339	516,339
Basic earnings per stock unit from continuing operations ($)	1.18	1.97
Basic earnings per stock unit from discontinued operations ($)	0.50	(0.01)
Basic earnings per stock unit ($)	1.68	1.96

The Company has no dilutive potential ordinary shares.

13. Dividends

	2015	**2014**
	$'000	**$'000**
Interim dividends -		
60 cents per stock unit – 3 July 2015	309,840	-
35 cents per stock unit – 13 November 2015	180,739	-
55 cents per stock unit – 4 July 2014	-	284,019
35 cents per stock unit – 14 November 2014	-	180,694
	490,579	464,713

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14. Property, Plant and Equipment

	The Group					
	Freehold Land & Site Improvements $'000	**Buildings $'000**	**Plant, Equipment & Furniture $'000**	**Motor Vehicles $'000**	**Work in Progress $'000**	**Total $'000**
			2015			
Cost -						
At 1 January 2015	618,105	1,275,745	4,463,879	387,886	300,658	7,046,273
Adjustment	-	-	(4,570)	2,573	(30,064)	(32,061)
Additions	-	46,125	440,836	53,988	177,482	718,431
Disposals	-	-	(39,284)	(49,499)	(4,023)	(92,806)
Disposal of subsidiary	(1,940)	(78,545)	(329,288)	-	-	(409,773)
Write-offs	-	-	-	-	(4,280)	(4,280)
Transfers	-	11,838	27,406	20,232	(59,476)	-
At 31 December 2015	616,165	1,255,163	4,558,979	415,180	380,297	7,225,784
Accumulated Depreciation -						
At 1 January 2015	-	601,432	2,334,125	290,480	-	3,226,037
Disposal of subsidiary	-	(55,569)	(230,102)	-	-	(285,671)
Adjustments	-	3,232	-	985	-	4,217
Charge for the year	-	23,430	378,198	49,782	-	451,410
On disposals	-	-	(35,495)	(41,751)	-	(77,246)
At 31 December 2015	-	572,525	2,446,726	299,496	-	3,318,747
Net Book Value -						
At 31 December 2015	616,165	682,638	2,112,253	115,684	380,297	3,907,037
			2014			
Cost -						
At 1 January 2014	618,507	1,229,603	4,204,030	350,989	199,988	6,603,117
Adjustments						
Additions	(618)	-	-	-	(11,698)	(12,316)
Disposals	216	17,839	145,574	48,298	268,389	480,316
Write-offs	-	(390)	(12,657)	(11,401)	-	(24,448)
Transfers	-	-	-	-	(396)	(396)
At 31 December 2014	-	28,693	126,932	-	(155,625)	-
Accumulated Depreciation -	618,105	1,275,745	4,463,879	387,886	300,658	7,046,273
At 1 January 2014						
Adjustments	-	574,424	1,996,414	245,106	-	2,815,944
Charge for the year	-	-	-	1,897	-	1,897
On disposals	-	27,134	345,021	54,878	-	427,033
At 31 December 2014	-	(126)	(7,310)	(11,401)	-	(18,837)
Net Book Value -	-	601,432	2,334,125	290,480	-	3,226,037
At 31 December 2014						
	618,105	674,313	2,129,754	97,406	300,658	3,820,236

14. Property, Plant and Equipment (Continued)

	The Company					
	Freehold Land & Site Improvements $'000	Buildings $'000	Plant, Equipment & Furniture $'000	Motor Vehicles $'000	Work in Progress $'000	Total $'000
			2015			
Cost -						
At 1 January 2015	66,289	344,137	129,279	44,879	7,895	592,479
Additions	-	39,439	31,355	16,575	435	87,804
Disposals	-	-	-	(14,797)	-	(14,797)
Write-off	-	-	-	-	(3,609)	(3,609)
Transfers	-	-	-	4,288	(4,288)	-
At 31 December 2015	66,289	383,576	160,634	50,945	433	661,877
Accumulated Depreciation -						
At 1 January 2015	-	243,079	113,414	36,775	-	393,268
Charge for the year	-	2,623	8,220	10,700	-	21,543
Relieved on disposals	-	-	-	(14,797)	-	(14,797)
Adjustment	-	3,232	-	985	-	4,217
At 31 December 2015	-	248,934	121,634	33,663	-	404,231
Net Book Value -						
At 31 December 2015	66,289	134,642	39,000	17,282	433	257,646
			2014			
Cost -						
At 1 January 2014	66,289	341,606	125,552	39,839	483	573,769
Additions	-	2,531	4,784	7,451	7,896	22,662
Disposals	-	-	(1,145)	(2,411)	-	(3,556)
Write-off	-	-	-	-	(396)	(396)
Transfers	-	-	88	-	(88)	-
At 31 December 2014	66,289	344,137	129,279	44,879	7,895	592,479
Accumulated Depreciation -						
At 1 January 2014	-	236,987	107,165	35,033	-	379,185
Charge for the year	-	6,092	7,394	4,153	-	17,639
Relieved on disposals	-	-	(1,145)	(2,411)	-	(3,556)
At 31 December 2014	-	243,079	113,414	36,775	-	393,268
Net Book Value -						
At 31 December 2014	66,289	101,058	15,865	8,104	7,895	199,211

Certain of the Group's property, plant and equipment have been pledged as security for its borrowings (Note 29).

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15. Financial Instruments

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Financial Assets				
Available for sale, at fair value -				
Available-for-sale financial assets (Note 17)	1,837,860	2,761,923	1,837,860	2,761,923
Assets at fair value through profit or loss -				
Financial assets as fair value through profit and loss (Note 24)	807,069	594,595	-	-
Loans and receivables, at cost or amortised cost -				
Long term receivables (Note 19)	2,643,146	1,161,414	2,643,146	1,161,414
Trade and other receivables (Note 23)	1,740,688	1,957,832	2,562,388	3,170,935
Short term deposits	142,824	134,457	-	-
Cash and cash equivalents (Note 25)	1,312,707	583,787	1,097,907	330,577
	5,839,365	3,837,490	6,303,441	4,662,926
	8,484,294	7,194,008	8,141,301	7,424,849
Financial Liabilities				
At cost or amortised cost -				
Bank overdraft (Note 25)	-	33,693	-	33,693
Trade and other payables excluding non-financial liabilities (Note 26)	1,981,790	1,259,575	934,281	209,484
Long term liabilities (Note 29)	3,012,895	2,322,296	1,885,262	1,237,424
	4,994,685	3,615,564	2,819,543	1,480,601

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16. Intangible Assets

Intangible assets comprise brands acquired by the Group, and are amortised over their estimated useful lives of 10 years. The carrying value of intangible assets was determined as follows:

	The Group	
	2015	**2014**
	$'000	**$'000**
Fair value of brands on acquisition	73,407	73,407
Less: Accumulated amortisation	(69,173)	(65,432)
	4,234	7,975

Amortisation of intangible is included in administration and other operating expenses in the statement of comprehensive income.

17. Available-for-Sale Investments

	The Group & The Company	
	2015	**2014**
	$'000	**$'000**
Unquoted equities	1,837,860	1,779,804
Government of Jamaica securities	-	982,119
	1,837,860	2,761,923
Less: Securities maturing within 12 months	-	(9,627)
	1,837,860	2,752,296

Government of Jamaica securities include interest receivable of $Nil (2014 – $9,627,000). The weighted average effective interest rate on these securities was nil (2014 – 9.23%).

In 2012, the Company purchased 42,214 ordinary shares (12.5%) and 20,486 preference shares (34%) in Facey Group Limited, a related Company. As the Company does not exercise significant influence over the related party, the investment has been treated as available-for sale and is carried at fair value. The preference shares are denominated in United States dollars. As the shares are unlisted, fair values were determined using cash flows discounted using a rate based on market interest rate and a risk premium specific to the unlisted security of 11% (2014 -11.30%).

The movement in available-for-sale investments during the year was as follows:

	The Group & The Company	
	2015	**2014**
	$'000	**$'000**
Balance at start of year	2,761,923	2,661,907
Disposals	(982,560)	(227,890)
Net fair value (losses)/gains	(27,633)	165,519
Effect of changes in foreign exchange rates	86,130	162,387
Balance at end of year	1,837,860	2,761,923

17. Available-for-Sale Investments (Continued)

Available-for-sale financial statements are denominated in the following currencies.

	The Group and Company	
	2015	**2014**
	$'000	**$'000**
JA dollar	40	373,229
US dollar	1,837,820	2,388,694
	1,837,860	2,761,923

None of these financial assets is either past due or impaired.

18. Investment in Subsidiaries and Joint Venture

Investment in subsidiaries

	2015	**2014**
	$'000	**$'000**
Balance at 1 January	1,410,267	1,410,267
Disposal of subsidiary (Note 36)	(12,160)	-
Balance at 31 December	1,398,107	1,410,267

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent Company do not differ from the proportion of ordinary shares held. During the year the Group disposed of a 50% interest in its wholly owned subsidiary Jamaica Grain & Cereals Limited. Consequent on the disposal the shareholder agreement signed with the other shareholder called for joint decision making thus causing the Group to lose control of the subsidiary and hence accounting for its remaining interest as a joint venture.

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18. Investment in Subsidiaries and Joint Venture (Continued)

Investment in subsidiaries (continued)

The total non-controlling interest for the year was ($289,053,000) (2014 - ($116,435,000)), all attributable to Golden Grove Sugar Company Limited.

Summarised financial information for Golden Grove Sugar Company Limited, before intercompany eliminations.

Summarised statement of financial position

	2015 $'000	2014 $'000
Current		
Assets	1,012,746	1,198,799
Liabilities	(3,306,547)	(2,479,323)
Total net current liabilities	(2,293,801)	(1,280,524)
Non-current		
Assets	1,149,104	1,216,619
Liabilities	(728,197)	(806,029)
Total net non-current assets	420,907	410,590
Net Liabilities	(1,872,894)	(869,934)

Summarised statement of comprehensive income

	2015 $'000	2014 $'000
Revenue	1,387,489	2,147,835
Depreciation and amortisation	(146,936)	(156,424)
Interest income	9,701	9,458
Loss from continuing operations	(1,002,900)	(403,946)
Taxation expense	(60)	(60)
Net loss from continuing operations	(1,002,960)	(404,006)

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18. Investment in Subsidiaries and Joint Venture (Continued)

Investment in subsidiaries (continued)

Summarised cash flows

	2015 $'000	2014 $'000
Cash provided by operations	694,303	619,296
Interest paid	(322,008)	(258,730)
Income tax paid	(60)	(60)
Net cash provided by operating activities	703,138	628,734
Net cash used in investing activities	(141,999)	(171,600)
Net cash used in financing activities	(563,601)	(453,991)
Net (decrease)/increase in cash and cash equivalents	(2,462)	3,143
Cash and cash equivalents at beginning of year	11,547	7,852
Cash and cash equivalents at end of year	9,444	11,547

Investment in joint venture

On 5 October, the group owns 50% of Jamaica Grain & Cereals Limited, a former subsidiary that manufactures and sells corn products and cereals.

There are no contingent liabilities relating to the Group's interest in joint venture.

The Company's investment in joint venture is as follows:

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Shareholding at cost	434,114	-	434,114	-
Share of loss	(6,711)	-	-	-
	427,403	-	434,114	-

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18. Investment in Subsidiaries and Joint Venture (Continued)

Investment in joint venture (continued)

The summarised information for joint venture that were accounted for using the equity method for the year ended 31 December 2015 is as follows:

Summarised statement of financial position

	2015 $'000
Current	
Cash and cash equivalents	-
Other current assets	815,620
Total current assets	815,620
Financial liabilities (excluding trade payables)	(14,664)
Other current liabilities (including trade payables)	(80,353)
Total current liabilities	(95,017)
Non-current	
Assets	133,637
Other liabilities	(5,180)
Total non-current liabilities	128,457
Net assets	849,060

18. Investment in Subsidiaries and Joint Venture (Continued)

Investment in joint venture (continued)

Summarised statement of comprehensive income

	2015 **$'000**
Revenue	845,375
Depreciation and amortisation	11,065
Interest income	-
After tax loss from continuing operations	(14,742)

Summarised cash flows

	2015 **$'000**
Cash used in operations	(666,176)
Income tax paid	-
Net cash used in operating activities	(666,176)
Net cash used in investing activities	(17,672)
Net cash provided by financing activities	683,848
Movement in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	-

Reconciliation of summarised financial information

A reconciliation of summarised financial information presented to the carrying amount of its interest in joint venture is shown in the table below

	2015 **$'000**
Opening net assets at 5 October	184,380
Loss for the period	(14,742)
Capital injection	683,848
Closing net assets at 31 December	853,486
Interest in joint venture (%)	50%
Carrying value	426,743

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19. Long Term Receivables

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
(a) Musson (Jamaica) Limited	268,657	300,764	268,657	300,764
(b) (i) Facey Commodity Company Limited	334,997	319,534	334,997	319,534
(ii) Facey Group Limited	541,796	516,787	541,796	516,787
(c) Musson International Dairies Limited	1,453,028	-	1,453,028	-
(d) (i) Bercyn Farms Limited	40,000	-	-	-
(ii)Bercyn Farms Limited	22,169	-	-	-
Interest receivable	45,665	24,329	44,668	24,329
	2,706,312	1,161,414	2,643,146	1,161,414
Less: Current portion	(121,836)	(65,370)	(89,754)	(65,370)
	2,584,476	1,096,044	2,553,392	1,096,044

(a) Restructured receivable balance of original principal US$3,656,000. Repayments are due in equal monthly installments of US$30,000. The remaining principal amount is receivable in full at 31 January 2020. The agreement attracts interest of 9% per annum.

(b) (i) Related party receivable balance converted into a loan for US$2,800,000 to be used exclusively for business purpose. The principal is repayable on maturity at 31 December 2018. The agreement attracts interest of 10% per annum payable monthly.

(ii) Related party receivable balance converted into a loan for US$4,533,282 to be used exclusively for business purpose. The principal is repayable on maturity at 31 December 2018. The agreement attracts interest of 10% per annum payable monthly.

(c) Related party loan for US$15,700,000 which was issued in US$ and JMD to be used exclusively for business purpose. The principal is repayable on maturity at 24 September 2020. The agreements attracts interest of 12% per annum payable monthly.

(d) (i) Mobilisation loan to be used for financing farming operations as part of the farm management contract for Golden Grove Sugar Company. The principal of $40,000,000 is repayable in 14 installments totaling $10,000,000 per year until maturity in November 2017. The agreement attracts interest of 10% per annum.

(ii) Receivable balance due from sale of spares, farming equipment and other supplies. Amount is repayable in 14 instalments totalling $11,084,000 per year until maturity in November 2017. The agreement does not attract interest.

20. Post-employment Benefits

	The Group & The Company	
	2015	**2014**
	$'000	**$'000**
Liabilities recognised in the statement of financial position –		
Pension scheme	(142,800)	(207,700)
Medical benefits	(155,100)	(150,300)
	(297,900)	(358,000)
Amounts recognised in profit or loss –		
Pension scheme	34,400	17,800
Medical benefits	14,100	12,200
Amounts recognised in other comprehensive income –		
Pension scheme	(96,500)	134,500
Medical benefits	800	17,100

(a) Pension schemes

In addition to the defined benefit pension scheme described below, employees of the Group hired on or after 1 January 2002, participate in an Individual Retirement Scheme operated by an independent insurance Company. Employees participating in the scheme contribute up to 15% of pensionable earnings while the Company contributes 5%. The Group's and the Company's contribution for the year amounted to $28,310,000 (2014 - $23,442,000) and $5,082,000 (2014 - $3,763,000), respectively (Note 8).

On 1 January 2015, the fortnightly sugarcane employees of Golden Grove Sugar Company Limited started contributing to a define contribution pension scheme. The pension scheme is administered by an independent insurance Company. The company contributes 2% of the employee's basic salary. The Company's contribution for the year amounted to $1,936,000.

Defined benefit plan

The Group operates a defined benefit scheme for employees of the Group hired prior to 1 January 2002. The scheme is administered by NCB Insurance Company Limited. The plan provides benefits to members based on average earnings for the final year of service, with the Group and employees each contributing 5% of pensionable salaries. Employee may contribute additional voluntary contribution up to 5%. The scheme was closed to new members as at 31 December 2001. As the subsidiaries make fixed contributions to the pension scheme and have no further legal or constructive obligations under the scheme, the pension asset and obligations are accounted for in the financial statements of the Company. The subsidiaries recognise a cost equal to their contributions payable in respect of each accounting period in profit or loss. Any plan surplus or funding deficiency is absorbed by the Company.

The defined benefit plan is valued by independent actuaries annually using the Projected Unit Credit Method. The latest actuarial valuation was carried out as at 31 December 2015.

The Board of the pension fund is composed of an equal number of representatives from both employer and employees. The Board of the fund is responsible for the investment policy with regard to the assets of the fund. The funds are managed by NCB Insurance Company Limited which administers the Fund and manages the investment portfolio under management agreement.

20. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in the statement of financial position are determined as follows:

	2015 $'000	2014 $'000
Present value of funded obligations	(993,900)	(932,500)
Fair value of plan assets	851,100	724,800
Liability in the statement of financial position	(142,800)	(207,700)

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

	2015 $'000	2014 $'000
Balance at beginning of year	(932,500)	(765,200)
Current service cost	(16,200)	(14,000)
Interest cost	(87,100)	(71,900)
	(1,035,800)	(851,100)
Re-measurements -		
Experience gains	(22,200)	(126,000)
Members' contributions	(1,900)	(1,800)
Benefits paid	66,000	46,400
Balance at end of year	(993,900)	(932,500)

20. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The movement in the defined benefit asset during the year is as follows:

	2015 $'000	2014 $'000
Balance at beginning of year	724,800	707,000
Interest income	66,100	65,300
Re-measurement -		
Return on plan assets, excluding amounts included in interest income	118,700	(8,500)
Employer's contributions	2,800	2,800
Members' contributions	4,700	4,600
Benefits paid	(66,000)	(46,400)
Balance at end of year	851,100	724,800

The amounts recognised in profit or loss in the statement of comprehensive income is as follows:

	2015 $'000	2014 $'000
Current service cost	13,400	11,200
Interest costs	87,100	71,900
Interest income	(66,100)	(65,300)
Total, included in staff costs (Note 8)	34,400	17,800

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $373,900,000 relating to active employees, $620,000,000 relating to members in retirement.

20. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

Plan assets are comprised as follows:

	2015			
	Quoted	**Unquoted**	**Total**	
	$'000	**$'000**	**$'000**	**%**
Debt securities:				
Government of Jamaica	-	305,435	305,435	35.9
Corporate	-	50,160	50,160	5.9
Real estate	-	93,060	93,060	10.9
Equity securities	326,088	-	326,088	38.3
Other	-	76,357	76,357	9.0
	326,088	525,012	851,100	100

	2014			
	Quoted	**Unquoted**	**Total**	
	$'000	**$'000**	**$'000**	**%**
Debt securities:				
Government of Jamaica	-	309,490	309,490	42.7
Corporate	-	2,899	2,899	0.4
Real estate	-	123,216	123,216	17.0
Equity securities	166,704	-	166,704	23.0
Other	-	122,491	122,491	16.9
	166,704	558,096	724,800	100

At 31 December, the fund had investments with a fair value of $26,279,000 (2014 - $19,318,000) in the Company's own shares held as plan assets.

20. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

Expected contributions to the post-employment plan for the year ending 31 December 2016 are $25,605,000.

Movements in the amounts recognised in the statement of financial position:

	2015 $'000	2014 $'000
Liability at beginning of year	207,700	58,200
Amounts recognised in profit or loss in the statement of comprehensive income	34,400	17,800
Amounts recognised in other comprehensive income	(96,500)	134,500
Contributions paid	(2,800)	(2,800)
Liability at end of year	142,800	207,700

The significant actuarial assumptions used were as follows:

	2015	2014
Discount rate	8.5%	9.5%
Future salary increases	5.0%	5.5%
Expected pension increase	3.5%	4.0%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60.

20. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on post-employment obligations		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(99,400)	(121,200)
Future salary increases	1%	12,200	11,300
Expected pension increase	1%	106,400	(88,600)

	Increase Assumption by One Year	**Decrease Assumption by One Year**
	$'000	**$'000**
Life expectancy	19,000	19,100

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(b) Other post-employment benefits

In addition to pension benefits, the Company offers retirees medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. Funds are not built up to cover the obligations under the medical benefit scheme. The method of accounting and frequency of valuations are similar to those used for the pension scheme. Obligations under the medical scheme are payable by, and accounted for, by the Company as the subsidiaries do not have any legal or constructive obligations under the scheme.

In addition to the assumptions used for pension schemes, the main actuarial assumption is long-term increase in health cost of 7.5% (2014 - 8%) per annum.

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20. Post-employment Benefits (Continued)

(b) Other post-employment benefits (continued)

The amounts recognised in the statement of financial position are determined as follows:

	2015 $'000	2014 $'000
Present value of unfunded obligations	155,100	150,300

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

	2015 $'000	2014 $'000
Balance at beginning of year	(150,300)	(130,900)
Current service cost	(300)	(200)
Interest expense	(13,800)	(12,000)
	(164,400)	(143,100)
Re-measurements -		
Experience gains	(800)	(17,100)
Benefits paid	10,100	9,900
Balance at end of year	(155,100)	(150,300)

The amounts recognised in the profit or loss in the statement of comprehensive income are as follows:

	2014 $'000	2014 $'000
Current service cost	300	200
Interest cost	13,800	12,000
Total, included in team member costs (Note 8)	14,100	12,200

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20. Post-employment Benefits (Continued)

(b) Other post-employment benefits (continued)

Movement in the amounts recognised in the statement of financial position:

	2015 $'000	2014 $'000
Liability at beginning of year	150,300	130,900
Amounts recognised in the profit or loss in the statement of comprehensive income (Note 8)	14,100	12,200
Contributions by employer	(10,100)	(9,900)
Amounts recognised in other comprehensive income	800	17,100
Liability at end of year	155,100	150,300

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	14,100	(16,800)
Medical cost	1%	16,800	(14,100)

	Increase Assumption by One Year	Decrease Assumption by One Year
	$'000	$'000
Life expectancy	6,600	(6,400)

20. Post-employment Benefits (Continued)

(c) Risks associated with pension plans and post-employment plans

Through its defined benefit pension plans and post-employment medical plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds represent investments in Government of Jamaica securities.

The Company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long term strategy to manage the plans efficiently. See below for more details on the Company's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

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20. Post-employment Benefits (Continued)

(c) Risks associated with pension plans and post-employment plans (continued)

The responsibility for the management of the assets of the Fund is vested in the Board of Trustees and NCB Insurance Company Limited representatives who are the fund and investment managers. They ensure that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension fund. Within this framework, the Fund's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Fund actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Fund has not changed the processes used to manage its risks from previous periods. The Fund does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2015 consists of bonds, equities and real estate.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries. The next triennial valuation is due to be completed as at 31 August 2017. The Company considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

The weighted average duration of the defined benefit obligation is 12 years for the pension fund and 10.4 years for the post-employment medical benefits.

21. Biological Assets

Non-current – livestock

	2015	**2013**
	$'000	**$'000**
Dairy livestock –		
2,603 (2014 – 2,461) Cows able to produce milk	105,973	175,455
2,678 (2014 – 2,879) Heifers being raised to produce milk in the future	141,810	137,698
Other livestock –		
77 (2014 – 79) Bulls raised for sale and reproduction	2,826	3,245
5 (2014 – 9) Horses raised	150	270
Nil (2014 – 109) Bee colonies	-	1,308
	250,759	317,976

6,862,560 litres (2014 – 6,546,004 litres) of milk with a fair value (less estimated point-of-sale costs) of $552,335,000 (2014 - $468,423,000) were produced during the period.

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21. Biological Assets (Continued)

Non-current – livestock (continued)
The movement in livestock during the year was as follows:

	2015	**2014**
	$'000	**$'000**
Balance at start of year	317,976	294,633
Sales	(69,590)	(50,576)
Changes in fair value less estimated point-of-sale costs - cattle	2,373	73,798
Changes in fair value less estimated point-of-sale costs - sheep	-	121
Balance at end of year	250,759	317,976

Current – sugar cane

	2015	**2014**
	$'000	**$'000**
95,685 tonnes (2014 – 130,969 tonnes)	510,516	659,227

The movement in sugar cane during the year was as follows:

	2015	**2014**
	$'000	**$'000**
Balance at start of year	659,227	607,870
Net cost of cane cultivation and value of cane harvested	(287,930)	(412,146)
Changes in fair value less estimated point-of-sale costs	139,219	463,503
Balance at end of year	510,516	659,227

Included in the income statement:

	2015	**2014**
	$'000	**$'000**
Fair value of milk produced	552,335	468,423
Sales of sugar and molasses	1,248,270	1,684,332
Changes in fair value less cost to sell of sugar cane	139,219	463,503
Changes in fair value less estimated point of sale costs of livestock	2,373	73,798
Direct expenses	(2,278,030)	(2,429,909)

The assets are classified as Level 3, and there were no transfers between levels during the year.

	2015	**2014**
	$'000	**$'000**
Dairy livestock	250,609	316,398
Other livestock	150	1,578
Sugar cane	510,516	659,227
	761,275	977,203

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22. Inventories

	2015	2014
	$'000	$'000
Raw and packaging materials	1,067,092	967,287
Work in progress	33,737	57,889
Finished goods	132,313	178,706
Merchandise for resale	234,812	259,398
Other	186,379	183,692
Goods in transit	92,128	287,481
	1,746,461	1,934,453

The cost of inventories recognised as an expense and included in direct expenses amounted to $20,496,000 (2014 - $15,530,000).

23. Trade and Other Receivables

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables	988,588	928,220	3,619	3,619
Less: Provision for impairment	(82,442)	(125,058)	(3,619)	(3,619)
	906,146	803,162	-	-
Advances and prepayments	224,407	178,395	110,256	98,704
Due from affiliate (Note 32)	403,555	672,803	-	56,049
Other	206,589	303,472	-	-
	1,740,697	1,957,832	110,256	154,753

24. Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss comprise listed equity securities, the fair value of which is based on the bid price of the security.

25. Cash and Cash Equivalents

	The Group		The Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash at bank and in hand	1,312,707	583,787	1,097,907	330,577
Bank overdraft	-	(33,693)	-	(33,693)
	1,312,707	550,094	1,097,907	296,884

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26. Payables

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	746,242	640,156	-	-
Accruals	354,182	411,131	114,715	113,369
Due to affiliate	686,294	-	686,294	-
Other	195,072	196,317	133,272	96,115
	1,981,790	1,247,604	934,281	209,484

27. Share Capital

	2015	**2014**	**2015**	**2014**
	'000	**'000**	**$'000**	**$'000**
Authorised -				
Ordinary shares	530,000	530,000	530,000	530,000
Issued and fully paid -				
Ordinary stock units	516,398	516,398	561,287	561,287
Treasury shares	(59)	(59)	(899)	(899)
Issued and outstanding	516,339	516,339	560,388	560,388

In 2013 the Company purchased 59,000 of its shares at a fair value of $899,000. There were no stock purchases during the year.

28. Capital Reserves

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Revaluation surplus on assets carried at deemed cost	312,600	312,600	105,340	105,340
Fair value gains on available-for-sale investments	605,148	610,841	605,148	610,841
Profits of subsidiaries capitalised	336,537	336,537	-	-
Redemption reserve	14,800	14,800	-	-
Realised gains on sale of investments	120,855	120,855	120,855	120,855
Other realised surplus	22,230	22,230	20,289	20,289
	1,412,170	1,417,863	851,632	857,325

Included in capital reserves are fair value gains on available-for-sale investments representing the unrealised surplus or deficit on the revaluation of these investments. The movement on this reserve flows through other comprehensive income during the year (Note 10).

29. Long Term Liabilities

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Loan amounts	2,999,275	2,314,117	1,871,642	1,230,024
Interest payable	13,620	8,179	13,620	7,400
	3,012,895	2,322,296	1,885,262	1,237,424
Less: Current portion	(1,447,781)	(916,268)	(1,885,262)	(637,424)
	1,565,114	1,406,028	-	600,000

	The Group		The Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
(i) Tetra Pak – LIBOR + 3%	12,121	45,656	-	-
(ii) Tetra Pak – 8%	263,516	-	-	-
(iii) Sugar Industry Authority – 5%	26,292	29,408	-	-
(iv) Jamaica Cane Product Sales – 3.9%	-	114,661	-	-
(v) National Commercial Bank (Jamaica) Limited – 6.25% - 6.50%	825,704	894,368	-	-
(vi) CIBC FirstCaribbean International Securities Limited - WATBY+2.5%	600,000	600,000	600,000	600,000
(vii) CIBC FirstCaribbean International Bank Jamaica Limited - LIBOR 1.3%	661,642	630,024	661,642	630,024
(viii) National Commercial Bank (Jamaica) Limited – 12%	390,000	-	390,000	-
(ix) JMMB Merchant Bank Limited – 13%	220,000	-	220,000	-
	2,999,275	2,314,117	1,871,642	1,230,024

29. Long Term Liabilities (Continued)

(i) US$ financing agreements from a supplier, repayable in 16 quarterly installments commencing 1 March 2012. Secured by property, plant and equipment acquired under the financing agreements.

(ii) US$ financing agreements from a supplier, repayable in 32 quarterly installments of US$96,308. Secured by property, plant and equipment acquired under the financing agreements.

(iii) Golden Grove Sugar Company Limited was approved for a loan facility of $33,156,000 from the Sugar Industry Authority. The loan is repayable over ten years commencing in 2015 at 5% per annum by way of annual deductions from proceeds of cane sales, contract work and earnings from harvesting operations, where applicable.

(iv) Denominated in US dollars, repayable at the end of the crop year to which it relates from sugar sales proceeds.

(v) In September 2012, the subsidiary was approved for a loan facility of US$10,000,000 from the National Commercial Bank Jamaica Limited. This is broken down into two tranches.

i) Tranche A: US$4,200,000 repayable by 28 quarterly principal payments of US$105,000 and a balloon payment of US$1,365,000 at maturity. Interest payable quarterly at 6.50% per annum.

ii) Tranche B: US$5,800,000 repayable by 28 quarterly principal payments of US$145,000 and a balloon payment of US$1,885,000 at maturity. Interest payable quarterly at 6.25% per annum.

The funds were disbursed in March 2014. Security for the facilities shown above includes:

- Pledges over short-term deposits held by the Company.
- A debenture over fixed and floating freehold assets of Golden Grove Sugar Company Limited supported by mortgage over land stamped to cover US$10,000,000.
- Bills of sale over equipment owned by its Golden Grove Sugar Company Limited; stamped to cover US$10,000,000.
- Assignment of its Golden Grove Sugar Company receivable from Jamaica Cane Products Sales Limited from sales completed under the Tate and Lyle contract.

29. Long Term Liabilities (Continued)

(vi) Denominated in Jamaican dollars. Received in November 2015 for a period of 3 years. Initial coupon for first 6 months is 6-month Government of Jamaica Treasury Bill rate plus 250 bps. Thereafter, interest will be charged at the 6-month Government of Jamaica Weighted Average Treasury Bill rate immediately prior to the commencement of each interest period plus 250 bps. The loan is due in full at maturity and is unsecured.

(vii) Denominated in US dollars. Received in March 2015 for an initial period of one year and is revolving thereafter at the sole discretion of the Bank. The facility attracts interest at a rate of LIBOR plus 300bps commensurate with the drawdown period. Each draw should not exceed 90 days. The loan is due in full at maturity and is secured as follows:

- Promissory note issued by Seprod Limited for US equivalent of JM$ 630,000,000.

(viii) An unsecured revolving facility denominated in Jamaican dollars with each drawing having a maximum tenor of three months.

(ix) An unsecured revolving facility denominated in Jamaican dollars with each drawing having a maximum tenor of three months.

(x) The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

30. Deferred Taxation

Deferred income taxes are calculated in full on temporary differences under the liability method using a tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

Deferred tax assets and liabilities recognised on the statement of financial position are as follows:

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Deferred tax assets	73,701	74,989	64,223	73,742
Deferred tax liabilities	(182,581)	(200,979)	-	-
Net (liabilities)/assets	(108,880)	(125,990)	64,223	73,742

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30. Deferred Taxation (Continued)

The movement in deferred taxation is as follows:

	Group		The Company	
	2015 **$'000**	**2014** **$'000**	**2015** **$'000**	**2014** **$'000**
Balance at start of year	(125,990)	(178,759)	73,742	39,515
Disposal of subsidiary	5,746	-	-	-
Credited/(charged) to profit or loss (Note 10)	35,289	14,869	14,406	(3,673)
(Charged)/credited to components of other comprehensive income (Note 10)	(23,925)	37,900	(23,925)	37,900
Balance at end of year	(108,880)	(125,990)	64,223	73,742

The deferred tax (charged)/credited to profit or loss comprises the following temporary differences:

	The Group		The Company	
	2015 **$'000**	**2014** **$'000**	**2015** **$'000**	**2014** **$'000**
Accelerated tax depreciation	1,099	17,677	2,450	527
Retirement benefits	8,900	4,325	8,900	4,325
Tax losses carried forward	13,376	3,816	-	-
Other	11,914	(10,949)	3,056	(8,525)
	35,289	14,869	14,406	(3,673)

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30. Deferred Taxation (Continued)

The deferred tax (liabilities)/assets in the statement of financial position comprise the following temporary differences:

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Accelerated tax depreciation	(233,185)	(250,843)	(5,713)	(8,163)
Retirement benefits	74,475	89,500	74,475	89,500
Tax losses carried forward	34,770	31,247	-	-
Unrealised exchange gains	120	18	-	-
Other	14,940	4,088	(4,539)	(7,595)
	(108,880)	(125,990)	64,223	73,742

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for offset against future profits of certain subsidiaries amount to $3,112,901,000 (2014 – $1,909,071,000). Of those losses, no deferred tax assets have been created in respect of $3,033,352000 (2013 - $1,783,657,000) as the Group is uncertain of its ability to utilise those losses in the future.

The amounts shown in the statement of financial position include the following:

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2014 $'000**	**2014 $'000**
Deferred tax assets to be recovered after more than 12 months	109,245	120,747	74,475	89,500
Deferred tax assets to be recovered within 12 months	15,060	4,106	(4,539)	(7,595)
	124,305	124,853	69,936	81,905
Deferred tax liabilities to be settled after more than 12 months	(233,185)	(250,843)	(5,713)	(8,163)
Deferred tax liabilities to be settled within 12 months	-	-	-	-
	(233,185)	(250,843)	(5,713)	(8,163)
Net (liabilities)/asset	(108,880)	(125,990)	64,223	73,742

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31. Cash Generated from Operations

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Net profit/(loss)	576,900	895,375	767,673	(537,584)
Items not affecting cash resources:				
Amortisation of intangible assets	3,741	7,341	-	-
Depreciation	451,410	427,033	21,543	17,639
Foreign exchange gains/(losses)	(16,149)	(67,285)	(67,857)	(151,388)
Gain on sale of available-for-sale investments	(43,315)	-	(43,315)	-
Unrealised gains on financial assets through profit or loss	(212,474)	(58,900)	-	-
Gain on disposal of property, plant and equipment	(11,108)	(1,400)	(1,075)	(1,400)
Property, plant and equipment written off	40,558	14,609	7,826	396
Interest income	(233,025)	(236,808)	(470,789)	(407,415)
Amortisation of deferred fees	5,717	6,258	-	-
Unremitted equity income in joint venture	6,711	-	-	-
Gain on disposal of interest in subsidiary	(255,479)	-	(421,954)	-
Interest expense	231,519	199,542	129,657	101,641
Retirement benefits	35,600	55,200	35,600	55,200
Dividend income	(25,023)	(79,803)	(314)	(56,622)
Taxation	281,317	268,436	61,450	59,488
	836,900	1,429,598	18,445	(920,045)
Changes in operating assets and liabilities:				
Inventories	68,678	318,181	-	-
Receivables	200,362	(209,260)	44,497	(67,256)
Biological assets	215,928	(74,700)	-	-
Due to subsidiaries	-	-	1,233,055	443,653
Due from subsidiaries	-	-	(1,112,659)	221,055
Provisions	(10,631)	(26,633)	-	-
Accounts payable	816,603	(439,162)	724,797	56,658
	2,127,840	998,024	908,135	(265,935)
Taxation paid	(318,865)	(344,593)	(66,899)	(86,582)
Cash provided by/(used in) operating activities	1,808,975	653,431	841,236	(352,517)

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33. Related Party Transactions

The following transactions were carried out with or on behalf of related parties:

(a) Sales and purchases of goods and services
Sales of $3,479,016,000 (2014 – $3,485,272,000) to and purchases of $235,156,000 (2014 – $303,630,000) from Musson (Jamaica) Limited, T.Geddes Grant (Distributors) Limited and Facey Commodity Company Limited occurred during the year. The Chairman of the Company's Board of Directors is a major shareholder and Chairman of the Board of Directors of these entities. Trade receivables and payables include $400,874,000 and $12,463,000 (2014 - $616,584,000 and $12,612,000), respectively, in respect of these transactions.

A subsidiary paid cess of $5,482,000 (2014 - $4,266,000) based on the importation of copra-based and substitute products to Coconut Industry Board, a major shareholder of the Company.

(b) Key management compensation

	2015 $'000	**2014 $'000**
Wages and salaries	123,980	114,164
Statutory contributions	11,694	7,306
Other	330	356
	136,004	121,826
Directors' emoluments –		
Fees	5,134	9,454
Medical insurance premiums	5,224	4,031
Management remuneration (included above)	99,048	65,124

(c) Advances and loans
At 31 December 2015, profit share advances to key management amounted to $Nil (2014 – $19,863,000).

Loans to other related parties are disclosed in Note 19. Interest earned on these loans during the year amounted to US$1,091,000/JMD$14,972,054 (2014 – US$1,089,000).

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34. Contingencies and Commitments

(a) A subsidiary has leased sugar cane lands from the Government of Jamaica for a period of 50 years with an option to renew for a further period of 25 years. The lease is fixed at a rate of US$53 per hectare per annum for the first 5 years, after which it will be renegotiated in accordance with the provisions of the lease contract. Based on the current rate of US$53 per hectare per annum, the annual lease cost to the subsidiary is US$82,000.

At 31 December 2015, capital commitments were $2,757,000 (2014 - $41,495,000) for the Group.

(b) At 31 December 2015, management had approved approximately $186 million (2014 – $70 million) for capital expenditure in respect of certain subsidiaries.

35. Litigation, Claims, Assessments and Provisions

Litigation and Claims
The Group is subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated. In respect of claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both the financial position and results of operations.

In 2014, the company received from the Jamaica Customs Agency, a Review of Entry in respect to additional Stamp Duty free codes incorrectly applied to import of refined bleached and deodorized palm oil imported on 12 July 2013 totalling $10,631,000. The review was concluded in July 2015 with the assessment being withdrawn.

36. Disposal of Subsidiary

On 5 October 2015, the Group disposed of its 100% interest in Jamaica Grain & Cereals Limited (JG&C). The principal activities of JG&C comprised the manufacture and sale of corn products and cereals.

The following table summarises the net assets and net proceeds from the disposal of the subsidiary:

	2015 $'000
Property, plant & equipment	124,102
Inventories	119,314
Trade and other receivables	16,782
Taxation recoverable	6,609
Intercompany	(7,881)
Deferred tax liabilities	(5,746)
Trade and other payables	(74,546)
Net assets disposed	178,634
Gain on disposal of subsidiary	255,479
Deemed proceeds net of transaction costs	434,113
Deemed proceeds net of transaction costs	434,113
Cash and cash equivalents of divested subsidiary	-
Net investment in joint venture	434,113

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36. Disposal of Subsidiary (Continued)

Analysis of the result of discontinued operations, and the gain on disposal of the assets constituting the discontinued operation is as follows:

	2015 $'000	2014 $'000
Revenue	609,005	764,826
Direct expenses	(435,395)	(655,210)
Gross profit	173,610	109,616
Selling expenses	(21,288)	(26,349)
Other operating income	699	3,096
Administrative and other operating expenses	(154,341)	(93,197)
Loss before Taxation	(1,320)	(6,834)
Taxation	-	1,808
Loss after Tax of Discontinued Operations	(1,320)	(5,026)
Gain on disposal of subsidiary	255,479	-
Profit for the Year from Discontinued Operations	254,159	(5,026)

Analysis of total comprehensive income for the year attributable to equity holders of the company is as follows:

	2015 $'000	2014 $'000
Continuing operations	387,503	1,064,285
Discontinued operations	255,479	(5,026)
	642,982	1,059,259

Cash flows from discontinued operations are as follows:

	2015 $'000	2014 $'000
Operating cash flows	11,208	1,219
Investing cash flows	(11,208)	(1,219)