



**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2016**

# CONSOLIDATED FINANCIAL STATEMENTS

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### 1. Consolidated income statement

<i>In thousands of euro</i>	Notes	12 months	
		2016	2015
<b>NET SALES</b>	<b>2</b>	<b>4 418 361</b>	<b>4 441 853</b>
Purchases adjusted for changes in inventory	3	-2 763 912	-2 858 157
Personnel costs	4	-839 169	-820 190
Depreciation and amortization	5	-125 267	-119 372
Other current operating expense	6	-502 910	-492 269
<b>CURRENT OPERATING PROFIT</b>		<b>187 103</b>	<b>151 865</b>
Other operating expense	7	-18 626	-40 904
Other operating income	7	12 516	7 681
<b>TOTAL OPERATING PROFIT</b>		<b>180 993</b>	<b>118 642</b>
Financial expense	8	-38 278	-35 704
Financial income	8	10 210	9 349
Group share of results of associates	9	6 715	8 936
<b>PROFIT BEFORE TAX</b>		<b>159 640</b>	<b>101 223</b>
Income tax expense	10	-47 693	-39 203
<b>Net income from continuing operations</b>		<b>111 947</b>	<b>62 020</b>
<b>Net income from discontinued operations</b>		<b>-</b>	<b>41</b>
<b>NET INCOME</b>		<b>111 947</b>	<b>62 061</b>
Net income attributable to equity holders of the parent company		104 494	57 020
Non-controlling interests	23	7 453	5 041
<b>EARNINGS PER SHARE</b>			
<b>Attributable to equity holders of the parent company :</b>			
• basic	11	7,48	4,07
• diluted	11	7,30	3,97
<b>For continuing operations :</b>			
• basic		7,48	4,06
• diluted		7,30	3,96

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of euro</i>	<b>Notes</b>	<b>12 months</b>	
		<b>2016</b>	<b>2015</b>
<b>NET INCOME</b>		<b>111 947</b>	<b>62 061</b>
<b>Other comprehensive income:</b>			
Foreign exchange differences <sup>(1)</sup>		22 078	8 007
Change in fair value of available-for-sale financial assets		-946	5 256
Change in fair value of cash flow hedges, net of taxes <sup>(2)</sup>		-2 837	2 511
Other changes		-468	-
Share of associates and joint ventures in recyclable components		-97	258
<b>Total recyclable components of other comprehensive income</b>		<b>17 730</b>	<b>16 032</b>
Actuarial gains and losses relating to employment benefit plans		-7 678	8 100
Share of associates and joint ventures in non-recyclable components		23	234
<b>Total non-recyclable components of other comprehensive income</b>		<b>-7 655</b>	<b>8 334</b>
<b>Total other comprehensive income net of tax</b>	21	<b>10 075</b>	<b>24 366</b>
<b>TOTAL COMPREHENSIVE INCOME NET OF TAXE</b>		<b>122 022</b>	<b>86 427</b>
Group share		115 092	77 201
Non-controlling interests	23	6 930	9 226

(1) Mainly relating to the following foreign currencies: USD, EGP, BRL, CNY, ARS.

(2) Mainly relating to hedging of interest rates and raw materials.

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

## 2. Consolidated statement of balance sheet

### ASSETS

<i>In thousands of euro</i>	<b>Notes</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Intangible assets	12	434 163	433 707
Property, plant and equipment	13	928 558	882 520
Other financial assets	14	30 823	31 022
Investments in associates	9	118 417	126 344
Non-current derivative financial instruments	18	18 253	17 126
Deferred tax assets	15	33 368	26 076
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1 563 582</b>	<b>1 516 795</b>
Inventories and work in progress	16	462 461	429 071
Trade and other receivables	17	797 047	790 321
Tax receivable		36 469	24 619
Current derivative financial instruments	18	6 948	3 657
Other current financial assets	19	12 466	18 394
Cash and cash equivalents	20	430 824	371 088
<b>TOTAL CURRENT ASSETS</b>		<b>1 746 215</b>	<b>1 637 150</b>
Assets held for sale or relating to discontinued operations		938	948
<b>TOTAL ASSETS</b>		<b>3 310 735</b>	<b>3 154 893</b>

### EQUITY AND LIABILITIES

<i>In thousands of euro</i>	<b>Notes</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b>Paid-in capital</b>	22	<b>86 956</b>	<b>94 165</b>
Reserves	22	-12 835	-23 901
Retained earnings		1 186 253	1 100 881
<b>GROUP SHARE OF EQUITY</b>		<b>1 260 374</b>	<b>1 171 145</b>
Non-controlling interests	23	101 312	99 731
<b>TOTAL EQUITY</b>	<b>22</b>	<b>1 361 686</b>	<b>1 270 876</b>
Provisions	24	110 609	106 540
Non-current financial borrowings	25	196 573	193 439
Other non-current liabilities	26	36 204	28 401
Non-current derivative financial instruments	28	6 559	6 847
Deferred tax liabilities	15	52 579	56 698
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>402 524</b>	<b>391 925</b>
Trade and other payables	27	932 687	892 460
Tax payable		14 652	12 130
Current derivative financial instruments	28	3 793	1 193
Bank borrowings	25	595 347	585 846
<b>TOTAL CURRENT LIABILITIES</b>		<b>1 546 479</b>	<b>1 491 629</b>
Liabilities held for sale or relating to discontinued operations		46	463
<b>TOTAL LIABILITIES</b>		<b>1 949 049</b>	<b>1 884 017</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 310 735</b>	<b>3 154 893</b>

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

### 3. Consolidated statement of cash flows

In thousands of euro	Notes	12 months	
		2016	2015
<b>Net income from discontinued operations or in process of sale</b>		-	41
<b>Net income from continuing operations</b>		<b>111 947</b>	<b>62 020</b>
Income tax expense	10	47 693	39 203
Depreciation and amortization	5	125 267	119 372
Gains and losses on disposal of assets		1 959	15 532
Group share of results of associates	9	-6 715	-8 936
Net financial expense		11 517	20 166
Other non-cash income and expense		10 842	5 150
<b>Gross operating margin</b>		<b>302 510</b>	<b>252 507</b>
Interest paid		-20 018	-28 304
Interest received		8 869	8 072
Income tax paid		-64 480	-39 596
Change in working capital	29	-10 788	42 078
<b>Net cash flow from operating activities for continuing operations</b>		<b>216 093</b>	<b>234 757</b>
<b>Net cash flow from operating activities for discontinued operations or in process of sale</b>		-	-19
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>216 093</b>	<b>234 738</b>
Acquisition of subsidiaries, operating units and non-controlling interests		-	-55 890
Disposal of businesses net of the cash transferred		13 564	44 364
Purchase of tangible and intangible non-current assets	2	-180 323	-157 671
Proceeds from disposal of assets		13 576	2 775
Acquisition/disposal of financial assets and changes in other current financial assets		3 391	6 057
Dividends received (including dividends received from associates )		1 272	13 777
<b>Net cash flow from investment associated with continuing operations</b>		<b>-148 517</b>	<b>-146 588</b>
<b>Net cash flow from investment associated with discontinued operations or in process of sale</b>		<b>-3</b>	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>-148 520</b>	<b>-146 588</b>
<b>Net cash flow from financing activities</b>			
Purchase of treasury shares	22	-7 211	-775
Share capital increase paid by non-controlling interests		-	1 678
Movements on the share capital of associates		-	380
Proceeds of borrowings	25	130 824	8 307
Repayment of borrowings	25	-39 829	-179 554
Dividends paid		-16 539	-16 538
<b>Net cash flow from financing activities for continuing operations</b>		<b>67 245</b>	<b>-186 502</b>
<b>Net cash flow from financing activities for discontinued operations or in process of sale</b>		-	-
<b>NET CASH FLOW FOR FINANCING ACTIVITIES</b>		<b>67 245</b>	<b>-186 502</b>
Impact of foreign exchange differences		8 535	17 393
<b>Net change in cash and cash equivalents</b>		<b>143 353</b>	<b>-80 959</b>
<b>Reclassification of cash and cash equivalents for discontinued operations or in process of sale</b>		<b>216</b>	-
<b>OPENING CASH AND CASH EQUIVALENT</b>	20	<b>247 222</b>	<b>328 182</b>
<b>CLOSING CASH AND CASH EQUIVALENT</b>	20	<b>390 792</b>	<b>247 222</b>

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

## 4. Consolidated statement of changes in equity

Equity attributable to shareholders of the parent company					
	Paid-in capital	Reserves	Retained earnings	Non-controlling interests	Total consolidated equity
<i>In thousands of euro</i>	(note 22)	(note 22)		(note 23)	
<b>EQUITY AT 01/01/2015</b>	<b>94 714</b>	<b>-44 573</b>	<b>1 068 583</b>	<b>101 109</b>	<b>1 219 833</b>
Restatement IFRIC 21	-	-	4 149	-	4 149
<b>EQUITY AT 01/01/2015 restated<sup>(1)</sup></b>	<b>94 714</b>	<b>-44 573</b>	<b>1 072 732</b>	<b>101 109</b>	<b>1 223 982</b>
Dividends distributed			-11 221	-5 317	-16 538
<b>Total comprehensive income at 12/31/2015</b>		<b>20 672</b>	<b>56 529</b>	<b>9 226</b>	<b>86 427</b>
Stock purchase option plans:					
• Value of services provided	226				226
• Sale of treasury shares	-775				-775
Purchase of treasury shares	-				-
Change in share capital			-	1 678	1 678
Change in consolidation scope:					
• Put options granted to non-controlling interests			-17 159	-6 966	-24 125
Others			-	1	1
<b>EQUITY AT 12/31/2015</b>	<b>94 165</b>	<b>-23 901</b>	<b>1 100 881</b>	<b>99 731</b>	<b>1 270 876</b>
Dividends distributed			-13 944	-2 595	-16 539
<b>Total comprehensive income at 12/31/2016</b>		<b>11 066</b>	<b>104 026</b>	<b>6 930</b>	<b>122 022</b>
Stock purchase option plans:					
Purchase of treasury shares <sup>(2)</sup>	-7 209			-2	-7 211
Changes in share capital				-	-
Changes in consolidation scope:					
• Put options granted to non-controlling interests			-4 745	-2 716	-7 461
• Change in percentage of interest			36	-36	-
Others			-1	-	-1
<b>EQUITY AT 12/31/2016</b>	<b>86 956</b>	<b>-12 835</b>	<b>1 186 253</b>	<b>101 312</b>	<b>1 361 686</b>

(1) With effect from January 1<sup>st</sup> 2015 (and with retroactive effect from January 1<sup>st</sup> 2014), the Group has applied IFRIC 21, Levies.

(2) SAVENCIA SA had the opportunity to repurchase its own shares (127 885 shares).

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

## 5. Notes to the consolidated financial statements

SAVENCIA 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 (78 220). Its shares are negotiated on the Paris stock exchange.

The trading name of SAVENCIA SA and its subsidiaries is hereafter 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 9, 2017. 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, 2017.

### 5.1 Basis of preparation of the consolidated financial statements

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In accordance with European regulation CE N° 1606/2002 dated July 19, 2002 the Group's consolidated financial statements at December 31, 2016 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 (IFRS) 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 IFRS 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 applies the amendments to standards and interpretations, applicable from January 1<sup>st</sup>, 2016.

The Group has not made early application of standards and interpretations that will not become applicable until 2017.

The Group reviews all the new standards and interpretations which will be enforced on horizon 2018 and 2019, in particular IFRS 9 – Financial instruments, IFRS 15 – Revenue from contracts with customers and IFRS 16 – Leases. The Group does not expect significant impacts of the application of IFRS 15. The Group is assessing the potential impact on the reported performance and financial statement presentation of the application of IFRS 9 and IFRS 16.

### 5.2 Bases of consolidation

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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 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 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 the investment, the carrying amount of the investment is reduced to zero. Additional losses are not taken into account unless the Group is no 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 cash flow 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 directly 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 sale 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 payable 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 directly outside profit or loss.

For reasons of substance over form, French research tax credit is treated as an operation 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

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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 (generally 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 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 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 directly 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 2.87 % 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 2016.

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

## NOTE 1 . CHANGES IN CONSOLIDATION SCOPE

During the financial year 2016, the main change is:

- The Group sold its 24.94 % interest in the company Lacto Sérum France SA on June 15<sup>th</sup>, 2016. The proceeds of the sale is not material.
  - This operation concerns “Cheese Products” operating segment

During the financial year 2015, the main changes were the following:

- The sale on May 28<sup>th</sup>, 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 purchase option on December 31<sup>th</sup>, 2015.
  - This two operations concerned “Other Dairy Products” operating segment.
- The sale on October 1<sup>st</sup>, 2015 of a 24.8 % interest in Andechser Molkerei Scheitz GmbH (Germany).
  - This operation concerned “Cheese Products” operating segment.

## NOTE 2 . SEGMENT REPORTING

The Group's segment reporting is based on the internal reporting used by the Chief Executive Officer, the Group's main operational decision-taker. The reported data 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, pastry-making butter 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.

Only the following key performance indicators: net sales, current operating profit and operating profit margin, are reviewed and used by the Chief Executive Officer.

Items in the summarized income statement divided by operating segment appear and gets closer to the Group's income as follows :

	12 months							
	Cheese Products		Other Dairy Products		Other items		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
<i>In thousands of euro</i>								
Net sales by segment	2 611 667	2 602 024	1 941 794	1 961 988	67 515	63 581	4 620 976	4 627 593
Inter-segment revenue	-110 520	-104 155	-42 837	-36 203	-49 258	-45 382	-202 615	-185 740
<b>Third party net sales</b>	<b>2 501 147</b>	<b>2 497 869</b>	<b>1 898 957</b>	<b>1 925 785</b>	<b>18 257</b>	<b>18 199</b>	<b>4 418 361</b>	<b>4 441 853</b>
Depreciation and amortization	-79 671	-77 735	-37 120	-33 986	-8 476	-7 651	-125 267	-119 372
<b>Current operating profit/(loss)</b>	<b>156 079</b>	<b>138 822</b>	<b>46 966</b>	<b>33 110</b>	<b>-15 942</b>	<b>-20 067</b>	<b>187 103</b>	<b>151 865</b>
<b>Operating profit margin<sup>(*)</sup></b>	<b>6,0%</b>	<b>5,3%</b>	<b>2,4%</b>	<b>1,7%</b>			<b>4,2%</b>	<b>3,4%</b>
Restructuring costs	-1 824	-11 471	-532	-1 965	-1 476	-	-3 832	-13 436
Impairment of assets	-13 354	-524	401	-9 682	-	-475	-12 953	-10 681
<b>Segment profit/(loss)</b>	<b>140 901</b>	<b>126 827</b>	<b>46 835</b>	<b>21 463</b>	<b>-17 418</b>	<b>-20 542</b>	<b>170 318</b>	<b>127 748</b>

(\*) The operating profit margin calculation is not relevant for the segment "Other items".

Items in the balance sheet divided by operating segment appear and get closer to the Group's balance sheet as follows :

	Cheese Products		Other Dairy Products		Other items		Total	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<i>In thousands of euro</i>								
<b>Total assets of which:</b>	<b>2 112 879</b>	<b>1 997 885</b>	<b>1 186 146</b>	<b>1 146 381</b>	<b>11 710</b>	<b>10 627</b>	<b>3 310 735</b>	<b>3 154 893</b>
Investments in associates	113 609	121 595	849	774	3 959	3 975	118 417	126 344

Items of investment flows divided by operating segment appear and get closer to the Group's cash flows as follows :

	12 months							
	Cheese Products		Other Dairy Products		Other items		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
<i>In thousands of euro</i>								
Investment in tangible and intangible non-current assets	103 707	96 243	69 121	55 649	7 495	5 779	180 323	157 671

Reconciliation of segment profit to net income for the year:

<i>In thousands of euros</i>	12 months	
	2016	2015
<b>Segment profit</b>	<b>170 318</b>	<b>127 748</b>
Other operating expense	-444	-15 224
Other operating income	11 119	6 118
<b>Operating profit</b>	<b>180 993</b>	<b>118 642</b>
Financial expense	-38 278	-35 704
Financial income	10 210	9 349
Group share of results of associates	6 715	8 936
<b>Profit before tax</b>	<b>159 640</b>	<b>101 223</b>
Taxes on income	-47 693	-39 203
Net income from discontinued operations or in process of sale	-	41
<b>Net income for the year</b>	<b>111 947</b>	<b>62 061</b>

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
<b>Net sales</b>			
December 31, 2016	1 312 416	1 752 683	1 353 262
December 31, 2015	1 355 208	1 782 910	1 303 735
<b>Investment in tangible and intangible non-current assets</b>			
December 31, 2016	94 383	35 936	50 004
December 31, 2015	86 478	30 156	41 037
<b>Total assets</b>			
December 31, 2016	2 774 484	334 343	201 908
December 31, 2015	2 693 303	281 761	179 829

### NOTE 3 . PURCHASES ADJUSTED FOR CHANGES IN INVENTORIES

	12 months	
<i>In thousands of euro</i>	2016	2015
Raw materials and goods consumed	-2 984 768	-3 087 840
Changes in inventory	40 676	3 635
Expenditure capitalized	2 837	2 641
Other consumption	-213 616	-223 657
Sales of surpluses and by-products and exchanges of milk	390 959	447 064
	<b>-2 763 912</b>	<b>-2 858 157</b>

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

### NOTE 4 . PERSONNEL COSTS

	12 months	
<i>In thousands of euro</i>	2016	2015
Gross remuneration	-542 447	-532 681
Social contributions	-218 987	-217 225
Profit-sharing	-13 944	-13 251
Temporary personnel	-63 966	-57 298
Grants received	175	265
	<b>-839 169</b>	<b>-820 190</b>

The Group had an average of 19 307 employees (including temporary employees) in 2016 (compared with 18 911 in 2015), of whom 7 929 were employed in France, 5 873 in the rest of Europe and 5 505 in the rest of the world. Of employees working in France 18% were employed as managers, 30% as technicians or supervisors and 52% as operatives.

### NOTE 5 . DEPRECIATION, AMORTIZATION AND PROVISIONS

	12 months	
<i>In thousands of euro</i>	2016	2015
Depreciation and amortization	-121 973	-118 793
Movements on operating provisions	-3 294	-579
	<b>-125 267</b>	<b>-119 372</b>

### NOTE 6 . OTHER CURRENT OPERATING INCOME AND EXPENSE

	12 months	
<i>In thousands of euro</i>	2016	2015
Purchased services <sup>(1)</sup>	-467 664	-452 342
Taxes other than taxes on income	-39 231	-43 967
Other current operating income <sup>(2)</sup>	3 985	4 040
	<b>-502 910</b>	<b>-492 269</b>

(1) Including €0.2 million of acquisition cost (€0.1 million in 2015).

(2) Including €3.9 million of research tax credits (€4 million in 2015).

The Purchased services are including €1.9 million of auditor's fees of which €1 million for KPMG Audit ID and €0.8 million for PWC Audit, amounts unchanged compare to 2015. The amount of other authorized auditor's services is not material for the financial years 2016 and 2015.

## NOTE7 . OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense for 2016 included net impairment of certain assets (€13 million), industrial restructuring (€3.8 million), net costs of litigation including in respect of tax (€0.4 million), payments of claims (€5.8 million) and other net income (€4.5 million).

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).

The impairment losses recognized in 2016 and 2015 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 are as follows:

- 4.5 % for Western Europe;
- 5 % for France and Japan;
- 5.5% for United States ;
- 7 % for Southern Europe;
- Between 5.5% and 9% for the European Union Member States of Central and Eastern Europe, China and Chile;
- Between 11.5 % and 22.5 % for Serbia, Russia, India, Brazil, Uruguay, and Egypt;
- 34.5 % for Argentina;
- 27 % for Ukraine.

In 2016 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. These have led to recognize €13 million of impairment losses against tangible assets including €11.8 million for the Brazil, €0.5 million for Ukraine and €0.7 million for specific underutilized assets.

At the end of December 2016, the cumulative impairment losses amounted to €71.4 million concentrated on Southern Europe (€25.6 million), Eastern Europe (€21.1 million), Brazil (€13.4 million), Argentina (9.1 million) and other UGT(€2.2 million).

Considering the residual value of the remaining net intangible and tangible fixed assets on the sensitive cash generating units, the sensitivity effects will not lead a supplementary depreciation.

In 2015 the outlook for the Group's long-range plan, resulted in the recognition of €9.5 million of impairment losses against intangible assets for Argentina and €1.2 million for diverse entities.

## Note 8 . NET FINANCIAL EXPENSE

<i>In thousands of euro</i>	12 months	
	2016	2015
Interest expense <sup>(1)</sup>	-17 886	-24 119
Bank commissions	-5 105	-5 646
Other net financial expense	-4 283	-5 436
Net foreign exchange losses	-11 004	-503
<b>FINANCIAL EXPENSE</b>	<b>-38 278</b>	<b>-35 704</b>
Financial income <sup>(2)</sup>	10 004	8 620
Result of interest rate hedging income <sup>(3)</sup>	206	729
<b>FINANCIAL INCOME</b>	<b>10 210</b>	<b>9 349</b>
<b>NET FINANCIAL EXPENSE</b>	<b>-28 068</b>	<b>-26 355</b>
<i>Of which: net interest expense</i> <sup>(1)+(2)+(3)</sup>	-7 676	-14 770

The financial result of 2016 is mainly affected by net foreign exchange losses, partially compensated by the decrease of financial expenses in connection with the financial debt reduction and the drop in short term interest rates in the Euro area.

## NOTE 9 . INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's only joint ventures are Compagnie des Fromages et RicheMonts (CF&R) in France and its subsidiary Sodiaal GmbH in Germany, both owned at 50% interest.

The partnership with Sodiaal was created at the beginning of 2008 in order to benefit from synergies of the brands, associated with the two group's brands, manufacturing resources, commercial positions and know-how.

The Group also has interests in other associates, which are not individually material.

<i>In thousands of euro</i>	12 months	
	2016	2015
Group share in pre-tax results	9 942	13 502
Group share of income tax	-3 227	-4 566
<b>Net Group share</b>	<b>6 715</b>	<b>8 936</b>

At December 31, 2016, the change in investments in joint ventures and associates may be explained as follows :

<i>In thousands of euro</i>	December 31, 2016	December 31, 2015
<b>At January 1st, 2016</b>	<b>126 344</b>	<b>188 561</b>
Change in consolidation scope <sup>(1)</sup>	-13 299	-57 853
Result for the period	6 715	8 936
Dividends distributed	-1 269	-13 777
Other items	23	219
Impact of foreign exchange differences	-97	258
<b>CLOSING BALANCE</b>	<b>118 417</b>	<b>126 344</b>

- (1) During 2016, the Group sold its 24.94% interest in its associate company Lacto Sérum France.  
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, 2016	December 31, 2015
Current assets	179 356	169 070
Non current assets	172 554	170 063
<b>ASSETS</b>	<b>351 910</b>	<b>339 133</b>
Equity	190 752	181 248
Current liabilities	124 589	123 228
Non current liabilities	36 569	34 657
<b>LIABILITIES</b>	<b>351 910</b>	<b>339 133</b>
Cash and cash equivalents	706	916
Current financial liabilities	2 166	370
Non current financial liabilities	4 842	4 938

## Compagnie des Fromages et RicheMonts

## 12 months

<i>In thousands of euro</i>	2016	2015
Net sales	522 689	555 155
Net Income	11 979	11 823
Other adjustments	-25	225
Other comprehensive income	45	467
Overall result for the year	11 999	12 515

## Compagnie des Fromages et RicheMonts

<i>In thousands of euro</i>	December 31, 2016	December 31, 2015
Dividends received from the joint venture or associates	-1 260	-1 049

Reconciliation of these amounts with the value of equity method :

## Compagnie des Fromages et RicheMonts

<i>In thousands of euro</i>	December 31, 2016	December 31, 2015
Equity	190 752	181 248
Percentage of interest	50%	50%
Share of equity	95 376	90 624
Other adjustments	5 099	4 610
<b>Value of the Group's interest</b>	<b>100 475</b>	<b>95 234</b>
Net income of associates	12 960	12 048
Percentage of interest	50%	50%
<b>Group share of net income and adjustments</b>	<b>6 480</b>	<b>6 024</b>
<b>Group share of other comprehensive income</b>	<b>23</b>	<b>234</b>

## NOTE 10. TAXES ON INCOME

Taxes on income may be broken down as follows:

	12 months	
<i>In thousands of euro</i>	2016	2015
Current tax	-55 549	-45 866
Deferred tax	7 856	6 663
	<b>-47 693</b>	<b>-39 203</b>

The amount of income tax expense differs from the theoretical weighted average charge applying to the profits of consolidated subsidiaries for the following reasons:

	12 months	
<i>In thousands of euro</i>	2016	2015
Profit before tax	159 640	101 223
<b>Theoretical tax based on national tax rates</b>	<b>47 807</b>	<b>29 039</b>
Tax impact of:		
• Restatement of tax for associates	-2 329	-2 791
• Non-taxable profits and non-deductible expenses <sup>(1)</sup>	-4 372	7 597
• Current and deferred tax resulting from the analysis of France's CVAE as a tax on income	5 716	5 681
• Tax credits	-823	-634
• Use of tax losses not previously recognized and impairment of net deferred tax assets <sup>(2)</sup>	6 721	4 220
• Tax rate changes affecting deferred tax <sup>(3)</sup>	-3 649	12
• Other items <sup>(4)</sup>	-1 378	-3 921
<b>Income tax charge</b>	<b>47 693</b>	<b>39 203</b>
Weighted average tax rate	29,88%	38,73%

(1) In 2015: Non-deductible expenses as relates to assets disposal and impairment loss.

(2) Deferred tax assets recognized in respect of tax losses carried forward to the extent that their recovery appears probable. In 2016, the Group's forecast taxable profits for the three coming years have required the recognition of €6.7 million of impairment losses, in particular on Latin America zone, against a reversal of any write-down of €4.2 million in 2015.

(3) Including in France the impact of the tax rate reduction from 34.43% to 28.92 % by 2020 for €3.7 million.

(4) Including effect of tax administration adjustments in 2016 and 2015.

The parent company's tax rate on 2016 amounts to 34.43 % (38% in 2015).

The capping of tax losses carried forward has not resulted in any additional consolidated current tax charges at Group level.

## 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>	2016	2015
Net income attributable to equity holders of SAVENCIA SA	<b>104 494</b>	<b>57 020</b>
Weighted average number of shares in circulation	13 973 253	14 025 093
Basic earnings per share	7,48	4,07

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>	2016	2015
Net income attributable to equity holders of SAVENCIA SA	<b>104 494</b>	<b>57 020</b>
Weighted average number of shares in circulation	13 973 253	14 025 093
Dilutive effect of share purchase options	336 018	354 711
Adjusted weighted average number of shares	14 309 271	14 379 804
<b>Diluted earnings per share</b>	<b>7,30</b>	<b>3,97</b>

Dividends paid in 2016 and 2015 amounted respectively to €1 and €0.8 per share. The Board of Directors will propose on the next Annual General Meeting on April 27, 2017 that a dividend of €1.6 per share be distributed in respect of the fiscal year ending December 31, 2016.

## NOTE 12 . INTANGIBLE ASSETS

<i>In thousands of euro</i>	Goodwill (1)	Intellectual property rights and brands (2)	Other rights of use	Total
<b>At 12/31/2014</b>				
Cost	278 608	228 783	38 882	546 273
Cumulative amortization, impairment losses	-9 072	-80 198	-18 627	-107 897
<b>CARRYING AMOUNT</b>	<b>269 536</b>	<b>148 585</b>	<b>20 255</b>	<b>438 376</b>
<b>2015</b>				
<b>OPENING CARRYING AMOUNT</b>	<b>269 536</b>	<b>148 585</b>	<b>20 255</b>	<b>438 376</b>
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
<b>CARRYING AMOUNT</b>	<b>268 839</b>	<b>145 743</b>	<b>19 125</b>	<b>433 707</b>
<b>At 12/31/2015</b>				
Cost	281 440	231 619	39 545	552 604
Cumulative amortization, impairment losses	-12 601	-85 876	-20 420	-118 897
<b>CARRYING AMOUNT</b>	<b>268 839</b>	<b>145 743</b>	<b>19 125</b>	<b>433 707</b>
<b>2016</b>				
<b>OPENING CARRYING AMOUNT</b>	<b>268 839</b>	<b>145 743</b>	<b>19 125</b>	<b>433 707</b>
Foreign exchange differences	37	-2	-31	4
Acquisitions	-	4 451	3 707	8 158
Disposals	-	-	-2	-2
Impairment (Note 7)	-	-132	-105	-237
Change in consolidation scope	-	-	-	-
Amortization charge (Note 5)	-	-6 083	-1 384	-7 467
<b>CARRYING AMOUNT</b>	<b>268 876</b>	<b>143 977</b>	<b>21 310</b>	<b>434 163</b>
<b>At 12/31/2016</b>				
Cost	280 338	236 032	42 556	558 926
Cumulative amortization, impairment losses	-11 462	-92 055	-21 246	-124 763
<b>CARRYING AMOUNT</b>	<b>268 876</b>	<b>143 977</b>	<b>21 310</b>	<b>434 163</b>

(1) Net goodwill for the "Cheese Products" reporting segment amounted to €84.2 million (2015: €83.5 million) and that for the "Other Dairy Products" segment amounted to €184.7 million (2015: €185.3 million).

(2) Net brands for the "Cheese Products" reporting segment amounted to €90.6 million (2015: €90.7 million) and net brands for the "Other Dairy Products" segment amounted to €33.7 million (2015: €33.6 million).

Intangible assets with indefinite lives had a carrying amount of €393.2 million at December 31, 2016 compared to €393.1 million at December 31, 2015. 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
<b>At 12/31/2014</b>					
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
<b>CARRYING AMOUNT</b>	<b>39 507</b>	<b>250 262</b>	<b>408 822</b>	<b>160 034</b>	<b>858 625</b>
<b>2015</b>					
<b>OPENING CARRYING AMOUNT</b>	<b>39 507</b>	<b>250 262</b>	<b>408 822</b>	<b>160 034</b>	<b>858 625</b>
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
<b>CARRYING AMOUNT</b>	<b>41 347</b>	<b>253 999</b>	<b>421 413</b>	<b>165 761</b>	<b>882 520</b>
<b>At 12/31/2015</b>					
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
<b>CARRYING AMOUNT<sup>(1)</sup></b>	<b>41 347</b>	<b>253 999</b>	<b>421 413</b>	<b>165 761</b>	<b>882 520</b>
<b>2016</b>					
<b>OPENING CARRYING AMOUNT</b>	<b>41 347</b>	<b>253 999</b>	<b>421 413</b>	<b>165 761</b>	<b>882 520</b>
Foreign exchange differences	268	1 816	3 529	147	5 760
Acquisitions	1 791	36 149	101 462	32 539	171 941
Disposals	-19	-700	-3 372	-111	-4 202
Impairment (Note 7)	-	-3 295	-9 058	-1 137	-13 490
Reversal of impairment (Note 7)	1	-	128	400	529
Change in consolidation scope	-	-	-	-	-
Amortization charge (Note 5)	-	-24 999	-73 418	-16 089	-114 506
Impact operations in process of sale	-	-	-	6	6
<b>CARRYING AMOUNT</b>	<b>43 388</b>	<b>262 970</b>	<b>440 684</b>	<b>181 516</b>	<b>928 558</b>
<b>At 12/31/2016</b>					
Cost	44 319	644 333	1 604 495	327 768	2 620 915
Cumulative depreciation, amortization, impairment	-931	-381 363	-1 163 811	-146 252	-1 692 357
<b>CARRYING AMOUNT<sup>(1)</sup></b>	<b>43 388</b>	<b>262 970</b>	<b>440 684</b>	<b>181 516</b>	<b>928 558</b>
Gross finance lease items	75	3 983	8 391	7 498	19 947
Depreciation of finance lease items	-	-3 602	-7 225	-3 991	-14 818
(1) Of which : net finance lease items	75	381	1 166	3 507	5 129

The expense for leased items of property, plant and equipment amounted to €46 million in 2016 and €42.1 million in 2015.

Bank borrowings of €0.3 million are secured against land and buildings at December 31, 2016 (2015: €0.3 million).

In 2016, investment grants of €7.9 million are deducted from the cost of the assets financed (2015: €12.5 million).

Items of property, plant and equipment under construction amounted to €117.9 million (2015: €107 million).

## NOTE 14 . OTHER FINANCIAL ASSETS

<i>In thousands of euro</i>	December 31, 2016	December 31, 2015
Available-for-sale financial assets	7 190	7 456
Held-to-maturity investments	14 110	14 162
Loans and receivables	17 854	17 036
Impairment losses	-8 331	-7 632
	<b>30 823</b>	<b>31 022</b>

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

Other financial assets including a 16% interest in the company Les Fromageries Occitanes for an amount of €3 million. The Group has no significant influence in this company. The Group has other small stakes which are individually not significant.

## 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 €63.1 million at December 31, 2016 and €57.9 million at December 31, 2015, 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 €7.9 million deferred tax credit recognized for the year is essentially the result of deferred tax assets on tax losses.

An €3.6 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.

Taking into account the deferred tax planning reversal, the reduction of the tax rate planned in 2020 in France has the following accounting impacts: a deferred tax income amounted to €3.7 million in the P&L, a reduction of the O.C.I. (€0.2 million) and equity (€0.6 million).

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 euros</i>	At January 1, 2016	Expense/ income	Change in fair value	Actuarial gains/ losses	Other changes	Conversion differences	At December 31, 2016
Intangible assets and property, plant and equipment	-90 244	-1 190	-	-	-882	-846	-93 162
Provisions	17 761	-3 329	-	-	160	305	14 897
Provisions for employee benefits	22 404	-134	-	3 015	328	35	25 648
Financial instruments	-3 739	-4 305	1 095	-	-	-3	-6 952
Tax losses	71 205	13 843	-	-	-	-883	84 165
Other deferred tax	9 850	9 589	-73	-	-74	-17	19 275
<b>Total deferred tax</b>	<b>27 237</b>	<b>14 474</b>	<b>1 022</b>	<b>3 015</b>	<b>-468</b>	<b>-1 409</b>	<b>43 871</b>
Impairment of deferred tax assets	-57 859	-6 618	-	-	-	1 395	-63 082
<b>Net deferred tax</b>	<b>-30 622</b>	<b>7 856</b>	<b>1 022</b>	<b>3 015</b>	<b>-468</b>	<b>-14</b>	<b>-19 211</b>
Of which :							
Deferred tax assets	26 076						33 368
Deferred tax liabilities	56 698						52 579

## NOTE 16 . INVENTORIES AND WORK IN PROGRESS

<i>In thousands of euro</i>	December 31, 2016	December 31, 2015
Raw materials, work in progress and miscellaneous items	198 872	187 082
Goods purchased for resale	18 185	19 804
Finished products	265 007	243 247
Impairment losses	-19 603	-21 062
	<b>462 461</b>	<b>429 071</b>

The impairment losses relate essentially to inventories of intermediate and finished products.

In 2016, a reversal of impairment of € 1.8 million was made compared with a charge of € 1.4 million in 2015.

## NOTE 17 . TRADE AND OTHER RECEIVABLE

<i>In thousands of euro</i>	December 31, 2016	December 31, 2015
Trade receivables	670 488	664 605
Payroll and tax receivables (excluding taxes on income)	71 961	72 351
Miscellaneous receivables	52 751	58 844
Prepayments and other miscellaneous items	12 759	10 247
Impairment losses	-10 912	-15 726
	<b>797 047</b>	<b>790 321</b>

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 often covered by specific insurance, thus leaving only residual amounts subject to risk. A total non-guaranteed amount of €2.2 million was more than six months overdue as of December 31, 2016 compared with €0.8 million as of December 31, 2015.

A reversal of impairment in trade receivables of €0.9 million was recognized in 2016 compared to a net charge of €2.4 million in 2015.

Prepaid expenses mainly comprise insurance and rent.

## NOTE 18 . FINANCIAL ASSETS - DERIVATIVES

<i>In thousands of euro</i>	December 31, 2016		Maturity in 2017		Maturity beyond 2017	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
<b>Fair value hedges</b>						
Commodity derivatives	1 072	-	1 072	-	-	-
Interest rate swaps <sup>(1)</sup>	15 959	126 758	-	-	15 959	126 758
Currency derivatives	-	-	-	-	-	-
<b>Instruments held for trading</b>						
Currency derivatives	5 253	137 714	5 253	137 714	-	-
Interest rate derivatives <sup>(2)</sup>	2 294	445 000	-	225 000	2 294	220 000
Commodity derivatives	623	-	623	-	-	-
	<b>25 201</b>	<b>-</b>	<b>6 948</b>	<b>-</b>	<b>18 253</b>	<b>-</b>
Of which : classified as current	6 948	-	6 948	-	-	-
Of which : classified as non-current	18 253	-	-	-	18 253	-

1) Maturity in 2025 and 2026

2) Maturity in 2017 (225 000), 2018 (170 000), 2019 (20000) and 2020 (30 000) .

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

1) Maturity in 2025 and 2026

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

## NOTE 19 . OTHER CURRENT FINANCIAL ASSETS

Other current financial assets include investments in mutual fund and other securities, which have maturities of less than one year but do not meet all criteria enabling them to qualify as cash equivalents (based on analysis of issue prospectuses and review of the historical changes in their realizable values).

## NOTE 20 . CASH AND CASH EQUIVALENTS

<i>In thousands of euro</i>	December 31, 2016	December 31, 2015
Cash	212 400	175 448
Cash equivalents	218 424	195 640
<b>CASH AND CASH EQUIVALENTS</b>	<b>430 824</b>	<b>371 088</b>

Cash equivalents essentially comprise available-for-sale financial assets (shares in mutual funds and term deposits).

Cash and cash equivalents as presented in the statement of cash flows may be reconciled as follows with the consolidated statements of financial position :

<i>In thousands of euro</i>	December 31, 2016	December 31, 2015
Cash and cash equivalents	430 824	371 088
Bank overdrafts and financial current accounts	-40 032	-123 866
<b>CASH AND CASH EQUIVALENTS</b>	<b>390 792</b>	<b>247 222</b>

## Note 21 . BREAKDOWN BY NATURE OF OTHER COMPREHENSIVE INCOME

	12 months					
	2016			2015		
	Pre-tax amount	Tax effect	Net of tax amount	Pre-tax amount	Tax effect	Pre-tax amount
<i>In thousands of euro</i>						
Foreign exchange differences	22 078	-	22 078	8 007	-	8 007
Change in fair value of available-for-sale financial assets	-1 441	495	-946	8 015	-2 759	5 256
Change in fair value of cash flow hedges	-3 364	527	-2 837	3 832	-1 321	2 511
Other movements	-	-468	-468	-	-	-
Share of associates and joint ventures in recyclable components	-97	-	-97	258	-	258
<b>Total recyclable components of other comprehensive income</b>	<b>17 176</b>	<b>554</b>	<b>17 730</b>	<b>20 112</b>	<b>-4 080</b>	<b>16 032</b>
Actuarial gains and losses on post-employment benefit plans	-10 693	3 015	-7 678	12 376	-4 276	8 100
Share of associates and joint ventures in not-recyclable components	35	-12	23	356	-122	234
<b>Total non-recyclable components of other comprehensive income</b>	<b>-10 658</b>	<b>3 003</b>	<b>-7 655</b>	<b>12 732</b>	<b>-4 398</b>	<b>8 334</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>6 518</b>	<b>3 557</b>	<b>10 075</b>	<b>32 844</b>	<b>-8 478</b>	<b>24 366</b>

## 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
<b>BALANCE AT 01/01/2015</b>	<b>14 022 698</b>	<b>14 033</b>	<b>81 252</b>	<b>-571</b>	<b>94 714</b>
Share purchase option plan					
• Value of services rendered			226		226
• Sale/cancellation of treasury shares	12 000	-	-	-775	-775
• Purchase of treasury shares	-23 737			-	-
<b>BALANCE AT 12/31/2015</b>	<b>14 010 961</b>	<b>14 033</b>	<b>81 478</b>	<b>-1 346</b>	<b>94 165</b>
Share purchase option plan					
• Sale/cancellation of treasury shares	3 000	-	-	-	-
• Purchase of treasury shares	-127 885	-	-	-7 209	-7 209
<b>BALANCE AT 12/31/2016</b>	<b>13 886 076</b>	<b>14 033</b>	<b>81 478</b>	<b>-8 555</b>	<b>86 956</b>

  

<i>In thousands of euro</i>	Hedging reserves	Available-for-sale financial asset fair value reserves	Actuarial gains and losses	Foreign exchange differences	Total
<b>BALANCE AT 01/01/2015</b>	<b>-7 990</b>	<b>-1 945</b>	<b>-20 682</b>	<b>-13 956</b>	<b>-44 573</b>
Revaluation – gross		8015			8 015
Revaluation – tax effect		-2759			-2 759
Revaluation – associates					
Cash flow hedges					
• Change in fair value for the period	3 832				3 832
• Tax on the losses of fair value	-1 321				-1 321
Actuarial gains and losses - gross			11 957		11 957
Actuarial gains and losses - tax effect			-4 199		-4 199
Foreign exchange differences					
• Group				4 889	4 889
• Associates				258	258
<b>BALANCE AT 12/31/2015</b>	<b>-5 479</b>	<b>3 311</b>	<b>-12 924</b>	<b>-8 809</b>	<b>-23 901</b>
Revaluation – gross		-1 441			-1 441
Revaluation – tax effect		495			495
Revaluation – associates					
Cash flow hedges					
• Change in fair value for the period	-3 364				-3 364
• Tax on the losses of fair value	527				527
Actuarial gains and losses - gross			-9 898		-9 898
Actuarial gains and losses - tax effect			2 855		2 855
Foreign exchange differences					
• Group				21 989	21 989
• Associates				-97	-97
<b>BALANCE AT 12/31/2016</b>	<b>-8 316</b>	<b>2 365</b>	<b>-19 967</b>	<b>13 083</b>	<b>-12 835</b>

The company's share capital, fully paid up at December 31, 2016, 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, 2016 SAVENCIA SA held 146 854 (2015: 21 969) treasury shares of which 2 515 (2015: 4 769) held in the context of the Group's liquidity agreement. The Group's various share purchase options plans represented 287 780 shares at December 31, 2016 (337 280 at December 2015). Share premium and similar reserves, representing a total amount of €81 479 thousand at December 31, 2016, comprise the French legal reserve for €1 613 thousand, share premium arising from mergers and other share issues for €73 610 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:

	2016		2015	
	Weighted average exercise price (euro per share)	Options	Weighted average exercise price (euro per share)	Options
At January 1st	52,99	337 280	52,54	363 780
Granted	47,90	-3 000	45,56	-12 000
Expired	67,45	-50 000	47,91	-14 500
<b>AT DECEMBER 31</b>	<b>50,50</b>	<b>284 280</b>	<b>52,99</b>	<b>337 280</b>

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	
		2016	2015
December 14, 2016	68,73	-	46 500
December 12, 2017	75,84	59 500	59 500
December 11, 2018	42,78	54 780	55 280
December 16, 2019	51,14	31 500	32 000
December 16, 2020	57,11	69 500	71 000
December 15, 2021	46,87	69 000	73 000

## Note 23. NON-CONTROLLING INTEREST IN THE GROUP 'S OPERATIONS AND CASH FLOWS

The Group's non-controlling interests may be broken down as follows :

Non controlling interests

	Compagnie Laitière Européenne		Others		TOTAL	
	12 months		12 months		12 months	
<i>In thousands of euro</i>	2016	2015	2016	2015	2016	2015
% voting rights	14,14%	14,14%	-	-	-	-
% economic interest	15,42%	15,42%	-	-	-	-
Share of net income	1 656	-633	5 797	5 674	7 453	5 041
Share of other comprehensive income	-454	551	-69	3 634	-523	4 185
Share of total comprehensive income	1 202	-82	5 728	9 308	6 930	9 226
Cumulative non-controlling interests	71 946	71 741	29 366	27 990	101 312	99 731
Dividends paid to non-controlling interests	942	969	1 653	4 348	2 595	5 317

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

### BALANCE SHEET

#### Compagnie Laitière Européenne

<i>In thousands of euro</i>	December 31, 2016	December 31, 2015
Current assets	566 968	534 720
Non current assets	566 839	534 389
<b>ASSETS</b>	<b>1 133 807</b>	<b>1 069 109</b>
Equity	421 959	413 402
Current liabilities	508 608	508 703
Non current liabilities	203 240	147 004
<b>LIABILITIES</b>	<b>1 133 807</b>	<b>1 069 109</b>

### INCOME STATEMENT

	12 months	
<i>In thousands of euro</i>	2016	2015
Net sales	1 488 056	1 509 850
Net Income	10 927	-8 317
Overall result for the year	9 500	-6 173

## NOTE 24 . PROVISIONS

<i>In thousands of euro</i>	<b>Pensions, other retirement benefits and long-service benefits</b>	<b>Restructuring</b>	<b>Other risks and charges</b>	<b>Total</b>
<b>At January 1st, 2015</b>	<b>91 645</b>	<b>15 573</b>	<b>15 153</b>	<b>122 371</b>
Foreign exchange differences	500	-16	-406	78
Provisions	8 454	5 557	4 734	18 745
Uses	-4 761	-7 520	-9 999	-22 280
Change in actuarial gains and losses	-12 379	-	-	-12 379
Other variations	5	-	-	5
<b>At December 31, 2015</b>	<b>83 464</b>	<b>13 594</b>	<b>9 482</b>	<b>106 540</b>
Foreign exchange differences	-292	-203	117	-378
Provisions <sup>(1)</sup>	5 290	1 447	8 013	14 750
Uses <sup>(2)</sup>	-8 708	-6 971	-5 354	-21 033
Change in actuarial gains and losses <sup>(3)</sup>	10 721	-	-	10 721
Other variations	9	-	-	9
<b>At December 31, 2016</b>	<b>90 484</b>	<b>7 867</b>	<b>12 258</b>	<b>110 609</b>

(1) The provisions for restructuring relate to rationalization plans abroad.

The other provisions for risks and charges concern €5.2 million of litigation and €2.8 million of other contingencies and costs.

(2) Reversal of restructuring provision amounted to €7 million, including €5.5 million of actual use and €1.5 million of provisions no longer required. Reversal provisions for other risks and charges amounted to €3.3 million, including €1.8 million of provisions for litigation. Reversal provisions no longer required amounted to € 2.1 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, 2016 the principal contingencies and disputes accounted for related to restructuring for €7.9 million (December 2015: €13.6 million), to disputes relating to matters of employment or social security for €5.7 million (December 2015: €4.3 million), to commercial disputes for €1.1 million (December 2015: €0.6 million), to tax disputes for €1.8 million (December 2015: €1.9 million) and miscellaneous other contingencies for €3.7 million (December 2015: €2.7 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 follow :

	France		Germany		USA <sup>(2)</sup>		UK		Belgium	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Discount rate <sup>(1)</sup>	1,40%	2,00%	1,40%	2,00%	-	4,23%	2,80%	3,80%	1,15% à 1,50%	1,60%
Inflation rate	1,80%	1,80%	1,80%	1,80%	-	-	3,40%	3,20%	1,80%	1,80%
Rate of salary increases	2,00%	2,00%	3,00%	3,00%	-	-	-	-	1,80%	1,80%

(1) 0.4 % for annuities and long-service benefits in 2016 (1.39% in 2015)

(2) In the USA pension plan was liquidated in November 2016.

The discount rate employed is 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 rates would reduce the present value of the obligations by €4 million for France and €6.8 million for Germany.

A 0.5% increase in the inflation rates would rise the present value of the obligations by €4.4 million for France and €2.5 million for Germany.

The expected return on plan assets is determined for each plan (under IAS19(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.

<b>Evolution of benefit obligations</b>	<b>2016</b>	<b>2015</b>
<b>OPENING BENEFIT OBLIGATIONS</b>	<b>198 029</b>	<b>199 924</b>
Interest expense	5 074	4 980
Current service cost	6 697	6 734
Past service cost	-76	-22
Actuarial differences related to the demographic assumptions	4	-119
Actuarial differences related to the financial assumptions	13 426	-12 571
Actuarial differences related to experience adjustments	-871	-798
Benefits paid	-3 853	-5 589
Internal transfers	9	35
Tax and administration costs	-103	-104
Foreign exchange differences	-1 977	5 451
Other movements <sup>(*)</sup>	-52 559	108
<b>CLOSING BENEFIT OBLIGATION</b>	<b>163 800</b>	<b>198 029</b>

<b>Evolution of plan assets</b>	<b>2016</b>	<b>2015</b>
<b>OPENING PLAN ASSETS</b>	<b>114 565</b>	<b>108 279</b>
Expected return from plan assets	3 168	3 169
Services served by the fund	-3 179	-3 882
Contributions paid to the fund by Group companies	7 470	3 056
Tax and administration charges	-165	-163
Foreign exchange differences	-1 685	4 950
Actuarial loss/gain	1 838	-1 109
Other movements <sup>(*)</sup>	-48 696	265
<b>CLOSING PLAN ASSETS</b>	<b>73 316</b>	<b>114 565</b>

<b>Charge for the period</b>	<b>2016</b>	<b>2015</b>
Current service cost	6 697	6 734
Past service cost	-76	-22
Extraordinary charges	137	-34
<b>TOTAL SERVICE COST</b>	<b>6 758</b>	<b>6 678</b>
Interest expense	5 074	4 980
Yield on plan assets	-3 168	-3 169
<b>NET INTEREST EXPENSE</b>	<b>1 906</b>	<b>1 811</b>
Other movements <sup>(*)</sup>	-3 374	-34
<b>CHARGE FOR THE PERIOD</b>	<b>5 290</b>	<b>8 454</b>

<b>Opening actuarial gains and losses impacting other comprehensive income</b>	<b>2016</b>	<b>2015</b>
Amounts recognized during the period :		
-Related to demographic assumptions	4	-119
-Related to financial assumptions	13 426	-12 571
-Related to experience adjustments	-871	-798
-Related to assets (other than financial income)	-1 838	1 109
<b>CLOSING ACTUARIAL GAINS AND LOSSES IMPACTING OTHER COMPREHENSIVE INCOME</b>	<b>10 721</b>	<b>-12 379</b>

<b>Evolution of the provisions</b>	<b>2016</b>	<b>2015</b>
<b>OPENING PROVISIONS</b>	<b>83 464</b>	<b>91 645</b>
Charge for the period	5 290	8 454
Actuarial gains and losses impacting other comprehensive income	10 721	-12 379
Benefits paid directly by employer	-674	-1 705
Foreign exchange differences	-292	500
Contributions paid to the fund by Group companies	-7 470	-3 056
Transfers and other adjustments	-555	5
<b>CLOSING PROVISIONS</b>	<b>90 484</b>	<b>83 464</b>

<b>Reconciliation of net benefit obligations and provisions</b>	<b>2016</b>	<b>2015</b>
<b>NET OBLIGATIONS</b>	<b>163 800</b>	<b>198 029</b>
Plan assets	-73 316	-114 565
<b>CLOSING PROVISIONS</b>	<b>90 484</b>	<b>83 464</b>

(\*) The US pension plan was liquidated in November 2016. The fund was transferred to an insurance company. The net impact of the liquidation amounts to €1.4 million in the comprehensive income before taxes.

The closing benefit obligations as at December 31, 2016 of € 163.8 million may be broken down as follow :

- €25.6 million for non-funded plans ;
- €138.2 million for partially funded plans.

The contributions for 2017 in respect of its French companies represents a €1.2 million charge.

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, 2016 may be broken as follows:

	France		Germany		USA		UK		Belgium	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Equity instruments	37,0%	37,0%	8,2%	7,0%	-	-	36,1%	33,4%	-	-
Debt instruments	55,0%	55,0%	45,5%	52,0%	-	-	50,8%	47,5%	-	-
Real estate	5,0%	5,0%	11,5%	12,0%	-	-	12,3%	13,3%	-	-
Insurance policies	-	-	-	-	-	100,0%	-	-	100,0%	100,0%
Others	3,0%	3,0%	34,8%	29,0%	-	-	0,8%	5,8%	-	-

## Note 25 . BORROWINGS AND OTHER FINANCIAL LIABILITIES

<i>In thousands of euro</i>	December 31, 2016	Non-current	Current	December 31, 2015	Non-current	Current
Borrowings from financial and similar institutions	546 698	15 339	531 359	454 481	15 435	439 046
Deferred liabilities for profits-sharing payments	14 725	11 570	3 155	14 532	12 403	2 129
Bond issues	187 599	166 758	20 841	182 473	161 705	20 768
Finance lease borrowings	3 997	2 906	1 091	4 900	3 896	1 004
Current bank facilities	38 901	-	38 901	122 899	-	122 899
<b>TOTAL</b>	<b>791 920</b>	<b>196 573</b>	<b>595 347</b>	<b>779 285</b>	<b>193 439</b>	<b>585 846</b>

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.

Borrowings from financial and similar institutions, for non-current facilities, represent the use of credit facilities such as the syndicated facility arranged in 2014.

Bond issues include a private placement of 2003, with a nominal amount of €100 million, repayable in five annual installments commencing in 2014, a second private placement made in 2011 and 2013, maturing in 2025 and 2026, with a nominal amount of \$132.5 million repayable in installments commencing on November 22, 2019 and the third issued in 2016 amount nominal of €20 million, repayable by fifth from 2027.

The Group's average borrowings from financial and similar institutions amounted in 2016, to €938 million, with an average interest cost of 2.6% 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.

<i>In thousands of euro</i>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Within one year	595 347	585 846
In from two to five years	76 429	87 655
In excess of five years	120 144	105 784
	<b>791 920</b>	<b>779 285</b>

They are denominated in the following currencies:

<i>In thousands of euro</i>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
EUR	615 098	577 280
JPY	1 890	2 522
USD	142 493	138 342
Other currencies	32 439	61 141
	<b>791 920</b>	<b>779 285</b>

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

<i>In thousands of euro</i>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Fixed rate borrowings	228 342	228 234
Floating rate borrowings	563 578	551 051
	<b>791 920</b>	<b>779 285</b>

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>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b>BORROWINGS AT THE OPENING</b>	<b>779 285</b>	<b>957 169</b>
New borrowings	130 824	8 307
Repayment of borrowings	-39 829	-179 554
Change in bank facilities and financial current accounts	-78 355	-6 742
Change in financial lease liabilities	-880	-663
Foreign exchange differences	875	768
<b>BORROWINGS AT THE CLOSING</b>	<b>791 920</b>	<b>779 285</b>

Borrowings and other financial liabilities increase by €12.6 million since December 31, 2015. Taking into account cash and cash investments, net debt increases by €41.2 million and amounts to €348.6 million at 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. EBITDA is defined as current operating profit before charges and reversal in respect of depreciation, amortization, impairment and provision.

This ratio imposed continues to be met by the Group.

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>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Non-current borrowings and debts from financial institutions	-196 573	-193 439
Current bank borrowings	-595 347	-585 846
<b>BANK BORROWINGS</b>	<b>-791 920</b>	<b>-779 285</b>
Other current financial assets	12 466	18 394
Cash and cash equivalents	430 824	371 088
<b>NET BORROWINGS</b>	<b>-348 630</b>	<b>-389 803</b>
Treasury shares	8 557	1 346
<b>NET BORROWINGS</b>	<b>-340 073</b>	<b>-388 457</b>

## 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 fair value adjustments for other options relating to consolidated investments.

## NOTE 27 . TRADE AND OTHER PAYABLES

<i>In thousands of euro</i>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Operating payables <sup>(*)</sup>	668 519	638 577
Fixed asset payables	5 069	4 504
Payroll and tax liabilities (excluding taxes on income)	211 495	208 510
Deferred revenue	618	548
Other items	46 986	40 321
	<b>932 687</b>	<b>892 460</b>

(\*) The movement of "operating payables" is linked to the business activity increase and the raw material prices evolution.

## NOTE 28. FINANCIAL LIABILITIES – DERIVATIVES

	December 31, 2016		Maturity 2017		Maturity beyond 2017	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
<i>In thousands of euro</i>						
<b>Fair value hedges</b>						
Commodity derivatives	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-
<b>Instruments held for trading</b>						
Currency derivatives	3 172	99 623	3 172	99 623	-	-
Interest rate derivatives <sup>(1)</sup>	6 559	90 000	-	-	6 559	90 000
Commodity derivatives	621	-	621	-	-	-
	<b>10 352</b>	<b>-</b>	<b>3 793</b>	<b>-</b>	<b>6 559</b>	<b>-</b>
Of which: classified as current liabilities	3 793	-	3 793	-	-	-
Of which: classified as non-current liabilities	6 559	-	-	-	6 559	-

(1) Maturity in 2020 for 90 000.

	December 31, 2015		Maturity 2016		Maturity beyond 2016	
	Fair value	Underlying	Fair value	Underlying	Fair value	Underlying
<i>In thousands of euro</i>						
<b>Fair value hedges</b>						
Commodity derivatives	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	-	-
Interest rate options	-	-	-	-	-	-
<b>Instruments held for trading</b>						
Currency derivatives	1 047	11 072	1 047	11 072	-	-
Interest rate derivatives <sup>(1)</sup>	6 847	110 000	-	-	6 847	110 000
Commodity derivatives	146	-	146	-	-	-
	<b>8 040</b>	<b>-</b>	<b>1 193</b>	<b>-</b>	<b>6 847</b>	<b>-</b>
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 for 20 000 and 2020 for 90 000.

The Group uses derivative financial instruments to manage its exposure risks market and in particular, to interest rate 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 than 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	Euros			Other currencies			Total		
	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total	Fixed rate	Floating rate	Total
<b>Pre-hedging</b>	<b>80 456</b>	<b>534 642</b>	<b>615 098</b>	<b>147 886</b>	<b>28 936</b>	<b>176 822</b>	<b>228 342</b>	<b>563 578</b>	<b>791 920</b>
• Swap	60 000	-60 000					60 000	-60 000	
• Cap	255 000	-255 000					255 000	-255 000	
• Collar									
<b>Post-hedging</b>	<b>395 456</b>	<b>219 642</b>	<b>615 098</b>	<b>147 886</b>	<b>28 936</b>	<b>176 822</b>	<b>543 342</b>	<b>248 578</b>	<b>791 920</b>
Other current financial assets		993	993		11 473	11 473		12 466	12 466
Cash and cash equivalents		286 593	286 593		144 231	144 231		430 824	430 824
<b>TOTAL NET CASH ACQUIRED</b>		<b>287 586</b>	<b>287 586</b>	<b>-</b>	<b>155 704</b>	<b>155 704</b>	<b>-</b>	<b>443 290</b>	<b>443 290</b>

In terms of sensitivity to any increase in short-term interest rates as of December 31, 2016 it may be noted that a rise of 1% would have an impact of €5 million in respect of the Group's gross floating rate debt, and an impact estimated at €4,4 million in respect of its floating rate short-term investments, whence an overall impact of about €0.6 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, 2016, the Group is principally exposed to the risk of changes in the yuan, the yen, the US dollar, the pound sterling, the Brazilian real and the Swiss franc.

In the table below : + = currency purchase, - = currency sale

In thousands of currency units	Total currency 1		Total currency 2		Cover in thousands of EUR	EUR amount for currency 1		Fixing 12/31/ 2016
CNY USD	-136 916	CNY	20 038	USD	864	-18 831	EUR	6,9555
JPY EUR	-1 978 342	JPY	16 508	EUR	516	-16 211	EUR	122,0400
CNY EUR	-409 289	CNY	54 396	EUR	504	-56 294	EUR	7,2706
GBP EUR	-33 946	GBP	39 421	EUR	386	-39 796	EUR	0,8530
USD EUR	-54 284	USD	50 295	EUR	-373	-51 932	EUR	1,0453
BRL USD	-45 958	BRL	13 128	USD	-53	-13 483	EUR	3,2609
CHF EUR	-15 196	CHF	14 109	EUR	-25	-14 184	EUR	1,0714
Other currencies					262	-26 606	EUR	
<b>TOTAL</b>					<b>2 081</b>	<b>-237 337</b>	<b>EUR</b>	

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 (CNY,USD, GBP,BRL, JPY and CHF), compared to the rates prevailing at December 31, 2016, would have an impact of €2.1 million on the Group's financial income and expense.

The following table discloses 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 through profit or loss <sup>(1)</sup>	Hedging derivatives <sup>(2)</sup>	Financial assets and liabilities at fair value through profit or loss <sup>(2)</sup>	Available-for-sale financial assets <sup>(2)</sup>	Assets held maturity	Loans and receivables	Carrying amount	Fair value
<b>At December 31, 2016</b>								
Non-current investments	-	-	-	3 701	-	-	3 701	3 701
Non-current financial assets held for trading	-	-	3 489	-	-	-	3 489	3 489
Non-current financial loans and receivables	-	-	-	-	6 378	17 255	23 633	23 633
<b>Other non-current financial assets</b>	-	-	<b>3 489</b>	<b>3 701</b>	<b>6 378</b>	<b>17 255</b>	<b>30 823</b>	<b>30 823</b>
Interest rate derivatives	2 294	15 959	-	-	-	-	18 253	18 253
<b>Non-current derivative financial instruments</b>	<b>2 294</b>	<b>15 959</b>	-	-	-	-	<b>18 253</b>	<b>18 253</b>
<b>Trade receivables</b>	-	-	-	-	-	<b>660 206</b>	<b>660 206</b>	<b>660 206</b>
<b>Current loans &amp; receivables</b>	-	-	-	-	-	<b>3 351</b>	<b>3 351</b>	<b>3 351</b>
Commodity hedging derivatives	-	1 072	-	-	-	-	1 072	1 072
Other commodity hedging derivatives	623	-	-	-	-	-	623	623
Foreign currency hedging derivatives	5 253	-	-	-	-	-	5 253	5 253
<b>Current derivative financial instruments</b>	<b>5 876</b>	<b>1 072</b>	-	-	-	-	<b>6 948</b>	<b>6 948</b>
<b>Current financial assets held for trading</b>	-	-	-	<b>12 465</b>	-	<b>1</b>	<b>12 466</b>	<b>12 466</b>
Financial current accounts	-	-	-	-	-	27	27	27
Cash	-	-	-	-	-	212 373	212 373	212 373
Cash equivalents	-	-	218 420	-	-	-	218 420	218 420
Available-for-sale financial assets	-	-	-	4	-	-	4	4
<b>Cash and cash equivalents</b>	-	-	<b>218 420</b>	<b>4</b>	-	<b>212 400</b>	<b>430 824</b>	<b>430 824</b>
<b>TOTAL ASSETS</b>	<b>8 170</b>	<b>17 031</b>	<b>221 909</b>	<b>16 170</b>	<b>6 378</b>	<b>893 213</b>	<b>1 162 871</b>	<b>1 162 871</b>

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

(2) Fair value based on inputs, other than the prices quoted an active markets, observable either directly or indirectly.

The inputs used in fair value valuation techniques are categorized into three levels as follows:

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

The Group's determination, of the 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 instruments' 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 hierarchy.

## LIABILITIES

<i>In thousands of euro</i>	Financial instruments at fair value through profit or loss <sup>(1)</sup>	Hedging derivatives <sup>(2)</sup>	Financial assets and liabilities at fair value through profit or loss <sup>(2)</sup>	Financial liabilities measured at amortized cost	Carrying amount	Fair value
<b>At December 31, 2016</b>						
Bond issues	-	-	-	166 758	166 758	166 758
Other borrowings	-	-	-	29 815	29 815	29 815
<b>Non-current financial borrowings and debts</b>	-	-	-	<b>196 573</b>	<b>196 573</b>	<b>196 573</b>
Put options granted to minority shareholders	-	-	36 197	-	36 197	36 197
Others items	-	-	7	-	7	7
<b>Other non-current liabilities</b>	-	-	<b>36 204</b>	-	<b>36 204</b>	<b>36 204</b>
Interest rate derivatives	6 559	-	-	-	6 559	6 559
<b>Non-current derivative financial instruments</b>	<b>6 559</b>	-	-	-	<b>6 559</b>	<b>6 559</b>
<b>Trade payables</b>	-	-	-	<b>668 519</b>	<b>668 519</b>	<b>668 519</b>
<b>Guarantees deposits received</b>	-	-	-	<b>870</b>	<b>870</b>	<b>870</b>
Other commodity derivatives	621	-	-	-	621	621
Foreign currency derivatives	3 172	-	-	-	3 172	3 172
<b>Current derivative financial instruments</b>	<b>3 793</b>	-	-	-	<b>3 793</b>	<b>3 793</b>
Current financial liabilities	-	-	-	555 323	555 323	555 323
Financial current accounts	-	-	-	1 122	1 122	1 122
Current bank facilities	-	-	-	38 902	38 902	38 902
<b>Current borrowings</b>	-	-	-	<b>595 347</b>	<b>595 347</b>	<b>595 347</b>
<b>TOTAL LIABILITIES</b>	<b>10 352</b>	-	<b>36 204</b>	<b>1 461 309</b>	<b>1 507 865</b>	<b>1 507 865</b>

(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.

## ASSETS

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

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

(2) Fair value based on inputs, other than the prices quoted in an active market, observable either directly or indirectly.

## LIABILITIES

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

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

(2) Fair value based on inputs, other than the prices quoted include in an active market, observable either directly or indirectly.

## NOTE 29 . CHANGE IN WORKING CAPITAL

<i>In thousands of euro</i>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Trade receivables	-4 778	13 528
Inventories	-32 843	7 287
Trade payables	31 491	4 907
Miscellaneous receivables and payables	-4 658	16 356
	<b>-10 788</b>	<b>42 078</b>

The change in working capital is impacted by the increase in world prices for industrial products in 2016, and by the sharp increase in price in Latin America.

## 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 €41.2 million ( 2015 : €42.6 million);
- Contingent liabilities related to financing activities

Financial guarantees provided to Group companies amounting in total to €100.6 million (2015: €125.8 million).

- Contingent assets and liabilities related to operating activities.

Contingent liabilities:

Contingent liabilities included operating lease payment commitments for €63.6 million (2015: €65.7 million), finance lease payment commitments for €4.1 million (2015: €5 million) and other commitments for €97.8 million (2015: €77.9 million).

The operating and finance lease payment commitments is detailed as follow:

<i>In millions of euro</i>	<b>Operating lease payments</b>	<b>Minimum finance lease payments</b>
In 2017	22,2	1,4
From 2018 to 2021	37,8	2,7
Beyond 2021	3,6	0,0

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

Contingents assets:

Miscellaneous commitments received by the Group amount to €24.2 million (2015: €29 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 33 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 €60.3 million in 2016 (2015: €73.7 million) and purchases to €683.2 million in 2016 and €698 million in 2015. 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 2016 (2015: €0.7 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 €3.8 million loan to La Compagnie des Fromages et RichesMonts.

Group sales to associates amounted to €193.6 million in 2016 (2015: €214.8 million) and purchases from associates amounted to €182.3 million (2015: €194.4 million). The transactions essentially related to dairy materials.

A total of €4 million (2015: €3.1 million) of gross remuneration, comprising €3.9 million of short-term benefits and €0.1 million of post-employment benefits, was paid during the period to members of the boards of 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 2015 or 2016.

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

## **NOTE 32 . EVENT POST CLOSING**

To the best of company knowledge, no significant event has occurred subsequent to the closing date until the Board of Director on March 9<sup>th</sup>, 2017.

## NOTE 33 . LIST OF CONSOLIDATED ENTITIES

Fully consolidated entities	Siren N°	Country	% voting rights		% economic interest	
France			12/31/2016	12/31/2015	12/31/2016	12/31/2015
SAVENCIA SA	847 120 185	FRANCE	Parent	Parent	Parent	Parent
SAVENCIA Fromage & Dairy Foodservice	389 330 739	FRANCE	100,00	100,00	84,58	84,58
SAVENCIA Produits Laitiers France	394 530 703	FRANCE	100,00	100,00	100,00	100,00
Alliance Laitière Européenne SAS	388 435 539	FRANCE	100,00	100,00	98,50	98,50
Armor Protéines SAS	679 200 287	FRANCE	100,00	100,00	84,58	84,58
B.G. SAS	331 339 275	FRANCE	99,97	99,97	99,97	99,97
SAVENCIA Fromage & Dairy Europe	351 014 352	FRANCE	100,00	100,00	100,00	100,00
SAVENCIA Fromage & Dairy Overseas	325 508 653	FRANCE	99,96	99,96	99,96	99,96
SAVENCIA Fromage & Dairy International	402 927 628	FRANCE	100,00	100,00	100,00	100,00
Bressor Alliance SA	379 657 570	FRANCE	66,66	66,66	66,66	66,66
Bressor SA	383 228 764	FRANCE	99,74	99,74	66,48	66,48
Centre Bretagne Lait SA	387 493 315	FRANCE	100,00	100,00	84,58	84,58
C.F.V.A. SAS	314 830 050	FRANCE	99,97	99,97	99,97	99,97
SAVENCIA Ressources Laitières	389 297 748	FRANCE	100,00	100,00	84,58	84,58
CLE-PSO SNC	444 475 016	FRANCE	-	100,00	-	84,58
Compagnie Générale Laitière SA	775 668 999	FRANCE	-	100,00	-	84,58
Compagnie Laitière de Derval SAS	403 001 068	FRANCE	100,00	100,00	84,58	84,58
Compagnie Laitière Européenne SA	780 876 421	FRANCE	85,86	85,86	84,58	84,58
Compagnie Laitière Normandie-Bretagne SAS	349 652 560	FRANCE	100,00	100,00	84,58	84,58
Dutch Cheese Masters SAS	789 660 743	FRANCE	55,00	55,00	55,00	55,00
Elvir SAS	389 297 664	FRANCE	100,00	100,00	84,58	84,58
Etablissements L. Tessier SAS	667 180 392	FRANCE	99,71	99,71	99,71	99,71
Fromagerie Berthaut SA	316 608 942	FRANCE	90,00	90,00	90,00	90,00
Fromagerie de Vihiers SAS	350 546 719	FRANCE	100,00	100,00	100,00	100,00
Fromageries des Chaumes SAS	314 830 183	FRANCE	99,94	99,94	99,93	99,93
Fromageries Lescure SAS	794 040 956	FRANCE	51,00	51,00	51,00	51,00
Fromageries Perreault SAS	316 085 620	FRANCE	99,98	99,98	99,98	99,98
Fromageries Saint Saviol SAS	793 801 028	FRANCE	100,00	100,00	84,58	84,58
Fromageries Rambol SAS	315 130 641	FRANCE	99,95	99,95	99,95	99,95
Fromapac SAS	402 180 541	FRANCE	100,00	100,00	100,00	100,00
Fromarsac SAS	331 260 083	FRANCE	100,00	100,00	100,00	100,00
Fruisec SAS	307 963 389	FRANCE	100,00	100,00	100,00	100,00
Grand'Ouche SAS	314 815 457	FRANCE	99,83	99,83	99,83	99,83
La Compagnie des Fromages SAS	393 257 654	FRANCE	100,00	100,00	84,58	84,58
Les Fromagers de L'Europe SAS	428 744 973	FRANCE	100,00	100,00	100,00	100,00
Les Fromagers Associés SAS	349 542 415	FRANCE	100,00	100,00	100,00	100,00
Les Fromagers de Thiérache SAS	315 332 569	FRANCE	100,00	100,00	100,00	100,00
Messageries Laitières SNC	313 966 103	FRANCE	61,31	61,31	51,86	51,86
Normandie Bretagne Transports SAS (NBT)	403 128 051	FRANCE	100,00	100,00	84,58	84,58
Prodilac SNC	389 297 714	FRANCE	100,00	100,00	100,00	84,58
PJB Advance SA	438 355 877	FRANCE	100,00	100,00	100,00	100,00
SB Alliance SNC	409 080 538	FRANCE	84,99	84,99	84,98	84,98
SB Alliance Informatique	780 876 405	FRANCE	100,00	100,00	84,58	84,58
SB Biotechnologies SAS	450 983 051	FRANCE	100,00	100,00	97,50	97,50
Société des Beurres et Crèmes des Régions d'Europe	487 220 295	FRANCE	100,00	100,00	84,58	84,58
Société Les Vergers des Coteaux du Périgord SAS	330 479 213	FRANCE	100,00	100,00	100,00	100,00
Sodilac SAS	689 806 470	FRANCE	100,00	100,00	84,58	84,58

Sofivo SAS	352 848 725	FRANCE	100,00	100,00	84,58	84,58
Sogasi SAS	315 062 224	FRANCE	100,00	100,00	100,00	100,00
Sogeps SAS	384 557 880	FRANCE	100,00	100,00	84,58	84,58
Soredab SAS	317 705 267	FRANCE	97,50	97,50	97,50	97,50
<b>Other countries</b>			<b>12/31/2016</b>	<b>12/31/2015</b>	<b>12/31/2016</b>	<b>12/31/2015</b>
Advanced Food Products LLC		USA	100,00	100,00	100,00	100,00
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
BC-USA, Inc.		USA	100,00	100,00	100,00	100,00
SAVENCIA Fromage & Dairy Nordics		Denmark	100,00	100,00	100,00	100,00
BEV		Russia	100,00	100,00	100,00	100,00
BR Investissements		Luxembourg	100,00	100,00	100,00	100,00
SAVENCIA Fromage & Dairy Suisse		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
SAVENCIA Fromage & Dairy Europarticipations		Netherlands	100,00	100,00	100,00	100,00
SAVENCIA Fromage & Dairy Österreich		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
SAVENCIA Fromage & Dairy Japon		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 Distribution		Roumanie	72,00	72,00	72,00	72,00
Edelweiss GmbH Co KG		Germany	100,00	100,00	100,00	100,00
Edelweiss Verwaltung GmbH		Germany	100,00	100,00	100,00	100,00
Eurexpan BV		Netherlands	100,00	100,00	100,00	100,00
Fleur de Lait East LLC		USA	100,00	100,00	100,00	100,00
Fleur de Lait West LLC		USA	100,00	100,00	100,00	100,00
Food Garden Of Sweden		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		USA	100,00	100,00	84,58	84,58
Kolb Lena INC		USA	100,00	100,00	100,00	100,00
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	99,88	99,78	99,88	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
Molkerei Gebr. Rogge Komplementär GmbH		Germany	100,00	100,00	92,49	92,49
Novomilk		Slovakia	100,00	100,00	100,00	100,00
Pannontej Rt.		Hungary	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
Real Fresh, Inc.	USA	100,00	100,00	100,00	100,00
S.B.M.S. SA	Belgium	99,98	99,98	99,98	99,98
Cabaña y Estancia Santa Rosa S.A.	Argentina	100,00	100,00	99,88	99,98
Santa Rosa Chile	Chilie	100,00	99,99	100,00	99,99
SB International	Belgium	100,00	100,00	100,00	100,00
Sinodis Limited	China	100,00	100,00	100,00	100,00
Sinodis (Shanghai) Co., Ltd.	China	100,00	100,00	100,00	100,00
Speciality Distributing Corp.	USA	100,00	100,00	100,00	100,00
TDSI	USA	100,00	100,00	100,00	100,00
SAVENCIA Fromage & Dairy Czech Republic	Czech Rep.	100,00	100,00	100,00	100,00
SAVENCIA Fromage & Dairy UK Limited	UK	100,00	100,00	100,00	100,00
Vostok Holding GmbH	Austria	100,00	100,00	100,00	100,00
Zausner Foods Corp.	USA	100,00	100,00	100,00	100,00
ZNHC, Inc.	USA	100,00	100,00	100,00	100,00
Zvenigorodka	Ukraine	99,97	99,96	99,97	99,96

Entities consolidated using the equity method	Country	% voting rights		% economic interest	
France		12/31/2016	12/31/2015	12/31/2016	12/31/2015
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
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					
Esbon SA	Turkey	50,00	50,00	50,00	50,00
Ferrari Giovanni Industria Casearia Spa	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	20,00	16,92	20,00
Sodiaal GmbH	Germany	50,00	50,00	42,29	42,29
Val d'Arve SA	Switzerland	33,34	33,34	33,34	33,34