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7. Receivables

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade receivables, less provision for impairment	9,307,666	8,749,890	1,334,718	1,176,549
Insurance receivables, less provision for impairment	2,985,224	1,810,590	-	-
Reinsurers' portion of unearned premiums	1,153,637	1,221,096	-	-
Deferred policy acquisition costs	238,750	222,430	-	-
Receivable from associates (Note 34e)	14,122	33,678	3,168	29,228
Prepayments	666,550	734,116	73,812	103,810
Other receivables	1,482,618	916,437	22,747	42,521
	15,848,567	13,688,237	1,434,445	1,352,108

The fair values of trade and other receivables approximate carrying values. All receivable balances are due within the next 12 months.

8. Inventories

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Raw materials and spares	661,089	644,427	-	-
Finished goods	2,198,264	2,357,647	-	-
Merchandise	6,907,589	6,286,664	1,951,038	1,885,505
Goods in transit	1,486,198	2,172,545	570,096	804,138
	11,253,140	11,461,283	2,521,134	2,689,643

The inventory write-down recognised as an expense amounted to $319,178,000 (2016: $264,110,000) and $144,799,000 (2016: $119,122,000) for the Group and the company respectively.

9. Loans Receivable

(a) Loans receivable comprise:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Finance leases, less deferred profit	301,425	418,938	-	-
Loans and receivables:				
Loans to subsidiaries (Note 34e)	-	-	3,238,328	3,012,013
Loans to others	27,246,904	25,509,119	120,978	163,170
	27,548,329	25,928,057	3,359,306	3,175,183

Loans receivable are due within 10 years from the statement of financial position date.

Included in loans receivable is interest receivable of $212,462,000 (2016: $160,718,000) and $46,313,000 (2016: $13,968,000) for the Group and company, respectively.

Included in loans receivable is $5,517,889,000 (2016: $6,606,753,000) and $908,872,000 (2016: $895,054,000) which matures in the next 12 months for the Group and the company respectively.

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9. Loans Receivable (Continued)

(b) Finance lease receivables:

	Group	
	2017	**2016**
	$'000	**$'000**
Gross receivables from finance leases:		
Not later than 1 year	195,317	212,485
Later than 1 year and not later than 5 years	153,513	291,298
	348,830	503,783
Unearned future finance income on finance leases	(47,405)	(84,845)
Net investment in finance leases	301,425	418,938
The net investment in finance leases is analysed as follows:		
Not later than 1 year	165,445	166,141
Later than 1 year and not later than 5 years	135,980	252,797
Total	301,425	418,938

10. Investments in Associates

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	1,743,984	1,492,080	49,698	49,698
Amounts recognised in the income statement	484,972	441,151	-	-
Amounts recognised in other comprehensive income	(19,467)	104,649	-	-
Dividends paid	(338,482)	(293,896)	-	-
Disposal	(72,787)	-	-	-
Amounts recognised in the statement of financial position	1,798,220	1,743,984	49,698	49,698

	Group	
	2017	**2016**
	$'000	**$'000**
Dairy Industries (Jamaica) Limited	933,140	859,721
CSGK Finance Holdings Limited	854,947	801,186
Immaterial associated companies	10,133	83,077
Amounts recognised in the statement of financial position	1,798,220	1,743,984

On 8 May 2017, the Group disposed of its 30.0% interest in Trident Insurance Company Limited, a general insurance underwriter, operating in Barbados. The net proceeds amounted to $55,506,000 and the Group recorded a gain of $6,540,000 on the sale.

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10. Investments in Associates (Continued)

Dairy Industries (Jamaica) Limited (DIJL) and CSGK Finance Holdings Limited (CSGK), in the opinion of the directors, are material to the Group.

DIJL has share capital consisting solely of ordinary shares, which are partially owned by the Group and held directly by the parent company. The Group owns 50% of the share capital in DIJL. DIJL is one of the main manufacturers of dairy products such as cheese and yogurt, within Jamaica; and sells its products mainly through distributors including to companies within the Group.

CSGK has share capital consisting solely of ordinary shares, which are held indirectly by the parent company through a banking and investment subsidiary. The Group owns 40% of the share capital in CSGK. CSGK is a finance company whose principal activities, through its wholly owned subsidiary Signia Financial Group Inc., are the provision of term finance, motor vehicle leasing, acceptance of deposits, foreign exchange dealing and stock broking.

DIJL and CSGK are private companies and there is no quoted market price available for the shares.

There are no contingent liabilities relating to the Group's interest in DIJL, CSGK and the Group's other associated companies.

The summarised information for DIJL and CSGK that was accounted for using the equity method for the years ended 31 December 2017 and 31 December 2016 is as follows:

Summarised statement of financial position

	Dairy Industries (Jamaica) Limited		CSGK Finance Holdings Limited	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Cash and cash equivalents	133,791	193,526	1,580,012	1,625,470
Other current assets (excluding cash)	1,662,842	1,911,272	156,403	257,027
Total current net assets	1,796,633	2,104,798	1,736,415	1,882,497
Financial liabilities (excluding trade payables)	-	250,000	11,643,691	11,923,449
Other current liabilities (including trade payables)	462,543	665,329	377,617	364,643
Total current liabilities	462,543	915,329	12,021,308	12,288,092
Non-current				
Assets	816,403	797,833	12,422,261	12,408,559
Non-financial liabilities	284,213	267,861	-	-
Total non-current liabilities	284,213	267,861	-	-
Net assets	1,866,280	1,719,441	2,137,368	2,002,964

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10. Investments in Associates (Continued)

Summarised income statement

	Dairy Industries (Jamaica) Limited		CSGK Finance Holdings Limited	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	3,750,013	3,597,260	1,289,117	1,241,476
Depreciation	(48,401)	(42,043)	(13,537)	(12,077)
Interest income - non-financial services	24,945	9,288	-	-
Interest expense - non-financial services	(8,336)	(13,147)	-	-
Profit before income tax	957,324	961,439	390,726	289,119
Taxation expense	(217,356)	(240,361)	(101,925)	(80,438)
Profit after tax	739,968	721,078	288,801	208,681
Other comprehensive income	6,871	48,652	(58,195)	120,467
Total comprehensive income	746,839	769,730	230,606	329,148
Dividends received by the Group from associates	300,000	255,000	38,482	38,897

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

	Dairy Industries (Jamaica) Limited		CSGK Finance Holdings Limited	
	2017	**2016**	**2017**	**2016**
Summarised financial information	**$'000**	**$'000**	**$'000**	**$'000**
Opening net assets at 1 January	1,719,441	1,459,711	2,002,964	1,771,054
Profit for the period	739,967	721,078	288,801	208,681
Other comprehensive income	6,871	48,652	(58,195)	120,467
Dividends paid	(600,000)	(510,000)	(96,203)	(97,238)
Closing net assets	1,866,279	1,719,441	2,137,367	2,002,964
Interest in associates (%)	50	50	40	40
Interest in associates (J$)	933,140	859,721	854,947	801,186
Carrying value	933,140	859,721	854,947	801,186

The amounts recognised in total comprehensive income in respect of immaterial associates are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Loss	(532)	(2,860)
Other comprehensive income	375	32,136
Total comprehensive income	(157)	29,276

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11. Intangible Assets

	Brands, Customer and Supplier Relationships $'000	Goodwill $'000	Computer Software $'000	Policy Contracts $'000	Total $'000
			Group		
Cost					
At 1 January 2016	2,719,265	1,711,343	2,552,962	589,088	7,572,658
Additions	-	-	390,751	-	390,751
Retirement of asset	-	-	(663)	-	(663)
Exchange differences	53,999	6,156	6,595	-	66,750
At 31 December 2016	2,773,264	1,717,499	2,949,645	589,088	8,029,496
Additions	-	-	334,599	-	334,599
Acquisition through business combination (Note 39)	637,000	-	-	-	637,000
Retirement of asset	-	-	(7,358)	-	(7,358)
Exchange differences	(26,691)	(2,525)	(3,503)	-	(32,719)
At 31 December 2017	3,383,573	1,714,974	3,273,383	589,088	8,961,018
Accumulated Amortisation					
At 1 January 2016	1,003,335	308,490	1,691,465	392,724	3,396,014
Amortisation charge for the year	186,176	-	352,767	39,273	578,216
Retirement of asset	-	-	(663)	-	(663)
Exchange differences	28,352	-	3,305	-	31,657
At 31 December 2016	1,217,863	308,490	2,046,874	431,997	4,005,224
Amortisation charge for the year	179,556	-	367,542	39,272	586,370
Retirement of asset	-	-	(7,358)	-	(7,358)
Exchange differences	(18,536)	(1)	(2,808)	-	(21,345)
At 31 December 2017	1,378,883	308,489	2,404,250	471,269	4,562,891
Net Book Amount					
31 December 2017	2,004,690	1,406,485	869,133	117,819	4,398,127
31 December 2016	1,555,401	1,409,009	902,771	157,091	4,024,272

Impairment tests for goodwill
The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

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11. Intangible Assets (Continued)

The allocation of goodwill to the Group's cash generating units (CGUs) identified according to segment is as follows:

	2017 $'000	2016 $'000
Food Trading		
- Jamaica operations	16,854	16,854
- United Kingdom operations	460,089	435,271
- United States operations	929,542	956,884
	1,406,485	1,409,009

For the year ended 31 December 2017, management tested the goodwill allocated to all the CGUs for impairment.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the industry in which the CGU operates.

Key assumptions used for value in use calculations:

	Revenue Growth Rate	EBITDA to Revenue	Capital Expenditure to Revenue	Discount Rate
Food Trading				
- Jamaica operations	9.63%	4.65%	0.22%	13.86%
- United Kingdom operations	9.47%	5.43%	0.69%	11.10%
- United States operations	9.54%	3.82%	0.68%	8.00%

	Computer Software $'000
	Company
Cost	
At 1 January 2016	814,875
Additions	65,343
At 31 December 2016	880,218
Additions	155,400
Retirement of asset	(153)
At 31 December 2017	1,035,465
Accumulated Amortisation	
At 1 January 2016	691,344
Amortisation charge for the year	58,860
At 31 December 2016	750,204
Amortisation charge for the year	63,389
Retirement of asset	(153)
At 31 December 2017	813,440
Net Book Amount	
31 December 2017	222,025
31 December 2016	130,014

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12. Fixed Assets

	Freehold Land and Buildings $'000	Leasehold Buildings and Improvements $'000	Plant, Equipment, Fixtures & Vehicles $'000	Capital Work in Progress $'000	Total $'000
			Group		
Cost					
At 1 January 2016	5,385,713	1,364,759	6,610,391	576,978	13,937,841
Additions	32,221	187,880	811,197	896,927	1,928,225
Revaluation adjustment	342,476	-	-	-	342,476
Transfers	23,859	199,913	568,279	(792,051)	-
Disposals	-	(61,479)	(290,714)	-	(352,193)
Exchange differences	60,480	(24,313)	(60,744)	1,578	(22,999)
At 31 December 2016	5,844,749	1,666,760	7,638,409	683,432	15,833,350
Additions	20,562	403,946	693,013	1,554,457	2,671,978
Revaluation adjustment	2,500	-	-	-	2,500
Transfers	10,872	121,178	415,805	(547,855)	-
Disposals	-	(16,632)	(336,139)	(16,540)	(369,311)
Exchange differences	(28,087)	8,810	24,835	(389)	5,169
At 31 December 2017	5,850,596	2,184,062	8,435,923	1,673,105	18,143,686
Accumulated Amortisation					
At 1 January 2016	114,780	811,909	4,466,759	-	5,393,448
Charge for the year	102,187	138,188	648,198	-	888,573
Revaluation adjustment	(218,703)	-	-	-	(218,703)
On disposals	(53)	(36,454)	(254,129)	-	(290,636)
Exchange differences	1,789	(15,354)	(37,438)	-	(51,003)
At 31 December 2016	-	898,289	4,823,390	-	5,721,679
Charge for the year	109,558	172,040	702,568	-	984,166
On disposals	-	(7,567)	(288,026)	-	(295,593)
Exchange differences	(296)	4,519	13,550	-	17,773
At 31 December 2017	109,262	1,067,281	5,251,482	-	6,428,025
Net Book Amount					
31 December 2017	5,741,334	1,116,781	3,184,441	1,673,105	11,715,661
31 December 2016	5,844,749	768,471	2,815,019	683,432	10,111,671

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12. Fixed Assets (Continued)

	Freehold Land and Buildings $'000	Leasehold Buildings and Improvements $'000	Plant, Equipment, Fixtures & Vehicles $'000	Capital Work in Progress $'000	Total $'000
			Company		
Cost					
At 1 January 2016	67,000	101,293	849,442	7,920	1,025,655
Additions	-	4,763	102,266	2,207	109,236
Revaluation adjustment	7,000	-	-	-	7,000
Transfers	-	-	9,917	(9,917)	-
Disposals	-	-	(9,019)	-	(9,019)
At 31 December 2016	74,000	106,056	952,606	210	1,132,872
Additions	14	8,487	81,143	1,164	90,808
Disposals	-	(10,234)	(151,619)	(210)	(162,063)
At 31 December 2017	74,014	104,309	882,130	1,164	1,061,617
Accumulated Amortisation					
At 1 January 2016	1,305	74,730	701,883	-	777,918
Charge for the year	1,305	4,151	60,805	-	66,261
Revaluation adjustment	(2,610)	-	-	-	(2,610)
On disposals	-	-	(7,981)	-	(7,981)
At 31 December 2016	-	78,881	754,707	-	833,588
Charge for the year	1,438	4,467	65,408	-	71,313
On disposals	-	(1,279)	(141,364)	-	(142,643)
At 31 December 2017	1,438	82,069	678,751	-	762,258
Net Book Amount					
31 December 2017	72,576	22,240	203,379	1,164	299,359
31 December 2016	74,000	27,175	197,899	210	299,284

(a) The tables above include carrying values of $91,534,000 (2016: $81,862,000) and $384,000 (2016: $1,377,000) for the Group and the company, respectively, representing assets being acquired under finance leases. All amounts related to finance leases are shown in the 'Plant, Equipment, Fixtures & Vehicles' category of fixed assets.

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12. Fixed Assets (Continued)

(b) If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cost	4,320,417	4,288,983	41,137	41,123
Accumulated depreciation	565,625	494,506	11,916	10,888
Net Book Amount	3,754,792	3,794,477	29,221	30,235

(c) The Group's land and buildings were revalued during 2016 by independent valuers. The valuations were done on the basis of open market value, with the exception of the Distribution Centre, for which recent market transactions are not available due to the specialised nature of the assets. The revaluation surpluses, net of applicable deferred income taxes, were credited to the capital and fair value reserves in equity (Note 18).

(d) Borrowing costs of $7,819,000 (2016: $Nil) arising on financing specifically entered into for the construction of a new corporate head office were capitalised during the year and are included in 'additions' in capital work in progress.

A capitalisation rate of 7.0% (2016: Nil) was used, representing the borrowing cost of the loan used to finance the project.

13. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using principal tax rates of 25% for unregulated companies and 33 ⅓% for regulated companies.

The movement on the deferred income tax account is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	(596,649)	(87,670)	(981,093)	(880,836)
Income statement credit/(charge) (Note 27)	126,071	(1,545)	167,735	162,927
Tax charge relating to components of other comprehensive income (Note 27)	(63,798)	(514,295)	(69,640)	(263,184)
Exchange differences	1,559	6,861	-	-
At end of year	(532,817)	(596,649)	(882,998)	(981,093)

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13. Deferred Income Taxes (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. Subject to agreement with the taxation administration in the relevant jurisdictions, the Group has recognised tax losses of $1,871,768,000 (2016: $1,929,322,000) and recognised tax credits of $224,740,000 (2016: $148,175,000) to carry forward indefinitely against future taxable income. The Group also has unrecognised tax losses of $683,830,000 (2016: $1,048,252,000) in respect of some subsidiaries.

Deferred income tax liabilities of $183,754,000 (2016: $196,096,000) have not been established for the withholding taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are permanently reinvested; such unremitted earnings totalled $735,017,000 (2016: $784,384,000).

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the period is as follows:

	Group					
Deferred tax liabilities	**Fixed Assets $'000**	**Fair Value Gains $'000**	**Unrealised Foreign Exchange Gains $'000**	**Pension Plan Assets $'000**	**Other $'000**	**Total $'000**
At 1 January 2016	302,573	237,085	23,752	1,341,146	398,422	2,302,978
(Credited)/charged to the income statement	(6,209)	4,375	(9,297)	(72,607)	192,451	108,713
Charged to other comprehensive income	130,147	84,660	-	266,982	-	481,789
Exchange differences	-	-	-	-	1,274	1,274
At 31 December 2016	426,511	326,120	14,455	1,535,521	592,147	2,894,754
Charged/(credited) to the income statement	5,299	9,593	-	(43,255)	16,325	(12,038)
(Credited)/charged to other comprehensive income	(20,527)	71,244	-	84,945	-	135,662
Exchange differences	(377)	-	-	-	(2,168)	(2,545)
At 31 December 2017	410,906	406,957	14,455	1,577,211	606,304	3,015,833

Deferred tax assets	**Fixed Assets $'000**	**Fair Value Losses $'000**	**Unutilised Tax Losses and Credits $'000**	**Employee Benefit Obligations $'000**	**Other $'000**	**Total $'000**
At 1 January 2016	132,464	75,247	927,940	1,047,944	31,713	2,215,308
Credited/(charged) to the income statement	57,438	-	(186,151)	108,186	127,695	107,168
(Charged)/credited to other comprehensive income	-	(75,247)	-	42,741	-	(32,506)
Exchange differences	(4,671)	-	13,686	-	(880)	8,135
At 31 December 2016	185,231	-	755,475	1,198,871	158,528	2,298,105
Credited/(charged) to the income statement	41,002	-	1,013	129,254	(57,236)	114,033
Credited to other comprehensive income	-	-	-	71,864	-	71,864
Exchange differences	1,401	-	(2,131)	-	(256)	(986)
At 31 December 2017	227,634	-	754,357	1,399,989	101,036	2,483,016

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13. Deferred Income Taxes (Continued)

	Company					
Deferred tax liabilities	**Fixed Assets $'000**	**Fair Value Gains $'000**	**Unrealised Foreign Exchange Gains $'000**	**Pension Plan Assets $'000**	**Other $'000**	**Total $'000**
At 1 January 2016	8,227	38,211	3,865	1,341,146	9,425	1,400,874
Credited to the income statement	(1,985)	-	(3,865)	(72,607)	(959)	(79,416)
Charged to other comprehensive income	2,076	23,398	-	266,982	-	292,456
At 31 December 2016	8,318	61,609	-	1,535,521	8,466	1,613,914
Charged/(credited) to the income statement	10,286	-	-	(43,255)	11,750	(21,219)
Charged to other comprehensive income	-	14,093	-	84,944	-	99,037
At 31 December 2017	18,604	75,702	-	1,577,210	20,216	1,691,732

Deferred tax assets	**Fixed Assets $'000**	**Unutilised Tax Losses and Credits $'000**	**Employee Benefit Obligations $'000**	**Other $'000**	**Total $'000**
At 1 January 2016	23,419	10,932	471,416	14,271	520,038
Credited to the income statement	11,509	24,506	40,131	7,365	83,511
Credited to other comprehensive income	-	-	29,272	-	29,272
At 31 December 2016	34,928	35,438	540,819	21,636	632,821
Credited/(charged) to the income statement	22,676	86,129	40,645	(2,934)	146,516
Credited to other comprehensive income	-	-	29,397	-	29,397
At 31 December 2017	57,604	121,567	610,861	18,702	808,734

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13. Deferred Income Taxes (Continued)

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 and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	836,477	801,008	-	-
Deferred tax liabilities	(1,369,294)	(1,397,657)	(882,998)	(981,093)
	(532,817)	(596,649)	(882,998)	(981,093)
The gross amounts shown in the above tables include the following:				
Deferred tax assets:				
Deferred tax assets to be recovered after more than 12 months	2,381,980	2,139,577	790,032	611,185
Deferred tax assets to be recovered within 12 months	101,036	158,528	18,702	21,636
	2,483,016	2,298,105	808,734	632,821
Deferred tax liabilities:				
Deferred tax liabilities to be settled after more than 12 months	(1,988,117)	(1,962,032)	(1,595,814)	(1,543,839)
Deferred tax liabilities to be settled within 12 months	(1,027,716)	(932,722)	(95,918)	(70,075)
	(3,015,833)	(2,894,754)	(1,691,732)	(1,613,914)
Deferred tax liabilities net	(532,817)	(596,649)	(882,998)	(981,093)

14. Pensions and Other Post-Employment Obligations

The Group has both defined contribution pension schemes and a defined benefit pension scheme.

Defined contribution schemes
The defined contribution pension scheme is open to Jamaican based employees hired on or after 1 April 2010. Employees contribute 5% of pensionable earnings with the option to contribute an additional voluntary contribution of 5%. The employer contributions are currently set at 10%. The Group also has other defined contribution schemes open to employees of its foreign subsidiaries which are operated in those countries. The Group's and company's contributions for the year were $293,859,000 (2016: $248,811,000) and $60,073,000 (2016: $47,683,000) respectively.

Defined benefit scheme
The Group's defined benefit pension scheme, which commenced on 1 January 1975, is funded by employee contributions at 5% of salary with the option to contribute an additional 5%, and employer contributions at 0.02%, as recommended by independent actuaries. The last valuation was carried out at 31 December 2013. Pension at normal retirement age is based on 2% per year of pensionable service of the average of the highest three years' annual salary during the last ten years of service. This scheme was closed to new members as at 31 March 2010.

The Board of Trustees of the pension fund is comprised of representatives from both the employer and members of the plan. The Board of Trustees of the pension fund is required by law to act in the interest of the fund and all relevant stakeholders. The Board of Trustees of the fund is responsible for the investment policy with regard to the assets of the fund. The funds are managed by Proven Fund Managers Limited.

In the event of a plan surplus the Group is able to take a contribution holiday, while a funding deficiency will require the Group to make additional contributions to adequately fund the plan.

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14. Pension and Other Post-Employment Obligations (Continued)

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

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Present value of funded obligations	25,908,981	22,330,364
Fair value of plan assets	(32,217,824)	(28,472,442)
Asset in the statement of financial position	(6,308,843)	(6,142,078)

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

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Beginning of year	22,330,364	19,868,745
Current service cost	696,188	668,160
Interest cost	2,005,634	1,663,989
	2,701,822	2,332,149
Remeasurements -		
Loss from change in financial assumptions	1,255,690	756,423
Experience losses/(gains)	100,728	(209,576)
	1,356,418	546,847
Members' contributions	230,209	230,487
Benefits paid	(709,832)	(647,864)
End of year	25,908,981	22,330,364

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14. Pensions and Other Post-Employment Obligations (Continued)

Pension benefits (continued)
The movement in the fair value of plan assets for the year is as follows:

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Beginning of year	28,472,442	25,233,328
Interest income on plan assets	2,557,525	2,116,694
Return on plan assets, excluding amounts included in interest income	1,696,197	1,614,772
Members' contributions	230,209	230,487
Employers' contributions	986	740
Benefits paid	(709,832)	(647,864)
Administration costs	(29,703)	(75,715)
End of year	32,217,824	28,472,442

The amounts recognised in the income statement are as follows:

	Group and Company	
	2017	**2016**
	$'000	**$'000**
Current service cost	696,188	668,160
Interest income (net)	(551,891)	(452,705)
Administration costs	29,703	75,715
Total, included in staff costs (Note 26)	174,000	291,170

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $14,815,707,000 (2016: $12,421,257,000) relating to active employees, $3,018,986,000 (2016: $2,387,981,000) relating to deferred members and $8,074,288,000 (2016: $7,521,126,000) relating to members in retirement.

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14. Pensions and Other Post-Employment Obligations (Continued)

Pension benefits (continued)

The plan assets are comprised of:

	Group and Company			
	2017		2016	
	$'000	%	$'000	%
Equity	12,203,592	38%	9,497,567	34%
Debt	4,575,658	14%	4,328,400	15%
Real estate	2,821,614	9%	2,492,811	9%
Government securities	10,691,437	33%	10,385,674	36%
Other	1,925,523	6%	1,767,990	6%
	32,217,824	100%	28,472,442	100%

The pension plan assets include the company's ordinary stock units with a fair value of $1,954,116,000 (2016: $1,809,915,000) and buildings occupied by Group companies with fair values of $1,168,278,000 (2016: $1,047,558,000).

The benefit that the company derives from the surplus of the pension plan is limited to the extent of the reduction in future contributions that it will make to the pension scheme.

Expected contributions by the Group to the post-employment scheme for the year ending 31 December 2018 are $569,000. The actual return on plan assets was $4,253,720,000 (2016: $3,731,466,000).

The principal actuarial assumptions used were as follows:

	2017	2016
Discount rate	8.0%	9.0%
Long term inflation rate	5.0%	6.0%
Future salary increases	6.0%	6.0%
Future pension increases	5.0%	6.0%

Assumptions regarding future mortality experience are set based on advice, published statistics and experience.

The average life expectancy in years of a pensioner retiring at age 60 on the statement of financial position date is as follows:

	2017	2016
Male	27.31	27.24
Female	28.21	28.17

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14. Pensions and Other Post-Employment Obligations (Continued)

Pension benefits (continued)

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

		Group and Company					
		Impact on post-employment obligations					
	Change in Assumption	Increase in Assumption			Decrease in Assumption		
			2017	2016		2017	2016
Discount rate	1%	Decrease by	15.3%	15.1%	Increase by	20.0%	19.7%
Future salary increases	1%	Increase by	4.9%	4.7%	Decrease by	4.3%	4.2%
Expected pension increase	1%	Increase by	13.5%	13.5%	Decrease by	11.1%	11.1%

	Group and Company					
	Impact on post-employment obligations					
	Increase in Assumption by One Year			Decrease in Assumption by One Year		
		2017	2016		2017	2016
Life expectancy	Increase by	2.3%	2.2%	Decrease by	2.4%	2.4%

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.

Other post-employment obligations

The Group operates a number of post-employment benefit schemes, principally in Jamaica. The benefits covered under the schemes include group life, insured and self-insured health care, gratuity and other supplementary plans. Funds are not built up to cover the obligations under these retirement benefit schemes. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumptions used for the pension schemes, the main actuarial assumption is a long term increase in health costs of 6.5% per year (2016: 7.5% per year).

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14. Pensions and Other Post-Employment Obligations (Continued)

Other post-employment obligations (continued)

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Present value of unfunded obligations	5,129,990	4,406,015	2,443,443	2,163,271

Movement in the defined benefit obligation is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of year	4,406,015	3,848,433	2,163,271	1,885,663
Current service cost	237,731	202,480	80,940	67,296
Interest cost	388,653	320,424	189,206	156,316
Past service cost - vested benefits	(5,160)	41,311	1,806	44,746
	621,224	564,215	271,952	268,358
Remeasurements -				
Loss from change in demographic assumptions	126,759	111,562	62,434	52,553
Loss from change in financial assumptions	197,855	178,316	93,623	64,564
Experience gains	(56,852)	(110,655)	(38,464)	(33)
	267,762	179,223	117,593	117,084
Benefits paid	(165,011)	(185,856)	(109,373)	(107,834)
End of year	5,129,990	4,406,015	2,443,443	2,163,271

The amounts recognised in the income statement were as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	237,731	202,480	80,940	67,296
Interest cost	388,653	320,424	189,206	156,316
Past service cost	(5,160)	41,311	1,806	44,746
Total included in staff costs (Note 26)	621,224	564,215	271,952	268,358

The total charge was included in administration expenses.

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14. Pensions and Other Post-Employment Obligations (Continued)

Other post-employment obligations (continued)

The composition of the liability recognised in relation to the other post-employment obligations in the statement of financial position is as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Gratuity Plan	773,590	648,103	405,006	345,460
Group Life Plan	890,425	687,066	415,250	329,009
Insured Group Health	1,530,524	1,333,251	567,775	517,431
Self Insured Health Plan	1,400,143	1,203,801	641,010	551,646
Supplementary Pension Plan	535,308	533,794	414,402	419,725
Liability in the statement of financial position	5,129,990	4,406,015	2,443,443	2,163,271

The sensitivity of the post-employment medical benefits to changes in the principal assumptions is:

		Group					
		Impact on post-employment obligations					
	Change in Assumption	Increase in Assumption			Decrease in Assumption		
			2017	2016		2017	2016
Discount rate	1%	Decrease by	15.1%	15.0%	Increase by	19.4%	19.3%
Medical inflation rate	1%	Increase by	19.5%	19.4%	Decrease by	15.4%	15.3%

		Company					
		Impact on post-employment obligations					
	Change in Assumption	Increase in Assumption			Decrease in Assumption		
			2017	2016		2017	2016
Discount rate	1%	Decrease by	13.7%	13.5%	Increase by	17.4%	17.1%
Medical inflation rate	1%	Increase by	17.5%	17.2%	Decrease by	14.0%	13.7%

Risks associated with pension plans and post-employment plans

Through its defined benefit pension plan and other post-employment benefits, the Group 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 Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. This process includes monitoring and rebalancing the asset classes and the maturity profile of assets within these classes. The Government bonds largely represent investments in Government of Jamaica securities.

However, the Group believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Group's long term strategy to manage the plan efficiently.

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14. Pensions and Other Post-Employment Obligations (Continued)

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

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 in the event that discretionary pension increases are granted. The majority of the plan's assets are either unaffected by (fixed interest securities) or loosely correlated with (equities) inflation, meaning that an increase in inflation has the potential to 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.

The Board of Trustees is ultimately responsible for the establishment and oversight of the plan's risk management framework, including monitoring the overall risk management process, as well as approving policies covering specific areas, such as limits for specific asset classes, foreign exchange risk, credit risk and investment of excess liquidity. The Board is responsible for monitoring the investment portfolio and investment strategies for the plan. A large portion of assets in 2017 consists of money market instruments, bonds and equities.

Funding levels are monitored on an annual basis and the current agreed contribution rate by the Group is 0.02% of pensionable salaries. The next triennial valuation is due to be completed for the plan's financial position as at 31 December 2019. The Group considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit. Regular contributions, which are based on service costs, will be assessed following the upcoming valuation to determine if any increase is required.

The average duration of the post-employment obligations is as follows:

Plans	Years
Gratuity Plan	9.5
Group Life Plan	16.3
Insured Group Health	21.0
Pension Plan	19.0
Self Insured Health Plan	14.1
Superannuation Plan	7.6

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15. Bank and Other Loans

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Secured on assets	4,142,720	3,715,816	-	-
Unsecured	12,372,895	9,526,221	4,053,268	4,446,639
	16,515,615	13,242,037	4,053,268	4,446,639

(a) Unsecured loans of subsidiaries are supported by letters of comfort from the parent company. Interest rates on these loans range between 2.0% - 10.13% (2016: 2.25% - 12.0%).

(b) Bank and other loans comprise:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Bank overdrafts (Note 5)	2,681,950	1,965,846	30,825	1,054,809
Bank borrowings	10,841,034	8,440,040	3,244,452	2,622,262
Finance leases	86,904	78,153	2,632	7,171
Other loans	2,905,727	2,757,998	775,359	762,397
Total borrowings	16,515,615	13,242,037	4,053,268	4,446,639

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. Certain bank borrowings are secured on the assets of subsidiaries that have the loans. All other borrowings are unsecured. Included in bank borrowings and other loans is interest payable of $59,983,000 (2016: $94,115,000) and $20,905,000 (2016: $27,964,000) for the Group and the company, respectively.

Included in bank borrowings and other loans is $11,189,404,000 (2016: $7,898,778,000) and $2,660,996,000 (2016: $3,284,030,000) for the Group and the company respectively, which matures in the next 12 months.

The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.06% (2016: 6.10%) and are within level 2 of the fair value hierarchy.

(c) Finance lease liabilities – minimum lease payments:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	37,983	29,513	2,740	5,037
Later than 1 year and not later than 5 years	74,471	55,502	-	2,740
	112,454	85,015	2,740	7,777
Future finance charges on finance leases	(25,550)	(6,862)	(108)	(606)
Present value of finance lease liabilities	86,904	78,153	2,632	7,171

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15. Bank and Other Loans (Continued)

(c) Finance lease liabilities – minimum lease payments (continued):

The present value of finance lease liabilities is as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	31,049	27,135	2,632	4,539
Later than 1 year and not later than 5 years	55,855	51,018	-	2,632
	86,904	78,153	2,632	7,171

16. Payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	8,108,435	8,349,067	1,000,498	1,167,893
Payable to associates (Note 34 e)	246,867	539,325	143,778	326,782
Accruals	3,230,326	3,556,639	781,689	669,846
Claims outstanding	4,155,271	2,971,434	-	-
Insurance reserves	2,844,404	2,763,198	-	-
Other payables	3,625,596	2,145,518	618,705	436,444
	22,210,899	20,325,181	2,544,670	2,600,965

All payables balances are due within the next 12 months.

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17. Share Capital

	Group and Company			
	2017 Units ('000)	2016 Units ('000)	2017 $'000	2016 $'000
Authorised -				
Ordinary shares	1,200,000	1,200,000		
Issued and fully paid -				
Ordinary stock units	994,887	994,887	623,546	623,546
Treasury shares	(2,233)	(2,508)	(82,595)	(89,297)
Issued and outstanding	992,654	992,379	540,951	534,249

(a) On 11 July 2016, at an extraordinary general meeting of the company, the shareholders approved the subdivision of each ordinary share into three ordinary shares with effect from 11 August 2016. To facilitate this subdivision of shares, the maximum number of shares that the company is authorised to issue was increased from 400,000,000 to 1,200,000,000.

(b) During 2016 the company issued 2,050,000 shares to its employees for cash of $37,668,000. The shares were issued under the Directors and Senior Managers Stock Option Plans. No shares were issued in 2017.

(c) During the year, the company through its employee investment trust sold 122,000 (2016: 324,000) units of its own shares at a fair value of $5,027,000 (2016: $13,418,000), purchased 736,000 (2016: 5,447,000) units at a fair value of $29,592,000 (2016: $205,952,000) and transferred 889,000 (2016: 3,532,000) units to employees at a fair value of $37,667,000 (2016: $146,669,000). The total number of treasury shares held by the company at the end of the year was 2,233,000 (2016: 2,508,000) at a cost of $82,595,000 (2016: $89,297,000).

(d) At the Annual General Meeting held on 29 May 2003, the stockholders passed a resolution for 30,000,000 of the authorised but unissued shares to be set aside for allocation and sale to the managers of the company. The allocation and sale of these shares will be governed by the provisions of the 2003 Stock Option Plan for the Managers of GraceKennedy Limited.

On 6 January 2011, under the rules of the Stock Option Plan, the following allocation was made:

	No. of Shares
Senior managers	8,796,024

The options were granted at a subscription price of $16.94, being the weighted average price of the company's shares on the Jamaica Stock Exchange for the previous ten days prior to the grant date, and are exercisable over a period of six years, at the end of which time unexercised options will expire. One-third of the total of the grant to each senior manager will vest on each anniversary of the grant. The plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, combinations or exchanges of shares, stock dividends, bonus issue, and reclassifications or similar corporate changes.

Movement on this option:	2017 '000	2016 '000
At 1 January	1,174	6,636
Granted	-	420
Exercised	(407)	(5,882)
Expired	(767)	-
At 31 December	-	1,174

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17. Share Capital (Continued)

(e) At the Annual General Meeting held on 27 May 2009, the stockholders passed a resolution for authorised but unissued shares up to a maximum of 7½% of the total number of issued shares of no par value to be set aside for allocation and sale to the directors, managers and employees of the company. The allocation and sale of these shares will be governed by the provisions of the 2009 Stock Offer Plan for the Directors, Managers and Employees of GraceKennedy Limited and the plan provides for equitable adjustment of the allocated number of shares by reason of stock splits, combinations or exchanges of shares, stock dividends, bonus issue, and reclassifications or similar corporate changes.

On 3 January 2011, under the rules of the Stock Offer Plan, the following allocation was made:

	No. of Shares
Directors	1,085,184

The options were granted at a subscription price of $16.75, being the weighted average price of the company's shares on the Jamaica Stock Exchange for the previous three days prior to the grant date, and are exercisable over a period of six years, at the end of which time unexercised options will expire. The total of the grant to each director will fully vest on the third anniversary of the grant.

Movement on this option:	2017 '000	2016 '000
At 1 January	136	678
Exercised	-	(542)
At 31 December	136	136

On 8 December 2011, under the rules of the Stock Offer Plan, the following allocation was made:

	No. of Shares
Directors and senior executives	3,408,480

The options were granted at a subscription price of $20.40, being the weighted average price of the company's shares on the Jamaica Stock Exchange for the previous three days prior to the grant date, and are exercisable over a period of six years, at the end of which time unexercised options will expire. The total of the grant to each director and senior executive will fully vest on the third anniversary of the grant.

Movement on this option:	2017 '000	2016 '000
At 1 January	1,334	3,213
Exercised	(1,236)	(1,879)
At 31 December	98	1,334

(f) In 2016, the company commenced operating a Long Term Incentive (LTI) Scheme administered by a committee of the Group's Board of Directors. The scheme is governed by the provisions of the 2009 Stock Offer Plan and includes the offer of restricted stock grants and stock options to executive directors and other senior executives. Participating executives are eligible to receive awards of restricted stock grants once certain predetermined Group performance objectives are met. These awards are earned annually following achievement of the performance objectives and are subject to a two year holding period from the end of the performance year after which the stock grants will vest and the executive will be entitled to receive the stock units. The stock option portion of the LTI scheme is granted annually and vesting is dependent on a time-based criterion.

The following allocation of stock options were made to executive directors and other senior executives:

	11 May 2017	12 May 2016
Number of shares	1,967,156	2,551,665
Subscription price	$42.09	$28.00

The subscription price that the options were granted at is the weighted average price of the company's shares on the Jamaica Stock Exchange for the previous three days prior to the grant date. The total of the grant to each executive director and other senior executive will fully vest on the third anniversary of the grant. After vesting executives will have up to five years to exercise the stock options.

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17. Share Capital (Continued)

(f) Long term incentive plan (continued)

	2017 Offer	2016 Offer	Total	2017 Offer	2016 Offer	Total
		2017			2016	
Movement on this option:	**'000**	**'000**	**'000**	**'000**	**'000**	**'000**
At 1 January	-	2,552	2,552	-	-	-
Granted	1,967	-	1,967	-	2,552	2,552
Exercised	-	(12)	(12)	-	-	-
Forfeited	(19)	(27)	(46)	-	-	-
At 31 December	1,948	2,513	4,461	-	2,552	2,552

(g) Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2017		2016	
Movement on this option:	**Average exercise price in $ per share**	**Options '000**	**Average exercise price in $ per share**	**Options '000**
At 1 January	23.26	5,196	17.99	10,527
Granted	42.09	1,967	26.44	2,972
Exercised	33.83	(1,655)	17.71	(8,303)
Forfeited	19.60	(46)	-	-
Expired	16.94	(767)	-	-
At 31 December	33.36	4,695	23.26	5,196

Shares totalling 234,000 (2016: 2,643,000) are exercisable at the statement of financial position date.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

		2017	2016
	Exercise price in $ per share	**Options '000**	**Options '000**
2017	16.75	-	2,644
2018	20.40	234	-
2023	28.00	2,513	2,552
2024	42.09	1,948	-
		4,695	5,196

(h) The fair value of options granted determined using the Black-Scholes valuation model was $189,056,000. The significant inputs into the model were the weighted average share prices ranging from $17.00 to $42.09 at the grant dates, exercise prices ranging from $16.94 to $42.09, standard deviation of expected share price returns ranging from 29.1% to 33.2%, option life of six and eight years and risk-free interest rates ranging between 5.82% to 7.48%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the term of the options. The fair value of potential restricted stock grants to be earned is $232,447,000.

The expense recognised in the income statement for share-based payments was $56,960,000 (2016: $23,816,000).

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18. Capital and Fair Value Reserves

	Group							
	Capital Reserve	Loan Loss Reserve	Fair Value Reserves	Total	Capital Reserve	Loan Loss Reserve	Fair Value Reserves	Total
	2017				2016			
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Realised gains on disposal of assets	102,738	-	-	102,738	102,738	-	-	102,738
Capital distributions received	46,164	-	-	46,164	46,164	-	-	46,164
Realised gain on sale of shares	115,507	-	-	115,507	109,107	-	-	109,107
Profits capitalised by Group companies	2,149,885	-	-	2,149,885	2,154,855	-	-	2,154,855
Unrealised surplus on the revaluation of fixed assets, net of deferred taxes	-	-	2,302,229	2,302,229	-	-	2,278,152	2,278,152
Fair value gains, net of deferred taxes	-	-	696,994	696,994	-	-	446,565	446,565
Loan loss reserve	-	628,271	-	628,271	-	620,016	-	620,016
Catastrophe reserve	12,270	-	-	12,270	12,270	-	-	12,270
Other	35,187	-	-	35,187	35,187	-	-	35,187
	2,461,751	628,271	2,999,223	6,089,245	2,460,321	620,016	2,724,717	5,805,054

	Company					
	Capital Reserve	Fair Value Reserves	Total	Capital Reserve	Fair Value Reserves	Total
	2017			2016		
	$'000	$'000	$'000	$'000	$'000	$'000
Capital distributions received	24,507	-	24,507	24,507	-	24,507
Unrealised surplus on the revaluation of fixed assets, net of deferred taxes	-	37,229	37,229	-	37,229	37,229
Fair value gains, net of deferred taxes	-	343,241	343,241	-	294,562	294,562
	24,507	380,470	404,977	24,507	331,791	356,298

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19. Banking Reserves

Banking reserves represent both those reserves required to be maintained by the banking subsidiary, First Global Bank Limited (FGB), in compliance with the Jamaica Banking Services Act; as well as additional reserves that the Banking Services Act permits FGB to transfer from net profit to constitute part of its capital base for purposes of determining the maximum level of deposit liabilities and lending to customers.

20. Other Reserves

	Group			Company
	Foreign Currency Translation $'000	Share-based Payments $'000	Total $'000	Share-based Payments $'000
At 1 January 2016	3,787,167	-	3,787,167	-
Equity holders' share of other comprehensive income	(278,818)	-	(278,818)	-
Transfer from retained earnings	-	233,991	233,991	202,266
Share-based payment expense	-	23,590	23,590	12,774
Transfer of treasury shares to employees	-	(146,669)	(146,669)	(146,669)
At 31 December 2016	3,508,349	110,912	3,619,261	68,371
Equity holders' share of other comprehensive income	(209,482)	-	(209,482)	-
Share-based payment expense	-	56,337	56,337	34,598
Transfer of treasury shares to employees	-	(37,667)	(37,667)	(37,667)
At 31 December 2017	3,298,867	129,582	3,428,449	65,302

(a) The reserve for foreign currency translation represents foreign exchange differences arising on translation of the Group's foreign operations to the presentation currency, Jamaican dollars.

(b) The reserve for share-based payments represents stock options and restricted stock units granted under the various equity compensation plans as described in Note 17.

21. Non-Controlling Interests

	2017 $'000	2016 $'000
Beginning of year	1,474,683	1,325,621
Share of total comprehensive income:		
Share of net profit of subsidiaries	655,999	530,323
Remeasurement of post-employment benefit obligations	(6,189)	(1,684)
Other	(14,580)	12,207
	635,230	540,846
Transfer of non-controlling interest	-	(1,983)
Employee share option scheme: value of services received	623	226
Dividends paid	(321,235)	(390,027)
End of year	1,789,301	1,474,683

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21. Non-Controlling Interests (Continued)

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. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

The total non-controlling interest for the period is $1,789,301,000 of which $1,745,962,000 is for GraceKennedy Money Services Caribbean SRL. The non-controlling interest in respect of other subsidiaries is not material.

In 2016, the Group increased its shareholdings in GK Insurance (Eastern Caribbean) Limited from 80% to 89.3% through the purchase of additional shares issued by that company. This intra-Group transaction resulted in the dilution of non-controlling interests shown in the table above as a transfer of $1,983,000.

Summarised financial information on subsidiaries with material non-controlling interests.

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised statement of financial position

	GraceKennedy Money Services Caribbean SRL	
	2017	**2016**
	$'000	**$'000**
Current		
Assets	7,887,532	7,269,826
Liabilities	(2,570,355)	(1,998,794)
Total current net assets	5,317,177	5,271,032
Non-current		
Assets	2,180,296	889,296
Liabilities	(513,625)	(414,573)
Total non-current net assets	1,666,671	474,723
Net assets	6,983,848	5,745,755

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21. Non-Controlling Interests (Continued)

Summarised income statement

	GraceKennedy Money Services Caribbean SRL	
	2017	**2016**
	$'000	**$'000**
Revenue	7,845,866	7,849,485
Profit before income tax	3,112,588	3,005,995
Taxation expense	(519,190)	(916,643)
Profit after tax	2,593,398	2,089,352
Other comprehensive income	(80,057)	39,752
Total comprehensive income	2,513,341	2,129,104
Total comprehensive income allocated to non-controlling interest	628,335	532,276
Dividends paid to non-controlling interest	(319,435)	(388,790)

Summarised cash flows

	GraceKennedy Money Services Caribbean SRL	
	2017	**2016**
	$'000	**$'000**
Cash flows from operating activities		
Cash generated from operations	3,491,539	2,098,155
Interest paid	(1,398)	6,253
Income tax paid	(1,069,860)	(711,899)
Net cash generated from operating activities	2,420,281	1,392,509
Net cash used in investing activities	(1,380,408)	(393,874)
Net cash used in financing activities	(940,234)	(1,555,610)
Net increase/(decrease) in cash and cash equivalents	99,639	(556,975)
Cash and cash equivalents at the beginning of year	4,546,868	5,020,008
Exchange (losses)/gains on cash and cash equivalents	(60,571)	83,835
Cash and cash equivalents at end of year	4,585,936	4,546,868

The information above represents amounts before intercompany eliminations.

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22. Segment Information

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Group has four reportable segments which are based on the different types of products and services that it offers. These products and services are described in its principal activities (Note 1). The reportable segments derive their revenue primarily from food trading and financial services. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies (Note 2). The Group evaluates performance on the basis of profit or loss before tax expense not including post-employment benefits, share-based payments and net corporate central office costs which are shown in unallocated amounts. Segment information also excludes discontinued operations.

The segment information provided to management for the reportable segments is as follows:

Operating segments

	2017					
	Food Trading	Banking & Investments	Insurance	Money Services	Unallocated/ Elimination	Group
	$'000	$'000	$'000	$'000	$'000	$'000
REVENUE						
External sales	72,609,349	5,979,211	6,041,226	7,845,866	-	92,475,652
Inter-segment sales	182,131	70,223	384,626	-	(636,980)	-
Total Revenue	72,791,480	6,049,434	6,425,852	7,845,866	(636,980)	92,475,652
Operating results	1,671,493	587,631	549,461	3,153,897	28,473	5,990,955
Unallocated expense	-	-	-	-	(371,720)	(371,720)
Profit from operations	-	-	-	-	-	5,619,235
Finance income	19,048	53,834	19,431	22,136	263,763	378,212
Finance expense	(509,495)	(81,615)	(1,679)	(1,397)	(68,671)	(662,857)
Share of results of associates	369,984	115,520	(532)	-	-	484,972
Profit before taxation	1,551,030	675,370	566,681	3,174,636	(148,155)	5,819,562
Taxation						(1,047,462)
Net Profit						4,772,100
Operating assets	42,103,242	58,311,856	14,898,295	9,373,867	(4,440,850)	120,246,410
Investment in associates	933,140	854,947	-	10,133	-	1,798,220
Unallocated assets	-	-	-	-	7,944,010	7,944,010
Total assets	43,036,382	59,166,803	14,898,295	9,384,000	3,503,160	129,988,640
Operating liabilities	20,830,212	47,818,655	9,453,650	2,467,771	(4,520,531)	76,049,757
Unallocated liabilities	-	-	-	-	6,926,770	6,926,770
Total liabilities	20,830,212	47,818,655	9,453,650	2,467,771	2,406,239	82,976,527
Other segment items						
Additions to non-current assets [(b)]	1,089,445	264,036	381,754	1,271,342	-	3,006,577
Depreciation	(723,982)	(141,545)	(46,146)	(72,493)	-	(984,166)
Amortisation	(236,727)	(160,088)	(98,296)	(91,259)	-	(586,370)

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22. Segment Information (Continued)

Operating segments (continued)

	2016					
	Food Trading	**Banking & Investments**	**Insurance**	**Money Services**	**Unallocated/ Elimination**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
REVENUE						
External sales	68,807,268	5,581,914	6,028,922	7,849,485	-	88,267,589
Inter-segment sales	264,683	41,013	337,495	-	(643,191)	-
Total Revenue	69,071,951	5,622,927	6,366,417	7,849,485	(643,191)	88,267,589
Operating results	1,434,989	350,640	780,200	3,068,975	32,800	5,667,604
Unallocated income	-	-	-	-	299,155	299,155
Profit from operations	-	-	-	-	-	5,966,759
Finance income	4,862	61,782	20,537	24,887	260,208	372,276
Finance expense	(473,856)	(117,871)	(8,723)	(24,616)	(51,790)	(676,856)
Share of results of associates	360,539	83,472	(2,860)	-	-	441,151
Profit before taxation	1,326,534	378,023	789,154	3,069,246	540,373	6,103,330
Taxation						(1,568,468)
Net Profit						4,534,862
Operating assets	41,473,433	60,499,830	12,354,853	7,952,217	(4,912,493)	117,367,840
Investment in associates	859,721	801,186	72,944	10,133	-	1,743,984
Unallocated assets	-	-	-	-	7,367,325	7,367,325
Total assets	42,333,154	61,301,016	12,427,797	7,962,350	2,454,832	126,479,149
Operating liabilities	22,029,278	50,602,324	7,091,048	1,762,221	(4,920,333)	76,564,538
Unallocated liabilities	-	-	-	-	6,376,003	6,376,003
Total liabilities	22,029,278	50,602,324	7,091,048	1,762,221	1,455,670	82,940,541
Other segment items						
Additions to non-current assets [(b)]	1,585,246	321,135	55,331	395,907	-	2,357,619
Depreciation	(633,070)	(125,104)	(51,718)	(78,681)	-	(888,573)
Amortisation	(221,346)	(167,887)	(95,138)	(93,845)	-	(578,216)

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22. Segment Information (Continued)

Operating segments (continued)

The profit or loss, assets and liabilities for reportable segments are reconciled to the totals for profit or loss, assets and liabilities as follows:

	Profit before Taxation		Assets		Liabilities	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Total for reportable segments	5,967,717	5,562,957	126,485,480	124,024,317	80,570,288	81,484,871
Inter-segment eliminations	-	-	(4,440,850)	(4,912,493)	(4,520,531)	(4,920,333)
Unallocated amounts:						
Corporate central office results	538,032	1,232,978	-	-	-	-
Post-employment benefits	(629,227)	(668,789)	-	-	-	-
Share-based payments	(56,960)	(23,816)	-	-	-	-
Taxation recoverable	-	-	798,690	424,239	-	-
Deferred tax assets	-	-	836,477	801,008	-	-
Pension plan asset	-	-	6,308,843	6,142,078	-	-
Taxation	-	-	-	-	427,486	572,331
Deferred tax liabilities	-	-	-	-	1,369,294	1,397,657
Other post-employment obligations	-	-	-	-	5,129,990	4,406,015
Total unallocated	(148,155)	540,373	7,944,010	7,367,325	6,926,770	6,376,003
Total per financial statements	5,819,562	6,103,330	129,988,640	126,479,149	82,976,527	82,940,541

Geographical information

	Revenue [a]		Non-current Assets [b]	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Jamaica	47,656,940	45,343,688	12,994,276	10,746,282
United Kingdom	12,297,058	12,577,499	1,280,831	1,249,059
United States of America	18,123,196	16,895,671	2,961,132	3,149,046
Canada	5,899,908	5,322,251	61,414	23,654
Other Caribbean countries	6,672,710	6,339,280	1,232,355	1,295,886
Other European countries	1,565,325	1,480,462	-	-
Africa	125,223	164,128	-	-
Other countries	135,292	144,610	-	-
Total	92,475,652	88,267,589	18,530,008	16,463,927

[a] Revenue is attributed to countries on the basis of the customer's location.

[b] For the purposes of segment information, non-current assets exclude financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts, as well as discontinued operations.

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23. Revenues

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Sales of products	72,609,349	68,807,268	17,623,999	16,974,486
Sales of services	7,845,866	7,849,479	-	-
Financial services income	7,767,500	7,502,590	-	-
Interest income on investments classified as –				
Available-for-sale securities	1,198,332	1,095,713	-	-
Interest income on loans receivable	3,054,605	3,012,539	-	-
	92,475,652	88,267,589	17,623,999	16,974,486

24. Expense by Nature

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Auditors' remuneration	179,413	199,821	19,368	21,566
Advertising and marketing	2,748,920	3,045,966	1,013,069	1,369,234
Amortisation of intangibles	586,370	578,216	63,389	58,860
Commissions and other money services costs	1,772,962	1,785,563	-	-
Cost of inventory recognised as expense	50,430,582	47,624,588	13,310,172	12,843,296
Depreciation	984,166	888,573	71,313	66,261
Insurance	607,187	605,524	101,020	99,336
Interest expense and other financial services expenses	5,213,261	4,994,848	-	-
Legal, professional and other fees	3,639,848	3,010,186	573,564	539,041
Occupancy costs - Lease rental charges, utilities, etc.	3,265,280	2,949,203	605,355	560,004
Repairs and maintenance expenditure	714,627	674,540	41,001	27,653
Staff costs (Note 26)	13,795,418	13,525,639	3,583,723	3,440,691
Transportation	1,842,927	1,764,565	397,639	381,081
Other expenses	3,163,462	3,037,331	1,082,567	979,401
	88,944,423	84,684,563	20,862,180	20,386,424

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25. Other Income

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Dividend income	15,489	17,235	2,196,038	2,136,935
Net foreign exchange gains	282,776	785,385	16,817	343,196
Change in fair value of investment properties	34,000	13,357	-	-
Change in value of investments – fair value through profit or loss	(1,148)	1,780	-	-
Gain on acquisition of subsidiary (Note 39)	418,460	-	-	-
Gain on disposal of investments	45,699	610,574	10,531	40,388
(Loss)/gain on disposal of fixed assets	(8,200)	(18,659)	1,210	2,744
Fees and commissions	486,870	309,950	2,340,855	2,230,133
Interest income – available-for-sale securities	324,046	327,391	-	-
Rebates, reimbursements and recoveries	239,093	159,325	36,278	34,914
Miscellaneous	250,921	177,395	17,041	10,707
	2,088,006	2,383,733	4,618,770	4,799,017

26. Staff Costs

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Wages and salaries	9,743,090	9,689,561	2,335,102	2,161,240
Pension (Note 14)	174,000	291,170	174,000	291,170
Pension contributions to defined contribution scheme (Note 14)	293,859	248,811	60,073	47,683
Other post-employment benefits (Note 14)	621,224	564,215	271,952	268,358
Share-based payments	56,960	23,816	34,598	12,774
Statutory contributions	918,470	887,900	230,219	208,368
Other costs	1,987,815	1,820,166	477,779	451,098
	13,795,418	13,525,639	3,583,723	3,440,691

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27. Taxation

Taxation is based on the profit for the year adjusted for taxation purposes:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Current tax	1,323,159	1,686,038	12,991	6,841
Adjustment to prior year provision	(149,626)	(119,115)	-	-
Deferred tax (Note 13)	(126,071)	1,545	(167,735)	(162,927)
	1,047,462	1,568,468	(154,744)	(156,086)

The tax on the Group's and company's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the company as follows:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Profit before tax	5,819,562	6,103,330	1,579,980	1,581,155
Tax calculated at a tax rate of 25%	1,454,891	1,525,833	394,995	395,289
Adjusted for the effects of:				
Different tax rates in other countries	68,857	(12,532)	-	-
Different tax rate of regulated Jamaican companies	276,446	216,993	-	-
Income not subject to tax	(296,163)	(245,032)	(582,440)	(563,923)
Expenses not deductible for tax purposes	230,385	316,096	33,432	14,897
Adjustment to prior year provision	(149,626)	(119,115)	-	-
Share of profits of associates included net of tax	(121,243)	(110,288)	-	-
Employment tax credit	-	(2,441)	-	-
Urban renewal tax credit	(416,449)	-	-	-
Other	364	(1,046)	(731)	(2,349)
Tax expense/(credit)	1,047,462	1,568,468	(154,744)	(156,086)

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27. Taxation (Continued)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Group					
	2017			2016		
	Before tax	Tax charge	After tax	Before tax	Tax (charge)/ credit	After tax
	$'000	$'000	$'000	$'000	$'000	$'000
Items that will not be reclassified to profit or loss:						
Revaluation surplus	2,500	20,527	23,027	561,179	(130,147)	431,032
Remeasurements of post-employment benefit obligations	72,015	(13,081)	58,934	888,702	(224,241)	664,461
Share of other comprehensive income of associated companies	3,436	-	3,436	24,327	-	24,327
	77,951	7,446	85,397	1,474,208	(354,388)	1,119,820
Items that may be subsequently reclassified to profit or loss:						
Foreign currency translation adjustments	(201,407)	-	(201,407)	(346,623)	-	(346,623)
Fair value gains	321,921	(71,244)	250,677	468,572	(159,907)	308,665
Share of other comprehensive income of associated companies	(22,903)	-	(22,903)	80,322	-	80,322
	97,611	(71,244)	26,367	202,271	(159,907)	42,364
Other comprehensive income	175,562	(63,798)	111,764	1,676,479	(514,295)	1,162,184
Deferred tax (Note 13)	-	(63,798)	-	-	(514,295)	-

	Company					
	2017			2016		
	Before tax	Tax charge	After tax	Before tax	Tax credit/ (charge)	After tax
	$'000	$'000	$'000	$'000	$'000	$'000
Items that will not be reclassified to profit or loss:						
Revaluation surplus	-	-	-	9,610	(2,076)	7,534
Remeasurements of post-employment benefit obligations	222,186	(55,547)	166,639	950,841	(237,710)	713,131
	222,186	(55,547)	166,639	960,451	(239,786)	720,665
Items that may be subsequently reclassified to profit or loss:						
Fair value gains	56,372	(14,093)	42,279	93,590	(23,398)	70,192
	56,372	(14,093)	42,279	93,590	(23,398)	70,192
Other comprehensive income	278,558	(69,640)	208,918	1,054,041	(263,184)	790,857
Deferred tax (Note 13)	-	(69,640)	-	-	(263,184)	-

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28. Net Profit Attributable to the Owners of GraceKennedy Limited

Dealt with as follows in the financial statements of:

	2017 $'000	2016 $'000
The company	1,734,724	1,737,241
Intra-group dividends, gain on disposal of subsidiaries within the Group and other eliminations on consolidation	(2,198,630)	(2,173,411)
Adjusted company loss	(463,906)	(436,170)
The subsidiaries	4,095,035	3,999,558
The associates	484,972	441,151
	4,116,101	4,004,539

29. Dividends

	2017 $'000	2016 $'000
Paid,		
Interim – 30 cents per stock unit (2016 : 26 cents)	297,804	257,610
Interim – 38 cents per stock unit (2016 : 34 cents)	377,111	336,589
Final – 45 cents per stock unit (2016 : 42 cents)	446,604	416,224
	1,121,519	1,010,423

30. Earnings Per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to owners by the weighted average number of ordinary stock units outstanding during the year.

	2017	2016
Net profit attributable to owners ($'000)	4,116,101	4,004,539
Weighted average number of stock units outstanding ('000)	992,654	991,445
Basic earnings per stock unit ($)	4.15	4.04

The diluted earnings per stock unit is calculated by adjusting the weighted average number of ordinary stock units outstanding to assume conversion of all dilutive potential ordinary stock units.

(a) 2,079,000 (2016: 2,551,000) ordinary stock units for the full year in respect of stock options for directors.

(b) 2,616,000 (2016: 2,645,000) ordinary stock units for the full year in respect of the stock options for managers.

	2017	2016
Net profit attributable to owners ($'000)	4,116,101	4,004,539
Weighted average number of stock units outstanding ('000)	992,654	991,445
Adjustment for share options ('000)	964	1,642
	993,618	993,087
Diluted earnings per stock unit ($)	4.14	4.03

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31. Cash Flows from Operating Activities

Reconciliation of net profit to cash generated from operating activities:

		Group		Company	
		2017	2016	2017	2016
	Note	$'000	$'000	$'000	$'000
Net profit		4,772,100	4,534,862	1,734,724	1,737,241
Items not affecting cash:					
Depreciation	12	984,166	888,573	71,313	66,261
Amortisation	11	586,370	578,216	63,389	58,860
Change in value of investment properties		(34,000)	(13,357)	-	-
Change in value of investments		1,148	(1,780)	-	-
Loss/(gain) on disposal of fixed assets		8,200	18,659	(1,210)	(2,744)
Gain on disposal of investments		(45,699)	(610,574)	(10,531)	(40,388)
Gain on acquisition of subsidiary		(418,460)	-	-	-
Share-based payments	17	56,960	23,816	34,598	12,774
Exchange loss/(gain) on foreign balances		189,174	(715,130)	72,207	(142,742)
Interest income – non financial services		(378,212)	(372,276)	(541,547)	(549,282)
Interest income – financial services		(4,576,984)	(4,435,643)	-	-
Interest expense – non financial services		662,857	676,856	342,156	355,206
Interest expense – financial services		1,025,627	1,026,603	-	-
Taxation expense	27	1,047,462	1,568,468	(154,744)	(156,086)
Unremitted equity income in associates		(146,490)	(147,256)	-	-
Pension plan surplus		173,014	290,430	173,014	290,430
Other post-employment obligations		456,213	378,359	162,579	160,524
		4,363,446	3,688,826	1,945,948	1,790,054
Changes in working capital components:					
Inventories		452,306	(1,420,086)	168,509	(301,032)
Receivables		(1,858,404)	(2,109,669)	(83,080)	(6,575)
Loans receivable, net		(1,787,965)	(3,152,875)	-	-
Payables		1,763,059	3,108,919	(35,051)	336,115
Deposits		3,271,821	5,403,177	-	-
Securities sold under repurchase agreements		(8,388,536)	3,362,298	-	-
Subsidiaries		-	-	36,051	707,017
Total (used in)/provided by operating activities		(2,184,273)	8,880,590	2,032,377	2,525,579

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31. Cash Flows from Operating Activities (Continued)

Reconciliation of net profit to cash generated from operating activities (continued):

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash (used in)/provided by operating activities	(2,184,273)	8,880,590	2,032,377	2,525,579
Interest received – financial services	4,555,353	4,423,952	-	-
Interest paid – financial services	(1,058,846)	(1,009,944)	-	-
Translation losses	(113,163)	(21,754)	-	-
Taxation paid	(1,692,831)	(1,150,594)	(53,073)	(51,514)
Net cash (used in)/provided by operating activities	(493,760)	11,122,250	1,979,304	2,474,065

Reconciliation of movements of liabilities to cash flows arising from financing activities:

Amounts represent bank and other loans, excluding bank overdrafts

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
At January 1	11,276,191	11,108,748	3,391,830	3,798,439
Loans received	5,284,480	2,949,444	1,805,086	609,344
Loans repaid	(2,568,620)	(2,995,936)	(1,108,119)	(1,121,365)
Foreign exchange adjustments	(124,254)	219,300	(59,522)	115,697
Net interest movements	(34,132)	(5,365)	(6,832)	(10,285)
At 31 December	13,833,665	11,276,191	4,022,443	3,391,830

32. Commitments

(a) Future lease payments under operating leases at 31 December 2017 were as follows:

		$'000
In financial year	2018	1,403,165
	2019	1,215,415
	2020	996,152
	2021	773,273
	2022	541,054
	2023 and beyond	1,258,585

(b) At 31 December 2017, the Group had $2,126,181,000 (2016: $2,352,326,000) in authorised capital expenditure for which it had established contracts.

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33. Contingent Liabilities

(a) There are no material legal claims or other contingent liabilities pending at the current year-end.

(b) In the prior year, there was a suit filed in 2000 jointly against a subsidiary, GraceKennedy Remittance Services Limited ("GKRS") and a software developer by Paymaster (Jamaica) Limited (Paymaster), a bills payment company. The suit claimed damages arising out of, amongst other allegations, the use by the subsidiary of certain software, to which Paymaster alleged it owned the copyright.

In the judgment handed down by the Supreme Court on 30 April 2010, the Court ruled in favour of GKRS and the software developer on all claims. Accordingly, the Court ordered costs to be paid by Paymaster to GKRS and the software developer and an enquiry into any damages suffered by GKRS and the software developer as a result of an injunction obtained by Paymaster in the suit. On 10 June 2010, Paymaster filed an appeal against the decision of the Supreme Court in the Court of Appeal and applied for a stay of execution, pending the appeal. Further to an application made by Paymaster to the Court of Appeal the enquiry into damages resulting from the injunction by the Supreme Court was on 6 May 2011 stayed pending appeal.

On 27 March 2015, the Court of Appeal handed down judgment, finding against GKRS in respect of one of the grounds of appeal. On 21 September 2015, the Court of Appeal granted both GKRS and Paymaster conditional leave to appeal to the Privy Council against its decision and also granted each of these parties a stay of execution of the Court of Appeal judgment pending appeal to the Privy Council.

On 11 December 2017, the Privy Council ruled unanimously in favour of GKRS on all claims, allowing GKRS' appeal and dismissing Paymaster's counter appeal. On the claim of breach of confidence, the Privy Council found that there was no information in the business plan which was used by GKRS and further that nothing in the software or manual given to GKRS could have been considered confidential. With respect to the copyright claim the Privy Council ruled that Paymaster did not own the copyright in the software. This brought to a close the matter of any potential liabilities for the Group in relation to this claim.

(c) Various companies in the Group are involved in certain legal proceedings incidental to the normal conduct of business. The management of these companies believes that none of these proceedings, individually or in aggregate, will have a material effect on the Group.

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34. Related Party Transactions and Balances

The following transactions were carried out with related parties:

		Group		Company	
		2017	**2016**	**2017**	**2016**
		$'000	**$'000**	**$'000**	**$'000**
(a)	**Sales of goods and services**				
	Sales of goods	2,610	2,478	418,210	437,596
	Sales of services	91,443	94,814	2,166,356	2,095,000
(b)	**Purchase of goods and services**				
	Purchases of goods	3,094,559	2,812,682	7,076,255	6,782,851
	Purchases of services	-	-	472,557	455,495
(c)	**Interest**				
	Interest income	1,670	637	180,219	199,234
	Interest expense	25,273	9,543	93,685	103,753

Dividends received by the company from subsidiaries and associated companies were $1,893,369,000 (2016: $1,877,232,000) and $300,000,000 (2016: $255,000,000) respectively.

(d) Transactions with key management

Key management includes directors (executive and non-executive) and members of the Executive Committee

The compensation of key management for services is shown below:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	371,093	339,902	240,645	210,535
Fees paid to directors	35,204	36,291	29,057	29,207
Post-employment benefits	(4,550)	15,634	(13,851)	9,366
Share-based payments	37,742	16,157	27,604	11,852
	439,489	407,984	283,455	260,960

The following amounts are in respect of directors' emoluments:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Fees	35,204	36,291	29,057	29,207
Management remuneration	135,774	120,638	135,774	103,560
Post-employment benefits paid	37,208	35,809	7,262	7,072
	208,186	192,738	172,093	139,839

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34. Related Party Transactions and Balances (Continued)

(d) Transactions with key management (continued)

Transactions with directors and other key management personnel (and their families)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Sale of goods and services –				
Sales of goods	1,153	493	1,153	493
Sales of services	2,583	3,120	-	-
Purchase of goods and services –				
Purchase of services	-	80	-	80
Interest earned and incurred –				
Interest income	1,513	1,826	-	-
Interest expense	8,740	6,673	-	-

Transactions with companies controlled by directors and other key management personnel

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Sale of goods and services –				
Sales of services	557	638	-	-

(e) Year-end balances with related parties

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash and deposits with subsidiaries	-	-	262,812	476,918
Investment securities with subsidiaries	-	-	227,035	387,516
Receivable from subsidiaries	-	-	1,063,372	479,762
Receivable from associates (Note 7)	14,122	33,678	3,168	29,228
Loans receivable from subsidiaries (Note 9)	-	-	3,238,328	3,012,013
Payable to subsidiaries	-	-	3,403,955	2,784,294
Payable to associates (Note 16)	246,867	539,325	143,778	326,782
Loans & leases payable to subsidiaries	-	-	245,073	288,887
Deposits payable to associates	538,500	464,754	-	-

(f) Loans to related parties

Loans receivable from subsidiaries are repayable in the years 2017 - 2025 and bear interest at 0% - 9.5% (2016: 0% - 10.0%). No provision was required in 2017 and 2016 for loans made to subsidiaries.

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34. Related Party Transactions and Balances (Continued)

(f) Loans to related parties (continued)

	Company	
	2017	**2016**
	$'000	**$'000**
Loans to subsidiaries:		
At 1 January	3,012,013	2,944,443
Loans advanced during the year	970,000	182,795
Loan repayments received	(718,285)	(197,804)
Exchange differences	(57,744)	78,222
Interest charged	143,451	94,985
Interest received	(111,107)	(90,628)
At 31 December	3,238,328	3,012,013

(g) Year end balances with directors and other key management

Balances with directors and other key management personnel (and their families)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Receivables	633	864	183	217
Loans receivable	75,818	115,235	59,114	99,637
Deposits payable	300,958	296,304	-	-

(h) Loans to directors and other key management

The loans receivable attract interest at rates ranging between 0% - 10.5% (2016: 0% - 10.5%) and are repayable in the years 2017 - 2025. These loans are secured and are made on terms similar to those offered to other employees. No provision was required in 2017 and 2016 for the loans made to directors and senior managers.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Loans to directors and other key management:				
At 1 January	115,235	138,483	99,637	117,550
Loans advanced during the year	4,170	5,479	-	4,608
Loan repayments received	(43,051)	(28,727)	(40,523)	(22,521)
Exchange differences	(536)	-		
Interest charged	1,513	1,826	-	-
Interest received	(1,513)	(1,826)	-	-
At 31 December	75,818	115,235	59,114	99,637

(i) Share options granted to directors

The outstanding number of share options granted to the directors of the company at the end of the year was 2,079,000 (2016: 2,551,000).

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35. Fair Values Estimation

Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following tables provide an analysis of the Group's and company's financial instruments held as at 31 December that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair values are observable, as follows:

- Level 1 includes those instruments which are measured based on quoted prices in active markets for identical assets or liabilities.
- Level 2 includes those instruments which are measured using inputs other than quoted prices 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 3 includes those instruments which are measured using valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

	Group			
	2017			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Available-for-sale securities:				
Quoted equities	579,692	-	-	579,692
Bank of Jamaica	-	9,912,692	-	9,912,692
Government of Jamaica securities	-	12,944,286	-	12,944,286
Foreign governments	-	885,415	-	885,415
Corporate bonds	-	9,472,499	-	9,472,499
Other debt securities	-	2,954,634	-	2,954,634
Other	-	5,779	-	5,779
Financial assets at fair value through profit or loss:				
Quoted equities	25,344	-	-	25,344
Total Assets	605,036	36,175,305	-	36,780,341

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35. Fair Values Estimation (Continued)

Financial Instruments (continued)

	Group 2016			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale securities:				
Quoted equities	353,294	-	-	353,294
Bank of Jamaica	-	10,587,210	-	10,587,210
Government of Jamaica securities	-	17,883,313	-	17,883,313
Foreign governments	-	799,671	-	799,671
Corporate bonds	-	6,719,569	969	6,720,538
Other debt securities	-	2,845,341	-	2,845,341
Other	-	5,779	-	5,779
Financial assets at fair value through profit or loss:				
Derivative financial instruments	-	86,223	-	86,223
Quoted equities	12,304	-	-	12,304
Total Assets	365,598	38,927,106	969	39,293,673

	Company 2017			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale securities:				
Quoted equities	48,502	-	-	48,502
Government of Jamaica securities	-	2,995,852	-	2,995,852
Corporate bonds	-	1,954,336	-	1,954,336
Other debt securities	-	1,514,573	-	1,514,573
Other	-	335	-	335
Total Assets	48,502	6,465,096	-	6,513,598

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35. Fair Values Estimation (Continued)

Financial Instruments (continued)

	Company			
	2016			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale securities:				
Quoted equities	59,514	-	-	59,514
Government of Jamaica securities	-	3,531,448	-	3,531,448
Corporate bonds	-	1,608,075	-	1,608,075
Other debt securities	-	1,562,237	-	1,562,237
Other	-	335	-	335
Total Assets	59,514	6,702,095	-	6,761,609

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position 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. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments listed on a public stock exchange classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise 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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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35. Fair Values Estimation (Continued)

Financial Instruments (continued)

Note that all of the resulting fair value estimates are included in level 2 except for certain corporate bonds as explained below.

The following table presents the changes in level 3 instruments for the years ended 31 December.

	Group	
	2017	2016
	$'000	$'000
At beginning of year	969	103,356
Acquisitions	-	227
Disposals	(969)	(102,614)
At end of year	-	969

There were no transfers between the levels during the year.

Fair Value of Land and Buildings and Investment Properties

An independent valuation of the Group's land and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2016. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'capital and fair value reserves' in shareholders' equity (Note 18). The following table analyses the non-financial assets 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).

Land and buildings and investment properties are classified as level 3. The valuations have been performed using the sales comparison and income approaches for all properties except the Distribution Centre, which is valued using the cost approach.

The carrying value of land and buildings classified as level 3 is $5,741,334,000 (2016: $5,844,749,000) and $72,576,000 (2016: $74,000,000) for the Group and company respectively. Included in Group's land and buildings is the Distribution Centre with a carrying value of $3,207,522,000 (2016: $3,285,000,000).

The carrying value of investment properties classified as level 3 is $618,000,000 (2016: $584,000,000).

Reconciliation of the opening and closing balances of the Group's land and buildings:

	Distribution center	Other land and buildings	Total	Distribution center	Other land and buildings	Total
		2017			2016	
	$'000	$'000	$'000	$'000	$'000	$'000
At beginning of year	3,285,000	2,559,749	5,844,749	2,978,398	2,292,535	5,270,933
Additions and transfers in	4,806	26,628	31,434	1,638	54,442	56,080
Revaluation adjustment	-	2,500	2,500	381,334	179,845	561,179
Disposals and transfers out	-	-	-	-	53	53
Depreciation	(82,284)	(27,274)	(109,558)	(76,370)	(25,817)	(102,187)
Translation adjustment	-	(27,791)	(27,791)	-	58,691	58,691
At end of year	3,207,522	2,533,812	5,741,334	3,285,000	2,559,749	5,844,749

There were no transfers to/from Level 3 during the year.

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35. Fair Values Estimation (Continued)

Fair Value of Land and Buildings and Investment Properties (continued)

A reconciliation of the opening and closing balances for the company's land and buildings and the Group's investment properties are disclosed in Notes 12 and 38 respectively.

Valuation processes of the Group

On a biennial basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings. The most recent valuations were performed as at 31 December 2016. The Group engages external, independent and qualified valuers to determine the fair value of its investment properties on an annual basis.

Sales Comparison Approach

There have been a limited number of similar sales in the local market, and consequently the sales comparison approach incorporates unobservable inputs which in the valuator's judgement reflects suitable adjustments regarding size, age, condition, time of sale, quality of land and buildings and improvements. The most significant input into this valuation is the price per square foot. The higher the price per square foot the higher the fair value.

Income Approach

The projected net income of the subject properties are discounted using an appropriate capitalisation rate. The most significant inputs to this valuation is the rental rate per square foot and the capitalisation rate. Rental rates of the subject properties are adjusted to reflect the market rent for properties of similar size, location and condition. The higher the rental rate per square foot the higher the fair value. The higher the capitalisation rate the lower the fair value. The average rent per square foot ranges between $450 to $500 and the capitalisation rate ranges between 9% - 10%.

Cost Approach

The fair value of the Distribution Centre has been determined using the cost approach due to specialised nature of the asset. The key inputs into this valuation are shown in the table below.

Distribution Centre

Description	Fair value at 31 December 2017 $'000	Fair value at 31 December 2016 $'000	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs
Distribution centre	3,207,522	3,285,000	Cost approach	Certified costs of construction as at date of completion of property	US$21,500,000 - US$22,000,000	The higher the costs of construction the higher the fair value
				Rate of increase in construction costs from date of last valuation	2017: 10% - 12% 2016: 10% - 12%	The higher the rate of increase in construction costs the higher the fair value
				Professional fees - architects, quantity surveyors, engineers	8%	The higher the professional fees the higher the fair value
				Interest cost	2017: 10% - 12% 2016: 10% - 12%	The higher the interest cost the higher the fair value
				Estimated profit margin required by developer	5%	The higher the developer's profit the higher the fair value
				Rate of obsolescence	9%	The higher the rate of obsolescence the lower the fair value
	3,207,522	3,285,000				

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36. Financial Instruments by Category

	Group			
	Loans and receivables $'000	Assets at fair value through profit or loss $'000	Available for for sale $'000	Total $'000
As at 31 December 2017:				
Cash and deposits	12,084,245	-	-	12,084,245
Investment securities and pledged assets	-	25,344	36,754,997	36,780,341
Loans receivable	27,548,329	-	-	27,548,329
Trade and other receivables	13,789,630	-	-	13,789,630
Total financial assets	53,422,204	25,344	36,754,997	90,202,545

	Group			
	Loans and receivables $'000	Assets at fair value through profit or loss $'000	Available for for sale $'000	Total $'000
As at 31 December 2016:				
Cash and deposits	12,276,647	-	-	12,276,647
Investment securities and pledged assets	-	98,527	39,195,146	39,293,673
Loans receivable	25,928,057	-	-	25,928,057
Trade and other receivables	11,510,595	-	-	11,510,595
Total financial assets	49,715,299	98,527	39,195,146	89,008,972

	Group
	Other financial liabilities at amortised cost $'000
As at 31 December 2017:	
Deposits	33,530,523
Securities sold under agreements to repurchase	3,792,720
Bank and other loans	16,515,615
Trade and other payables	19,366,495
Total financial liabilities	73,205,353

GraceKennedy Limited
Notes to the Financial Statements
31 December 2017
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36. Financial Instruments by Category (Continued)

	Group
	Other financial liabilities at amortised cost
	$'000
As at 31 December 2016:	
Deposits	30,653,888
Securities sold under agreements to repurchase	12,343,432
Bank and other loans	13,242,037
Trade and other payables	17,561,983
Total financial liabilities	73,801,340

	Company		
	Loans and receivables	Available for for sale	Total
	$'000	$'000	$'000
As at 31 December 2017:			
Cash and deposits	1,944,451	-	1,944,451
Investment securities and pledged assets	-	6,513,598	6,513,598
Loans receivable	3,359,306	-	3,359,306
Trade and other receivables	1,360,633	-	1,360,633
Subsidiaries	1,063,372	-	1,063,372
Total financial assets	7,727,762	6,513,598	14,241,360

	Company		
	Loans and receivables	Available for for sale	Total
	$'000	$'000	$'000
As at 31 December 2016:			
Cash and deposits	2,600,811	-	2,600,811
Investment securities and pledged assets	-	6,761,609	6,761,609
Loans receivable	3,175,183	-	3,175,183
Trade and other receivables	1,248,298	-	1,248,298
Subsidiaries	479,762	-	479,762
Total financial assets	7,504,054	6,761,609	14,265,663

GraceKennedy Limited
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36. Financial Instruments by Category (Continued)

	Company
	Other financial liabilities at amortised cost
	$'000
As at 31 December 2017:	
Bank and other loans	4,053,268
Trade and other payables	2,544,670
Subsidiaries	3,403,955
Total financial liabilities	10,001,893

	Company
	Other financial liabilities at amortised cost
	$'000
As at 31 December 2016:	
Bank and other loans	4,446,639
Trade and other payables	2,600,965
Subsidiaries	2,784,294
Total financial liabilities	9,831,898

GraceKennedy Limited
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37. Derivative Financial Instruments

Derivatives are carried at fair value in the statement of financial position as either assets or liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour assuming that all relevant counterparties default at the same time, and that transactions can be replaced instantaneously. Liability values represent the cost to the Group's counterparties of replacing all their transactions with the Group with a fair value in their favour if the Group was to default. The fair values are set out below:

	Group			
	2017		2016	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Embedded put option issued by Government of Jamaica	-	-	86,223	-
Total	-	-	86,223	-

The Group holds certain Government of Jamaica debt securities which mature in February 2024. The terms of these securities contain an investor put option exercisable in February 2018 under which the holder may require the Government of Jamaica to redeem the securities at 100% of the principal value plus any accrued interest. In 2017 the Group exercised the put option by notifying the Government of Jamaica and consequently retained no further interest in the derivative instrument at the year-end.

38. Investment Properties

	Group	
	2017 $'000	2016 $'000
At 1 January	584,000	532,000
Additions	-	38,643
Change in fair value	34,000	13,357
At 31 December	618,000	584,000

The following amounts have been recognised in the income statement:

	Group	
	2017 $'000	2016 $'000
Rental income arising from investment properties	26,086	25,859
Direct operating expenses arising from investment properties	9,690	10,904

Investment properties comprise commercial properties that are leased to third parties.

GraceKennedy Limited

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39. Business Combinations

On 31 August 2017, the Group acquired 100% of the share capital of Consumer Brands Limited (CBL), a distributor of recognised international and local third party branded household products in Jamaica. The acquisition has expanded the range of branded products that the Group distributes in Jamaica and complements the Group's expertise in managing top tier brands and deep distribution channels.

The purchase consideration on the date of acquisition comprised of an initial payment with a balance paid subsequent to completion as well as contingent consideration of $383,659,000. The contingent consideration is dependent on the collection of receivables up to an amount of $275,049,000 payable in cash representing the amounts collected in the first 120 days since acquisition. At 31 December 2017 this amount was fully settled. In addition, on the retention of certain supplier relationships over the next two years, further consideration up to an amount of $108,610,000 is payable in cash with 50% being payable on 31 August 2018 and the remaining amount on 31 August 2019. This amount remains unchanged at 31 December 2017.

The fair value of trade and other receivables on acquisition date was $301,926,000. This balance was fully settled as at 31 December 2017.

CBL contributed revenue of $877,497,000 and profit after tax of $82,458,000 to the Group since being acquired.

Had the business been consolidated from 1 January 2017, the consolidated income statement would show pro-forma revenue of $94,009,864,000 and profit after tax of $4,807,011,000. The amounts have been calculated by adjusting the results of the subsidiary to reflect the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 January 2017, together with the consequential tax effects.

A gain of $418,460,000 was realised on the acquisition due to the value of intangible assets acquired, being supplier and customer relationships, exceeding the premium paid above book value. A significant factor contributing to the gain was synergies arising out of the relative strength and market position of the Group. The gain is shown in Other Income (Note 25) in the income statement.

Acquisition-related costs of $11,749,000 have been charged to administration expenses in the consolidated income statement for the year ended 31 December 2017.

The following table summarises the purchase consideration, net assets acquired and gain on acquisition:

	31 August 2017 $'000
Purchase consideration:	
Cash paid on date of acquisition	496,330
Cash paid subsequent to acquisition in relation to completion	228,181
Cash paid subsequent to acquisition in relation to contingent consideration	275,049
Balance due on contingent consideration	108,610
Total purchase consideration	1,108,170
Assets and liabilities arising from the acquisition:	
Cash and cash equivalents	357,590
Customer relationships (included in intangibles) (Note 11)	61,000
Supplier relationships (included in intangibles) (Note 11)	576,000
Inventories	244,163
Trade and other receivables	301,926
Trade and other payables	(14,049)
Fair value of net assets acquired	1,526,630
Gain on acquisition of subsidiary (Note 25)	(418,460)
Purchase consideration settled in cash	496,330
Cash and cash equivalents in business acquired	(357,590)
Cash outflow on acquisition	138,740
Purchase consideration settled in cash	999,560
Cash and cash equivalents in business acquired	(357,590)
Cash outflow at end of year	641,970

There were no acquisitions in the year ended 31 December 2016.

GraceKennedy Limited
Notes to the Financial Statements
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40. Subsequent Event

On 1 March 2018, the Board of Directors approved an interim dividend in respect of 2018 of 40 cents per ordinary stock unit. The dividend is payable on 18 May 2018 to shareholders on record as at 1 May 2018.

Form of Proxy.

I/We____

of____

being a member/members of **GraceKennedy Limited** hereby appoint ______________________________

____ of ____

or failing him/her____

of____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on **Wednesday, 30 May 2018 at 4:00 p.m. at 73 Harbour Street, Kingston, Jamaica** and at any adjournment thereof.

	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3 (a)		
RESOLUTION 3 (b)		
RESOLUTION 4		
RESOLUTION 5		

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

Dated this ______________________________ day of ______________________________ 2018

____

Signature

____

Signature

____

Signature

Place
Stamp
Here
J$100

In the case of a body corporate, this form should be executed under seal in accordance with the company's Articles.

Note: To be valid this proxy must be deposited with the Corporate Secretary of the Company at 73 HARBOUR STREET, KINGSTON, JAMAICA not less than 48 hours before the time appointed for holding the meeting. A Proxy need not be a member of the Company.

73 HARBOUR STREET | KINGSTON
876 922 3440
www.gracekennedy.com