



**CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015**

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1. Consolidated income statement

<i>In thousands of euro</i>	Notes	12 months	
		2015	2014 restated*
NET SALES	2	4,441,853	4,606,920
Purchases adjusted for changes in inventories	3	-2,858,157	-3,146,321
Personnel costs	4	-820,190	-779,342
Depreciation, amortization, impairment and provisions	5	-119,372	-112,559
Other current operating expense	6	-492,269	-458,717
CURRENT OPERATING PROFIT		151,865	109,981
Other operating expense	7	-40,904	-33,524
Other operating income	7	7,681	21,239
TOTAL OPERATING PROFIT		118,642	97,696
Financial expense	8	-35,704	-43,106
Financial income	8	9,349	12,867
Group share of results of associates	9	8,936	3,751
PROFIT BEFORE TAX		101,223	71,208
Taxes on income	10	-39,203	-25,808
Net income from continuing operations		62,020	45,400
Net income from operations discontinued or in process of sale		41	-127
NET INCOME FOR THE YEAR		62,061	45,273
Attributable to equity holders of the parent company		57,020	39,661
Attributable to non-controlling interests		5,041	5,612
EARNINGS PER SHARE (in euro)	11		
Attributable to equity holders of the parent company:			
• basic		4.07	2.83
• diluted		3.97	2.75
From continuing operations:			
• basic		4.06	2.84
• diluted		3.96	2.76

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of euro</i>	Notes	12 months	
		2015	2014 restated*
NET INCOME FOR THE YEAR		62,061	45,273
Other comprehensive income:			
Foreign exchange differences		8,007	12,628
Change in fair value of available-for-sale financial assets		5,256	317
Change in fair value of cash flow hedges ⁽¹⁾		2,511	-2,392
Recyclable components attributable to associates and joint ventures		258	561
Total recyclable components of other comprehensive income		16,032	11,114
Actuarial gains and losses for post-employment benefit plans		8,100	-15,964
Non-recyclable components attributable to associates and joint ventures		234	-374
Other movements ⁽²⁾		-	3,157
Total non-recyclable components of other comprehensive income		8,334	-13,181
Other comprehensive income net of tax	21	24,366	-2,067
TOTAL COMPREHENSIVE INCOME NET OF TAX		86,427	43,206
Attributable to equity holders of the parent company		77,201	38,616
Attributable to non-controlling interests	23	9,226	4,590

(1) Mainly relating to interest rates and raw materials.

(2) Mainly relating to the restatement required by IFRIC 21.

*With effect from January 1, 2015 (and with retroactive effect from January 1, 2014) the Group has applied IFRIC 21, Levies. As a result, the financial statements for 2014 have been restated in accordance with the new standard (see note 33).

The notes provided are an integral part of these consolidated financial statements.

2. Consolidated statement of financial position

ACTIF

<i>In thousands of euro</i>	Notes	December 31, 2015	December 31, 2014 restated*
Intangible assets	12	433,707	438,376
Property, plant and equipment	13	882,520	858,625
Other financial assets	14	31,022	33,644
Investments in associates	9	126,344	188,561
Non-current derivative financial instruments	18	17,126	2,398
Deferred tax assets	15	26,076	89,021
TOTAL NON-CURRENT ASSETS		1,516,795	1,610,625
Inventories and work in progress	16	429,071	440,599
Trade and other receivables	17	790,321	813,822
Tax credits		24,619	25,754
Derivative financial instruments	18	3,657	4,320
Other current financial assets	19	18,394	16,357
Cash and cash equivalents	20	371,088	470,356
TOTAL CURRENT ASSETS		1,637,150	1,771,208
Assets relating to operations discontinued or in process of sale		948	1,961
TOTAL ASSETS		3,154,893	3,383,794

EQUITY AND LIABILITIES

<i>In thousands of euro</i>	Notes	December 31, 2015	December 31, 2014 restated*
Paid-in capital	22	94,165	94,714
Reserves	22	-23,901	-44,573
Retained earnings		1,100,881	1,072,732
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		1,171,145	1,122,873
Equity attributable to non-controlling interests	23	99,731	101,109
TOTAL EQUITY		1,270,876	1,223,982
Provisions	24	106,540	122,371
Non-current borrowings	25	193,439	308,379
Other non-current liabilities	26	28,401	57,100
Non-current derivative financial instruments	28	6,847	8,033
Deferred tax liabilities	15	56,698	116,921
TOTAL NON-CURRENT LIABILITIES		391,925	612,804
Trade and other payables	27	892,460	886,297
Taxes on income payable		12,130	7,459
Derivative financial instruments	28	1,193	4,226
Bank borrowings	25	585,846	648,790
TOTAL CURRENT LIABILITIES		1,491,629	1,546,772
Liabilities relating to operations discontinued or in process of sale		463	236
TOTAL LIABILITIES		1,884,017	2,159,812
TOTAL EQUITY AND LIABILITIES		3,154,893	3,383,794

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The notes provided are an integral part of these consolidated financial statements.

3. Consolidated statement of cash flows

<i>In thousands of euro</i>	Notes	12 months	
		2015	2014 restated*
Net income from operations discontinued or in process of sale		41	-127
Net income from continuing operations		62,020	45,400
Taxes on income	10	39,203	25,808
Depreciation, amortization, impairment and provisions	5	119,372	112,559
Gains and losses on disposal of assets		15,532	-20,343
Group share of results of associates	9	-8,936	-3,751
Net financial expense		20,166	17,210
Other non-cash income and expense		5,150	31,887
Gross operating margin		252,507	208,770
Interest paid		-28,304	-28,555
Interest received		8,072	10,505
Taxes on income paid		-39,596	-41,569
Change in working capital	29	42,078	-30,850
Net cash from continuing operations		234,757	118,301
Net cash for operations discontinued or in process of sale		-19	-33
NET CASH FROM OPERATING ACTIVITIES		234,738	118,268
Acquisition of subsidiaries, operating units and non-controlling interests		-55,890	-8,455
Disposal of businesses net of the cash transferred		44,364	28,231
Purchase of tangible and intangible non-current assets	2	-157,671	-164,438
Proceeds from disposal of assets		2,775	5,580
Acquisition/disposal of financial assets and changes in other current financial assets		6,057	80,282
Merger adjustments		-	23
Dividends received from associates	9	13,777	2,557
Net investment associated with continuing operations		-146,588	-56,220
Net investment associated with operations discontinued or in process of sale		-	-
NET CASH USED IN INVESTING ACTIVITIES		-146,588	-56,220
Net purchase of treasury shares	22	-775	94
Share capital increase paid for by non-controlling interests		1,678	-
Movements on the share capital of associates		380	-
Proceeds from borrowings	25	8,307	143,228
Repayment of borrowings	25	-179,554	-146,867
Dividends paid		-16,538	-17,861
Net financing associated with continuing operations		-186,502	-21,406
Net financing associated with operations discontinued or in process of sale		-	-
NET CASH USED IN FINANCING ACTIVITIES		-186,502	-21,406
Impact of foreign exchange differences		17,393	20,365
Net increase/(decrease) in cash and cash equivalents		-80,959	61,007
OPENING CASH AND CASH EQUIVALENTS	20	328,182	267,174
CLOSING CASH AND CASH EQUIVALENTS	20	247,222	328,182

*With effect from January 1, 2015 (and with retroactive effect from January 1, 2014) the Group has applied IFRIC 21, Levies. As a result, the financial statements for 2014 have been restated in accordance with the new standard (see note 33).

The notes provided are an integral part of these consolidated financial statements.

4. Consolidated statement of changes in equity

Equity attributable to equity holders of the parent company					
<i>In thousands of euro</i>	Paid-in capital (note 22)	Reserves (note 22)	Retained earnings	Non- controlling interests (note 23)	Total consolidated equity
EQUITY AT 01/01/2014	94,100	-40,292	1,048,507	102,969	1,205,284
Dividends distributed			-14,019	-3,842	-17,861
Total comprehensive income at 12/31/2014 restated*		-4,281	42,897	4,590	43,206
Stock purchase option plans:					
• Value of services provided	520				520
• Sale of treasury shares	-15				-15
Purchase of treasury shares	109				109
Changes in consolidation scope:					
• Purchase of minority interests			-2,025	3,399	1,374
• Put options granted to minority interests			-2,628	-6,007	-8,635
EQUITY AT 12/31/2014 RESTATED*	94,714	-44,573	1,072,732	101,109	1,223,982
Dividends distributed			-11,221	-5,317	-16,538
Total comprehensive income at 12/31/2015		20,672	56,529	9,226	86,427
Stock purchase option plans:					
• Value of services provided	226				226
• Sale of treasury shares	-775				-775
Change in share capital				1,678	1,678
Changes in consolidation scope:					
• Put options granted to minority interests			-17,159	-6,966	-24,125
Other changes			-	1	1
EQUITY AT 12/31/2015	94,165	-23,901	1,100,881	99,731	1,270,876

*With effect from January 1, 2015 (and with retroactive effect from January 1, 2014) the Group has applied IFRIC 21, Levies. As a result, the financial statements for 2014 have been restated in accordance with the new standard (see note 33).

The notes provided are an integral part of these consolidated financial statements.

5. Notes to the consolidated financial statements

Savencia SA (previously denominated Bongrain SA) is a *Société Anonyme à Conseil d'Administration* (French limited liability Company with a board of directors) domiciled and registered in France and whose registered office is located in Viroflay (78220). Its shares are traded in on the Paris stock exchange.

The trading name of Savencia SA and its subsidiaries is henceforth Savencia Fromage & Dairy (hereafter the "Group"). The Group operates within two business segments: Cheese Products and Other Dairy Products (cf. note 2).

The consolidated financial statements were authorized for issue by the Board of Directors on March 3, 2016. Unless otherwise stated they are expressed in thousands of euro. They will become definitive after their approval by stockholders at the Annual General Meeting scheduled for April 20, 2016.

5.1 Basis of preparation of the consolidated financial statements

In accordance with European regulation CE N° 1606/2002 dated July 19, 2002 the Group's consolidated financial statements at December 31, 2015 have been prepared in accordance with the IFRS Framework as published by the IASB (International Accounting Standards Boards) and adopted by the European Union at that date, as well as on the basis of the International Financial Reporting Standards (IFRSs) published by the IASB. They reflect the individual financial statements of each Group entity which have been restated as necessary in accordance with the Group's accounting policies. They have been prepared using the historical cost accounting convention with the exception of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss (including derivative financial instruments), biological assets and assets and liabilities subject to fair value hedges. Unless otherwise stated, accounting policies have been consistently applied to all the periods presented.

The preparation of financial statements in accordance with IFRSs requires the exercise of judgment by management both for certain material accounting estimates and more generally in the application of certain accounting policies.

In accordance with IFRS 2, *Share-based Payment*, only the share purchase option plans instituted after November 7, 2002, and that had not yet vested at January 1, 2005 have been recognized and accounted for as part of personnel costs. Earlier plans have not been retrospectively recognized.

The Group has applied the new or amended standards or interpretations which became obligatory for accounting periods beginning on or after January 1, 2015. The main impact for the Group has been the result of IFRIC 21, *Levies*, which became obligatory for accounting periods beginning on or after June 17, 2014. As required by IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the Group's comparative figures for 2014 have been restated and the impacts are presented in note 33.

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government (with the exception of income taxes within the scope of IAS 12). It defines the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation and essentially provides that the liability must be recognized at the time of occurrence of the obligating event. The main taxes concerned are (in France) the so-called C3S sales levy, previously recognized progressively but now required to be deferred until January 1 of the following fiscal year, i.e. the date at which the levy becomes payable, and real estate tax which is now required to be recognized in full on January 1 (as opposed to being spread over the year), thus impacting the half-yearly financial statements but with no impact for the annual financial statements.

The Group has not made early application of standards and interpretations that will not become applicable until 2016, but reviews all such new standards and interpretations with a view to assessing their potential impact on reported performance and financial statement presentation in 2016.

5.2 Bases of consolidation

The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiaries are fully consolidated and joint ventures and investments in associates are accounted for using the equity method.

5.2.1 Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control may exist de facto. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Subsidiaries are fully consolidated and minority interests are disclosed in the statement of financial position in a separate category of equity. Minority interests in profit or loss are presented distinctly in the income statement.

The acquisition of subsidiaries is accounted for using the purchase method as described in IFRS 3 (revised). The consideration transferred is measured on the basis of the fair value, at the date of acquisition, of the elements of remuneration conferred on the seller, excluding any element remunerating transactions distinct from the acquisition of control over the subsidiary, and which may include:

- Assets remitted to the seller;
- Liabilities or contingent liabilities assumed;
- Equity instruments issued by Savencia Fromage & Dairy; and

- Any price adjustments applicable to the business combination.

Costs directly attributable to business combinations are written off as incurred (to other operating expense) with the exception of:

- Issue costs for any equity instruments issued as consideration for the acquisition, which are deducted from equity; and
- Costs pertaining to any financial liabilities contracted for the purposes of the business combination, which are deducted from the applicable financial liabilities.

The acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values at the acquisition date.

Non-controlling interests are valued on the basis of:

- Either their share of the fair value at the acquisition date of the identifiable net assets of the acquiree (i.e. not taking goodwill into account);
- Or their share of the full fair value of the acquiree.

The amount of goodwill recognized at the date of control thus represents the difference between:

- The consideration transferred for the acquisition of control, measured at its fair value at the date of acquisition, plus the value of any minority interests and plus the fair value at the acquisition date of any previous minority interests held; and
- The fair value at the date of acquisition of the identifiable net assets acquired.

Any "negative" goodwill arising as a result of the above calculation is immediately credited to profit or loss.

In the event of control arising as the result of successive purchases, the interests acquired prior to the date of control are readjusted to their fair value at the date of control by charging or crediting profit or loss.

As required by IAS 27, the impact of increases or decreases in percentage interests not affecting control is directly recognized in equity.

In the event of loss of exclusive control, the full impact of the disposal is recognized even if a residual interest is retained.

5.2.2 Joint operations

A joint operation is a joint arrangement in which the Group has rights to the assets, and obligations for the liabilities, relating to the arrangement. Each joint operator must recognize the assets, liabilities, revenue and expenses equating with its interest in the joint operation.

5.2.3 Joint ventures

A joint venture is a joint arrangement in which the Group has rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method, so the Group's consolidated financial statements include its share of the arrangement's profits and losses from the date of commencement of significant influence to the date at which such significant influence ceases. If the Group's share of losses exceeds the amount of its investment, the carrying amount of the investment is reduced to zero. Additional losses are not taken into account unless the Group is so obliged.

5.2.4 Elimination of intragroup transactions and balances

Intragroup transactions and balances are eliminated, as are unrealized gains resulting from intragroup transactions. Unrealized gains resulting from transactions with associates or jointly controlled entities are eliminated to the extent of the Group's interest therein.

5.2.5 Assets held for sale, operations discontinued or in process of sale

A group of assets and liabilities is defined as held for sale when its carrying amount is intended to be recovered by means of a sale and not by its continuing use. Such classification requires that the assets be available for immediate sale and that their effective sale be highly probable. The assets, measured at the lower of their carrying amount or estimated net sales proceeds, are presented separately from other assets in the statement of financial position as are the associated liabilities.

An operation in process of sale is defined as a business component either covered by a sale agreement, or classified as discontinued or held for sale, and which either:

- Represents a significant activity or geographical zone for the Group; or
- Forms part of an overall proposal for disposal of a significant activity or geographical zone for the Group; or
- Is a material subsidiary acquired solely with a view to its subsequent resale.

There is no change in the statement of financial position presentation of discontinued operations. Separate presentation of the income statement and statement of cash flows data (for all periods presented) relating to discontinued operations is made if their impact is material.

5.2.6 Foreign currencies

Transactions of Group companies denominated in foreign currencies are initially translated at the exchange rates applying at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are subsequently translated at the exchange rates applying at the year-end and any differences arising are recognized in profit or loss.

For consolidation purposes, Group entities' assets and liabilities expressed in foreign currencies are translated into euro using the exchange rates applying at the year-end. Income and expense items are translated using the average exchange rates for the period or the specific rates applying at the transaction dates. Exchange differences arising from this process are recognized in other comprehensive income.

The goodwill and fair value adjustments associated with the acquisition of foreign operations are accounted for as assets and liabilities of the foreign operation and as such, are translated into euro using the exchange rates applying at the year-end. The financial statements of Group companies operating in hyperinflationary economies are restated, using official indices, to reflect the changes in the general purchasing power of the local currencies, and are then translated into euro using the exchange rates applying at the year-end.

5.2.7 Segment reporting

The Group's segment information is presented in accordance with IFRS 8, "Operating Segments".

The standard requires the presentation of segment information in accordance with the internal reporting format regularly used by the Chief Executive Officer, the main operational decision-taker, for the purposes of assessing the performance of each operating segment and allocating resources.

Segment results represent the operating results for each segment after appropriate allocation of head office overhead and research and development costs.

Segment assets comprise all the applicable current and non-current assets, including allocation of those head office assets used by operating segments and of the Group's interests in entities accounted for using the equity method.

5.2.8 Income statement

Income and expenses are classified in the income statement according to their nature. Expenses include purchases (raw materials, additives, utilities etc.) adjusted for changes in inventories, personnel costs, depreciation and amortization and other current operating expense (professional fees, rent etc.).

5.2.9 Measurement bases and definitions

5.2.9.1 NET SALES

Net sales comprise third party sales of goods and services net of all rebates. Net sales are recognized when the significant risks and rewards of ownership of the goods or benefit from the services have been transferred to the buyer, and are measured at the fair value of the consideration received or receivable. Disposals of surplus milk, exchanges of milk and sales of by-products are recognized as part of the net cost of raw material purchases.

For customer loyalty programs, the portion of net sales equating with benefits granted for use in the future is deferred, based on the fair value of the benefits, and is credited to the income statement at the time the benefits are used.

5.2.9.2 LEASES

Leases under which the lessor retains a substantial portion of the risks and rewards incidental to ownership of the leased assets are classified as operating leases. Operating lease payments (net of any incentives provided by the lessor) are recognized as an expense on a straight-line basis over the lease term.

5.2.9.3 CURRENT OPERATING PROFIT

Current operating profit is as defined by CNC recommendation 2009-R.03 and does not take into account other operating income and expense resulting from unusual or abnormal events that only occur infrequently.

5.2.9.4 FINANCIAL INCOME AND EXPENSE

Financial expense includes both the interest payable on third party borrowings, bank commissions and foreign exchange differences.

Financial income includes both the interest receivable from deposits with third parties, the foreign exchange differences associated with financial assets and liabilities and the gains and losses arising from interest rate hedging instruments accounted for in profit or loss.

5.2.9.5 TAXES ON INCOME

Taxes on income comprise both current and deferred tax. The tax effect of items accounted for outside profit or loss is also recognized outside profit or loss.

For reasons of substance over form, French research tax credit is treated as an operating subsidy as provided for by IAS20 and the French tax credit designed to stimulate competitiveness and employment is treated as a deduction from personnel costs.

As provided for by IAS 12, *Income taxes*, deferred tax, calculated using the statement of financial position liability method, is provided in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are recognized in respect of all taxable temporary differences with the exception of non-deductible goodwill. Deferred tax assets are recognized, in respect of both tax losses carried forward and other deductible temporary differences, to the extent that it is probable that adequate future taxable profits will be available to absorb them. At the end of each reporting period, the carrying amount of net deferred tax assets is reviewed in the light of the Group's three-year plans and impairment is recognized whenever the expectations of profit, and therefore of tax charges, are not adequate to ensure their recoverability.

Deferred tax assets and liabilities are measured using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The effect of changes in tax rates is recognized in profit or loss with the exception of the portion relating to items recognized outside profit or loss.

5.2.9.6 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment owned by the Group are recognized at historical cost less accumulated depreciation and impairment losses. Each component is depreciated on a straight-line basis over its estimated useful life and taking any residual value into account.

The principal estimated useful lives are as follows:

• Building, fixtures and fittings	10 to 30 years
• Plant and equipment	5 to 20 years
• Tooling, furniture, computer equipment and miscellaneous items	3 to 15 years
• Vehicles	4 to 7 years

Land is not depreciated.

Interest financing the construction of items of property, plant and equipment is recognized in accordance with IAS 23 (revised). Subsequent expenditure is recognized in profit or loss as incurred unless it increases the capacity of the assets concerned to generate future economic benefits.

Leases under which substantially all the risks and rewards incidental to ownership of the leased assets are transferred to the Group are classified as finance leases. In this case, the leased property is initially recognized in the statement of financial position at an amount equal to its fair value or, if lower, the present value of the minimum lease payments at the inception of the lease, and is subsequently measured at this amount less depreciation, and less any impairment losses, calculated on the same basis as for other similar assets. The associated finance is classified as a financial liability.

Investment grants are deducted from the gross amount of the assets financed.

5.2.9.7 INTANGIBLE ASSETS

Intangible assets comprise goodwill and other acquired intangible assets such as management information systems, intellectual property rights, other rights of use (e.g. exclusive distribution rights, leasehold rights etc.) and brands.

Goodwill, including goodwill in respect of milk collection zones, represents the excess of the acquisition cost of a business over the fair value of the identifiable net assets acquired measured as of the date of acquisition. Goodwill relating to investments in associates is included within the carrying amount of the investments. Goodwill is tested for impairment on an annual basis (or whenever indications of impairment are noted) and is measured at cost less accumulated impairment losses (which are not reversible). The gain or loss recognized on disposal of an entity takes account of the carrying amount of related goodwill (which is therefore derecognized). For the purpose of impairment testing, goodwill is allocated to the cash-generating unit, or groups of cash-generating units, associated with the business combinations giving rise to the goodwill. A cash-generating unit generally equates with a geographical zone.

Purchased intangible assets are recognized at historical cost and amortized on a straight-line basis over their estimated useful lives when determinable, which is the case for management information systems (3 to 7 years), intellectual property rights (based on the length of legal protection afforded) and other rights of use (based on the contractual arrangements). The useful lives of purchased brands are of indefinite length so they are not amortized; instead, their estimated useful lives are reviewed annually, or more often if any indication of impairment arises, and any impairment loss is recognized on the same basis as for goodwill.

Costs of acquisition of software licenses and other costs directly attributable to installation of the software are recognized as assets, whilst software running costs, and costs of maintenance, are recognized in profit or loss as incurred. Development costs (comprising personnel costs and an appropriate overhead allocation) which confer unique qualities on software or related products acquired by the Group are recognized as assets inasmuch as they are expected to generate future economic benefits for the Group and are amortized over the estimated useful lives of the associated software.

Research expenditure is recognized in profit or loss as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following can be demonstrated:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) The intention to complete the intangible asset and use or sell it;
- (c) The ability to use or sell the intangible asset;
- (d) How the intangible asset will generate probable future economic benefits, e.g. by demonstrating the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Group's development costs are related to new products and are not capitalized as the probability of obtaining future economic benefits can only be confirmed once the products have been launched.

5.2.9.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets with indefinite useful lives are not depreciated but are subject to annual impairment testing. Depreciable assets are subject to impairment testing whenever indications exist that their carrying amount may exceed their recoverable amount. Impairment losses are recognized as other operating expense on the basis of any excess of carrying amounts over recoverable amounts and are first allocated as a reduction of any related amount of goodwill. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is calculated by discounting, using the Group's weighted average cost of capital adjusted for the geographical risks inherent in the asset (and for inflation in the case of countries outside the euro zone), the future cash flows expected to be derived from the asset (based on three-year forecasts approved by management plus a terminal value assuming no further growth). Assets are grouped into cash-generating units defined as the smallest identifiable groups of assets that generate largely independent cash flows.

Brands are tested for impairment by estimating the future cash flows expected to be derived from the branded product with the flows that could be expected for an unbranded product.

With the exception of goodwill, prior impairment losses for non-financial assets are reviewed for potential reversal at the end of each annual or interim reporting period.

5.2.9.9 FINANCIAL ASSETS

Financial assets (other than own equity instruments) with a maturity in excess of one year include non-current receivables and other financial instruments such as investments in respect of which the Group exercises neither control nor significant influence. These assets are classified, depending on the Group's intention in acquiring them, as held-to-maturity investments or available-for-sale financial assets, and they are recognized immediately the Group undertakes to purchase them.

Non-interest-bearing receivables are measured at their fair value based on market rates of interest.

The majority of the Group's financial assets are classified as available for sale or held to maturity.

Financial assets available for sale are measured at their fair value with changes in fair value recognized in other comprehensive income except in the case of material or lasting impairment, in which case the associated losses are charged to profit or loss. When assets are disposed of, the accumulated fair value adjustments previously recognized in equity are transferred to profit or loss. Fair value is determined on the basis of market prices at the time contracts are signed or, if no market price is available, by using appropriate discounted cash flow modeling techniques incorporating market data.

Non-current receivables and other debt instruments barred from sale by contract are designated as held-to-maturity investments and measured at amortized cost less any applicable impairment losses.

5.2.9.10 INVENTORIES

Inventories are measured at the lower of cost and net realizable value.

Purchased milk is measured at actual purchase cost at the year-end. Milk produced by the Group's dairy herds is measured at its fair value at the date of production less estimated point-of-sale costs. Goods purchased for resale are measured at actual purchase cost. Work in progress and manufactured products are measured at cost, including direct conversion costs and an allocation for production overhead (including depreciation of production facilities), but excluding any borrowing costs.

Inventory movements for non-dairy raw materials and goods purchased for resale are accounted for on a first-in, first-out (FIFO) basis, whilst other inventories are measured on a weighted average cost basis.

If net realizable value, i.e. the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, is lower than cost as described above, the difference is recognized as an impairment loss.

5.2.9.11 TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognized at their fair value and subsequently measured at amortized cost, using the effective interest method, less any applicable impairment losses. Impairment losses are recognized whenever indications exist that the Group will be unable to recover amounts due totally and in accordance with the timing provided for at the original transaction dates. Such indications may include significant financial difficulties on the part of the debtor, a probability that the debtor may be involved in bankruptcy or financial restructuring, or non-payment. The amount of any impairment loss is based on the excess of the asset's carrying amount over the present value of future cash flows discounted at the asset's initial effective interest rate, and is recognized as part of other operating expense. Trade and other receivables also include prepaid expenses.

Bad debts are written off when the debtor's irremediable default has been proven e.g. by receipt of a certificate of irrecoverableness or by expiry of any basis for legal claim.

5.2.9.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, bank deposits and other fixed rate investments subject to an insignificant risk of changes in value and with a maturity of no more than three months at the acquisition date. Bank deposits with maturities in excess of three months may also be classified as cash equivalents so long as they provide from the outset the option for cancellation at will, or at least every three months, without penalty. Other investments with maturities in excess of three months (or of less than three months, but subject to changes in their value) are classified as "Other current financial assets" in accordance with IAS 7 and as recommended by the *Autorité des Marchés Financiers* (AMF, the French financial market regulator).

Cash and cash equivalents are measured at their fair value with changes in fair value recognized in profit or loss.

Negotiable securities held with a view to short-term gain are measured at their fair value with changes in fair value recognized in profit or loss. Fair value is determined on the basis of market prices or, if no market price is available, by using appropriate discounted cash flow modeling techniques incorporating market data.

5.2.9.13 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to manage its business exposure to foreign currency risk, interest rate risk and certain commodity price risks. The principal derivatives utilized by the Group are firm or optional forward exchange contracts, raw material forward purchases or options and contracts providing for the exchange of foreign currencies or interest rates.

All derivatives are measured at their fair value which is based on:

- The prices quoted in an active market; or
- The use of appropriate option valuation or discounted cash flow modeling techniques incorporating market data; or
- The use of other valuation techniques integrating parameters estimated by the Group, in the absence of observable data.

In certain circumstances, hedge accounting may be applied to financial instruments which are designed to compensate, wholly or partly, for changes in the fair value of recognized assets or liabilities or unrecognized firm commitments, or for variability in the cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, or for changes in the value of a net investment in a foreign operation. The effectiveness of hedges is assessed at regular intervals and at least once per quarter.

Fair value hedges comprise derivatives designed to hedge exposure to foreign currency and/or interest rate risk. The gain or loss from remeasuring such hedging instruments at fair value at the end of the reporting period is recognized in profit or loss, whilst the gain or loss on the hedged items attributable to the hedged risks adjusts the carrying amount of the hedged items and is also recognized in profit or loss.

Derivatives may also be used to hedge the exposure to variability in cash flows of future transactions such as export sales, purchases of plant and equipment denominated in foreign currencies, commodity purchases (whether in terms of price variability or foreign currency risk) and transactions subject to interest rate risk. Gains or losses relating to the effective portion of such hedges are recognized in other comprehensive income, in a specific cash flow hedge reserve, whilst the ineffective portion of such gains or losses is recognized in profit or loss. When the hedged forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified as part of the cost of acquisition of the asset or liability.

Derivatives are equally used to reduce the exposure to foreign currency risk of net investments in foreign operations. Changes in the fair value of such instruments are recognized directly in other comprehensive income until such time as the foreign operation is disposed of.

Trading derivatives include derivatives used in accordance with the Group's hedging policies, but to which hedge accounting is not applied, as well as derivatives acquired in order to attain targeted returns on investment portfolios. Changes in the fair value of such derivatives are recognized in profit or loss.

5.2.9.14 PAID-IN CAPITAL

Paid-in capital is included as part of equity. Costs directly attributable to the issue of new equity shares or options are recognized in equity, net of tax, as a deduction from the issue proceeds.

When a Group company purchases shares of the Company (treasury shares), the amount of consideration paid, including any directly attributable costs net of tax, is treated as a deduction from consolidated equity pending any cancellation, re-issue or sale. In the event of re-issue or sale, the amount of consideration received, less any directly attributable costs net of tax, is added to the amount of equity attributable to equity holders of the parent company.

5.2.9.15 SHORT, MEDIUM AND LONG-TERM BORROWINGS

Interest-bearing debts are initially recognized at their fair value net of transaction costs and are subsequently measured at amortized cost using the effective interest method. They are classified as current liabilities unless the Group has an unconditional right to defer repayment for at least twelve months after the year-end.

5.2.9.16 PUT OPTIONS GRANTED TO NON-CONTROLLING STOCKHOLDERS

Under IAS 32, when non-controlling stockholders dispose of put options in respect of their investments, those interests are reclassified as financial liabilities measured at the present value of the exercise prices for the options.

Under the revised version of IAS 27 applicable with effect from January 1, 2010, any difference between the exercise price of options granted and the historical value of the applicable non-controlling interests classified as financial liabilities is eliminated by adjusting the Group share of equity. Savencia Fromage & Dairy has chosen to freeze any differences in respect of put options granted prior to the revision of IAS 27, but to adjust the Group share of equity (as opposed to goodwill previously) for any subsequent changes in the estimated exercise value of options. The impact of unwinding the discounted value of the financial liability continues to be recognized in profit or loss.

Put options are classified as part of other non-current liabilities given their materiality at the level of the Group (cf. IAS 1.58).

5.2.9.17 EMPLOYEE BENEFITS AND SHARE-BASED PAYMENT

In accordance with the laws and practices of each country, Group companies incur obligations for pensions and other retirement or early retirement benefits and for other provident or miscellaneous benefits such as long service medals etc. These obligations generally apply to all employees and/or ex-employees of the companies concerned.

In the case of defined contribution plans and of short-term benefit obligations, annual expense is recognized on the basis of the contributions payable or benefits earned.

In the case of defined benefit plans, benefit obligations are estimated using the projected unit credit method based on the particular rules applicable to each plan as well as on actuarial assumptions for such matters as mortality rates, staff turnover and salary increases. Future obligations (and returns on plan assets) are discounted using rates determined by reference to market yields on high quality corporate bonds (or on government bonds if there is no deep market in corporate bonds) in the currencies of, and for similar terms to, the obligations.

The actuarial gains and losses arising from changes in actuarial assumptions or improved experience are recognized in other comprehensive income as they arise, and are never recycled to profit or loss.

Past service cost following the introduction of, or changes to, a defined benefit plan is recognized immediately as an expense. For each plan, if the defined benefit obligation less any related plan assets and less any unrecognized gains and losses is a net liability, the amount is disclosed within provisions; if the net amount is an asset, it is disclosed within other financial assets.

Post-employment benefit costs are classified as personnel costs with the exception of financial costs and the expected return on plan assets which are classified as financial income or expense.

Certain subsidiaries propose other post-employment benefits mainly in the form of long-service benefits the cost of which is estimated on an actuarial basis and charged to profit or loss over the applicable service periods. Actuarial gains and losses are recognized immediately.

The Group has instituted a remuneration plan involving the attribution of stock options. The fair value of the services rendered by employees in exchange for the stock options is recognized as an expense such that the total expense recognized over the period of acquisition of rights equates with the fair value (as of the date of allocation) of the options granted. At each end of the reporting period, the Group reassesses the number of options liable to be exercised and, if necessary, recognizes an adjustment in profit or loss and a corresponding adjustment in equity. The consideration received when options are exercised, net of any directly attributable transaction costs, is credited to share capital (for the nominal share amount) and to share premium for the surplus.

5.2.9.18 OTHER PROVISIONS

Provisions for site restoration, restructuring, legal action and other risks are recognized when the Group is under a legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Restructuring provisions, which include amounts relating to penalties for termination of leases and employee termination benefits, are not recognized until detailed plans have been prepared and implementation has commenced or valid expectations as to the discharge of the obligation have otherwise been created (notably by an announcement). Provisions are never recognized for future operating losses.

When there exist a certain number of similar obligations, the probability that an outflow of resources may be required to discharge the obligations is considered for the category of obligations taken as a whole and, albeit the probability of an outflow of resources for each individual element may be low, if it is probable that a certain outflow of resources will be required to discharge the category of obligations as a whole, a provision is recognized.

The amount recognized as a provision is the best estimate of the present value of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to each liability. Unwinding of discount is recognized as part of net financial expense.

5.2.10 Management of financial risk

5.2.10.1 FINANCIAL RISK

The Group's activities expose it to different types of financial risk: market risk, credit risk and liquidity risk. The Group engages in risk management, sometimes involving the use of derivative financial instruments, in order to minimize the potentially unfavorable effects of these risks on the Group's financial performance.

Risk management is carried out in accordance with policies approved by the Board of Directors. Financial risks are identified, measured and hedged in close cooperation with the Group's operating units. Specific procedures for each transaction category specify the instruments which may be employed, the maximum authorized amounts, the authorized counterparties and the controls to be applied.

5.2.10.2 MARKET RISK

Market risk may be defined as the exposure to changes in factors such as foreign exchange rates, interest rates and the price of equity instruments, liable to affect the Group's financial performance or the value of its financial instruments. Management of market risk is designed to contain such exposure within acceptable limits whilst optimizing the tradeoff between risk and profitability. As regards raw material prices (mainly for milk, butter and powder), the Group can only manage the associated risks where organized markets exist and this is only the case in the USA.

5.2.10.3 FOREIGN CURRENCY RISK

The Group has an international presence but suffers little exposure to foreign currency risk given that its products are for the most part locally manufactured. Foreign currency risk otherwise applies to forecast commercial transactions, recognized assets and liabilities denominated in foreign currency and net investments in foreign operations.

The Group uses firm or optional forward exchange contracts to hedge its exposure to foreign currency risk in respect of forecast commercial transactions and recognized assets and liabilities. In this respect, the Group's policy is to hedge approximately 80% of the amount of its forecast transactions in each significant foreign currency for the coming 12 months.

The Group possesses certain investments in foreign operations whose net assets are exposed to foreign currency risk.

5.2.10.4 INTEREST RATE RISK

The Group is exposed to interest rate risk on its borrowings. Borrowings initially contracted at variable rates expose the Group to the risk of variation in future cash flows, whilst borrowings initially contracted at fixed rates expose the Group to the risk of changes in fair value. The Group adapts its policy in respect of hedging of interest rate risk according to the evolution of interest rates and of its borrowings.

5.2.10.5 CREDIT RISK

Credit risk may be defined as the exposure to loss as a result of the failure of a customer, or of the counterparty to a financial instrument, to honor its contractual obligations. The risk is essentially associated with trade receivables (cf. note 17), investments (cf. note 14) and derivative financial instruments with asset balances (cf. note 18).

The Group does not have material exposure to credit risk, since it has implemented policies which enable it to ensure that customers purchasing its products present appropriate credit credentials. The Group also selects its banking partners in such a way as to spread its deposits and requirements for derivative financial instruments judiciously and to ensure that it deals with first class banks and financial institutions, thus avoiding any material concentration of financial risks.

5.2.10.6 LIQUIDITY RISK

Liquidity risk arises when certain counterparties are liable not to discharge their obligations for financing or investment. In terms of financing, the Group ensures its liquidity via a policy of confirmed medium- and long-term facilities which are only partially used. In terms of investment, liquidity is ensured by limiting recourse to non-monetary investments (cf. notes 25 and 28).

5.2.10.7 ESTIMATION OF FAIR VALUES

Certain of the Group's accounting policies and required disclosures involve estimation of the fair value of both financial and non-financial assets and liabilities. The requisite estimation is performed under supervision by the Group's finance department.

Fair value is based on:

- The prices quoted in an active market; or
- The use of appropriate option valuation or discounted cash flow modeling techniques incorporating market data; or
- The use of other valuation techniques integrating parameters estimated by the Group, in the absence of observable data.

The fair value of trade and other receivables and payables is assumed to equate with their nominal amount less any applicable impairment losses.

5.2.10.8 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates and assumptions liable to affect the value of the Group's assets, liabilities, equity and earnings. Such estimates and assumptions mainly relate to the valuation of goodwill and other intangible assets, tangible assets, provisions, post-employment benefit obligations and deferred tax. Estimates are prepared on the basis of the information available at the time the financial statements are prepared and are detailed in the applicable notes (cf. notes 7, 12, 13, 15 and 24).

5.2.10.9 CAPITAL MANAGEMENT

The Group's policy is to maintain a sufficient level of equity to preserve the confidence of its investors and creditors and of the market in general and to sustain the future development of its operations.

The Group's employees hold 2.56% of the parent company's ordinary shares via a company savings plan.

The Group occasionally repurchases its own shares. The rhythm of any purchases is determined by the perceived requirements of capital management and by the market price. Shares are mainly acquired within the framework of the Group's stock option plans. Decisions for the purchase or resale of shares are taken on an ad hoc basis.

No changes were made in the Group's capital management policy during 20154.

Neither the parent company nor its subsidiaries are subject to any specific external requirements in respect of capital.

NOTE 1. CHANGES IN CONSOLIDATION SCOPE

The following changes took place in 2015:

- The sale on May 28, 2015 of a 27% interest in Corporacion Alimentaria Penasanta SA (CAPSA) (Spain);
- The acquisition of a 35% interest in Advanced Food Products LLC following the exercise of a purchase option on December 31, 2015;
(the above movements relate to the Other Dairy Products operating segment);
- The sale on October 1, 2015 of a 24.8% interest in Andechser Molkerei Scheitz GmbH (Germany)
(a company classified in the Cheese Products operating segment).

The following changes took place in 2014:

- Sale on March 4, 2014 of a 10% interest in Rupp AG (Austria);
- Acquisition of control over Delaco following the purchase on April 1, 2014 of an additional 20% interest;
- Sale on December 22, 2014 of a 34% interest in Emmi Fondu AG;
- Sale on December 26, 2014 of a 25% interest in Ground Dairy Industry Company;
- Sale on December 31, 2014 of Schratte (USA);
(all the above movements relate to the Cheese Products operating segment);
- Acquisition on June 19, 2014 of an additional 33.3% interest in Corman Deutschland GmbH
(a company classified in the Other Dairy Products operating segment).

NOTE 2. SEGMENT REPORTING

The Group's segment reporting reflects the internal reporting used by the Chief Executive Officer, the Group's main operational decision-taker. The data reported is prepared in accordance with the Group's accounting framework.

Two operating segments are distinguished:

The **Cheese Products** segment: manufacture and distribution of branded cheeses and cheese specialties in most markets;

The **Other Dairy Products** segment: manufacture and distribution of fresh butter and cream for mass consumption, food service products such as fresh and long-life cream, dessert preparations, butter for baking and milk-based preparations for international luxury hotels, as well as technical butters and highly specialized dairy proteins for the food, nutrition and health industries.

The Group's summarized income statement by operating segment may be reconciled as follows to its overall income statement:

<i>In thousands of euro</i>	12 months		12 months		12 months		12 months	
	Cheese Products		Other Dairy Products		Other items		Total	
	2015	2014 restated	2015	2014 restated	2015	2014 restated	2015	2014 restated
Net sales by segment	2,602,024	2,721,993	1,961,988	1,996,752	63,581	55,227	4,627,593	4,773,972
Inter-segment revenue	-104,155	-91,871	-36,203	-38,824	-45,382	-36,357	-185,740	-167,052
Third party net sales	2,497,869	2,630,122	1,925,785	1,957,928	18,199	18,870	4,441,853	4,606,920
Charges for depreciation, amortization, impairment and provisions	-77,735	-75,143	-33,986	-29,244	-7,651	-8,172	-119,372	-112,559
Current operating profit/(loss)	138,822	92,053	33,110	36,427	-20,067	-18,499	151,865	109,981
Restructuring costs	-11,471	-14,046	-1,965	-1,919	-	-429	-13,436	-16,394
Impairment of assets	-524	381	-9,682	-4,407	-475	-	-10,681	-4,026
Segment profit/(loss)	126,827	78,388	21,463	30,101	-20,542	-18,928	127,748	89,561

Assets employed by operating segment may be reconciled as follows to the Group's statement of financial position:

<i>In thousands of euro</i>	Cheese Products		Other Dairy Products		Other items		Total	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2014	December 31, 2014
	Total assets of which:	1,997,885	1,996,226	1,146,381	1,201,040	10,627	186,528	3,154,893
Investments in associates	121,595	121,034	774	63,317	3,975	4,210	126,344	188,561

Investing cash flows by operating segment may be reconciled as follows to the Group's cash flows:

<i>In thousands of euro</i>	12 months		12 months		12 months		12 months	
	Cheese Products		Other Dairy Products		Other items		Total	
	2015	2014 restated	2015	2014 restated	2015	2014 restated	2015	2014 restated
Investment in tangible and intangible non-current assets	96,243	87,616	55,649	68,906	5,779	7,916	157,671	164,438

Reconciliation of segment profit to net income for the year:

<i>In thousands of euro</i>	12 months	
	2015	2014 restated
Segment profit	127,748	89,561
Other operating expense	-15,224	-9,461
Other operating income	6,118	17,596
Operating profit	118,642	97,696
Financial expense	-35,704	-43,106
Financial income	9,349	12,867
Group share of results of associates	8,936	3,751
Profit before tax	101,223	71,208
Taxes on income	-39,203	-25,808
Net income from operations discontinued or in process of sale	41	-127
Net income for the year	62,061	45,273

Net sales and investment in tangible and intangible non-current assets by geographical zone:

<i>In thousands of euro</i>	France	Rest of Europe	Rest of the world
Net sales			
2015	1,355,208	1,782,910	1,303,735
2014	1,467,746	1,835,108	1,304,066
Investment in tangible and intangible non-current assets			
December 31, 2015	86,478	30,156	41,037
December 31, 2014	88,046	33,060	43,332
Total assets			
December 31, 2015	2,693,303	281,761	179,829
December 31, 2014 restated	2,867,156	331,390	185,248

NOTE 3. PURCHASES ADJUSTED FOR CHANGES IN INVENTORIES

	12 months	
<i>In thousands of euro</i>	2015	2014
Raw materials and goods consumed	-3,087,840	-3,461,018
Changes in inventory	3,635	14,699
Expenditure capitalized	2,641	3,340
Other consumption	-223,657	-236,301
Sales of surpluses and by-products and exchanges of milk	447,064	532,959
	-2,858,157	-3,146,321

The changes in raw materials and goods consumed, and in sales of surpluses and by-products and exchanges of milk, are directly related to the fluctuations of the dairy economy.

NOTE 4. PERSONNEL COSTS

	12 months	
<i>In thousands of euro</i>	2015	2014
Gross remuneration	-532,681	-508,757
Social contributions	-217,225	-205,563
Profit-sharing	-13,251	-11,185
Temporary personnel	-57,298	-54,243
Grants received	265	406
	-820,190	-779,342

The Group had an average of 18,911 employees (including temporary employees) in 2015 (compared with 19,246 in 2014), of whom 7,742 were employed in France, 5,856 in the rest of Europe and 5,313 in the rest of the world. Of employees working in France 18% were employed as managers, 29% as technicians or supervisors and 53% as operatives.

NOTE 5. DEPRECIATION, AMORTIZATION AND PROVISIONS

	12 months	
<i>In thousands of euro</i>	2015	2014
Depreciation and amortization	-118,793	-113,187
Movements on operating provisions	-579	628
	-119,372	-112,559

NOTE 6. OTHER CURRENT OPERATING INCOME AND EXPENSE

	12 months	
<i>In thousands of euro</i>	2015	2014 restated
Purchased services ⁽¹⁾	-452,342	-425,152
Taxes other than taxes on income ⁽²⁾	-43,967	-38,612
Other current operating income ⁽³⁾	4,040	5,047
	-492,269	-458,717

(1) Including €0.1 million of acquisition costs (€0.0 million in 2014).

(2) Restated for 2014 following implementation of IFRIC 21.

(3) Including €4.0 million of research tax credits (€3.7 million in 2014).

NOTE 7. OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense for 2015 included net impairment of certain assets (€10.7 million), industrial restructuring (€13.4 million), net costs of litigation including in respect of tax (€3.1 million), a loss of €13.2 million on sale of the Group's interest in Corporacion Alimentaria Penasenta SA and other net income (€0.9 million).

Other operating income and expense for 2014 included net impairment of certain assets (€4 million), industrial restructuring (€16.4 million), net gains from litigation including in respect of tax (€4.4 million) and other net income (€3.7 million).

The impairment losses recognized in 2015 and 2014 follow systematic impairment testing of all cash-generating units including intangible assets with indefinite useful lives as well as testing of other cash-generating units for which indications of impairment had been noted.

The main assumptions applied in determining value in use related to:

- Market trends;
- The trend in prices for milk, butter and powder;
- Foreign exchange rates and hedging costs, inflation and interest rates;
- Discount factors.

The assumptions used were based on market data when available (for foreign exchange and interest rates etc.) or failing that (with regard to raw materials), were determined on the basis of internal historical data adjusted for anticipated changes in market conditions.

The discount rates applied reflect the Group's average weighted cost of capital adjusted by risk factors for each country in which the Group undertakes Cheese and Other Dairy Product activities. The adjusted rates were as follows:

- 4.5% for Japan;
- 5% for Western Europe and the United States;
- 7% for Southern Europe;
- Between 5.5% and 8.5% for the European Union Member States of Central and Eastern Europe, China and Chile;
- Between 11% and 21.5% for Serbia, Russia, India, Brazil, Uruguay and Egypt;
- 40% for Argentina;
- 60.5% for Ukraine.

In 2015 the outlook for the Group's long-range plan took account of new trends in the markets and competition, as well as of the difficult economic situation of certain countries not expected to exit from economic crisis in the near future, resulting in the recognition of €9.5 million of impairment losses against tangible and intangible assets in Latin America and €1.2 million of impairment losses against intangible assets of various other entities.

At the end of December 2015, the cumulative impairment losses amounted to €66.6 million concentrated on Southern Europe (€28.4 million), Eastern Europe (€22.8 million), Latin America (€10.8 million) and Asia and the Middle East (€4.6 million).

A change of 0.5% in the discount factors applied would have an impact of plus or minus €0.5 million on the impairment losses recorded against a Latin America cash-generating unit but no impact elsewhere.

In 2014 the outlook for the Group's long-range plan resulted in the recognition of €4.9 million of impairment losses against intangible assets in Latin America. €0.9 million of impairment losses previously recognized against underused tangible assets were reversed.

NOTE 8. NET FINANCIAL EXPENSE

<i>In thousands of euro</i>	12 months	
	2015	2014
Interest payable ⁽¹⁾	-24,119	-24,220
Bank commissions	-5,646	-7,573
Other net financial expense	-5,436	-4,455
Net result of interest rate hedging ⁽³⁾	-	-4,959
Net foreign exchange losses	-503	-1,899
FINANCIAL EXPENSE	-35,704	-43,106
Financial income ⁽²⁾	8,620	12,867
Net result of interest rate hedging ⁽³⁾	729	-
FINANCIAL INCOME	9,349	12,867
NET FINANCIAL EXPENSE	-26,355	-30,239
<i>Of which: net interest expense ⁽¹⁾⁺⁽²⁾⁺⁽³⁾</i>	-14,770	-16,312

Net financial expense for 2015 has been affected both by increased net debt and by the impact of foreign currency and interest rate hedging.

NOTE 9. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group has joint venture relationships involving 50% interests in Compagnie des Fromages et Richesmonts (CF&R) in France and its subsidiary Sodiaal GmbH in Germany. The partnership with Sodiaal was created at the beginning of 2008 as a means of mutually benefiting from the complementarity of the two groups' brands, industrial resources, commercial positions and know-how. The Group also has interests in associates which, taken individually, are not material.

<i>In thousands of euro</i>	12 months	
	2015	2014
Group share of results before tax	13,502	9,585
Group share of taxes on income	-4,566	-5,834
Net Group share	8,936	3,751

The change in investments in joint ventures and associates may be explained as follows:

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
At January 1, 2015	188,561	218,077
Change in consolidation scope ⁽¹⁾	-57,853	-31,028
Result for the period	8,936	3,751
Dividends distributed	-13,777	-2,551
Other items	219	-372
Conversion differences	258	684
CLOSING BALANCE	126,344	188,561

- During 2015, the Group sold its 27% interest in its associate CAPSA and its 24.8% interest in Andechser Molkerei Scheitz GmbH.

Compagnie des Fromages et RicheMonts

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014 restated
Current assets	169,070	163,211
Non-current assets	170,063	167,371
ASSETS	339,133	330,582
Equity	181,248	171,059
Current liabilities	123,228	124,006
Non-current liabilities	34,657	35,517
EQUITY AND LIABILITIES	339,133	330,582
Cash and cash equivalents	916	2,123
Current financial liabilities	370	253
Non-current financial liabilities	9,748	4,809

Compagnie des Fromages et RicheMonts

<i>In thousands of euro</i>	12 months	
	2015	2014 restated
Net sales	555,155	596,220
Net income	11,823	11,585
Adjustments	225	-10
Other comprehensive income	467	-1,462
Comprehensive income	12,515	10,113

Compagnie des Fromages et RicheMonts

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
Dividends received from the joint venture or associate	-1,049	-1,415

Reconciliation of the above with the investment carrying amounts:

Compagnie des Fromages et RicheMonts

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
Equity	181,248	171,059
Percentage interest	50%	50%
Share of equity	90,624	85,529
Other adjustments	4,610	4,497
Value of the Group's interest	95,234	90,026
Net income	12,048	11,575
Percentage interest	50%	50%
Group share of net income and adjustments	6,024	5,788
Group share of other comprehensive income	234	-123

NOTE 10. TAXES ON INCOME

Taxes on income may be broken down as follows:

<i>In thousands of euro</i>	12 months	
	2015	2014 restated
Current tax	-45,866	-29,467
Deferred tax	6,663	3,659
	-39,203	-25,808

The Group's effective tax charge differs from the theoretical weighted average charge applying to the profits of consolidated subsidiaries for the following reasons:

<i>In thousands of euro</i>	12 months	
	2015	2014 restated
Profit before tax	101,223	71,208
Theoretical tax based on national tax rates	29,039	22,354
Tax impact of:		
• Restatement of tax for associates	-2,791	-1,639
• Non-taxable profits and non-deductible expenses	7,597	-6,146
• Current and deferred tax resulting from the analysis of France's CVAE as a tax on income	5,681	5,233
• Tax credits	-634	-253
• Use of tax losses not previously recognized and impairment of net deferred tax assets ⁽¹⁾	4,220	3,541
• Tax rate changes affecting deferred tax	12	1,418
• Other items ⁽²⁾	-3,921	1,300
Income tax charge	39,203	25,808
Weighted average tax rate	38.73%	36.24%

(1) *Deferred tax assets are recognized in respect of tax losses carried forward to the extent that their recovery appears probable. In 2015 the Group's forecast taxable profits for the three coming years have required the recognition of €4.2 million of impairment losses against its deferred tax assets compared with €3.5 million in 2014.*

(2) *Including the impact of tax inspections.*

The parent company's tax rate amounts to 38%.

The capping of tax losses carried forward did not result in any additional consolidated current tax charge.

NOTE 11. EARNINGS AND DIVIDEND PER SHARE

Basic earnings per share are calculated by dividing the net income attributable to equity holders of Savencia SA by the weighted average number of shares outstanding during each period with the exception of treasury shares held by the parent company (note 22).

<i>In thousands of euro</i>	2015	2014 restated
Net income attributable to equity holders of SAVENCIA SA	57,020	39,661
Weighted average number of shares in circulation	14,025,093	14,025,358
Basic earnings per share	4.07	2.83

Diluted earnings per share are calculated by increasing the weighted average number of shares outstanding by the number of additional shares which would be created assuming the exercise of all outstanding share purchase options.

<i>In thousands of euro</i>	2015	2014 restated
Net income attributable to shareholders of SAVENCIA SA	57,020	39,661
Weighted average number of shares in circulation	14,025,358	14,025,358
Dilutive effect of share purchase options	354,711	394,148
Adjusted weighted average number of shares	14,379,804	14,419,506
Diluted earnings per share	3.97	2.75

Dividends paid in 2015 and 2014 amounted respectively to €0.80 and €1 per share. The Board of Directors will propose at the Annual General Meeting on April 20, 2016 that a dividend of €1 per share be distributed in respect of the fiscal year ending December 31, 2015.

NOTE 12. INTANGIBLE ASSETS

<i>In thousands of euro</i>	Goodwill ⁽¹⁾	Intellectual property rights and brands ⁽²⁾	Other rights of use	Total
At 12/31/2013				
Cost	277,950	224,624	40,175	542,749
Cumulative amortization and impairment losses	-4,303	-78,408	-18,159	-100,870
CARRYING AMOUNT	273,647	146,216	22,016	441,879
2014				
Opening carrying amount	273,647	146,216	22,016	441,879
Foreign exchange differences	2,263	13	142	2,418
Acquisitions		5,291	-208	5,083
Disposals		-64	-70	-134
Impairment (Note 7)	-4,908	-1	-	-4,909
Change in consolidation scope	-1,466	3,521	-21	2,034
Amortization charge (Note 5)	-	-6,391	-1,604	-7,995
CARRYING AMOUNT	269,536	148,585	20,255	438,376
Impact activités en cours de cession				
At 12/31/2014				
Cost	278,608	228,783	38,882	546,273
Cumulative amortization and impairment losses	-9,072	-80,198	-18,627	-107,897
CARRYING AMOUNT	269,536	148,585	20,255	438,376
2015				
Opening carrying amount	269,536	148,585	20,255	438,376
Foreign exchange differences	6,727	-419	108	6,416
Acquisitions		4,357	395	4,752
Disposals		-36	-4	-40
Impairment (Note 7)	-7,424	-609		-8,033
Change in consolidation scope				
Amortization charge (Note 5)		-6,135	-1,629	-7,764
VALEUR NETTE COMPTABLE	268,839	145,743	19,125	433,707
Cost	281,440	231,619	39,545	552,604
Cumulative amortization and impairment losses	-12,601	-85,876	-20,420	-118,897
CARRYING AMOUNT	268,839	145,743	19,125	433,707

(1) Net goodwill for the Cheese Products reporting segment amounted to €83.5 million (2014: €81.5 million) and that for the Other Dairy Products segment amounted to €185.3 million (2014: €188 million).

(2) Net brands for the Cheese Products reporting segment amounted to €90.7 million (2014: €91.4 million) and net brands for the Other Dairy Products segment amounted to €33.6 million (2013 restated: €33.6 million).

Intangible assets with indefinite lives had a carrying amount of €393.1 million at December 31, 2015 compared to €394.5 million at December 31, 2014. They comprise goodwill and brands.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

<i>In thousands of euro</i>	Land	Buildings, fixtures and fittings	Plant, equipment and tooling	Other items	Total
At 12/31/2013					
Cost	39,957	545,154	1,332,334	272,170	2,189,615
Cumulative depreciation, amortization, impairment	-1,477	-299,222	-958,119	-129,485	-1,388,303
CARRYING AMOUNT	38,480	245,932	374,215	142,685	801,312
2014					
Opening carrying amount	38,480	245,932	374,215	142,685	801,312
Foreign exchange differences	583	2,398	4,312	1,266	8,559
Acquisitions	246	26,800	100,538	29,153	156,737
Disposals	-50	-2,039	-1,323	-828	-4,240
Impairment (Note 7)	-18	-232	-69	-37	-356
Reversal of impairment (Note 7)	36	451	711	629	1,827
Change in consolidation scope	301	666	-966	326	327
Amortization charge (Note 5)	-	-23,436	-68,597	-13,159	-105,192
Impact operations in process of sale	-71	-278	-	-	-349
CARRYING AMOUNT	39,507	250,262	408,821	160,035	858,625
At 12/31/2014					
Cost	40,954	579,596	1,427,458	286,648	2,334,656
Cumulative depreciation, amortization, impairment	-1,447	-329,334	-1,018,636	-126,614	-1,476,031
CARRYING AMOUNT ⁽¹⁾	39,507	250,262	408,822	160,034	858,625
2015					
Opening carrying amount	39,507	250,262	408,822	160,034	858,625
Foreign exchange differences	684	965	301	-4,552	-2,602
Acquisitions	1,445	30,521	89,541	25,879	147,386
Disposals	-180	-1,043	-2,334	-805	-4,362
Impairment (Note 7)	-180	-2,259	-3,437	-76	-5,952
Reversal of impairment (Note 7)	-	6	99	-	105
Change in consolidation scope	-	-	-	-	-
Amortization charge (Note 5)	-	-24,731	-71,579	-14,719	-111,029
Impact operations in process of sale	71	278	-	-	349
CARRYING AMOUNT	41,347	253,999	421,413	165,761	882,520
At 12/31/2015					
Cost	42,467	607,400	1,510,794	300,724	2,461,385
Cumulative depreciation, amortization, impairment	-1,120	-353,401	-1,089,381	-134,963	-1,578,865
CARRYING AMOUNT ⁽¹⁾	41,347	253,999	421,413	165,761	882,520
Gross finance lease items	140	3,983	8,203	7,427	19,753
Depreciation of finance lease items	-	-3,493	-6,887	-3,079	-13,459
⁽¹⁾ Of which: net finance lease items	140	490	1,316	4,348	6,294

The expense for leased items of property, plant and equipment amounted to €42.1 million in 2015 and €45.6 million in 2014.

Bank borrowings of €0.3 million were secured against land and buildings at December 31, 2015 (2014: €0.4 million).

In 2015, investment grants of €12.5 million were deducted from the cost of the assets financed (2014: €9.1 million).

Items of property, plant and equipment under construction amounted to €107 million (2014: €106 million).

NOTE 14. OTHER FINANCIAL ASSETS

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
Available-for-sale financial assets	7,456	7,652
Held-to-maturity investments	14,162	14,658
Loans and receivables	17,036	18,221
Impairment losses	-7,632	-6,887
	31,022	33,644

The impairment losses mainly relate to non-controlling interests classified as held-to-maturity investments.

NOTE 15. DEFERRED TAX

Deferred tax recognized in the statement of financial position reflects all the temporary differences existing between the carrying amounts of consolidated assets and liabilities and their amounts for tax purposes.

Deferred tax assets relate principally to liabilities for taxes and social contributions, and for employee benefits, in respect of which tax deductibility is subordinated to the effective payment of amounts. They also relate to prior period tax losses carried forward mainly for periods in excess of five years.

Unrecognized deferred tax assets amounted to €57.9 million at December 31, 2015 and €54.4 million at December 31, 2014, mainly relating to tax losses.

Deferred tax liabilities relate principally to differences in the rhythm of depreciation of property, plant and equipment and amortization of intangible assets for accounting purposes and for tax purposes in the various countries where the Group is present.

The €6.7 million deferred tax credit recognized for the year is essentially the result of deferred tax losses.

An €8.4 million deferred tax adjustment was recognized in other comprehensive income to take account of the change in fair value of the Group's available-for-sale securities and other financial instruments, as well as of actuarial gains and losses.

The Group has decided to treat CVAE tax as a tax on income and as a result, recognized an applicable deferred tax liability of €3.3 million as of December 31, 2009. With effect from 2010, the total current and deferred charge for CVAE tax is included as part of the same line item.

<i>In thousands of euro</i>	At January 1, 2015 restated	Expense/ income	Changes in fair value	Actuarial gains and losses	Changes of accounting policy	Changes in scope	Other changes	Conversion differences	December 31, 2015
Intangible assets and property, plant and equipment	21,331	-377	-	-	-	-	226	-539	20,641
Provisions	16,735	1,470	-	-	-	-	-222	-222	17,761
Provisions for employee benefits	24,804	2,777	7	-4,125	-	-	-103	240	23,600
Financial instruments and other financial assets	9,477	1,475	-	-	-	-	-	8	10,960
Tax losses	59,917	12,140	-	-	-	-	-	-852	71,205
Other deferred tax assets	11,107	5,117	-	-	-	-	-76,509	53	-60,232
Deferred tax assets	143,371	22,602	7	-4,125	-	-	-76,608	-1,312	83,935
Impairment of deferred tax assets	-54,350	-4,743	-	-	-	-	-	1,234	-57,859
Net deferred tax assets	89,021	17,859	7	-4,125	-	-	-76,608	-78	26,076
Intangible assets and property, plant and equipment	102,519	7,546	-	-	-	-13	-	833	110,885
Financial instruments and other financial assets	7,720	5,641	1,301	-	-	13	-	24	14,699
Other deferred tax liabilities	6,682	-1,990	2,786	151	-	-	-76,577	62	-68,886
Deferred tax liabilities	116,921	11,197	4,087	151	-	-	-76,577	919	56,698
TOTAL	-27,900	6,662	-4,080	-4,276	-	-	-31	-997	-30,622

NOTE 16. INVENTORIES AND WORK IN PROGRESS

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
Raw materials, work in progress and miscellaneous items	187,082	203,842
Goods purchased for resale	19,804	15,655
Finished products	243,247	240,507
Impairment losses	-21,062	-19,405
	429,071	440,599

The impairment losses relate essentially to inventories of intermediate and finished products. A charge of €1.4 million was made in 2015 compared with a charge of €4.7 million in 2014.

NOTE 17. TRADE AND OTHER RECEIVABLES

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
Trade receivables	664,605	686,809
Payroll and tax receivables (excluding taxes on income)	72,351	65,232
Miscellaneous receivables ⁽¹⁾	58,844	64,062
Prepayments and other miscellaneous items	10,247	10,893
Impairment losses	-15,726	-13,174
	790,321	813,822

(1) Including for sales of assets.

The Group has little exposure to credit risk in respect of its trade receivables, given that our products are essentially sold to major distributors and that the associated receivables are often covered by specific insurance, thus leaving only residual amounts subject to risk. A total non-guaranteed amount of €0.8 million was more than six months overdue as of December 31, 2015 compared with €3.3 million as of December 31, 2014.

A net charge for impairment of €2.4 million was recognized in 2015 compared to a net reversal of €0.3 million in 2014.

Prepaid expenses mainly comprise insurance and rent.

NOTE 18. FINANCIAL ASSETS – DERIVATIVES

<i>In thousands of euro</i>	December 31, 2015		Maturity in 2016		Maturity beyond 2016	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges:						
Commodity derivatives	749	-	749	-	-	-
Interest rate swaps ⁽¹⁾	14,702	121,705	-	-	14,702	121,705
Currency derivatives	-	-	-	-	-	-
Instruments held for trading:						
Currency derivatives	2,761	58,985	2,761	58,985	-	-
Interest rate derivatives ⁽²⁾	2,424	425,000	-	-	2,424	425,000
Commodity derivatives	147	-	147	-	-	-
	20,783	-	3,657	-	17,126	-
Of which: classified as current	3,657	-	3,657	-	-	-
Of which: classified as non-current	17,126	-	-	-	17,126	-

(1) Maturing in 2025 and 2026.

(2) Maturing in 2017 (225,000), 2018 (150,000), 2019 (20,000) and 2020 (30,000).

<i>In thousands of euro</i>	December 31, 2014		Maturity in 2015		Maturity beyond 2015	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges:						
Commodity derivatives	527	-	527	-	-	-
Interest rate swaps ⁽¹⁾	-	-	-	-	-	-
Currency derivatives	19	-	19	-	-	-
Instruments held for trading:						
Currency derivatives	3,609	39,243	3,609	39,243	-	-
Interest rate derivatives ⁽²⁾	2,398	365,000	-	-	2,398	365,000
Commodity derivatives	165	-	165	-	-	-
	6,718	-	4,320	-	2,398	-
Of which: classified as current	4,320	-	4,320	-	-	-
Of which: classified as non-current	2,398	-	-	-	2,398	-

1) Repaid early on 11/27/2014.

2) Maturity in 2017 (165,000), 2018 (150,000), 2019 (20,000) and 2020 (30,000).

NOTE 19. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets comprise short-term investments not meeting all the criteria, based on analysis of the related issue prospectuses and of market data, enabling them to be recognized as cash equivalents.

NOTE 20. CASH AND CASH EQUIVALENTS

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
Cash	175,448	152,345
Cash equivalents	195,640	318,011
	371,088	470,356

Cash equivalents essentially comprise available-for-sale financial assets (term deposits, shares in unit trusts etc.).

Cash and cash equivalents per the statement of cash flows may be reconciled as follows to the Group's consolidated statement of financial position:

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
Cash and cash equivalents	371,088	470,356
Bank overdrafts and financial current account payables	-123,866	-142,174
NET CASH AND CASH EQUIVALENTS	247,222	328,182

NOTE 21. BREAKDOWN BY NATURE OF OTHER COMPREHENSIVE INCOME

<i>In thousands of euro</i>	12 months					
	2015			2014 restated		
	Pre-tax amount	Tax effect	Net of tax amount	Pre-tax amount	Tax effect	Net of tax amount
Translation differences	8,007	-	8,007	12,628	-	12,628
Changes in fair value of available-for-sale financial assets	8,015	-2,759	5,256	484	-167	317
Changes in fair value of future cash flows	3,832	-1,321	2,511	-3,650	1,258	-2,392
Share of associates and joint ventures in recyclable components	258	-	258	561	-	561
Total elements available for recycling to profit or loss	20,112	-4,080	16,032	10,023	1,091	11,114
Actuarial gains and losses for post-employment benefit plans	12,376	-4,276	8,100	-23,316	7,352	-15,964
Share of associates and joint ventures in non-recyclable components	-	-	-	2,953	204	3,157
Other movements	356	-122	234	-570	196	-374
Total elements not re-classifiable to profit or loss	12,732	-4,398	8,334	-20,933	7,752	-13,181
OTHER COMPREHENSIVE INCOME	32,844	-8,478	24,366	-10,910	8,843	-2,067

NOTE 22. EQUITY

Evolution of paid-in capital

<i>In thousands of euro</i>	Number of shares outstanding	Ordinary shares	Share premium	Treasury shares	Total
BALANCE AT 01/01/2014	14,014,552	14,033	80,732	-665	94,100
Share purchase option plan					
• Value of services rendered			520		520
• Sale/cancellation of treasury shares	41,000	-	-	-15	-15
• Purchase of treasury shares	-32,854			109	109
BALANCE AT 12/31/2014	14,022,698	14,033	81,252	-571	94,714
Share purchase option plan					
• Value of services rendered	-	-	226	-	226
• Sale of treasury shares	12,000	-	-	-775	-775
• Purchase of treasury shares	-23,737	-	-	-	-
BALANCE AT 12/31/2015	14,010,961	14,033	81,478	-1,346	94,165

<i>In thousands of euro</i>	Hedging reserves	Available-for-sale financial asset fair value reserves	Actuarial gains and losses	Translation differences	Total
BALANCE AT 01/01/2014	-5,598	-2,262	-5,238	-27,194	-40,292
Revaluation – gross		484			484
Revaluation – tax effect		-167			-167
Revaluation – associates					
Cash flow hedges					
• Fair value adjustments for the period	-3,650				-3,650
• Tax effect	1,258				1,258
Actuarial gains and losses – gross			-22,678		-22,678
Actuarial gains and losses – tax effect			7,234		7,234
Translation differences					
• Group				12,677	12,677
• Associates				561	561
BALANCE AT 12/31/2014	-7,990	-1,945	-20,682	-13,956	-44,573
Revaluation – gross		8,015			8,015
Revaluation – tax effect		-2,759			-2,759
Revaluation – associates					
Cash flow hedges					
• Fair value adjustments for the period	3,832				3,832
• Tax effect	-1,321				-1,321
Actuarial gains and losses – gross			11,957		11,957
Actuarial gains and losses – tax effect			-4,199		-4,199
Translation differences					
• Group				4,889	4,889
• Associates				258	258
BALANCE AT 12/31/2015	-5,479	3,311	-12,924	-8,809	-23,901

The company's share capital, fully paid-up at December 31, 2015, comprises 14,032,930 shares with a par value of €1 per share.

Shares held in a registered account and in the same name for at least six years have dual voting rights.

As of December 31, 2015 Savencia SA held 21,969 (2014: 10,232) treasury shares of which 4,769 (2014: 7,952) held in the context of the Group's liquidity agreement. The Group's various share purchase option plans represented 352,280 shares at December 31, 2015 (363,780 at December 31, 2014). Share premium and similar reserves, representing a total amount of €81,478 thousand at December 31, 2015, comprise the French legal reserve for €1,613 thousand, share premium arising from mergers and other share issues for €73,609 thousand and share premium arising on the exercise of options for €6,256 thousand.

Share purchase options have been granted to certain directors and managers of the Company and its subsidiaries. Their exercise prices are equal to the average market prices for the twenty days preceding their dates of issue. They may be exercised between one and ten years from their dates of issue (between four and ten years commencing with the 2006 plan with any resale only allowed after the sixth year).

The number of share purchase options outstanding and their weighted average exercise prices are as follows:

	2015		2014	
	Weighted average exercise price (euro per share)	Options	Weighted average exercise price (euro per share)	Options
At January 1	52.54	363,780	52.06	419,780
Granted	45.56	-12,000	47.36	-41,000
Expired	47.91	-14,500	53.23	-15,000
AT DECEMBER 31	52.99	337,280	52.54	363,780

The dates of expiry and exercise prices of share purchase options outstanding at the end of the reporting period are as follows:

	Exercise price (euro per share)	Options outstanding	
		2015	2014
December 12, 2015	46.17	-	17,500
December 14, 2016	68.73	46,500	46,500
December 12, 2017	75.84	59,500	59,500
December 11, 2018	42.78	55,280	58,280
December 16, 2019	51.14	32,000	34,000
December 16, 2020	57.11	71,000	72,500
December 15, 2021	46.87	73,000	75,500

NOTE 23. INTERESTS OF NON-CONTROLLING SHAREHOLDERS

The shares in Group entities held by non-controlling interests are as follows:

<i>In thousands of euro</i>	Compagnie Laitière Européenne		Other entities		TOTAL	
	12 months		12 months		12 months	
	December 31, 2015	December 31, 2014 restated	December 31, 2015	December 31, 2014 restated	December 31, 2015	December 31, 2014 restated
% of voting rights	14.14%	14.14%	-	-	-	-
% ownership	15.42%	15.42%	-	-	-	-
Share of net income	-633	2,887	5,674	2,725	5,041	5,612
Share of other comprehensive income	551	-969	3,634	-53	4,185	-1,022
Share of total comprehensive income	-82	1,918	9,308	2,672	9,226	4,590
Cumulative non-controlling interests	71,741	72,502	27,990	28,607	99,731	101,109
Dividends paid to non-controlling interests	969	754	4,348	3,088	5,317	3,842

Summarized IFRS financial data (100% interest) before intragroup eliminations:

BALANCE SHEET

<i>In thousands of euro</i>	Compagnie Laitière Européenne	
	December 31, 2015	December 31, 2014 restated
Current assets	534,720	554,349
Non-current assets	534,389	592,443
ASSETS	1,069,109	1,146,792
Equity	413,402	420,544
Current liabilities	508,703	556,637
Non-current liabilities	147,004	169,611
EQUITY AND LIABILITIES	1,069,109	1,146,792

INCOME STATEMENT

<i>In thousands of euro</i>	12 months	
	2015	2014 restated
Net sales	1,509,850	1,670,214
Net income	-8,317	10,681
Comprehensive income	-6,173	6,660

NOTE 24. PROVISIONS

<i>In thousands of euro</i>	Pensions, other retirement benefits and long-service benefits	Restructuring	Other contingencies and costs	Total
At January 1, 2014	65,617	5,416	21,273	92,306
Translation differences	168	81	-150	99
Charges	7,567	12,058	4,455	24,080
Uses	-6,246	-1,982	-10,495	-18,723
Changes in consolidation scope	-96	-	70	-26
Change in actuarial differences	23,779	-	-	23,779
Change of accounting policy	856	-	-	856
December 31, 2014	91,645	15,573	15,153	122,371
Translation differences	500	-16	-406	78
Charges ⁽¹⁾	8,454	5,557	4,734	18,745
Uses ⁽²⁾	-4,761	-7,520	-9,999	-22,280
Change in actuarial differences ⁽³⁾	-12,379	-	-	-12,379
Other changes	5	-	-	5
December 31, 2015	83,464	13,594	9,482	106,540

(1) The restructuring provisions relate to plans for rationalization both in France and abroad. €2.4 million was also charged for litigation and €2.3 million for other contingencies and costs.

(2) €7.5 million of restructuring provisions were reversed including €4.9 million of use and €2.6 million for provisions no longer required. €6.4 million of other provisions used were reversed including €6.1 million of provisions for litigation. Provisions no longer required amounted to €3.6 million mainly relating to litigation.

(3) Essentially reflecting changes in discount rates.

Provisions for contingencies and disputes are destined to cover known risks and litigation. Provisions for disputes are not recognized until such time as the Group, in agreement with its legal advisors, deems that it will be faced with an unfavorable settlement.

At December 31, 2015 the principal contingencies and disputes provided for related to restructuring for €13.6 million (2014: €15.6 million), to commercial disputes for €0.6 million (2014: €0.5 million), to disputes relating to matters of employment or social security for €4.3 million (2014: €4.9 million), to tax disputes for €1.9 million (2014: €0.8 million) and to miscellaneous other contingencies for €2.7 million (2014: €9 million).

Post-employment benefit plans

The post-employment benefits provided by the Group vary depending on each entity's legal requirements. They may be provided under defined contribution or defined benefit plans.

Defined contribution plans

Defined contribution plans involve the payment of periodic contributions to third parties responsible for the administrative and financial management of the plans. The employer has no subsequent obligation for the payment of benefits over and above the amount of its contributions.

Defined benefit plans

Defined benefit plans involve the employer in an obligation to pay benefits to its employees and to recognize due provision. Benefit obligations are estimated periodically, by independent actuaries, using the projected unit credit method based on actuarial assumptions for the applicable demographic, economic and financial variables. They mainly relate to lump-sum retirement bonuses and supplementary pensions and may or may not be subject to specific partial funding. The partially funded plans are mainly located in France, Germany, the UK, Belgium and the USA; the associated employer's contributions may be transferred to third parties, notably insurance companies. The non-funded plans relate essentially to lump-sum retirement bonuses and other benefits which only vest if the employee is still employed within the Group at the time of retirement.

The assumptions relating to pensions, other retirement benefits and long-service benefits vary according to each country and its applicable requirements. They may be summarized as follows:

	France		Germany		USA ⁽²⁾		UK		Belgium	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Discount rate ⁽¹⁾	2.00%	1.40%	2.00%	1.40%	4.23%	4.02%	3.80%	3.90%	1.60%	1.90%
Inflation	1.80%	2.00%	1.80%	2.00%	-	-	3.20%	3.20%	1.80%	2.00%
Rate of salary increases	2.00%	2.00%	3.00%	3.00%	-	-	2.90%	3.00%	1.80%	2.00%

(1) 1.39% for annuities and long-service benefits in 2015 (1.3% in 2014).

(2) Liquidation of the US pension fund is envisaged for 2016.

The discount rates employed were based on the IBOXX AA10+ index equating with the issue rate for first-class corporate bonds in France and Germany.

A 0.5% increase in the discount rate would reduce the present value of the obligations by €3.4 million for France and €5 million for Germany.

A 0.5% decrease in inflation would increase the present value of the obligations by €3.5 million for France and €1.6 million for Germany.

The expected return on plan assets is determined for each plan (under IAS 19 (revised)) based on the discount rates applicable for each country.

Mortality rates are based on each country's published death and life expectancy statistics. Retirement age reflects the rules applying in each country.

Evolution of benefit obligations	2015	2014
OPENING BENEFIT OBLIGATIONS	199,924	148,854
Interest expense	4,980	4,932
Cost of services rendered	6,734	5,843
Past service cost	-22	-
Actuarial gains and losses:	-119	1,709
Related to demographic assumptions	-12,571	30,637
Related to financial assumptions	-798	614
Related to experience	-5,589	-4,488
Benefits paid	35	144
Internal reclassification	-104	-90
Taxes and administrative costs	5,451	4,912
Translation differences	108	6,857
CLOSING BENEFIT OBLIGATIONS	198,029	199,924

The closing benefit obligations as at December 31, 2015 of €198 million may be broken down as to €19.2 million for non-funded plans and €178.8 million for partially funded plans.

Evolution of plan assets	2015	2014
OPENING PLAN ASSETS	108,279	83,237
Expected return from plan assets	3,169	3,269
Benefits paid	-3,882	-3,319
Contributions paid by Group companies	3,056	5,056
Internal reclassification	-163	-75
Taxes and administrative costs	4,950	4,689
Translation differences	-1,109	9,181
Actuarial gains and losses	-	96
Changes in consolidation scope	265	6,145
CLOSING PLAN ASSETS	114,565	108,279

Charge for the period	2015	2014
Cost of services rendered	6,734	5,843
Past service cost	-22	-
Curtailements and settlements	-34	-
TOTAL SERVICE COST	6,678	5,843
Interest expense	4,980	4,932
Yield on plan assets	-3,169	-3,269
NET INTEREST EXPENSE	1,811	1,663
Taxes and administrative costs	-34	61
CHARGE FOR THE PERIOD	8,454	7,567

Opening actuarial gains and losses impacting other comprehensive income	2015	2014
Amounts recognized during the period:		
- Related to demographic assumptions	-119	1,709
- Related to financial assumptions	-12,571	30,637
- Related to experience	-798	614
- Related to assets (other than financial income)	1,109	-9,181
CLOSING ACTUARIAL GAINS AND LOSSES IMPACTING OTHER COMPREHENSIVE INCOME	-12,379	23,779

Evolution of provisions	2015	2014
OPENING PROVISIONS	91,645	65,617
Charge for the period	8,454	7,567
Actuarial gains and losses impacting other comprehensive income	-12,379	23,779
Benefits paid directly by the employer	-1,705	-1,190
Translation differences	500	168
Contributions paid by Group companies	-3,056	-5,056
Transfers and other adjustments	5	856

Changes in consolidation scope	-	-96
CLOSING PROVISIONS	83,464	91,645
Reconciliation of net benefit obligations and provisions		
	2015	2014
NET OBLIGATIONS	198,029	199,924
Plan assets	-114,565	-108,279
CLOSING PROVISIONS	83,464	91,645

The Group paid €0.9 million of contributions for 2016 in respect of its French companies.

Most Group companies have insured all or part of their liability for lump sum retirement benefits. The estimated amount of the related third party funds as of December 31, 2015 may be broken down as follows:

	France		Germany		USA		UK		Belgium	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Equity instruments	37.0%	37.0%	7.0%	4.8%	-	-	33.4%	36.3%	-	-
Debt instruments	55.0%	54.0%	52.0%	50.1%	-	-	47.5%	49.0%	-	-
Real estate	5.0%	5.0%	12.0%	10.9%	-	-	13.3%	13.1%	-	-
Insurance policies	-	-	-	-	100.0%	100.0%	-	-	100.0%	100.0%
Other assets	3.0%	4.0%	29.0%	34.2%	-	-	5.8%	1.6%	-	-

NOTE 25. BORROWINGS AND OTHER FINANCIAL LIABILITIES

<i>In thousands of euro</i>	December 31, 2015	Non-current	Current	December 31, 2014	Non-current	Current
Borrowings from financial and similar institutions	454,481	15,435	439,046	606,534	123,520	483,014
Deferred liabilities for profit-sharing payments	14,532	12,403	2,129	14,810	11,882	2,928
Bond issues	182,473	161,705	20,768	189,984	169,134	20,850
Finance lease borrowings	4,900	3,896	1,004	5,621	3,843	1,778
Current bank facilities	122,899	-	122,899	140,220	-	140,220
TOTAL	779,285	193,439	585,846	957,169	308,379	648,790

Bond issues include a private placement of 2003, with a nominal amount of €100 million, repayable in five annual installments commencing in 2014, and a second private placement made in 2011 and 2013, maturing in 2025 and 2026, with a nominal amount of \$132.5 million and repayable in instalments commencing on November 22, 2019.

Borrowings from financial and similar institutions represent the use of credit facilities such as the syndicated facility arranged in 2014 with a final maturity of up to seven years. The Group's average borrowings from financial and similar institutions amounted in 2015 to €959 million, with an average interest cost of 3.1% after hedging and inclusive of bank commission.

In order to limit the impact on its results of changes in interest rates, the Group uses interest rate swaps and options to hedge its total net medium and long-term floating rate euro borrowings. The principal variable rates used by the Group are Euribor and Eonia.

Equally, to limit the impact of changes in the value of the dollar, the Group applies a policy of foreign currency hedging covering the total amount, and total duration, of its dollar-denominated borrowings.

The borrowings mentioned above are repayable as follows:

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
Within one year	585,846	648,791
In from two to five years	87,655	203,809
In excess of five years	105,784	104,569
	779,285	957,169

They are denominated in the following currencies:

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
EUR	577,280	774,501
JPY	2,522	2,621
USD	138,342	133,365
Other currencies	61,141	46,682
	779,285	957,169

They may be broken down as follows by type of interest payable:

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
Fixed rate borrowings	228,234	234,823
Floating rate borrowings	551,051	722,346
	779,285	957,169

Floating rate borrowing costs are based on Euribor or Eonia plus margins not exceeding 100 basis points. The above analysis is before the impact of hedging (cf. note 28).

Gross borrowings are determined as follows:

<i>In thousands of euro</i>	2015	2014
OPENING BORROWINGS	957,169	926,494
New borrowings	8,307	143,228
Repayment of existing borrowings	-179,554	-146,867
Change in other bank facilities and financial current accounts	-6,742	20,355
Change in finance lease liabilities	-663	-835
Translation differences	768	13,777
Change of consolidation scope	-	1,017
BORROWINGS AT DECEMBER 31	779,285	957,169

Gross borrowings decreased by €177.9 million over the year. After taking into account cash and cash equivalents, net borrowings decreased by €80.7 million to €389.8 million as of December 31, 2015.

Some of the Group's facilities are subject to clauses requiring compliance with a financial ratio expressed in terms of maximum indebtedness expressed as a multiple of current EBITDA. The ratio is always met by the Group.

The Group's unused confirmed long-term borrowing facilities are adequate to cover its use of short-term facilities. In 2014, its syndicated facility was renewed for up to seven years.

Net borrowings are determined as follows (in the case of the syndicated facility and the majority of the Group's bilateral contracts) for the purpose of calculating the financial ratio:

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
Non-current borrowings	-193,439	-308,379
Current bank borrowings	-585,846	-648,790
BANK BORROWINGS	-779,285	-957,169
Other current financial assets	18,394	16,357
Cash and cash equivalents	371,088	470,356
NET BORROWINGS	-389,803	-470,456
Treasury shares	1,346	268
NET BORROWINGS ⁽¹⁾	-388,457	-470,188

(1) Applicable to the syndicated facility and the majority of the Group's bilateral contracts, adjusted for put options granted to non-controlling interests but not yet exercised during the two fiscal years presented.

NOTE 26. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities represent the value of the put options granted to certain non-controlling interests. The movement for the period is attributable to the purchase of a 35% interest in Advanced Food Products LLC, following the exercise of a put option, and to fair value adjustments for other options relating to consolidated investments.

NOTE 27. TRADE AND OTHER PAYABLES

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014 restated
Operating payables	638,577	636,283
Fixed asset payables	4,504	9,978
Payroll and tax liabilities (excluding taxes on income)	208,510	199,701
Deferred revenue	548	897
Other items	40,321	39,438
	892,460	886,297

NOTE 28. FINANCIAL LIABILITIES – DERIVATIVES

<i>In thousands of euro</i>	December 31, 2015		Maturity in 2016		Maturity beyond 2016	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges						
Commodity derivatives	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-
Instruments held for trading						
Currency derivatives	1,047	11,072	1,047	11,072	-	-
Interest rate derivatives ⁽¹⁾	6,847	110,000	-	-	6,847	110,000
Commodity derivatives	146	-	146	-	-	-
	8,040	-	1,193	-	6,847	-
Of which: classified as current liabilities	1,193	-	1,193	-	-	-
Of which: classified as non-current liabilities	6,847	-	-	-	6,847	-

(1) Maturity in 2018 (20,000) and 2020 (90,000).

<i>In thousands of euro</i>	December 31, 2014		Maturity in 2015		Maturity beyond 2015	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
Fair value hedges						
Commodity derivatives	33	-	33	-	-	-
Interest rate swaps ⁽¹⁾	1,534	109,134	-	-	1,534	109,134
Interest rate options	-	-	-	-	-	-
Instruments held for trading						
Currency derivatives	4,031	58,680	4,031	58,680	-	-
Interest rate derivatives ⁽²⁾	6,499	170,000	-	-	6,499	170,000
Commodity derivatives	162	-	162	-	-	-
	12,259	-	4,226	-	8,033	-
Of which: classified as current liabilities	4,226	-	4,226	-	-	-
Of which: classified as non-current liabilities	8,033	-	-	-	8,033	-

(1) Maturing in 2025 and 2026.

(2) Maturing in 2017 (60,000), 2018 (20,000) and 2020 (90,000).

The Group uses derivative financial instruments to manage its exposure to market risks and in particular, to interest rate risk in respect of its borrowings and to foreign currency risk in respect of its future commercial transactions.

Fair value hedging was 100% effective so involved no profit or loss impact.

Currency and interest rate hedging instruments are accounted for under IFRS as trading instruments.

INTEREST RATE HEDGING

Cash flow hedges have been treated as instruments held for trading since 2008 with the exception of the USD loan which qualifies as a cash flow hedge impacting equity.

The Group's interest rate hedging policy favors the use of interest rate options and/or swaps classified as trading instruments. It also, in 2013, implemented €60 million of interest rate swaps deferred by two years to August 2015 then designed to protect the Group against any increase in interest rates through 2020. The policy has the following impact on the classification of the Group's borrowings:

Borrowings	Euro			Other currencies			Total		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
Pre-hedging	88,657	488,623	577,280	139,577	62,428	202,005	228,234	551,051	779,285
• Swap	60,000	-60,000					60,000	-60,000	
• Cap	255,000	-255,000					255,000	-255,000	
• Collar									
Post-hedging	403,657	173,623	577,280	139,577	62,428	202,005	543,234	236,051	779,285
Other current financial assets		3,411	3,411		14,983	14,983		18,394	18,394
Cash and cash equivalents		244,162	244,162		126,926	126,926		371,088	371,088
TOTAL NET CASH ACQUIRED		247,573	247,573	-	141,909	141,909	-	389,482	389,482

In terms of sensitivity to any increase in short-term interest rates as of December 31, 2015 it may be noted that a rise of 1% would have an impact of €4.9 million in respect of the Group's gross floating rate debt, and an impact estimated at €3.9 million in respect of its floating rate short-term investments, whence an overall impact of about €1 million on the Group's net financial expense.

FOREIGN CURRENCY HEDGING

With regard to forward contracts and options and the cover in place as of December 31, 2015, the Group is principally exposed to the risk of changes in the US dollar, the pound sterling, the Swiss franc and the Brazilian real (in the table below + = currency purchase, - = currency sale).

<i>In thousands of currency units</i>	Total currency 1		Total currency 2		Cover in thousands of EUR	EUR amount for currency 1		12/31/2015 fixing
USD EUR	-37,289	USD	33,031	EUR	12	-34,251	EUR	1.0887
GBP EUR	-15,669	GBP	21,476	EUR	450	-21,349	EUR	0.7340
CHF EUR	-12,811	CHF	12,000	EUR	259	-11,824	EUR	1.0835
USD BRL	14,773	USD	-60,972	BRL	681	13,569	EUR	3.9592
JPY EUR	-1,272,975	JPY	9,078	EUR	-31	-9,254	EUR	131.0700
CAD EUR	-5,339	CAD	3,766	EUR	203	-3,665	EUR	1.5116
Other currencies					140	-3,283	EUR	
TOTAL					1 714	-70,057	EUR	

In terms of sensitivity to any change in foreign exchange rates it may be noted that a change of 1% in the rates of exchange for the Group's main foreign currencies (USD, GBP, CHF, BRL and JPY), compared to the rates prevailing at December 31, 2015, would have an impact of €808 thousand on the Group's financial income and expense.

The following tables disclose the carrying amounts and fair values of the Group's financial instrument assets and liabilities within each applicable category:

ASSETS

<i>In thousands of euro</i>	Financial instruments at fair value through profit or loss ⁽¹⁾	Hedging derivatives ⁽²⁾	Financial assets and liabilities at fair value through profit or loss ⁽²⁾	Available-for-sale financial assets ⁽²⁾	Loans and receivables	Financial liabilities measured at amortized cost	Carrying amount	Fair value
December 31, 2015								
Non-current investments	-	-	-	4,212	-	-	4,212	4,212
Non-current financial assets held for trading	-	-	3,244	-	-	-	3,244	3,244
Non-current loans and receivables	-	-	-	-	6,547	17,019	23,566	23,566
Other non-current financial assets	-	-	3,244	4,212	6,547	17,019	31,022	31,022
Interest rate derivatives	2,424	14,702	-	-	-	-	17,126	17,126
Non-current derivative financial instruments	2,424	14,702	-	-	-	-	17,126	17,126
Trade receivables	-	-	-	-	-	653,432	653,432	653,432
Current loans & receivables	-	-	-	-	-	3,549	3,549	3,549
Commodity hedging derivatives	-	749	-	-	-	-	749	749
Other commodity hedging derivatives	147	-	-	-	-	-	147	147
Foreign currency hedging derivatives	2,761	-	-	-	-	-	2,761	2,761
Current derivative financial instruments	2,908	749	-	-	-	-	3,657	3,657
Current financial assets held for trading	-	-	-	14,982	-	3,412	18,394	18,394
Financial current accounts	-	-	-	-	-	6	6	6
Cash	-	-	-	-	-	175,442	175,442	175,442
Cash equivalents	-	-	195,636	-	-	-	195,636	195,636
Assets available for sale	-	-	-	4	-	-	4	4
Cash & cash equivalents	-	-	195,636	4	-	175,448	371,088	371,088
TOTAL ASSETS	5,332	15,451	198,880	19,198	6,547	852,860	1,098,268	1,098,268

(1) Fair value based on the prices quoted in an active market (level 1 instrument).

(2) Fair value based on other directly or indirectly observable data.

Fair value is assessed at different levels of fair value precision based on the input data used:

- (1) Level 1: use of unadjusted list prices in active markets available at the valuation date for identical assets or liabilities;
- (2) Level 2: use of other directly or indirectly observable data;
- (3) Level 3: use of non-observable data.

The Group's determination of level 2 fair value for over-the-counter financial instruments is based on prices communicated by financial institutions. The Group verifies that those prices are reasonable and reflect the instrument's credit risk as adjusted for any factors specific to the Group or its counterparts.

During the year, the Group did not make any changes in its fair value valuation hierarchy.

LIABILITIES	Financial instruments at fair value through profit or loss ⁽¹⁾	Hedging derivatives ⁽²⁾	Financial assets and liabilities at fair value through profit or loss ⁽²⁾	Financial liabilities measured at amortized cost	Carrying amount	Fair value
<i>In thousands of euro</i>						
December 31, 2015						
Bond issues	-	-	-	161,705	161,705	161,705
Other borrowings	-	-	-	31,734	31,734	31,734
Non-current borrowings	-	-	-	193,439	193,439	193,439
Put options granted to minority shareholders	-	-	28,394	-	28,394	28,394
Other items	-	-	7	-	7	7
Other non-current liabilities	-	-	28,401	-	28,401	28,401
Interest rate derivatives	6,847	-	-	-	6,847	6,847
Non-current derivative financial instruments	6,847	-	-	-	6,847	6,847
Trade payables	-	-	-	638,577	638,577	638,577
Guarantee deposits received	-	-	-	99	99	99
Commodity derivatives	146	-	-	-	146	146
Foreign currency derivatives	1,047	-	-	-	1,047	1,047
Current derivative financial instruments	1,193	-	-	-	1,193	1,193
Current financial liabilities	-	-	-	462,196	462,196	462,196
Financial current accounts	-	-	-	751	751	751
Current bank facilities	-	-	-	122,899	122,899	122,899
Current borrowings	-	-	-	585,846	585,846	585,846
TOTAL LIABILITIES	8,040	-	28,401	1,417,961	1,454,402	1,454,402

(1) Fair value based on the prices quoted in an active market (level 1 instrument).

(2) Fair value based on other directly or indirectly observable data.

The Group uses derivative financial instruments to manage its exposure to market risks and in particular, to interest rate risk in respect of its borrowings and to foreign currency risk in respect of its future commercial transactions. Fair value hedging was 100% effective so involved no profit or loss impact.

ACTIF

ACTIF	Financial instruments at fair value through profit or loss ⁽¹⁾	Hedging derivatives ⁽²⁾	Financial assets and liabilities at fair value through profit or loss ⁽²⁾	Available-for-sale financial assets ⁽²⁾	Loans and receivables	Financial liabilities measured at amortized cost	Carrying amount	Fair value
<i>In thousands of euro</i>								
December 31, 2014								
Non-current investments	-	-	-	4,418	-	-	4,418	4,418
Non-current financial assets held for trading	-	-	3,234	-	-	-	3,234	3,234
Non-current loans and receivables	-	-	-	-	7,771	18,221	25,992	25,992
Other non-current financial assets	-	-	3,234	4,418	7,771	18,221	33,644	33,644
Interest rate derivatives	2,398	-	-	-	-	-	2,398	2,398
Non-current derivative financial instruments	2,398	-	-	-	-	-	2,398	2,398
Trade receivables	-	-	-	-	-	677,801	677,801	677,801
Current loans & receivables	-	-	-	-	-	3,853	3,853	3,853
Commodity hedging derivatives	-	527	-	-	-	-	527	527
Foreign currency hedging derivatives	-	19	-	-	-	-	19	19
Other commodity hedging derivatives	165	-	-	-	-	-	165	165
Other foreign currency hedging derivatives	3,609	-	-	-	-	-	3,609	3,609
Current derivative financial instruments	3,774	546	-	-	-	-	4,320	4,320
Current financial assets held for trading	-	-	-	6,245	-	10,112	16,357	16,357
Cash	-	-	-	-	-	152,345	152,345	152,345
Cash equivalents	-	-	318,011	-	-	-	318,011	318,011
Cash & cash equivalents	-	-	318,011	-	-	152,345	470,356	470,356
TOTAL ASSETS	6,172	546	321,245	10,663	7,771	862,332	1,208,729	1,208,729

(1) Fair value based on the prices quoted in an active market (level 1 instruments).

(2) Fair value based on other directly or indirectly observable data.

LIABILITIES	Financial instruments at fair value through profit or loss ⁽¹⁾	Hedging derivatives ⁽²⁾	Financial assets and liabilities at fair value through profit or loss ⁽²⁾	Financial liabilities measured at amortized cost	Carrying amount	Fair value
<i>In thousands of euro</i>						
December 31, 2014						
Bond issues	-	-	-	169,134	169,134	169,134
Other borrowings	-	-	-	139,245	139,245	139,245
Non-current borrowings	-	-	-	308,379	308,379	308,379
Put options granted to minority shareholders	-	-	57,088	-	57,088	57,088
Other items	-	-	12	-	12	12
Other non-current liabilities	-	-	57,100	-	57,100	57,100
Interest rate derivatives	6,499	1,534	-	-	8,033	8,033
Non-current derivative financial instruments	6,499	1,534	-	-	8,033	8,033
Trade payables	-	-	-	636,283	636,283	636,283
Guarantee deposits received	-	-	-	100	100	100
Commodity hedging derivatives	-	33	-	-	33	33
Other commodity derivatives	162	-	-	-	162	162
Foreign currency derivatives	4,031	-	-	-	4,031	4,031
Current derivative financial instruments	4,193	33	-	-	4,226	4,226
Current financial liabilities	-	-	-	506,408	506,408	506,408
Financial current accounts	-	-	-	2,162	2,162	2,162
Current bank facilities	-	-	-	140,220	140,220	140,220
Current borrowings	-	-	-	648,790	648,790	648,790
TOTAL LIABILITIES	10,692	1,567	57,100	1,593,552	1,662,911	1,662,911

(1) Fair value based on the prices quoted in an active market (level 1 instruments).

(2) Fair value based on other directly or indirectly observable data.

NOTE 29. CHANGE IN WORKING CAPITAL

<i>In thousands of euro</i>	December 31, 2015	December 31, 2014
Trade receivables	13,528	-2,964
Inventories	7,287	-19,323
Trade payables	4,907	-14,338
Miscellaneous receivables and payables	16,356	5,775
	42,078	-30,850

The change in working capital is impacted by the fall in net sales as well as by the fall in the price of cow's milk and in world prices for industrial products.

NOTE 30. CONTINGENT ASSETS AND LIABILITIES

The Group's contingent assets and liabilities comprised:

- Undertakings given and received, in respect of two investments, amounting in total to €42.6 million (2014: €42.6 million);
- Contingent liabilities related to financing activities.

Financial guarantees provided to Group companies amounting in total to €125.8 million (2014: €144.3 million);

- Contingent assets and liabilities related to operating activities.

Contingent liabilities:

Contingent liabilities included operating lease payment commitments for €65.7 million (2014: €73.9 million), finance lease payment commitments for €5 million (2014: €6.2 million) and other commitments for €77.9 million (2014: €99.6 million).

The operating and finance lease payment commitments may be detailed as follows:

<i>In millions of euro</i>	Operating lease payments	Minimum finance lease payments
In 2016	25.0	1.4
From 2017 to 2020	35.0	3.6
Beyond 2020	5.7	0.0

The Group has entered into milk supply contracts with several producers, based on normal market conditions.

Contingent assets:

Miscellaneous commitments received by the Group amount to €29 million (2014: €31.5 million).

NOTE 31. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are only deemed to have been performed at arm's length conditions if such is demonstrably the case.

The Group is controlled by SOPARIND SCA, a company registered in France which directly or indirectly holds 66.64% of the parent company's share capital. The balance of share capital is held by a large number of shareholders and is dealt in on the Paris stock exchange. Some subsidiaries (see note 34 detailing the Group's consolidation scope) are not fully owned by SAVENCIA SA. For the most part, their minority shareholders are milk production or collection cooperatives which supply the Group and may also purchase from the Group. Those transactions constitute the Group's main related party transactions. Sales to related party cooperatives amounted to €73.7 million in 2015 (2014: €90.1 million) and purchases to €698 million in 2015 and €859.9 million in 2014. The Group also engages in treasury management on behalf of related parties and received total remuneration of €0.7 million for such services performed during 2015 (2014: €1.6 million).

The Group has created a joint venture with Sodiaal called La Compagnie des Fromages et Richesmonts. The Group supplies this company with part of its milk requirement and purchases part of its industrial by-products, as well as providing logistic, commercial, IT and administrative services and distributing the company's products in a certain number of foreign countries.

The Group's other financial assets include a €4.3 million loan to La Compagnie des Fromages et RichesMonts.

Group sales to associates amounted to €214.8 million in 2015 (2014: €243 million) and purchases from associates amounted to €194 million (2014: €213.7 million). The transactions essentially related to dairy materials.

A total of €3.1 million (2014: €4.2 million) of gross remuneration, comprising €3 million of short-term benefits and €0.1 million of post-employment benefits, was paid during the period to directors. No other long-term benefits exist and no provision is made for compensation in the event of termination of employment contracts. No share-based payments were made in 2014 or 2015.

The main directors include the chairman of the board of directors, managing and deputy managing directors and other board members.

NOTE 32. EVENTS AFTER THE YEAR-END

No significant event has occurred since the year-end.

NOTE 33. CONSOLIDATED FINANCIAL STATEMENTS FOR 2014 RESTATED FOR THE IMPACT OF THE APPLICATION OF IFRIC21

RESTATED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

<i>In thousands of euro</i>	December 31, 2014	Restatement	December 31, 2014 restated
TOTAL NON-CURRENT ASSETS	1,612,493	-1,868	1,610,625
TOTAL CURRENT ASSETS	1,771,208	-	1,771,208
Assets relating to operations discontinued or in process of sale	1,961	-	1,961
TOTAL ASSETS	3,385,662	-1,868	3,383,794

EQUITY AND LIABILITIES

<i>In thousands of euro</i>	December 31, 2014	Restatement	December 31, 2014 restated
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	1,118,724	4,149	1,122,873
Equity attributable to non-controlling interests	101,109	-	101,109
TOTAL EQUITY	1,219,833	4,149	1,223,982
TOTAL NON-CURRENT LIABILITIES	612,804	-	612,804
TOTAL CURRENT LIABILITIES	1,552,788	-6,017	1,546,771
Liabilities relating to operations discontinued or in process of sale	236	-	236
TOTAL LIABILITIES	2,165,828	-6,017	2,159,811
EQUITY AND LIABILITIES	3,385,662	-1,868	3,383,794

IFRIC 21 did not have any material impact on the consolidated income statement and statement of cash flows for 2014.

NOTE 34. LIST OF THE PRINCIPAL CONSOLIDATED ENTITIES

Fully consolidated entities	Country	Siren N°	% voting rights		% economic interest	
			12/31/2015	12/31/2014	12/31/2015	12/31/2014
France						
SAVENCIA SA	FRANCE	847 120 185	Parent	Parent	Parent	Parent
SAVENCIA Fromage & Dairy Foodservice	FRANCE	389 330 739	100.00	100.00	84.58	84.58
SAVENCIA Produits Laitiers France	FRANCE	394 530 703	100.00	100.00	100.00	100.00
Alliance Laitière Européenne SAS	FRANCE	388 435 539	100.00	100.00	98.50	98.50
Armor Protéines SAS	FRANCE	679 200 287	100.00	100.00	84.58	84.58
B.G. SAS	FRANCE	331 339 275	99.97	99.97	99.97	99.97
SAVENCIA Fromage & Dairy Europe	FRANCE	351 014 352	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Overseas	FRANCE	325 508 653	99.96	99.96	99.96	99.96
SAVENCIA Fromage & Dairy International	FRANCE	402 927 628	100.00	100.00	100.00	100.00
Bressor Alliance SA	FRANCE	379 657 570	66.66	66.66	66.66	66.66
Bressor SA	FRANCE	383 228 764	99.74	99.74	66.48	66.48
Centre Bretagne Lait SA	FRANCE	387 493 315	100.00	100.00	84.58	84.58
C.F.V.A. SAS	FRANCE	314 830 050	99.97	99.97	99.97	99.97
SAVENCIA Ressources Laitières	FRANCE	389 297 748	100.00	100.00	84.58	84.58
CLE-PSO SNC	FRANCE	444 475 016	100.00	100.00	84.58	84.58
Compagnie Générale Laitière SA	FRANCE	775 668 999	100.00	99.99	84.58	84.58
Compagnie Laitière de Derval SAS	FRANCE	403 001 068	100.00	100.00	84.58	84.58
Compagnie Laitière Européenne SA	FRANCE	780 876 421	85.86	85.86	84.58	84.58
Compagnie Laitière Normandie-Bretagne SAS	FRANCE	349 652 560	100.00	100.00	84.58	84.58
Dutch Cheese Masters SAS	FRANCE	789 660 743	55.00	55.00	55.00	55.00
Elvir SAS	FRANCE	389 297 664	100.00	100.00	84.58	84.58
Etablissement L. Tessier SAS	FRANCE	667 180 392	99.71	99.71	99.71	99.71
Fromagerie Berthaut SA	FRANCE	316 608 942	90.00	90.00	90.00	90.00
Fromagerie de Vihiers SAS	FRANCE	350 546 719	100.00	100.00	100.00	100.00
Fromagerie des Chaumes SAS	FRANCE	314 830 183	99.94	99.94	99.93	99.93
Fromageries Lescure SAS	FRANCE	794 040 956	51.00	51.00	51.00	51.00
Fromagerie Perreault SAS	FRANCE	316 085 620	99.98	99.98	99.98	99.98
Fromageries Saint Saviol SAS	FRANCE	793 801 028	100.00	100.00	84.58	84.58
Fromagerie Rambol SAS	FRANCE	315 130 641	99.95	99.95	99.95	99.95
Fromapac SAS	FRANCE	402 180 541	100.00	100.00	100.00	100.00
Fromarsac SAS	FRANCE	331 260 083	100.00	100.00	100.00	100.00
Fruisec SAS	FRANCE	307 963 389	100.00	100.00	100.00	100.00
Grand'Ouche SAS	FRANCE	314 815 457	99.83	99.83	99.83	99.83
La Compagnie des Fromages SAS	FRANCE	393 257 654	100.00	100.00	84.58	84.58
Les Fromagers de L'Europe SAS	FRANCE	428 744 973	100.00	100.00	100.00	100.00
Les Fromagers Associés SAS	FRANCE	349 542 415	100.00	100.00	100.00	100.00
Les Fromageries de Thiérache SAS	FRANCE	315 332 569	100.00	100.00	100.00	100.00
Messageries Laitières SNC	FRANCE	313 966 103	61.31	61.31	51.86	51.86
Normandie Bretagne Transports SAS (NBT)	FRANCE	403 128 051	100.00	100.00	84.58	84.58
Prodilac SNC	FRANCE	389 297 714	100.00	100.00	84.58	84.58
SB Alliance SNC	FRANCE	409 080 538	84.99	84.99	84.98	84.98
SB Alliance Informatique	FRANCE	780 876 405	100.00	100.00	84.58	84.58
SB Biotechnologies SAS	FRANCE	450 983 051	100.00	100.00	97.50	97.50
Société des Beurres et Crèmes des Régions d'Europe	FRANCE	487 220 295	100.00	100.00	84.58	84.58
Société Les Vergers des Coteaux du Périgord SAS	FRANCE	330 479 213	100.00	100.00	100.00	100.00
Sodilac SAS	FRANCE	689 806 470	100.00	100.00	84.58	84.58
Sofivo SAS	FRANCE	352 848 725	100.00	100.00	84.58	84.58
Sogasi SAS	FRANCE	315 062 224	100.00	99.99	100.00	99.99
Sogepe SAS	FRANCE	384 557 880	100.00	100.00	84.58	84.58
Soredab SAS	FRANCE	317 705 267	97.50	97.50	97.50	97.50

Fully consolidated entities	Country	% voting rights		% economic interest	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
Other countries					
Advanced Food Products LLC	USA	100.00	65.00	100.00	65.00
Alouette Cheese USA LLC	USA	100.00	100.00	100.00	100.00
Arab French Company for Dairy and Cheese Products	EGYPT	100.00	100.00	100.00	100.00
Balderama N.V.	NETHERLANDS	100.00	100.00	84.58	84.58
Savencia Fromage & Dairy Nordics	DENMARK	100.00	100.00	100.00	100.00
BEV	RUSSIA	100.00	100.00	100.00	100.00
Bongrain A.G.	SWITZERLAND	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Bénélux	BELGIUM	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy Deutschland GmbH	GERMANY	100.00	100.00	100.00	100.00
Bongrain Europarticipations BV	NETHERLANDS	100.00	100.00	100.00	100.00
Bongrain Autriche	AUSTRIA	100.00	100.00	100.00	100.00
Savencia Fromage & Dairy Italia	ITALY	100.00	100.00	100.00	100.00
Savencia Fromage & Dairy Nederland	NETHERLANDS	100.00	100.00	100.00	100.00
Bonprole SA	URUGUAY	90.00	90.00	90.00	90.00
Bresse Bleu Japon KK	JAPAN	100.00	100.00	100.00	100.00
BSI Tianjin Foods Cy Ltd	CHINA	100.00	100.00	100.00	100.00
Corman Deutschland GmbH	GERMANY	100.00	100.00	84.58	84.58
Corman Italia Spa	ITALY	100.00	100.00	84.58	84.58
Corman Miloko Ireland Ltd	IRELAND	55.00	55.00	46.52	46.52
Corman SA	BELGIUM	100.00	100.00	84.58	84.58
Dabon International Ltd	INDIA	89.99	89.99	89.99	89.99
Delaco	RUMANIA	72.00	72.00	72.00	72.00
Edelweiss GmbH Co KG	GERMANY	100.00	100.00	100.00	100.00
Eurexpan BV	NETHERLANDS	100.00	100.00	100.00	98.50
Food Garden	SWEDEN	100.00	100.00	99.96	99.96
Fromagers Associés Japon KK	JAPAN	51.00	51.00	51.00	51.00
Fromunion SA	BELGIUM	100.00	100.00	100.00	100.00
ICC Paslek	POLAND	100.00	100.00	84.58	84.58
Mantequeras Arias SA	SPAIN	100.00	100.00	100.00	100.00
Mashreq des Produits Laitiers SA	EGYPT	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy SK	SLOVAKIA	99.99	99.99	99.99	99.99
Milkaut	ARGENTINA	99.78	99.78	99.78	99.78
Mleczarnia Turek Sp ZOO	POLAND	100.00	100.00	100.00	100.00
Mleko Produkt	SERBIA	100.00	100.00	100.00	100.00
Molkerei Sobbeke GMBH	GERMANY	80.00	80.00	80.00	80.00
Molkerei Gebr Rogge GMBH	GERMANY	92.49	92.49	92.49	92.49
Novomilk	SLOVAKIA	100.00	100.00	100.00	100.00
Pannontej Rt.	HUNGARIA	100.00	100.00	100.00	100.00
Paturain BV	NETHERLANDS	100.00	100.00	100.00	100.00
Petra SA	URUGUAY	100.00	100.00	100.00	100.00
Polenghi Ltda	BRAZIL	100.00	100.00	100.00	100.00
S.B.M.S. SA	BELGIUM	99.98	99.98	99.98	99.98
Santa Rosa Chile	CHILE	99.99	99.99	99.99	99.99
SB International	BELGIUM	100.00	100.00	100.00	100.00
Sinodis Limited	CHINA	100.00	100.00	100.00	100.00
TDSI	USA	100.00	100.00	100.00	100.00
TPK SRO	CZECH REPUBLIC	100.00	100.00	100.00	100.00
SAVENCIA Fromage & Dairy UK Limited	UK	100.00	100.00	100.00	100.00
Zausner Foods Corp. & subsidiaries	USA	100.00	100.00	100.00	100.00

Zvenigorodka	UKRAINE	99.96	99.96	99.96	99.96
Entities consolidated using the equity method		% voting rights		% economic interest	
Country		12/31/2015	12/31/2014	12/31/2015	12/31/2014
France					
Financière Louis	FRANCE	10.38	10.38	10.38	10.38
CF & R Gestion	FRANCE	50.00	50.00	42.29	42.29
Compagnie des Fromages & RichesMonts	FRANCE	50.00	50.00	42.29	42.29
Lacto Sérum France SA	FRANCE	24.94	24.94	24.94	24.94
Poitou Chèvre SAS	FRANCE	48.96	48.96	24.97	24.97
Sica Silam	FRANCE	40.16	40.16	39.82	39.82
Sanicoopa SARL	FRANCE	37.99	37.99	32.13	32.13
Other countries					
Andechser Molkerei Scheitz Gmbh	GERMANY	-	24.84	-	24.84
Capsa	SPAIN	-	27.00	-	22.84
Esbon SA	TURKEY	50.00	50.00	50.00	50.00
Ferrari	ITALY	27.00	27.00	27.00	27.00
Forlactaria SA	SPAIN	40.00	40.00	40.00	40.00
La Compagnie Fromagère SA	TUNISIA	42.50	42.50	42.50	42.50
Premiumlab	SPAIN	20.00	-	16.92	-
Sodiaal Gmbh	GERMANY	50.00	50.00	42.29	42.29
Val d'Arve SA	SWITZERLAND	33.34	33.34	33.34	33.34