Donegal

ANNUAL REPORT & FINANCIAL STATEMENTS 2015

Donegal Investment Group plc (‘DIG’) (‘Group’) reports its results for 2015. Similar to 2014, the year saw continued challenges for our produce seed potato business and further progress in our speciality dairy business with continued strong momentum.

Contents

Financial Highlights:

continuing operations - pre-exceptional

Revenue - continuing operations	**€82.9m**	▲ €2.2m	82.9	80.7
Adjusted operating profit	**€1.0m**	▲ €0.1m	1.0	0.9
Profit before tax – continuing operations	**€3.8m**	▼ €0.4m	3.8	4.2
Operating cash flow before interest & tax	**€4.9m**	▲ €4.2m	4.9	0.7
Adjusted earnings per share*	**26.6c**	▼ 17.6c	26.6	44.2
Basic earnings per share – continuing operations	**35.7c**	▲ 30.5c	35.7	5.2
Net debt	**€12.1m**	▼ €4.6m	12.1	16.7
Dividend per share	**16c**	▲▼	16	16
Investment property carrying value	**€18.6m**	▲ €0.4m	18.6	18.2
Net asset value per share**	**€6.0**	▲ €0.2	6.0	5.8

* Adjusted earnings per share before the impact of change in fair value of investment properties in group & associates and the related deferred tax
**Net assets are total equity attributable to equity holders of the Company

Group revenue increased by 2.7% to €82.9m contributing to a marginal increase in adjusted operating profit from €0.9m in 2014 to €1.0m in 2015

Speciality dairy, which trades under the NOMADIC brand, continued to grow to plan in both UK and Irish markets

Smyths, our animal feeds business, had a satisfactory 2015 with moderate increase in volumes sold being offset by a slightly reduced selling price

The segmental result before exceptional costs of our Food-Agri & Property division of €1.9m, is €0.4m ahead of like for like performance in 2014

The Group's produce seed potato business was adversely impacted by a number of factors during 2015 which has resulted in a segmental loss of €0.7m in comparison with a segmental loss of €0.8m in 2014

The contribution from our associates decreased by €1.1m in the year. A key associate, Monaghan Middlebrook Mushrooms ('MMM'), whilst again performing well in its core UK and Irish markets was impacted by the performance of a European subsidiary

Exceptional items (a net gain of €0.6m before tax) are substantially related to legal costs, which were awarded by the courts in favour of the Group in relation to its shareholder oppression claim relating to its holding in Elst (the holding company of the MMM business) as well as the accounting for the 5% option deemed by the courts to have been exercised in early 2015. In our 2014 results, we reported exceptional costs of €4.4m, principally related to this matter as well as restructuring costs related to the Group's speciality dairy business

There were no significant disposals of non-core assets during the year

Adjusted EPS of 26.6c down by 17.6c on 2014

Net debt decreased by €4.6m to €12.1m partly due to the proceeds received from the sale of the Ballyraine Halls student accommodation, which whilst the sale was agreed in late 2014, the proceeds were received in early 2015

During the course of the year 2.3% of the ordinary share capital of the Company was re-purchased as treasury shares at a cost of €1.3m

Dividend per share maintained at 16c

Net asset value per share increased by €0.23 to €6.01

In 2016, the Group will continue to review options to further release capital from non-core businesses and assets and has recently appointed an international real estate firm to consider the future ownership of the Grianan Estate farm.

Board of Directors

The Board of Directors of Donegal Investment Group plc currently comprises eight Non-Executive Directors and two Executive Directors.

Non-Executive Directors

Geoffrey Vance (aged 64) is Chairman of Donegal Investment Group plc. He has served on the Board of Donegal Investment Group plc since its conversion from a society in 1989. Prior to this, he served for a number of years on the Committee of management of Donegal Co-operative Creameries Limited.

Frank Browne (aged 62), was appointed to the Board on 29 June 2011. Frank previously served on the Board of Donegal Investment Group plc from 1996 to 2006. He holds no other directorships.

Michael Griffin (aged 69) was appointed to the Board on 1 March 2010. Michael is a graduate of UCC and has over 36 years experience in the food industry in Ireland and the UK. Prior to this, he served as an executive director of the Kerry Group plc from 1990 until his retirement in 2004.

Patrick Kelly Jnr (aged 43) was appointed to the Board on 7 July 2004. He is chairman of the Audit Committee. He is also a former director of Teagasc and former National Chairman of Macra na Feirme.

Geoffrey McClay (aged 50) was appointed to the Board on 1 July 2010. Geoffrey previously served on the Board of Donegal Investment Group plc during the period 2001 to 2006. He is also a director of Mullinacross Enterprises Limited.

Secretary and registered office
P Lenehan
Ballyraine
Letterkenny
Co Donegal

Independent auditor
KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

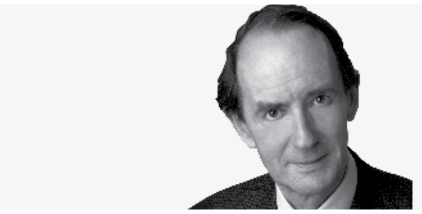
Solicitors
VP McMullin & Son
Letterkenny
Co Donegal

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

Principal Bankers
Ulster Bank Limited
Letterkenny
Co Donegal

Registered number
162921

Henry McGarvey (aged 48) was appointed to the Board on 28 August 2013. Henry was previously Managing Director of Pramerica Systems Ireland Limited and is currently a board member of the IDA. Previously, he worked in senior executive positions with Almarai in Saudi Arabia and Motorola and Accenture in Dublin.



Richard Whelan FCA (aged 66) was appointed to the Board on 2 July 2014. Richard is a Chartered Accountant and was a partner in KPMG for 23 years, focusing primarily on audit and advisory work. An active member of the International Institute for Strategic studies, he is the author of a book on the ideology underlying Al Qaeda, and serves on the International Advisory Committee of the Glencree Centre for Peace and Reconciliation. He is a director/independent Chairman of a number of companies.

Norman Witherow (aged 63) was appointed to the Board on 2 July 2003. He is vice chairman of the Board and chairman of the Remuneration Committee. He is also a director of Raphoe Enterprise Company Limited.

Executive Directors

Ian Ireland (Managing Director), BSC, MBA, Chartered Director (aged 54) joined Donegal Investment Group plc in January 2005. Prior to that he had spent over 20 years working in the food industry in Ireland and the UK.

Padraic Lenehan
Padraic Lenehan (Finance Director) BCOMM, FCCA (aged 41) was appointed to the Board on 1 July 2015. Padraic joined Donegal Investment Group plc in 2008 as Financial Controller of its Dairy business, where he subsequently became Financial Controller of the merged Aurivo and Donegal Creameries milk business. In 2013 he returned to Donegal Investment Group plc as Head of Finance. Prior to that he worked for RTÉ, Accenture and in financial services in Dublin.

Chairman's Statement

The Group has and will continue to focus on its three key strategic areas of produce seed potato, speciality dairy and key associate investments.

During 2015, the Group continued to experience considerable growth in its speciality dairy business whilst its animal feeds business returned a solid performance. However a number of specific factors contributed to a further poor performance, albeit in line with the 2014 result, in its produce seed potato business.

The first six months of 2015 were impacted by a reduction in demand for certified seed potato across Europe and as a result, lower prices in both seed and ware potato markets. This resulted in surplus seed potato stock being sold into weak ware markets. The second half of 2015 was impacted negatively by two key factors, difficult trading conditions in Middle Eastern markets and import regulation changes in a key North African market.

We have taken a number of actions to improve the performance of produce seed potato with a view to returning it to profitability.

Our animal feeds business experienced a satisfactory 2015 with reduced selling prices being offset by expansion into new areas and increased tonnage. The exceptional progress in the development and scaling of our speciality dairy business has continued throughout the year with new product development gaining traction in the market with demand and listings for our established products continuing to grow at a significant rate.

The contribution from our associate investments, primarily Monaghan Middlebrook Mushrooms ('MMM'), decreased by €1.1m for 2015. Whilst the core UK and Irish business performed well, the Group results were impacted by the performance of a European subsidiary.

Overall, Group revenue increased by 2.7% to €82.9m and adjusted operating profit increased from €0.9m to €1.0m. This resulted in adjusted earnings per share of 26.6c, a decrease of 17.6c on 2014. The Group's balance sheet remains strong with shareholder funds of €60.7m. Net debt reduced by €4.6m, primarily due to the proceeds of the sale of the Ballyraine Halls student accommodation.

The Group has and will continue to focus on its three key strategic areas of produce seed potato, speciality dairy and key associate investments.

Dividend

The Directors are recommending a final dividend of 9 cent per share. If approved, this dividend will be paid on 26 August 2016 to those shareholders on the register on 5 August 2016. This will bring the total dividend per share to 16 cent, maintaining the 2014 dividend payment.

AGM

The Group's AGM will take place on Wednesday 6 July 2016 at 11.30am at the Silver Tassie Hotel, Letterkenny, Co. Donegal.

Geoffrey Vance
Chairman

Overall, Group revenue increased by 2.7% to €82.9m and adjusted operating profit increased from €0.9m to €1.0m.

Managing Director's Review

The Board remains confident in the strong growth potential of the Group's core seed potato business underpinned by increased demand for food from global population growth.

Produce Division

Our Produce division comprises the seed potato business IPM Potato Group ('IPM'), AJ Allan in Scotland and An Grianan Grain in Ireland. IPM, the largest business within our Produce division has 30 proprietary potato varieties including names such as Rooster, Burren, Banba, Slaney, Nectar and Electra which it produces and exports to over 40 countries world-wide. Key markets include North Africa, the Middle East, the UK and Ireland. Seed production takes place in dedicated growing areas including Scotland, England, Ireland, France, Holland and Brazil. Both production and sales only take place in territories which recognise and embrace variety copyright regulation. The seed potato business enters into seasonal purchase agreements which expose the business to the risk of losses arising from any inability to sell on these committed quantities and/or achieve the committed price. Whilst our seed potato business is exposed to a number of operational risks typical of a seed production business, it has over time generated strong operating profit margins, low capital expenditure requirements and yielded strong returns on capital. It will be the key strategic focus for the Group going forward.

During 2015, turnover was maintained at €33.4m, delivering a segmental loss of €0.7m, a slight improvement on the €0.8m loss in 2014.

The excess production from the 2014 potato crop in Europe resulted in an oversupplied market into the first half of 2015 across the region leading to very low prices and poor market absorption of total quantities. This led to very challenging seed market conditions which impacted negatively on new seed purchase by growers across Europe and overall lower prices and a subsequent reduction in the area planted in Europe in 2015. Whilst the reduced planting in 2015 boosted market prospects for the 2015/16 potato season, the second part of 2015 was marked by very difficult trading conditions in the early export markets as a consequence of the well reported conflicts and political instability in the Middle East. Furthermore, late and unexpected changes in import regulations in North Africa also impacted negatively on trading conditions towards the latter part of 2015.

The surplus seed potato stock which resulted from these factors will be sold into the ware potato market. The risk of surplus seed and the ability to mitigate this risk through the disposal of surplus seed into the ware market is a factor for all businesses in seed production and we will continue to manage this as effectively as possible. The prospects for the latter half of 2016 are much improved for European markets with higher overall potato prices and greater demand for seed expected.

As advised previously we are investing in new markets and new varieties and this work continues. We are making good progress in the emerging markets of South America and Africa in developing and securing markets for our seed potatoes and remain very positive about the future potential for our business in these geographical areas. We are also gaining market share in

During 2015 turnover was maintained at €33.4m, delivering a segmental loss of €0.7m, a slight improvement on the €0.8m loss in 2014.

Managing Director's Review

(continued)

Europe with our new varieties for the fresh segment. Developing seed potato for the processing sector has been a key focus for the business and we are pleased to announce that we have successfully launched new varieties for the processing industry which we are confident will give IPM a greater presence in this sector.

The Board remains confident in the strong growth potential of the Group's core seed potato business underpinned by increased demand for food from global population growth, the westernisation of diets in emerging markets and issues around water availability. IPM's proprietary varieties also have the potential to produce more carbohydrate per unit of water than most of the global carbohydrate staples. The Board believes that all of these factors will enable the Group to become a leading global player in seed potato production. However, the Board is conscious of the need to return the business to profitability and has taken a number of actions to do so including strengthening the management team, a re-assessment of growth objectives in certain markets and the incorporation of greater flexibility into seasonal planting.

Food – Agri & Property Division

Overall, revenues in the Food-Agri & Property division increased by €2.3m to €49.5m. This resulted in a segmental result of €1.9m, an increase of 26% on the prior year performance.

Our speciality dairy business based in Killygordon, Co. Donegal produces a range of ethnic and on-the-go dairy based yogurt products, housed under our newly launched NOMADIC brand which will allow us to maximise the sales and operational synergies in these niche categories.

Nomadic dairy had a very satisfactory year on the back of the launch of the NOMADIC brand in September 2014 where good progress was made in growing sales and distribution of Adult Dairy Drinks – a key growth platform for the business. 2016 has started positively and further NPD is planned for Q3 2016 which will further enhance our leading position in adult dairy drinks for convenience and impulse shoppers across UK and Ireland.

Smyths had a satisfactory performance in 2015 where volumes were up marginally versus 2014. We have had a satisfactory start to 2016, nevertheless our customers remained challenged with the volatility in milk and beef prices.

As per IFRS reporting requirements all investments including food-agri related property are revalued each year. As outlined previously the Group has decided that it will increase the pro-active management of its property portfolio going forward with the aim of generating capital for investment in its strategic focus areas and improving Group returns on capital employed.

Overall, revenues in the Food-Agri & Property division increased by €2.3m to €49.5m. This resulted in a segmental result of €1.9m, an increase of 26% on the prior year performance.

Associates

Our main associate investment is Monaghan Middlebrook Mushrooms ('MMM'). The contribution from our key associate MMM decreased by €1.1m for 2015. Whilst the core UK and Irish business performed well, results were impacted by the performance of a European subsidiary. The results of the Group have also been impacted by the decision by MMM to account for its subsidiary MG Coöperatief WA ('Walkro') as a 100% subsidiary. While MMM currently owns 55% of Walkro, it has a put and call option over the remaining 45% which together effectively require Walkro to be accounted for as a fully owned subsidiary for accounting purposes.

As advised previously, the Company took a shareholder oppression claim relating to its shareholding in MMM (the 'Oppression Action'). The respondents (being the majority shareholders in Elst) ('Respondents') admitted specified and unspecified acts of oppression and on 21 May 2015. The Commercial Court ordered the Respondents to purchase the shares held by the Company in MMM (the 'Donegal Shareholding') (the 'Remedy'). The Company appealed the Remedy ('Remedy Appeal') and the valuation placed by the Commercial Court on the Company's 30% shareholding in Elst (€26,228,570) ('Valuation Appeal').

The Commercial Court, a division of the High Court, gave judgement on 5 June 2015 in relation to the costs of the Oppression Action. The Judge observed that it had been necessary for the Company to bring the Oppression Action and the costs of the Oppression Action (including the valuation module of the Oppression Action) were awarded in favour of the Company ('Action Costs'). The Respondents cross appealed certain aspects of the judgment of the Commercial Court in relation to parts of the make up of the value of the Donegal Shareholding.

The Court of Appeal heard Donegal's Valuation Appeal and Remedy Appeal and the Respondent's Appeal on 5, 6 and 7 April 2016. The Costs Appeal was deferred until all issues between the parties have been determined. The Court of Appeal did not give a date on when it expected to deliver its ruling, and accordingly, it is not clear when the issue will be finally determined. The Company will provide a further update at the appropriate time.

Finance and Balance Sheet

The Group has committed bank facilities of €24.3m. Net debt at the year-end was €12.1m (2014: €16.7m). The decrease in net debt was mainly due to the proceeds received from the sale of the Ballyraine Halls student accommodation in early 2015.

The Group made principal loan repayments of €1.2m during the year, incurred €0.8m in capital expenditure, made dividend payments to shareholders of €1.6m and bought back €1.3m of shares.

Substantial Shareholdings

The issued share capital of Donegal Investment Group plc at 12 May 2016 consists of 10,285,590 ordinary shares. Each share has a nominal value of €0.13. All shares have equal voting and dividend rights. The shareholdings in excess of 3% of the issued share capital of the Company are as follows:

- HSBC Global Custody Nominee (UK) Limited - Argos Investment Managers S.A - 952,000 shares (9.26%)
- Goodbody Stockbrokers Nominees Limited – 895,168 (8.70%)
- Aurum Nominees Limited - Danbywiske – 495,000 shares (4.81%)
- Aurum Nominees Limited - Donegal Investment Group – 353,622 shares (3.44%)

Outlook

Currently all our businesses other than produce seed potato are on plan for the first quarter of 2016. However, the impact from the challenging conditions at the end of 2015 will continue to be felt in the first few months of 2016 as surplus seed is disposed of in the ware potato market.

During 2016, the Group will further review options to release capital from its non-core businesses and assets. The Board has appointed an international real estate firm to consider the future ownership of the Grianan Estate.

The Group continues to concentrate financial and management resources on the strategic areas of produce seed potato, speciality dairy and key associate investments.

Ian Ireland
Managing Director

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2015.

Principal activities

During the year, the Group was engaged in the development, purchase and sale of seed potatoes, the manufacture, sale and distribution of farm inputs and dairy products by its Food-Agri business segment and the rental and sales of Food-Agri and property assets.

Business review

The Chairman's statement and Managing Director's review include a comprehensive review of the Group's businesses. Turnover from continuing operations increased by 2.7% to €82.9m (2014: €80.7m) in the year. The Group recorded an operating profit of €1.0m before exceptional items in comparison with a profit of €0.6m in 2014. Adjusted earnings per share decreased from 44.2 cent in 2014 to 26.6 cent in 2015. Adjusted earnings comprises profit for the year less the impact of changes in valuation of investment properties. In monitoring performance the Directors and management have regard to a range of key performance indicators (KPIs), including the following:

Financial KPI's	2015*	Restated 2014*	Change
EBITDA	**€5.9m**	€6.1m	(€0.2m)
Operating profit	**€1.0m**	€0.6m	+€0.4m
Profit before tax	**€3.8m**	€4.2m	(€0.4m)
Cash and overdraft, net	**€0.1m**	(€3.3m)	+€3.4m
Net debt (including overdrafts)	**€12.1m**	€16.7m	(€4.6m)
Net assets	**€60.7m**	€59.1m	+€1.6m

* Stated before exceptional items

Profits and dividends

Profit for the financial year amounted to €3.7 million (2014: €0.4 million). A final dividend for 2014 of 9.0 cent per share was paid on 21 August 2015. An interim dividend for 2015 of 7.0 cent per share was paid on 4 December 2015. The Directors are recommending a final dividend of 9.0 cent per share. If approved, this dividend will be paid on 26 August 2016 to those shareholders on the register on 5 August 2016.

The results for the financial year ended 31 December 2015 are set out in detail on pages 34 to 94.

Principal risks and uncertainties

In accordance with the requirement to analyse the key risks and uncertainties facing the future development of the Group and Company, the following have been identified;

- Inability to sell commodities and/or achieve a committed price when there is a commitment to purchase fixed quantities at a fixed price;
- Excess supply and/or reduced consumer demand resulting in reduced selling prices;
- Exposure to end customer markets which are impacted by commodity prices;
- Exposure to changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Group operates;
- Contamination of product cycle;
- Ability to sustain commercial relationships with key customers in a competitive environment;
- Ability to utilise debt capacity or obtain financing from financial institutions in the current economic climate;
- Ability to sustain growth through acquisitions;
- Default of counterparties in respect of money owed to the Group;
- The economic conditions in respect of the property market;
- Exposure to interest rate fluctuations; and
- Adverse changes to sterling relative to the euro.

The Directors have analysed these and other risks and appropriate plans are in place to manage and control these risks. The corporate governance report on pages 20 to 25 sets out the policies and approach to risks adopted by the Group and the related internal control procedures and responsibilities.

Financial management

Our financial risk management objectives and policies and exposure to market risk are outlined in Note 5 to the consolidated financial statements.

Going concern

The Directors have reviewed the Group's business plan and other relevant information and have a reasonable expectation that the Group will continue in operational existence for the foreseeable future.

The accounts have been prepared on the going concern basis. The Directors are aware that certain amounts of the Group's debt falls due for repayment in January 2017, but do not anticipate there to be any issue with regard to the availability of ongoing debt funding being available.

Future developments in the business

A review of future developments in the business is included in the Managing Director's Review on pages 10 to 13.

As advised previously, the Company took a shareholder oppression claim relating to its shareholding in MMM (the 'Oppression Action'). The respondents (being the majority shareholders in Elst) ('Respondents') admitted specified and unspecified acts of oppression and on 21 May 2015, the Commercial Court ordered the Respondents to purchase the shares held by the Company in MMM (the 'Donegal Shareholding') (the 'Remedy'). The Company appealed the Remedy ('Remedy Appeal') and the valuation placed by the Commercial Court on the Company's 30% shareholding in Elst (€26,228,570) ('Valuation Appeal').

The Commercial Court, a division of the High Court, gave judgement on 5 June 2015 in relation to the costs of the Oppression Action. The Judge observed that it had been necessary for the Company to bring the Oppression Action and the costs of the Oppression Action (including the valuation module of the Oppression Action) were awarded in favour of the Company ('Action Costs'). The Respondents cross appealed certain aspects of the judgment of the Commercial Court in relation to parts of the make up of the value of the Donegal shareholding.

The Court of Appeal heard Donegal's Valuation Appeal and Remedy Appeal and the Respondent's Value Appeal on 5, 6 and 7 April 2016. The Costs Appeal was deferred until all issues between the parties have been determined. The Court of Appeal did not give a date on when it expected to deliver its ruling, and accordingly, it is not clear when the issue will be finally determined. The Company will provide a further update at the appropriate time.

Events since the year end

The Group has purchased 58,166 ordinary shares of 13 cent held as treasury shares subsequent to the year end, at a total cost of €320,254. There have been no other significant events subsequent to the year end, which would require adjustment to, or disclosure in, the financial statements.

Board of Directors

The Directors of the Company on 12 May 2016 are listed on pages 4 and 5. On 1 July 2015, Francis Devenny retired as a Director of the company and Padraic Lenehan was appointed as a Director of the company on that same date. Michael Griffin, Geoffrey McClay and Geoffrey Vance retire by rotation, and intend to stand for re-election at the AGM.

The interest of the Directors and secretary are disclosed in the report of the remuneration committee on pages 27 to 30.

Directors' Report
(continued)

Purchase of own shares
At the Annual General Meeting of the Company held on 26 July 1995, the shareholders sanctioned the requisite alteration to the Articles of Association of the Company to enable the Group to purchase treasury shares and authorised the Group to make market purchases (as defined by Section 328 of the Companies Act 2014). The aggregate nominal value of shares authorised to be so acquired was not to exceed 10% of the aggregate nominal value of the issued share capital of the Company. This authority was renewed at subsequent Annual General Meetings.

At year ended 31 December 2015, 295,456 ordinary shares of 13 cent each were held as treasury shares by Donegal Investment Group plc (2014: 63,179). This represented 2.87% of the called up share capital of the Company (2014: 0.006%). The company purchased 232,277 (2014:75,568) treasury shares at a total cost of €1,289,000 during 2015 (2014: €465,000).

Substantial holdings
As at 12 May 2016, the Company had received notification of the following interests in its ordinary share capital:

Name	Holding	%
HSBC Global Custody Nominee (UK) Limited - Argos Investment Managers S.A	952,000	9.26%
Goodbody Stockbroker Nominees Limited	895,168	8.70%
Aurum Nominees Limited - Danbywiske	495,000	4.81%
Aurum Nominees Limited - Donegal Investment Group	353,622	3.44%

Save for the interests referred to above, the Company is not aware of any person who is, directly or indirectly, interested in 3% or more of the issued ordinary share capital of the Company.

Accounting records
The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the company are maintained at Ballyraine, Letterkenny, Co Donegal.

Research and development
The Group subsidiary, IPM Potato Group Limited, has invested in potato variety innovation for over 30 years by funding the variety breeding programme at Oak Park Research Centre, Carlow, Ireland. The breeding programme uses the most current breeding techniques and does not utilise genetic modification (G.M.). The development of new and better potato varieties is one of the key elements for a vibrant and resourceful potato industry. IPM consistently release new varieties to cater for the ever-changing requirements of our customers worldwide. The Food-Agri and Property Division is committed to continuous research & development in respect of our added value dairy products through the development of new yogurt products range for the Irish, UK and European markets.

Corporate Governance
Compliance with the Group's system of internal control is set out on pages 20 to 25. For the purposes of statutory instrument 450/2009 European Communities (Directive 2006/46) Regulations 2009, the report on Corporate Governance is deemed to form part of the Directors Report.

Auditor
The auditor, KPMG, has expressed its willingness to be re-appointed in accordance with Section 383(2) of the Companies Act 2014.

Tax status
The Company is not a close company under the provisions of the Taxes Consolidation Act 1997.

Subsidiary and associated undertakings
Information relating to subsidiary and associated undertakings is included in note 34 to the financial statements.

Political contributions
The Group did not make any political donations or incur any political expenditure during the year.

AGM
The Company's Annual General Meeting will take place at the Silver Tassie Hotel, Letterkenny, Co. Donegal on 6 July 2016. Your attention is drawn to the separate circular enclosed with the annual report and financial statements containing the notice of meeting and an explanatory statement which sets out details of the matters to be considered at the Annual General Meeting.

On behalf of the Board

Geoffrey Vance	**Ian Ireland**
Director	***Director***

12 May 2016

Corporate Governance Report

Maintaining high standards of corporate governance continues to be a priority of the Directors of Donegal Investment Group plc. The Group has adopted corporate governance policies and procedures appropriate to the scale and complexity of the Group.

This report also takes into account the disclosure requirements set out in the Corporate Governance Annex to the listing rules of the Irish Stock Exchange.

The Directors are accountable to the shareholders for good corporate governance and this report addresses how the Group's policies and procedures have been applied.

The Board

The Group is controlled through its Board of Directors. The Board's main role is to oversee the operation of the Group, to provide leadership to the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives. The Board meet on a regular basis throughout the year and certain matters are specifically reserved to the Board for its decision.

The current specific responsibilities reserved to the Board include; setting Group strategy and approving an annual budget; reviewing operational and financial performance; approving major capital expenditure; reviewing the Group's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; reviewing the environmental, health and safety performance of the Group; and ensuring that a satisfactory dialogue takes place with shareholders.

The Board has delegated the following responsibilities to management; the development and recommendation of strategic plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board; implementation of the strategies and policies of the Group as determined by the Board; monitoring of the operating and financial results against plans and budgets; prioritising the allocation of technical and human resources; and developing and implementing risk management systems.

Membership of the Board

It is our practice that a majority of the Board comprises Non-Executive Directors, considered by the Board to be independent, and that the Chairman is Non-Executive. At present, there are two Executive and eight Non-Executive Directors. Biographical details are set out on pages 4 and 5.

We consider the current size and composition of the Board to be within a range which is appropriate. We also believe that the current size of the Board is sufficiently large to enable its Committees to operate effectively, while being dynamic and responsive to the needs of the Company.

The roles of the Chairman and the Managing Director

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of all Directors and constructive relations between the Executive Directors and the other Directors, ensures that Directors receive accurate, timely and clear information and manages effective communication with shareholders.

The Managing Director has direct charge of the Group on a day to day basis and is accountable to the Board for the financial and operational performance of the Group.

Senior Independent Director

The Board has decided that it will not designate a recognised senior member other than the Chairman to whom concerns of other Board members can be conveyed as it does not consider it necessary.

Directors and Directors' Independence

All appointments to the Board are approved by the Nomination Committee. There are no formal time limits for service as Director although service periods are kept under ongoing review and each year one third of the Board must retire and be reappointed by the AGM. No Non-Executive Director has a service contract with any Group company.

The Board currently comprises the Chairman, two Executive Directors and seven Non-Executive Directors. The names of the Directors together with their biographical details are set out on pages 4 and 5. The positions of Chairman and Managing Director are held by different persons. The Non-Executive Directors are of sufficient calibre and number that their views carry significant weight in the Boards decision making.

The Group's policy requires the Chairman to hold meetings with the Non-Executive Directors without the Executive Directors being present. Procedures in this regard are formalised, took place in 2015 and are held on a periodic basis and as requested by individual Directors.

Directors have the right to ensure that any concerns they have, which cannot be resolved, about the running of the Group or a proposed action, are recorded in the Board minutes. In addition, upon resignation, a Non-Executive Director will be asked to provide a written statement to the Chairman, for circulation to the Board, if they have any such concerns.

The Directors are given access to independent professional advice at the Group's expense, when the Directors deem it necessary in order for them to carry out their responsibilities.

The Board believes that all Directors bring the appropriate judgement, knowledge and experience to the Board's deliberations. The Board has in place an annual process to evaluate the independence of Directors and the most recent review concluded that all the Non-Executive Directors are independent, notwithstanding the fact that the majority of the Non-Executive Directors, as farmers, have a business relationship with the Group and the fact that a number have served on the Board for more than nine years. The Directors trade with the Group on normal business terms and it is noted that each director's business relationship with the Group is not considered a material relationship. In reaching their conclusion, the Board considered principles relating to independence and have taken the view that independence is determined by a director's character, objectivity and integrity.

The Non-Executive Directors considered by the Board to be independent:

- have not been employees of the Group within the last five years;
- have not, or had not within the last three years, a material business relationship with the Group;
- do not receive remuneration (other than through Director's fees) or share options;
- have no close family ties with any of the Group's advisers, Directors or senior employees;
- hold no cross-Directorships or have significant links with other Directors through involvement in other companies or bodies; and
- are not significant shareholders.

Professional development

On appointment, all new Directors take part in an induction programme when they receive information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the principal Board and Board Committees, the Group's corporate governance practices and procedures, including the responsibilities delegated to Group senior management, and the latest financial information about the Group. This will typically be supplemented by meetings with key senior Executives. Throughout their period in office, the Directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Group and the agriculture industry as a whole, by written briefings and meetings with senior Executives. Directors are also advised on appointment of their legal and other duties and obligations as a director, both in writing and in face-to-face meetings with the Company Secretary. They are also updated on changes to the legal and governance requirements of the Group and upon themselves as Directors.

Corporate Governance Report
(continued)

Nomination Committee
The Nomination Committee at 31 December 2015 was comprised of three Non-Executive Directors, Geoffrey Vance, who acts as chairman, Patrick Kelly Jnr and Norman Witherow.

The Nomination Committee is responsible for proposing to the Board any new appointments, whether as Executive or Non-Executive Directors of the Company. Appointments to the Board are approved by the Board as a whole. In so doing, the Board considers the balance of skill, knowledge and experience on the Board which is necessary to allow it to meet the strategic vision for the Group. Newly appointed Directors are subject to election by shareholders at the Annual General Meeting following their appointment. Excluding any such newly appointed Directors, one third of the Board is subject to re-election each year.

Appointments to committees are for a period of up to three years which may be extended for two further three year periods provided that the majority of the committee members remain independent.

Performance evaluation
The Board has a formalised process in place for the annual evaluation of the performance of the Board, its principal Committees and individual Directors in line with Group policy.

As part of the performance evaluation process, the Non-Executive Directors meet annually without the Chairman present to appraise the Chairman's performance, having taken the views of the Executive Directors and the Company Secretary into account.

The chairman conducts a formal evaluation of the performance of all Directors annually. Each Director is provided with feedback gathered from other members of the Board. This process covers the training and development needs of individual Directors, where appropriate. Performance is assessed against a number of measures, including the ability of the Director to contribute to the development of strategy, to understand the major risks affecting the Group and to commit the time required to fulfil the role. As part of that review process the Chairman discusses with each individual their training and development needs and, where appropriate, agrees for suitable arrangements to be put in place to address those needs.

The Company Secretary
The Company Secretary is a full time employee of the Group. The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. All Directors have access to the advice and services of the Company Secretary. The Company's Articles of Association provide that the appointment and removal of the Company Secretary is a matter for the full Board. The Company Secretary is also an Executive Director of the Group.

Information
Regular reports and papers are circulated to the Directors in a timely manner in preparation for Committee meetings. These papers are supplemented by information specifically requested by the Directors from time to time.

The Directors receive monthly management accounts and regular management reports and information which enable them to review the Group's and management's performance against agreed objectives.

Communication with shareholders
The Company has regular dialogue with institutional and major shareholders throughout the year, other than during close periods. All Directors are available to meet with such shareholders throughout the year. The Company also encourages communication with shareholders throughout the year and welcomes their participation at general meetings. The views of the shareholders and the market in general are communicated to the Board on a regular basis, as are expressed views on corporate governance and strategy, as well as the outcome of analyst and broker briefings. Analyst reports on the Group are also circulated to the Board members on a regular basis. The Group's website, www.donegaligroup.com, provides the full text of the Annual Reports, Interim Management Statements and Half Yearly Financial Reports. These can be accessed through the Financial Statements section of the website. Stock Exchange announcements are also made available in the News section of the website, after release to the Stock Exchange.

All Board members attend the Annual General Meeting and are available to answer questions. Separate resolutions are proposed on substantially different issues, and the agenda of business to be conducted at the Annual General Meeting includes a resolution to receive and consider the Annual Report and Financial Statements. The chairman of each of the Board's committees is available at the Annual General Meeting. Notice of the Annual General Meeting, together with the Annual Report and Financial Statements, are sent to shareholders at least twenty working days before the meeting, and details of the proxy votes for and against each resolution and the number of abstentions are announced after each vote on a show of hands.

Internal Control

An ongoing process exists for identifying, evaluating and managing the significant risks faced by the Group. This process is periodically reviewed by the Directors and has been in place throughout the accounting period and up to the date the financial statements were approved.

The Directors are responsible for the Group's system of internal control, set appropriate policies on internal control, seek regular assurance that will enable them to satisfy themselves that the system is functioning effectively and should ensure that the system of internal control is effective in managing risks in the manner which it has approved. Such a system is designed to manage rather than eliminate business risks and can provide only reasonable rather than absolute assurance against material misstatement or loss.

The Directors have continued to review the effectiveness of the Group's system of financial and Non-financial controls during 2015, including operational and compliance controls, risk management and the Group's high level internal control arrangements. These reviews have included an assessment of internal controls by management, management assurance of the maintenance of controls and reports from the external auditor on matters identified in the course of its statutory audit work.

The Group views the careful management of risk as a key management activity. Managing business risk to deliver opportunities is a key element of all activities. These business risks, which may be strategic, operational, reputational, financial or environmental, should be understood and visible. The business context determines in each situation the level of acceptable risk and controls.

Group management has responsibility for major strategic development and financing decisions. Responsibility for operational issues is devolved, subject to limits of authority, to operating Company management. Management at all levels are responsible for internal control over the respective business functions they have been delegated. This embedding of the system of internal control throughout the Group's operations ensures that the organisation is capable of responding quickly to evolving business risks, and that significant internal control issues, should they arise, are reported promptly to appropriate levels of management.

The Board receives, on a regular basis, reports on the key risks to the business and the steps being taken to manage such risks. It considers whether the significant risks faced by the Group are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity.

The Directors consider that, given its size, the Group does not currently require an internal audit function.

The Audit Committee, a formally constituted sub-Committee of the Board, meet on a regular basis with the external auditor and satisfies itself as to the adequacy of the Group's internal control systems.

The Group operates procedures to ensure that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action.

The preparation and issue of financial reports, including the consolidated financial statements is managed by the Group finance department. The Group's financial reporting process is controlled using documented accounting policies and reporting formats issued by the Group finance department. The Group finance department supports all reporting entities with guidance in the preparation of financial information. This process is supported by a network of finance managers throughout the Group, who have responsibility and accountability to provide information in keeping with agreed policies, including the completion of reconciliations of financial information to processing systems. The financial information for each entity is subject to a review at reporting entity and group level by senior management.

Corporate Governance Report
(continued)

Attendance at meetings of the Board, the Remuneration Committee, the Audit Committee and the Nomination Committee

Eight meetings of the Board, three meetings of the Remuneration Committee, four meetings of the Audit Committee and one meeting of the Nomination Committee were held during the year ended 31 December 2015 and the attendance record of each Director is set out in the following table:

	Board		Remuneration		Audit		Nomination	
Name	A	B	A	B	A	B	A	B
Geoffrey Vance	8	8	-	-	-	-	1	1
Ian Ireland	8	8	-	-	-	-	-	-
Frank Browne	8	8	-	-	-	-	-	-
Francis Devenny (resigned 1 July 2015)	5	5	-	-	-	-	-	-
Michael Griffin	8	7	3	3	-	-	-	-
Patrick Kelly Jnr	8	8	-	-	4	4	1	1
Geoffrey McClay	8	8	-	-	4	4	-	-
Henry McGarvey	8	7	3	3	-	-	-	-
Padraic Lenehan (appointed 1 July 2015)	4	4	-	-	-	-	-	-
Norman Witherow	8	7	3	3	-	-	1	1
Richard Whelan	8	8	-	-	4	4	-	-

A – indicates the number of meetings held during the period the Director was a member of the Board and/or Committee
B – indicates the number of meetings attended during the period the Director was a member of the Board and/or Committee

Remuneration Committee

The Remuneration Committee is comprised of three Non-Executive Directors of which Norman Witherow is chairman. When necessary, Non-Committee members are invited to attend. The Committee's principal responsibilities are:

- to determine, on behalf of the Board, the remuneration and other terms and conditions of employment of the Executive Directors;
- to determine, on behalf of the Board, the pay structures and terms and conditions of other senior personnel (as identified by the Chairman of the Board);
- to act, on behalf of the Board, and take decisions related to pay and pay related matters, as the Chairman of the Board shall determine;
- to act, on behalf of the Board, and take significant decisions on matters such as remuneration policy, benefits, third party recommendations and related issues.

The report of the Remuneration Committee on behalf of the Board is set out on pages 27 to 30.

Audit Committee

The Audit Committee comprises of three Non-Executive Directors – Patrick Kelly Jnr (Chairman), Geoffrey McClay and Richard Whelan. The Committee held four formal meetings during 2015. When necessary, Non-Committee members are invited to attend.

The Audit Committee monitors areas of risk and performance by the Group and ensures the integrity of the Group's financial statements. The Audit Committee is also responsible for monitoring the effectiveness of the external auditor and audit process and makes recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditors. This responsibility also ensures an appropriate relationship between the Group and external audit is maintained, including the review of all non-audit services provided. The audit committee performs a self evaluation annually and no issues were identified during the review.

The engagement of the external auditor to provide any Non-audit services must be pre-approved by the Committee where the fee exceeds 20% of the audit fee. During the financial year to 31 December 2015, fees charged in relation to Non-audit related services totalled €34,000 (2014: €43,000) in respect of KPMG, the external auditor.

The Audit Committee reviews annually the Group's systems of internal control and the processes for monitoring and evaluating the risks facing the Group. The Audit Committee meets with management as required and meets privately with the external auditor.

In 2015 the Audit Committee discharged its responsibilities by:

- reviewing the Group's financial statements for 2014, meeting and reviewing with the external auditor prior to Board approval of the financial statements;
- reviewing the appropriateness of the Group's accounting policies;
- reviewing the potential impact in the Group's financial statements of significant matters and changes arising during the year;
- reviewing and approving the audit fee and reviewing Non-audit fees that may be payable to the Group auditor;
- considered the external auditor's plan for the annual audit of the Group's financial statements for 2015;
- confirmation of the external auditor's independence and terms of engagement;
- reviewing and redefining the Group's system of risk identification assessment and control to ensure their robustness and effectiveness;
- reporting to the Board on its review of the Group's systems and internal controls and their effectiveness to meet current, future and strategic requirements.

The Corporate Governance report forms part of the Directors' report.

On behalf of the Board

Geoffrey Vance	**Ian Ireland**
Director	***Director***

12 May 2016

Corporate Social Responsibility Report

Donegal Investment Group plc is committed to promoting Corporate Social Responsibility (CSR) across the Group. The Group strives to operate best practice in corporate governance, the environment, health & safety and the community & social performance.

Corporate governance

The Group's Board complies with the requirements of IFRS reporting along with the Group's corporate governance policies. A review of corporate governance is addressed in the corporate governance report on pages 20 to 25.

The environment

At a minimum, the Group is committed to complying with all environmental legislative and regulatory requirements in our operations which are located in six countries. Donegal Investment Group plc recognises that good manufacturing practice must incorporate environmental management. The Group conducts its business activities in an environmentally responsible manner and endeavours to ensure that all adopted decisions consider the protection of the environment as documented in the Group's environmental policy. The organic conversion of the Grianan Estate, Ireland's largest organic farm, further cements our commitment to the environment.

Health and safety

Best practice in health & safety management is embedded in the Group's risk management processes and procedures and applied across the Group. Compliance is maintained through the health & safety officer, continuous high level of staff and management awareness and regular training.

The community

The Group is also actively involved in the local community within which it operates supporting many important social and community activities such as the Skills @ Work Programme during the year.

The Group strives to operate best practice in corporate governance, the environment, health & safety and the community & social performance.

Report of the Remuneration Committee

Composition of Board and Remuneration Committee

It is the practice of the Company that a majority of the Board comprises Non-Executive Directors and that the chairman be Non-Executive. The Remuneration Committee consists solely of Non-Executive Directors. The Managing Director is fully consulted about remuneration proposals and outside advice is sought when necessary. The current members of the Remuneration Committee are Michael Griffin, Henry McGarvey and Norman Witherow (Committee Chairman).

The terms of reference for the Committee are to determine the Group's policy on Executive remuneration and to consider and approve salaries and other terms of the remuneration package for the Executive Directors and senior personnel.

Remuneration policy

The Group's policy on senior personnel remuneration recognises that employment and remuneration conditions for senior personnel must properly reward and motivate them to perform in the best interest of the shareholders. Performance related rewards, in which targets are measurable, are a key consideration.

The typical elements of the remuneration package for senior personnel are basic salary and benefits, incentive bonus, pensions and participation in the share option plan.

It is policy to grant options to certain key management across all locations to encourage identification with shareholders' interests.

Executive Directors' basic salary and benefits

The basic salaries of the Executive Directors are reviewed annually having regard to personal performance, Group performance, changes in responsibilities and competitive market practice in the area of operation. Employment related benefits consist principally of a car allowance and participation in the share option scheme. No fees are payable to the Executive Directors.

Incentive plan

The Executive Directors are entitled to receive bonus payments as the Remuneration Committee may decide at their absolute discretion.

Share option scheme

At an extraordinary general meeting held on 27 July 2005 a share option scheme for full time Executives was approved by shareholders. The scheme permits the grant of options limited to 3% of the ordinary share capital of the Company in any three year period. No option is capable of exercise later than seven years after the date of grant. Options are granted at the discretion of the Remuneration Committee. Details of options granted to date and outstanding are set out in note 26 to the financial statements.

During the year, a share performance plan was put in place that entitles key management and senior employees to a cash payment based on the difference between the deemed share price at the grant date and exercise date. No option is capable of exercise later than seven years after the grant date. Options are granted at the discretion of the Remuneration Committee. Details of options granted to date and outstanding are set out in note 26 to the financial statements.

Additionally, a share option arrangement granted before 7 November 2002 exists. Options granted under this scheme have no expiration. The recognition and measurement principles in IFRS 2 have not been applied to these grants.

Directors' service contracts

The Managing Director has a service agreement commencing on 1 January 2005 and continuing thereafter unless and until terminated by either party, giving not less than six months' notice. This agreement automatically terminates on the Managing Director reaching the age of sixty five years.

None of the other Directors has a service contract with any member of the Group.

Directors' remuneration and interests in share capital

Details of Directors' remuneration is given on pages 28 and 29, details of Directors' share options and shareholdings are given on pages 29 and 30 and details of Directors' pensions are set out on page 29.

Report of the Remuneration Committee
(continued)

Pensions
Executive Directors are entitled to benefits under defined contribution scheme pension arrangements.

Executive Directors
The following information has been audited as part of the financial statements.

Ian Ireland and Padraic Lenehan (from date of appointment 1 July 2015) are the Executive Directors in place during the current year.

	2015	2014
	€	€
Salaries and benefits		
Basic salary	**315,803**	262,344
Benefits (1)	**47,227**	24,642
	363,030	286,986
Performance related		
Annual incentives (2)	**56,539**	41,250
Pension charge (3)	**74,395**	68,204
Total executive directors' remuneration	**493,964**	396,440
Average number of Executive Directors	**1.5**	1
Average annual basic salary per Executive Director	**182,008**	262,344

Non-Executive Directors	2015	2014
	€	€
Fees and other emoluments		
Fees (4)	**158,565**	163,144
Other emoluments and benefits	**-**	-
	158,565	163,144
Other remuneration	**-**	-
Total Non-Executive Directors' remuneration	**158,565**	163,144
Average number of non-Executive Directors	**8.5**	9
Total Directors' Remuneration	**652,529**	559,584

In addition, a charge of €166,033 (2014: €84,182) has been recognised with respect to share options (equity & cash-settled) granted to Executive Directors and management.

Notes to Directors' Remuneration
1. Benefits principally relate to a car allowance and expenses paid to Directors.
2. The incentive plan is outlined on page 27.
3. The pension charge represents contributions made to defined contribution scheme pension funds.
4. Nine non-Executive Directors received fees in 2015 (2014: Nine).

	Basic salary	Incentive bonus	Benefits	Pension & other related costs	2015 Total	2014 Total
	€	€	€	€	€	€
Executive Directors						
I Ireland	**267,591**	**42,075**	**39,341**	**69,574**	**418,581**	**396,440**
P Lenehan	**48,212**	**14,464**	**7,886**	**4,821**	**75,383**	**-**
	315,803	**56,539**	**47,227**	**74,395**	**493,964**	**396,440**
Non-Executive Directors						
G Vance (Chairman)	44,107	-	-	-	**44,107**	43,541
F Browne	12,820	-	-	-	**12,820**	12,569
F Devenny (resigned 1 July 2015)	6,410	-	-	-	**6,410**	12,569
M Griffin	16,940	-	-	-	**16,940**	16,907
P Kelly Jnr	15,161	-	-	-	**15,161**	15,163
G McClay	14,040	-	-	-	**14,040**	13,765
H McGarvey	16,940	-	-	-	**16,940**	16,907
M McNulty (resigned 2 July 2014)	-	-	-	-	**-**	8,155
R Whelan	17,245	-	-	-	**17,245**	8,155
N Witherow	14,902	-	-	-	**14,902**	15,413
	158,565	-	-	-	**158,565**	163,144

Directors' and secretary's share options

Details of movements on outstanding equity options are set out below:

	At 31 December 2014	Granted in 2015	Expired in 2015	Exercised in 2015	At 31 December 2015	Average Option Price 2015
						€
I Ireland	150,000	-	-	-	**150,000**	**4.70**
	70,000	-	-	-	**70,000**	**6.00**
	220,000	-	-	-	**220,000**	**-**
P Lenehan	60,000	-	-	-	**60,000**	**6.00**
	60,000	-	-	-	**60,000**	**-**

The market price of the Company's shares at 31 December 2015 was €6.0465 (2014: €5.65) and the range during 2015 was €5.00 to €6.10 (2014: €5.50 to €7.20). See note 26 of the financial statements for further information in this regard.

Options are exercisable between the third anniversary of the date of grant and the seventh anniversary of the date of grant.

During the year, 40,000 share performance plan options were awarded to Ian Ireland and 30,000 options were awarded to Padraic Lenehan. One third of the options can be exercised after one year, one third after two years and one third after three years.

Report of the Remuneration Committee
(continued)

Directors' and secretary's interests in shares

The beneficial interests, including family interests, of the Directors and secretary in office at 31 December 2015 in the ordinary shares of the Company at 31 December 2015 (or date of appointment, if later) and 31 December 2014 are set out below:

	31 December 2015	31 December 2014
Directors:		
G Vance (Chairman)	**189,639**	180,839
F Browne	**6,917**	6,917
M Griffin	**25,000**	15,000
I Ireland	**165,000**	152,000
P Kelly Jnr	**2,401**	2,401
P Lenehan	**-**	-
G McClay	**12,107**	12,107
H McGarvey	**3,816**	3,000
R Whelan	**68,224**	2,000
N Witherow	**50,471**	50,471

All movements in shareholdings noted above represent purchases / sales on the open market by the Executive Directors.

Statement of Directors' Responsibilities

in respect of the annual report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable laws and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law and in accordance with ESM Rules of the Irish Stock Exchange the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable laws and have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014.

Under company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for the year.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Group and Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Under applicable law, the Directors are also responsible for preparing a Directors' Report that complies with the Companies Act 2014.

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

On behalf of the Board

Geoffrey Vance	**Ian Ireland**
Director	***Director***

12 May 2016

Independent Auditor's Report

to the members of Donegal Investment Group plc

We have audited the Group and Company financial statements (''financial statements'') of Donegal Investment Group plc for the year ended 31 December 2015 which comprise the Group Statement of profit or loss and Comprehensive Income, the Group and Company Statement of Financial Position, the Group and Company Cash Flow Statements, the Group and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2015 and of its profit for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2015;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 31, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

12 May 2016

Conall O'Halloran
for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2.

Consolidated statement of profit or loss and comprehensive income

for the year ended 31 December 2015

	Note	Pre-exceptional €'000	(Note 8) Exceptional €'000	2015 Total €'000	Restated Pre-exceptional €'000	(Note 8) Exceptional €'000	Restated 2014 Total €'000
Continuing operations							
Revenue	6	**82,883**	**-**	**82,883**	80,739	-	80,739
Cost of sales		**(62,508)**	**-**	**(62,508)**	(61,842)	-	(61,842)
Gross profit		**20,375**	**-**	**20,375**	18,897	-	18,897
Other income	7	**512**	**-**	**512**	1,001	-	1,001
Other expenses	7	**(25)**	**-**	**(25)**	(322)	-	(322)
Distribution expenses		**(9,590)**	**-**	**(9,590)**	(9,113)	-	(9,113)
Administrative expenses		**(10,274)**	**1,284**	**(8,990)**	(9,850)	(3,587)	(13,437)
Profit/(loss) from operating activities		**998**	**1,284**	**2,282**	613	(3,587)	(2,974)
Finance income		**666**	**-**	**666**	473	-	473
Finance expenses		**(654)**	**-**	**(654)**	(692)	-	(692)
Net finance income/(expense)	11	**12**	**-**	**12**	(219)	-	(219)
Share of profit of associates (net of tax)		**2,745**	**(663)**	**2,082**	3,810	(807)	3,003
Profit/(loss) before income tax		**3,755**	**621**	**4,376**	4,204	(4,394)	(190)
Income tax (expense)/credit	12	**(265)**	**(390)**	**(655)**	140	449	589
Profit/(loss) for the year		**3,490**	**231**	**3,721**	4,344	(3,945)	399
Other comprehensive income							
Items that are or may be reclassified to profit or loss							
Foreign currency translation differences for foreign operations	11			**36**			214
Recycle of currency translation in associate undertaking on exercise of option over financial asset				**(46)**			-
Currency translation adjustment in associate undertaking				**339**			385
Revaluation of financial instrument in associate undertaking				**(259)**			392
Recycle of change in fair value of financial instrument in associate undertaking on exercise of option over financial asset				**274**			-
Revaluation of property on reclassification to investment property				**31**			-
Tax on revaluation of property on reclassification to investment property	18			**(10)**			-
Revaluation of available for sale financial asset	17			**364**			328
Tax on revaluation of available for sale financial asset	18			**(120)**			(108)
				609			1,211
Total comprehensive income for the year				**4,330**			1,610

	Note	2015 €'000	Restated 2014 €'000
Profit/(loss) attributable to:			
Equity holders of the Company		**3,617**	528
Non-controlling interest		**104**	(129)
		3,721	399
Total comprehensive income attributable to:			
Equity holders of the Company		**4,231**	1,711
Non-controlling interest		**99**	(101)
		4,330	1,610
Earnings per share			
Basic earnings per share (euro cent):			
Continuing	23	**35.7**	5.2
Diluted earnings per share (euro cent):			
Continuing	23	**35.4**	5.1

The notes on pages 43 to 94 are an integral part of these consolidated financial statements.

Geoffrey Vance
Director

Ian Ireland
Director

Consolidated statement of financial position

as at 31 December 2015

	Note	2015 €'000	Restated 2014 €'000
Assets			
Property, plant and equipment	13	**14,127**	15,076
Goodwill	14	**3,633**	3,633
Intangible assets	14	**458**	534
Investment property	15	**18,634**	18,177
Investment in associates	16	**24,904**	26,322
Other investments	17	**1,505**	1,141
Prepayment	20	**189**	190
Total non-current assets		**63,450**	65,073
Inventories	19	**4,822**	5,565
Trade and other receivables	20	**31,997**	33,046
Current tax		**137**	246
Cash at bank	21	**82**	-
Current financial instrument	28	**92**	-
Total current assets		**37,130**	38,857
Total assets		**100,580**	103,930
Equity			
Share capital	22	**1,337**	1,337
Share premium	22	**2,975**	2,975
Other reserves	22	**(917)**	(453)
Retained earnings		**57,293**	55,287
Total equity attributable to equity holders of the Company		**60,688**	59,146
Non-controlling interest		**1,347**	1,335
Total equity		**62,035**	60,481
Liabilities			
Loans and borrowings	24	**11,018**	12,276
Deferred income	27	**120**	130
Derivatives	27	**-**	3,925
Deferred tax liabilities	18	**3,560**	2,963
Total non-current liabilities		**14,698**	19,294
Trade and other payables	27	**22,579**	19,577
Bank overdraft	21	**-**	3,300
Loans and borrowings	24	**1,268**	1,278
Total current liabilities		**23,847**	24,155
Total liabilities		**38,545**	43,449
Total equity and liabilities		**100,580**	103,930

The notes on pages 43 to 94 are an integral part of these consolidated financial statements.

Geoffrey Vance
Director

Ian Ireland
Director

Company statement of financial position

as at 31 December 2015

	Note	2015 €'000	2014 €'000
Assets			
Property, plant and equipment	13	**3,110**	3,140
Intangible assets	14	**19**	24
Investment property	15	**15,675**	15,504
Investment in associates	16	**5,362**	6,061
Other investments	17	**4,847**	4,483
Total non-current assets		**29,013**	29,212
Trade and other receivables	20	**10,522**	16,815
Current tax		**25**	2
Total current assets		**10,547**	16,817
Total assets		**39,560**	46,029
Equity			
Share capital	22	**1,337**	1,337
Share premium	22	**2,975**	2,975
Other reserves	22	**96**	930
Retained earnings		**8,008**	4,505
Total equity		**12,416**	9,747
Liabilities			
Loans and borrowings	24	**11,000**	12,200
Derivatives	27	**-**	3,925
Deferred income	27	**2**	2
Deferred tax liabilities	18	**2,479**	1,805
Total non-current liabilities		**13,481**	17,932
Trade and other payables	27	**3,040**	5,469
Bank overdraft	21	**9,423**	11,681
Loans and borrowings	24	**1,200**	1,200
Total current liabilities		**13,663**	18,350
Total liabilities		**27,144**	36,282
Total equity and liabilities		**39,560**	46,029

The notes on pages 43 to 94 are an integral part of these consolidated financial statements.

Geoffrey Vance
Director

Ian Ireland
Director

Consolidated statement of changes in equity

for the year ended 31 December 2015

	Note	Share capital €'000	Share premium €'000	Translation reserve €'000	Reserve for own shares €'000	Revaluation reserves €'000	Fair value reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 January 2015		1,337	2,975	(2,832)	(351)	4,169	(1,597)	158	55,287	59,146	1,335	60,481
Total comprehensive income for the year												
Profit for the year		-	-	-	-	-	-	-	3,617	3,617	104	3,721
Other comprehensive income												
Foreign currency translation differences for foreign operations		-	-	41	-	-	-	-	-	41	(5)	36
Currency translation adjustment in associate undertaking		-	-	339	-	-	-	-	-	339	-	339
Recycle of currency translation in associate undertaking on exercise of option over financial asset		-	-	(46)	-	-	-	-	-	(46)	-	(46)
Change in fair value of financial instrument in associate undertaking		-	-	-	-	-	(259)	-	-	(259)	-	(259)
Recycle of change in fair value of financial instrument in associate undertaking on exercise of option over financial asset		-	-	-	-	-	274	-	-	274	-	274
Revaluation of property on reclassification to investment property, net of tax		-	-	-	-	21	-	-	-	21	-	21
Change in fair value of available for sale financial assets, net of tax		-	-	-	-	-	244	-	-	244	-	244
Other comprehensive income		-	-	334	-	21	259	-	-	614	(5)	609
Total comprehensive income for the year		**-**	**-**	**334**	**-**	**21**	**259**	**-**	**3,617**	**4,231**	**99**	**4,330**
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Dividends paid	22	-	-	-	-	-	-	-	(1,611)	(1,611)	(87)	(1,698)
Acquisition of treasury shares		-	-	-	(1,289)	-	-	-	-	(1,289)	-	(1,289)
Shared based payments	26	-	-	-	-	-	-	211	-	211	-	211
Total contributions by and distributions to owners		**-**	**-**	**-**	**(1,289)**	**-**	**-**	**211**	**(1,611)**	**(2,689)**	**(87)**	**(2,776)**
Balance at 31 December 2015		**1,337**	**2,975**	**(2,498)**	**(1,640)**	**4,190**	**(1,338)**	**369**	**57,293**	**60,688**	**1,347**	**62,035**

The notes on pages 43 to 94 are an integral part of these consolidated financial statements.

	Note	Share capital €'000	Share premium €'000	Translation reserve €'000	Reserve for own shares €'000	Revaluation reserves €'000	Fair value reserve Restated €'000	Share option reserve €'000	Retained earnings Restated €'000	Total Restated €'000	Non-controlling interest €'000	Total equity Restated €'000
Balance at 1 January 2014		1,337	2,975	(3,403)	(144)	4,169	(2,209)	194	56,335	59,254	1,468	60,722
Total comprehensive income for the year												
Loss for the year		-	-	-	-	-	-	-	528	528	(129)	399
Other comprehensive income												
Foreign currency translation differences for foreign operations		-	-	186	-	-	-	-	-	186	28	214
Currency translation adjustment in associate undertaking		-	-	385	-	-	-	-	-	385	-	385
Change in fair value of financial instrument in associate undertaking		-	-	-	-	-	392	-	-	392	-	392
Change in fair value of available for sale financial assets, net of tax		-	-	-	-	-	220	-	-	220	-	220
Other comprehensive income		-	-	571	-	-	612	-	-	1,183	28	1,211
Total comprehensive income for the year		**-**	**-**	**571**	**-**	**-**	**612**	**-**	**528**	**1,711**	**(101)**	**1,610**
Transactions with owners recorded directly in equity												
Contributions by and distributions to owners												
Dividends paid	22	-	-	-	-	-	-	-	(1,635)	(1,635)	(32)	(1,667)
Acquisition of treasury shares		-	-	-	(465)	-	-	-	-	(465)	-	(465)
Shared based payments	26	-	-	-	258	-	-	(36)	59	281	-	281
Total contributions by and distributions to owners		**-**	**-**	**-**	**(207)**	**-**	**-**	**(36)**	**(1,576)**	**(1,819)**	**(32)**	**(1,851)**
Balance at 31 December 2014		**1,337**	**2,975**	**(2,832)**	**(351)**	**4,169**	**(1,597)**	**158**	**55,287**	**59,146**	**1,335**	**60,481**

The notes on pages 43 to 94 are an integral part of these consolidated financial statements.

Company statement of changes in equity

for the year ended 31 December 2015

	Note	Share capital €'000	Share premium €'000	Reserve for own shares €'000	Other reserve €'000	Revaluation reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000
Balance at 1 January 2014		1,337	2,975	(144)	287	616	194	3,782	9,047
Profit for the year		-	-	-	-	-	-	2,299	2,299
Net change in fair value of available for sale financial assets, net of tax		-	-	-	220	-	-	-	220
Total comprehensive income for the year		**-**	**-**	**-**	**220**	**-**	**-**	**2,299**	**2,519**
Transactions with owners recorded directly in equity									
Dividends to equity holders		-	-	-	-	-	-	(1,635)	(1,635)
Acquisition of treasury shares		-	-	(465)	-	-	-	-	(465)
Share-based payments	26	-	-	258	-	-	(36)	59	281
Total contributions by and distributions to owners		-	-	(207)	-	-	(36)	(1,576)	(1,819)
Balance at 31 December 2014		**1,337**	**2,975**	**(351)**	**507**	**616**	**158**	**4,505**	**9,747**
Profit for the year		-	-	-	-	-	-	5,114	5,114
Net change in fair value of available for sale financial assets, net of tax		-	-	-	244	-	-	-	244
Total comprehensive income for the year		**-**	**-**	**-**	**244**	**-**	**-**	**5,114**	**5,358**
Transactions with owners recorded directly in equity									
Dividends to equity holders		-	-	-	-	-	-	(1,611)	(1,611)
Share based payments	26						211	-	211
Acquisition of treasury shares		-	-	(1,289)	-	-	-	-	(1,289)
Total contributions by and distributions to owners		-	-	(1,289)	-	-	-	(1,611)	(2,689)
Balance at 31 December 2015		**1,337**	**2,975**	**(1,640)**	**751**	**616**	**369**	**8,008**	**12,416**

The notes on pages 43 to 94 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2015

	Note	2015 €'000	Restated 2014 €'000
Cash flows from operating activities			
Profit for the year		**3,721**	399
Adjustments for:			
Depreciation	13	**1,317**	1,266
Amortisation of intangibles	14	**106**	135
Change in fair value of investment property	15	**(5)**	240
Net finance (income)/expense	11	**(12)**	219
Share of profit of associates		**(2,082)**	(3,003)
Gain on sale of property, plant and equipment	7	**(38)**	(69)
Loss on sale of investment property	7	**19**	82
Loss on sale of subsidiary	7	**6**	-
Gain on exercise of option over financial asset		**(436)**	-
Share-based payment transactions	26	**246**	131
Income tax expense/(credit)		**655**	(589)
Change in inventories		**492**	(970)
Change in trade and other receivables		**(1,824)**	855
Change in trade and other payables		**2,726**	1,964
Cash generated from operating activities		**4,891**	660
Interest paid		**(376)**	(534)
Income tax refunded/(paid)		**65**	(647)
Net cash from operating activities		**4,580**	(521)
Cash flows from investing activities			
Interest received		**20**	34
Dividends received		**39**	19
Proceeds from sale of property, plant and equipment		**69**	78
Proceeds from disposal of investment property		**3,224**	2,653
Proceeds of exercise of option over financial asset		**350**	-
Acquisition of treasury shares		**(1,289)**	(465)
Exercise of share options		**-**	150
Acquisition of property, plant and equipment		**(714)**	(1,332)
Acquisition of intangibles		**(37)**	(136)
Net cash generated from investing activities		**1,662**	1,001
Cash flows from financing activities			
Repayment of borrowings	24	**(1,200)**	(1,200)
Payment of finance lease liabilities		**(68)**	(64)
Dividend paid to non-controlling interest		**(87)**	(32)
Dividends paid	22	**(1,611)**	(1,635)
Net cash flow from financing activities		**(2,966)**	(2,931)
Net increase/(decrease) in cash and cash equivalents		**3,276**	(2,451)
Cash and cash equivalents at 1 January		**(3,300)**	(1,135)
Effect of exchange rate fluctuations on cash held		**106**	286
Cash and cash equivalents at 31 December	21	**82**	(3,300)

The notes on pages 43 to 94 are an integral part of these consolidated financial statements.

Company statement of cash flows

for the year ended 31 December 2015

	Note	2015 €'000	2014 €'000
Cash flows from operating activities			
Profit for the year		**5,114**	2,299
Adjustments for:			
Depreciation	13	**35**	58
Amortisation	14	**5**	4
Change in fair value of investment property	15	**(221)**	(310)
Net finance expense		**(998)**	(3,385)
Loss on sale of investment property		**19**	82
Share-based payment transactions	26	**246**	131
Gain on exercise of option over financial asset		**(3,543)**	-
Profit on disposal of fixed assets		**-**	(37)
Income tax expense/(credit)		**555**	(575)
Change in trade and other receivables		**3,158**	(979)
Change in trade and other payables		**(2,498)**	(2,810)
Cash generated from operating activities		**1,872**	(5,522)
Interest paid		**(392)**	(549)
Income tax paid		**(22)**	(6)
Net cash from operating activities		**1,458**	(6,077)
Cash flows from investing activities			
Interest received		**16**	19
Dividend received		**1,315**	4,062
Proceeds from sale of property, plant & equipment		**-**	19
Proceeds from exercise of option over financial asset		**350**	-
Acquisition of property, plant and equipment		**(5)**	(45)
Acquisition of intangible assets		**-**	(11)
Proceeds from disposal of investment property		**3,224**	2,653
Acquisition of treasury shares		**(1,289)**	(465)
Exercise of share options		**-**	150
Net cash generated from investing activities		**3,611**	6,382
Cash flows from financing activities			
Repayment of borrowings	24	**(1,200)**	(1,200)
Dividends paid	22	**(1,611)**	(1,635)
Net cash flow from financing activities		**(2,811)**	(2,835)
Net increase/(decrease) in cash and cash equivalents		**2,258**	(2,530)
Cash and cash equivalents at 1 January		**(11,681)**	(9,151)
Cash and cash equivalents at 31 December	21	**(9,423)**	(11,681)

The notes on pages 43 to 94 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Notes to the consolidated financial statements
(continued)

1. Reporting entity

Donegal Investment Group plc (the "Company") is a Company incorporated and tax resident in the Republic of Ireland. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 consolidate the financial statements of the Company and its subsidiaries (together referred to as the "Group") and include the Group's interest in associates using the equity method of accounting. The Company financial statements deal with the Company as a single entity. The Group is primarily involved in the development, purchase and sale of seed potatoes, the manufacture, sale and distribution of farm inputs and dairy products by its Food-Agri business segment and the rental and sales of Food-Agri property assets.

The consolidated and Company financial statements were authorised for issuance on 12 May 2016.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements for the year ended 31 December 2015 have been prepared in accordance with the International Financial Reporting Standards and Interpretations (together IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union ('EU IFRS). The Company financial statements have been prepared in accordance with EU IFRS, as applied in accordance with the Companies Act 2014, which permits a Company that publishes its consolidated and Company financial statements together to take advantage of the exemption in Section 304 of the Companies Act 2014 from presenting to its members its Company income statement and related notes that form part of the approved Company financial statements.
The Standards and Interpretations applied were those that were effective for accounting periods ending on or before 31 December 2015.

(b) Basis of preparation

The financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euro is rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial assets classified as available-for-sale, investment property and biological assets.

The accounts have been prepared on the going concern basis. The Directors are aware that certain amounts of the Group's debt falls due for repayment in January 2017, but do not anticipate there to be any issue with regard to the availability of ongoing debt funding being available.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in prior years (in respect of the carrying value of goodwill, deferred tax, financial assets and liabilities).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(d) Changes in accounting policies

The following standards, amendments and interpretations were applicable in the financial year beginning 1 January 2015.

Annual Improvements to IFRS 2011-2013 Cycle

As part of its annual improvements process, the IASB has published non-urgent but necessary amendments to IFRS. The cycle covers a total of four standards, with consequential amendments to other standards. The amendments apply prospectively for annual periods beginning on or after 1 January 2015. The topics covered in these revisions are listed below.

2. Basis of preparation *(continued)*

Annual Improvements to IFRS 2011-2013 Cycle

IFRS 1 First-time adoption of IFRS: meaning of 'effective IFRS'.

IFRS 3 Business Combinations: scope exceptions for joint ventures.

IFRS 13 Fair Value Measurement: scope of paragraph 52 (portfolio exception).

IAS 40 Investment Property: clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

For all changes to the standards above, the Group has changed its accounting policies accordingly, which did not have a material impact on the financial results or financial position of the Group.

3. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company in the Company financial statements and throughout the Group for the purposes of the consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the exposure or rights to variable returns and the ability to affect those returns through its power over an investee. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

Associates are those entities for which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total change in net assets of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations to make payments on behalf of an associate.

(iii) Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the consolidated financial statements

(continued)

3. Significant accounting policies *(continued)*

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rates at the date that the fair value was determined.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at exchange rates at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income and presented in the translation reserve in equity.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.
Non-derivative financial instruments are recognised initially at fair value plus/less any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and are accounted for at amortised cost. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in note 3(n).

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(h)), are recognised in other comprehensive income and presented in the fair value reserve in equity.

When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments

An associate of the Group holds derivative financial instruments to hedge its foreign currency risk exposures. Hedge accounting is not applied to such derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. It also holds interest rate swap derivatives, for which hedge accounting is not applied. Changes in the fair value of these derivatives are recognised in profit or loss as part of the share of profit or loss of the associate.

An associate of the Group holds a derivative financial instrument in respect of a put liability option. Such derivatives are initially valued at fair value; any directly attributable costs are recognised in profit or loss as incurred. Subsequent to initial recognition, the derivative is measured at fair value, with changes therein recognised in other comprehensive income.

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially valued at fair value; any directly attributable costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, with changes therein recognised in profit or loss.

3. Significant accounting policies *(continued)*

(d) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(ii) Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to / from retained earnings.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation and accumulated impairment losses (see accounting policy 3(h)). Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within 'other income' in profit or loss.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in other comprehensive income and presented in the revaluation reserve in equity.

Any loss is recognised immediately in profit or loss.

(iii) Leased assets

Leases under the terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(iv) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that it will produce additional future economic benefits embodied within the part that will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(v) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives are as follows:

- buildings 20 years
- plant and equipment 10 years
- fixtures and fittings 4 - 10 years
- motor vehicles 4 - 10 years

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

Notes to the consolidated financial statements

(continued)

3. Significant accounting policies *(continued)*

(f) Intangible assets

(i) Goodwill

Goodwill/(negative goodwill) arises on the acquisition of subsidiaries and associates.
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date control is transferred to the Group. Control exists when the Company has the exposure or rights to variable returns and the ability to affect those returns through its power over investee. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

For acquisitions, the Group measures goodwill at the acquisition date as follows:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Subsequent measurement

Goodwill is measured at cost less any accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

(ii) Other intangible assets

Intangible assets that are acquired by the Group in a business combination are recognised initially at their fair value at the date of acquisition, being their cost to the Group and subsequently at cost less accumulated amortisation and impairment losses. Other intangible assets that are acquired by the Group are measured at cost less accumulated amortisation and impairment losses.

Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense as incurred.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit and loss as incurred.

(iv) Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

- computer software 4 years
- licenses 50 years
- Customer lists and brand related intangibles 3-10 years

3. Significant accounting policies *(continued)*

(g) Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods and services or for administrative purposes. Investment properties are measured at fair value with any change therein recognised in profit or loss. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every twelve months.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, the fair value at the date of reclassification becomes its deemed cost for subsequent accounting purposes.

(h) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in other comprehensive income is reclassified to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

(ii) Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

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

Notes to the consolidated financial statements
(continued)

3. Significant accounting policies *(continued)*

(i) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(j) Share-based payment arrangements

The grant-date of equity-settled share based arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value. Any changes in the liability are recognised in profit or loss.

(k) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(l) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. No revenue is recognised if there is significant continuing management involvement with the goods.

(ii) Rental income

Rental income from the Group's investment properties is recognised as other income in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Government grants

Government grants are recognised initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as other operating income on a systematic basis over the useful life of the asset.

3. Significant accounting policies *(continued)*

(m) Lease payments

(i) Operating lease payments

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

(ii) Finance lease payments

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

(n) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale debt securities), dividend income, interest charged on trade receivable balances, gains on the disposal of available-for-sale financial assets and net foreign exchange gains. Interest income is recognised in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Finance expenses comprise interest expense on borrowings, net foreign exchange losses and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(o) Income tax

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset, where they are in the same jurisdiction.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Notes to the consolidated financial statements

(continued)

3. Significant accounting policies *(continued)*

(p) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill, including amounts arising in business combinations.

(q) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

(r) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(s) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Biological assets are measured at fair value less costs to sell, with any change therein recognised in profit or loss.

(t) Exceptional Items

Exceptional items are those that are separately disclosed by virtue of their nature or amount in order to highlight such items within the Statement of Profit or Loss and Comprehensive Income and results for the year. Examples of such items may include significant restructuring programmes, profits or losses on termination of operations, litigation costs and settlements and significant impairments of assets. Group management exercises judgement in assessing each particular item which, by virtue of their scale or nature, should be highlighted and disclosed in the Statement of Profit or Loss and Comprehensive Income and notes to the Group Financial Statements as exceptional items. Exceptional items are included within the Statement of Profit or Loss and Comprehensive Income caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

3. Significant accounting policies *(continued)*

(u) New standards and interpretations not yet adopted

A number of new International Financial Reporting Standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015, and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early; instead it will apply them from their effective dates as determined by their dates of EU endorsement.

Standard	IASB effective date (periods beginning)	EU companies effective date (periods beginning)
IAS 19 Amendment: *Defined Benefit Plans; Employee Contributions*	1 July 2014	1 February 2015
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	1 February 2015
Amendments to IFRS 11: *Accounting for acquisitions of interests in Joint Operations*	1 January 2016	1 January 2016
Amendments to IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016	1 January 2016
Amendments to IAS 16 *Property, Plant and Equipment and IAS 41 Bearer Plants (30 June 2014)*	1 January 2016	1 January 2016
Amendments to IAS 27: *Equity Method in Separate Financial Statements*	1 January 2016	1 January 2016
Amendments to IAS 1: *Disclosure Initiative*	1 January 2016	1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: *Applying the consolidation exception*	1 January 2016	Not endorsed, expected to be endorsed Q2 2016.
Amendments to IAS 7: *Disclosure Initiative*	1 January 2017	Not endorsed, expected to be endorsed Q4 2016.
Amendments to IAS 12: R*ecognition of deferred tax assets for unrealised*	1 January 2017	Not endorsed, expected to be endorsed Q4 2016.
IFRS 15: *Revenue from contracts with customers (May 2014) including amendments to IFRS 15*	1 January 2018	Not endorsed, expected to be endorsed Q2 2016.
IFRS 9 *Financial Instruments*	1 January 2018	Not endorsed, expected to be endorsed H2 2016.
IFRS 16: *Leases*	1 January 2019	Not endorsed, no indicative endorsement date provided.

The Group is still reviewing these upcoming changes to determine the extent of their impact.

Notes to the consolidated financial statements

(continued)

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investment property

External independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property taking into account expected rental growth rates, void periods, occupancy rates and lease incentive costs. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.
Valuations reflect, when appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property.

(ii) Investments in equity and debt securities

The fair value of available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date. Where investments do not have a quoted bid price their fair value is estimated by the Directors based on recent market transactions and other information available at the reporting date.

(iii) Trade and other receivables and trade and other payables

The fair value of trade and other receivables and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Where the time to maturity or settlement is less than six months, the cost of the item is deemed to reflect its fair value.

(iv) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of written options issued over Group investments is measured using a Black Scholes option pricing model.

(v) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the Group's market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(vi) Share-based payment transactions

The fair value of employee stock options is measured using a binomial lattice pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. Financial risk management

Overview

The Group has exposure to the following risks:

- credit risk;
- liquidity risk;
- market risk;
- currency risk; and
- commodity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

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

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, with the default risk of those customers being impacted by economic and legal changes in their sectors, primarily being the agricultural sector. Customers are subject to initial credit checks including trade references with credit limits reviewed regularly based on purchasing and payment performance. New customers are subject to restricted credit limits until a credit history is established. Due to the established nature of the businesses and customer relationships, the majority of customers have long-standing trading histories with the Group. Management ensure that, where possible, suitable credit arrangements or letters of credit are in place before dealing with new customers outside Ireland and the UK.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim.
The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
At 31 December 2015 the Group had committed bank facilities of €24.4m (2014: €25.5m), including an overdraft facility of €12.1m (2014: €12.1m) for working capital requirements.

Notes to the consolidated financial statements
(continued)

5. Financial risk management *(continued)*

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

At times, the Group buys forward contracts in order to manage market risks although the use of such instruments is limited.

Currency risk
The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro (€) and Sterling (GBP). The principal exposure relates to transactions denominated in GBP from entities with Euro functional currencies.

Overdrafts and borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Euro and GBP. This provides an economic hedge. In 2015, the group entered into a foreign exchange hedge to further mitigate foreign currency exposure.

Commodity risk
Commodity risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. The Group's approach to managing commodity risk is to ensure the commodity procurement policy in respect of forward purchasing is consistently applied across the Group and risks are considered and analysed in applying the commodity strategy.

The Group does not enter into commodity contracts other than to meet the Group's expected usage and sale requirements; such contracts are not capable of net settlement.

Capital management
The Group considers that its capital comprises share capital, share premium, retained earnings and other reserves (excluding the translation, fair value, non-controlling interest and share options reserves) which amounted to €64.2m at 31 December 2015 (2014: €63.4m).

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitor the level of dividends to ordinary shareholders.

From time to time the Company purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily the shares are intended to be used for awarding shares under the Group's share option programme. Buy and sell decisions are made on a specific transaction basis by the Executive Directors based on criteria set by the Board of Directors. The Group does not have a defined share buy-back plan.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6. Segment reporting

Business segments

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision maker (CODM) in order to allocate resources to the segments and to assess their performance.

The Group comprises the following reportable business segments:

- Produce: The growing, sales and distribution of seed potatoes and organic produce.
- Food – Agri and Property: The manufacture, sale and distribution of farm inputs and dairy products and rental and sale of property assets.
- Associates: Associates is comprised of our existing investments in Monaghan Middlebrook Mushrooms, North Western Livestock Holdings and Leapgrange. Monaghan Middlebrook Mushrooms is by far the most significant associate.

Geographical segments

The Group operates in three geographical segments: the Island of Ireland; Europe and the Rest of the World.
In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of business segments. Segment assets are based on the geographical location of the assets.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit/(loss) as included in the internal management reports that are reviewed by the Group's CODM, being the Board. Segment operating profit is used to measure performance, as such information is the most relevant in evaluating the results of the Group's segments. Segment results, assets and liabilities include all items directly attributable to a segment. Segment capital expenditure is the total amount incurred during the period to acquire segment assets that are expected to be used for more than one accounting period, excluding expenditure relating to business combinations.

	Produce		Food-Agri & Property		Associates		Total - Group	
	2015	2014	**2015**	2014	**2015**	Restated 2014	**2015**	Restated 2014
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Group								
Total revenues	**33,419**	33,609	**49,464**	47,130	**101,548**	118,294	**184,431**	199,033
Less: Revenue from associates	**-**	-	**-**	-	**(101,548)**	(118,294)	**(101,548)**	(118,294)
Revenue – continuing operations	**33,419**	33,609	**49,464**	47,130	**-**	-	**82,883**	80,739
Inter-segment revenue	**-**	-	**-**	-	**-**	-	**-**	-
Segment result before exceptional items	**(682)**	(761)	**1,891**	1,505	**2,745**	3,810	**3,954**	4,554
Inter-segment charges	**-**	-	**-**	447	**-**	(447)	**-**	-
Segmental result from continuing operations before exceptional items	**(682)**	(761)	**1,926**	1,952	**2,745**	3,363	**3,989**	4,554
Exceptional items							**621**	(4,394)
Share option expense							**(246)**	(131)
Net finance income/(costs)							**12**	(219)
Income tax (expense)/credit							**(655)**	589
Profit/(loss) for the year – continuing operations							**3,721**	399

Notes to the consolidated financial statements

(continued)

6. Segment reporting *(continued)*

	Produce		Food-Agri & Property		Associates		Total - Group	
	2015	2014	**2015**	2014	**2015**	Restated 2014	**2015**	Restated 2014
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Segment assets	**22,770**	22,069	**52,732**	55,539	**-**	-	**75,502**	77,608
Investments in associates	**-**	-	**-**	-	**24,904**	26,322	**24,904**	26,322
Cash at bank (unallocated)							**82**	-
Current financial instrument (unallocated)							**92**	-
Total assets as reported in Group Balance Sheet	**-**	-	**-**	-	**-**	-	**100,580**	103,930
Segment liabilities	**13,929**	10,766	**8,770**	8,941	**-**	-	**22,699**	19,707
Bank overdraft (unallocated)							**-**	3,300
Derivatives (unallocated)							**-**	3,925
Loans and borrowings (unallocated)							**12,286**	13,554
Deferred tax (unallocated)							**3,560**	2,963
Total liabilities as reported in Group Balance Sheet							**38,545**	43,449
Other segment information								
Capital expenditure	**137**	292	**614**	1,176	**-**	-	**751**	1,468
Depreciation and amortisation	**482**	511	**941**	890	**-**	-	**1,423**	1,401
Change in fair value of investment property and other assets	**-**	-	**(369)**	(88)	**-**	-	**(369)**	(88)

	Island of Ireland		Europe		Rest of world		Total - Group	
	2015	Restated 2014	**2015**	2014	**2015**	2014	**2015**	Restated 2014
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Total revenue from external customers (by origin)	**73,238**	69,950	**9,262**	10,666	**383**	123	**82,883**	80,739
Segment assets as reported in Group Balance Sheet	**94,438**	97,834	**5,477**	5,859	**665**	237	**100,580**	103,930
Capital expenditure	**656**	1,325	**83**	111	**12**	32	**751**	1,468

The Group had one customer that comprised 14% of its total revenues in 2015 (2014:14%).

7. Other income/(expenses) - continuing operations

	2015 €'000	2014 €'000
Income from investment property rentals	**469**	932
Change in fair value of investment property	**5**	-
Profit on disposal of property, plant and equipment	**38**	69
	512	1,001
Change in fair value of investment property	**-**	(240)
Loss on disposal of subsidiary	**(6)**	-
Loss on disposal of investment property	**(19)**	(82)
	(25)	(322)
	487	679

8. Exceptional items

Exceptional items are those that, in management's judgement, should be disclosed by virtue of their nature or amount. Such items are included in the Statement of profit or loss and comprehensive income caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

The Group reports the following exceptional items:

		2015 €'000	2014 €'000
Restructuring costs	a	**(50)**	(968)
Associate exceptional costs, net	b	**(663)**	(807)
Legal costs receivable in respect of oppression action with Monaghan Middlebrook Mushrooms (MMM)	c	**1,800**	-
Legal costs payable in respect of the option case with MMM	d	**(240)**	-
Accounting profit in respect of the exercise of option over financial asset held by MMM	e	**436**	-
Legal costs in respect of the ongoing legal case with MMM	f	**(617)**	(2,619)
Legal costs in respect of other legal cases	g	**(45)**	-
		621	(4,394)
Income tax (expense)/benefit in respect of exceptional items		**(390)**	449
		231	(3,945)

a) Restructuring costs include operational costs redundancy costs, legal, and accounting and taxation advice in respect of costs associated with restructuring the Group.
b) Associate exceptional costs include costs in respect of a change in EU grant funding models, redundancy costs and income/(costs incurred) in respect of company and asset acquisitions during 2014.
c) Estimated legal costs receivable in respect of costs awarded by the Courts to the Group in respect of the Oppression Action.
d) Estimated legal costs payable in respect of costs awarded by the Courts against the Group in respect of share option legal case.
e) Accounting profit in respect of the exercise of the option over financial assets held by MMM.
f) Legal costs are costs in respect of the ongoing legal case with MMM.
g) Legal costs are costs in respect of the other legal cases.

Notes to the consolidated financial statements

(continued)

9. Personnel expenses

Group

Employees

The average number of persons employed by the Group during the year was as follows:

	2015 Number	2014 Number
Production	**125**	122
Stores	**16**	16
Transport	**14**	15
Administration	**84**	84
	239	237

The staff costs for the year for the above employees were:

	2015 €'000	2014 €'000
Wages and salaries	**8,343**	7,936
Social welfare costs	**901**	894
Pension costs (note 25)	**491**	460
Share option benefits (note 26)	**246**	131
	9,981	9,421

The director's costs for the year were:

	2015 €'000	2014 €'000
Wages and salaries	**522**	449
Social welfare costs	**49**	53
Pension costs (note 25)	**75**	68
Share option benefits (note 26)	**166**	84
	812	654

Company

Employees

The average number of persons employed by the Company during the year was as follows:

	2015 Number	2014 Number
Administration	**9**	14
	9	14

9. Personnel expenses *(continued)*

The staff costs for the year for the above employees were:

	2015 €'000	2014 €'000
Wages and salaries	**978**	946
Social welfare costs	**98**	126
Pension costs	**123**	139
Share option benefits	**246**	131
	1,445	1,342

The director's costs for the year were:

	2015 €'000	2014 €'000
Wages and salaries	**522**	449
Social welfare costs	**49**	53
Pension costs (note 25)	**75**	68
Share option benefits (note 26)	**166**	84
	812	654

10. Statutory and other information

The profit for the year has been arrived at after charging/(crediting) the following amounts:

	2015 €'000	2014 €'000
Grant income	**(16)**	(8)
Depreciation	**1,317**	1,266
Amortisation of intangible assets	**106**	135
Auditor's remuneration - group:		
- audit fees	**95**	95
- taxation services	**46**	46
- other non-audit services	**34**	43
Auditor's remuneration - company:		
- audit fees	**30**	30
- taxation services	**10**	10
- other non-audit services	**10**	10

Amounts paid to Directors are disclosed in the report of the Remuneration Committee on pages 27 to 30.

Notes to the consolidated financial statements

(continued)

11. Finance income and expense – continuing operations

	2015 €'000	2014 €'000
Recognised in profit or loss		
Interest income on bank deposits	**15**	27
Interest income on associate loan stock	**6**	6
Net foreign exchange gain	**486**	421
Fair value gain on cash flow hedge	**92**	-
Foreign exchange on associate investment	**27**	-
Dividends received	**40**	19
Finance income	**666**	473
Interest expense on bank loans and overdraft	**(376)**	(542)
Impairment loss on trade receivables	**(278)**	(150)
Finance expense	**(654)**	(692)
Net finance income/(expense) recognised in profit or loss	**12**	(219)

Recognised directly in other comprehensive income	2015 €'000	2014 €'000
Foreign currency translation differences for foreign operations	**36**	214
Finance expense recognised in other comprehensive income, net of tax	**36**	214
Finance expense recognised in other comprehensive income, net of tax		
Recognised in:		
Translation reserve	**41**	186
Non-Controlling interest	**(5)**	28
	36	214

12. Income tax expense/(credit) – continuing operations

	2015 €'000	2014 €'000
Current tax credit		
Current year	**135**	143
Adjustment for prior years	**18**	(28)
	153	115
Deferred tax credit		
Origination and reversal of temporary differences	**502**	(704)
	502	(704)
Income tax expense/(credit) excluding share of income tax of associates	**655**	(589)

In the UK, the Finance Act 2013, which was substantively enacted on 17 July 2013, amended the main rate of corporation tax to 21% from 1 April 2014 and to 20 % effective from 1 April 2015. Furthermore the Finance Act 2015 amended the main rate of corporation tax to 19% from 1 April 2017 and to 17% from 1 April 2020. This will reduce the group's future current tax charge accordingly. UK deferred tax balances have been calculated based on the rate applicable to when the balance is expected to unwind.

12. Income tax expense/(credit) – continuing operations *(continued)*

Tax reconciliation	**2015 €'000**	Restated 2014 €'000
Profit/(loss) for year before tax – continuing activities	**4,376**	(190)
Adjustment for share of profit of associates	**(2,082)**	(3,003)
Profit/(loss)for year before tax, excluding share of profit of associates	**2,294**	(3,193)
Tax at 12.5% (2014: 12.5%)	**287**	(399)
Depreciation in excess of capital allowances	**20**	(43)
Expenses not allowable for tax purposes	**174**	270
Income not taxable	**(257)**	(458)
Income taxed at higher rate	**119**	4
Timing differences	**408**	7
Rental income	**66**	913
Management charges utilised	**(65)**	(314)
Adjustment for prior years	**18**	(28)
Income tax suffered	**1**	-
Losses utilised	**(116)**	(661)
Losses carried forward	**-**	120
Income tax expense/(credit)	**655**	(589)

Income tax recognised directly in other comprehensive income

	2015 €'000	2014 €'000
Tax on available-for-sale financial assets revaluation	**120**	108
Tax on investment property revaluation	**10**	-
Total income tax recognised directly in other comprehensive income	**130**	108

Notes to the consolidated financial statements

(continued)

13. Property, plant and equipment

	Land and buildings €'000	Plant and equipment €'000	Fixtures and fittings €'000	Motor vehicles & tanks €'000	Total €'000
Group					
Cost or deemed cost					
Balance at 1 January 2014	12,749	12,671	1,576	1,302	28,298
Additions	14	742	208	368	1,332
Disposals	-	(1,755)	(579)	(345)	(2,679)
Effect of movements in exchange rates	153	228	61	7	449
Balance at 31 December 2014	12,916	11,886	1,266	1,332	27,400
Balance at 1 January 2015	12,916	11,886	1,266	1,332	27,400
Additions	7	422	89	196	714
Disposals	-	(136)	(14)	(166)	(316)
Reclassification to land and buildings	82	(82)	-	-	-
Revaluation on reclassification to investment property	31	-	-	-	31
Reclassification to investment property	(483)	-	-	-	(483)
Effect of movements in exchange rates	128	232	52	(2)	410
Balance at 31 December 2015	**12,681**	**12,322**	**1,393**	**1,360**	**27,756**
Depreciation and impairment losses					
Balance at 1 January 2014	2,471	9,169	838	1,014	13,492
Depreciation for the year	260	674	117	215	1,266
Disposals	-	(1,801)	(575)	(289)	(2,665)
Effect of movements in exchange rates	9	193	24	5	231
Balance at 31 December 2014	2,740	8,235	404	945	12,324
Balance at 1 January 2015	2,740	8,235	404	945	12,324
Depreciation for the year	264	647	221	185	1,317
Disposals	-	(73)	(5)	(125)	(203)
Effect of movements in exchange rates	14	147	28	2	191
Balance at 31 December 2015	**3,018**	**8,956**	**648**	**1,007**	**13,629**
Carrying amounts					
At 1 January 2014	10,278	3,502	738	288	14,806
At 31 December 2014	10,176	3,651	862	387	15,076
At 1 January 2015	10,176	3,651	862	387	15,076
At 31 December 2015	**9,663**	**3,366**	**745**	**353**	**14,127**

Leased plant and machinery

The Group leases production equipment under a number of finance lease agreements (see note 24). At 31 December 2015 the net carrying amount of leased plant and machinery was €173,000 (2014: €389,000). Depreciation charged on leased plant and machinery was €61,000 (2014:€64,000).

Land assets

The carrying value of land not subject to depreciation at 31 December 2015 was €4.8m (2014: €4.8m).

13. Property, plant and equipment *(continued)*

	Land and buildings €'000	Plant and equipment €'000	Fixtures and fittings €'000	Motor vehicles €'000	Total €'000
Company					
Cost or deemed cost					
Balance at 1 January 2014	3,759	135	440	62	4,396
Additions	-	-	45	-	45
Disposals	-	(5)	(453)	(62)	(520)
Balance at 31 December 2014	3,759	130	32	-	3,921
Balance at 1 January 2015	3,759	130	32	-	3,921
Additions	1	-	4	-	5
Balance at 31 December 2015	**3,760**	**130**	**36**	**-**	**3,926**
Depreciation and impairment losses					
Balance at 1 January 2014	660	66	440	61	1,227
Depreciation for the year	30	7	21	-	58
Disposals	-	(5)	(438)	(61)	(504)
Balance at 31 December 2014	690	68	23	-	781
Balance at 1 January 2015	690	68	23	-	781
Depreciation for the year	25	6	4	-	35
Balance at 31 December 2015	**715**	**74**	**27**	**-**	**816**
Carrying amounts					
At 1 January 2014	3,099	69	-	1	3,169
At 31 December 2014	3,069	62	9	-	3,140
At 1 January 2015	3,069	62	9	-	3,140
At 31 December 2015	**3,045**	**56**	**9**	**-**	**3,110**

The carrying value of land not subject to depreciation at 31 December 2015 was €2.8m (2014: €2.8m). The Company holds no finance leases (2014: Nil).

Notes to the consolidated financial statements
(continued)

14. Intangible assets – Group

	Goodwill	Software	Acquisition related intangibles	Total
	€'000	€'000	€'000	€'000
Cost				
Balance at 1 January 2014	4,815	476	358	5,649
Additions	-	136	-	136
Translation adjustment	-	1	-	1
Balance at 31 December 2014	4,815	613	358	5,786
Balance at 1 January 2015	4,815	613	358	5,786
Additions	-	37	-	37
Translation adjustment	-	(7)	-	(7)
Balance at 31 December 2015	**4,815**	**643**	**358**	**5,816**
Amortisation and impairment losses				
Balance at 1 January 2014	1,182	290	12	1,484
Amortisation for the year	-	129	6	135
Balance at 31 December 2014	1,182	419	18	1,619
Balance at 1 January 2015	1,182	419	18	1,619
Amortisation for the year	-	85	21	106
Balance at 31 December 2015	**1,182**	**504**	**39**	**1,725**
Carrying amounts				
At 1 January 2014	3,633	186	346	4,165
At 31 December 2014	3,633	194	340	4,167
At 1 January 2015	3,633	194	340	4,167
At 31 December 2015	**3,633**	**139**	**319**	**4,091**

Intangible assets are amortised to the income statement over their estimated useful lives as follows:
Software - 4 years; Acquisition related intangibles - 3 - 50 years.

Acquisition related intangibles include licenses and customer and brand related intangibles.

Impairment testing for cash generating units containing goodwill
For the purposes of impairment testing, goodwill is allocated to the Group's specific business to which the goodwill originally derived, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

	2015		2014	
	Food-Agri	Produce	Food-Agri	Produce
	€'000	€'000	€'000	€'000
Goodwill at 1 January and 31 December	**3,069**	**564**	3,069	564

Goodwill acquired through business combinations is monitored for impairment annually by review of the performance of each individual acquisition compared to pre-acquisition objectives and budgets.

14. Intangible assets – Group *(continued)*

Key assumptions used to assess the recoverable amount of cash generating units and related impairment were:

- Forecasted sales and cash flows are based on management approved budgets for 2016 projected forward for an additional five years with a terminal value, based on the year five cash flows used thereafter. Growth, estimated at 5%, is based on historical organic sales data adjusted by management in their assessment of economic factors affecting the industry. Incremental profit and cashflows resulting from future acquisitions are excluded.
- Forecasted gross margin is based on historically achieved gross margin, adjusted by management in their assessment of competitive factors affecting the industry and opportunities for margin improvement.
- Forecasted cashflows for individual cash generating units are discounted at a rate of 4.5% (2014: 3.5%), representing the Group's weighted average cost of capital.
- The Group assesses the uncertainty of the above estimates by making sensitivity analyses. The discount rate reflects the time value of money and a 20% fluctuation in the rate used would not have led to any impairment. The business risk is included in the determination of the cashflows.

No impairment of goodwill was identified in 2015 as a result of this review (2014: Nil).

Intangible assets - Company

	Software €'000
Cost	
Balance at 1 January 2014	44
Additions	11
Balance at 31 December 2014	55
Balance at 1 January 2015	55
Additions	-
Balance at 31 December 2015	**55**
Amortisation and impairment losses	
Balance at 1 January 2014	27
Amortisation for the year	4
Balance at 31 December 2014	31
Balance at 1 January 2015	31
Amortisation for the year	5
Balance at 31 December 2015	**36**
Carrying amounts	
At 1 January 2014	17
At 31 December 2014	24
At 1 January 2015	24
At 31 December 2015	**19**

Notes to the consolidated financial statements
(continued)

15. Investment property

	2015 €'000	2014 €'000
Group		
Balance at 1 January	**18,177**	24,389
Change in fair value	**5**	(240)
Disposal	**(50)**	(5,990)
Reclassification from property plant & equipment	**483**	-
Effect of movement in exchange rates	**19**	18
Balance at 31 December	**18,634**	18,177

Investment property includes the Grianan Estate, the Oatfield site in Letterkenny, the Bridgend property and other land and property assets.

	2015 €'000	2014 €'000
Company		
Balance at 1 January	**15,504**	21,184
Change in fair value	**221**	310
Disposal	**(50)**	(5,990)
Balance at 31 December	**15,675**	15,504

The fair values of the investment properties are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Where properties are leased over a long period, the valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and, when relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. Lands yields in 2015 were between 1-2% (2014: 1-2%).

In the absence of current prices in an active market, the valuations are generally prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate; the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness; the allocation of maintenance and insurance responsibilities between lessor and lessee; and the remaining economic life of the property.

The property valuations have been prepared in a period which continues to have considerable market uncertainty. As such the fair value of investment properties has been categorised as a level 3 fair value based on the inputs to the valuation techniques used. The table above reflects a reconciliation from the opening balance to the closing balance. As outlined above, the valuation techniques used are based on comparable market transactions and discounted cashflows. The unobservable inputs in the valuations include comparable market prices of land and buildings, and rental yields, whereby an increase or decrease in these inputs would result in a corresponding change in the fair value measurement.

16. Investment in associates

Group

The Group's share of after tax profits in its associates, substantially all related to Monaghan Middlebrook Mushrooms, for the year was €2,162,000 (2014: €3,780,000).

	2015 Interest in associate €'000	2015 Loans to associate €'000	2015 Total €'000	Restated 2014 Interest in associate €'000	2014 Loans to associate €'000	Restated 2014 Total €'000
Balance at 1 January	**25,524**	**798**	**26,322**	21,744	792	22,536
Share of increase in net assets after tax	**2,162**	**-**	**2,162**	3,780	-	3,780
Interest charged	**-**	**5**	**5**	-	6	6
Reversal of impairment of loan to associate	**-**	**27**	**27**	-	-	-
Exercise of option granted over investment in associate	**(3,612)**	**-**	**(3,612)**	-	-	-
Balance at 31 December	**24,074**	**830**	**24,904**	25,524	798	26,322

Investments in associates comprise primarily of Monaghan Middlebrook Mushrooms (MMM) and also include North Western Livestock Holdings Limited (NWLH) and Leapgrange Limited.

In 2007, the Group granted an option over 5% of Monaghan Middlebrook Mushrooms to the majority shareholder and a member of key management personnel of Monaghan Middlebrook Mushrooms exercisable if the company achieves certain performance criteria during the five year period to 31 December 2012. This option was exercised during the year. In 2014, the option was accounted for as a cash settled derivative and a liability of €3,925,000 was recognised in derivatives in this regard.

The total loan notes and interest outstanding from North Western Livestock Holdings Limited at 31 December 2015 is €0.368million (2014: €0.357 million).

At 31 December 2015, land held as investment property by associated companies was re-valued by an independent professional valuer, resulting in an impairment of €27,000 (2014: €27,000) attributable to the Group, which is included in the share of profit of associate in the statement of profit or loss and comprehensive income.

As advised previously, the Company took a shareholder oppression claim relating to its shareholding in MMM (the 'Oppression Action'). The respondents (being the majority shareholders in Elst) ('Respondents') admitted specified and unspecified acts of oppression and on 21 May 2015. The Commercial Court ordered the Respondents to purchase the shares held by the Company in MMM (the 'Donegal Shareholding') (the 'Remedy'). The Company appealed the Remedy ('Remedy Appeal') and the valuation placed by the Commercial Court on the Company's 30% shareholding in Elst (€26,228,570) ('Valuation Appeal').

The Commercial Court, a division of the High Court, gave judgement on 5 June 2015 in relation to the costs of the Oppression Action. The Judge observed that it had been necessary for the Company to bring the Oppression Action and the costs of the Oppression Action (including the valuation module of the Oppression Action) were awarded in favour of the Company ('Action Costs'). The Respondents cross appealed certain aspects of the judgment of the Commercial Court in relation to parts of the make up of the value of the Donegal shareholding.

The Court of Appeal heard Donegal's Valuation Appeal and Remedy Appeal and the Respondent's Value Appeal on 5, 6 and 7 April 2016. The Costs Appeal was deferred until all issues between the parties have been determined. The Court of Appeal did not give a date on when it expected to deliver its ruling, and accordingly, it is not clear when the issue will be finally determined. The Company will provide a further update at the appropriate time.

Notes to the consolidated financial statements

(continued)

16. Investment in associates *(continued)*

Summary financial information for equity accounted investees, substantially all related to Monaghan Middlebrook Mushrooms, adjusted for differences in accounting policies, not adjusted for the percentage ownership held by the Group:

	Total 2015 €'000	Restated Total 2014 €'000
Revenue	**338,494**	338,037
Profit from continuing operations	**6,941**	9,495
Other comprehensive income	**266**	2,200
Total comprehensive income	**7,207**	11,695
Attributable to NCI	**164**	2,725
Attributable to investee shareholders	**7,043**	8,970
Current assets	**89,962**	87,327
Non-current assets	**223,006**	226,938
Current liabilities	**(115,657)**	(103,760)
Non-current liabilities	**(124,132)**	(145,305)
Net assets	**73,179**	65,200
Attributable to NCI	**9,123**	8,546
Attributable to investee shareholders	**64,056**	56,654
Groups interest in net assets of associate at 1 January	**25,524**	21,744
Total comprehensive income attributable to Group	**2,162**	3,780
Exercise of option granted over investment in associate	**(3,612)**	-
Carrying amount of interest in associate at end of the year	**24,074**	25,524

Company	2015 Interest in Associate €'000	2015 Loans to Associate €'000	2015 Total €'000	2014 Interest in Associate €'000	2014 Loans to Associate €'000	2014 Total €'000
Balance at 1 January	**5,263**	**798**	**6,061**	5,263	792	6,055
Interest charged	**-**	**5**	**5**	-	6	6
Exercise of option granted over investment in associate	**(704)**	**-**	**(704)**	-	-	-
Balance at 31 December	**4,559**	**803**	**5,362**	5,263	798	6,061

The movements in the Company balance are explained above.

17. Other investments

	2015 €'000	2014 €'000
Group		
Non-current investments		
Available-for-sale equity investments	**1,505**	1,141

Available-for-sale equity investments include €49,700 quoted shares (2014: €49,700), prize bonds held of €100,000 (2014: €100,000) and €1,355,200 unquoted shares (2014: €991,600). Quoted shares have been stated at market value in the manner stated in Note 4. The fair value of unquoted shares with a carrying value of €1,355,200 (2014: €991,600) has been based upon recent market transactions.

	2015 €'000	2014 €'000
Movement during the year		
Balance at 1 January	**1,141**	813
Revaluation of available for sale financial assets	**364**	328
Balance at 31 December	**1,505**	1,141

The Group's exposure to credit, currency and interest rate risks related to other investments is disclosed in note 28.

	2015 €'000	2014 €'000
Company		
Non-current investments		
Available-for-sale financial assets	**1,355**	991
Investments in subsidiaries	**3,492**	3,492
	4,847	4,483

	2015 Available-for-sale investments €'000	2015 Investments in subsidiaries €'000	2015 Total €'000	2014 Available-for-sale investments €'000	2014 Investments in subsidiaries €'000	2014 Total €'000
Movement during the year						
Balance at 1 January	**991**	**3,492**	**4,483**	663	3,492	4,155
Revaluation of available-for-sale financial assets	**364**	**-**	**364**	328	-	328
Balance at 31 December	**1,355**	**3,492**	**4,847**	991	3,492	4,483

Available-for-sale equity investments include €49,700 quoted shares (2014: €49,700), prize bonds held of €100,000 (2014: €100,000) and €1,205,300 unquoted shares (2014: €841,300). Quoted shares have been stated at market value in the manner stated in Note 4 and Note 28. The director's estimate of the fair value of the remaining unquoted shares is not significantly different from their cost, being their carrying value.

Notes to the consolidated financial statements
(continued)

18. Deferred tax assets and liabilities

Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015	2014	**2015**	2014	**2015**	2014
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Property, plant and equipment	**-**	-	**(1,235)**	(1,325)	**(1,235)**	(1,325)
Investment property	**1,630**	1,664	**(3,580)**	(3,527)	**(1,950)**	(1,863)
Available-for-sale financial assets	**-**	205	**(31)**	-	**(31)**	205
Share-based payments	**46**	20	**-**	-	**46**	20
Other deferred tax liabilities	**-**	-	**(390)**	-	**(390)**	-
Deferred tax assets/(liabilities)	**1,676**	1,889	**(5,236)**	(4,852)	**(3,560)**	(2,963)
Set off of tax	**(1,676)**	(1,889)	**1,676**	1,889	**-**	-
Net deferred tax liabilities	**-**	-	**(3,560)**	(2,963)	**(3,560)**	(2,963)

Group

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2015	2014
	€'000	€'000
Tax losses	**1,954**	2,034

Deferred tax assets have not been recognised in respect of certain tax losses carried forward because it is not probable that future taxable profit will be available against which the relevant Group entity can utilise the benefits there from.

Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015	2014	**2015**	2014	**2015**	2014
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Property, plant and equipment	**-**	-	**(803)**	(715)	**(803)**	(715)
Investment property	**1,630**	1,664	**(2,931)**	(2,979)	**(1,301)**	(1,315)
Available for sale financial asset	**-**	205	**(31)**	-	**(31)**	205
Share-based payments	**46**	20	**-**	-	**46**	20
Other deferred tax liabilities	**-**	-	**(390)**	-	**(390)**	-
Deferred tax assets/(liabilities)	**1,676**	1,889	**(4,155)**	(3,694)	**(2,479)**	(1,805)
Set off of tax	**(1,676)**	(1,889)	**1,676**	1,889	**-**	-
Net tax liabilities	**-**	-	**(2,479)**	(1,805)	**(2,479)**	(1,805)

18. Deferred tax assets and liabilities *(continued)*

Unrecognised deferred tax assets

The Company had no unrecognised deferred tax assets or liabilities at 31 December 2015 (2014: €Nil).

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

€'000	Balance 1 Jan 14	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange	Balance at 31 Dec 14	Recognised in profit or loss	Recognised in other comprehensive income	Foreign exchange	Balance at 31 Dec 15
Group									
Property, plant and equipment	(1,316)	(47)	-	38	(1,325)	**55**	**-**	**35**	**(1,235)**
Investment property	(2,618)	755	-	-	(1,863)	**(77)**	**(10)**	**-**	**(1,950)**
Available-for-sale financial assets	343	-	(108)	(30)	205	**(116)**	**(120)**	**-**	**(31)**
Share based payment	24	(4)	-	-	20	**26**	**-**	**-**	**46**
Other deferred tax liabilities	-	-	-	-	-	**(390)**	**-**	**-**	**(390)**
	(3,567)	704	(108)	8	(2,963)	**(502)**	**(130)**	**35**	**(3,560)**

€'000	Balance 1 Jan 14	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 Dec 14	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 Dec 15
Company							
Property, plant and equipment	(714)	(1)	-	(715)	**(88)**	**-**	**(803)**
Investment property	(1,895)	580	-	(1,315)	**14**	**-**	**(1,301)**
Available for sale financial asset	313	-	(108)	205	**(116)**	**(120)**	**(31)**
Other deferred tax liabilities	-	-	-	-	**(390)**	**-**	**(390)**
Share based payment	24	(4)	-	20	**26**	**-**	**46**
	(2,272)	575	(108)	(1,805)	**(554)**	**(120)**	**(2,479)**

Notes to the consolidated financial statements

(continued)

19. Inventories

	2015 €'000	2014 €'000
Group		
Dairy	**156**	97
Animal feeds	**1,652**	2,306
Packaging and other stocks	**1,700**	1,844
Biological assets	**1,314**	1,318
	4,822	5,565

	2015 €'000	2014 €'000
Inventories impairment		
Balance at 1 January	**20**	-
(Impairment reversal)/impairment	**(20)**	20
Balance at 31 December	**-**	20

In 2015, the impairment reversal of inventories to net realisable value amounted to €20,000 (2014: impairment of €20,000). The impairment is included in cost of sales. Total inventory costs of €52,350,000 (2014: €55,215,000) were charged to the statement of profit or loss and comprehensive income.

20. Trade and other receivables

	2015 €'000	2014 €'000
Group		
Current trade and other receivables		
Trade receivables	**27,073**	26,496
Other receivables due from related parties	**39**	32
Value added tax	**1,189**	1,123
Other receivables	**2,100**	3,951
Prepayments	**1,596**	1,444
	31,997	33,046
Non-current trade and other receivables		
Long leasehold interest prepaid	**189**	190
	32,186	33,236

	2015 €'000	2014 €'000
Company		
Trade receivables	**692**	2,026
Other receivables due from subsidiary undertakings	**7,666**	10,859
Other receivables	**1,857**	3,379
Value added tax	**25**	135
Prepayments	**282**	416
	10,522	16,815

The Group and Company exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 28.

21. Cash and cash equivalents

	2015 €'000	2014 €'000
Group		
Bank balances including overdrafts due within one year, net	**82**	(3,300)

	2015 €'000	2014 €'000
Company		
Bank balances including overdrafts due within one year, net	**(9,423)**	(11,681)

There is a Group facility with our bank which allows for legal offset of the Group and subsidiary bank balances. The Group's and Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 28.

22. Capital and reserves

Share capital and share premium

	Ordinary shares	
	2015 Number	2014 Number
In issue at 1 January - Ordinary shares of 13 cent each	**10,285,590**	10,285,590
In issue at 31 December - Ordinary shares of 13 cent each	**10,285,590**	10,285,590

The Group also has issued share options (see note 26).
At 31 December 2015, the authorised share capital comprised 50,000,000 ordinary shares of 13 cent each. (2014: 50,000,000). All issued shares are fully paid.

Share premium represents the excess amount received above nominal value on issuance of ordinary shares.

Translation reserve
The translation reserve comprises cumulative foreign currency differences arising from the translation of the net assets of foreign operations until the investments are derecognised.

Reserve for own shares
The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2015, the Group held 295,456 of the Company's shares (2014: 63,179). This represented 2.87% (2014: 0.6%) of the issued share capital of the Company. The distribution of retained earnings is restricted by the value of own shares held.

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets, net of deferred tax, until the investments are derecognised or impaired.

Revaluation reserve
The revaluation reserve relates to the revaluation of property, plant and equipment and includes revaluation gains or losses upon the reclassification of property, plant and equipment to investment property.

Notes to the consolidated financial statements
(continued)

22. Capital and reserves *(continued)*

Share option reserve
The share option reserve reflects charges relating to granting of share options.

Dividends
The following dividends were declared and paid by the Group:

	2015	2014
	€'000	€'000
€0.16 per qualifying ordinary share (2014: €0.16)	**1,611**	1,635

A final dividend for 2014 of €0.09 cent per share was paid on 21 August 2015. An interim dividend for 2015 of €0.07 per share was paid on 4 December 2015.

After 31 December 2015 dividends of €0.09 per qualifying share were proposed by the Directors for 2015. The proposed dividends have not been provided for and there are no income tax consequences.

23. Earnings per share

The calculation of basic and diluted earnings/(loss) per share is set out below:

	2015	Restated 2014
	€'000	€'000
Profit attributable to ordinary shareholders		
Profit attributable to ordinary shareholders	**3,617**	528

	2015 Number '000	2014 Number '000
Weighted average number of ordinary shares in thousands of shares		
Weighted average number of ordinary shares in issue for the year	**10,286**	10,286
Weighted average number of treasury shares	**(155)**	(29)
Denominator for basic earnings per share	**10,131**	10,257
Effect of share options in issue	**77**	129
Weighted average number of ordinary shares (diluted) at 31 December	**10,208**	10,386

The Group purchased 232,277 (2014: 75,568) treasury shares at a total price of €1,289,000 (2014: €465,000) including transaction costs, in a number of transactions, intended to be used to settle the Group share option scheme.

Earnings per share	**2015**	Restated 2014
Basic earnings per share (euro cent):		
Continuing	**35.7**	5.2
Diluted earnings per share (euro cent):		
Continuing	**35.4**	5.1

24. Loans and borrowings

Group

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 28.

	2015	2014
	€'000	€'000
Non-current liabilities		
Secured bank loans	**11,000**	12,200
Finance lease liabilities	**18**	76
	11,018	12,276
Current liabilities		
Secured bank loans	**1,200**	1,200
Finance lease liabilities	**68**	78
	1,268	1,278
Total	**12,286**	13,554

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	31 Dec 2015 Face value	31 Dec 2015 Carrying amount	31 Dec 2014 Face value	31 Dec 2014 Carrying amount
				€'000	€'000	€'000	€'000
Secured bank loan	eur	Euribor+1.82%	2017	**11,000**	**11,000**	11,000	11,000
Secured bank loan	eur	Euribor+2.25%	2016	**600**	**600**	1,200	1,200
Secured bank loan	eur	Euribor+3.00%	2016	**600**	**600**	1,200	1,200
Finance lease liabilities	eur	6%	2017	**93**	**86**	163	154
Total interest-bearing liabilities				**12,293**	**12,286**	13,563	13,554

Notes to the consolidated financial statements
(continued)

24. Loans and borrowings *(continued)*

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2015 €'000	Interest 2015 €'000	Present value of minimum lease payments 2015 €'000	Future minimum lease payments 2014 €'000	Interest 2014 €'000	Present value of minimum lease payments 2014 €'000
Less than one year	**73**	**5**	**68**	80	4	76
Between one and five years	**20**	**2**	**18**	83	5	78
	93	**7**	**86**	163	9	154

Company	2015 €'000	2014 €'000
Non-current liabilities		
Secured bank loans	**11,000**	12,200
Current liabilities		
Secured bank loans	**1,200**	1,200
Total	**12,200**	13,400

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	31 Dec 2015 Face value €'000	31 Dec 2015 Carrying amount €'000	31 Dec 2014 Face value €'000	31 Dec 2014 Carrying amount €'000
Secured bank loan	eur	Euribor+1.82%	2017	**11,000**	**11,000**	11,000	11,000
Secured bank loan	eur	Euribor+2.25%	2016	**600**	**600**	1,200	1,200
Secured bank loan	eur	Euribor+3.00%	2016	**600**	**600**	1,200	1,200
Total interest-bearing liabilities				**12,200**	**12,200**	13,400	13,400

25. Employee benefits

The Group operates four defined contributions schemes, one in the Company and three in subsidiaries.

The assets of the schemes are held separately from those of the Companies in independently administered funds. The pension cost represents contributions payable by the companies to the funds and totalled €491,000 for the year ended 31 December 2015 (2014: €460,000). At 31 December 2015, €27,139 (2014: €19,100) was included within creditors in respect of defined contribution pension liabilities.

26. Share-based payments

Equity settled share based payments

On 27 July 2005, the Group established an equity settled share option programme that entitles key management personnel and senior employees to purchase shares in the Company. On 22 October 2009, 215,000 options were granted under the scheme, 50,000 of which were exercised during 2014. A further 150,000 were granted on 1 October 2013. 120,000 share options were granted on 27 May 2014 and 205,000 share options were granted on 1 September 2014. In accordance with this programme, options granted in 2006 and 2007 are exercisable at the market price of the shares at the date of grant. Options granted in 2009 are exercisable at a price of €3. Options granted in 2013 are exercisable at a price of €4.70. Options granted in 2014 are exercisable at a price of €6.05 and €5.95 respectively. The scheme permits the grant of options limited to 3% of the ordinary share capital of the Company in any three year period. Options vest three years after the date of grant and no option is capable of exercise later than seven years after the date of grant. Options are granted at the discretion of the Remuneration Committee.

Additionally, a share option arrangement granted before 7 November 2002 exists. Options granted under this scheme have no expiration. The recognition and measurement principles in IFRS 2 have not been applied to these grants.

Grant date	Number of instruments in thousands	Vesting conditions	Contractual life of options
Option grant on 22 October 2009	215	3 years' service	7 years
Option grant on 1 October 2013	150	3 years' service	7 years
Option grant on 27 May 2014	120	3 years' service	7 years
Option grant on 1 September 2014	205	3 years' service	7 years
Total share options granted	**690**		

At 31 December 2015 there were 67,000 (2014: 67,000) options outstanding with a grant date pre 7 November 2002.

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

In thousands of options	Weighted average exercise price 2015	Number of options 2015	Weighted average exercise price 2014	Number of options 2014
Outstanding at 1 January:				
Pre 2002 options	**€0.13**	**67**	€0.13	67
Options issued in 2007	**-**	**-**	€6.90	90
Options issued in 2009	**€3.00**	**15**	€3.00	65
Options issued in 2013	**€4.70**	**150**	€4.70	150
Options issued in 2014	**€6.05**	**120**	-	-
Options issued in 2014	**€5.95**	**205**	-	-
	€5.97	**557**	€4.11	372
Options issued in 2014	**-**	**-**	€6.05	120
Options issued in 2014	**-**	**-**	€5.95	205
Options exercised	**-**	**-**	€3.00	(50)
Options lapsed	**-**	**-**	€6.90	(90)
Outstanding at 31 December	**€5.97**	**557**	€5.97	557
Exercisable at 31 December:	**€0.13**	**67**	€0.13	67
	€3.00	**15**	€3.00	15

The options outstanding at 31 December 2015 have an exercise price in the range of €0.13 to €6.05 and a weighted average remaining contractual life of 4.01 years. In accordance with accounting standards, the fair value of options granted pre 2002 have not been reflected in these financial statements.

Notes to the consolidated financial statements

26. Share-based payments *(continued)*

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model. There were no share options granted in 2015 (2014: 325,000).

Fair value of share options granted and assumptions	2014 May	2014 Sept
Fair value at grant date – awarded to key management and staff (€ per share option)	1.32	1.27
Share price at date of grant (€)	6.05	5.95
Exercise price (€)	6.05	5.95
Expected volatility (weighted average volatility)	30%	30%
Expected term	5	5
Expected dividends	2.75%	2.75%
Risk free interest rate (based on government bonds)	0.4% - 0.7%	0.4% - 0.7%

Cash settled share based payments

During the year, a cash settled share performance plan was put in place that entitles key management and senior employees to a cash payment based on the following metrics. 70,000 options were granted on 1 April 2015 where one third can be exercised after one year, one third after two years and one third after three years. No option is capable of exercise later than seven years after the grant date. Options are granted at the discretion of the Remuneration Committee.

Details of awards granted under Share Performance Plan	Share price at award	Period to earliest release date	initial award	Net outstanding	Exercisable at year end	Fair value at year end
Granted in 2015	**€5.77**	**1**	**70,000**	**70,000**	**-**	**€1.24**

Employee expenses	2015 €'000	2014 €'000
Equity settled share options granted in 2013	**71**	71
Equity settled share options granted in 2014	**140**	60
Share performance plan options granted in 2015	**35**	-
Total expense recognised as employee costs	**246**	131

27 . Trade and other payables

	2015 €'000	2014 €'000
Group		
Trade payables	**17,009**	13,643
PAYE	**272**	230
PRSI	**104**	74
Accrued expenses	**5,186**	5,624
Value added tax	**8**	6
	22,579	19,577
Deferred income		
Capital grant	**120**	130
Derivatives		
Fair value of option granted over investment in associate	**-**	3,925
	22,699	23,632

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 28.

	2015 €'000	2014 €'000
Company		
Trade payables due to subsidiary undertakings	**1,320**	2,994
Other trade payables	**194**	851
PAYE	**80**	82
PRSI	**19**	19
Accrued expenses	**1,427**	1,523
Value added tax	**-**	-
	3,040	5,469
Deferred income		
Capital grant	**2**	2
Derivatives		
Fair value of option granted over investment in associate	**-**	3,925
	3,042	9,396

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 28.

Notes to the consolidated financial statements

(continued)

28. Financial instruments

The Group's financial instruments at 31 December 2015 were classified as follows:

31 December 2015	Loans and receivables at amortised cost	Available for sale financial assets at fair value	Derivatives at fair value	Liability at amortised cost
	€'000	€'000	€'000	€'000
Equity investments	**-**	**1,505**	**-**	**-**
Loan to associates	**830**	**-**	**-**	**-**
Trade receivables due from related parties	**39**	**-**	**-**	**-**
Trade receivables	**27,073**	**-**	**-**	**-**
Other receivables	**2,100**	**-**	**-**	**-**
Current financial instrument - asset	**-**	**-**	**92**	**-**
Loans and borrowings	**-**	**-**	**-**	**(12,200)**
Trade and other payables	**-**	**-**	**-**	**(22,579)**
	30,042	**1,505**	**92**	**(34,779)**

31 December 2014	Loans and receivables at amortised cost	Available for sale financial assets at fair value	Derivatives at fair value	Liability at amortised cost
	€'000	€'000	€'000	€'000
Equity investments	-	1,141	-	-
Loan to associates	798	-	-	-
Trade receivables due from related parties	32	-	-	-
Trade receivables	26,496	-	-	-
Other receivables	3,951	-	-	-
Loans and borrowings	-	-	-	(13,400)
Bank overdraft	-	-	-	(3,300)
Trade and other payables	-	-	-	(19,577)
Option over financial asset	-	-	(3,925)	-
	31,277	1,141	(3,925)	(36,277)

Company 31 December 2015	Loans and receivables at amortised cost	Available for sale financial assets at fair value	Derivatives at fair value	Liability at amortised cost
	€'000	€'000	€'000	€'000
Equity investments	**-**	**1,355**	**-**	**-**
Loan to associates	**803**	**-**	**-**	**-**
Other trade receivables due from subsidiary undertakings	**7,666**	**-**	**-**	**-**
Trade receivables	**692**	**-**	**-**	**-**
Other receivables	**1,857**	**-**	**-**	**-**
Cash at bank	**-**	**-**	**-**	**(9,423)**
Loans and borrowings	**-**	**-**	**-**	**(12,200)**
Payables due to related parties	**-**	**-**	**-**	**(1,320)**
Trade and other payables	**-**	**-**	**-**	**(1,720)**
	11,018	**1,355**	**-**	**(24,663)**

28. Financial instruments *(continued)*

Company 31 December 2014	Loans and receivables at amortised cost €'000	Available for sale financial assets at fair value €'000	Derivatives at fair value €'000	Liability at amortised cost €'000
Equity investments	-	991	-	-
Loan to associates	798	-	-	-
Other trade receivables due from subsidiary undertakings	10,859	-	-	-
Trade receivables	2,026	-	-	-
Other receivables	3,379	-	-	-
Cash at bank	-	-	-	(11,681)
Loans and borrowings	-	-	-	(13,400)
Payables due to related parties	-	-	-	(2,994)
Trade and other payables	-	-	-	(2,475)
Option over financial asset	-	-	(3,925)	-
	17,062	991	(3,925)	(30,550)

Credit risk

Exposure to credit risk

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

The maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount 2015 €'000	2014 €'000
Group			
Loans due from associates	16	**830**	798
Available-for-sale equity investments	17	**1,505**	1,141
Trade receivables from related parties	20	**39**	32
Trade receivables	20	**27,073**	26,496
Other receivables	20	**2,100**	3,951
		31,547	32,418

	Note	Carrying amount 2015 €'000	2014 €'000
Company			
Loans due from associates	16	**803**	798
Available-for-sale financial assets	17	**1,355**	991
Trade receivables from subsidiary undertakings	20	**7,666**	10,859
Trade and other receivables	20	**2,549**	5,405
		12,373	18,053

Notes to the consolidated financial statements

(continued)

28. Financial instruments *(continued)*

The maximum exposure to credit risk for trade receivables of the Group at the reporting date by geographic region was:

	Carrying amount	
	2015	2014
	€'000	€'000
Group		
Domestic	**7,648**	9,124
United Kingdom	**7,418**	6,668
Other Euro-zone countries	**973**	411
Other regions	**11,034**	10,293
	27,073	26,496

All receivables from related parties arise in Ireland and are Euro denominated. Similarly loans to associates arise in Ireland and are Euro denominated.

The maximum exposure to credit risk for trade receivables of the Company at the reporting date by geographic region was:

	Carrying amount	
	2015	2014
	€'000	€'000
Company		
Domestic	**692**	2,026

All receivables from related parties arise in Ireland and are Euro denominated. Similarly loans to associates arise in Ireland and are Euro denominated.

The maximum exposure to credit risk for trade receivables of the Group at the reporting date by type of customer was:

	Carrying amount	
	2015	2014
	€'000	€'000
Group		
Wholesale customers	**15,107**	11,766
Retail customers	**11,966**	14,730
	27,073	26,496

The maximum exposure to credit risk for trade receivables of the Company at the reporting date by type of customer was:

	Carrying amount	
	2015	2014
	€'000	€'000
Company		
Wholesale customers	**692**	2,026

28. Financial instruments *(continued)*

The ageing of trade receivables at the reporting date was:

	Gross	impairment	Gross	impairment
	2015	2015	2014	2014
	€'000	€'000	€'000	€'000
Group				
Not past due	**19,312**	**5**	12,697	-
Past due < 30 days	**2,960**	**-**	8,024	-
Past due 30 – 365 days	**4,023**	**318**	3,537	142
Past due > 365 days	**8,074**	**6,973**	9,752	7,372
	34,369	**7,296**	34,010	7,514

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2015	2014
	€'000	€'000
Balance at 1 January	**7,514**	7,299
Fully impaired debts written off	**(496)**	-
Impairment	**278**	215
Balance at 31 December	**7,296**	7,514

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables up to 30 days except for €1,000 of credit charges. Amounts past due have been analysed for impairment on a specific basis, resulting in impairment provided for 0% of the balance past due less than 30 days (2014: 0%), 9% of the balance past due from 30 to 365 days (2014: 4%) and 86% of balances past due in excess of 365 (2014: 76%) for which security has not been received over the amount receivable.

No significant credit risk is perceived with respect to receivables due from related parties. Loans to associates are routinely reviewed for impairment. An impairment of €Nil was recognised in respect of associate loans in 2015 (2014: €Nil).

	Gross	Impairment	Gross	Impairment
	2015	2015	2014	2014
	€'000	€'000	€'000	€'000
Company				
Not past due	**159**	**-**	192	-
Past due < 30 days	**-**	**-**	1	-
Past due 30 – 365 days	**48**	**-**	-	-
Past due > 365 days	**5,727**	**5,242**	7,385	5,552
	5,934	**5,242**	7,578	5,552

Notes to the consolidated financial statements
(continued)

28. Financial instruments *(continued)*

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2015 €'000	2014 €'000
Balance at 1 January and 31 December	**5,552**	5,552
Fully impaired debts written off	**(310)**	-
Balance at 31 December	**5,242**	5,552

Based on historic default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables up to 30 days. Amounts past due have been analysed for impairment on a specific basis, resulting in impairment provided of 0% (2014: 0%) of the balance past due less than 30 days, 0% of the balance past due from 30 to 365 days (2014: 0%) and 92% of balances past due in excess of 365 days (2014: 74%) for which security has not been received over the amount receivable. No significant credit risk is perceived with respect to receivables due from related parties. Loans to associates are routinely reviewed for impairment. An impairment of €Nil was recognised in respect of associate loans in 2015 (2014:€Nil).

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2015

	Carrying amount €'000	Contractual cash flows €'000	6 mths or less €'000	6- 12 mths €'000	1 - 2 years €'000	2 - 5 years €'000	More than 5 years €'000
Group							
Current financial instrument - asset	**(92)**	**92**	**92**	**-**	**-**	**-**	**-**
Secured bank loans	**12,200**	**(12,502)**	**(758)**	**(744)**	**(11,000)**	**-**	**-**
Finance lease liabilities	**86**	**(93)**	**(37)**	**(35)**	**(21)**	**-**	**-**
Trade and other payables	**22,579**	**(22,579)**	**(22,579)**	**-**	**-**	**-**	**-**
	34,773	**(35,082)**	**(23,282)**	**(779)**	**(11,021)**	**-**	**-**

31 December 2014

	Carrying amount €'000	Contractual cash flows €'000	6 mths or less €'000	6- 12 mths €'000	1 - 2 years €'000	2 - 5 years €'000	More than 5 years €000
Group							
Secured bank loans	13,400	(13,811)	(789)	(776)	(1,246)	(11,000)	-
Finance lease liabilities	154	(167)	(72)	(8)	(60)	(27)	-
Trade and other payables	19,577	(19,577)	(19,577)	-	-	-	-
Option over financial asset	3,925	(4,161)	(4,161)	-	-	-	-
Bank overdraft	3,300	(3,300)	(3,300)	-	-	-	-
	40,356	(41,016)	(27,899)	(784)	(1,306)	(11,027)	-

28. Financial instruments *(continued)*

31 December 2015

	Carrying amount €'000	Contractual cash flows €'000	6 mths or less €'000	6- 12 mths €'000	1 - 2 years €'000	2 - 5 years €'000	More than 5 years €'000
Company							
Secured bank loans	**12,200**	**(12,502)**	**(758)**	**(744)**	**(11,000)**	**-**	**-**
Payables due to subsidiary undertakings	**1,320**	**(1,320)**	**(1,320)**	**-**	**-**	**-**	**-**
Trade and other payables	**1,720**	**(1,720)**	**(1,720)**	**-**	**-**	**-**	**-**
Bank Overdraft	**9,423**	**(9,423)**	**(9,423)**	**-**	**-**	**-**	**-**
	24,663	**(24,965)**	**(13,221)**	**(744)**	**(11,000)**	**-**	**-**

31 December 2014

	Carrying amount €'000	Contractual cash flows €'000	6 mths or less €'000	6- 12 mths €'000	1 - 2 years €'000	2 - 5 years €'000	More than 5 years €'000
Company							
Secured bank loans	13,400	(13,811)	(789)	(776)	(1,246)	(11,000)	-
Payables due to subsidiary undertakings	2,994	(2,994)	(2,994)	-	-	-	-
Trade and other payables	2,475	(2,475)	(2,475)	-	-	-	-
Option over financial asset	3,925	(4,161)	(4,161)	-	-	-	-
Bank overdraft	11,681	(11,681)	(11,681)	-	-	-	-
	34,475	(35,122)	(22,100)	(776)	(1,246)	(11,000)	-

Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk on financial instruments that impact profit or loss at the balance sheet date was as follows:

	2015 €'000	2014 €'000
Trade receivables	**13,504**	9,359
Loans and overdrafts	**5,800**	1,293
Trade payables	**(6,882)**	(4,117)
Gross balance sheet exposure	**12,422**	6,535

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015	2014	2015	2014
GBP to Euro	**1.38**	1.24	**1.36**	1.27

Notes to the consolidated financial statements

(continued)

28. Financial instruments *(continued)*

Sensitivity analysis

A 10 percent strengthening of the euro against the following currencies at 31 December would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

	Equity	Profit or loss
	€'000	€'000
GBP		
31 December 2015	(1,011)	200
31 December 2014	(699)	197

A 10 percent weakening of the euro against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was solely variable.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	€'000	€'000	€'000	€'000
31 December 2015				
Cash flow sensitivity (net)	**(121)**	**121**	**(121)**	**121**
31 December 2014				
Cash flow sensitivity (net)	(167)	167	(167)	167

Equity Risk

The value of the Group and Company's available-for-sale financial assets are exposed to fluctuations in the Irish equity market. A 5% strengthening of equity prices at 31 December 2015 would have increased equity and profit or loss by €58,258 (2014: €57,050). A 5% weakening of equity prices would have had an equal but opposite effect.

Derivative financial instruments

The fair values of foreign exchange contracts are analysed by year of maturity and by accounting designation as follows:

	2015	2014
	€'000	€'000
Derivative financial instrument - within one year - current asset	**92**	-

The Group's foreign exchange hedge risk arises due to future cashflows from movements in foreign exchange rates and affect the profit and loss over the period of maturity.

The fair value gain arising on cash flow hedge reflected in the consolidated statement of profit or loss and comprehensive income in 2015 was €92,000 (2014: €Nil).

28. Financial instruments *(continued)*

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	31 December 2015		31 December 2014	
	Carrying amount €'000	Fair value €'000	Carrying amount €'000	Fair value €'000
Available-for-sale financial assets	**1,505**	**1,505**	1,141	1,141
Loans and receivables	**30,042**	**30,042**	31,277	31,277
Secured bank loans	**(12,200)**	**(12,200)**	(13,400)	(13,400)
Finance lease liabilities	**(86)**	**(86)**	(154)	(154)
Trade and other payables	**(22,579)**	**(22,579)**	(19,577)	(19,577)
Derivatives - option over financial asset	**-**	**-**	(3,925)	(3,925)
Current financial instrument - asset	**92**	**92**	-	-
Bank overdraft	**-**	**-**	(3,300)	(3,300)
	(3,226)	**(3,226)**	(7,938)	(7,938)

The carrying amounts of loans and receivables, trade and other payables are deemed to be a reasonable approximation of fair value. The basis for determining fair values is disclosed in note 4. The fair value of secured loans and finance lease liabilities has been calculated using discounted cash flows.

The Group has availed of the exemption in IFRS 7 'Financial instruments: Disclosure' in respect of additional disclosures where fair value closely approximates the amortised cost carrying value.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 31 December 2015 and 31 December 2014, the Group recognised and measured the following financial instruments at fair value:

	2015 Total €'000	2015 Level 1 €'000	2015 Level 2 €'000	2015 Level 3 €'000
Available-for-sale financial assets - equity investments	**1,505**	**150**	**-**	**1,355**
Foreign exchange cash flow hedge - asset	**92**	**-**	**92**	**-**

	2014 Total €'000	2014 Level 1 €'000	2014 Level 2 €'000	2014 Level 3 €'000
Available-for-sale financial assets - equity investments	1,141	150	-	991
Derivatives - option granted over investment in associate	(3,925)	-	-	(3,925)

Notes to the consolidated financial statements
(continued)

28. Financial instruments *(continued)*

Valuation techniques and significant unobservable inputs

Available for sale investments

The fair value of unquoted shares has been based upon recent market transactions.

Forward exchange contract

Fair value is determined based on a market comparison technique obtained through a broker quote. Similar contracts are traded in an active market and the quote reflects such transactions.

Option granted over investment in associate

The fair value of the option over a financial asset was measured in the prior year by deriving an enterprise value using an earnings multiple comparable with recent market transactions. The resulting enterprise value was adjusted for the net funds of the investee. The significant unobservable input was the earnings multiple used in the valuation, an increase/(decrease) in which would result in an increase/(decrease) in the fair value measurement. The effect of a change to a reasonably possible alternative assumption does not have a significant impact upon Group profit, total assets, or total equity.

Additional disclosures for level 3 fair value measurements

	2015 €'000	2014 €'000
Derivatives – option granted over investment in associate		
At beginning of year	**3,925**	3,925
Exercised in period	**(3,925)**	-
At the end of the year	**-**	3,925
Unquoted equity investments		
At beginning of year	**991**	663
Gain recognised in other comprehensive income	**364**	328
At the end of the year	**1,355**	991

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

	2015	2014
Derivatives	**3.1%**	3.1%
Loans and borrowings	**2.5%**	2.5%
Leases	**6.0%**	6.0%

29. Operating leases

Leases as lessor

The future minimum lease payments receivable under non-cancellable leases are as follows:

	2015 €'000	2014 €'000
Less than one year	**463**	378
Between one and five years	**832**	819
	1,295	1,197

During the year ended 31 December 2015 €834,000 was recognised as rental income in the income statement (2014: €1,246,000). Expense charges against this income was as follows: maintenance costs €53,000 (2014: €79,000), management expenses €289,000 (2014: €323,000) and depreciation €23,000 (2014: €46,000).

30. Capital and other commitments

At the year end there were capital commitments of €211,000 authorised by the Directors and not provided for in the financial statements (2014: €Nil). The Group currently has financial commitments in respect of the planting of seed potatoes for the 2016/17 season totalling 1,988 hectares (2014: 2,121 hectares).

31. Contingencies

Capital grants up to a maximum of €2,000 (2014: €188,000) could become repayable in certain circumstances as set out in the agreements.

32. Restatement

An associate of the Group, MMM, owns a 55% interest in one of its subsidiary undertakings, with the remaining 45% owned by a non-controlling interest. The Group has previously accounted for its associate's interest in that subsidiary on this basis. During the current year, a put and call option held by MMM over the non-controlling interest in that subsidiary was identified, which had not previously been accounted for. In accordance with IFRS, the Group has amended its accounting policy to account for MMM's interest in that subsidiary as wholly owned, with a derivative liability held at fair value representing the value of the put and call option. As a result of this, DIG plc has restated its 2014 opening position and 2014 results. The impact on opening retained earnings at 1 January 2014 is a decrease of €1,044,000; the share of profit of associate for the year ended 31 December 2014 is an increase of €1,637,000; while the impact on other comprehensive income for the year ended 31 December 2014 is an increase of €392,000 and the impact on the carrying value of investment in associates on the consolidated statement of financial position at 31 December 2014 is a total increase of €985,000.

The impact on the Donegal Investment Group plc 2014 financial statements is set out below:

	As reported 2014 €'000	Prior year adjustment 2014 €'000	As restated 2014 €'000
Consolidated statement of profit or loss and comprehensive income			
Share of profit in associates (net of tax)	1,366	1,637	3,003
Profit for the year	(1,238)	1,637	399
Other comprehensive Income			
Revaluation of financial instrument in associate undertaking	-	392	392
Total comprehensive income for the year	(419)	2,029	1,610
Basic earnings per share (euro cent):	(10.9)	-	5.2
Diluted earnings per share (euro cent):	(10.9)	-	5.1
Consolidated statement financial position			
Investment in associates	25,337	985	26,322
Total assets	102,945	985	103,930
Other reserves	1,462	(1,915)	(453)
Retained earnings	52,387	2,900	55,287
Total equity	59,496	985	60,481
Total equity and liabilities	102,945	985	103,930

Notes to the consolidated financial statements

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33. Related parties

Parent and ultimate controlling party

The Parent and ultimate controlling party of the Group is Donegal Investment Group plc.

Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to Directors and Executive officers, and contributes to a post-employment defined contribution pension plan on their behalf.

Executive officers also participate in the Group's share option programme see note 26.

Key management personnel compensation comprised:

	2015 €'000	2014 €'000
Short-term employee benefits	**420**	330
Post-employment benefits	**75**	68
Share-based payments	**166**	84
	661	482

Key management personnel and director transactions

Directors of the Company control 5.09% (2014: 5.11%) of the voting shares of the Company.

From time to time Directors of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers.

In the ordinary course of their business as farmers, Directors have traded on standard commercial terms with the Group. Aggregate purchases from, and sales to, these Directors amounted to €Nil (2014: €Nil) and €336,042 (2014: €304,047), respectively. Directors receive a dividend per qualifying share held at dividend date.

Related party transactions – Group

	Transaction value Year ended 31 December		Balance outstanding As at 31 December	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Sale of goods and services				
Sales by Group to Directors	**336**	304	**39**	32

Other related party transactions – Company

	Transaction value Year ended 31 December		Balance outstanding As at 31 December	
	2015 €'000	2014 €'000	2015 €'000	2014 €'000
Sale of goods and services				
By parent to subsidiaries	**1,769**	1,679	**1,320**	2,994
To parent from subsidiaries	**-**	-	**7,666**	10,859

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within six months of the reporting date. None of the balances are secured.

34. Group entities

Subsidiaries	Country of incorporation	Ownership interest 2015 %	2014 %
Robert Smyth & Sons (Strabane & Donegal) Limited Registered office: Millsessiagh, Ballindrait, Lifford, Co Donegal	Ireland	**100**	100
Zopitar Limited Registered office: Ballyraine, Letterkenny, Co Donegal	Ireland	**83**	83
Milburn Dairy Limited Registered office: Ballyraine, Letterkenny, Co Donegal	Ireland	**100**	100
IPM Potato Group Limited Registered office: 412 Q House, Furze Rd, Sandyford Industrial Estate, Dublin 18	Ireland	**100**	100
Donegal Potatoes Limited Registered office: Colehill, Newtoncunningham, Co Donegal	Ireland	**100**	100
Nomadic Dairy Limited (formerly The Different Dairy Company Limited) Registered office: Crossroads, Killygordon, Co Donegal	Ireland	**80**	80
Biogreen Foods Limited Registered office: 65 Cavendish Street, London, W1G 7LS	UK	**80**	80
McCorkell Holdings Limited Registered office: Administration Building, Lisahally Terminal, Derry, BT47 6FL	Northern Ireland	**75**	75
Burke Shipping Services Limited Registered office: Administration Building, Lisahally Terminal, Derry, BT47 6FL	Northern Ireland	**75**	75
Maybrook Dairy Limited Registered office:14A Dromore Rd, Omagh, Co Tyrone, BT78 1QZ	Northern Ireland	**100**	100
Euro-Agri Limited Registered office:14A Dromore Rd, Omagh, Co Tyrone, BT78 1QZ:	Northern Ireland	**100**	100
Estuary Trading Limited Registered office:14A Dromore Rd, Omagh, Co Tyrone, BT78 1QZ	Northern Ireland	**100**	100
IPM Holland B.V. Registered office: Marssumerdyk 1, 9033 WD Deinum, The Netherlands	Holland	**100**	100
MPCO Limited Registered office: Ballyraine, Letterkenny, Co Donegal	Ireland	**100**	100
High Meadow Patents Limited Registered office: Crossroads, Killygordon, Co Donegal	Ireland	**100**	100
An Grianan Grain Company Limited Registered office: Ballyraine, Letterkenny, Co Donegal	Ireland	**100**	100
Donra Dairies Registered office: Ballyraine, Letterkenny, Co Donegal	Ireland	**100**	100
Aisheco Limited Registered office: Ballyraine, Letterkenny, Co Donegal	Ireland	**-**	100
AJ Allan (Potato Merchants) Limited Registered office: East Mill, Brechin, Angus, UK, DD9 7HJ	UK	**100**	100

Notes to the consolidated financial statements

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34. Group entities *(continued)*

Subsidiaries	Country of incorporation	Ownership interest 2015 %	2014 %
Chef in a Box Limited Registered office: 762A/763A Henley Rd, Slough Trading Estate, Slough, Berks, SL1 4JW	UK	**100**	100
AJ Allan (Brechin) Limited Registered office: East Mill, Brechin, Angus, UK, DD9 7HJ	UK	**100**	100
Solanex Limited Registered office: Rua Samuel Hahnemann nº17, Jardim Santo Andre, São João da Boa - SP, CEP 13872 – 029, Brazil	Brazil	**85**	85
IPM Brasil Registered office: Avenida Dr José Bonifácio Coutinho Nogueira no. 214, Sala 232, Jardim Madalena CEP 13091-611, Campinas-SP, Brazil.	Brazil	**100**	100
IPM France Registered office: 1 rue de Bellonne 62490 Noyelles Sous Bellonne, France	France	**100**	100
IPM Portugal Batatas de Semente e Produtos Agrícolas, Unipessoal Lda Rua Domingos Sequeira no. 27 – 3rd J,1350 – 119 Lisbon Portugal	Portugal	**100**	-
Associated undertakings:			
Monaghan Middlebrook Mushrooms Registered office: Tyholland, Monaghan, Co Monaghan	Ireland	**30**	35
North Western Livestock Holdings Limited Registered office: Tubbercurry, Co Sligo	Ireland	**22.4**	22.4
Leapgrange Limited Registered office: The Mall, Ballyshannon, Co Donegal	Ireland	**42.7**	42.7

In 2015, Aisheco Limited, a 100% subsidiary of Donegal Investment Group plc was disposed of.

The following subsidiaries will avail of the filing exemption available under Section 357 of the Companies Act 2014, whereby they will annex the financial statements of Donegal Investment Group plc to their annual returns: Robert Smyth & Sons (Strabane & Donegal) Limited, Milburn Dairy Limited, IPM Potato Group Limited, MPCO Limited, High Meadow Patents Limited, Donra Dairies Limited, Nomadic Dairy Limited and An Grianan Grain Company Limited.

35. Post balance sheet events

The Group has purchased 58,166 ordinary shares of 13 cent held as treasury shares subsequent to the year end, at a total cost of €320,254. There have been no other significant events subsequent to the year end, which would require adjustment to, or disclosure in, the financial statements.

36. Approval of consolidated financial statements

The consolidated financial statements were approved by the Directors on 12 May 2016.

Notes

Notes

www.sourcedesign.ie

Donegal

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