

2015 ANNUAL REPORT





Mission Statement

Provide a sufficient quantity of good quality products at reasonable prices to our customers.

Maintain a good return on investment to our shareholders.

Provide our employees with reasonable remuneration and opportunities for personal development and job satisfaction.

Perform the role of a good corporate citizen and contribute to the public welfare.



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A premier food marketing & distribution entity





Notice of Annual

General Meeting

NOTICE IS HEREBY GIVEN that the SEVENTY-SEVENTH ANNUAL GENERAL MEETING of the Company will be held at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5 on July 11, 2016, at 11:00am, for the purpose of transacting the following business:

- 1. To receive and consider the Directors' Report, the Auditors' Report and the Audited Accounts for the year ended December 31, 2015.
- 2. To elect the following retiring Directors:
 - P.B. Scott
 - Michael Subratie
 - Nicholas Scott
- 3. To fix the remuneration of Directors.
- 4. To authorize the Directors to fix the remuneration of the Auditors, PricewaterhouseCoopers, who have indicated their willingness to continue in office.
- 5. To transact any other business which may properly be transacted at an Annual General Meeting.

DATED this 2nd day of May, 2016

BY ORDER OF THE BOARD

MARILYN ANDERSON Secretary

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member. Proxy forms must be lodged at the Company's registered office, 3 Felix Fox Boulevard, Kingston, not less than 48 hours before time of meeting.

Directors'

Report

The Directors of Seprod Limited submit herewith their Annual Report and Audited Accounts for the year ended December 31, 2015.

FINANCIAL RESULTS

The Group ended the year with a profit before tax of \$604 million and a net profit attributable to shareholders of \$577 million. Details of these results, along with a comparison with the previous year's performance and the state of affairs of the Company are set out in the Managing Director's Report and the Financial Statements which are included as part of the Report.

DIVIDEND

A dividend of Sixty cents (\$0.60) per ordinary stock unit to stockholders on record as at 29th May, 2015 was paid on 3rd July, 2015. A further dividend of Thirty-five cents (\$0.35) per ordinary stock unit to stockholders on record as at 30th October, 2015 was paid on 13th November, 2015.

The Directors do not recommend any further payment of dividend for 2015.

DIRECTORS

Mr. Aston Smith resigned from the Board of Directors effective 31st May, 2015. In accordance with Articles 89 and 91 of the Company's Articles of Association, the following directors are retiring from office and, being eligible, offer themselves for re-election:

- P.B. Scott
- <u>Michael Sub</u>ratie
- Nicholas Scott

Mrs. Shelley-Ann Gayle Morris was appointed to the Board of Directors effective 2nd November, 2015.

AUDITORS

The Auditors, Messrs
PricewaterhouseCoopers have indicated
their willingness to continue in office. The
Directors recommend their re-appointment.

AUDIT COMMITTEE

The Board of Directors of Seprod Limited exercises its responsibilities for the Financial Statements included in this Report through its Audit Committee, which consists of non-management Board members:

Mrs. Melanie Subratie, Chairperson and members:

Mr. Granville Marsh, Dr. Nigel Clarke and Mr. Byron Thompson.

The independent accountants and internal auditors have full and free access to the Audit Committee. The Audit Committee meets quarterly with the independent accountants and the Internal Auditors, both privately and with management present, to discuss accounting, auditing and financial reporting matters.

EMPLOYEES

The Directors wish to express their appreciation to the employees for their loyal services throughout the year.

Submitted on behalf of the Board of Directors.

P.B. SCOTT Chairman THE GROUP ENDED THE YEAR WITH A PROFIT BEFORE TAX OF

\$604 Million

AND A NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF

\$577 Million



Directors'

Profile



P. B. SCOTT (Chairman)

Director since 2000; he was appointed Chairman in 2009. He is the Chairman and Chief Executive Officer of the Musson Group of Companies and the Chairman of all the subsidiaries in the Musson Group including Facey Commodity Company Limited, General Accident Insurance Company Limited, Productive Business Solutions Limited among others. He is also a Director of Scotia Jamaica Life Insurance Company and the Jamaica Chamber of Commerce. He was appointed the Honorary Consul General for Guatamala in Jamaica in 2009.

PETER J. THWAITES (Vice Chairman)

Director since 2001. He is a retired Insurance Executive, a past President of the Private Sector Organisation of Jamaica, a past Chairman of the Electoral Advisory Committee, now the Electoral Commission of Jamaica, Chairman of Crime Stop Jamaica, a Director of Thwaites Finson Sharp Insurance Brokers, Guardian General Insurance Jamaica, a subsidiary of Guardian Holdings of Trinidad and Tobago and Rototech International Limited.



Directors'

Profile



RICHARD R. PANDOHIE, JP (CEO/Managing Director)

Appointed in December, 2012. He was appointed Chief Executive Officer and Managing Director in January, 2015. Mr. Pandohie has held several senior executive positions in the Caribbean and Central America. He is a former Managing Director of Carreras Limited in Jamaica, a former President of the Rotary Club of New Kingston and a Director of the Jamaica Manufacturers' Association. He holds a Masters of Business Administration degree in Corporate Finance and Operations from the McGill University and a Bachelor of Science degree in Chemical Engineering from The University of the West Indies.

BYRON E. THOMPSON JP, MBA

Director since 1995. He is a former Chief Executive Officer and Managing Director of the Seprod Group of Companies. He is a Director of Seprod Limited and its subsidiaries, Jamaica Manufacturers' Association, Jamaica Dairy Development Board, Jamaica Cane Products Sales Limited and the Sugar Manufacturing Corporation of Jamaica Limited. He holds a Batchelor's Degree in Chemistry and Geology from the University of the West Indies and an MBA from Barry University, Florida, USA.



Directors'

Profile



GRANVILLE E. MARSH JP

Director since 1991. He is also a
Director of the Coconut Industry Board
and Templeman Transport Limited. He
is the Chairman of Epping Oil Company
Limited and Epping Retail Limited and
Managing Director of Mars Auto Parts &
Transmission Services Limited. He also
sits on the Boards of the subsidiaries of
Seprod Limited and is a member of the
Audit Committee.

DR. NIGEL CLARKE BSC., MSC., D.PHIL

Director since 2003. He is Deputy
Chairman and Chief Financial Officer
of the Musson Group of Companies
and serves on the Board of directors
of all Musson companies including
Facey Group, T. Geddes Grant, General
Accident, and their subsidiaries, among
other group companies. In addition he is
Chairman of Eppley Limited and Deputy
Chairman of the PBS Group. Dr. Clarke is
a member of the Executive Committee
of the Board of Seprod and sits on the
Board of directors of all its subsidiary
companies.



Directors'

Profile



MICHAEL J. SUBRATIE JP, BCE, MSCE, EIT

Director since November, 2009. He is the Managing Director of T. Geddes Grant (Distributors) Limited as well as a Director of the Musson Group of Companies in charge of Musson's manufacturing & trading business entities. Michael has served on several government boards including the Urban Development Corporation, Jamaica Urban Transit Company, Jamaica Railway Corporation, Montego Freeport Limited and the former Pegasus Hotel. He also sits on the board of the American Chamber of Commerce, and he was recently appointed Honorary Consul of Bangladesh. Mr. Subratie holds both a Bachelor's Degree in Civil Engineering with highest honour from Georgia Institute of Technology and a Master's Degree in Structural Engineering from Purdue University.

MELANIE M. SUBRATIE BSC. (HONS.)

Director since 2006. She is an honours graduate of the London School of Economics, and is currently the Chairman of Transaction Epins Limited, Productive Business Solutions (Jamaica) Limited, Musson Foundation and the Seprod Foundation. She is Vice Chairman of General Accident Insurance Company and Musson (Jamaica) Limited. She serves on all the Boards of the subsidiaries of the Musson Group. She returned to Jamaica over ten years ago, after working at the Financial Services Division of Deloitte & Touche, U.K. She also worked for startup political newswire service DeHavilland.



Directors of the Direct

Profile



NICHOLAS A. SCOTT

Appointed in December 2012. He is the Chief Investment Officer of the Investment and Financial Services businesses of the Musson Group. In that capacity he serves as the Managing Director of Eppley Limited and a director of General Accident Insurance Company (Jamaica) Limited. Mr. Scott is a director of IWC Opportunity Fund I and Jakes Holdings Limited and is a former Vice-President of the Private Sector Organization of Jamaica. He holds a B.Sc. in Economics from the Wharton School at the University of Pennsylvania, an M.B.A from Columbia Business School and a M.P.A. from the Harvard Kennedy School of Government.



of the Board

Mr. P.B. Scott (Chairman)

Mr. P.J. Thwaites

Mr. B.E. Thompson

Mr. R.R. Pandohie

Dr. N. A. Clarke Mrs. M. M. Subratie

Mr. G.E. Marsh

Mr. P.J. Thwaites (Chairman)

Mr. P.B. Scott

Mr. B.E. Thompson

Mr. N.A. Scott

Mr. P.J. Thwaites (Chairman)

Dr. N. A. Clarke

Mr. N.A. Scott

Mrs. M.M. Subratie

Mrs. M. M. Subratie (Chairperson)

Mr. G.E. Marsh

Dr. N.A. Clarke

Mr. B.E. Thompson



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Shareholders'

Profile

AS AT DECEMBER 31, 2015

TEN LARGEST SHAREHOLDERS						
1. Musson (Jamaica) Limited*	233,747,988					
2. Coconut Industry Board	163,420,345					
3. GraceKennedy Limited Pension Scheme	21,955,904					
4. National Insurance Fund	15,443,045					
5. Scotia Jamaica Investment Management - A/C 3119	7,724,433					
6. NCB Insurance Company Limited – A/C 109	4,085,146					
7. JCSD Trustee Services – Sigma Optima	2,304,958					
8. NCB Insurance Co. Ltd. A/C WT161	2,079,210					
9. National Export-Import Bank Pension Fund	2,070,993					
10. Estate Richard G.S. Jackson	2,042,762					
* - Connected Persons: P. B. Scott, Melanie M. Subratie						

Shareholders'

Profile

AS AT DECEMBER 31, 2015

SHAREHOLDINGS OF DIRECTORS ALONG WITH THEIR CONNECTED PERSONS						
1.	P. B. Scott	NIL				
	Shareholding of connected persons	233,747,988				
2.	Melanie M. Subratie	NIL				
	Shareholding of connected persons	233,747,988				
3.	Byron E. Thompson	1,220,668				
4.	Granville E. Marsh	6,561				
5.	Nigel A. Clarke	990				
6.	Peter J. Thwaites	NIL				
7.	Michael J. Subratie	NIL				
8.	Nicholas A. Scott	NIL				
9.	Richard R. Pandohie	NIL				

Shareholders'

Profile

AS AT DECEMBER 31, 2015

SHA	SHAREHOLDINGS OF EXECUTIVES					
1.	Angela Cooper	18,854				
2.	Marilyn Anderson	NIL				
3.	Rupert Ashman	NIL				
4.	Clement Burnett	NIL				
5.	Evrol Dixon	NIL				
6.	Milton Maragh	NIL				
7.	Paul Watson	NIL				
8.	Phillip Webster	NIL				
9.	Patrick Sterling	NIL				
10.	Marvin Cummings	NIL				
11.	Roger Thompson	NIL				
12.	Winston Harrison	NIL				
13.	Carol Andrade	NIL				
14.	Gavin Bellamy	NIL				
15.	Roxiana Tyrell	NIL				

Directors'

Attendance

Number of Board Meetings	11
P. B. Scott	11
Richard Pandohie	11
Byron Thompson	11
Granville Marsh	11
Melanie Subratie	10
Michael Subratie	10
Peter Thwaites	10
Nicholas Scott	10
Nigel Clarke	8
Leonard Green	8
Shelly-Ann Gayle-Morris (Appointed November 2015)	2

NOT

Leonard Green & Shelly-Ann Gayle-Morris Resigned April 6, 2016

Christopher Gentles Appointed April 21, 2016

Seprod has fully committed to growing **THROUGH EXPORT** & INNOVATION ?? - Mr. P.B. Scott (Chairman)

Message from

the Chairman

The level of productive activity at Seprod in 2015 certainly was not reflected in the annual results. Overall earnings per share fell from \$1.96 to \$1.68 in 2015. If we remove the one off gain from the investment in Jamaica Grain and Cereals Ltd. the earnings per share from continued operations dropped to \$1.18. This reduction and innovation. This has resulted in is primarily a result of restructuring charges associated with the sugar operations at Golden Grove Sugar Company Ltd. Our other businesses generally performed as we expected.

In 2015 we made it clear we would attempt to control to the best of our ability the components of the sugar business that fell within our control. These included cost management and good practices in both the facilities at the wharf. These projects agriculture and processing sections of the business. In 2015 your management worked hard to make structural changes to these through contracting out the agricultural and transport departments combined with increased investment in management on the processing side. In addition to this Golden Grove became an agent of the SIA allowing Golden Grove to sell its' own sugar. This means for the first time Golden Grove can work to optimize the price that it will receive for the sugar. As a result Golden Grove has invested in improving the quality of the product so as to differentiate the product substantially to deliver a premium in the Caribbean markets. These changes were required for the sugar operations to be made viable. They were extremely costly but we expect the benefits to accrue in the future through improved financial results in that operation. There will still be challenges within the industry as a whole

and structural changes will need to be made overall for good commercial outcomes to be consistently delivered.

Seprod did not only invest in its sugar operations in 2015. Seprod has fully committed to growing through export an investment program throughout the business to ensure increased competitiveness, capacity, improved best practices and ultimately growth. Significant investments include a new Tetra Pak line at Serge, a new oven at IBL, shade houses and mix rationing machine at Serge Farm, through Jamaica Grain and Cereals Ltd. a complete modernization of the cornmeal plant and the investment in storage amongst other investments are exciting and material. We will see significant productivity gains and growth from them in 2016 and 2017.

I would like to take this opportunity to thank the management and employees at Seprod as well as my fellow directors for their hard work in 2015.









THE LARGEST DAIRY OPERATION IN THE **ENGLISH SPEAKING CARIBBEAN**

[INSPIRED by goodness] CREATED BY Nature]



GROUP OF COMPANIES









Seprod is continuing to strengthen its focus on **QUALITY AND FOOD SAFETY CULTURE OF** THE ORGANIZATION. - Richard R. Pandohie, JP (CEO/Managing Director)

Management Discussion

and Analysis

TO OUR SHAREHOLDERS,

When I stepped into the CEO role 15 months ago, the mandate from the Board was very clear; transform Seprod into an aggressive growth entity. This transformative process is a journey; we have completed the first year and it was an enthralling one.

Seprod is continuing to strengthen its focus on quality and food safety cultur of the organization. This has been done by implementing a program to ensure that all our factories and farms are FSS 22000 certified (food safety system). The provided in the process is focus on quality and food safety culture of the organization.

To use a Formula One analogy, we took a pit stop in 2015 to change tyres and re-tune the engine in order to better position us for 2016 and beyond.

In 2015, we had operating profit of \$901M, a decline of 38% over 2014 when we had operating profit of J\$1.46B. This was primarily driven by significant restructuring costs related to the sugar operations at Golden Grove, the write off of obsolete inventory and the disruption of the Serge Island Dairy operation to install a new packaging line. The results were also negatively impacted by one of the worst droughts in Jamaica's history, which drove up the operational cost and reduced production of the agri-businesses. Despite this reduced operating profit, credit must be given to the almost 2,000 team members who continue to work diligently in setting the Group on a path of sustained profitability. We have talented and engaged people, who are passionate about the company and the iconic brands that we bring to our customers and consumers every day. Investing in the development of our team members forms an important part of our objectives towards sustainable growth.

The retooling and restructuring exercises in 2015 have set a solid platform for us to drive growth and deliver on our commitment to create value for all our stakeholders.

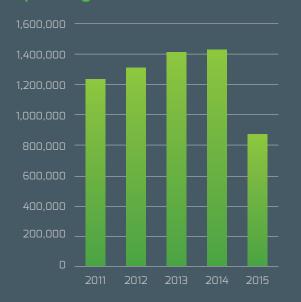
OUALITY FOCUS

Seprod is continuing to strengthen its focus on quality and food safety culture of the organization. This has been done by implementing a program to ensure that all our factories and farms are FSSC 22000 certified (food safety system). This will be followed by an ISO 9001 (Quality) certification across all our facilities. Full implementation of both food safety and quality certification are expected to be completed by 2018.

Let me update you on the 2015 performance:

Group revenue for 2015 was \$13.78B, which is a decrease of 1.6% over 2014, due to ongoing economic challenges that affected consumers' purchasing power.

Operating Profit



Operating profit decreased by 38% to \$901M. Direct expenses were impacted by;

- Local currency devaluation;
- Redundancy and other restructuring costs;
- Significant production losses due to severe and prolonged drought conditions.

Management Discussion

and Analysis

Earnings per share were \$1.68 down from \$1.96 in prior year. A decrease of \$0.28 or 14.3%.

Dividend per share was \$0.95, up from \$0.90 in prior year, an increase of \$0.05.



- Total assets grew by 10.5% to \$15.5B
- Shareholders' equity increased by \$441m to \$10.5B.

Despite the decrease in the operating profit, we have a solid balance sheet that reflects a strong financial position; the increased capital expenditure sets us on a solid footing to pursue innovation-led growth in 2016.

SEGMENT PERFORMANCE

The companies in the manufacturing and distribution segments include:

Caribbean Products Company Limited: Manufactures oils and fats, including the iconic Chiffon and Gold Seal brands.

Jamaica Grain and Cereals Limited:

Manufactures Pronto porridge and various corn products for the industrial and retail universe.

Serge Island Dairies Limited:

Possibly the most advanced Tetra-packaging factory in the island which produces the

iconic Serge Island brands, along with Swizzle, Cool Fruit, Delite and other juices. The company also contract packs Cadbury and Ovaltine brands.

Serge Island Farms Limited: Over 5,500 heads of cattle producing 100% Grade fresh milk.

International Biscuits Limited:

Manufactures Butterkist, Snackables and Ovaltine brands.

Golden Grove Sugar Company Limited:

Manufacture of bulk and bag sugar and molasses. The only locally owned sugar factory with a bagging facility.

Industrial Sales: Represents the distribution segment and is engaged in the distribution of the Seprod manufactured goods, as well as a wide range of consumer items, primarily under the Miracle brand.

Overall, segment revenue reflected modest to no growth when compared with prior year. Two (2) of the operations experienced material changes to their operations.

Management Discussion

and Analysis

These are:

Golden Grove Sugar Company (GGSC)

The sugar industry has been in the news for all the wrong reasons. With the industry no longer enjoying artificially high prices to Europe that masked the underlying structural deficiencies; the fallout has been severe. GGSC took steps to mitigate the much publicized issues in the industry by outsourcing the estate farm operations, upgrading the people capability in the factory and obtaining permission from the Government to gain marketing agency status, thus allowing GGSC to market and sell its own sugar. All of these are critical steps in moving a massively unprofitable operation to one that could have a future. The impact of the drought was catastrophic and recovery will not be seen until 2017.

	2015 Actual	2014 Actual	2013 Actual
Sugar Produced (MT)	16,018	19,043	13,960
Molasses Produced (MT)	7,987	10,521	7,534
Canes Crushed (MT)	196,631	255,024	176,888
TC/TS	12.28	13.40	12.67
Revenues (\$B)	1.25	1.68	1.21

Whilst this operation continues to be a challenge, with several key variables beyond our control; Management is convinced that we have the marketing and sales capability to sell our own sugar at a price better than any other entity in the Caribbean. Furthermore, we believe that there are more value-added opportunities that can benefit the entire industry.

Jamaica Grain and Cereals Limited (JG&C) During the year, the Group reduced its 100% interest in JG&C to 50%. This was done to facilitate major renovation and expansion of the facility. This will allow us to be more competitive locally and within CARICOM.

Looking Forward to 2016 and beyond Management will drive top and bottom line growth to deliver a superior performance to 2015. We intend to achieve this by:

- Transform Serge Island operation from a milk operation to a dairy operation. This will be accompanied by major product and process innovations.
- Re-tool International Biscuit Limited. This will lead to improved productivity and improved the time-to-market of new innovations and creating value propositions.
- Grow the Seprod brands in relevance and
- Drive export growth. In 2014, export revenue of \$544M represented 4% of total revenue. We aim to increase this to 12%-15% by 2017.
- Invest in talented people people endowed with the right skills, as well as agility and the passion to perform. The development and management of our human capital will be the key to success.
- Transform our processes to create lean end-to-end customer value chains. We are reducing our working capital requirements, by eliminating nonperforming product lines in 2015-2017.

- Productivity improvement program

 aimed specifically at reducing our unit cost of production; allowing us to improve profitability while simultaneously offering great value to our consumers.
- We will also look for contract packing opportunities.
- Connecting with our consumers and building deep, mutually beneficial relationships. The insights from these relationships will be used to drive the innovation pipeline.

Our plans are ambitious, our goal is growth; team Seprod is fully engaged and remain confident that we will unlock our full potential to deliver shareholder value and contribute to Jamaica being a place of choice to live and work.

On behalf of the Executive Committee, I wish to thank our employees for their dedicated efforts, our customers, our consumers, stakeholders, shareholders and Board of Directors for their continuing support.

Best Regards,

Richard R. Pandohie, JP (CEO/Managing Director)

Statistical Highlights (\$000)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenue	13,777,863	14,007,117	13,921,759	12,723,578	12,005,202	9,776,563	9,495,060	9,257,660	6,189,984	4,883,891
Operating Profit	900,823	1,460,478	1,419,318	1,305,328	1,256,314	1,206,866	2,210,782	1,464,258	933,005	654,212
Profit from Assoc. Comps	-								202,612	72,727
(Loss) from Joint Venture	(6,711)									
FInance & Other Income	760,629	682,791	867,368	490,547	469,858	343,409	756,239	520,064	409,072	217,635
Pretax Profit	604,058	1,170,645	1,118,394	1,199,632	1,193,951	1,170,927	2,185,901	1,435,462	1,235,069	678,786
Net Profit after Taxation	576,900	895,375	767,876	834,027	767,280	830,263	1,485,937	938,203	1,013,009	460,992
Shareholders' Equity	10,519,084	10,077,628	9,366,647	8,596,211	8,072,140	7,761,085	6,978,781	5,875,350	5,255,547	4,423,726
Earnings per Stock Unit (cents)	168	196	175	170	169	195	286	182	196	89
Dividends per Stock Unit (cents)	95	90	83	83	76	75	65	45	35	30

Statistical Highlights

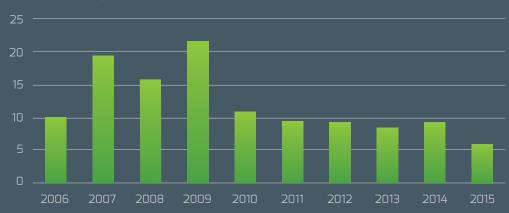
Inver Turn

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
king Capital	1.82 : 1	2.62:1	2.09:1	1.91:1	2.66:1	2.9:1	3.8:1	3.9:1	4.2:1	2.5:1
t Shareholders ity	01:03	01:04	01:04	01:07	01:05	01:09	01:09	01:11	01:12	01:07
ection Period /s)	24.0	20.4	22.2	36.4	36.9	36.8	31	27.9	35.3	30.8
entory n (x)	6.04	7.6	5	5.2	6.2	6.6	4.9	6.7	6.7	6.1
erating Profit to al Assets (%)	5.81%	10.36%	10.29	10.6	11.5	12.5	23.9	19.5	14.3	11.2
-tax Profit to al Assets (%)	3.90%	8.29%	8.11	9.78	11	12.2	23.7	19.1	18.9	11.6
-Tax Profit to al Sales (%)	4.38%	7.88%	8.03	9.43	9.9	12	23	15.5	20	13.9
erating Profit to al Sales (%)	6.54%	9.84%	10.19	10.26	10.5	12.3	23.3	15.8	15.1	13.4
urn on ity	5.48%	8.88%	8.35	9.8	9.5	10.7	21.3	16	19.3	10.4

Management Discussion

and Analysis

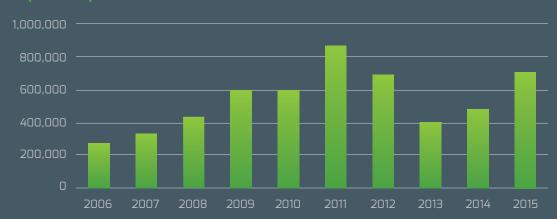
Return to Equity



Pre-tax Profit to Sales



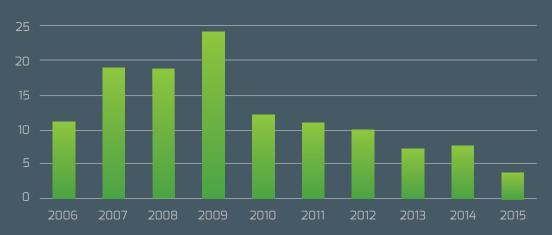
Capital Expenditure



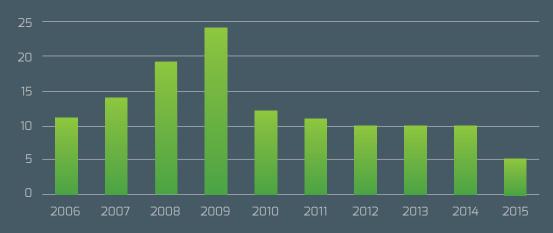
Management Discussion

and Analysis

Pre-tax Profit to Total Assets



Operating Profits to Total Assets





Profile



RUPERT ASHMAN (General Manager –

International Biscuits Limited)

Mr. Rupert Ashman is the General Manager for International Biscuits Limited since 2015. Before assuming this position, he was the Manager of Information Systems since 1997. He holds a BSc. in Computer Science. Past experiences include Statistical Institute of Jamaica, The Gleaner Company Limited, Agricultural Credit Bank, Colgate Palmolive Company Jamaica Limited, Thermo Plastics Jamaica Limited and Alumina Partners Jamaica Limited.

MARILYN ANDERSON (Corporate Secretary)

Mrs. Marilyn Anderson joined the Group in August, 1989. She was the Manager for Jamaica Edible Oils & Fats Company Limited and over the years has held various positions in the areas of Research & Product Development, Quality Control, Property Management and Purchasing. She holds an MBA in International Business and a BSc. in Chemistry from the University of the West Indies.



Profile



CLEMENT BURNETT (General Manager – Caribbean Products Company Limited)

Mr. Clement C. Burnett MBA, BSc (Hons), is the General Manager of Caribbean Products Company Limited since 1995. He joined the Group in March 1994 and was appointed Production Manager in that same year. Prior to joining the Group, Mr. Burnett worked in the United States for seven years, five as Laboratory Manager for Dyets Inc. of Bethlehem, Pennsylvania.

DR. GAVIN BELLAMY (General Manager – Serge Island Farms Limited)

Dr. Gavin Bellamy joined the Group as General Manager for Serge Island Farms in January, 2016. He holds a Doctor of Veterinary Medicine Degree and also has a Master's Degree in Reproduction Physiology. Prior to joining the Group, he was a Veterinary Specialist and acting Senior Veterinary Officer with the Ministry of Agriculture & Fisheries' Veterinary Services Division where his focus was in regulatory medicine, international food safety and product quality. In earlier years he was proprietor and manager of his veterinary clinic. Dr. Bellamy is a member of the Jamaica Veterinary Medical Association, a Justice of the Peace and Lay Magistrate.



Executives'

Profile



MARVIN CUMMINGS

(General Manager – Serge Island Dairies Limited)

Mr. Marvin Cummings MBA, BSc (Hons), is the General Manager of Serge Island Dairies Limited since January 2015. He was previously engaged at Caribbean Products Company Limited for thirteen years in the capacity of Chief Engineer. He has past experiences at Jamaica Packaging Industries as Assistant Factory Manager and a prior stint at Seprod Limited for seven years in the role of electrical engineer.

ANGELA COOPER

(Chief Financial Officer)

Ms. Angela Cooper FCCA, FCA has been with the company since 1981. She was appointed Chief Financial Officer of the Seprod Group in 2010. She has more than thirty years experience in auditing and accounting. Prior to joining the Group, she worked as a Senior Auditor with Mair, Russell, Grant Thornton. She is a member of the Institute of Chartered Accountants of Jamaica and the Association of Chartered Certified Accountants.



Profile



EVROL DIXON(Commercial Manager –
Golden Grove Sugar Company Limited)

Major (ret'd) Evrol Dixon, BSc. (Eng.) assumed responsibilities as Commercial Manager for Golden Grove Sugar Company in April 2015. Prior to this he served as Plant Manager for International Biscuits Limited (IBL) from 2007. He was the Manufacturing Manager at the biscuit plant of Kraft Foods Jamaica prior to its acquisition by Seprod in 2007. Past experiences include Jamaica Flour Mills, Grace Food Processors and Appliance Traders Limited. Major Dixon previously served in the Jamaica Defence Force (JDF) where he completed Officer Training at the Royal Air Force College, Cranwell (UK) and the US Army Computer Science School, Fort Gordon (USA).

CAROL GORDON-ANDRADE(Group Innovation and Quality Manager)

Mrs. Carol Gordon - Andrade B.Sc, M.Sc joined the Group in May 2015. She is responsible for all aspects of Innovation and Quality across the Seprod Group. She is credited with over twenty (20) years combined experience in Quality Assurance, Food Safety, Laboratory Management, Product Development, and Manufacturing. Mrs. Gordon- Andrade was introduced into Food Manufacturing at Nestle Jamaica Limited where she rose to the position of Quality Assurance Manager. She has extensive training locally and internationally in all aspects of Quality Assurance. She has also been exposed to best practices in food manufacturing at an international level. Innovation has always been included in Mrs. Andrade's portfolio as she played an integral part in developing and launching of new products.



Executives'

Profile



ROGER THOMPSON (Export Manager)

Mr. Roger Thompson, EMBA, joined the Seprod Group in January 2015 as the Group Marketing Manager. He has a track record of success in the food and beverage industry, working with major companies such as J. Wray and Nephew Ltd, Caribbean Broilers Group, Red Stripe Jamaica Ltd. and Lasco Distributors in Senior Management roles. Mr. Thompson has over 20 years of global business management experience in multicultural markets and product categories with extensive knowledge of worldwide consumer trends, lifestyles, attitudes, behaviours and motivations. He is now charged with the responsibility to drive the growth of the international business for the Seprod Group of Companies.



PATRICK STERLING
(Group Human Resource & Industrial

Relations Manager)

Dr. Patrick Sterling is the Group Human Resource and Industrial Relations Manager. He has prior experiences in insurance, retail, telecommunications, manufacturing and distribution, holding senior HR Leadership roles in a number of entities including Universal Stores Limited (ICD), LIME Jamaica, Pepsi-Cola Jamaica and Carreras Limited. Dr. Sterling's qualifications include a Diploma (Mico); B.A. (UWI); M.Sc. (Nova Southeastern University) and PhD. (UWI). He is a member of the Jamaica Employers' Federation (JEF) and the Society for Human Resources Management (SHRM). Training at the Royal Air Force College, Cranwell (UK) and the US Army Computer Science School, Fort Gordon (USA).

Profile



MILTON MARAGH (Group Project Manager)

Mr. Milton Maragh joined the Group in September, 2012 with prior experiences in the Beverage and Bauxite/Alumina industries working with companies such as PepsiCo, Desnoes & Geddes Limited, Alcan Jamaica Company in both technical and commercial positions.

Mr. Maragh also worked in North America and hold qualifications in Chemical Engineering, Business Administration and Information Management.

WINSTON HARRISON (Group Trade Marketing Manager)

Mr. Winston Harrison joined the Seprod Group in September 2015 as the General Manager for Industrial Sales Limited (ISL). In December 2015, Mr. Harrison was appointed to the position of Group Trade Marketing Manager, while retaining P&L oversight for the ISL subsidiary. During the past 33 years he has worked in Banking, Finance, Stock-broking, Beverage Manufacturing & Distribution, Telecommunications and Information Technology. He has spent over 20 of those



years in sales, distribution and marketing working with Red Stripe Diageo, Digicel, Fujitsu, Symantec Corporation (Miami) and SM Jaleel. Mr. Harrison holds a Bachelor of Science degree in Accounting with Economics from the University of the West Indies and an MBA in Finance from the University of Manchester (UK). He is a past president of the Desnoes & Geddes Employee Cooperative Credit Union Limited and a member of the Meadowbrook United Church Men's Fellowship Group.

Executives'

Profile



MRS. ROXIANA TYRELL (Group Finance Manager)

Mrs. Roxiana Tyrell, MBA, FCCA, FCA joined the Group in April 2010 as the Financial Controller for Caribbean Products Company Limited. The Golden Grove Sugar Company was later added to her portfolio. In July, 2015, she was promoted to Group Finance Manager. Prior to joining the Group she was employed with the RJR Communications Group as Group Financial Controller. Mrs. Tyrell has more than twenty years experience in accounting and auditing and is a member of the Institute of Chartered Accountants of Jamaica and the Association of Chartered Certified Accountants.

JEFFREY MOSS-SOLOMON

(General Manager -Jamaica Grain and Cereals)

Effective February 1, 2016, Mr. Jeffrey Moss-Solomon is on secondment from Musson Jamaica ltd as the general manger of Jamaica Grain and Cereals. He was previously the General Manager of the Musson Manufacturing Division. He has held management positions at J Wray and Nephew ltd and Wallace Evans and Associates. Jeffrey is past student of Campion College and Marlborough College (UK). He holds a Bsc(Hons) degree in Civil Engineering from the University of the West Indies St. Augustine and an MBA(Dist) in Banking and Finance from the Mona School of Business and Management. Jeffrey is married and has two daughters.





SEPROD

Foundation

Manufacturing high quality products should also, strengthen the social fabric of society, this is what SEPROD's Foundation is all about. The FOUNDATION is our continued commitment to building and strengthening the social fabric of families, communities and the nations we operate within. We believe in a better future, one where corporation not just perform their economical roles, but partner with various social entities to support critical invention proogrammes to enhance and build a stronger society for all, one individual at time.

In 2015 the FOUNDATION was driven by a 4-point action plan for making this future come true:the Union Gardens Infant School for all students. Our contribution to this project will continue for the next 5 years and

- 1. Provide Support for Early Childhood Intervention.
- 2. Integrating/Introducing technology into all learning opportunities.
- 3. Build Entrepreneurship Skills and Talents.
- 4. Strengthen Communities (One Individual at a time Scholarship and Grant Programme).

Through these actions we believe we are creating and fostering a stronger nation and driving social development to support the economic growth.

Provide Support for Early Childhood Intervention:

Our commitment to provide significant support for early childhood intervention programmes was driven by our partnership with the Ministry of Education and Culture and Information. We partnered on numerous school development programmes and supported the feeding programme for some Infant Schools. The Action Plan highlights for 2015 was our partnership with the Union Gardens Foundation in Kingston, Jamaica. We provided learning tools, uniforms and support a breakfast programme at will continue for the next 5 years and will strive to increase the number of beneficiaries by increasing the number of schools in this type of programme.



SEPROD

Foundation

Integrating/Introducing technology into all learning opportunities:

The FOUNDATION is driven by technology at its core. Hence, it supported the first Jamaican Girls Who Code camp and will support Jamaica Hour of Coding annually.



The Jamaican Girls Who Code Summer Immersion Program is an intensive computer science course that embeds classrooms in technology companies and universities. Girls learn everything from robotics to mobile development to HTML and CSS while gaining exposure to the tech industry and receiving valuable mentorship from women working in technology.



SEPROD

Foundation

Strengthen Communities (One Individual at a time – Scholarship and Grant Programme).

Many of our products at made in one of the poorest parish in Jamaica. We don't think this is a bad thing, because we are able to generate employment and well needed economic activities.

Internship Programme

To this end we have implemented major internship programme with our operations in St Thomas. The unique feature of this Cooperative Internship Education Program (CIEP) is that it

incorporates real world experiences and learning opportunities to complete the students' academic experiences. This talent investment forms a part of the \$5 billion spend, that SEPROD is undertaking for the next 3 years in Jamaica's manufacturing sector. SEPROD is celebrating 75 years of innovation and partnership, and we will continue to play our role in making Jamaica a better place, to live, raise families and do business.



SEPROD

Foundation

Reaching Individuals Through Skills And Education (R.i.S.E.) Life Management

We continue to support the activities of RISE Life management. We believe in education and empowerment of all and with RISE Life Management we are able to assist and support vulnerable communities via educational programme for adolescents and life-long learning and training for adults.

Seprod Scholarship Programme

It is our commitment to conduct our operations with integrity, show respect for our community and take responsibility for our action. To this end, we have created the Seprod Foundation to engage in activities that would impact young people's life- specifically focusing on education intervention programmes.

National Youth Orchestra of Jamaica (NYOJ):

With our support the NYOJ is able to engage in social development programme aimed at enhancing the lives of children from challenged communities, via lessons in classical music to instill core values of discipline, perseverance and dedication, fostering emotional and intellectual development in their participants.

Governor General Scholarship:

We support the Award GG Scholarship programme, which recognizes (14) fourteen students (one per parish), who despite modest social and economic circumstances uplifted themselves.







Baking Better Biscuits. Crackers & Snacks!!







Marketing

Activities

INSPORT PRIMARY CHAMPIONSHIP 2016

In our 10th year of sponsorship of the meet, we handed over a cheque worth \$20 million, which includes the provision of meals for athletes and coaches, as well as towards education.



SERGE UNVEILING OF MACHINE

We have unveiled our latest US\$3M+ investment in our Serge Island Dairies Limited operations, this has resulted in better service to the local market and to increase exports and actively engage in import substitution.

This was the first in a series of initiatives to kick-off the company's 75th anniversary celebration under the theme Celebrating SEPROD - 75 Years of Innovation.



Marketing

Activities

MIRACLE INVASION:

Seprod wanted to connect with our fan base at home in a unique way. We launched a Miracle Invasion which saw us having tasting of Miracle products island wide.





DRINK REAL MILK:

The DRM partnership is a catalyst to revive the Jamaican dairy industry.

- The founding partners are CB Group (through Nutramix), Seprod (through Serge Island), Newport Fersan and the Jamaica Dairy Development Board
- The partnership is not exclusive to any of the founding partners
- All industry stakeholders are being invited to join and participate The DRM execution plan takes into consideration:

A production strategy to improve:

- Animal health, including improved breeding and husbandry techniques
- Access to better genetic material
- Cost of feed component through customized feeding programs and proper pasture management

A consumer education strategy to:

- Encourage consumption of fresh, locally produced milk to support our farmers
- Promote the health benefits of drinking milk

The Goals:

- Short Term to create awareness and increase demand for Jamaican milk
- Medium Term to produce 20 million litres locally annually
- Long term a sustainable and self-sufficient industry

Marketing

Activities

"SHARE THE JOY" CHRISTMAS SPECIAL.

In the true spirit of the season, we created our 'Share the Joy' Christmas photo cabin at Emancipation Park where families and friends received complimentary printed photographs of themselves taken against a festive Christmas backdrop



OUTSOURCING CONTRACT FOR SUPLIGEN AND BETTY:

In February 2016 SEPROD Group of Companies Jamaica Limited was contracted by Musson Dairies International Limited (MIDL) to manage two iconic Jamaicans brands. SEPROD manages the manufacturing, distribution and marketing operations at the global level for both brands.



Marketing

Activities

GOLDEN GROVE SUGAR:

In 2015, SEPROD investment in over \$120 million in the plant and packing equipment towards the delivery of the FIRST locally produced "Golden Grove packaged Sugar" to the consumer market. Golden Grove Sugar is, "Drier, Purer and Cleaner", and is available in a variety of sizes 500g, 1kg, 2kg and 50 kg.





Corporate **Data**

REGISTERED OFFICE: 3 Felix Fox Boulevard, Kingston

Tel: (876) 922-1220

Fax: (876) 922-6948 or 922-7344 Email: corporate@seprod.com

AUDITORS: PricewaterhouseCoopers

Scotiabank Centre

Corner of Duke & Port Royal Streets

Kingston, Jamaica

TORNEYS: DunnCox

48 Duke Street Kingston, Jamaica

Samuda & Johnson 2-6 Grenada Crescent Kingston 5, Jamaica

BANKERS: CIBC First Caribbean International Bank

23-27 Knutsford Boulevard

Kingston 5

First Global Bank
24-48 Barbados Avenue

Kingston 5

National Commercial Bank Jamaica Limited

1-7 Knutsford Boulevard Kingston 5, Jamaica

Sagicor Bank 17 Dominica Drive Kingston 5, Jamaica

Citibank N.A. 19 Hillcrest Avenue Kingston 6, Jamaica

REGISTRAR AND TRANSFER AGENTS

Jamaica Central Securities Depository Limited

40 Harbour Street Kingston, Jamaica

Contact **Data**

INDUSTRIAL SALES LIMITED 3 Felix Fox Boulevard, Kingston Tel: (876) 922-1220 **DISTRIBUTION OUTLET** 107 Marcus Garvey Drive, Kingston 11 Tel: (876) 923-8953 (876) 937-7084 Fax: (876) 757-9449 (876) 923-6722 SERGE ISLAND DAIRIES LIMITED 3 Felix Fox Boulevard, Kingston SERGE ISLAND FARMS LIMITED Tel: (876) 922-1220 MANUFACTURING PLANT Seaforth, St. Thomas Tel: (876) 706-5844-6 Fax: (876) 706-5843 INTERNATIONAL BISCUITS LIMITED 3 Felix Fox Boulevard, Kingston Tel: (876) 922-1220 MANUFACTURING PLANT 2e Valentine Drive, P.O. Box 453, Kingston 19 **CARIBBEAN PRODUCTS** 3 Felix Fox Boulevard, Kingston **COMPANY LIMITED** Tel: (876) 922-1220 MANUFACTURING PLANT 228 Spanish Town Road, Kingston 11 Tel: (876) 923-0125-8 (876) 923-6516-8 (876) 937-3372 Fax: (876) 923-4043 **GOLDEN GROVE SUGAR** 3 Felix Fox Boulevard, Kingston Tel: (876) 922-1220

MANUFACTURING PLANT

Duckenfield, Golden Grove P.O., St. Thomas

Tel: (876) 706-0522 Fax: (876) 706-0520

5. JAMAICA GRAIN & CEREALS LIMITED

3 Felix Fox Boulevard, Kingston

Tel: (876) 922-1220 Fax: (876) 967-7479



Seprod Limited

Financial Statements 31 December 2015

Seprod Limited

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Independent Auditor's Report

To the Members of Seprod Limited

Report on the Consolidated and Company Stand Alone Financial Statements

We have audited the accompanying consolidated financial statements of Seprod Limited and its subsidiaries, set out on pages 64 to 143, which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, and the accompanying financial statements of Seprod Limited standing alone, which comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand Alone Financial Statements

Management is responsible for the preparation of consolidated and company stand alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand alone financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand alone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and company stand alone financial statements.

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica T: 876 922 6230, F: 876 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams L.E. Augier A.K. Jain B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom D.D. Dodd G.K. Moore



Members of Seprod Limited Independent Auditor's Report Page 2

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

Pricewater Louise Coopers **Chartered Accountants**

31 March 2016

Kingston, Jamaica

Seprod Limited

Consolidated Statement of Comprehensive Income Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Revenue		13,777,863	14,007,117
Direct expenses		(11,114,536)	(11,216,211)
Gross Profit		2,663,327	2,790,906
Finance and other operating income	6	760,629	682,791
Selling expenses		(510,648)	(399,517)
Administration expenses		(1,798,595)	(1,416,111)
Other operating expenses		(213,890)	(197,591)
Operating Profit		900,823	1,460,478
Finance costs	9	(290,054)	(289,833)
Share of results of joint venture	18	(6,711)	
Profit before Taxation		604,058	1,170,645
Taxation	10	(281,317)	(270,244)
Profit from continuing operations		322,741	900,401
Discontinued operations			
Profit/(loss) for the period from discontinued operations	35	254,159	(5,026)
Net Profit		576,900	895,375
Other Comprehensive Income, net of taxes			
Item that will not be reclassified to profit or loss -			
Re-measurements of post-employment benefits	10	71,775	(113,700)
Items that may be subsequently reclassified to profit or loss -			
Unrealised fair value gains on available-for-sale investments		137,887	280,403
Realised fair value gains on available-for-sale investments		(143,580)	(2,819)
	10	(5,693)	277,584
TOTAL COMPREHENSIVE INCOME		642,982	1,059,259
Net Profit is attributable to:			
Stockholders of the Company	11	865,953	1,011,810
Non-controlling interest		(289,053)	(116,435)
		576,900	895,375
Total Comprehensive Income is attributable to:			
Stockholders of the Company		932,035	1,175,694
Non-controlling interest		(289,053)	(116,435)
		642,982	1,059,259
		·	
Earnings per Stock Unit attributable to Stockholders of the Company:	12		
From continued operations		\$1.18	\$1.97
From discontinued operations		\$0.50	(\$0.01)
		\$1.68	\$1.96

Seprod Limited

Consolidated Statement of Financial Position

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Non-current Assets		• • • • • • • • • • • • • • • • • • • •	
Property, plant and equipment	14	3,907,037	3,820,236
Intangible assets	16	4,234	7,975
Available-for-sale investments	17	1,837,860	2,752,296
Investments in joint venture	18	427,403	
Long term receivables	19	2,584,476	1,096,044
Biological assets	21	250,759	317,976
Deferred tax assets	30	73,701	74,989
		9,085,470	8,069,516
Current Assets			
Inventories	22	1,746,461	1,934,453
Biological assets	21	510,516	659,227
Trade and other receivables	23	1,740,697	1,957,832
Available-for-sale investments	17	-	9,62
Financial asset at fair value through profit or loss	24	807,069	594,59
Current portion of long term receivables	19	121,836	65,37
Taxation recoverable		38,178	27,04
Short term deposits		142,824	134,45
Cash and bank balances	25	1,312,707	583,78
		6,420,288	5,966,390
Current Liabilities			
Payables	26	1,981,790	1,247,604
Current portion of long term liabilities	29	1,447,781	916,26
Bank overdraft	25	-	33,69
Provisions	34	-	10,63
Taxation payable		86,876	71,39
		3,516,447	2,279,586
Net Current Assets		2,903,841	3,686,80
		11,989,311	11,756,32
Equity Attributable to Stockholders of the Company			
Share capital	27	561,287	561,287
Treasury shares	27	(899)	(89
Capital reserves	28	1,412,170	1,417,86
Retained earnings		8,546,526	8,099,37
		10,519,084	10,077,62
Ion-controlling Interest		(575,368)	(286,31
entre to antimotestacine antimo — Considerat Submanifema		9,943,716	9,791,313
Non-current Liabilities			
Long term liabilities	29	1,565,114	1,406,028
Deferred tax liabilities	30	182,581	200,97
Retirement benefit obligations	20	297,900	358,000
80 NO 5 NO 1		11,989,311	11,756,320

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

Paul B. Scott Director

Nigel Clarke

Director

Seprod Limited
Consolidated Statement of Changes in Equity
Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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

Seprod Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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

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

Statement of Comprehensive Income Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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

Seprod Limited

Statement of Financial Position

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Non-current Assets			
Property, plant and equipment	14	257,646	199,211
Available-for-sale investments	17	1,837,860	2,752,296
Investment in subsidiaries	18	1,398,107	1,410,267
Investment in joint venture	18	434,114	-
Long term receivables	19	2,553,392	1,096,044
Deferred tax assets	30	64,223	73,742
Current Assets		6,545,342	5,531,560
	22	110.056	154.752
Trade and other receivables	23 17	110,256	154,753
Available-for-sale investments	19	90.754	9,627
Current portion of long term receivables Due from subsidiaries	19	89,754	65,370
Cash and bank balances	25	4,128,841	3,016,182
Cash and bank balances	25	1,097,907 5,426,758	330,577 3,576,509
Current Liabilities		0,120,700	0,070,000
Bank overdraft	25	-	33,693
Payables	26	934,281	209,484
Current portion of long term liabilities	29	1,285,262	637,424
Taxation payable		9,116	159
Due to subsidiaries		1,676,709	443,653
		3,905,368	1,324,413
Net Current Assets		1,521,390	2,252,096
		8,066,732	7,783,656
Equity			
Share capital	27	561,287	561,287
Treasury shares	27	(899)	(899)
Capital reserves	28	851,632	857,325
Retained earnings		5,756,812	5,407,943
No. of the Control of		7,168,832	6,825,656
Non-current Liabilities	20	600 000	600.000
Long term liabilities	29	600,000	600,000
Retirement benefit obligations	20	297,900	358,000
		897,900	958,000
		8,066,732	7,783,656

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

Director

Nigel Clarke

Director

Seprod Limited
Statement of Changes in Equity
Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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

Seprod Limited

Statement of Cash Flows

Year ended 31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

1. Principal Activities and Operations

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

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

Subsidiaries

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

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

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

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

Seprod Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies

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

(a) Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Standards and amendments to published standards effective during the year

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

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

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

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

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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

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

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

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

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

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

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

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

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

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

- 2. Significant Accounting Policies (Continued)
 - (a) Basis of preparation (continued)

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

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

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

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

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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

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

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

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

(b) Basis of consolidation

Consolidation of subsidiaries

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

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

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

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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.

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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.

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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.

(I) 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.

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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.

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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.

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

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.

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk

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

Investments

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

Trade receivables

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

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

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

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

Cash and bank balances

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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 Gro	The Group		any
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
190,077	133,972	-	-
68,777	89,088	-	-
258,854	223,060	-	-
	2015 \$'000 190,077 68,777	2015 2014 \$'000 \$'000 190,077 133,972 68,777 89,088	2015 2014 2015 \$'000 \$'000 \$'000 190,077 133,972 - 68,777 89,088 -

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

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

Movement in the provision for impairment of trade receivables

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

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

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

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

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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

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

(b) Liquidity risk

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

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the central treasury department, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.
- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.
- (v) Managing the concentration and profile of debt maturities.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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

				The Group		
	Within 1	1 to 3	3 to 12	1 to 5	Over	
	Month	Months	Months	Years	5 years	Total
	\$'000	\$'000	\$'000	\$'000		\$'000
			20	15		
Long term liabilities	245,925	1,146,695	245,108	1,709,513	75,556	3,422,797
Trade payables	741,442	4,800	-	-	-	746,242
Due to affiliate	686,294	-	-	-	-	686,294
Other payables	253,674	-	-	-	-	253,674
	1,927,335	1,151,495	245,108	1,709,513	75,556	5,109,007
	2014					
Long term liabilities	1,694	686,063	347,449	1,517,523	9,885	2,562,614
Trade payables	640,156	-	-	-	-	640,156
Other payables	345,023	1,019	-	-	-	346,042
Bank overdraft	33,693		_		_	33,693
	1,020,566	687,082	347,449	1,517,523	9,885	3,582,505

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

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

Seprod Limited

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

Market risk

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

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

Currency risk

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

The Group is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar, Euro, Pound Sterling and the Canadian dollar. Foreign exchange risk arises primarily from transactions for purchases and sales and investing and financing activities. The statement of financial position at 31 December 2015 includes aggregate net foreign assets of approximately US\$10.848.000. £141,000 and (CND\$7,000) (2014 - aggregate net foreign liabilities of €15,000, CND\$22,000 and US\$8,582,000 and £67,000), in respect of such transactions.

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

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

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

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

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

(d) Interest rate risk

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

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

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

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

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

Seprod Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

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 \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'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	.0,20	,	00,00	_,000,101		000 407	, ,
receivables	-	40,798	-	-	-	998,427	1,039,225
Short term deposits	-	142,824	-	-	-	-	142,824
Cash and bank	1,303,223	-	-	-	-	9,484	1,312,707
	1,351,480	200,132	55,054	2,586,491	-	3,652,840	7,845,997
Financial liabilities							
Long term liabilities	10,460	1,314,586	122,735	1,476,578	88,535	-	3,012,894
Due to affiliate	-	-	-	-	-	686,294	686,294
Trade and other payables	-	-	-	-	-	1,180,515	1,180,515
	10,460	1,314,586	122,735	1,476,578	88,535	1,866,809	4,879,703
Total interest repricing	•						
gap	1,341,020	(1,114,454)	(67,681)	1,109,913	(88,535)	1,786,031	2,966,294

Notes to the Financial Statements

31 December 2015

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

				The Group			
-	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non- Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
				2014			
Financial assets							
Available-for-sale investments	6,596	449	2,583	736,698	235,793	1,779,804	2,761,923
Fair value through profit or loss	-	-	-	_	_	594,595	594,595
Long term receivables	27,710	6,847	30,812	1,096,045	-	-	1,161,414
Trade and other receivables	_	56,049	142,057	_	_	1,475,156	1,673,262
Short term deposits	_	134,457	- 12,007	_	_	-	134,457
Cash and bank	572,215	-	_	_	_	11,572	583,787
<u>-</u>	606.521	197,802	175,452	1,832,743	235,793	3,861,127	6,909,438
Financial liabilities	000,021	107,002	•	, ,	200,700	0,001,127	
Long term liabilities	7,400	785,415	123,453	1,428,946	-	_	2,345,214
Bank overdraft	33,693	-	_	-	-	-	33,693
Trade and other payables	-	-	-	-	-	1,153,515	1,153,515
· , -	41,093	785,415	123,453	1,428,946	-	1,153,515	3,532,422
Total interest repricing	,	, <u>-</u>					
gap	565,428	(587,613)	51,999	403,797	235,793	2,707,612	3,377,016

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

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

Notes to the Financial Statements

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity price risk because of investments held by the Group classified on the statement of financial position either as available-for-sale or at fair value through profit or loss. The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

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

(d) Capital management

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

(e) Fair value estimates

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either
 directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

(i) Fair values of financial instruments

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

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

		The Com	pany	
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
		2015	5	
Available-for-sale investments –				
Unquoted equities	-	-	1,837,860	1,837,860
	-	-	1,837,860	1,837,860
		2014	ı	
Available-for-sale investments –				
Unquoted equities	-	-	1,779,804	1,779,804
Issued by the Government of Jamaica	-	982,119	-	982,119
	-	982,119	1,779,804	2,761,923
				•

There were no transfers between levels during the year.

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

(i) Fair values of financial instruments (continued)

Financial instruments in level 1

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

Financial instruments classified in level 2

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

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

Specific valuation techniques used to value financial instruments include:

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

Financial instruments classified in Level 3

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

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

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

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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

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

(ii) Fair values of biological assets

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

Livestock

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

Sugar Cane

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

(ii) Fair values of biological assets (continued)

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

	2015 \$'000	2014 \$'000
Opening balance	317,976	294,633
Decreases due to sales	(60,590)	(50,576)
Total gains or losses for the period included in profit or loss	2,373	73,919
Closing balance	250,759	317,976
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period, under 'Changes in fair value less estimated point of sale costs of livestock' and 'Other operating income'	2,373	73,919
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	(18,113)	59,512
he movement in the fair value of sugar cane within Level 3 of the hierar	rchv is as follows:	

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

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

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Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

(ii) Fair values of biological assets (continued)

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

	Fair Value at 2015	j
	Range of unobservable	
	inputs (weighted	Relationship of unobservable
Unobservable Inputs	average)	inputs to fair value
Dairy livestock price	\$10,286 - \$100,000	The higher the market price, the
	(\$55,143) per animal	higher the fair value.
Other livestock price	\$30,000 - \$32,000	The higher the market price, the
	(\$31,000) per animal	higher the fair value.
	Fair Value at 2014	ļ.
	Range of unobservable	
	inputs (weighted	Relationship of unobservable
Unobservable Inputs	average)	inputs to fair value
Dairy livestock price	\$3,000 - \$100,000	The higher the market price, the
•	(\$54,407) per animal	higher the fair value.
Other livestock price	\$12,000 - \$30,000	The higher the market price, the
	(\$21,000) per animal	higher the fair value.

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

Fair Value at 2015				
Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value		
JRCS	9.061	The higher the JRCS, the higher the fair value.		
	Fair Value a	t 2014		
Unobservable Inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value		
JRCS	9.502	The higher the JRCS, the higher the fair value.		

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(e) Fair value estimates (continued)

(ii) Fair values of other financial assets and liabilities

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

- (i) The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities include cash and bank balances (Note 25), trade receivables (Note 23) and trade payables (Note 26).
- (ii) The fair value of long term receivables (Note 19) has been estimated at \$2,478,078,000 (2014 \$925,248,000). This was derived by discounting the contractual cash flows using the market rate of interest.
- (iii) The carrying values of long term loans (Note 29) approximate their fair values, as these loans are carried at amortised cost reflecting their contractual obligations and the interest rates are reflective of current market rates for similar transactions.

4. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Income taxes

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

Retirement benefit obligations

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

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

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

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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

Fair value of certain biological assets

Sugar cane

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

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

Livestock

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

Fair value of unquoted equities

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

Notes to the Financial Statements

31 December 2015

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5. Business Segments

Inter-segment revenue

Capital expenditure

The Group is organised into two main business segments:

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

2015

(3,700,324)

Group

\$'000

13,777,863

630,627

Distribution The merchandising of consumer goods.

	Manufacturing	Distribution	Eliminations
	\$'000	\$'000	\$'000
External revenue	8,777,037	5,000,826	-

3,700,324

12,477,361 5,000,826 (3,700,324)13,777,863 **Total revenue** 419,190 (53,874)365,316 Segment result

535,507 Unallocated corporate income **Operating profit** 900,823

7,919,316 1,147,971 9,067,287 Segment assets Unallocated corporate assets 6,438,471 **Total consolidated assets** 15,505,758

Segment liabilities 2,925,177 172,464 3,097,555 Unallocated corporate liabilities 2,464,487

Total consolidated liabilities 5,562,042 Other segment items -

Unallocated capital expenditure 87,804 Total capital expenditure 718,431

11,328

Depreciation 425,952 3,915 429,867 Unallocated depreciation 21,543

619,299

451,410 **Total depreciation**

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

5. Business Segments (Continued)

		2	014	
	Manufacturing	Distribution	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External revenue	8,808,651	5,198,466	-	14,007,717
Inter-segment revenue	3,602,911		(3,602,911)	_
Total revenue	12,411,562	5,198,466	(3,602,911)	14,007,117
Segment result	851,610	108,879	-	960,489
Unallocated corporate income				499,989
Operating profit			- -	1,460,478
Segment assets	8,228,914	1,125,342	-	9,354,256
Unallocated corporate assets				4,681,650
Total consolidated assets			=	14,035,906
Segment liabilities	2,832,040	260,799	-	3,092,839
Unallocated corporate liabilities				1,151,754
Total consolidated liabilities			-	4,244,593
Other segment items –			=	
Capital expenditure	328,824	1,226	-	330,050
Unallocated capital expenditure				22,662
Total capital expenditure			=	352,712
Depreciation	405,468	3,926	-	409,394
Unallocated depreciation				17,639
Total depreciation			-	427,033

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

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

6. Finance and Other Operating Income

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

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

7. Expenses by Nature

Total direct, selling, administration and other operating expenses:

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

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

8. Staff Costs

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

9. Finance Costs

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

10. Taxation Expense

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

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

Seprod Limited

Notes to the Financial Statements

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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:

Profit/(loss) before taxation Section Se		The Group		The Company	
Profit/(loss) before taxation 604,058 1,170,645 829,123 (478,096) Tax calculated at a tax rate of 25 % 151,015 292,661 207,281 (119,524) Adjusted for the effect of: Investment income not subject to tax (88,609) (50,800) (134,729) (30,673) Adjustment to prior year provision (329) (7,327) - (7,327) Employment tax credit (55,845) (60,901) - - Profit of subsidiaries not subject to tax 35,297 (6,449) - - Expenses not deductible 11,972 5,688 1,020 220,402 Loss of joint venture included net of tax 1,678 - - - Tax losses of subsidiaries for which no deferred tax assets have been created (Note 30) 237,080 100,988 - - Income tax at different rate (10,066) - (10,066) - Other charges and credits (876) (3,616) (2,056) (3,390)		2015	2014	2015	2014
Tax calculated at a tax rate of 25 % Adjusted for the effect of: Investment income not subject to tax Adjustment to prior year provision Employment tax credit Profit of subsidiaries not subject to tax Expenses not deductible Loss of joint venture included net of tax Tax losses of subsidiaries for which no deferred tax assets have been created (Note 30) Income tax at different rate Other charges and credits 151,015 292,661 207,281 (119,524) 292,661 207,281 (119,524) (88,609) (50,800) (134,729) (60,901) - (7,327) - (7,327) - (60,901) - (6,449) - - - - - - - - - - - - -		\$'000	\$'000	\$'000	\$'000
Adjusted for the effect of: Investment income not subject to tax Adjustment to prior year provision Employment tax credit Profit of subsidiaries not subject to tax Expenses not deductible Loss of joint venture included net of tax Tax losses of subsidiaries for which no deferred tax assets have been created (Note 30) Other charges and credits (88,609) (50,800) (50,800) (60,901) - (60,449)	Profit/(loss) before taxation	604,058	1,170,645	829,123	(478,096)
Adjusted for the effect of: Investment income not subject to tax Adjustment to prior year provision Employment tax credit Profit of subsidiaries not subject to tax Expenses not deductible Loss of joint venture included net of tax Tax losses of subsidiaries for which no deferred tax assets have been created (Note 30) Other charges and credits (88,609) (50,800) (50,800) (60,901) - (60,449)	Toy coloulated at a toy rate of 25 %	151 015	202 664	207 201	(110 524)
Adjustment to prior year provision (329) (7,327) - (7,327) Employment tax credit (55,845) (60,901) Profit of subsidiaries not subject to tax 35,297 (6,449) Expenses not deductible 11,972 5,688 1,020 220,402 Loss of joint venture included net of tax 1,678 Tax losses of subsidiaries for which no deferred tax assets have been created (Note 30) 237,080 100,988 Income tax at different rate (10,066) - (10,066) - Other charges and credits (876) (3,616) (2,056) (3,390)		151,015	292,001	207,201	(119,524)
Employment tax credit (55,845) (60,901)	Investment income not subject to tax	(88,609)	(50,800)	(134,729)	(30,673)
Profit of subsidiaries not subject to tax 35,297 (6,449) - - Expenses not deductible 11,972 5,688 1,020 220,402 Loss of joint venture included net of tax 1,678 - - - Tax losses of subsidiaries for which no deferred tax assets have been created (Note 30) 237,080 100,988 - - Income tax at different rate (10,066) - (10,066) - Other charges and credits (876) (3,616) (2,056) (3,390)	Adjustment to prior year provision	(329)	(7,327)	-	(7,327)
Expenses not deductible 11,972 5,688 1,020 220,402 Loss of joint venture included net of tax 1,678 Tax losses of subsidiaries for which no deferred tax assets have been created (Note 30) 237,080 100,988 Income tax at different rate (10,066) - (10,066) - Other charges and credits (876) (3,616) (2,056) (3,390)	Employment tax credit	(55,845)	(60,901)	-	-
Loss of joint venture included net of tax Tax losses of subsidiaries for which no deferred tax assets have been created (Note 30) Income tax at different rate Other charges and credits 1,678 237,080 100,988 (10,066) - (10,066) - (10,066) - (3,390)	Profit of subsidiaries not subject to tax	35,297	(6,449)	-	-
Tax losses of subsidiaries for which no deferred tax assets have been created (Note 30) 237,080 100,988 - - Income tax at different rate Other charges and credits (10,066) - (10,066) - Other charges and credits (876) (3,616) (2,056) (3,390)	Expenses not deductible	11,972	5,688	1,020	220,402
deferred tax assets have been created (Note 30) 237,080 100,988 - - Income tax at different rate Other charges and credits (10,066) - (10,066) - 0ther charges and credits (876) (3,616) (2,056) (3,390)	Loss of joint venture included net of tax	1,678	-	-	-
Income tax at different rate (10,066) - (10,066) - Other charges and credits (876) (3,616) (2,056) (3,390)					
Other charges and credits (876) (3,616) (2,056) (3,390)	(Note 30)	237,080	100,988	-	-
	Income tax at different rate	(10,066)	_	(10,066)	_
281,317 270,244 61,450 59,488	Other charges and credits	(876)	(3,616)	(2,056)	(3,390)
		281,317	270,244	61,450	59,488

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

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

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

The	Group	&
	Compa	

	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	

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

10. Taxation Expense (Continued)

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

11. Net Profit Attributable to Stockholders of the Company

Dealt with as follows in the financial statements:

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

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

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

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

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

The Company has no dilutive potential ordinary shares.

13. Dividends

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

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31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

14. Property, Plant and Equipment

- 1- 3/	The Group					
	Freehold Land & Site Improvements \$'000	Buildings \$'000	Plant, Equipment & Furniture \$'000	Motor Vehicles \$'000	Work in Progress \$'000	Total \$'000
			2015			
Cost -						
At 1 January 2015	618,105	1,275,745	4,463,879	387,886	300,658	7,046,273
Adjustment	-	-	(4,570)	2,573	(30,064)	(32,061)
Additions	-	46,125	440,836	53,988	177,482	718,431
Disposals	-	-	(39,284)	(49,499)	(4,023)	(92,806)
Disposal of subsidiary	(1,940)	(78,545)	(329,288)	-	-	(409,773)
Write-offs	-	-	-	-	(4,280)	(4,280)
Transfers	-	11,838	27,406	20,232	(59,476)	-
At 31 December 2015	616,165	1,255,163	4,558,979	415,180	380,297	7,225,784
Accumulated Depreciation -						
At 1 January 2015	-	601,432	2,334,125	290,480	-	3,226,037
Disposal of subsidiary	-	(55,569)	(230,102)	-	-	(285,671)
Adjustments	-	3,232	-	985	_	4,217
Charge for the year	-	23,430	378,198	49,782	_	451,410
On disposals	-	-	(35,495)	(41,751)	_	(77,246)
At 31 December 2015	-	572,525	2,446,726	299,496	-	3,318,747
Net Book Value -						
At 31 December 2015	616,165	682,638	2,112,253	115,684	380,297	3,907,037
			2014			
Cost -						
At 1 January 2014	618,507	1,229,603	4,204,030	350,989	199,988	6,603,117
Adjustments						
Additions	(618)	_	-	-	(11,698)	(12,316)
Disposals	216	17,839	145,574	48,298	268,389	480,316
Write-offs	-	(390)	(12,657)	(11,401)	_	(24,448)
Transfers	-	-	-	-	(396)	(396)
At 31 December 2014	-	28,693	126,932	-	(155,625)	_
Accumulated Depreciation -	618,105	1,275,745	4,463,879	387,886	300,658	7,046,273
At 1 January 2014						
Adjustments	-	574,424	1,996,414	245,106	_	2,815,944
Charge for the year	-	_	-	1,897	_	1,897
On disposals	-	27,134	345,021	54,878	-	427,033
At 31 December 2014		(126)	(7,310)	(11,401)	_	(18,837)
Net Book Value -	<u> </u>	601,432	2,334,125	290,480		3,226,037
At 31 December 2014			,	,		-,,
	618,105	674,313	2,129,754	97,406	300,658	3,820,236
	=======================================	J. 1,010	_,,	0.,.00		<u></u>

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Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

14. Property, Plant and Equipment (Continued)

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

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

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(expressed in Jamaican dollars unless otherwise indicated)

15. Financial Instruments

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

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16. Intangible Assets

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

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

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

17. Available-for-Sale Investments

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

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

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

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

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

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31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

17. Available-for-Sale Investments (Continued)

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

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

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

18. Investment in Subsidiaries and Joint Venture

Investment in subsidiaries

	2015	2014
	\$'000	\$'000
Balance at 1 January	1,410,267	1,410,267
Disposal of subsidiary (Note 35)	(12,160)	
Balance at 31 December	1,398,107	1,410,267

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

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Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

18. Investment in Subsidiaries and Joint Venture (Continued)

Investment in subsidiaries (continued)

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

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

Summarised statement of financial position

	2015 \$'000	2014 \$'000
Current		
Assets	1,012,746	1,198,799
Liabilities	(3,306,547)	(2,479,323)
Total net current liabilities	(2,293,801)	(1,280,524)
Non-current		
Assets	1,149,104	1,216,619
Liabilities	(728,197)	(806,029)
Total net non-current assets	420,907	410,590
Net Liabilities	(1,872,894)	(869,934)
Summarised statement of comprehensive income		
	2015 \$'000	2014 \$'000
Revenue	1,387,489	2,147,835
Depreciation and amortisation	(146,936)	(156,424)
Interest income	9,701	9,458
Loss from continuing operations	(1,002,900)	(403,946)
Taxation expense	(60)	(60)
Net loss from continuing operations	(1,002,960)	(404,006)

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31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

18. Investment in Subsidiaries and Joint Venture (Continued)

Investment in subsidiaries (continued)

Summarised cash flows

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

Investment in joint venture

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

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

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

	The Gro	The Group		pany
	2015	2014 2015	2015 20	2014
	\$'000	\$'000	\$'000	\$'000
Shareholding at cost	434,114	-	434,114	-
Share of loss	(6,711)	-	-	-
	427,403	-	434,114	-

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

18. Investment in Subsidiaries and Joint Venture (Continued)

Investment in joint venture (continued)

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

Summarised statement of financial position

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

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31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

18. Investment in Subsidiaries and Joint Venture (Continued)

Investment in joint venture (continued)

Summarised statement of comprehensive income

	2015 \$'000
Revenue	845,375
Depreciation and amortisation	11,065
Interest income	-
After tax loss from continuing operations	(14,742)
Summarised cash flows	2015 \$'000
Cash used in operations	(666,176)
Income tax paid	-
Net cash used in operating activities	(666,176)
Net cash used in investing activities	(17,672)
Net cash provided by financing activities	683,848
Movement in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	<u> </u>

Reconciliation of summarised financial information

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

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

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19. Long Term Receivables

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

- (a) Restructured receivable balance of original principal US\$3,656,000. Repayments are due in equal monthly installments of US\$30,000. The remaining principal amount is receivable in full at 31 January 2020. The agreement attracts interest of 9% per annum.
- (b) (i) Related party receivable balance converted into a loan for US\$2,800,000 to be used exclusively for business purpose. The principal is repayable on maturity at 31 December 2018. The agreement attracts interest of 10% per annum payable monthly.
 - (ii) Related party receivable balance converted into a loan for US\$4,533,282 to be used exclusively for business purpose. The principal is repayable on maturity at 31 December 2018. The agreement attracts interest of 10% per annum payable monthly.
- (c) Related party loan for US\$15,700,000 which was issued in US\$ and JMD to be used exclusively for business purpose. The principal is repayable on maturity at 24 September 2020. The agreements attracts interest of 12% per annum payable monthly.
- (d) (i) Mobilisation loan to be used for financing farming operations as part of the farm management contract for Golden Grove Sugar Company. The principal of \$40,000,000 is repayable in 14 installments totaling \$10,000,000 per year until maturity in November 2017. The agreement attracts interest of 10% per annum.
 - (ii) Receivable balance due from sale of spares, farming equipment and other supplies. Amount is repayable in 14 instalments totalling \$11,084,000 per year until maturity in November 2017. The agreement does not attract interest.

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20. Post-employment Benefits

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

Pension schemes

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

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

Defined benefit plan

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

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

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

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20. Post-employment Benefits (Continued)

Pension schemes (continued)

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

	2015 \$'000	2014 \$'000
Present value of funded obligations	(993,900)	(932,500)
Fair value of plan assets	851,100	724,800
Liability in the statement of financial position	(142,800)	(207,700)
The movement in the defined benefit obligation over the year is as follows:		
	2015	2014

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

20. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

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

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

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

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

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

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

20. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

Plan assets are comprised as follows:

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

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

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

20. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

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

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

	2015 \$'000	2014 \$'000
Liability at beginning of year	207,700	58,200
Amounts recognised in profit or loss in the statement of comprehensive income	34,400	17,800
Amounts recognised in other comprehensive income	(96,500)	134,500
Contributions paid	(2,800)	(2,800)
Liability at end of year	142,800	207,700
The significant actuarial assumptions used were as follows:		
	2015	2014
Discount rate	8.5%	9.5%
Future salary increases	5.0%	5.5%
Expected pension increase	3.5%	4.0%

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

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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			
_	Increase in Assumption	Decrease in Assumption	
	\$'000	\$'000	
1%	(99,400)	(121,200)	
1%	12,200	11,300	
1%	106,400	(88,600)	
	Increase Assumption by One Year	Decrease Assumption by One Year	
	\$'000	\$'000	
	19,000	19,100	
	nange in umption 1%	Increase in Assumption	

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

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

(b) Other post-employment benefits

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

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

20. Post-employment Benefits (Continued)

(b) Other post-employment benefits (continued)

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

	2015 \$'000	2014 \$'000
Present value of unfunded obligations	155,100	150,300
The movement in the defined benefit obligation over the year is as follows:		
	2015 \$'000	2014 \$'000
Balance at beginning of year	(150,300)	(130,900)
Current service cost	(300)	(200)
Interest expense	(13,800)	(12,000)
	(164,400)	(143,100)
Re-measurements -		
Experience gains	(800)	(17,100)
Benefits paid	10,100	9,900
Balance at end of year	(155,100)	(150,300)

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

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

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

20. Post-employment Benefits (Continued)

(b) Other post-employment benefits (continued)

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

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

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

	Impact on post-employment obligations			
	Change in Assumption	Increase in Assumption	Decrease in Assumption	
		\$'000	\$'000	
Discount rate	1%	14,100	(16,800)	
Medical cost	1%	16,800	(14,100)	
		Increase Assumption by One Year	Decrease Assumption by One Year	
		\$'000	\$'000	
Life expectancy		6,600	(6,400)	

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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.

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

20. Post-employment Benefits (Continued)

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

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

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

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

21. Biological Assets

Non-current - livestock

2015	2013
\$'000	\$'000
105,973	175,455
141,810	137,698
2,826	3,245
150	270
	1,308
250,759	317,976
	\$'000 105,973 141,810 2,826 150

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

21. Biological Assets (Continued)

•	Biological Assets (Continued)		
	Non-current – livestock (continued)		
	The movement in livestock during the year was as follows:		
		2015	2014
	Balance at start of year	\$'000 317,976	\$'000 294,633
	Sales	(69,590)	(50,576)
	Changes in fair value less estimated point-of-sale costs - cattle	2,373	73,798
	Changes in fair value less estimated point-of-sale costs - sheep	-	121
	Balance at end of year	250,759	317,976
	Current – sugar cane		
		2015	2014
		\$'000	\$'000
	95,685 tonnes (2014 – 130,969 tonnes)	510,516	659,227
	The movement in sugar cane during the year was as follows:		
	The movement in sugar care during the year was as follows.	2015	2014
		\$'000	\$'000
	Balance at start of year	659,227	607,870
	Net cost of cane cultivation and value of cane harvested	(287,930)	(412,146)
	Changes in fair value less estimated point-of-sale costs	139,219	463,503
	Balance at end of year	510,516	659,227
	Included in the income statement:		
		2015	2014
		\$'000	\$'000
	Fair value of milk produced	552,335	468,423
	Sales of sugar and molasses	1,248,270	1,684,332
	Changes in fair value less cost to sell of sugar cane	139,219	463,503
	Changes in fair value less estimated point of sale costs of		
	livestock	2,373	73,798
	Direct expenses	(2,278,030)	(2,429,909)
	The assets are classified as Level 3, and there were no transfers between level	s during the year.	
		2015	2014
		\$'000	\$'000
	Dairy livestock	250,609	316,398
	Other livestock	150	1,578
		= 40 = 40	0=0 00=

510,516

761,275

659,227

977,203

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

22. Inventories

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

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

23. Trade and Other Receivables

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

24. Financial Assets at Fair Value through Profit or Loss

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

25. Cash and Cash Equivalents

The Group		The Company	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000
1,312,707	583,787	1,097,907	330,577
-	(33,693)	-	(33,693)
1,312,707	550,094	1,097,907	296,884
	2015 \$'000 1,312,707	2015 2014 \$'000 \$'000 1,312,707 583,787 - (33,693)	2015 2014 2015 \$'000 \$'000 \$'000 1,312,707 583,787 1,097,907 - (33,693) -

Sugar cane

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

26. Payables

	The Group		The Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Trade payables	746,242	640,156	-	-
Accruals	354,182	411,131	114,715	113,369
Due to affiliate	686,294	-	686,294	-
Other	195,072	196,317	133,272	96,115
	1,981,790	1,247,604	934,281	209,484
27. Share Capital				
	2015	2014	2015	2014
	'000	'000	\$'000	\$'000
Authorised -				
Ordinary shares	530,000	530,000	530,000	530,000
Issued and fully paid -				
Ordinary stock units	516,398	516,398	561,287	561,287
Treasury shares	(59)	(59)	(899)	(899)
Issued and outstanding	516,339	516,339	560,388	560,388

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

28. Capital Reserves

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

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

Seprod Limited

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(expressed in Jamaican dollars unless otherwise indicated)

29. Long Term Liabilities

	The G	The Group		ompany		
	2015	2015 2014 201	2015 2014 2015	2015 2014 2015	2015	2014
	\$'000	\$'000	\$'000	\$'000		
Loan amounts	2,999,275	2,314,117	1,871,642	1,230,024		
Interest payable	13,620	8,179	13,620	7,400		
	3,012,895	2,322,296	1,885,262	1,237,424		
Less: Current portion	(1,447,781)	(916,268)	(1,285,262)	(637,424)		
	1,565,114	1,406,028	600,000	600,000		

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

29. Long Term Liabilities (Continued)

- 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.
- 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.
- Golden Grove Sugar Company Limited was approved for a loan facility of \$33,156,000 from the Sugar Industry Authority. The loan is repayable over ten years commencing in 2015 at 5% per annum by way of annual deductions from proceeds of cane sales, contract work and earnings from harvesting operations, where applicable.
- (iv) Denominated in US dollars, repayable at the end of the crop year to which it relates from sugar sales proceeds.
- (v) In September 2012, the subsidiary was approved for a loan facility of US\$10,000,000 from the National Commercial Bank Jamaica Limited. This is broken down into two tranches.
 - 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 guarterly at 6.50% per annum.
 - 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.

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

29. Long Term Liabilities (Continued)

- (vi) Denominated in Jamaican dollars. Received in November 2015 for a period of 3 years. Initial coupon for first 6 months is 6-month Government of Jamaica Treasury Bill rate plus 250 bps. Thereafter, interest will be charged at the 6-month Government of Jamaica Weighted Average Treasury Bill rate immediately prior to the commencement of each interest period plus 250 bps. The loan is due in full at maturity and is unsecured.
- (vii) Denominated in US dollars. Received in March 2015 for an initial period of one year and is revolving thereafter at the sole discretion of the Bank. The facility attracts interest at a rate of LIBOR plus 300bps commensurate with the drawdown period. Each draw should not exceed 90 days. The loan is due in full at maturity and is secured as follows:
 - Promissory note issued by Seprod Limited for US equivalent of JM\$ 630,000,000.
- (viii) An unsecured revolving facility denominated in Jamaican dollars with each drawing having a maximum tenor of three months.
- (ix) An unsecured revolving facility denominated in Jamaican dollars with each drawing having a maximum tenor of three months.
- (x) The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

30. Deferred Taxation

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

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

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

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

30. Deferred Taxation (Continued)

The movement in deferred taxation is as follows:

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

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

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

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

30. Deferred Taxation (Continued)

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

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

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

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

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

31. Cash Generated from Operations

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

Seprod Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

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

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

(b) Key management compensation

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

(c) Advances and loans

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

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

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

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\$53 per hectare per annum, the annual lease cost to the subsidiary is US\$82,000.

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

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

34. Litigation, Claims, Assessments and Provisions

Litigation and Claims

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

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

35. Disposal of Subsidiary

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

2015

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

	\$'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
Net investment in joint venture	434,113

Seprod Limited

Notes to the Financial Statements

31 December 2015

(expressed in Jamaican dollars unless otherwise indicated)

35. Disposal of Subsidiary (Continued)

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

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

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

	2015 \$'000	\$'000
Continuing operations	387,503	1,064,285
Discontinued operations	255,479	(5,026)
	642,982	1,059,259
Cash flows from discontinued operations are as follows:		
	2015 \$'000	2014 \$'000
Operating cash flows	11,208	1,219
Investing cash flows	(11,208)	(1,219)

2014

Form of **Proxy**

l of	being a
member of Seprod Limited, hereby appoint	of
or failing him	of
as my proxy to v	vote for me on my behalf at the Annua
General Meeting of the Company to be held on	the 11th day of July, 2016, and at any
adjournment thereof.	
Signature	

Note:

- 1) If the appointer is a corporation, this form must be under its common seal and under the hand of an officer or attorney duly authorised.
- 2) To be valid, this proxy must be lodged with the Secretary of the Company, 3 Felix Fox Boulevard, Kingston, not less than 48 hours before the time appointed for holding the meeting. A proxy need not be a member of the Company.

\$100 stamp to be affixed

Notes

Notes



A HOUSEHOLD NAME IN COOKING OIL & FATS



GROUP OF COMPANIES





