Seprod Limited

Financial Statements
31 December 2016

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Independent Auditor's Report

To the Members of
Seprod Limited

Seprod Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
Revenue		15,781,917	13,777,863
Direct expenses		(12,291,448)	(11,114,536)
Gross Profit		3,490,469	2,663,327
Finance and other operating income	6	1,051,619	760,629
Selling expenses		(589,830)	(510,648)
Administration expenses		(2,171,049)	(1,798,595)
Other operating expenses		(192,493)	(213,890)
Operating Profit		1,588,716	900,823
Finance costs	9	(374,631)	(290,054)
Share of results of joint venture	18	(28,161)	(6,711)
Profit before Taxation		1,185,924	604,058
Taxation	10	(310,715)	(281,317)
Profit from continuing operations		875,209	322,741
Discontinued operations			
Profit for the period from discontinued operations	35	-	254,159
Net Profit		875,209	576,900
Other Comprehensive Income, net of taxes			
Item that will not be reclassified to profit or loss -			
Re-measurements of post-employment benefits	10	166,725	71,775
Items that may be subsequently reclassified to profit or loss -			
Unrealised fair value gains on available-for-sale investments		(132,385)	137,887
Realised fair value gains on available-for-sale investments		-	(143,580)
	10	(132,385)	(5,693)
TOTAL COMPREHENSIVE INCOME		909,549	642,982
Net Profit is attributable to:			
Stockholders of the Company	11	1,092,043	865,953
Non-controlling interest		(216,834)	(289,053)
		875,209	576,900
Total Comprehensive Income is attributable to:			
Stockholders of the Company		1,126,383	932,035
Non-controlling interest		(216,834)	(289,053)
		909,549	642,982
Earnings per Stock Unit attributable to Stockholders of the Company:	12		
From continued operations		$2.11	$1.18
From discontinued operations		-	$0.50
		$2.11	$1.68

Seprod Limited

Consolidated Statement of Financial Position

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
Non-current Assets			
Property, plant and equipment	14	4,116,287	3,907,037
Intangible assets	16	1,694	4,234
Available-for-sale investments	17	1,705,475	1,837,860
Investments in joint venture	18	399,242	427,403
Long term receivables	19	3,543,922	2,584,476
Retirement benefit asset	20	40,300	-
Biological assets	21	236,343	250,759
Deferred tax assets	30	20,063	73,701
		10,063,326	9,085,470
Current Assets			
Inventories	22	1,930,268	1,746,461
Biological assets	21	513,198	510,516
Trade and other receivables	23	3,991,910	1,740,697
Financial asset at fair value through profit or loss	24	-	807,069
Current portion of long term receivables	19	76,439	121,836
Taxation recoverable		29,754	38,178
Short term deposits		153,906	142,824
Cash and bank balances	25	667,505	1,312,707
		7,362,980	6,420,288
Current Liabilities			
Payables	26	4,468,479	1,981,790
Current portion of long term liabilities	29	2,182,838	1,447,781
Taxation payable		9,198	86,876
		6,660,515	3,516,447
Net Current Assets		702,465	2,903,841
		10,765,791	11,989,311
Equity Attributable to Stockholders of the Company			
Share capital	27	560,388	560,388
Capital reserves	28	1,279,785	1,412,170
Retained earnings		8,137,327	8,546,526
		9,977,500	10,519,084
Non-controlling Interest		(792,202)	(575,368)
		9,185,298	9,943,716
Non-current Liabilities			
Long term liabilities	29	1,245,659	1,565,114
Deferred tax liabilities	30	191,834	182,581
Retirement benefit obligations	20	143,000	297,900
		10,765,791	11,989,311

Approved for issue by the Board of Directors on 4 April 2017 and signed on its behalf by:

Paul B. Scott Director

Richard Pandohie Director

Seprod Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2016

(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 2015	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 loss 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
Profit for the year	-	-	-	1,092,043	1,092,043	(216,834)	875,209
Fair value loss on investments	-	-	(132,385)	-	(132,385)	-	(132,385)
Remeasurements on pension and other retirement obligations	-	-	-	166,725	166,725	-	166,725
Total comprehensive income	-	-	(132,385)	1,258,768	1,126,383	(216,834)	909,549
Transactions with owners:							
Dividends paid (Note 13)	-	-	-	(1,667,967)	(1,667,967)	-	(1,667,967)
Balance at 31 December 2016	516,339	560,388	1,279,785	8,137,327	9,977,500	(792,202)	9,185,298

Seprod Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
Cash Flows from Operating Activities			
Cash provided by operating activities	31	882,883	1,808,975
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(708,464)	(718,431)
Proceeds on disposal of property, plant and equipment		12,399	26,668
Proceeds from disposal of available-for-sale investments		-	987,221
Proceeds from disposal of fair value through profit and loss		1,178,195	-
Issue of long term receivables		(793,930)	(2,544,810)
Repayment of long term receivables		284,199	1,070,081
Purchase of short term deposits		(11,082)	(2,002)
Interest received		150,516	220,971
Dividends received		18,398	25,023
Cash provided by/(used in) investing activities		130,231	(935,279)
Cash Flows from Financing Activities			
Long term loans received		958,311	1,076,964
Long term loans repaid		(728,030)	(488,573)
Dividends paid		(1,667,967)	(490,579)
Interest paid		(237,276)	(225,269)
Cash used in financing activities		(1,674,962)	(127,457)
(Decrease)/Increase in cash and cash equivalents		(661,848)	746,239
Net effect of foreign currency translation on cash		16,646	16,374
Cash and cash equivalents at beginning of year		1,312,707	550,094
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	667,505	1,312,707

Non cash transaction in prior the year was due to the disposal of a subsidiary at its deemed cost and the investment in joint venture (Note 35).

Seprod Limited

Statement of Comprehensive Income

Year ended 31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
Group costs recovered from subsidiaries		738,445	561,138
Finance and other operating income	6	1,682,168	1,027,188
Administration expenses	7	(838,899)	(629,546)
Operating Profit		1,581,714	958,780
Finance costs	9	(185,589)	(129,657)
Profit before Taxation		1,396,125	829,123
Taxation	10	(151,086)	(61,450)
Net Profit	11	1,245,039	767,673
Other Comprehensive Income, net of taxes			
Item that will not be reclassified to profit or loss -			
Re-measurements of post-employment benefits	10	166,725	71,775
Items that may be subsequently reclassified to profit or loss -			
Unrealised fair value (losses)/gains on available-for-sale investments		(132,385)	137,887
Realised fair value gains on available-for-sale investments		-	(143,580)
	10	(132,385)	(5,693)
TOTAL COMPREHENSIVE INCOME		1,279,379	833,755

Seprod Limited

Statement of Financial Position

31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
Non-current Assets			
Property, plant and equipment	14	454,167	257,646
Available-for-sale investments	17	1,705,475	1,837,860
Investment in subsidiaries	18	1,398,010	1,398,107
Investment in joint venture	18	434,114	434,114
Long term receivables	19	3,431,474	2,553,392
Retirement benefit assets	20	40,300	-
Deferred tax assets	30	-	64,223
		7,463,540	6,545,342
Current Assets			
Trade and other receivables	23	2,098,676	110,256
Current portion of long term receivables	19	47,696	89,754
Due from subsidiaries		4,325,913	4,128,841
Cash and bank balances	25	300,382	1,097,907
		6,772,667	5,426,758
Current Liabilities			
Payables	26	2,120,108	934,281
Current portion of long term liabilities	29	2,012,219	1,285,262
Taxation payable		5,049	9,116
Due to subsidiaries		2,751,240	1,676,709
		6,888,816	3,905,368
Net Current (Liability)/Assets		(115,949)	1,521,390
		7,347,591	8,066,732
Equity			
Share capital	27	560,388	560,388
Capital reserves	28	719,247	851,632
Retained earnings		5,500,609	5,756,812
		6,780,244	7,168,832
Non-current Liabilities			
Retirement benefit obligations	20	143,000	297,900
Long term liabilities	29	379,024	600,000
Deferred tax liabilities	30	45,323	-
		567,347	897,900
		7,347,591	8,066,732

Approved for issue by the Board of Directors on 4 April 2017 and signed on its behalf by:

Paul B. Scott Director

Richard Pandohie Director

Seprod Limited

Statement of Changes in Equity

Year ended 31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares '000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 January 2015	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 paid (Note 13)	-	-	-	(490,579)	(490,579)
Balance at 31 December 2015	516,339	560,388	851,632	5,756,812	7,168,832
Profit for the year	-	-	-	1,245,039	1,245,039
Remeasurements on pension and other retirement obligations	-	-	-	166,725	166,725
Fair value loss on investments	-	-	(132,385)	-	(132,385)
Total comprehensive income	-	-	(132,385)	1,411,764	1,279,379
Transactions with owners:					
Dividends paid (Note 13)	-	-	-	(1,667,967)	(1,667,967)
Balance at 31 December 2016	516,339	560,388	719,247	5,500,609	6,780,244

Seprod Limited

Statement of Cash Flows

Year ended 31 December 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
Cash Flows from Operating Activities			
Cash (used in)/provided by operating activities	31	(1,422)	841,237
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(228,764)	(87,804)
Proceeds on disposal of property, plant and equipment		8,112	1,075
Proceeds from disposal of available-for-sale investments		-	987,221
Issue of long term receivables		(681,482)	(2,481,644)
Repayment of long term receivables		45,064	1,070,081
Interest received		681,243	458,544
Dividends received		758,619	314
Cash provided by/(used in) investing activities		582,792	(52,213)
Cash Flows from Financing Activities			
Long term loans received		963,512	810,000
Long term loans repaid		(507,289)	(200,000)
Dividends paid		(1,667,967)	(490,579)
Interest paid		(183,797)	(123,437)
Cash used in financing activities		(1,395,541)	(4,016)
(Decrease)/Increase in cash and cash equivalents		(814,171)	785,008
Net effect of foreign currency translation on cash		16,646	16,015
Cash and cash equivalents at beginning of year		1,097,907	296,884
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	300,382	1,097,907

Seprod Limited
Notes to the Financial Statements
31 December 2016
(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 in 2015 following the disposal of 50% interest in the entity and the joint sharing of decision making responsibility with the other shareholder (Note 35).

Xaymaca Limited was liquidated during the year (Note 36).

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

The consolidated financial statements of the Group and the financial statements of the Company standing alone (together referred to as the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of of available-for-sale financial assets, biological assets at fair value through profit 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, interpretations and amendments to published accounting standards effective in the current financial year

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

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. The adoption of this amendment had no impact the financial statements of the Group.

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 adoption of these amendments effective 1 January 2016 did not have any significant impact on the Group's financial statements.

Amendments to IAS 27, 'Separate financial statements' on equity accounting (effective for annual periods beginning on or after 1 January 2016). This amendment will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. This amendment did not have any impact on the financial statements.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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 adoption of these amendments effective 1 January 2016 did not have any significant impact on the Group's financial statements.

Amendment to IAS 1, 'Presentation of Financial Statements', (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment also clarifies that the share of other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. There was no significant impact from adoption of this amendment during the year.

Amendment to IFRS 11,'Joint arrangements' on acquisition of an interest in a joint operation', (effective for annual periods beginning on or after 1 January 2016) The main objective in amending IFRS 11 was to clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. This amendment did not have any impact on the 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, interpretations and amendments to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2017 or later periods, but were not effective at the statement of financial position date. The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be immediately relevant to its operations, and has concluded as follows:

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.

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.

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 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.

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.

Amendment to IFRS 15, 'Revenue from contracts with customers' (effective for accounting periods beginning on or after 1 January 2018). These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard.

Annual Improvements 2014-2016, (effective for annual periods beginning on or after 1 January 2018). The IASB issued its Annual Improvements to IFRSs 2014-2016 cycles amending a number of standards, the following of which are relevant to the Group. The amendments to *IFRS 12,'Disclosure of interests in other entities'* clarified the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.

IAS 28,'Investments in associates and joint ventures' clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

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)

IFRIC 22,' Foreign currency transactions and advance consideration', (effective for annual periods beginning on or after 1 January 2018). The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. The Group is currently assessing the impact of future adoption of the amendments on its financial statements.

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.

(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.

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.

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.

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.

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 2016.

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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
30 – 60 days	412,466	190,077	-	-
60 – 90 days	139,341	68,777	-	-
Greater than 90 days	70,176	-	-	-
	621,983	258,854	-	-

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

Trade receivables of $110,705,000 (2015 – $82,442,000) for the Group and $3,619,000 (2015 – $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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
At start of year	82,442	125,058	3,619	3,619
Amounts recovered during the year	(18,935)	(12,996)	-	-
Provided during the year	102,121	56,579	-	-
Written off during the year	(54,923)	(86,199)	-	-
At end of year	110,705	82,442	3,619	3,619

The creation and release of provision for impaired receivables have been included in administration expenses in profit and 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.

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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Supermarket chains	95,155	92,072	-	-
Retailers & Wholesalers	854,787	695,299	-	-
Distributors	267,688	145,159	-	-
Manufacturers	67,145	32,349	-	-
Others	100,744	23,709	3,619	3,619
	1,385,519	988,588	3,619	3,619
Less: Provision for impairment	(110,705)	(82,442)	(3,619)	(3,619)
	1,274,814	906,146	-	-

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 $'000	Total $'000
			2016			
Long term liabilities	31,137	156,801	2,174,498	1,237,611	77,462	3,677,509
Trade payables	1,640,404	-	-	-	-	1,640,404
Due to affiliate	2,103,555	-	-	-	-	2,103,555
Other payables	304,993	-	-	-	-	304,993
	4,080,089	156,801	2,174,498	1,237,611	77,462	7,726,461
			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

	The Company				
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Total $'000
			2016		
Long term liabilities	17,689	112,321	2,036,530	393,036	2,559,576
Other payables	238,377	-	-	-	238,377
Due to subsidiaries	2,751,240	-	-	-	2,751,240
Due to affiliate	1,743,364	-	-	-	1,743,364
	4,750,670	112,321	2,036,530	393,036	7,292,557
			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	-	-	-	1,676,709
Due to affiliate	686,294	-	-	-	686,294
	2,718,390	1,089,538	72,025	615,144	4,495,098

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 2016 includes aggregate net foreign assets of approximately US$30,653,000, £133,000 and (CND$7,000) (2015 – aggregate net foreign liabilities of US$10,848,000, £141,000 and CND$7,000), 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 2016 includes aggregate net foreign assets of approximately US$17,995,000, £184,000 (2015 – aggregate net foreign assets of US$20,384,000, £164,000), 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 6% devaluation/1% revaluation (2015 - 1% revaluation/8% 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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Effect on profit before taxation -				
US$				
6% devaluation (2015 – 8%)	39,371	103,830	116,103	195,106
1% revaluation (2015 – 1%)	(236,225)	(12,979)	(14,513)	(24,388)
Other currencies				
6% devaluation (2015 – 8%)	202	2,030	1,734	2,304
1% revaluation (2015 – 1%)	(1,216)	(254)	(289)	(288)

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 (2015 – 1%/(1%) increase/decrease) and increase/(decrease) of 1.0%/(0.5%) for United States dollar denominated instruments (2015 – 1%/(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
2016	**2016**	**2016**	**2015**	**2015**	**2015**
JMD / USD	**$'000**	**$'000**	**JMD / USD**	**$'000**	**$'000**
		The Group			
+100/+100	7,354	-	+100/+100	18,906	-
-100/-50	(3,677)	-	-100/-50	(9,453)	-
		The Company			
+100/+100	12,418	-	+100/+100	25,003	-
-100/-50	(6,209)	-	-100/-50	(12,502)	-

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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**
				2016			
Financial assets							
Available-for-sale investments	-	-	-	-	-	1,705,475	1,705,475
Long term receivables	-	28,743	-	356,945	2,843,547	391,126	3,620,361
Trade and other receivables	-	-	-	-	-	3,680,904	3,680,904
Short term deposits	-	-	153,906	-	-	-	153,906
Cash and bank	648,485	-	-	-	-	19,020	667,505
	648,485	28,743	153,906	356,945	2,843,547	5,796,525	9,828,151
Financial liabilities							
Long term liabilities	8,383	1,227,744	222,903	1,764,572	72,624	132,271	3,428,497
Trade and other payables	-	-	-	-	-	4,048,952	4,048,952
	8,383	1,227,744	222,903	1,764,572	72,624	4,181,223	7,477,449
Total interest repricing gap	640,102	(1,199,001)	(68,997)	(1,407,627)	2,770,923	1,615,302	2,350,702

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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**
				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
Bank overdraft	-	-	-	-	-	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 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
				2016			
Financial assets							
Available-for-sale investments	-	-	-	-	-	1,705,475	1,705,475
Trade and other receivables	-	-	-	-	-	2,032,860	2,032,860
Due from subsidiaries	-	-	-	-	-	4,325,914	4,325,914
Long term receivables	10,017	7,873	35,772	1,206,951	2,218,557	-	3,479,170
Cash and bank	300,305	-	-	-	-	77	300,382
	310,322	7,873	35,772	1,206,951	2,218,557	8,064,326	11,843,801
Financial liabilities							
Long term liabilities	-	81,391	1,939,063	370,789	-	-	2,391,243
Due to affiliate	-	-	-	-	-	1,743,364	1,743,364
Due to subsidiaries	-	-	-	-	-	2,751,240	2,751,240
Other payables	-	-	-	-	-	238,377	238,377
	-	81,391	1,939,063	370,789	-	4,732,981	7,124,224
Total interest repricing gap	310,322	(73,518)	(1,903,291)	836,162	2,218,557	3,331,345	4,719,577
				2015			
Financial assets							
Available-for-sale investments	-	-	-	-	-	1,837,860	1,837,860
Trade and other receivables	-	40,798	-	-	-	-	40,798
Due from subsidiaries	-	-	-	-	-	4,128,842	4,128,842
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	-	5,966,702	9,748,553
Financial liabilities							
Long term liabilities	7,233	1,278,029	-	600,000	-	-	1,885,262
Due to subsidiaries	-	-	-	-	-	1,676,709	1,676,709
Bank overdraft	-	-	-	-	-	686,294	686,294
Other payables	-	-	-	-	-	247,987	247,987
	7,233	1,278,029		600,000	-	2,610,990	4,496,252
Total interest repricing gap	1,138,931	(1,226,463)	28,714	1,955,407	-	3,355,712	5,252,301

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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 10% (2015 -20%) increase/decrease in equity prices is an increase/decrease of $Nil (2015 – $80,707,000) 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**
		2016		
Available-for-sale investments –				
Unquoted equities	-	-	1,705,475	1,705,475
		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

The following table presents the Company's financial assets and liabilities that are measured at fair value at 31 December 2016.

	The Company			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
		2016		
Available-for-sale investments –				
Unquoted equities	-	-	1,705,475	1,705,475
	-	-	1,705,475	1,705,475
		2015		
Available-for-sale investments –				
Unquoted equities	-	-	1,837,860	1,837,860
	-	-	1,837,860	1,837,860

There were no transfers between levels during the year.

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	
	2016	**2015**
	$'000	**$'000**
At start of year	1,837,860	1,779,804
Fair value losses	(252,793)	(28,156)
Foreign exchange gains	120,408	86,212
At end of year	1,705,475	1,837,860

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	12.00%	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	11.50%	If the discount rate increases the fair value decreases

Discounted cash flow valuation technique was used to value the unquoted equities of $1,705,475,000 (2015 - $1,837,860,000).

(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.

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:

	2016 $'000	**2015 $'000**
Opening balance	250,759	317,976
Decreases due to sales	(69,980)	(69,590)
Total gains or losses for the period included in profit or loss	55,564	2,373
Closing balance	236,343	250,759
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'	55,564	2,373
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	2,440	(18,113)

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

	2016 $'000	**2015 $'000**
Opening balance	510,516	659,227
Net cost of cane cultivation and value and cane harvested	(181,104)	(287,930)
Total gains or losses for the period included in profit or loss	183,786	139,219
Closing balance	513,198	510,516
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'	183,786	139,219
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	2,682	(68,326)

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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 2016

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Dairy livestock price	$10,286 - $105,013 ($60,449) per animal	The higher the market price, the higher the fair value.
Other livestock price	$6,458 - $99,623 ($45,360) per animal	The higher the market price, the higher the fair value.

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.

The market approach valuation technique was used to fair value the livestock of $236,343,000 (2015 - $250,759,000).

Fair Value at 2016

Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
JRCS	8.600	The higher the JRCS, the higher the fair value.

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.

The market approach valuation technique was used to fair value sugar cane of $513,198,000 (2015 - $510,516,000).

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

(iii) 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 $3,763,779,000 (2015 – $2,478,078,000). 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 $24,334,000.

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 $11,817,000/($11,817,000).

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 12.00%, 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 13%/11% with all other variables constant, the fair value would increase/decrease from US$6,850,000 to US$5,050,000/US$9,100,000.

Joint Venture

The joint venture agreements in relation to the Jamaica Grains & Cereals Limited require unanimous consent from all parties for all relevant activities. The partners have rights to the net assets of the arrangement. This entity is therefore classified as a joint venture and the Group recognises its share of the results for the year.

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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.

	2016			
	Manufacturing	**Distribution**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**
External revenue	9,063,038	6,718,879	-	15,781,917
Inter-segment revenue	4,612,121	-	(4,612,121)	-
Total revenue	13,675,159	6,718,879	(4,612,121)	15,781,917
Segment result	674,823	90,593	-	765,416
Unallocated corporate income				823,300
Operating profit				1,588,716
Segment assets	7,536,809	1,412,056	-	8,948,865
Unallocated corporate assets				8,437,132
Total consolidated assets				17,386,006
Segment liabilities	3,854,179	365,747	-	4,219,926
Unallocated corporate liabilities				3,977,417
Total consolidated liabilities				8,197,343
Other segment items –				
Capital expenditure	476,939	2,761	-	479,700
Unallocated capital expenditure				228,764
Total capital expenditure				708,464
Depreciation	453,657	6,132	-	459,789
Unallocated depreciation				28,756
Total depreciation				488,545

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5. Business Segments (Continued)

	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	-	3,097,641
Unallocated corporate liabilities				2,464,487
Total consolidated liabilities				5,562,128
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

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

The result of its revenue from external customers in Jamaica is $14,906,124,000 (2015 - $13,840,680,000), and the total of revenue from external customers from other countries is $875,793,000 (2015 - $546,188,000).

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6. Finance and Other Operating Income

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Dividend income from subsidiary	-	-	758,414	-
Fair value gains on financial assets at fair value through profit or loss	-	212,474	-	-
Gain on sale of available-for-sale investments	-	43,315	-	43,315
Gain on disposal of property, plant and equipment	3,857	11,108	5,766	1,075
Gain on sale of financial assets at fair value through profit or loss	360,140	-	-	-
Gain on sale of shares in subsidiary	-	-	-	421,954
Interest income from subsidiaries	-	-	345,757	248,977
Manufacturing fees and contribution	-	8,836	-	-
Management fees	52,465	-	52,465	-
Net foreign exchange gains	135,480	68,967	139,349	67,857
Other	86,143	140,801	4,818	12,532
Other dividend income on available-for-sale investments	205	314	205	314
Other dividend income on financial assets at fair value through profit or loss	18,193	24,709	-	-
Other interest income	384,165	233,025	364,423	221,812
Recoveries from managed farms	-	7,728	-	-
Rental income	10,971	9,352	10,971	9,352
	1,051,619	760,629	1,682,168	1,027,188

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7. Expenses by Nature

Total direct, selling, administration and other operating expenses:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Advertising and promotion	166,452	144,143	13,354	7,441
Amortisation of intangible assets	2,540	3,741	-	-
Auditors' remuneration	21,562	20,828	5,980	5,863
Bad debt expense, net of recoveries	63,766	114,360	977	2,427
Cost of inventories recognised as an expense	8,750,336	7,072,390	-	-
Delivery charges	161,211	133,518	-	-
Depreciation	488,545	451,410	28,757	21,543
Donations	31,247	-	31,247	-
Feed, chemicals and veterinary supplies	461,794	480,904	-	-
Fertilising	11,057	53,139	-	-
Insurance	183,881	186,949	18,691	19,649
Motor vehicle expenses	62,628	77,404	13,292	-
Non-recoverable GCT	196,711	101,493	-	-
Professional services	146,889	159,396	77,850	48,575
Raw and packaging material	659,462	678,964	-	-
Repairs and maintenance	560,532	481,450	46,284	11,517
Security	174,316	145,850	26,142	22,275
Supplies	78,453	76,745	-	-
Staff costs (Note 8)	1,909,875	2,078,479	490,223	394,402
Utilities	583,892	634,116	24,561	23,904
Other	529,671	542,390	61,541	71,950
	15,244,820	13,637,669	838,899	629,546

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8. Staff Costs

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	1,416,641	1,433,491	332,811	258,064
Statutory contributions	151,683	170,088	35,041	27,611
Pension – defined benefit (Note 20)	27,000	34,400	27,000	34,400
Pension - defined contribution (Note 20)	31,494	28,011	10,103	5,082
Other retirement benefits (Note 20)	12,300	14,100	12,300	14,100
Pension - defined contribution (Note 20)	850	1,936	-	-
Redundancy cost	-	128,814	-	-
Other	269,907	267,639	72,968	55,145
	1,909,875	2,078,479	490,223	394,402

9. Finance Costs

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Foreign exchange losses	130,362	52,818	-	-
Interest expense –				
Long term loans	195,172	217,935	177,999	128,218
Other	43,896	13,584	7,590	1,439
Amortisation of deferred financing fees	5,201	5,717	-	-
	374,631	290,054	185,589	129,657

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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Current taxation	303,284	316,935	97,000	75,856
Adjustment to prior year provision	115	(329)	115	-
	303,399	316,606	97,115	75,856
Deferred taxation (Note 30)	7,316	(35,289)	53,971	(14,406)
	310,715	281,317	151,086	61,450

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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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Profit before taxation	1,185,924	604,058	1,396,125	829,123
Tax calculated at a tax rate of 25%	296,481	151,015	349,031	207,281
Adjusted for the effect of:				
Investment income not subject to tax	(124,726)	(88,609)	(34,837)	(134,729)
Adjustment to prior year provision	115	(329)	115	-
Employment tax credit	(64,926)	(55,845)	-	-
Profit of subsidiaries not subject to tax	5,777	35,297	-	-
Expenses not deductible	36,000	11,972	31,867	1,020
Loss of joint venture included net of tax	7,040	1,678	-	-
Tax losses of subsidiaries for which no deferred tax assets have been created	163,061	237,080	-	-
Income tax at different rate	(5,748)	(10,066)	(195,351)	(10,066)
Other charges and credits	(2,359)	(876)	261	(2,056)
	310,715	281,317	151,086	61,450

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 2016 amounting to $16,870,000 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		
		2016	
	Before Tax	**Tax Effect**	**After Tax**
	$'000	**$'000**	**$'000**
Fair value gains - Available-for-sale financial assets	(132,385)	-	(132,385)
Remeasurements of post-employment benefit liabilities	222,300	(55,575)	166,725
Other comprehensive income	89,915	(55,575)	34,340

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10. Taxation Expense (Continued)

	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

11. Net Profit Attributable to Stockholders of the Company

Dealt with as follows in the financial statements:

	2016	2015
	$'000	$'000
The Company	1,245,039	767,673
Dividend income from subsidiaries	(758,414)	-
	486,625	767,673
Subsidiaries	633,579	104,991
Joint Venture	(28,161)	(6,711)
	1,092,043	865,953

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.

	2016	2015
Net profit attributable to stockholders from continuing operations ($'000)	1,092,043	611,794
Net profit attributable to stockholders from discontinued operations ($'000)	-	254,159
Net profit attributable to stockholders ($'000)	1,092,043	865,953
Weighted average number of ordinary stock units ('000)	516,339	516,339
Basic earnings per stock unit from continuing operations ($)	2.11	1.18
Basic earnings per stock unit from discontinued operations ($)	-	0.50
Basic earnings per stock unit ($)	2.11	1.68

The Company has no dilutive potential ordinary shares.

13. Dividends

	2016 $'000	2015 $'000
Interim dividends -		
60 cents per stock unit – 8 July 2016	309,839	-
263 cents per stock unit – 7 November 2016	1,358,128	-
60 cents per stock unit – 3 July 2015	-	309,840
35 cents per stock unit – 13 November 2015	-	180,739
	1,667,967	490,579

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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**
			2016			
Cost -						
At 1 January 2016	616,165	1,255,163	4,558,979	415,180	380,297	7,225,784
Additions	42,000	167,646	280,924	7,071	210,823	708,464
Disposals	-	(8,533)	(98,961)	(34,343)	-	(141,837)
Write-offs/Adjustments	-	-	(364)	-	(1,763)	(2,127)
Transfers	-	189,240	303,650	-	(492,890)	-
At 31 December 2016	658,165	1,603,516	5,044,228	387,908	96,467	7,790,284
Accumulated Depreciation -						
At 1 January 2016	-	572,525	2,446,726	299,496	-	3,318,747
Charge for the year	-	31,082	408,231	49,232	-	488,545
On disposals	-	(6,835)	(93,729)	(32,731)	-	(133,295)
At 31 December 2016	-	596,772	2,761,228	315,997	-	3,673,997
Net Book Value -						
At 31 December 2016	658,165	1,006,744	2,283,000	71,911	96,467	4,116,287
			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

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14. Property, Plant and Equipment (Continued)

	The Company					
	Freehold Land & Site Improvements	**Buildings**	**Plant, Equipment & Furniture**	**Motor Vehicles**	**Work in Progress**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
			2016			
Cost -						
At 1 January 2016	66,289	383,576	160,634	50,945	433	661,877
Additions	42,000	149,027	4,290	6,155	27,292	228,764
Disposals	-	(6,764)	-	(20,776)	-	(27,540)
Write-off	-	-	-	-	(1,141)	(1,141)
Transfers	-	-	11,245	-	(11,245)	-
At 31 December 2016	108,289	525,839	176,169	36,324	15,339	861,960
Accumulated Depreciation -						
At 1 January 2016	-	248,934	121,634	33,663	-	404,231
Charge for the year	-	6,912	12,454	9,390	-	28,756
Relieved on disposals	-	(6,030)	-	(19,164)	-	(25,194)
At 31 December 2016	-	249,816	134,088	23,889	-	407,793
Net Book Value -						
At 31 December 2016	108,289	276,023	42,081	12,435	15,339	454,167
			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

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

15. Financial Instruments

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Financial Assets				
Available for sale, at fair value -				
Available-for-sale financial assets (Note 17)	1,705,475	1,837,860	1,705,475	1,837,860
Assets at fair value through profit or loss -				
Financial assets as fair value through profit and loss (Note 24)	-	807,069	-	-
Loans and receivables, at cost or amortised cost -				
Long term receivables (Note 19)	3,620,361	2,643,146	3,479,170	2,643,146
Trade and other receivables (Note 23)	3,680,904	1,740,688	2,032,860	2,562,388
Short term deposits	153,906	142,824	-	-
Cash and cash equivalents (Note 25)	667,505	1,312,707	300,382	1,097,907
	8,122,676	5,839,365	5,812,412	6,303,441
	9,828,151	8,484,294	7,517,887	8,141,301
Financial Liabilities				
At cost or amortised cost -				
Trade and other payables excluding non-financial liabilities (Note 26)	3,743,959	1,981,790	2,120,108	934,281
Long term liabilities (Note 29)	3,428,497	3,012,895	2,391,243	1,885,262
	7,172,456	4,994,685	4,511,351	2,819,543

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	
	2016	**2015**
	$'000	**$'000**
Fair value of brands on acquisition	73,407	73,407
Less: Accumulated amortisation	(71,713)	(69,173)
	1,694	4,234

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	
	2016	**2015**
	$'000	**$'000**
Unquoted equities	1,705,475	1,837,860

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 12% (2015 -11%).

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

	The Group & The Company	
	2016	**2015**
	$'000	**$'000**
Balance at start of year	1,837,860	2,761,923
Disposals	-	(982,560)
Net fair value losses	(252,793)	(27,633)
Effect of changes in foreign exchange rates	120,408	86,130
Balance at end of year	1,705,475	1,837,860

17. Available-for-Sale Investments (Continued)

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

	The Group and Company	
	2016	**2015**
	$'000	**$'000**
JA dollar	40	40
US dollar	1,705,435	1,837,820
	1,705,475	1,837,860

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

18. Investment in Subsidiaries and Joint Venture

Investment in subsidiaries

	2016	**2015**
	$'000	**$'000**
Balance at 1 January	1,398,107	1,410,267
Disposal of subsidiary (Note 36)	(97)	(12,160)
Balance at 31 December	1,398,010	1,398,107

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 wound up the activities of its wholly owned subsidiary Xaymaca Limited.

In 2015, 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 ($216,834,000) (2015 - ($289,053,000)), 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

	2016 $'000	2015 $'000
Current		
Assets	1,079,260	1,012,746
Liabilities	(4,143,903)	(3,306,547)
Total net current liabilities	(3,064,643)	(2,293,801)
Non-current		
Assets	1,090,760	1,149,104
Liabilities	(651,383)	(728,197)
Total net non-current assets	439,377	420,907
Net Liabilities	(2,625,266)	(1,872,894)

Summarised statement of comprehensive income

	2016 $'000	2015 $'000
Revenue	1,310,500	1,387,489
Depreciation and amortisation	(151,968)	(146,936)
Interest income	9,239	9,701
Loss from continuing operations	(752,312)	(1,002,900)
Taxation expense	(60)	(60)
Net loss from continuing operations	(752,372)	(1,002,960)

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18. Investment in Subsidiaries and Joint Venture (Continued)

Investment in subsidiaries (continued)

Summarised cash flows

	2016 $'000	2015 $'000
Cash provided by operations	610,952	694,303
Interest paid	(409,294)	(322,008)
Income tax paid	(60)	(60)
Net cash provided by operating activities	611,476	703,138
Net cash used in investing activities	(84,802)	(141,999)
Net cash used in financing activities	(517,716)	(563,601)
Net increase/(decrease) in cash and cash equivalents	8,958	(2,462)
Cash and cash equivalents at beginning of year	9,444	11,547
Cash and cash equivalents at end of year	18,903	9,444

Investment in joint venture

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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Balance at the beginning of the year	427,403	-	434,114	-
Additions		434,114	-	434,114
Share of loss	(28,161)	(6,711)	-	-
	399,242	427,403	434,114	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 2016 is as follows:

Summarised statement of financial position

	2016 $'000	2015 $'000
Current		
Cash and cash equivalents	208,838	-
Other current assets	172,407	815,620
Total current assets	381,245	815,620
Financial liabilities (excluding trade payables)	(1,408,697)	(14,664)
Other current liabilities (including trade payables)	(47,878)	(80,353)
Total current liabilities	(1,456,575)	(95,017)
Non-current		
Assets	1,868,067	133,637
Other liabilities	-	(5,180)
Total non-current liabilities	1,868,067	128,457
Net assets	792,737	849,060

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18. Investment in Subsidiaries and Joint Venture (Continued)

Investment in joint venture (continued)

Summarised statement of comprehensive income

	2016 $'000	2015 $'000
Revenue	798,637	845,375
Depreciation and amortisation	13,480	11,065
After tax loss from continuing operations	(56,323)	(14,742)

Summarised cash flows

	2016 $'000	2015 $'000
Cash provided by/(used in) operations	1,955,292	(666,176)
Income tax paid	(25)	-
Net cash provided by/(used in) operating activities	1,955,267	(666,176)
Net cash used in investing activities	(1,746,429)	(17,672)
Net cash provided by financing activities	-	683,848
Movement in cash and cash equivalents	208,838	-
Cash and cash equivalents at end of year	208,838	-

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

	2016 $'000	2015 $'000
Opening net assets at 1 January	853,486	184,380
Loss for the year/period	(56,323)	(14,742)
Capital injection	-	683,848
Closing net assets at 31 December	797,163	853,486
Interest in joint venture (%)	50%	50%
Carrying value	398,582	426,743

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19. Long Term Receivables

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
(a) Musson (Jamaica) Limited	240,366	268,657	240,366	268,657
(b) (i) Facey Commodity Company Limited	356,945	334,997	356,945	334,997
(ii) Facey Group Limited	577,293	541,796	577,293	541,796
(c) Musson International Dairies Limited	2,025,888	1,453,028	2,025,888	1,453,028
(d) (i) Bercyn Farms Limited	27,757	40,000	-	-
(ii)Bercyn Farms Limited	350	22,169	-	-
(iii)Bercyn Farms Limited	112,448	-	-	-
Interest receivable	279,314	45,665	278,678	44,668
	3,620,361	2,706,312	3,479,170	2,643,146
Less: Current portion	(76,439)	(121,836)	(47,696)	(89,754)
	3,543,922	2,584,476	3,431,474	2,553,392

(a) 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$15,892,000 (2015 - 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. An additional amount of US192,000 was issued during the year.

(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.

(iii) Advance for replanting and farming operations for the 2016/2017 crop. The principal of $112,448,000 is repayable in 3 installments of $22,618,000 in 2017 and two equal payments of $44,915,000 in 2018 and 2019. The agreement is non-interest bearing.

20. Post-employment Benefits

	The Group & The Company	
	2016	**2015**
	$'000	**$'000**
Asset/(Liabilities) recognised in the statement of financial position –		
Pension scheme	40,300	(142,800)
Medical benefits	(143,000)	(155,100)
	(102,700)	(297,900)
Amounts recognised in profit or loss –		
Pension scheme	27,000	34,400
Medical benefits	12,300	14,100
Amounts recognised in other comprehensive income –		
Pension scheme	(207,500)	(96,500)
Medical benefits	(14,800)	800

(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 $31,494,000 (2015 - $28,311,000) and $10,103,000 (2015 - $5,082,000), 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 $850,000 (2015 -$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 2016.

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:

	2016 $'000	2015 $'000
Present value of funded obligations	(896,700)	(993,900)
Fair value of plan assets	957,300	851,100
Liability in the statement of financial position	60,600	(142,800)
Unrecognised asset due to limitation in paragraph 64	(20,300)	-
	40,300	(142,800)

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

	2016 $'000	2015 $'000
Balance at beginning of year	(993,900)	(932,500)
Current service cost	(16,300)	(16,200)
Interest cost	(83,700)	(87,100)
	(1,093,900)	(1,035,800)
Re-measurements -		
Experience gains/(losses)	147,100	(22,200)
Members' contributions	(1,900)	(1,900)
Benefits paid	52,000	66,000
Balance at end of year	(896,700)	(993,900)

20. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

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

	2016 $'000	2015 $'000
Balance at beginning of year	851,100	724,800
Interest income	70,400	66,100
Re-measurement -		
Return on plan assets, excluding amounts included in interest income	80,700	118,700
Employer's contributions	2,600	2,800
Members' contributions	4,500	4,700
Benefits paid	(52,000)	(66,000)
Balance at end of year	957,300	851,100

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

	2016 $'000	2015 $'000
Current service cost	13,700	13,400
Interest costs	83,700	87,100
Interest income	(70,400)	(66,100)
Total, included in staff costs (Note 8)	27,000	34,400

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $349,700,000 relating to active employees, $547,000,000 relating to members in retirement.

20. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

Plan assets are comprised as follows:

	2016			
	Quoted	**Unquoted**	**Total**	
	$'000	**$'000**	**$'000**	**%**
Debt securities:				
Government of Jamaica	-	285,378	285,378	29.8
Corporate	-	43,858	43,858	4.6
Real estate	-	71,262	71,262	7.4
Equity securities	314,787	-	314,787	32.9
Preference shares	55,329	-	55,329	5.8
Repurchase agreement	-	113,282	113,282	11.8
Other	-	73,435	73,404	7.7
	370,116	587,215	957,300	100

	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

At 31 December, the fund had investments with a fair value of $53,600,000 (2015 - $26,279,000) 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 2017 are $25,605,000.

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

	2016 $'000	2015 $'000
Liability at beginning of year	142,800	207,700
Amounts recognised in profit or loss in the statement of comprehensive income	27,000	34,400
Amounts recognised in other comprehensive income	(207,500)	(96,500)
Contributions paid	(2,600)	(2,800)
(Assets)/Liability at end of year	(40,300)	142,800

The significant actuarial assumptions used were as follows:

	2016	2015
Discount rate	9.0%	8.5%
Future salary increases	6.0%	5.0%
Expected pension increase	2.5%	3.5%

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%	(78,800)	(94,200)
Future salary increases	1%	8,100	7,900
Expected pension increase	1%	83,300	(86,700)

	Increase Assumption by One Year	**Decrease Assumption by One Year**
	$'000	**$'000**
Life expectancy	14,100	14,700

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 8.5% (2015 – 7.5%) per annum.

20. Post-employment Benefits (Continued)

(b) Other post-employment benefits (continued)

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

	2016 $'000	2015 $'000
Present value of unfunded obligations	143,000	155,100

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

	2016 $'000	2015 $'000
Balance at beginning of year	(155,100)	(150,300)
Current service cost	(300)	(300)
Interest expense	(12,000)	(13,800)
	(167,400)	(164,400)
Re-measurements -		
Experience gains/(losses)	14,800	(800)
Benefits paid	9,600	10,100
Balance at end of year	(143,000)	(155,100)

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

	2016 $'000	2015 $'000
Current service cost	300	300
Interest cost	12,000	13,800
Total, included in team member costs (Note 8)	12,300	14,100

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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:

	2016 $'000	2015 $'000
Liability at beginning of year	155,100	150,300
Amounts recognised in the profit or loss in the statement of comprehensive income (Note 8)	12,300	14,100
Contributions by employer	(9,600)	(10,100)
Amounts recognised in other comprehensive income	(14,800)	800
Liability at end of year	143,000	155,100

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%	19,000	(4,600)
Medical cost	1%	4,600	(19,000)

	Increase Assumption by One Year	Decrease Assumption by One Year
	$'000	$'000
Life expectancy	5,800	(18,200)

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.

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 2016 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

	2016	2015
	$'000	$'000
Dairy livestock –		
2,486 (2015 – 2,603) Cows able to produce milk	100,866	105,973
2,446 (2015 – 2,678) Heifers being raised to produce milk in the future	132,924	141,810
Other livestock –		
46 (2015 – 77) Bulls raised for sale and reproduction	2,433	2,826
4 (2015 – 5) Horses raised	120	150
	236,343	250,759

6,787,124 litres (2015 – 6,862,560 litres) of milk with a fair value (less estimated point-of-sale costs) of $559,938,000 (2015 - $552,335,000) were produced during the period.

21. Biological Assets (Continued)

Non-current – livestock (continued)

The movement in livestock during the year was as follows:

	2016 $'000	2015 $'000
Balance at start of year	250,759	317,976
Sales	(69,980)	(69,590)
Changes in fair value less estimated point-of-sale costs - cattle	55,564	2,373
Balance at end of year	236,343	250,759

Current – sugar cane

	2016 $'000	2015 $'000
94,104 tonnes (2015 – 95,685 tonnes)	513,198	510,516

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

	2016 $'000	2015 $'000
Balance at start of year	510,516	659,227
Net cost of cane cultivation and value of cane harvested	(181,104)	(287,930)
Changes in fair value less estimated point-of-sale costs	183,786	139,219
Balance at end of year	513,198	510,516

Included in the income statement:

	2016 $'000	2015 $'000
Fair value of milk produced	559,938	552,335
Sales of sugar and molasses	1,126,714	1,248,270
Changes in fair value less cost to sell of sugar cane	183,786	139,219
Changes in fair value less estimated point of sale costs of livestock	55,564	2,373
Direct expenses	(1,786,660)	(2,278,030)

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

	2016 $'000	2015 $'000
Dairy livestock	233,790	247,783
Other livestock	2,553	2,976
Sugar cane	513,198	510,516
	749,541	761,275

22. Inventories

	2016	2015
	$'000	$'000
Raw and packaging materials	1,201,390	1,067,092
Work in progress	53,570	33,737
Finished goods	134,047	132,313
Merchandise for resale	246,213	234,812
Other	172,903	186,379
Goods in transit	122,145	92,128
	1,930,268	1,746,461

The cost of inventories recognised as write-off and included in direct expenses amounted to $6,607,000 (2015 - $20,496,000).

23. Trade and Other Receivables

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Trade receivables	1,385,519	988,588	3,619	3,619
Less: Provision for impairment	(110,705)	(82,442)	(3,619)	(3,619)
	1,274,814	906,146	-	-
Advances and prepayments	195,911	224,407	65,816	110,256
Due from affiliate	2,406,090	403,555	2,032,860	-
Other	115,095	206,589	-	-
	3,991,910	1,740,697	2,098,676	110,256

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. During the year the Group disposed of these investments realising a gain of $360,140,000.

25. Cash and Cash Equivalents

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash at bank and in hand	667,505	1,312,707	300,382	1,097,907

26. Payables

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	1,640,404	746,242	-	-
Accruals	419,827	354,182	138,367	114,715
Due to affiliate	2,103,555	686,294	1,743,364	686,294
Other	304,693	195,072	238,377	133,272
	4,468,479	1,981,790	2,120,108	934,281

27. Share Capital

	2016	**2015**	**2016**	**2015**
	'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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'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	472,763	605,148	472,763	605,148
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
	1,279,785	1,412,170	719,247	851,632

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	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Loan amounts	3,413,085	2,999,275	2,375,831	1,871,642
Interest payable	15,412	13,620	15,412	13,620
	3,428,497	3,012,895	2,391,243	1,885,262
Less: Current portion	(2,182,838)	(1,447,781)	(2,012,219)	(1,285,262)
	1,245,659	1,565,114	379,024	600,000

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
(i) Tetra Pak – LIBOR + 3%	-	12,121	-	-
(ii) Tetra Pak – 8%	253,265	263,516	-	-
(iii) Sugar Industry Authority – 5%	25,346	26,292	-	-
(iv) National Commercial Bank (Jamaica) Limited – 6.25% - 6.50%	758,643	825,704	-	-
(v) CIBC FirstCaribbean International Securities Limited - WATBY+2.5%	600,000	600,000	600,000	600,000
(vi) CIBC FirstCaribbean International Bank Jamaica Limited - LIBOR 1.3%	705,738	661,642	705,738	661,642
(vii) National Commercial Bank (Jamaica) Limited – 12%	190,000	390,000	190,000	390,000
(viii) JMMB Merchant Bank Limited – 13%	220,000	220,000	220,000	220,000
(ix) Eppley Limited – 6.5%	72,444	-	72,444	-
(x) First Global Bank – 13%	100,000	-	100,000	-
(xi) Coconut Industry Board – 3%	370,789	-	370,789	-
(xii) Food Ingredient Limited	116,860	-	116,860	-
	3,413,085	2,999,275	2,375,831	1,871,642

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. The amount was fully repaid during the year.

(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) 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)

(v) 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. There was a breach of the covenants at year end for which the Company has not received a waiver from the bank and as a result the balance was classified as a current liability.

(vi) 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.

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

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

(ix) Denominated in US dollars for a period of one year at an interest rate of 6.5%, payable in 12 monthly instalments of US$144,487.

(x) An unsecured loan facility denominated in Jamaican dollars for a period of one year. The loan is due in full at maturity July 2017.

(xi) In November 2016, the company received an unsecured loan facility denominated in US dollars at an interest rate of 3%. Interest is paid quarterly and the loan is due in full at maturity date November 2018.

(xii) May 2016, the company received an unsecured loan facility denominated in US dollars and used to acquire property, plant and equipment. The loan is payable in 5 quarterly instalments of US$303,000.

(xiii) 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deferred tax assets	20,063	73,701	-	64,223
Deferred tax liabilities	(191,834)	(182,581)	(45,323)	-
Net (liabilities)/assets	(171,771)	(108,880)	(45,323)	64,223

The movement in deferred taxation is as follows:

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Balance at start of year	(108,880)	(125,990)	64,223	73,742
Disposal of subsidiary	-	5,746	-	-
(Charged)/credited to profit or loss (Note 10)	(7,316)	35,289	(53,971)	14,406
Charged to components of other comprehensive income (Note 10)	(55,575)	(23,925)	(55,575)	(23,925)
Balance at end of year	(171,771)	(108,880)	(45,323)	64,223

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

	The Group		The Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Accelerated tax depreciation	50,576	1,099	(2,350)	2,450
Retirement benefits	6,775	8,900	6,775	8,900
Tax losses carried forward	(1,890)	13,376	-	-
Interest receivable	(58,500)	8,782	(58,500)	8,782
Other	(4,277)	3,132	104	(5,726)
	(7,316)	35,289	(53,971)	14,406

30. Deferred Taxation (Continued)

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

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Accelerated tax depreciation	(182,609)	(233,185)	(8,063)	(5,713)
Retirement benefits	25,675	74,475	25,675	74,475
Tax losses carried forward	36,660	34,770	-	-
Unrealised exchange gains	-	120	-	-
Other	(51,497)	14,940	(62,935)	(4,539)
	(171,771)	(108,880)	(45,323)	64,223

Subject to agreement with the Taxpayer Audit and Assessment Department, losses available for offset against future profits of certain subsidiaries amount to $4,020,579,000 (2015 – $3,112,901,000). Of those losses, no deferred tax assets have been created in respect of $3,800,292,000 (2015 - $3,033,352,000) 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	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Deferred tax assets to be recovered after more than 12 months	62,335	109,245	25,675	74,475
Deferred tax assets to be recovered within 12 months	(51,497)	15,060	-	(4,539)
	10,838	124,305	25,675	69,936
Deferred tax liabilities to be settled after more than 12 months	(182,609)	(233,185)	(8,063)	(5,713)
Deferred tax liabilities to be settled within 12 months	-	-	(62,935)	-
	(182,609)	(233,185)	(70,998)	(5,713)
Net (liabilities)/asset	(171,771)	(108,880)	(45,323)	64,223

Seprod Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

31. Cash Generated from Operations

	The Group		The Company	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Net profit	875,209	576,900	1,245,039	767,673
Items not affecting cash resources:				
Amortisation of intangible assets	2,540	3,741	-	-
Depreciation	488,545	451,410	28,756	21,543
Foreign exchange gains	(5,118)	(16,149)	(139,349)	(67,857)
Gain on sale of available-for-sale investments	-	(43,315)	-	(43,315)
Gain on financial assets through profit or loss	(371,126)	-	-	-
Unrealised gains on financial assets through profit or loss	-	(212,474)	-	-
Gain on disposal of property, plant and equipment	(3,857)	(11,108)	(5,766)	(1,075)
Property, plant and equipment written off	2,127	40,558	1,141	7,826
Interest income	(384,165)	(233,025)	(710,180)	(470,789)
Amortisation of deferred fees	5,201	5,717	-	-
Unremitted equity income in joint venture	28,161	6,711	-	-
(Gain)/Loss on disposal of interest in subsidiary	-	(255,479)	97	(421,954)
Interest expense	239,068	231,519	185,589	129,657
Retirement benefits	27,100	35,600	27,100	35,600
Dividend income	(18,398)	(25,023)	(758,619)	(314)
Taxation	310,715	281,317	151,086	61,450
	1,196,002	836,900	24,894	18,445
Changes in operating assets and liabilities:				
Inventories	(183,807)	68,678	-	-
Receivables	(2,255,082)	200,362	(1,988,420)	44,497
Biological assets	11,734	215,928	-	-
Due from subsidiaries	-	-	(197,072)	1,233,055
Due to subsidiaries	-	-	1,074,531	(1,112,659)
Provisions	-	(10,631)	-	-
Accounts payable	2,486,689	816,603	1,185,827	724,797
	1,255,536	2,127,840	99,760	908,135
Taxation paid	(372,653)	(318,865)	(101,182)	(66,898)
Cash provided by/(used in) operating activities	882,883	1,808,975	(1,422)	841,237

Seprod Limited

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32. 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 $3,402,530,000 (2015 – $3,479,016,000) to and purchases of $819,153,000 (2015 – $235,156,000) from Musson (Jamaica) Limited, T.Geddes Grant (Distributors) Limited, Musson International Diaries Limited - Jamaica 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 $2,512,303,000 and $2,264,630,000 (2015 - $400,874,000 and $12,463,000), respectively, in respect of these transactions.

A subsidiary paid cess of $4,438,000 (2015 - $5,482,000) based on the importation of copra-based and substitute products to Coconut Industry Board, a major shareholder of the Company.

(b) Key management compensation

	2016 $'000	2015 $'000
Wages and salaries	150,746	123,980
Statutory contributions	19,149	11,694
Other	530	330
	170,425	136,004
Directors' emoluments –		
Fees	7,499	5,134
Medical insurance premiums	7,559	5,224
Management remuneration (included above)	126,911	99,048

(c) Advances and loans

Loans to other related parties are disclosed in Note 19. Interest earned on these loans during the year amounted to US$2,705,000/JMD$356,950,241 (2015 – US$1,091,000/JMD$14,972,054).

33. 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$60 per hectare per annum, the annual lease cost to the subsidiary is US$92,000.

At 31 December 2016, capital commitments were $Nil (2015 - $2,757,000) for the Group.

(b) At 31 December 2016, management had approved approximately $64 million (2015 – $186 million) for capital expenditure in respect of certain subsidiaries.

34. Litigation, Claims, Assessments and Provisions

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.

35. Disposal of Subsidiary in Prior Year

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

35. Disposal of Subsidiary in Prior Year (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**
Revenue	609,005
Direct expenses	(435,395)
Gross profit	173,610
Selling expenses	(21,288)
Other operating income	699
Administrative and other operating expenses	(154,341)
Loss before Taxation	(1,320)
Taxation	-
Loss after Tax of Discontinued Operations	(1,320)
Gain on disposal of subsidiary	255,479
Profit for the Year from Discontinued Operations	254,159

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

	2015 **$'000**
Continuing operations	387,503
Discontinued operations	255,479
	642,982

Cash flows from discontinued operations are as follows:

	2015 **$'000**
Operating cash flows	11,208
Investing cash flows	(11,208)

36. Liquidation of Subsidiary

At 31 December 2016, Xaymaca Limited was wound up.

The details of the entity's net assets at liquidation date were as follows:

	2016 **$'000**
Receivables	(140)
Current assets – due from group company	(2,047)
Net assets	(2,187)

The Group's loss on liquidation was calculated as follows:

Net assets at liquidation date	97
Net liability	43
Loss on liquidation	140

The company's loss on liquidation was calculated as follows:

Write-off of amounts payable to group company	2,047
Less: Write-off of the company's investment in subsidiary	(97)
Less: Amount taken over by parent company	(2,090)
Loss on liquidation (Note 6)	(140)