Finlays

Since 1750

James Finlay Limited
Annual Report &
Financial Statements

Registered number SC7139

31 December 2018

SWIRE

JAMES FINLAY LIMITED
CONTENTS

Directors	P A W de Gentile-Williams	Chairman
	G R Chambers	Managing Director
	J M Rutherford	Group Finance Director
	J Davies	Corporate Affairs Director (resigned 1 February 2019)
	J E Hughes-Hallett	Non-Executive Director (resigned 2 July 2018)
	S Strathdee	Non-Executive Director
	D J Johnston	Non-Executive Director
	C Kuehne	Non-Executive Director
	M Cubbon	Non-Executive Director (appointed 2 July 2018)
Secretary	A M Dibben	Resigned 13 July 2018
	D C Morris	Appointed 3 October 2018
Head Office	Swire House 59 Buckingham Gate London SW1E 6AJ	
Registered Office	Swire House Souter Head Road Altens Aberdeen AB12 3LF	
Registered No	Registered in Scotland No SC7139	
Principal Solicitor	Pinsent Masons LLP	
Principal Banker	National Westminster Bank plc	
Independent Auditor	KPMG LLP 15 Canada Square London E14 5GL	

STRATEGIC REPORT

Finlays is primarily recognised as one of the world's leading tea and coffee companies, with investments spanning extraction (tea, coffee and botanicals), tea estates, tea trading, packing (tea and coffee), and product development. The Group also has investments in the growing of flowers, rubber and timber. Details of the Company's principal subsidiary undertakings are shown on pages 52-53

All results are set out in US Dollars, unless otherwise specified.

The Group's key financial and other performance indicators during the year were as follows:

	2018	2017	Change
Group turnover ($'000)	545,137	505,488	+7.8%
Gross profit ($'000)	99,083	100,759	-1.7%
Operating profit ($'000)	40,327	27,883	+44 6%
Profit attributable to shareholders ($'000)	39,770	28,894	+37.6%
Equity attributable to owners of the Company ($'000)	509,759	500,384	+1.9%
Gross profit as % of turnover	18.2%	19.9%	-8.5%
Operating profit as % of turnover	7.4%	5.5%	+34.5%
Return on capital employed	7.8%	5.8%	+46.6%

James Finlay reported both increased Revenue and Profits. Turnover increased by 7.8% and gross profit decreased by 1.7%. The Group delivered an operating profit of $40 3m compared to an operating profit of $27 9m in 2017.

The business continues to invest to support the growth in value added extracted products. In Aspen Beverage Group a significant capital investment was made to expand capacity to meet growing demand for Cold Brew Coffee, the new capacity is due to come online at the end of May 2019. Whilst in Rhode Island the Brewed Tea Concentrate facility was completed receiving FDA approval at the end of Q4, commissioning to optimise performance of the plant is ongoing. Within tea estates a restructuring to reduce cost was undertaken in Argentina, this involved relocating the Head Office from Buenos Aires and closing one of the tea factories in Misiones The resultant cost savings are expected to return Argentina to profit in 2019. The business continues to focus on Tea, Coffee and Botanicals with a number of non-core operations sold in the year including the Sri Lankan Insurance division and a Timber treatment business Shortly after year end the Sri Lankan Cold Store and a Package delivery business were also sold. In addition, the Vauxhall Street property was injected into a joint venture in March 2018, in which Finlays hold a 40% share. A decision was recently taken to exercise an option to sell our shares in this joint venture.

PRINCIPAL RISKS AND UNCERTAINTY

The Group is exposed to macro-economic and political influences in Africa, Europe, Asia, South America and North America. The geographic diversity of the Group's operations reduces overall exposure to any one single economy The principal risks and uncertainties of the growing activities are related to the vagaries of the weather conditions Swings in foreign currency exchange rates also have a marked effect on the Group's financial performance. The risk of activities within hyper inflationary economies, Argentina, effects the financial performance of the Group This though is isolated to one subsidiary within the Group and so the effect is limited.

The Group cares greatly about the environment and conducts business in an ethical and responsible fashion. We are committed to a sustainable future and we seek to address social, political and environmental issues by demonstrating that it is more financially rewarding to be sustainable.

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. The ways in which these risks are managed are summarised below.

Credit Risk
The Group aims to limit undue counterparty exposure by ensuring proper procedures are followed before starting to trade with a new customer and material ongoing exposure is monitored at business unit and Group level. The procedures for establishing and monitoring credit limits are set out in the Group's accounting manual.

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity Risk
Investments in fixed assets and working capital are carefully controlled, with authorisation limits operating at different levels up to Board level and with the rates of return and cash payback periods applied as part of a defined investment appraisal process. The Group also manages liquidity risk via credit facilities and cash-pooling. Headroom under banking facilities is monitored regularly at both business unit and Group level.

Foreign Currency Risk
The Group hedges its exposure to foreign currencies through a mixture of financial instruments, including forward contracts and participating forward contracts. Depending on the currencies concerned, the Group may hedge some or all of its requirements up to 24 months forward.

SUPPLIER PAYMENT DAYS

It is the Group's policy that payments to suppliers are made in accordance with the terms and conditions agreed between each company and its suppliers, provided that all trading terms and conditions have been met. The Company's average creditor days were 79 days (2017: 31 days).

By Order of the Board

Company Secretary

29th April 2019

DIRECTORS' REPORT
The Directors submit their report and financial statements for the year ended 31 December 2018 The comparatives are for the year ended 31 December 2017.

RESULTS
The profit for the year of the Group shows a profit attributable to shareholders of $39,770,000 (2017· $28,894,000) The company is exempt under the Companies Act 2006 from the requirement to present its own statement of profit or loss

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

See Strategic Report for details on page 2.

GOING CONCERN
The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposure to credit, liquidity and foreign currency risk are described in the Group Strategic Report on the preceding pages.

The Group has financial resources and contracts with a number of customer and suppliers across different geographical areas and industries. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully

After making enquiries, the Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

FUTURE DEVELOPMENTS
The Directors aim to maintain and continuously improve the management policies which have resulted in the successful development of the Group in recent years.

DIRECTORS
The Directors during the year ended 31 December 2018 and up to the date of the report were as shown on page 1.

EMPLOYEES
The Group's in-house magazine is made available to employees of the Company and its subsidiaries. This contains reports on all significant events and activities throughout the Group. In addition, individual Group undertakings maintain communication processes appropriate to their circumstances.

EMPLOYMENT OF DISABLED PERSONS
It is the Group's policy to give full consideration to suitable applications for employment by disabled persons. In the event of employees becoming disabled during the period of their employment every effort is made to provide them with continuing employment. Training development and promotion opportunities are available to all employees where appropriate.

POLITICAL CONTRIBUTIONS
Neither the Company nor any of its subsidiaries made any political donations or incurred any political donations or incurred any political exposure during the year (2017: $nil).

RESEARCH AND DEVELOPMENT
The Group undertakes some research and development within its operations in order to improve efficiency and grow revenues.

DIVIDENDS
No dividend was paid year ending 31 December 2018 (2017: $4,357,192).

DISCLOSURE OF INFORMATION TO THE AUDITOR
So far as each person who is a Director at the date of approval of this report is aware, there is no relevant audit information, being information required by the auditor in connection with the preparation of this report, of which the auditor is unaware. The Directors have taken all steps that as Directors they are obliged to take, in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of such information.

AUDITOR
Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.
By Order of the Board

Company Secretary
29th April 2019

Registered in Scotland No. SC7139

JAMES FINLAY LIMITED

Statement of Directors' Responsibilities in respect of the Strategic report, the Directors' report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS's as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to.

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent,
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent Auditor's Report to the members of James Finlay Limited

We have audited the financial statements of James Finlay Limited for the year ended 31 December 2018 which comprises the consolidated statement of profit or loss and other comprehensive income; consolidated statement of financial position; company statement of financial position; consolidated statement of changes in equity; consolidated statement of cash flows and related notes, including the accounting policies in note 5.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2018 and of the Group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of goodwill and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report; and
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Downer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

29th April 2019

JAMES FINLAY LIMITED
Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December	Note	2018 $'000	2017 $'000
Continuing operations			
Revenue	6	545,137	505,488
Cost of sales		(446,054)	(404,729)
Gross profit		**99,083**	**100,759**
Other income	8	42,795	12,930
Distribution expenses		(21,365)	(19,499)
Administrative expenses		(66,984)	(59,831)
Other expenses	8	(13,202)	(6,476)
Operating profit		**40,327**	**27,883**
Finance income	9	6,885	8,725
Finance expense	9	(7,419)	(7,193)
Net finance income/(expense)		**(534)**	**1,532**
Share of profit of equity-accounted investees, net of tax	18	5,661	7,092
Profit before tax		45,454	36,507
Income tax expense	13	(5,939)	(10,169)
Profit for the year from continuing operations		**39,515**	**26,338**
Discontinued operations			
Profit for the year from discontinued operations	7	-	2,918
Profit for the year		**39,515**	**29,256**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit liability/(asset)		117	(6,205)
Related tax		-	816
Retirement scheme		65	(38)
Share of other comprehensive income of associate		(2,439)	-
		(2,257)	**(5,427)**
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		(36,882)	(980)
		(36,882)	**(980)**
Other comprehensive income, net of tax		**(39,139)**	**(6,407)**
Total comprehensive income		**376**	**22,849**

	2018 $'000	2017 $'000
Profit attributable to:		
Owners of the Company	**39,770**	**28,894**
Non-controlling interest	**(255)**	**362**
	39,515	29,256
Total comprehensive income attributable to:		
Owners of the Company	**867**	**22,438**
Non-controlling interests	**(491)**	**411**
	376	**22,849**

The notes on pages 17-56 form part of these accounts.

JAMES FINLAY LIMITED
Consolidated statement of financial position

	Note	31 December 2018 $'000	31 December 2017 $'000
Assets			
Property, plant & equipment	16	196,931	209,546
Intangible assets and goodwill	14	118,993	123,861
Biological assets	15	21,666	23,554
Trade and other receivables	21	78,956	83,456
Investment property	17	465	558
Equity accounted investees	18	167,602	140,004
Other investments, including derivatives		-	2
Deferred tax assets	13	17,289	18,205
Employee benefits	10	94,770	106,978
Non-current assets		**696,672**	**706,164**
Inventories	20	88,289	99,973
Other investments, including derivatives	19	10,276	5,478
Trade and other receivables	21	78,988	98,360
Prepayments		4,989	3,240
Current tax assets	13	8,206	5,230
Cash and cash equivalents	22	36,470	50,538
		227,218	262,819
Assets held for sale	23	9,011	-
Current assets		**236,229**	**262,819**
Total assets		**932,901**	**968,983**
Equity			
Share Capital	28	287,172	287,172
Share Premium		7,162	7,162
Reserves		(62,479)	(25,820)
Retained Earnings		277,904	231,870
Equity attributable to owners of the Company		**509,759**	**500,384**
Non-controlling interests	**31**	**1,392**	**1,739**
Total equity		**511,151**	**502,123**
Liabilities			
Loans and borrowings	24	5,098	32,886
Employee benefits	10	94,770	106,978
Trade and other payables	25	84,944	114,313
Provisions	26	29,180	31,499
Deferred tax liabilities	13	57,077	56,852
Non-current liabilities		**271,069**	**342,528**
Bank overdraft	22	11,169	17,866
Loans and borrowings	24	47,002	13,662
Current tax liabilities	13	3,970	2,567
Trade and other payables	25	86,019	90,237
		148,160	124,332
Liabilities directly associated with the assets held for sale	23	2,521	-
Current liabilities		**150,681**	**124,332**
Total liabilities		**421,750**	**466,860**
Total equity and liabilities		**932,901**	**968,983**

The notes on pages 17-56 form part of these accounts.
These accounts were approved by the Board of Directors on 29 April 2019 and were signed on its behalf by

J M Rutherford
Director

Registered in Scotland No SC7139

JAMES FINLAY LIMITED
Company Statement of financial position

	Note	31 December 2018 $'000	31 December 2017 $'000
Assets			
Property, plant and equipment	16	1,759	1,013
Intangible assets		184	151
Trade and other receivables	21	32,375	36,815
Investment in subsidiaries		132,368	120,197
Other investments, including derivatives		-	2
Deferred tax assets		818	963
Employee benefits	10	94,770	106,978
Non-current assets		**262,274**	**266,119**
Trade and other receivables	21	266,765	276,141
Prepayments		589	475
Current tax assets		-	137
Cash and cash equivalents	22	11,246	25,616
Current assets		**278,600**	**302,369**
Total assets		**540,874**	**568,488**
Equity			
Share Capital	28	287,172	287,172
Share Premium		7,162	7,162
Reserves		(3,605)	(3,377)
Retained Earnings		65,510	49,649
Total equity		**356,239**	**340,606**
Liabilities			
Employee benefits	10	94,770	106,978
Trade and other payables	25	57,480	77,480
Provisions	26	11,407	12,972
Deferred taxation		-	6
Non-current liabilities		**163,657**	**197,436**
Bank overdraft	22	4,714	7,409
Other investments, including derivatives	19	-	-
Trade and other payables	25	15,429	20,371
Current tax liabilities		835	2,666
Current Liabilities		**20,978**	**30,446**
Total Liabilities		**184,635**	**227,882**
Total equity and liabilities		**540,874**	**568,488**

The notes on pages 15-54 form part of these accounts

Registered in Scotland No. SC7139

JAMES FINLAY LIMITED
Consolidated statement of changes in equity

$'000	Attributable to owners of the Company							
	Share capital	Share premium	Revaluation reserve	Other reserves	Retained Earnings	Total	Non-controlling interests	Total equity
Restated balance at 1 January 2017*	295,192	10,407	28,220	(130,434)	228,603	431,988	1,328	433,316
Impact of change in functional currency	(55,020)	(3,245)	(1,461)	78,884	(19,158)	-	-	-
Impact of bearer plant adjustment	-	-	-	-	3,315	3,315	-	3,315
Restated balance at 1 January 2017	240,172	7,162	26,759	(51,550)	212,760	435,303	1,328	436,631
Total comprehensive income								
Profit	-	-	-	-	28,894	28,894	362	29,256
Other comprehensive income	-	-	-	(1,029)	(5,427)	(6,456)	49	(6,407)
Total comprehensive income	**-**	**-**	**-**	**(1,029)**	**23,467**	**22,438**	**411**	**22,849**
Transactions with owners of the Company								
Issue of share capital	47,000	-	-	-	-	47,000	-	47,000
Dividends	-	-	-	-	(4,357)	(4,357)	-	(4,357)
Total contributions and distributions	**47,000**	**-**	**-**	**-**	**(4,357)**	**42,643**	**-**	**42,643**
Total transactions with owners of the Company	**47,000**	**-**	**-**	**(1,029)**	**19,110**	**65,081**	**411**	**65,492**
Balance at 31 December 2017	**287,172**	**7,162**	**26,759**	**(52,579)**	**231,870**	**500,384**	**1,739**	**502,123**

*Restated for change in presentational and functional currency

JAMES FINLAY LIMITED

Consolidated statement of changes in equity

	Attributable to owners of the Company							
$'000	**Share capital**	**Share premium**	**Revaluation reserve**	**Other reserves**	**Retained Earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2018	**287,172**	**7,162**	**26,759**	**(52,579)**	**231,870**	**500,384**	**1,739**	**502,123**
Hyper-inflation restatement					8,688	8,688	-	8,688
1 January 2018 after restatement	**287,172**	**7,162**	**26,759**	**(52,579)**	**240,558**	**509,072**	**1,739**	**510,811**
Total comprehensive income								
Profit					39,770	39,770	(255)	39,515
Other comprehensive income				(36,646)	(2,257)	(38,903)	(236)	(39,139)
Total comprehensive income	-	-	-	**(36,646)**	**37,513**	**867**	**(491)**	**376**
Transactions with owners of the Company								
Issue of share capital	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(36)	(36)
Transfer between reserves	-	-	-	(13)	(167)	(180)	180	-
Total contributions and distributions	-	-	-	(13)	(167)	(180)	144	(36)
Total transactions with owners of the Company	-	-	-	**(36,659)**	**37,346**	**687**	**(347)**	**340**
Balance at 31 December 2018	**287,172**	**7,162**	**26,759**	**(89,238)**	**277,904**	**509,759**	**1,392**	**511,151**

The notes on pages 15-54 form part of these accounts.

JAMES FINLAY LIMITED

Consolidated statement of changes in equity

Company	Attributable to owners of the Company					
$'000	**Share capital**	**Share premium**	**Revaluation reserve**	**Other reserves**	**Retained Earnings**	**Total**
Restated balance at 1 January 2017*	295,192	10,407	1,785	(60,690)	38,240	284,934
Impact of change in functional currency	(55,020)	(3,245)	(1,461)	57,574	2,152	-
Restated balance at 1 January 2017	240,172	7,162	324	(3,116)	40,392	284,934
Total comprehensive income						
Profit	-	-	-	-	19,141	19,141
Other comprehensive income	-	-	-	(585)	(5,527)	(6,112)
Total comprehensive income	-	-		(585)	13,614	13,029
Transactions with owners of the Company						
Issue of share capital	47,000	-	-	-		47,000
Dividends	-	-	-	-	(4,357)	(4,357)
Total contributions and distributions	**47,000**	-	-	-	(4,357)	42,643
Total transactions with owners of the Company	**47,000**	-	**324**	**(585)**	**9,257**	**55,672**
Balance at 31 December 2017	**287,172**	**7,162**	**324**	**(3,701)**	**49,649**	**340,606**

*Restated for change in presentational and functional currency

JAMES FINLAY LIMITED

Consolidated statement of changes in equity

Company	**Attributable to owners of the Company**					
$'000	**Share capital**	**Share premium**	**Revaluation reserve**	**Other reserves**	**Retained Earnings**	**Total**
Balance at 1 January 2018	287,172	7,162	324	(3,701)	49,649	340,606
Total comprehensive income						
Profit	-	-	-	-	15,744	15,744
Other comprehensive income	-	-	-	(228)	117	(111)
Total comprehensive income	-	-	-	(228)	15,861	**15,633**
Transactions with owners of the Company						
Issue of share capital	-	-	-	-	-	-
Dividends	-	-	-		-	-
Total contributions and distributions	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	**(228)**	**15,861**	**15,633**
Balance at 31 December 2018	**287,172**	**7,162**	**324**	**(3,929)**	**65,510**	**356,239**

JAMES FINLAY LIMITED

Consolidated statement of cash flows

For the year ended 31 December	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Profit for the year		39,515	29,256
Adjustments for:			
Depreciation of property, plant and equipment		15,660	14,232
Depreciation of investment property		11	13
Amortisation		2,518	403
Impairment losses on property, plant and equipment		442	46
Impairment losses on intangible assets and goodwill		-	1,177
Gain on sale of investments		-	(396)
Change in fair value of biological assets	15	43	(1,558)
Change in fair value of financial instruments		(4,779)	(242)
Net finance costs	9	534	(1,532)
Share of profit of equity-accounted investees, net of tax	18	(5,661)	(7,092)
(Profit)/Loss on sale of property, plant and equipment		(29,983)	2,566
Loss on disposal of non-current biological assets		1	64
(Profit) on sale of subsidiaries	30	(62)	(2,918)
Tax expense	13	5,939	10,169
		24,178	44,188
Changes in:			
Inventories		11,334	(20,748)
Trade and other receivables		22,295	(26,783)
Prepayments		(1,749)	(18)
Trade and other payables		(11,561)	12,886
Employee benefits		117	(3,148)
Foreign exchange differences		(11,655)	294
Cash generated from operating activities		32,959	6,671
Interest paid		(7,607)	(4,571)
Taxes paid		(7,885)	(1,515)
Net cash from operating activities		**17,467**	**585**
Cash flows from investing activities			
Interest received		6,510	3,647
Proceeds from sale of property, plant and equipment		1,790	232
Disposal of discontinued operations, net of cash disposed of	7	-	2,918
Acquisition of subsidiary, net of cash acquired	30	155	(23,967)
Acquisition of property, plant and equipment	16	(31,763)	(41,230)
Purchase of intangible assets	14	(220)	(440)
Acquisition of equity accounted investees	18	(1,595)	(28,494)
Purchase of non-current biological assets	15	(40)	(331)
Dividends from equity-accounted investees	18	3,323	4,271
Net cash from investing activities		**(21,840)**	**(83,394)**

Consolidated statement of cash flows

For the year ended 31 December	Note	2018 $'000	2017 $'000
Cash flows from financing activities			
Proceeds from issue of share capital	28	-	47,000
Proceeds from loans and borrowings		17,076	991
Amounts borrowed/(repaid) from parent company		(20,000)	26,438
Repayment of borrowings		-	(1,588)
(Repayment of)/proceeds from finance lease liabilities		(38)	(195)
Dividends paid to shareholders		-	(4,357)
Dividends paid to non-controlling interests		(36)	(39)
Net cash from financing activities		**(2,998)**	**68,250**
Net (decrease)/increase in cash and cash equivalents		**(7,371)**	**(14,559)**
Cash and cash equivalents at 1 January	22	**32,672**	**47,231**
Effect of movements in exchange rates on cash held		-	-
Cash and cash equivalents at 31 December	22	**25,301**	**32,672**

The notes on pages 17-56 form part of these accounts.

1. Reporting entity

James Finlay Limited (the 'Company') is domiciled in the United Kingdom. The registered number is SC7139 and the Company's registered office is at Swire House, Souter Head Road, Altens, Aberdeen, AB12 3LF. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies' and equity account the Group's interest in associates and joint ventures). The Group is primarily involved in tea and coffee production and trading

2. Basis of accounting

These consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates and Joint Ventures The parent company financial statements present information about the Company as a separate entity and not about its group. In accordance with IFRS 5, the comparative income statement has been represented so that the disclosures in relation to discontinued operations relates to all operations that have been discontinued by the Statement of Financial Position (see Note 7).

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, and presentation of a cash flow statement, related party transactions and comparative information. Where required, equivalent disclosures are given in the consolidated financial statements.

In addition to the application of FRS 101, the Company has taken advantage of Section 408 of the Act and consequently its Statement of Comprehensive Income (including the profit and loss account) is not presented as part of these accounts.

3. Functional and presentation currency

These consolidated financial statements are presented in US dollars, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 17 - Investment property

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2018 is included in the following notes:

- Note 10 – Other employee benefits
- Note 13 – Deferred taxation
- Note 15 – Biological assets

i. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Local management will make regular reviews of significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then local management will assess the evidence obtained from the third parties to support the conclusion that

such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Any significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

ii. Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale, biological assets (excluding bearer plants). Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

iii. Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company and the Group have adequate resources to continue to operate for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

5. Significant accounting policies

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

A. Agriculture: Bearer plants

The Group measures bearer plants at cost in line with the standard. The produce growing on bearer plants will however continue to be measured at fair value less cost to sell under IAS 41, Agriculture.

A bearer plant is defined as a plant that:

a) is used in the production or supply of agricultural produce;
b) is expected to bear produce for more than one period; and
c) has a remote likelihood of being sold as agricultural produce, except for scrap sales.

The Group's biological assets which mainly comprised tea and flowers are now classified as bearer plants in the Group's Property, plant and equipment note 17.

B. Basis of consolidation
i. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see B(ii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see P(iii)). Any gain on a bargain purchase is recognised in the profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in the profit or loss.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has a right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii. Assets held for sale

Non-current assets held for sale and disposal groups are presented separately in the current section of the balance sheet when the following criteria are met: the Group is committed to selling the asset or disposal group, an active plan of sale has commenced, and the sale is expected to be completed within 12 months. Immediately before the initial classification of the assets and disposal groups held for sale, the carrying amounts of the net assets are measured in accordance with the applicable accounting policy. Assets held for sale and disposal groups are subsequently measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are no longer amortised or depreciated.

iv. Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition
Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

v. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

vi. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

vii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated
Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

C. Foreign currency
i. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, for foreign currency differences arising from the translation of the following items are recognised in OCI:

- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective
- Qualifying cash flow hedges to the extent that the hedges are effective.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into US Dollar at the exchange rates at the reporting date. The income and expenses of foreign operations consolidated into US Dollar at the average rates of exchange during the year.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve to the foreign operations is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The financial statements of group companies whose functional currency is the currency of a hyperinflationary economy are adjusted for inflation and then translated into US dollars. To determine the existence of hyperinflation, the Group assesses the qualitive and quantitative characteristics of the economic environment of the country, such as the cumulative inflation rate over the previous three years.

iii. Classification of Argentina as a hyper-inflationary economy

The Argentinian economy was designated as hyperinflationary from 1 July 2018. As a result, application of IAS 29 'Financial Reporting in Hyperinflationary Economies' has been applied to all Finlay entities whose functional currency is the Argentinian Peso. IAS 29 requires that adjustments are applicable from the start of the relevant entity's reporting period. For Casa Fuentes SACA that is 1 October 2017. The application of IAS 29 includes:

- Adjustment to historical cost non-monetary assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the balance sheet date.
- Adjustment of the income statement for inflation during the reporting period; and
- Adjustment of the income statement to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.

iv. Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the operation and the Company's functional currency (US Dollar).

To the extent the hedge is effective, foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in OCI and accumulated in the translation reserve. Any remaining differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

D. Discontinued operations and non-current assets held for sale

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations: or
- Is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Non-current assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from date of classification.

E. Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

F. Revenue

i. Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounted and volume rebates.

ii. Investment property rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease.

G. Employee benefits

i. Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal constructive obligation to pay this amount as a result of a past service provided by the employee and the obligation can be estimated reliably.

ii. Defined contributions plan

Obligations for contributions to defined contribution plans are expensed as the related services are provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available

iii. Defined benefits plan

The Company operates a defined benefit pension scheme in the UK providing benefits to members based on final pensionable pay. The scheme was closed to future accruals on the 30th September 2017. The assets of the scheme are held separately from those of the Group. On the advice of an independent qualified actuary, contribution payments are made to the scheme to ensure that the scheme's assets are sufficient to cover future liabilities. Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using the projected unit credit method and discounted at the rate of return on an AA rated corporate bond of equivalent term. Any increase in the present value of the liabilities of the scheme expected to arise from employee service is charged against operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/(cost) in the profit and loss account. Actuarial gains and losses are recognised in the OCI.

iv. Other benefits

Provision of retirement gratuities for the tea estate labour force in Sri Lanka is recognised on an actuarial basis using the projected unit credit method and valuations are carried out every two years. The provision for staff other than the tea estate labour force has been provided on the basis of half a month's salary for each completed year of service. These benefits are payable on retirement.

Provision is also made in the UK for ex gratia payments to former employees when payments first arise and in Kenya under a gratuity arrangement. The amounts provided are calculated on an actuarial basis using assumptions in line with those used in the calculation of pension liabilities for the United Kingdom defined benefits scheme and are recognised in Provisions for liabilities – other in the Group and the Company balance sheet.

H. Government grants

The Group recognises an unconditional government grant related the construction of an Extracts facility in the profit or loss as other income when the grant becomes receivable. Other government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

I. Expenses

i. Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

ii. Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

J. Finance income and finance costs

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- The net gain or loss on financial assets at fair value through the profit or loss
- The fair value loss on contingent consideration classified as a financial liability

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

K. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or OCI.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future: and
- Taxable temporary differences arising on the initial recognition of goodwill

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available which they can be used.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met

L. Biological assets

Biological assets are measured at fair value less costs to sell, with any changes therein recognised in profit or loss. Biological assets not valued at fair value are measured at cost less accumulated depreciation, such as bearer plants.

M. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity.

The cost of tea, rubber, standing timber and flowers transferred from biological assets is its fair value less costs to sell at the date of harvest.

N. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

O. Property plant and equipment
i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item of property, plant and equipment.

Any gains or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- leasehold land and buildings: Shorter of 50 years or unexpired term of the lease
- freehold buildings: 40 to 50 years
- plant and equipment 4 to 10 years
- agriculture development assets 7 to 50 years or the anticipated life of the crop

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

P. Intangible assets and goodwill

i. Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Research and development

Expenditure on research is recognised in profit or loss as incurred Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits and probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets

Other intangible assets, including customer relationships, patents, trademarks and software programs that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives for current and comparative periods are as follows:

i.	Software programs	3-5 years
ii.	Customer Relations	10 years
iii.	Technology	10 years
iv.	Brands	2.5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Q. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost. When the use of a property changes such that it is reclassified as property, plant and equipment, its carrying value at the date of re-classification becomes its cost for subsequent accounting.

R. Impairment excluding inventories and deferred tax assets

i. Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

S. Non-current assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss

is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

T. Financial Instruments
i. Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade debt, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group de-recognises a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards or ownership of the financial asset are transferred. Any interest in such transferred financial asset that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non derivative financial assets into the following categories: financial assets at fair value through the profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

ii. Non-derivative financial liabilities

Other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group de-recognises a financial liability when its contractual obligations are discharged, cancelled or expire The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are re-cognised initially at fair value less any directly attributable transactions costs.

Subsequent to initial recognition, these financial liabilities are measured at amortised costs using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management and is included as a component of cash equivalents for the purpose of the statement of cash flows.

U. Derivative financial instruments and hedging

i. Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

ii. Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability. When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss remains in the hedging reserve and is reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e when a non-financial asset is depreciated.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

iii. Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on re-measurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the income statement over the remaining life of the hedged item

V. Standards issued but not yet adopted

i. IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 applies to annual reporting periods on or after 1 January 2019

The Group is currently assessing the impact on its consolidated financial statements resulting from the application of IFRS 16.

ii. Other Amendments

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRS 2 – Share based payments- Amendments to clarify the classification and measurement of shared based payments transactions
- IFRS 4 – Insurance contracts – Amendments regarding the interaction of IFRS 4 and IFRS 9
- IFRS 12 – Disclosure of interests in other entities – Amendments resulting from Annual Improvements 2014-2018 Cycle

6. Revenue

A. Goods and services analysis

$'000	2018	2017
Sale of goods	534,593	493,925
Rendering of services	10,544	11,563
	545,137	**505,488**

B. Segment information

$'000	2018	2017
Tea & coffee	516,617	475,473
Other	28,520	30,015
	545,137	**505,488**

C. Geographical analysis - origin

$'000	2018	2017
United Kingdom & Europe	106,779	90,611
North America	150,780	131,374
Africa	185,413	172,688
Asia & Middle East	87,802	100,001
South America	14,363	10,814
	545,137	**505,488**

7. Discontinued operations

A. Results of discontinued operations

The Group sold its Horticulture division in 2015, following a strategic decision to place greater focus on the Group's key competencies – i.e. production and distribution of tea and coffee products.

$'000	2018	2017
Gain on sale of discontinued operations	-	2,918
Profit for the year	**-**	**2,918**

8. Income and expenses

A. Other income

$'000	2018	2017
Gain on sale of property, plant and equipment	30,562	-
Gain on disposal of subsidiary	62	-
Change in fair value of derivatives	4,832	286
Change in fair value of biological assets	-	1,559
Net foreign exchange gains	-	4,823
Other income	7,339	6,262
	42,795	**12,930**

B. Other Expenses

$'000	2018	2017
Change in fair value of biological assets	(42)	-
Loss on sale of property, plant and equipment	(579)	(2,566)
Loss on disposal of non-current biological assets	(1)	(64)
Impairment losses of intangible fixed assets	-	(1,177)
Net foreign exchange losses	(2,665)	
Change in fair value of derivatives	(53)	(44)
Other expenses	(9,862)	(2,625)
	(13,202)	**(6,476)**

C. Expenses by nature

$'000	Note	2018	2017
Raw materials and consumables		407,074	355,407
Employee benefits	11	96,701	101,211
Depreciation and amortisation		18,178	14,648
Impairment of property, plant and equipment		442	46
Impairment of intangible assets and goodwill		-	1,177
Distribution expenses		12,008	11,570
Total cost of sales, selling and distribution and administrative expenses		**534,403**	**484,059**

D. Audit Fees

$'000	2018	2017
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	401	176
Taxation compliance services	118	377
All other services	84	265
	603	**818**

9. Net finance income / (expense)

$'000	2018	2017
Interest income on:		
- Loans and receivables	6,705	5,532
Net foreign exchange gain	180	3,061
Net interest on defined benefit scheme	-	132
Finance income	**6,885**	**8,725**
Financial liabilities measured at amortised costs – interest expense	(7,197)	(4,713)
Net interest expense on defined benefit scheme	(1)	-
Net foreign exchange loss	(221)	(2,480)
Finance expense	**(7,419)**	**(7,193)**
Net finance (expense) / income recognised in profit or loss	**(534)**	**1,532**

10. Other employee benefits

$'000	2018	2017
Net defined benefit asset	-	-
Total employee benefit asset	-	-
Non-current	-	-
Current	-	-
	-	-

During the year, the Group contributes to the following post-employment defined benefits plan:

- Finlays Pension Fund – entitles a retired employee to receive an annual pension payment

The defined benefits plan was administered by a single pension fund that is legally separated from the Group. The board of the pension fund comprised two employees, three employer representatives and a representative of the parent company (John Swire & Sons Limited). The board of the pension fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment, contribution and indexation policies) of the fund

On 31 March 2018, the Finlays Pension Fund (FPF) was merged into the John Swire & Sons Plan (the JS&S Plan) on a sectionalised basis. Following the merger, FPF plan assets and liabilities will be ring-fenced within the FPF section of the JS&S Plan. Under the new arrangements, the Trustees of the JS&S Plan comprise the Chairman, three JS&S Company Nominated Trustees and three Member Nominated Trustees, one of whom is appointed by the members of the Finlays Pension Fund Section of the JS&S Plan.

Management have reviewed the impact of the ruling in relation to the Guaranteed Minimum Pension (GMP) and have concluded that the impact will not be material to the Group.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The duration of the fund's liability is 17.3 years

A. Funding

The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which assumptions may differ from the assumptions set out in (D). The Group does not expect to make any contributions in the period ending 31 December 2018 as a result of the fund being closed to future accruals and the fact that the fund is in a surplus position at year end based on a Technical Provision basis.

B. Movement in net defined benefit asset

The following table shows reconciliation from the opening balances to the closing balances for net defined benefit asset and its components.

	Fair value of plans assets $'000	Defined benefit obligation $'000	Impact of asset ceiling $'000	Net (liability)/asset $'000
Balance at 1 January 2017	**110,140**	**(97,644)**	**(9,580)**	**2,916**
Included in profit or loss				
Current service cost	-	1,952	-	1,952
Past service cost		(769)		(769)
Interest income (cost)	3,090	(2,687)	-	403
Impact of asset ceiling on net interest		-	(271)	(271)
	3,090	(1,504)	(271)	1,315
Included in OCI				
Re-measurement (loss)/gain:				
- demographic assumptions				
- financial assumptions	-	(2,630)	-	(2,630)
- experience adjustments	-	(488)	-	(488)
- change in asset ceiling	-	-	(15,750)	(15,750)
- Return on plan assets excluding interest income	12,663	-	-	12,663
	12,663	(3,118)	(15,750)	(6,205)
Other				
Contributions paid by the employer	1,842	-	-	1,842
Contribution by scheme members	12	(12)	-	-
Benefits paid	(4,475)	4,475	-	-
Effects of movements in exchange rates	10,952	(9,175)	(1,645)	132
	8,331	(4,712)	(1,645)	1,974
Balance at 31 December 2017	**134,224**	**(106,978)**	**(27,246)**	-
Balance at 1 January 2018	**134,224**	**(106,978)**	**(27,246)**	-
Included in profit or loss				
Current service cost	-	-	-	-
Past service cost	-	(117)	-	(117)
Interest income (cost)	3,262	(2,591)	-	671
Impact of asset ceiling on net interest	-	-	(671)	(671)
	3,262	(2,708)	(671)	(117)
Included in OCI				
Re-measurement (loss)/gain:				
- financial assumptions		5,005		5,005
- experience adjustments		21		21
- change in asset ceiling		-	3,286	3,286
Return on plan assets excluding interest income	(8,195)	-		(8,195)
	(8,195)	5,026	3,286	117
Other				
Contributions paid by the employer	-	-		-
Contribution by scheme members	-	-		-
Benefits paid	(3,826)	3,826		-
Effects of movements in exchange rates	(7,561)	6,064	1,497	-
	(11,387)	9,890	1,498	-
Balance at 31 December 2018	**117,904**	**(94,770)**	**(23,134)**	-

C. Plan assets

Plan assets comprise the following

$'000	2018	2017
- Equity securities	64,964	84,717
- Debt securities Corporate	9,069	9,848
- Debt securities – Government	13,903	14,700
- Real estate	13,026	13,223
- Diversified growth fund	9,986	11,165
- Cash and cash equivalents	6,956	571
	117,904	**134,224**

All equity securities and government bonds have quoted prices in active markets. All bonds are issued by European governments and are rated AAA or AA.

At each reporting date, an Asset-Liability Matching study is performed by the pension fund's asset manager, in which the consequences of the strategic investment policies are analysed. The strategic investment policy of the pension fund can be summarised as follows:

- Global equities (excluding Asia) – range 20%-40%
- Asia Pacific equities – range 20%-40%
- Property – range 5%-15%
- Corporate bonds and gilts – range 10%-30%
- Other – range 5%-15%

D. Defined benefits obligation
i. Actuarial assumptions

The following were in principal actuarial assumptions at the reporting date (expressed as weighted average)

	2018	2017
Discount rate	2.80	2.50
Future salary growth	3.45	3.40
Future pension growth*	2.25 - 3.40	2.25 - 3.30
Price inflation	3.45	3.40

*Future pension growth as at 31 December 2018 as follows:

- for pensions accrued before April 2007 increases in payment are generally RPI max 4% (3.30% at 31 December 2018)
- for pensions accrued between April 1997 and 2010 increases in payment are generally RPI max 5% (3.05% at 31 December 2018)
- for pensions accrued after 2010 increases in payment are generally RPI max 2.5% (2.25% at 31 December 2018)
- deferred revaluations are linked to CPI (2.40% at 31 December 2018)

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	2018	2017
Longevity at age 65 for current pensioners		
Males	23.7	23.5
Females	25.2	25.0
Longevity at age 65 for current members aged 45		
Males	25.0	24.9
Females	27.5	27.4

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

	2018		2017	
$'000	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount Rate (0.5% movement)	6,634	(6,634)	7,436	(7,436)
Life expectancy (1year movement)	(2,985)	2,985	(2,889)	2,889
Price inflation (0.5% movement)	(3,918)	3,918	(4,439)	4,439

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown. The sensitivity of changing price inflation includes the impact on all inflation linked assumptions.

11. Employee benefits expenses

$'000	**2018**	**2017**
Wages and salaries	84,734	88,962
Social security contributions	6,042	5,536
Contributions to defined contributions plans	5,809	5,530
Defined benefit plans – service cost	116	1,183
	96,701	**101,211**

Average number of employees employed	**2018**	**2017**
Administration	1,192	1,216
Management	627	633
Sales	95	103
Production	22,177	22,800
	24,091	**24,752**

Average number of employees employed	**2018**	**2017**
Male	12,848	13,778
Female	11,243	10,974
	24,091	**24,752**

12. Directors' Emoluments

$'000	**2018**	**2017**
Aggregate emoluments respect of qualifying services	**1,987**	**2,253**
Number of directors accruing benefits under defined benefits schemes	-	-
In respect of highest paid director:		
Aggregate remuneration	**1,100**	**1,392**

13. Income taxes

A. Amounts recognised in profit or loss

$'000	2018	2017
Current tax expense		
Current year charge on income for the period	4,858	5,819
Current year charge due to group relief	-	-
Adjustment for prior years	(1,222)	(796)
	3,636	**5,023**
Deferred tax expense		
Origination and reversal of temporary differences	(729)	3,426
Reduction in tax rate	-	2
Adjustment to prior years	2,829	1,469
Write down of deferred tax asset	203	249
	2,303	**5,146**
Tax expense on continuing operations	**5,939**	**10,169**

Tax expense on continuing operations excludes the Group's share of the tax expense of equity-accounted investees of $1,861,000 (2017: $1,826,000), which has been included in share of profit of equity-accounted investees, net of tax.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

B. Amounts recognised in OCI

	2018			2017		
$'000	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Re-measurement of defined benefit liability (asset)	117	-	117	(6,205)	816	(5,389)
Other OCI movements	(2,449)	75	(2,374)	-	(38)	(38)
Foreign operations – foreign currency translation differences	(36,882)	-	(36,882)	(980)	-	(980)
	(39,214)	**75**	**(39,139)**	**(7,185)**	**778**	**(6,407)**

C. Reconciliation of effective tax rate

$'000	2018	2018	2017	2017
Profit before tax from continuing operations		**45,454**		**36,507**
Tax using the Company's domestic tax rate	19.00%	8,636	19.25%	7,027
Effect of tax rates in foreign jurisdictions		3,036		2,863
Reduction in tax rate		-		2
Tax effect of:				
Share of profit of equity-accounted investees reported net of tax		(892)		(1,157)
Prior year adjustments		1,593		673
Non-deductible expenses		4,952		2,096
Tax exempt income		(8,888)		(1,963)
Tax incentives		(992)		(1,433)
Write down of deferred tax asset		-		249
Foreign exchange gains eliminated on consolidation		(2,086)		842
Change in recognised deductible temporary differences		(238)		-
Other items		297		341
Unrelieved foreign taxes		521		629
		5,939		**10,169**

D. Movements in deferred tax balances

2018 - $'000	Balance at 1 January	Effects of movements on exchange rates	Recognised in profit or loss	Recognised in OCI	Sale of subsidiary	Transfer to Assets held for sale	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(48,071)	382	849	14	1	977	(45,848)	768	(46,616)
Intangible assets	(5,288)	-	(2,636)	-	-	-	(7,924)	-	(7,924)
Biological assets	9,460	417	104	-	-	-	9,981	11,413	(1,432)
Derivatives	*349*	*(3)*	*(50)*	-	-	-	*296*	*298*	*(2)*
Employee benefits	828	(275)	(114)	61	-		500	987	(487)
Defined benefit scheme	-	-	-	-	-	-	-	-	-
Provisions	491	63	(679)	-	-	-	(125)	486	(611)
Other items	41	(9)	1,220	-	-	-	1,252	1,257	(5)
Carry forward tax loss	3,543	(466)	(997)	-	-	-	2,080	2,080	-
Net tax (liabilities)/assets	**(38,647)**	**109**	**(2,303)**	**75**	**1**	**977**	**(39,788)**	**17,289**	**(57,077)**

2017 - $'000	Balance at 1 January	Effects of movements on exchange rates	Recognised in profit or loss	Recognised in OCI	Other	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(24,197)	148	(1,677)	-	(22,345)	(48,071)	663	(48,734)
Intangible assets	-	-	-	-	(5,288)	(5,288)	-	(5,288)
Biological assets	(9,451)	81	(3,515)	-	22,345	9,460	11,572	(2,112)
Derivatives	267	32	50	-	-	349	350	(1)
Employee benefits	777	34	55	(38)	-	828	1,492	(664)
Defined benefit scheme	(583)	(1)	(232)	816	-	-	-	-
Provisions	539	-	(48)	-	-	491	539	(48)
Other items	288	10	(257)	-		41	46	(5)
Carry forward tax loss	3,133	(68)	478	-	-	3,543	3,543	
Net tax (liabilities)/assets	**(29,227)**	**236**	**(5,146)**	**778**	**(5,288)**	**(38,647)**	**18,205**	**(56,852)**

At 31 December 2018, there is a deferred tax asset of $17,289,000(2017: $18,205,000). Management have reviewed the likely future performance of the company and the forecast results of the wider UK tax group of which this company is a member. It is expected that there will be sufficient future taxable profits available against which the company and Group can recover the above items and, therefore, the related deferred tax asset will be realised.

E. Unrecognised deferred tax liabilities
There were no unrecognised deferred tax liabilities (2017: $Nil)

F. Unrecognised deferred tax assets
A deferred tax asset of $8,045,284 (2017: $8,166,265) has not been recognised for capital losses carried forward. These losses can only be offset against future capital gains accruing on assets of companies in the James Finlay Group owned at the date of acquisition by the Swire Group.

G. Current tax

$'000	2018	2017
Current tax assets comprise of:		
Refunds due from tax authorities	6,374	4,509
Group relief receivable from Swire Group entities	1,832	721
	8,206	**5,230**
Current tax liabilities comprise of:		
Amounts due to tax authorities	3,970	2,567
Group relief payable to Swire Group entities	-	-
	3,970	**2,567**

14. Intangible assets and goodwill

Group $'000	Note	Goodwill	Customer Relations	Software	Other Intangibles	Total
Cost						
Balance at 1 January 2017		75,926	-	2,135	-	78,061
Effects of movements in exchange rates		(355)	-	108	-	(247)
Additions		-	-	440	-	440
Business combination		28,421	13,667	-	6,670	48,758
Disposal		(824)	-	(188)	-	(1,012)
Transfer from plant and machinery		-	-	790	-	790
Balance at 31 December 2017		**103,168**	**13,667**	**3,285**	**6,670**	**126,790**
Balance at 1 January 2018		103,168	13,667	3,285	6,670	126,790
Effects of movements in exchange rates		(3,243)	-	(83)	-	(3,326)
Additions		-	-	220	-	220
Disposal		-	-	(86)	-	(86)
Transfer from plant and machinery		-	-	23	-	23
Balance at 31 December 2018		**99,925**	**13,667**	**3,359**	**6,670**	**123,621**
Accumulated amortisation and impairment losses						
Balance at 1 January 2017		1,220	-	1,213	-	2,433
Effects of movements in exchange rates		-	-	93	-	93
Disposal		(1,220)	-	(188)	-	(1,408)
Amortisation		-	-	403	-	403
Impairment		1,177	-	-	-	1,177
Transfer from plant and machinery		-	-	231	-	231
Balance at 31 December 2017		**1,177**	-	**1,752**	-	**2,929**
Balance at 1 January 2018		1,177	-	1,752	-	2,929
Effects of movements in exchange rates		(682)	-	(52)	-	(734)
Disposal		-	-	(86)	-	(86)
Amortisation		-	1,367	384	767	2,518
Transfer from plant and machinery		-	-	1	-	1
Balance at 31 December 2018		**495**	**1,367**	**1,999**	**767**	**4,628**
Carrying Amounts						
At 1 January 2017		**74,706**	-	**922**	-	**75,628**
At 31 December 2017		**101,991**	**13,667**	**1,533**	**6,670**	**123,861**
At 31 December 2018		**99,430**	**12,300**	**1,360**	**5,903**	**118,993**

The Group's goodwill is allocated to the Finlays Colombo IGU ($4,016,000), Finlay Extracts & Ingredients Inc ($67,444,000), Casa Fuentes IGU ($3,288,000) and Aspen Enterprises LLC ($27,243,000).

15. Biological assets

A. Reconciliation of carrying amount

$'000	Tea	Flowers	Standing Timber	Total
Balance at 1 January 2017	**941**	**144**	**20,858**	**21,943**
Effect of movements in exchange rates	(4)	-	(238)	(242)
New planting additions	-	-	331	331
Changes in fair value less costs to sell				
Due to price changes	(20)	209	1,369	1,558
Disposals	-	-	(64)	(64)
Transfer from PPE	-	-	28	28
Balance at 31 December 2017	**917**	**353**	**22,284**	**23,554**
Balance at 1 January 2018	**917**	**353**	**22,284**	**23,554**
Effect of movements in exchange rates	5	5	(1,859)	(1,849)
New planting additions	-	-	40	40
Changes in fair value less costs to sell				
Due to price changes	(626)	(161)	49	(738)
Due to physical change	1	-	694	695
Disposals	-	-	(1)	(1)
Transfer to property plant and equipment			(35)	(35)
Balance at 31 December 2018	**297**	**197**	**21,172**	**21,666**

Biological assets comprise of tea bushes, flower plantations and standing timber. As at 31 December 2018 tea plantations comprised of approximately 12,738 hectares of tea bushes (2017: 12,738 hectares) which range from newly established plants to plants that are 50 years old.

As at 31 December 2018 flower plantations comprised of approximately 85 hectares of flower plants (2017: 85 hectares) which range from newly established plants to plants that are 7 years old.

As at 31 December 2018 standing timber comprised approximately 4,551 hectares of eucalyptus tree (2017: 4,551 hectares) which range from newly established plants to plants that are 10 years old.

B. Measurement of fair values

i. Fair value hierarchy

The fair value measurements for the tea bushes, flowers, and standing timber have been categorised as Level 3 fair values based on inputs to the valuation techniques used.

ii. Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable and fair value measurement.
Standing timber	Discounted cash flows· The valuation model considers the present value of the net cash flows expected to be generated by the plantations. The cash flow projections include specific estimates for 10 years. The expected net cash flows are discounted using a risk-adjusted discount rate	• Estimated future timber market prices per cubic metre (6.0% of current prices). • Estimated future costs (6% annual cost inflation of current cost) • Estimated yields per hectare. • Risk adjusted annual discount rate.	The estimated fair value would increase (decrease) if. • The estimated timber prices per cubic metre were higher (lower); • The estimated yields per hectare were higher (lower) • The estimated harvest, replanting, weeding and transportation costs were lower (higher); or • The risk adjusted discount rates were lower (higher)

16. Property, plant and equipment
Reconciliation of carrying amount

Group	Land and Buildings	Assets held under operating leases	Plant & Machinery	Agricultural Development Assets	Total
	$'000	$'000	$'000	$'000	$'000
Cost					
Balance at 1 January 2017	88,647	8,722	187,518	58,269	343,156
Effect of movements in exchange rates	(195)	(161)	4,337	(548)	3,433
Additions	16,233	-	20,938	4,059	41,230
Disposals	(1,070)	-	(5,996)	(1,551)	(8,617)
Acquisition through business combination	8,692	-	3,340	499	12,531
Reclassification (to) intangible assets	-	-	(790)	-	(790)
Reclassification	(2,154)	-	2,154	-	-
Reclassification (to) biological assets	-	-	-	(28)	(28)
Fair value adjustment - bearer plants	-	-	-	1,228	1,228
Balance at 31 December 2017	**110,153**	**8,561**	**211,501**	**61,928**	**392,143**
Balance at 1 January 2018	110,153	8,561	211,501	61,928	392,143
Effect of movements in exchange rates	(14,337)	(1,249)	(12,074)	(3,901)	(31,561)
Additions	5,796	-	24,024	1,943	31,763
Disposals	(4,387)	-	(2,668)	(778)	(7,833)
Disposal through business combination		-	(50)	-	(50)
Transfer to assets held for sale	(4,523)		(7,006)	-	(11,529)
Reclassification from biological assets	-	-	-	35	35
Reclassification to investment properties	(6)	-	(16)	-	(22)
Reclassification (to) intangible assets	-	-	(23)	-	(23)
Effects of hyper-inflation accounting	3,363	-	678	231	4,272
Balance at 31 December 2018	**96,059**	**7,312**	**214,366**	**59,458**	**377,195**
Accumulated depreciation and impairment losses					
Balance at 1 January 2017	34,147	3,406	115,474	18,696	171,723
Effect of movements in exchange rates	175	(67)	4,672	(150)	4,630
Depreciation	2,512	200	9,383	2,137	14,232
Impairment loss	13	-	2	31	46
Disposals	(886)	-	(3,806)	(1,127)	(5,819)
Acquisition through business combination	7	-	16	80	103
Reclassification (to) intangible assets	-	-	(231)	-	(231)
Reclassification (to)/from plant & machinery	406	-	(406)	-	-
Fair value adjustment - bearer plants	-	-	-	(2,087)	(2,087)
Balance at 31 December 2017	**36,374**	**3,539**	**125,104**	**17,580**	**182,597**
Balance at 1 January 2018	36,374	3,539	125,104	17,580	182,597
Effect of movements in exchange rates	(1,348)	(561)	(6,998)	(1,023)	(9,930)
Depreciation	3,023	188	10,509	1,940	15,660
Impairment loss	327	-	73	42	442
Disposals	(1,342)	-	(2,324)	(752)	(4,418)
Disposal through business combination	-	-	(42)	-	(42)
Transfer to assets held for sale	(741)	-	(3,300)	-	(4,041)
Reclassification to intangible assets	-	-	(1)	-	(1)
Reclassification to investment properties	(3)	-	-	-	(3)
Balance at 31 December 2018	**36,290**	**3,166**	**123,021**	**17,787**	**180,264**
Carrying amounts					
At 1 January 2017	54,500	5,316	72,044	39,573	171,433
At 31 December 2017	**73,779**	**5,022**	**86,397**	**44,348**	**209,546**
At 31 December 2018	**59,769**	**4,146**	**91,345**	**41,671**	**196,931**

16. Property, plant and equipment (continued)

Reconciliation of carrying amount

Company	**Land and Buildings**	**Plant & Machinery**	**Total**
	$'000	**$'000**	**$'000**
Cost			
Balance at 1 January 2017	265	1,756	2,021
Effect of movements in exchange rates	(13)	(12)	(25)
Additions	-	634	634
Disposals	-	(1)	(1)
Transfer to intangible assets	-	(133)	(133)
Balance at 31 December 2017	**252**	**2,244**	**2,496**
Balance at 1 January 2018	252	2,244	2,496
Effect of movements in exchange rates	(53)	(99)	(152)
Additions	-	902	902
Disposals	-	(33)	(33)
Balance at 31 December 2018	**199**	**3,014**	**3,213**
Accumulated depreciation and impairment losses			
Balance at 1 January 2017	71	1,338	1,409
Effect of movements in exchange rates	(3)	(11)	(14)
Depreciation	5	138	143
Disposals	-	(1)	(1)
Transfer to intangible assets	-	(54)	(54)
Balance at 31 December 2017	**73**	**1,410**	**1,483**
Balance at 1 January 2018	73	1,410	1,483
Effect of movements in exchange rates	(16)	(101)	(117)
Depreciation	4	117	121
Disposals	-	(33)	(33)
Balance at 31 December 2018	**61**	**1,393**	**1,454**
Carrying amounts			
At 1 January 2017	194	418	612
At 31 December 2017	**179**	**834**	**1,013**
At 31 December 2018	**138**	**1,621**	**1,759**

17. Investment Property

Reconciliation of carrying amount

$'000	**2018**	**2017**
Cost		
Balance at 1 January	688	711
Effect of movements in exchange rates	(127)	(23)
Reclassification from property, plant and equipment	22	-
Balance at 31 December	**583**	**688**
Accumulated depreciation and impairment losses		
Balance at 1 January	130	122
Effect of movements in exchange rates	(26)	(5)
Depreciation	11	13
Reclassification from property, plant and equipment	3	-
Balance at 31 December	**118**	**130**
Carrying amounts		
At 31 December	**465**	**558**

Investment property comprises of two properties in Colombo, Sri Lanka and Karachi Pakistan.

18. Equity accounted investees

Group		**2018 $'000**	**2017 $'000**
Cost and net book value			
At 1 January		140,004	108,803
Additions – issued in shares		31,608	-
Additions – cash		1,595	28,494
Share of post-tax profits		5,661	7,092
Dividends received		(3,323)	(4,271)
Other reserves movements		(2,439)	-
Exchange adjustments		(5,504)	(114)
Balance at 31 December		**167,602**	**140,004**
Interest in joint ventures	A	29,644	200
Interests in associates	B	137,958	139,804
Balance at 31 December		**167,602**	**140,004**

A. Joint venture

$'000	**Vauxhall Land Dev 2018**	**Finlay Line Haulage 2018**	**Vauxhall Land Dev 2017**	**Finlay Line Haulage 2017**	**Total 2018**	**Total 2017**
Percentage ownership interest	40%	50%	40%	50%		
Non-current assets	73,568	73	-	58	73,641	58
Current assets	-	476	-	558	476	558
Non-current liabilities	-	(109)	-	(9)	(109)	(9)
Current liabilities	-	(7)	-	(207)	(7)	(207)
Net assets (100%)	73,568	433	-	400	74,001	400
Group's share of net assets (50%)	**29,427**	**217**	**-**	**200**	**29,644**	**200**
Revenue	-	1,214	-	1,656	1,214	1,656
Net Interest	-	8	-	6	8	6
Income tax expense	-	(11)	-	(67)	(11)	(67)
Profit and total comprehensive income (100%)	-	215	-	160	215	160
Group's share of profit and total comprehensive income (50%)	-	107	-	80	107	80

18. Equity accounted investees (continued)

B. Associates

Damin International Holdings Ltd is the only associate in which the Group participates. Damin International Holdings Ltd is one of the Group's strategic suppliers of tea extract. The following table summarises the financial information of Damin.

$'000	**2018**	**2017**
Percentage ownership interest	49.51%	49.51%
Non-current assets	87,295	94,587
Current assets	62,200	64,507
Non-current liabilities	(17,478)	(19,436)
Current liabilities	(77,146)	(82,111)
Net assets (100%)	54,871	57,547
Group's share of net assets 49.51% (2017 – 49.51%)	27,167	28,491
Goodwill	110,791	111,313
Carrying amount of interest in associate	**137,958**	**139,804**
Revenue	122,805	114,228
Profit from continuing operations (100%)	11,218	16,989
Other comprehensive income (100%)	-	-
Total comprehensive income (100%)	6,291	16,989
Group's share of profit and total comprehensive income	**5,554**	**7,012**

19. Other investments, including derivatives

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Non-current investments				
Equity securities- available for sale	-	2	-	2
	-	**2**	-	**2**
Current investments				
Forward exchange contracts used for hedging	10,452	5,601	-	-
Commodity forward contracts	(176)	(123)	-	-
	10,276	**5,478**	-	-

20. Inventories

	Group		Company	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Raw materials and consumables	36,436	40,353	-	-
Work in progress	1,356	1,436	-	-
Finished goods	50,497	58,184	-	-
Inventories	**88,289**	**99,973**	-	-

21. Trade and other receivables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	65,059	60,656	-	-
Amounts owed by parent company	-	396	-	396
Amounts owed by subsidiary undertakings	-	-	265,421	274,418
Amounts owed by related party	46,506	66,506	-	-
Amounts owed by associates	463	422	-	-
Other receivables	45,916	53,836	33,719	38,142
	157,944	**181,816**	**299,140**	**312,956**
Non-current	78,956	83,456	32,375	36,815
Current	78,988	98,360	266,765	276,141
	157,944	**181,816**	**299,140**	**312,956**

22. Cash and cash equivalents

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Bank balances	36,294	35,414	11,246	25,616
Call deposits	176	15,124	-	-
Cash and cash equivalents in the statement of financial position	**36,470**	**50,538**	**11,246**	**25,616**
Bank overdrafts used for cash management purposes	(11,169)	(17,866)	(4,714)	(7,409)
Cash and cash equivalents in the statement of cash flows	**25,301**	**32,672**	**6,532**	**18,207**

23. Disposal group held for sale

A. Assets and liabilities of disposal group held for sale

In 2018 management committed to selling Finlay Cold Storage (Pvt) Limited, cold storage facility in Colombo. At 31 December 2018, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities

	Group	
	2018	**2017**
	$'000	**$'000**
Property, plant and equipment	7,488	-
Inventories	350	-
Trade and other receivables	1,173	-
Assets held for sale	**9,011**	-
Trade and other payables	1,271	-
Income tax liabilities	273	
Deferred tax liabilities	977	-
Liabilities held for sale	**2,521**	-
	6,490	

24. Loans and borrowings

	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Non-current liabilities				
Secured bank loans	2,400	40	-	-
Unsecured bank loans	1,423	31,414	-	-
Finance lease liabilities	1,275	1,432	-	-
	5,098	**32,886**	-	-
Current liabilities				
Current portion of secured bank loans	15,479	12,709	-	-
Unsecured bank loans	31,487	791	-	-
Current portion of finance lease liabilities	36	162	-	-
	47,002	**13,662**	-	-

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 28.

A. Terms and repayment schedule

The terms and conditions of outstanding loans are as follows

	Currency	Nominal interest rate	Year of maturity	31 December 2018 $'000 Face Value	31 December 2018 $'000 Carrying amount	31 December 2017 $'000 Face value	31 December 2017 $'000 Carrying amount
Secured bank loan	USD	4.34% - 5.00%	2019	10,358	10,358	8,500	8,500
Secured bank loan	ARS	13.00% - 30.00%	2021	17	17	991	991
Secured bank loan	USD	Libor + 2.75%	2019	5,105	5,105	3,258	3,258
Secured bank loan	USD	3.96%	2020	2,400	2,400	-	-
Unsecured bank loan	ARS	5.00% - 23.00%	2018	-	-	4	4
Unsecured bank loan	USD	Libor + 1.50%	2019	30,000	30,000	30,000	30,000
Unsecured bank loan	SLR	5.00% – 12.94%	2020	1,874	1,874	1,194	1,194
Unsecured bank loan	SLR	5.00% – 12.94%	2020	1,035	1,035	1,007	1,007
Finance lease liabilities	USD	22.84%	2025	117	117	100	100
Finance lease liabilities	LKR	4.00%	2021	1,194	1,194	1,494	1,494
Total interest-bearing liabilities				**52,100**	**52,100**	**46,548**	**46,548**

The secured bank loans are secured over land and buildings and trade receivables with a carrying amount of $11,006,000 (2017 $13,864,000).

B. Finance lease liabilities

Finance lease liabilities are payable as follows.

	Future minimum lease payments 2018 $'000	Future minimum lease payments 2017 $'000	Interest 2018 $'000	Interest 2017 $'000	Present value of minimum lease payments 2018 $'000	Present value of minimum lease payments 2017 $'000
Less than one year	109	223	(74)	(61)	35	162
Between one and five years	473	359	(258)	(222)	215	137
More than five years	1,595	1,986	(534)	(691)	1,061	1,295
	2,177	**2,568**	**(866)**	**(974)**	**1,311**	**1,594**

25. Trade and other payables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	23,629	32,026	-	-
Amounts due to parent company	57,589	78,381	57,589	78,381
Amounts owed to subsidiary undertakings	-	-	11,913	15,555
Amounts owed to joint-ventures	-	-	-	-
Amounts owed to associates	242	788	199	-
Other trade payables	89,503	93,355	3,208	3,915
	170,963	**204,550**	**72,909**	**97,851**
Non-current	84,944	114,313	57,480	77,480
Current	86,019	90,237	15,429	20,371
	170,963	**204,550**	**72,909**	**97,851**

26. Provisions

Group $'000	**Retirement Benefits**	**Terminal Benefits**	**Ex gratia payments**	**Total**
Balance at 1 January 2018	8,440	10,153	12,906	31,499
Effect of movements in exchange rates	(1,468)	89	(767)	(2,146)
Payments in year	(873)	(2,020)	(862)	(3,755)
Provisions made during the year	1,782	1,672	118	3,572
Recognised in other comprehensive income	(152)	162	-	10
Balance at 31 December 2018	**7,729**	**10,056**	**11,395**	**29,180**
Non-current	7,729	10,056	11,395	29,180
Current	-	-	-	-
	7,729	**10,056**	**11,395**	**29,180**

Company $'000	**Terminal Benefits**	**Ex gratia payments**	**Total**
Balance at 1 January 2018	66	12,906	12,972
Effect of movements in exchange rates	(9)	(767)	(776)
Payments in year	-	(862)	(862)
Provisions made during the year	(45)	118	73
Balance at 31 December 2018	**12**	**11,395**	**11,407**
Non-current	12	11,395	11,407
Current	-	-	-
	12	**11,395**	**11,407**

27. Financial Instruments – Fair values and risk management

A Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount						Fair value			
31 December 2018	**Note**	**Designated at fair value**	**Fair value-hedging instrument**	**Loans and receivable**	**Available for sale**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value											
Forward exchange contracts used for hedging	20	-	10,452				10,452	-	10,452	-	10,452
Equity securities	20	-	-	-	-	-	-	-	-	-	-
		-	**10,452**	-	-	-	**10,452**				
Financial assets not measured at fair value											
Trade and other receivables	22	-	-	157,944	-	-	157,944				
Cash and cash equivalents	23	-	-	36,470	-	-	36,470				
		-	-	**194,414**	-	-	**194,414**				
Financial liabilities measure at fair value											
Forward commodity contracts	20	-	(176)	-	-	-	(176)	-	(176)	-	(176)
Financial liabilities not measured at fair value											
Bank overdraft	23	-	-	-	-	(11,169)	(11,169)				
Secured bank loans	25	-	-	-	-	(17,879)	(17,879)				
Unsecured bank loans	25	-	-	-	-	(32,910)	(32,910)				
Finance lease liabilities	25	-	-	-	-	(1,311)	(1,311)				
Trade payables	26	-	-	-	-	(170,963)	(170,963)				
		-	-	-	-	**(234,232)**	**(234,232)**				

27. Financial Instruments – Fair values and risk management (continued)

		Carrying amount						Fair value			
31 December 2017	**Note**	**Designated at fair value**	**Fair value-hedging instrument**	**Loans and receivable**	**Available for sale**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value											
Forward exchange contracts used for hedging	20	-	5,601	-	-	-	5,601	-	5,601	-	5,601
Equity securities	20	2	-	-	-	-	2	2	-	-	2
		2	**5,601**	**-**	**-**	**-**	**5,603**				
Financial assets not measured at fair value											
Trade and other receivables	22	-	-	181,816	-	-	181,816	-	-	-	-
Cash and cash equivalents	23	-	-	50,538	-	-	50,538	-	-	-	-
		-	-	**232,354**	-	-	**232,354**	-	-	-	-
Financial liabilities measure at fair value											
Forward commodity contracts	20	-	(123)	-	-	-	(123)	-	(123)		(123)
		-	**(123)**	-	-	-	**(123)**				
Financial liabilities not measured at fair value											
Bank overdraft	23	-	-	-	-	(17,866)	(17,866)				
Secured bank loans	24	-	-	-	-	(12,749)	(12,749)				
Unsecured bank loans	24	-	-	-	-	(32,205)	(32,205)				
Finance lease liabilities	24	-	-	-	-	(1,594)	(1,594)				
Trade payables	25	-	-	-	-	(204,550)	(204,550)				
		-	-	-	-	**(268,964)**	**(268,964)**				

27. Financial Instruments – Fair values and risk management (continued)

B. Measurement fair values

i Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	*Inter-relationship between significant unobservable inputs and fair value measurement*
Forward exchange contracts and commodity contracts	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	*Not applicable*	Not applicable

Financial instruments not measured at fair value

Type	*Valuation technique*	*Significant unobservable inputs*
Other financial liabilities*	Discounted cash flows	Not applicable

**Other financial liabilities include secured and unsecured bank loans and finance lease liabilities*

C. Financial risk management

The Group has exposure to the following risks arising from the financial instruments:

- credit risk
- liquidity risk
- market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Group Audit Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments debt securities.
The carrying amount of the financial assets represents the maximum credit exposure.

Trade and other receivables

The Group exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence credit risk of its customer base, including the default risk of the industry and country in which the customers operate. Further details of concentration of revenue are include in Note 6

Each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on pre-payment basis. Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not otherwise require collateral in respect of trade and other receivables.

Impairment

At 31 December 2018, the ageing of trade receivables that were not impaired was as follows:

	2018 $'000	2017 $'000
Neither past due nor impaired	62,106	58,553
Past due 3-6 months	2,547	1,561
Past due 6-12 months	180	361
Past due over 12 months	226	181
	65,059	**60,656**

Management believe that the unimpaired amounts that are past due more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Cash and cash equivalents

The Group held cash and cash equivalents of $25,301,000 at 31 December 2018 (2017: $32,672,000). The cash and cash equivalents are held with bank and financial institutions counterparties, which are rated AA- to AA+.

Derivatives

The derivatives are entered into with the bank and financial institution counterparties, which are rated AA- to AA+.

Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries. At 31 December 2018, the Company has issued a guarantee to certain banks in respect of credit facilities granted to two subsidiaries.

iii **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficult in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables At 31 December 2018, the expected cash inflows from trade and other receivables maturing within two months were $64,653,000 (2017: $60,114,000).

In addition, the Group maintains the following lines of credit.

- $10 million invoice discount facility that is secured on trade receivables

Exposure to liquidity

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 December 2018	Carrying amount $'000	Total $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Non- derivative financial liabilities						
Bank overdrafts	11,169	(11,169)	(11,169)	-	-	-
Secured bank loans	17,879	(17,879)	(15,479)	(2,400)	-	-
Unsecured bank loans	32,910	(32,910)	(31,487)	(1,198)	(225)	-
Finance lease liabilities	1,311	(1,311)	(36)	(1,275)	-	-
Trade payables	170,963	(170,963)	(86,019)	(27,464)	(57,480)	-
	234,232	**(234,232)**	**(134,722)**	**(32,337)**	**(57,705)**	-
Derivative financial liabilities						
Commodity contracts used for hedging	176	(176)	(176)	-	-	-
	176	(176)	(176)	-	-	-

31 December 2017	Carrying amount $'000	Total $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Non- derivative financial liabilities						
Bank overdrafts	17,866	(17,866)	(17,866)	-	-	-
Secured bank loans	12,749	(12,749)	(12,709)	(40)	-	-
Unsecured bank loans	32,205	(32,205)	(791)	(31,414)	-	-
Finance lease liabilities	1,594	(1,594)	(162)	(94)	(44)	(1,294)
Trade payables	204,550	(204,550)	(90,237)	(79,646)	(34,677)	-
	237,287	**(237,287)**	**(121,765)**	**(111,194)**	**(3,034)**	**(1,294)**
Derivative financial liabilities						
Commodity contracts used for hedging	123	(123)	(123)	-	-	-
	123	(123)	(123)	-	-	-

iv. Currency Risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the US dollar and the Kenyan schilling. The currencies in which these transactions are primarily denominated are sterling, US dollar and Kenyan schilling.

At any point in time, The Group hedges 25% to 100% of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 18 months. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group – primarily US dollar. In addition, interest on borrowings is denominated in the currency of the borrowing. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

In respect or other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flows amounts for derivatives that are net cash settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The interest payments on variable interest rate loans in the table above reflect market forward interest rate at the reporting date and these amounts may change as market interest rates change. The future cash flows on contingent consideration and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

v. Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the James Finlay Ltd Group Board.

31 December 2018

	USD 000s	GBP 000s	EUR 000s	KSH 000s	SLR 000s	ARS 000s	HKD 000s
Cash and cash equivalents	35,863	-	549	8,448	228,994	1,448	102
Borrowings	(47,970)	(11,539)	-	(19,564)	(752,811)	(702)	-
Net statement of financial position exposure	**(12,107)**	**(11,539)**	**549**	**(11,116)**	**(523,817)**	**(746)**	**102**

31 December 2017

	USD 000s	GBP 000s	EUR 000s	KSH 000s	SLR 000s	ARS 000s	HKD 000s
Cash and cash equivalents	6,257	1,584	984	1,538,045	707,457	24,384	1,043
Borrowings	(42,075)	(74)	-	(66,637)	(561,228)	(1,221)	-
Net statement of financial position exposure	**(35,818)**	**1,510**	**984**	**1,471,408**	**146,229**	**23,163**	**1,043**

The following significant exchange rates have been applied during the year

	Average rate		Year-end spot rate	
	2018	**2017**	**2018**	**2017**
GBP 1	0.75	0.78	0.79	0.74
KSH 1	101.26	103.26	102.13	103.11
SLR 1	162.60	152.40	183.46	153.41
ARS 1	22.66	16.03	41.32	17.40
CNY 1	6 62	6.74	6.90	6.50

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar, sterling or Kenyan schilling against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all variables, in particular interest rates, remain constant and ignores impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening $'000	Weakening $'000	Strengthening $'000	Weakening $'000
31 December 2018				
GBP (1% movement)	143	(143)	(216)	216
KSH (1% movement)	124	(124)	(918)	918
SLR (1% movement)	91	(91)	(669)	669
ARS (1% movement)	-	-	(142)	142
CNY (1% movement)	-	-	(3)	3
31 December 2017				
GBP (1% movement)	90	(90)	(317)	317
KSH (1% movement)	347	(347)	1,101	(1,101)
SLR (1% movement)	77	(77)	516	(516)
ARS (1% movement)	20	(20)	256	(256)
CNY (1% movement)	4	(4)	-	-

Interest rate risk
The Group adopts a policy of ensuring that interest rate charges are minimised as much as possible.

Exposure to interest rate risk
The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows

	Nominal amount	
	2018 $'000	2017 $'000
Fixed –rate instruments		
Financial assets	-	-
Financial liabilities	(1,311)	(1,594)
	(1,311)	**(1,594)**
Variable-rate instruments		
Financial liabilities	(50,789)	(44,954)
	(50,789)	**(44,954)**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Interest rate risk
The Group adopts a policy of ensuring that interest rate charges are minimised as much as possible.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity, net of tax	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
31 December 2018				
Variable rate instruments				
Cash flow sensitivity (net)				
31 December 2017				
Variable rate instruments	(643)	643	(505)	505
Cash flow sensitivity (net)	**(643)**	**643**	**(505)**	**505**

28. Capital and reserves

A. Share capital and share premium

	Ordinary Shares		Ordinary shares	
	2018 No. 000	2017 No. 000	2018 $'000	2017 $'000
In issue at 1 January	919,746	778,446	287,172	295,192
Change in parent company functional currency	-	-	-	(55,020)
At 1 January	919,746	778,446	287,172	240,172
Issued for cash	-	141,300	-	47,000
In issue at 31 December – fully paid	**919,746**	**919,746**	**287,172**	**287,172**
Authorised – par value £0.25	**919,746**	**919,746**	**287,172**	**287,172**

i. **Ordinary Shares**

Holders of these shares are entitled to dividends as declare from time to time and are entitled to one vote per share at general meetings of the Company.

ii. **Issue of ordinary shares**

No ordinary shares were issued during the year (2017: 141,300,000 shares were issued and fully paid at £0.25 per share converted to $47,000,000)

iii. **Nature and purpose of reserves**

Other reserve

Other reserves consist of translation reserve. The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately before its reclassification as investment property.

29. List of subsidiaries

	Country of Incorporation	Registered office address	Nature of business	Type of holding	% Holding
James Finlay (Kenya) Limited	Scotland	Swire House Souter Head Road, Altens, Aberdeen. AB12 3LF	Tea, Timber, Extracts Production & Flower growers	Ordinary	100*
Skytrain Handling Limited	Kenya	PO Box 223, Chepkembe, Kericho 20200, Kenya	Dormant	Ordinary	100
Finlay Beverages Limited	England	Elmsall Way, South Elmsall, Pontefract West Yorkshire, WF9 2XS	Tea & coffee packing	Ordinary	100*
Finlay Coffee Limited	England	Swire House, 59 Buckingham Gate, London. SW1E 6AJ	Dormant	Ordinary	100
Finlay Extracts & Ingredients UK Limited	England	Swire House, 59 Buckingham Gate, London. SW1E 6AJ	Tea trading	Ordinary	100*
Finlay Tea Solutions (Hong Kong) Limited	Hong Kong	2601 Universal Trade Centre, 3-5a Arbuthnot Road Central, Hong Kong	Tea trading	Ordinary	100
Xiamen James Finlay Trading Co. Limited	China	1801-1802 Baoxian Dasha 68 Hubin Bei Lu Xiamen, Fujian, China 361012.	Tea trading	Ordinary	100
Damin International Holdings Limited (49.51%)	Cayman Islands	Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands	Extracts production	Ordinary	49 51
Finlay Hull Limited	England	60 Lime Street, Hull, HU8 7AF	Tea decaffeination	Ordinary	100
James Finlay (Guizhou) Tea Co , Ltd	China	No 67 Fuhuo Street, Sitang Town, Sinan County, Tongren City, Guizhou Province, 565100, China	Tea and extracts production and trading	Equity	100
James Finlay (ME) DMCC	United Arab Emirates	Dubai Tea Trading Centre, Plot No S10814, Office 24 28-30 Jebel Ali Free Zone - South, Dubai, PO Box 17016, United Arab Emirates	Tea trading	Ordinary	100
James Finlay (Blantyre) Limited	Malawi	Nunes Building, Ground Floor, Off Masuako Chipembere Highway PO Box 51387, Limbe, Malawi.	Tea trading	Ordinary	100
Casa Fuentes SACIFI**	Argentina	1085 Liberated Avenue, Obera, Misiones, N3361DQK, Argentina	Tea Estate	Ordinary	100
Argente SA**	Argentina	1085 Liberated Avenue, Obera, Misiones, N3361DQK, Argentina.	Tea Estate	Ordinary	100
Finlay Tea Solutions UK Limited	England	Swire House, 59 Buckingham Gate, London. SW1E 6AJ	Tea trading	Ordinary	100*
James Finlay Mombasa Limited	Kenya	LR No Mombasa/Block1/362 Mashundu Street PO Box 84619-80100 Mombasa, Kenya	Tea trading	Ordinary	100
Finlay Vietnam Limited	Vietnam	CDC Building, 61/33 Lac Trung Street, Hai Ba Trung District, Vinh Tuy Ward, Hanoi	Tea trading	Ordinary	100
James Finlay Corporation Limited	Scotland	Swire House Souter Head Road, Altens, Aberdeen AB12 3LF	Non-trading	Ordinary	100*
James Finlay International Holdings Limited	England	Swire House, 59 Buckingham Gate, London. SW1E 6AJ	Holding company	Ordinary	100*

	Country of Incorporation	Registered office address	Nature of business	Type of holding	% Holding
James Finlay Plantation Holdings (Lanka) Limited	Sri Lanka	95A Nambapana, Ingiriya, Sri Lanka	Holding company	Ordinary	100*
Hapugastenne Plantations PLC (90 0%)	Sri Lanka	95A Nambapana, Ingiriya, Sri Lanka	Tea & rubber estate	Ordinary	90
Newburgh Green Teas (Pvt) Limited (53 85%)	Sri Lanka	95A Nambapana, Ingiriya, Sri Lanka	Tea production	Ordinary	53 85
Udapussellawa Plantations PLC (90.0%)	Sri Lanka	95A Nambapana, Ingiriya, Sri Lanka	Tea & rubber estate	Ordinary	91.8
Finlays Tea Estates (Lanka) Limited	Sri Lanka	186 Vauxhall Street, Colombo, 00200, Sri Lanka	Dormant	Ordinary	100
Finlay Instant Teas (Pvt) Limited	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Warehousing facility	Ordinary	100
Finlays Colombo Limited (99 9%)	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Tea packing & other businesses	Ordinary	99.9
Finlay Tea Solutions Colombo (Pvt) Limited (Indirect)	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Tea trading	Ordinary	100
Finlay Teas (Pvt) Limited (Indirect)	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Tea trading	Ordinary	100
Finlay Properties (Pvt) Limited (Indirect)	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Property rental	Ordinary	100
Finlay Cold Storage (Pvt) Limited (Indirect)	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Cold storage facilities	Ordinary	100
Finlay Rentokil Ceylon (Pvt) Limited (Indirect)	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Environmental services	Ordinary	100
Finlay Airline Agencies (Pvt) Limited (Indirect)	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Dormant	Ordinary	100
Finlay Plantation Management (Pvt) Ltd (Indirect)	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Dormant	Ordinary	100
Finlay Insurance (Brokers) Limited (Indirect)***	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Insurance brokers	Ordinary	100
Finlays Maldives (Pvt) Limited (Indirect)	The Maldives	H.Affix Villa, G/Floor, Galadhum Goalhi, Male, 20013 Republic of Maldives	Environmental services	Ordinary	75
Finlays Linehaul Express (Pvt) Ltd (50% Indirect)	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Logistics operation	Ordinary	50
Vauxhall Land Development (Private) Limited	Sri Lanka	No· 117, Chittampalam A Gardiner Mawatha, Colombo 02, Sri Lanka	Property Development	Ordinary	40
James Finlay International Inc	USA	2711 Centerville Road, Suite 400, Wilmington DE 19808, USA	Holding company	Ordinary	100
Finlay Extracts & Ingredients USA, Inc	USA	2711 Centerville Road, Suite 400, Wilmington DE 19808, USA	Tea & coffee trading	Ordinary	100
Aspen Enterprises, Ltd	USA	7015 Fairgrounds Parkway, San Antonio, Texas TX 78238, USA	Coffee trading	Partner	100
Aspen Management Company, LLC	USA	7015 Fairgrounds Parkway, San Antonio, Texas TX 78238, USA	Coffee trading	Ordinary	100
James Finlay International (U K) Limited	Scotland	Swire House Souter Head Road, Altens, Aberdeen. AB12 3LF	Dormant	Ordinary	100*

All subsidiary companies have been included in the consolidated accounts of James Finlay Limited

* Held directly by James Finlay Limited

** Casa Fuentes SACIFI and Argente SA have a period end of 30 September. The reason for the non-conterminous period end is due to the nature of its operations.

*** During the years Finlay Insurance (Brokers) Limited was disposed of (see Note 31)

30. Disposal of subsidiary

During the year the Group disposed of its insurance business, Finlay Insurance (Brokers) Limited). Details of the disposal are as follows:

Identifiable assets	Note	Finlay Insurance (Brokers) Limited
Property, plant and equipment at fair value	16	8
Trade and other receivables		557
Current tax asset		57
Cash and cash equivalents		137
Trade and other payables		(528)
Deferred tax liability	14d	(1)
Total identifiable net assets disposed		**230**
Consideration:		
Cash		292
Profit on sale of subsidiary		**62**

The gain on disposal of the subsidiary is recorded as part of Other income (Note 8) in the statement of profit or loss and other comprehensive income.

31. Non-Controlling Interests

The following table summarises the information relating to each of the Group's subsidiaries.

31 December 2018	Hapugastenne Plantations plc	Udapussellawa Plantations plc	Other immaterial subsidiaries	Total
	$'000	$'000	$'000	$'000
NCI percentage	90%	90%		
Non-current assets	22,292	9,883		
Current assets	750	1,499		
Non-current liabilities	(5,987)	(3,923)		
Current liabilities	(8,947)	(4,386)		
Net assets	**8,108**	**3,073**		
Carrying amount of NCI	811	307	274	1,392
Revenue	20,614	11,653		
Profit	(2,333)	(562)		
OCI	-	-		
Total comprehensive income	**(2,333)**	**(562)**		
Profit allocated to NCI	(233)	(56)	34	(255)
OCI allocated to NCI	(188)	(55)	7	(236)

31 December 2017	Hapugastenne Plantations plc	Udapussellawa Plantations plc	Other immaterial subsidiaries	Total
	$'000	$'000	$'000	$'000
NCI percentage	90%	91.8%		
Non-current assets	26,419	11,825		
Current assets	1,998	2,565		
Non-current liabilities	(6,791)	(4,120)		
Current liabilities	(9,241)	(5,769)		
Net assets	**12,385**	**4,501**		
Carrying amount of NCI	1,239	366	134	1,739
Revenue	25,670	14,612		
Profit	1,546	2,047		
OCI	-	-		
Total comprehensive income	**1,546**	**2,047**		
Profit allocated to NCI	155	166	41	362
OCI allocated to NCI	(64)	(6)	119	49

32. Operating Leases

A. Leases as lessee

The Group lease a number of warehouse and factory facilities under operating leases.

i. Future minimum lease payments

At 31 December 2018, the future minimum lease payments under non-cancellable leases were as follows:

	2018 $'000	2017 $'000
Less than one year	2,023	1,727
Between one and five years	4,496	3,961
More than five years	5,116	1,775
	11,635	**7,463**

ii. Amounts recognised in profit or loss

	2018 $'000	2017 $'000
Lease expense	3,249	2,727

33. Contingent liabilities

The UK subsidiaries of the Group, having met the criteria set out in sections 479A-479C of the Companies Act 2006, are claiming exemptions from the audit of the individual accounts afforded by those sections for the year ended 31 December 2018. The subsidiaries are, James Finlay Corporation Limited (registered number SC54570), James Finlay International Holdings Limited (registered number 01088739), James Finlay International (U.K) Limited (registered number SC70472), Finlay Coffee Limited (registered number 08264857) and Finlay Tea Solutions (UK) Ltd (registered number 00627015)

34. Commitments

During 2018, the Group entered into contracts to commit to incur capital expenditure of $2,897,000 (2017: $2,785,000).
The Group has given a guarantee of $369,000 (2017: $546,000) to the Sri Lankan Customs against import duty on tea and packing materials.

35. Related Party Transactions

	Transactions values for the year ended		Balance outstanding as at 31 December	
Group	**2018**	**2017**	**2018**	**2017**
Sale of goods and services				
Damin International Holdings Ltd (Associate)	263	487	463	422
Purchase of goods and services				
Damin International Holdings Ltd (Associate)	6,239	6,212	(242)	(788)
Other				
John Swire & Sons Ltd	4,067	4,464	57,589	77,985
Damin International Holdings Ltd (Associate) – Loan & related interest		-		-
Jiang Family Holdings Limited	3,605	2,278	46,506	66,506

All outstanding balances with these related parties are priced on arm's length basis. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

36. Subsequent events

On the 29th January 2019, Finlays Colombo Limited sold Finlay Cold Storage (Pvt) Limited. The assets and liabilities of this company have been classified as disposal group held for sale (Note 24)

A decision was taken post year end to exercise the option to sell the shares held in Vauxhall Land Development (Private) Limited.

37.Ultimate parent undertaking

The ultimate parent company is John Swire & Sons Limited, a company incorporated in England.

No other group financial statements include the results of the Company. Copies of the consolidated accounts of John Swire & Sons Limited are available from Swire House, 59 Buckingham Gate, London, SW1E 6AJ.