PRODUCE INVESTMENTS plc

Diversifying for growth

Produce Investments plc

Annual Report & Accounts 2015

Produce Investments Ltd was established in 2006 and is the parent company of one of the UK's leading potato businesses, Greenvale AP Ltd. We are one of the UK's largest suppliers of fresh potatoes, daffodil flowers and bulbs.

Up-to-date information can be found on our website:

www.produceinvestments.co.uk

Operational Highlights

Improvement in operational efficiencies

Read more on page 11

+9.0%

Management continue to focus on improving operational efficiencies. The Tern Hill pack site was closed in August 2014 and sold in January 2015 for £2m. Investments in new technology at our remaining packing sites helped facilitate this capacity rationalisation. As a result, one of our key operational measures, man hours per tonne improved by 9% for the second half year, following the final reallocation of volumes between sites post the busy Christmas peak.

Continued growth for Restrain

Read more on page 10

+10.5%

Sales continue to increase through Restrain, our ethylene storage and ripening solution business. The expansion into new markets and new products helped increase turnover by over 10.5% with gross margin increasing by a similar percentage when compared to prior year.

Increase in daffodil sales

Read more on page 14

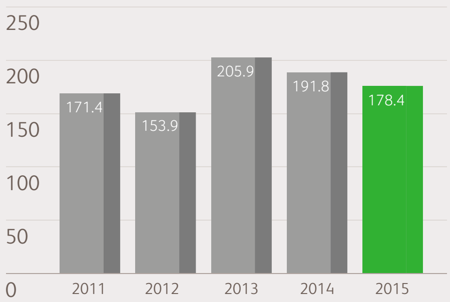
+7.4%

Another very good season for daffodil sales from Rowe Farming resulted in an increase in volume of over 7.4%, with total turnover up 4.6%, compared to prior year.

Financial Highlights

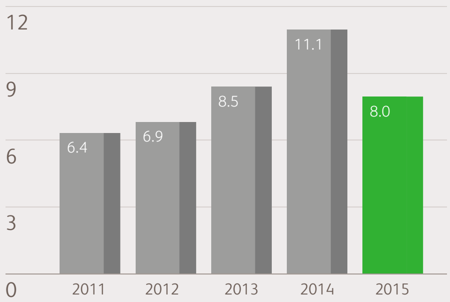
Revenue (£m)

£178.4m



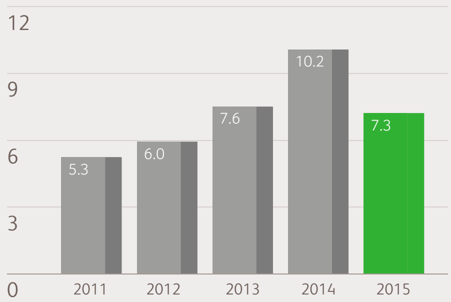
Operating profit (£m)

£8.0m



Pre-tax profit (£m)

£7.3m



Produce Investments at a Glance

Leading the way in the UK potato industry. Produce Investments plc is a leading operator in the fresh potato and daffodil sectors.

The Group has operations throughout the UK in seed production, growing and packing and serves a number of market sectors including retail, foodservice, wholesale and trading. The Group is split into three segments:

1. **Fresh** which comprises, Greenvale AP, Jersey Royal Company Limited, Rowe Farming and The Kent Potato Company Limited and accounts for 82.9% of Group revenues. Customers include a number of the UK leading grocery retailers and wholesale and foodservice companies.
2. **Processing** which accounts for 3.7% of Group revenues. Ingredients supplied are used by a large number of food manufacturers in products such as diced potato salads and mashed potato for fish cakes and ready meals.
3. **Other** includes the seed business, Restrain Company Limited and direct trading and accounts for 13.4% of group revenues. The seed business exports around 25% of total production with the balance sold mainly to our fresh grower base. Revenues for Restrain are growing internationally with 69% now originating from outside the UK.

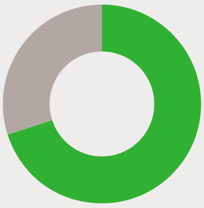
The Produce Investments Group has a number of businesses located across the UK and the recent acquisitions of Rowe Farming in 2012 and The Jersey Royal Company Limited in 2014 compliment and add strength and diversity to the Group. In addition 22% of our seed revenues come from overseas, and sales of Restrain, our ethylene storage and ripening business, are growing outside the UK.

Greenvale AP

Uniquely vertically integrated potato business

Unique vertically integrated business comprising seed variety and development, seed growing storage and production, fresh potato growing, and fresh potato storage, packing, distribution and marketing.

70.5% of Group revenue

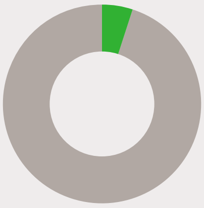


Rowe Farming

Daffodils & potatoes

Rowe Farming based in Cornwall, grows and markets early season UK baby new and salad potatoes and grows and markets daffodil flowers and bulbs in the UK and overseas.

5.3% of Group revenue

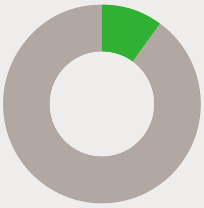


The Jersey Royal Company

First new season potatoes

The Jersey Royal Company grows and markets early season Jersey Royal potatoes to most of the major UK retailers.

10.9% of Group revenue



Geographic diversity

The map shows the location of our sites across the UK. Our business is geographically spread throughout the UK ranging from our seed business in Perthshire 1, our main retail pack sites in the Scottish Borders 2 and Cambridgeshire 3 which are ideally located within close proximity to two of the main potato growing areas in the UK. Our processing business, Swancote Foods 4 is located in Shropshire, with Rowe Farming 5 based in Cornwall and the Kent Potato Company 6 based at St-Nicholas-At-Wade, with The Jersey Royal Company 7 located in Jersey.

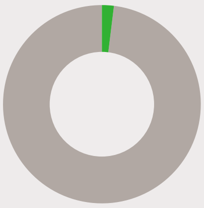
1. Greenvale AP seed business, Burrelton, Perthshire
2. Greenvale AP pack site, Duns
3. Greenvale AP pack site, Floods Ferry
4. Swancote Foods, Shropshire
5. Rowe Farming, Cornwall
6. Kent Potato Company, Kent
7. Jersey Royal Company, Jersey

Restrain

Ethylene storage & ripening

The Restrain system provides the only residue free solution for sprout suppression in stored potatoes and onions in the UK, Europe and other territories across the world. The Restrain technology is now developing in other produce sectors such as the enhanced ripening of fruits.

1.2% of Group revenue

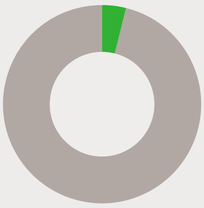


Swancote Foods

Additive free cooked potato ingredients

Swancote provides a number of food ingredient manufacturers in the UK with additive-free cooked potato products as well as raw potato ingredients.

3.7% of Group revenue

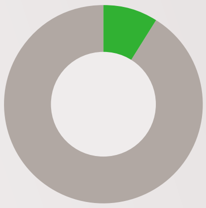


The Kent Potato Company

Fresh potato packing

The Kent Potato Company is located in the "Garden of England" to source and pack locally grown fresh potatoes and supplies a number of retail and foodservice customers.

8.4% of Group revenue



Our Strategy

Growing through diversification of our products and customer base.

Our strategic approach

Our strategy is to significantly grow the scale and profitability of the Group by acquiring quality businesses that offer synergies coupled with product/customer diversification, whilst at the same time funding organic growth strategies.

The recent acquisitions and investment in our own branded potato – GreenVale are some examples that demonstrate our strategy in action. The Board firmly believes in this strategy and if well executed will deliver sustainable value growth to all stakeholders and shareholders of the business.

Reasons to invest in Produce Investments

Produce Investments is a diverse business with a solid core at its foundation and continues to seek acquisition opportunities offering good returns and exciting growth prospects. The core business supplies fresh products 364 days of the year, into a defensive category with high levels of customer penetration.

01 Improved margins

The Group continues to seek opportunities to add businesses that deliver higher margins and enhance profitability and shareholder returns.

02 Acquisition opportunities

The recent acquisitions demonstrate the Groups appetite and ability to complete and deliver on acquisitions. Management will continue to seek out and explore opportunities to further expand the Group through the addition of appropriate complimentary businesses.

1. Organic growth

Management continue to look to grow the core business with both existing and new customers. The Group, at its core, is a unique vertically integrated potato business covering seed variety development, production of seed, own growing, through to storage, packing, distribution and marketing of fresh potatoes and is ideally placed to take advantage of any opportunities.

2. Growth through acquisition

The acquisition of Rowe Farming in 2012 and The Jersey Royal Company in 2014, demonstrates the ability of the management team to successfully deliver and integrate new businesses within the expanding Group. Management continue to seek quality businesses that offer synergies along with product and customer diversification.

3. Diversification of customers

The recent acquisitions have added a number of important strategic elements to the Group. The new products will allow management to target new customers.

4. Diversification of products

Restrain, which provides ethylene storage and ripening solutions, continues to develop the number of products that can be treated and stored both in Europe and other territories across the world.

03 New customers

The Group's strategy is to continue to grow its sales with other key customers. The Group also continues to seek new customers for its own branded potato – GreenVale.

04 Product diversification

Our strategy is to seek opportunities that provide growth outside the fresh potato sector. This could come from processed products or other fresh vegetables where our key strengths in commercial and supply chain management can add value and deliver synergies.

Growing and diversifying business

1986
Business acquired by Dalgety PLC

1998
Acquisition of Anglian Produce – Business renamed Greenvale AP

2000
Acquisition of ES Black (Scottish packer with the same private equity shareholders as Greenvale)

2003
Incorporation of Restrain Co Ltd

2006
Greenvale AP acquired by Produce Investments Ltd

2007
Acquisition of Swancote Foods

2010
Listed on London Stock Exchange AIM Market

2012
Acquisition of Rowe Farming Ltd

2014
Acquisition of Jersey Royal Company Ltd (inc. Kent Potato Company)

Chairman's Statement

Satisfactory performance against challenging conditions.

Against a backdrop of highly challenging market conditions, the Group has delivered a robust performance in the year to 27 June 2015.

The much-documented retailer price wars triggered significant pricing pressure throughout the entire supply chain, resulting in value and volume decline over the past 18 months, although the rate of decline has slowed considerably in recent months. This coincided with an exceptional growing season in 2014 resulting in high yields for potatoes generating a large over-supply of crop and resultant deflationary pressures. As we reported on 26 March, the combination of these factors has had a significant impact on results, with the first half of the financial year particularly affected, resulting in a fall in operating profit versus last year. I am pleased to report that results have improved in the second half year resulting in an operating profit for the year of £8.04m (2014: £11.13m).

Produce has already taken steps to mitigate the impact of these market fluctuations. The closure and subsequent sale for £2.0m of the Tern Hill packing facility and the consequent rationalisation of the remaining packaging operations has resulted in major improvements to the overall efficiency of the Group. Furthermore, Produce's management team is working closely with its core retail customers to create a supply chain model that is more aligned to prevailing market conditions in any given season, thereby reducing the impact of any variations in crop on the Group's financial performance.

Dividend

While the market is expected to remain challenging, the Directors are confident about the Group's prospects for the coming year and are pleased to announce an increase in the final dividend to 4.775 pence per share (2014: 4.55 pence), when combined with the interim dividend of 2.39 pence per share (2014: 2.275 pence) results in a total dividend for the year of 7.165 pence per share (2014: 6.825 pence per share). The final dividend will be paid on 3 November 2015 to ordinary shareholders on the register at close of business on 16 October 2015.

Board changes

I would like to take this opportunity to welcome Neil Davidson to the Board of Directors. Neil brings with him a wealth of experience having worked in the agri-food sector for over 30 years. He has held a number of senior positions including Chief Executive of Arla Foods and was recently appointed a non executive director of WM Morrison Supermarkets plc. He was awarded a CBE in 2006, for his services to the dairy industry.

Outlook

Looking to the year ahead, although recognising we are only circa 60% of the way through harvesting, our best estimates for the current year's crop would indicate average yields and a reasonable quality. We expect the supply of crop to be more aligned to demand with pricing therefore reflecting this more balanced market. We also expect the retail environment to remain fiercely competitive as the market continues to evolve with continued competition from the Discounters, and ever changing consumer shopping habits. However the recent acquisitions and site rationalisation, coupled with our strong business model, puts Produce in a more robust position to handle these pressures. Consequently the Board remains confident that Produce is well positioned to grow organically and to take advantage of any acquisition opportunities.

Given the performance of the Group against a backdrop of very challenging conditions, I would especially like to express my sincere thanks to all employees of the Group who have helped to contribute to these excellent results for the year.

Barrie Clapham
Chairman

Chief Executive's Report

Potential for further growth.

The 2014 crop was high yielding, with total UK production of 5.74m tonnes compared to 5.58m tonnes in 2013 and 4.49m tonnes in 2012. In addition, the volatility and decline in fresh produce volumes through the major retailers has continued to impact overall volumes, albeit that this trend is now showing signs of slowing and indeed we are now seeing some growth.

As a consequence of the high yielding crop and lower volume of sales, supply was therefore much greater than demand. This resulted in much lower free buy prices for potatoes for most of the season which has led to price pressure across most of our customer base. This has resulted in total turnover for the Group of £178.4m, compared to £191.8m for the previous year.

2014 was an exceptionally good growing season producing a large crop of potatoes, which, when combined with a roll forward of 2013 production and falling demand resulted in one of the weakest potato markets witnessed for many years. The pressure this placed on the whole supply chain was significant and returns to growers in most cases fell way short of sustainable levels. However, with a fresh, perishable product such as potatoes it is vital to ensure that the crop does find a market and is moved before quality deteriorates to such an extent that renders the crop worthless. To enable this to happen, tough decisions were made on raw material pricing which put pressure on the grower base for much of the season. The good news however, is that the crop has been moved and the sector now looks to have a more balanced supply and demand status and therefore improved pricing. Without quality growers our business would not function and I would like to record my gratitude to the grower base for their ongoing support of the business throughout such a difficult season. Likewise the staff who manage the grower relationships and have to conduct these difficult negotiations, they have performed admirably in some very challenging situations.

In May 2014 the Group acquired The Jersey Royal Company Limited which grows, markets and supplies early season Jersey Royal potatoes into a number of UK retailers. Integration plans are almost complete and a number of initiatives have been implemented with a view to making the business more efficient and reducing cost. The 2015 growing season produced a high quality crop and we had a very good start to the season. However, the cooler than average start to the summer impacted demand and therefore volume as consumers continued to buy main crop potatoes at the expense of Jersey Royals. However, we remain very confident about the future prospects of the business and the strategic rationale of the deal remains sound as it strengthens the Group's product offering and also gives the Group greater control and influence over the early season potato market.

On 13 May we announced that Swancote Foods, our processing business experienced a contamination issue relating to traces of metal being found in some of our product. Working in collaboration with our affected customers this resulted in a recall of a number of potato salad and ready meal products. The metal contamination resulted from the failure of an augur in one of our blanchers, which was not subsequently picked up by detection systems and processes further down the supply chain.

Strategy in Action

GreenVale

Branded potato

The brand brings together a unique packaging concept and great tasting variety, which attracts new customers to the category. Consumer feedback remains extremely positive with repeat purchase measures continuing to impress. We remain excited and committed about building the brand credentials and proposition in the years ahead.

Strategy in Action

Greenvale AP
Natural choice for fresh potatoes

Greenvale AP

A year of two halves

The first half year was impacted by an over-supplied market and with falling retail volumes led to deflationary pressure. However the second half year has seen an improvement in the volume decline and a better overall performance.

Greenvale AP (GVAP) is a unique vertically integrated business. This starts with our seed variety and development programme and also includes our seed potato business and our own growing potato operations in Perthshire, the Scottish Borders and the Eastern Counties, making us the biggest grower of fresh table potatoes in the UK. GVAP procures from circa 200 growers in the UK, most of whom we supply seed to, and along with the potatoes from our own growing operations, provide our pack sites with the material to store, manage and pack for our key customer base 364 days of the year.

From seed to table

An illustrative timeline

1 The growing cycle starts with top quality seed production nearly 12 months in advance.

2 Planting of the ware crop takes place from February to April.

3 It takes about 7 months to grow a field of main crop potatoes. The crop is sprayed to control weeds and guard against pests. The crop requires a lot of water to help it grow.

4 From June to September the crop is harvested into wooden boxes and taken to the farm.

5 The crop is quality controlled by eye to remove any unwanted potatoes before packing.

6 Nearly 250,000 tonnes of potatoes are distributed every year.

Strategy in Action

RESTRAIN
Company Ltd.

Restrain

Another year of growth

with increased turnover, gross margin and profitability. Both new market and product expansion continue to facilitate growth.

The principal activity of the Company is the sale, lease and marketing of the Restrain system for the production and maintenance of a stable atmosphere of ethylene within potato and onion stores for sprout suppression and seed potato management. The system continues to provide the only residue free solution for sprout suppression in stored onions and potatoes in the UK, Europe and other territories across the world. Sales outside the UK continue to grow and the potential for growth in both new markets and products continue to be explored with management excited and confident about the future.

Chief Executive's Report (Continued)

We continue to work with our insurers and our affected customers and the potential financial impact is still being analysed. We believe the financial impact will be in the range of £300,000 to £1.5 million, but, due to this lack of certainty, have not accounted for this cost in the current year. This figure will be finalised when discussions are complete and recognised as an exceptional cost in next year's financial statements. At the time of writing we have installed a temporary solution whilst we await the delivery and final installation of a new blancher. We have subsequently changed a number of processes and are working closely with our affected customers to restore full supply and regain confidence.

I am pleased to report that Restrain Company Limited, our ethylene storage and ripening business, continues to go from strength to strength. Turnover and profitability continue to grow through the increased number of systems that are on lease both in the UK and abroad. The system continues to provide the only residue free solution for sprout suppression in stored onions and potatoes. In addition we continue to seek opportunities for the storage and ripening of new products and expansion into new markets across the World and we are very excited about the potential for growth.

It is also pleasing to highlight that we have had another very successful year growing, picking and supplying daffodils from our Rowe Farming business, based in Cornwall. It is worth stressing that all of these daffodils are picked by hand, sometimes during some fairly challenging climatic conditions from January through to April. In addition to the flower business Rowe Farming also grow and supply early season potatoes to a number of packers across the UK and I am happy to report that this season's crop has hit its marketing window, is of a better quality and has achieved much improved prices compared to the prior year.

With the closure of our Tern Hill facility in August 2014 and a number of investments made at our remaining packing sites we have improved operational efficiencies, with an improvement in man hours per tonne of over 9% from January 2015 compared with the same period last year. This will remain a key focus as we continue to align capacities with demand against some fairly volatile market conditions.

Our branded fresh potato, GreenVale, continues to build momentum. The brand brings together a unique packaging concept and great tasting variety, which attracts new customers to the category. While the brand is under threat of delisting in one core customer (irrespective of its outstanding performance) we remain committed about building the brand credentials and proposition in the coming years and expect to gain new retail distribution points in the coming months.

Operations remain cash generative and at the year end, total net debt stood at £20.7m compared to £24.5m last year as we continue to pay down debt. We have continued to invest in our sites to improve efficiencies and facilitate the closure of Tern Hill, with total capital expenditure in the year of £5.8m compared to £6.5m last year. This re-alignment of our total operational capacities and the resultant improvement in operating efficiencies should ensure the Group remains competitive for the future.

As the Chairman noted, the growing conditions experienced so far with the low summer temperatures would point to an average yielding crop of reasonable quality. In addition estimates for the planted area of potatoes indicate a reduction of circa 8% compared to last year. Whilst it is still early, and therefore difficult to predict, we would expect prices for non-contracted free buy potatoes to remain strong as the season progresses. During the course of the last financial year we have been working closely with one of our core retail customers to create a supply chain model that is closer aligned to the prevailing market conditions in any given season. As a result of these discussions we are now expecting a reduction of market share, as of July 2016, from circa 40% to a minimum of 25% of the customer's core retail volume.

Whilst this reduction in volume is clearly a disappointment, we are pleased that we have been awarded a three year agreement at a fixed margin and this is a major step forward for the business, reducing the impact of crop value fluctuations on company performance. Further the Group has retained 100% of this customer's organic supply and has increased its supply of the Jersey Royal potatoes for the 2016 season onwards to 100%.

With this reduction in volume I can confirm that the company is currently reviewing its packing facilities, aligning capacity to forecast sales and therefore ensuring that the business remains efficient and cost competitive. This review is also taking into consideration proximity of grower base and procurement requirements and may well lead to the closure of the company's Kent based packing facility, subject to the outcome of consultation. The consultation period is expected to be completed in late November. The changing retail environment will no doubt continue to create an even more competitive marketplace with the pace of change not expected to abate.

We firmly believe that, following the recent acquisitions coupled with the rationalisation of our fresh packing sites, that we are in a much stronger position to deal with these external pressures. The Board and the management team remain confident that Produce Investments is well positioned to grow organically and to take advantage of any acquisition opportunities that might arise in the future.

Angus Armstrong
Chief Executive

Strategic Report

Solid results.

The Directors present their report and financial statements of Produce Investments plc for the 52 weeks ended 27 June 2015.

Principal activities

The principal activity of the Company in the year under review was that of a holding company for the Greenvale Group of companies, which grows, sources, packs and markets fresh potatoes, daffodils bulbs and flowers.

Review of the business

The Directors are satisfied with the performance of the Group in the year to June 2015. The Group delivered strong results for the year against a background of difficult trading conditions and a competitive marketplace. Results for the second half year improved versus the first half year and the closure and disposal of the Tern Hill site led to a necessary improvement in operational efficiencies. This contributed to the improvement in performance in the second half year. The over-supplied potato market resulted in deflationary pressure across a number of business segments. As a consequence we have experienced a lowering of both prices paid for potatoes and the prices obtained from our customers, resulting in a decrease in total turnover. However despite the tough trading conditions we have still delivered a satisfactory result for the year, which has been achieved due to the breadth and diversity of the business model.

Overall, most parts of the Group have performed well in the year but it is appropriate to single out the performance of Restrain and Rowe Farming who have both continued to expand. The Group has maintained its position with its major customers throughout the year, with continued focus and provision of exceptionally high customer service levels across the whole supply chain. The metal contamination at Swancote was unfortunate but all steps are being taken to resume full supply as quickly as possible. The Group continues to generate cash and reduce its borrowings and we have maintained a good relationship with HSBC, throughout the year.

Principal risks and uncertainties

The key fundamental risks affecting the Group are set out below:

Competition

The single biggest risk to the Group is that of competition. The Group operates in a highly competitive market, particularly around product availability, quality and price. In order to mitigate against this risk the Group continually monitors and reviews market prices and undertakes customer reviews to ensure their required service levels and expectations are met in full or surpassed. A constant pipeline of innovation within the product range as well as formal and regular new product development meetings with all customers helps maintain the Group's position of preferred supplier.

Impact of adverse weather

The Group's operations are influenced by the volume and quality of the UK potato crop. In the event of a poor UK potato crop owing to adverse weather conditions, the Group is likely to suffer from an increased price for a proportion of its potato supplies. The Group's exposure to adverse weather conditions is increased due to its own growing operations.

Strategy in Action

Swancote Foods
The Natural Choice for Prepared Potato Products

Swancote Foods

A difficult year

2015 has been a difficult year for Swancote.

An issue with one of our blanchers led to metal contamination which was not detected by a number of processes and systems and which led to a significant product recall. A temporary blancher has been installed and a new replacement blancher ordered with installation due later this year. A number of process improvements have also been initiated with everything being done to restore customer confidence. Management are still confident in the prospects for Swancote Foods as the business offers a unique cooked additive-free product that is not available elsewhere in the UK.

Strategy in Action

The Jersey Royal Company Limited

A year of integration and transition

Jersey strengthens the Group's product offering giving greater control and influence over the early season potato market.

Jersey Royals are always the first product to the market at the start of the UK season, which is synonymous with the start of the summer. The business supplies a number of UK retailers and provides the Group with the platform to explore further product opportunities. New ways of working continue to be explored with a view to improving operational efficiencies and thus increasing profitability.

The geographically diverse spread of third party procurement and the Group's own growing, covering the main potato growing regions of the UK, reduces the risk to the Group of crop failure in any specific region. Furthermore, the management team continues to work closely with its core retail customers to create a supply chain model that is more aligned to prevailing market conditions in any given season, thereby reducing the impact of crop variations on the Group's financial performance.

Employees
Both regional managers and local staff are key to the success of the Group. The loss of key individuals or the inability to recruit people with the right level of experience and skills locally could adversely impact the Group's results. In order to mitigate these risks the Group has a rolling programme in place to allow employees to improve learning and skills. The Group also has a number of incentive schemes in place linked to the overall Group performance that are designed to retain key individuals.

The average monthly number of persons (including Directors) employed by the Group during the period was:

	2015	2014
Production and warehouse	**1,214**	1,029
Management and administration	**179**	149
Total average number of employees	**1,393**	**1,178**

Financial risk management

Credit risk
The Group operates tight credit control policies and seeks to minimise any exposure by only offering deferred terms where customers either have a proven track record of payment or satisfy credit worthiness procedures. Any credit limits are subject to regular review to ensure that limits remain appropriate to the circumstances of each customer.

Liquidity risk
The Group seeks to mitigate liquidity risk by managing cash generation by its operations and by applying cash collection targets. The Group also manages liquidity risk via revolving credit facilities and long-term debt.

Interest rate risk
The Group manages this risk, where significant, by fixing interest rate payments using interest rate swaps and caps.

Key performance indicators

The Directors review performance using a number of both financial and non-financial key performance indicators (KPIs). These are regularly reviewed as to their appropriateness, set and measured continuously in order to monitor performance and comparative efficiencies across the Group.

The principal financial KPIs monitored by the Board are average selling prices and procurement costs, which enable the Board to monitor overall profitability. Profitability by segment is disclosed in the accompanying financial statements (note 4).

Non-financial KPIs are principally efficiency related and include:

- **Volume of potatoes sold:** overall total volumes have declined primarily as a result of lower sales volumes through retail channels as the market has declined, although this decline is slowing.
- **Yield %:** the Group monitors the yield through its main fresh potato sites. Due to the abundance of good quality crop the yields have reduced slightly compared to last year as the benefit of increasing yields further does not cover the cost of the potatoes in what was a low priced season.
- **Man hours per tonne:** the Group monitors the number of worked hours to pack potatoes and this showed an improvement for the year as a whole of over 4%. In the second half of the year following the closure and final reallocation of volumes following the Tern Hill site, this showed an improvement of over 9%.

Approved on behalf of the Board

Brian Macdonald
Director

Strategy in Action

Rowe farming ltd.

Rowe Farming

Increase in daffodil sales

Rowe Farming grows and supplies daffodils to a major retailer in the UK.

Sales continue to grow and increased by over 7% in the season to April 2015. In addition to daffodil sales, Rowe also harvest and sell a quantity of daffodil bulbs at the end of each season once they have been sorted, cleaned and sterilised. In recent years we have increased both the number of varieties grown, the acreage planted and have expanded production to Perthshire. This has been necessary to cope with increased demand at the end of the season (April).

Strategy in Action

The Kent Potato Company

Increasing sales

The Kent business was added through the acquisition of the Jersey business.

Whilst the pack site in Kent is relatively small it is ideally located to exploit the benefits of locally sourced and packed potatoes from Kent the "Garden of England". Kent is also well positioned to store imported potatoes should the need arise in the future.

Board of Directors

Barrie Clapham
Non-executive Chairman

Barrie began his working career developing businesses in property finance and consultancy. He founded Credential Holdings in 1982 in order to establish a portfolio for investment and property development and has now extended its trading interests into environmental businesses, telecoms and car parking.

Angus Armstrong
Chief Executive Officer

Coming from an agricultural trading background, Angus joined the Potato industry in 1994 when he joined the Scottish based growing and packing business E.S.Black Ltd. Following the acquisition of Blacks by Greenvale AP Ltd in 2000, Angus held various positions within the Greenvale business before becoming Chief Executive in 2006. He now holds the Chief Executive role in both Greenvale and its parent company Produce Investments Ltd, and was part of the small team that successfully floated the Produce Investments business on the LSE AIM market during 2010.

Brian Macdonald
Finance Director

Brian joined Produce Investments on 1 August 2008 from Scottish & Newcastle, where he held a number of senior finance roles, both abroad and in the UK. He has significant experience having worked in a number of trading businesses and central roles at Scottish & Newcastle including mergers and acquisitions. His last role was Finance Director Developing Markets, covering Russia, Ukraine, Baltic States, India, China, Vietnam and the USA. Brian joined Produce Investments following the acquisition of Scottish & Newcastle by Carlsberg and Heineken.

Derek Porter
Non-executive Director

A Chartered Accountant, Derek has extensive experience across a number of business sectors and is currently Managing Director of a major property investment group, London & Scottish Investments Ltd. He has extensive experience of raising equity and debt in both the UK and international markets and has previously run his own management consultancy. He has held senior executive posts in a major international consulting engineering group, the UK's largest leisure marine distribution company, a light engineering manufacturing company and a Scottish Premier League football club.

Michael Jankowski
Non-executive Director

Following post-graduate studies at the London School of Economics, Michael's career to date has included pension fund management, stockbroking, research, trading and the structuring/arranging of asset-based acquisitions. Michael's trading interests have ranged from pub companies to healthcare providers, with a current focus on technology and environmental companies.

Sir David Naish
Senior Independent Non-executive Director

Sir David Naish has a long association with the food sector, including seven years as the President of the National Farmers Union as well as posts on the British Crops Production Council and Chairman of Arla Foods UK from 2002 until its purchase by Arla Foods amba in 2007. He is currently Chairman of Hilton Food Group plc as well as his family's farming business and additionally holds a number of other non-food related posts.

Tony Bambridge
Non-executive Director

Tony has been involved with Greenvale since 1999, following the merger of Greenvale and the grower cooperative, Anglian Produce, of which Tony was Chairman. In 1988, Tony started B & C Farming Ltd, a farming company which grows over 1,200 hectares of crops, with a particular bias towards potatoes, both seed and ware. Tony has been influential in ensuring Greenvale maintains a long-term and balanced approach in its dealings with its grower base and is as National Council Delegate representing Norfolk with the National Farmers Union.

Neil Davidson
Non-executive Director

Neil has over 30 years' experience in the agri-food sector. He started his career at Northern Foods where he held various roles including Managing Director of the milk division, before becoming Chief Executive of Express Dairies when it demerged from Northern Foods in 1998. Neil subsequently became Chief Executive of Arla Foods following its merger with Express Dairies before retiring in 2005.

Neil was a Non-Executive Director of Persimmon plc from 2004 until 2013 and was Chairman of Cherry Valley Farms between 2005 and 2010. He is a former President of the Dairy Industry Federation, the UK Representative for the Board of the European Dairy Association and Vice President of Dairy UK. In 2006 Neil was awarded a CBE for his services to the dairy industry. Neil is currently the Chairman of The Cricketer Publishing Limited, and has recently been appointed as a Non-Executive Director to the Board of WM Morrison Supermarkets plc.

Directors' Report

Results and dividends

The retained profit after tax for the period was £5,619,000 (2014: £7,775,000).

Basic earnings per share were 20.59 pence (2014: 33.64 pence). Diluted earnings per share were 19.77 pence (2014: 31.71 pence). Adjusted earnings per share were 19.93 pence (2014: 39.64 pence) and adjusted diluted earnings per share were 19.13 pence (2014: 37.36 pence).

An interim dividend of 2.39 pence per ordinary share was paid during the year. The Directors recommend the payment of a final dividend for the period, which is not reflected in these accounts of 4.775 pence per ordinary share which together with the interim dividend, represents 7.165 pence per ordinary share. This is subject to approval at the Annual General Meeting and if approved will be paid on 3 November 2015 to ordinary shareholders on the register at close of business on 16 October 2015. Ordinary shares will go ex dividend on 15 October 2015.

Substantial shareholdings

As at the date of this report, the Company is aware of the following holdings that constitute more than 3% or more of the voting rights of the Company:

	Number of ordinary shares	% of issued share capital
Mr Ronald Barrie Clapham	5,928,059	22.1
Morstan Nominees Limited	4,885,728	18.3
Credit Suisse Client Nominees (UK) Limited	2,570,438	9.6
Platform Securities Nominees Limited	2,141,551	8.0
JR Property Holdings Limited	1,590,909	5.9
London and Scottish Investments Limited*	131,786	0.5

* London and Scottish Investments Limited have directors and ownership in common with Credential Produce LLP.

Research and development

Research and development continues in three major areas – developing new and improved potato varieties with increased resistance to diseases in conjunction with the James Hutton Institute; treatments and products to assist in the storage of potatoes and the introduction of potato products in a variety of formats including further processing that are additive and chemical free, whilst maintaining higher proportions of their healthy ingredients.

Political and charitable donations

Donations to UK charities in the period amounted to £12,000 (2014: £47,000). The Group made no political donations during the period.

Land and buildings

The Directors have adopted a policy of measuring land and buildings at historic cost.

Employee involvement

The Directors recognise the benefits which arise from keeping employees informed of the Group's progress and through their participation in the Group's performance. The Group is therefore committed on a regular basis to provide its employees with information and to consult them so that their views may be taken into account in making decisions which may affect their interests and to encourage their participation in schemes through which they will benefit from the Group's progress and performance improvement.

Directors and Officers insurance

The Group has purchased insurance against Directors and Officers liability for the benefit of the Directors and Officers of the Group (including its subsidiaries).

Disabled persons

It is the Group's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities are based on a realistic assessment of their aptitudes and abilities. Wherever possible, the Group will continue the employment of persons who become disabled during the course of their employment with the Group through retraining, acquisition of special aids and equipment or the provision of alternative employment.

Corporate governance

The Directors recognise the value and importance of high standards of corporate governance and intend to observe the principles of the UK Corporate Governance Code to the extent they consider appropriate in light of the Company's size, stage of development and resources. The Board comprises two executive directors and six non-executive directors. The Directors consider the composition of the Board to be a satisfactory balance for the purposes of decision making for the Group. In the last 12 months the Board has convened seven times.

The Group has established an Audit Committee and Nominations and Remuneration Committee of the Board with formally delegated duties and responsibilities. Derek Porter chairs the Audit Committee and Sir David Naish chairs the Nominations and Remuneration Committee.

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring the financial performance of the Group is properly measured and reported on. The Audit Committee have access to financial reporting information throughout the year and have unrestricted access to the Group's auditor.

The Nominations and Remuneration Committee is responsible for making recommendations on the appointment of new Directors and for reviewing the composition of the Board. It will also review the performance of the Executive Directors and make recommendations to the Board on matters pertaining to their remuneration, benefits and terms of employment.

Full details of the makeup and scope of these committees can be found on the Company's website at :www.produceinvestments.co.uk.

Bribery Act

The Group have considered the implications of the recent legislation on bribery and corruption and have undertaken an in-depth review of policies and practices in conjunction with the Group's legal advisers.

Following this review the Directors have drawn up a policy, communicated this to all staff, and others, potentially affected by the implementation of the legislation and have held training sessions for all management to introduce the policy, underline the Group's attitude towards any such corrupt practices and to advise of their personal and corporate responsibility to ensure adherence. The Directors have also introduced a regular internal audit process to provide the stakeholders in the Group with the required reassurance that the legislation is being complied with.

Annual General Meeting

The notice convening the Annual General Meeting (AGM) can be found in the Notice of the AGM accompanying this annual report and financial statements, and can also be found on the Company's website at: www.produce investments.co.uk.

Auditor

Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue to act as auditor.

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor was unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Strategic Report

In accordance with S414c(11) of the Companies Act the Directors have chosen to set out in the strategic report matters of strategic importance that would otherwise required to be contained in the directors report.

Approved on behalf of the Board

Brian Macdonald
Director

Directors' Remuneration Report

This report has been approved by the Board and the Nominations and Remuneration Committee and has been voluntarily prepared in accordance with Schedule 8 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 and with due account taken of the UK Corporate Governance Code. The report also provides the information required to be reported on Directors' remuneration under AIM Rule 19.

Nominations and Remuneration Committee

Composition of the Committee

The members of the Committee, all of whom are considered independent of the executive management team, are:

– Sir David Naish (Chairman)
– Barrie Clapham
– Michael Jankowski

Role of the Committee

The key responsibilities of the Committee are to make recommendations to the Board as to the:

– board policy and elements for the remuneration of the Executive Directors and the Chairman;
– individual elements of the remuneration of those Directors; and
– grant of share-based incentives to Executive Directors and all other employees.

No Director takes part in any discussion directly concerning his own remuneration.

The full terms of reference of the Committee are available on the Company's website at: www.produceinvestments.co.uk.

Advisers to the Committee

The Committee has appointed independent remuneration consultants, Hewitt New Bridge Street (a trading name of Aon Corporation) to advise on all aspects of senior executive remuneration.

The Committee also seeks advice where appropriate from the Group Human Resources Director and Company Secretary to ensure that the remuneration policy proposed by the Committee to the Board takes account of company-specific factors relating to strategy and takes due account of pay and conditions in the Group as a whole.

Remuneration policy for Executive Directors

Remuneration policy is based on the following broad principles set by the Committee:

– to provide a market competitive remuneration package to attract and retain Executives of sufficient calibre;
– to align remuneration to the business strategy;
– to align the interests of Executive Directors with the interests of shareholders; and
– to take account of: (i) pay and conditions throughout the Group and (ii) established best practice as set out in institutional investor guidelines.

The objective of this policy is aligned with the recommendations of the UK Corporate Governance Code. The Committee ensures that account is taken of environmental, social and governance 'ESG' risks when setting remuneration and is comfortable that remuneration packages do not raise any ESG risks by motivating irresponsible behaviour. The Committee also ensures that inappropriate operational and financial risk-taking is neither encouraged nor rewarded through the remuneration policies and that, instead, a sensible balance is struck between fixed and performance related pay, short and long-term incentives and cash and share-based remuneration.

Fixed versus performance-related remuneration

In order to incentivise management whilst aligning their interests with those of shareholders, a substantial proportion of the Executive Directors' pay is performance related, through an annual bonus plan (based on profit growth) and share-based long-term incentives (based on EPS).

Remuneration of Non-executive Directors

The fees of the Non-executive Directors (other than the Chairman) are set by the Board. When setting these fees, due account is taken of fees paid to Non-executive Directors of similar companies, the time commitment of each Director and any additional responsibilities undertaken, such as acting as Chairman to one of the Board Committees or as Senior Independent Director.

Currently the fee level for the Chairman is £85,000. The fee level for the Senior Independent Director, Sir David Naish is £45,000, comprising a base fee of £40,000 and an additional fee for Chairing the Remuneration Committee of £5,000. The fees paid to Michael Jankowski and Derek Porter were £20,000 and £25,000 respectively with Derek Porter receiving an additional £5,000 for chairing the Audit Committee. Fees paid to Tony Bambridge amounted to £25,000. Neil Davidson who was appointed on the 29 June, will receive a fee of £40,000 per annum. Non-executive Directors are not eligible to receive pension entitlements or bonuses and may not participate in long-term incentive schemes.

Elements of remuneration

The components of the Executive Directors' remuneration are summarised below.

(i) Basic salary

The salary of individual Executive Directors is reviewed with effect from 1 October each year. Account is taken of the performance of the individual concerned, together with any change in responsibilities that may have occurred and the rates for similar roles within the appropriate comparator groups.

The current salary levels are as follows:

- Angus Armstrong £196,000
- Brian Macdonald £196,000

(ii) Bonus Plan

The maximum potential bonus payable to Executive Directors for the 2014/15 financial year is capped at 70% of salary. Bonuses are payable based on profitability of the Group. If the profit on ordinary activities before taxation shown in the Group's audited financial statements "Profit" is greater than the amount shown in the budget agreed at the commencement of the financial year, a proportion of that profit ahead of budget will be distributed to Executive Directors and other executives through the Bonus Plan. The proportion to be distributed will be 20% of the excess if that excess is between £200,000 and £400,000, rising in increments of 1% for each additional £200,000 of the excess, up to a maximum of 30%.

(iii) Long-term incentive arrangements

The LTIP

The LTIP is used to award share options to selected executives to allow them to share in the success of the Company.

(iv) Benefits

It is Company policy to provide Executive Directors with a company car, private medical, income protection and health and life assurance.

(v) Pensions

Under the terms of his service agreement, Angus Armstrong is entitled to a pension contribution equivalent to 20% of base salary. Brian Macdonald does not receive a pension contribution, but instead is entitled to a 10% uplift in annual bonus entitlement.

Directors' service contracts, notice periods and termination payments

Executive Directors

The contract dates and notice periods for the Executive Directors are as follows:

Director	Contract date	Notice period from the Company	Notice period from the Director
Angus Armstrong	11 November 2010	12 months	12 months
Brian Macdonald	11 November 2010	12 months	12 months

The service contracts of both Directors, which are rolling contracts, are subject to standard terms in the event of termination.

Executive Directors external appointments

Board approval is required before any external appointment can be accepted by an Executive Director. Currently neither Executive Director has any external appointments.

Non-executive Directors

The Non-executive Directors do not have service contracts with the Company but are appointed for an initial three-year term. Non-executive Directors are typically expected to serve for two three-year terms, although their appointment can be terminated either by them or by the Company on three month's written notice. The Chairman's notice period is one month. All Directors are required to stand for re-election by shareholders at least once every three years. The appointment dates of the Non-Executive Directors are:

Barrie Clapham	11 November 2010, appointed Chairman
Sir David Naish	20 September 2010
Michael Jankowski	11 November 2010
Derek Porter	11 November 2010
Anthony Bambridge	26 February 2013
Neil Davidson	29 June 2015

Directors' emoluments

	Salary/fees £000	Bonus £000	Benefits £000	Pension £000	Total 2014/15 £000
Angus Armstrong	191.5	–	13.3	37.4	242.2
Brian Macdonald	191.5	17.8	10.8	–	220.1

This is the remuneration receivable in their capacity as Executive Directors for the year ending 27 June 2015.

Directors' Remuneration Report (Continued)

Directors' shareholdings

Directors' interests and transactions in the ordinary shares of the Company

The beneficial and non-beneficial interests of the Directors in office as at 27 June 2015 and at 28 June 2014 are shown below:

	As at 27 June 2015	As at 28 June 2014
Executive Directors		
Angus Armstrong [1]	**383,790**	358,790
Brian Macdonald [2]	**100,000**	75,000
Non-executive Directors		
Barrie Clapham (Chairman) [3]	**6,322,015**	6,167,242
Sir David Naish [7]	**7,000**	–
Michael Jankowski [4]	**757,969**	757,969
Derek Porter [5]	**112,070**	111,020
Anthony Bambridge [6]	**18,160**	18,160

1 Mr Armstrong's shares are held through his spouse.
2 Mr Macdonald's shares are held through his spouse.
3 Mr Clapham's shares are held in his own name and London and Scottish Investments Limited.
4 Mr Jankowski's shares are held through Platform Securities Nominees Limited with the exception of 1,000 shares which are in his own name.
5 Mr Porter's shares are held in his own name.
6 Mr Bambridge's shares are held through B&C Farming Limited and in his own name.
7 Sir David Naish's shares are in his own name.

Outstanding share option awards

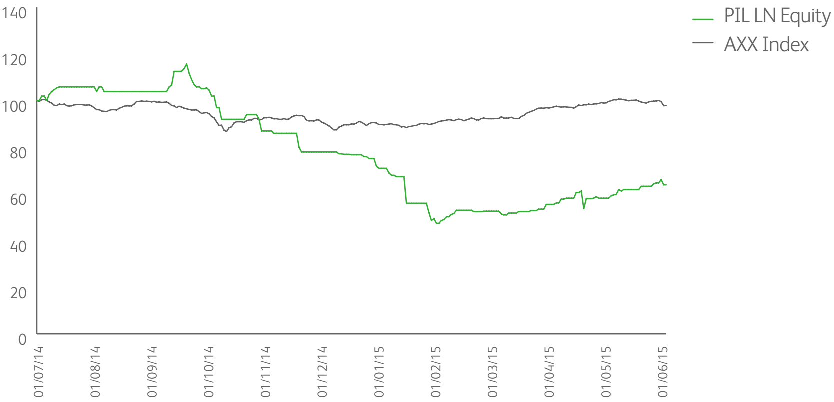
Details of outstanding share option awards are summarised in the table below:

	28 June 2014 number	Granted number	Exercised number	27 June 2015 number	Exercise price	Date of grant	Dates within which exercisable
Angus Armstrong	102,447	–	–	102,447	£1.67	1.7.2013	1.11.2014–30.6.2023
Brian Macdonald	38,933	–	–	38,933	£0.74	27.5.2009	27.5.2012–26.5.2019
	442,540	–	25,000	417,540	£0.01	11.11.2010	11.11.2011–10.11.2020
	102,447	–	–	102,447	£1.67	1.7.2013	1.11.2014–30.6.2023

Total shareholder return performance

The following graph shows a comparison of Produce Investment plc's total shareholder return against that achieved by the AIM All Share Index. This measure is seen as the most appropriate to represent the Company's relative performance for these purposes as the Company is a constituent of this index.

Produce Investments vs AIM All Share



This graph shows the total shareholder return of Produce Investments plc from the 29 June 2014 to 27 June 2015 relative to the AIM All Share Index for the same period.

By order of the Board

Sir David Naish

Chairman of the Remuneration Committee

Directors' Responsibilities
in the Preparation of Financial Statements

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

Company law requires the Directors to prepare group and company financial statements for each financial year. The Directors are required by the AIM Rules of The London Stock Exchange to prepare the group financial statements in accordance with International Financial Reporting Standards "IFRS" as adopted by the European Union "EU".

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing the Group financial statements, the directors are required to:
a. select suitable accounting policies and then apply them consistently;
b. make judgements and accounting estimates that are reasonable and prudent;
c. state whether they have been prepared in accordance with IFRS as adopted by the EU; and
d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Produce Investments plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

Financial Statements

Independent Auditor's Report

to the Members of Produce Investments Plc

We have audited the Group and parent company financial statements ("the financial statements") on pages 25 to 64. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor

As more fully explained in the Directors' Responsibilities Statements set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 27 June 2015 and of the Group's profit for the 52 weeks then ended;
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Alan Aitchison (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington St
Glasgow
G2 6HG

Consolidated Income Statement

For the 52 weeks ended 27 June 2015

	Note	2015 £'000	2014 £'000
Continuing Operations			
Revenue	4	**178,443**	191,832
Cost of sales	7	**(113,456)**	(127,410)
Gross profit		**64,987**	64,422
Administrative and other operating expenses	7	**(56,945)**	(53,292)
Operating profit before interest, tax, exceptional items and dividends		**8,042**	11,130
Exceptional items	7	**227**	(1,617)
Finance costs	6	**(1,069)**	(1,055)
Finance income	6	**20**	97
Dividends received from investments	3	**39**	18
Share of profit of associate	3	**4**	12
Profit before tax		**7,263**	8,585
Income tax expense	9	**(1 ,644)**	(810)
Profit for the period		**5,619**	7,775
Attributable to:			
Equity holders of the parent		**5,485**	7,601
Non-controlling interests		**134**	174
		5,619	7,775
Earnings per share attributable to owners of the parent during the year:			
Basic earnings per share (pence)	10	**20.59**	33.64
Diluted earnings per share (pence)	10	**19.77**	31.71

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 27 June 2015

	Note	2015 £'000	2014 £'000
Profit for the period		**5,619**	7,775
Other comprehensive income:			
Actuarial (loss) in respect of pension scheme	21	**(1,119)**	(1,248)
Deferred tax effect on actuarial loss	9	**114**	140
Effect of change in tax rate on historic equity tax postings	9	**–**	(132)
Current income tax credit recognised through equity	9	**70**	81
Deferred tax credited to equity	9	**(210)**	124
Other comprehensive income for the period, net of tax		**(1,145)**	(1,035)
Total comprehensive income for the period, net of tax		**4,474**	6,740
Attributable to:			
Equity holders of the parent		**4,340**	6,566
Non-controlling interests		**134**	174
		4,474	6,740

Consolidated Statement of Financial Position

At 27 June 2015

	Note	2015 £'000	2014 £'000
Assets			
Non-current assets:			
Property, plant and equipment	12	**38,768**	38,380
Intangible assets	13	**16,652**	17,196
Investment in associates	3	**172**	172
Other investments	3	**78**	78
Deferred tax assets	9	**1,533**	1,770
		57,203	57,596
Current assets:			
Inventories	15	**7,683**	9,623
Biological assets	5	**19,379**	16,662
Trade and other receivables	16	**28,650**	28,243
Prepayments		**1,867**	2,127
Cash and short-term deposits	17	**2,762**	2,241
		60,341	58,896
Total assets		**117,544**	**116,492**
Equity and Liabilities			
Equity:			
Issued capital	18	**267**	265
Share premium	18	**21,598**	21,466
Other capital reserves	19	**10,228**	10,228
Retained earnings		**18,855**	16,321
Equity attributable to equity holders of the parent		**50,948**	48,280
Non-controlling interests		**452**	343
Total equity		**51,400**	**48,623**
Non-current liabilities:			
Interest-bearing loans and borrowings	14	**7,000**	15,250
Other non-current financial liabilities	14	**1,201**	499
Deferred revenue	20	**128**	188
Pensions and other post employment benefit obligations	21	**6,063**	5,279
Deferred tax liability	9	**5,542**	4,900
		19,934	26,116
Current liabilities:			
Trade and other payables	23	**28,743**	29,085
Interest-bearing loans and borrowings	14	**16,480**	11,509
Deferred revenue	20	**97**	189
Income tax payable		**890**	970
		46,210	41,753
Total liabilities		**66,144**	**67,869**
Total equity and liabilities		**117,544**	**116,492**

The financial statements on pages 25 to 58 were approved for issue by the Board of Directors and signed on its behalf by:

B Macdonald
Director

Financial Statements

Consolidated Statement of Changes In Equity

For the 52 weeks ended 27 June 2015

	Note	Issued Capital (Note 18) £'000	Share premium (Note 18) £'000	Other capital reserves (Note 19) £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
As at 29 June 2013		**220**	**15,624**	**6,227**	**10,766**	**32,837**	**169**	**33,006**
Profit for the period		–	–	–	7,601	7,601	174	7,775
Actuarial loss on post-employment benefit obligations		–	–	–	(1,248)	(1,248)	–	(1,248)
Deferred tax on actuarial loss		–	–	–	140	140	–	140
Tax rate change on balances taken to equity		–	–	–	(132)	(132)	–	(132)
Current year tax taken to equity		–	–	–	81	81	–	81
Deferred tax taken directly to equity		–	–	–	124	124	–	124
Total comprehensive income		**–**	**–**	**–**	**6,566**	**6,566**	**174**	**6,740**
New shares issued during period		45	5,842	4,001	–	9,888	–	9,888
Share-based payment transactions	22	–	–	–	298	298	–	298
Equity dividends paid	11	–	–	–	(1,309)	(1,309)	–	(1,309)
As at 28 June 2014		**265**	**21,466**	**10,228**	**16,321**	**48,280**	**343**	**48,623**
Profit for the period		–	–	–	5,485	5,485	134	5,619
Actuarial loss on post-employment benefit obligations		–	–	–	(1,119)	(1,119)	–	(1,119)
Deferred tax on actuarial loss		–	–	–	114	114	–	114
Tax rate change on balances taken to equity		–	–	–	–	–	–	–
Current year tax taken to equity		–	–	–	70	70	–	70
Deferred tax taken directly to equity		–	–	–	(210)	(210)	–	(210)
Total comprehensive income		**–**	**–**	**–**	**4,340**	**4,340**	**134**	**4,474**
New shares issued during period		2	132	–	–	134	–	134
Share-based payment transactions	22	–	–	–	44	44	–	44
Equity dividends paid	11	–	–	–	(1,850)	(1,850)	(25)	(1,875)
As at 27 June 2015		**267**	**21,598**	**10,228**	**18,855**	**50,948**	**452**	**51,400**

Consolidated Cash Flow Statement

For the 52 weeks ended 27 June 2015

	2015 £'000	2014 £'000
Operating Activities		
Profit before tax from continuing operations	**7,263**	8,585
Adjustments to reconcile profit before tax for the year to net cash inflow from operating activities:		
Depreciation, amortisation and impairment of assets	**4,713**	5,202
Share-based payment transaction expense	**44**	298
(Gain)/Loss on disposal of property, plant and equipment	**(928)**	9
Finance income	**(20)**	(97)
Finance costs	**1,069**	1,055
Share of net profit of associate	**(4)**	(12)
Difference between pension contributions paid and amounts recognised in the income statement	**(552)**	(552)
Working capital adjustments:		
(Increase)/Decrease in trade and other receivables and prepayments	**(150)**	8,548
(Increase)/Decrease in inventories and biological assets	**(777)**	753
Increase/(Decrease) in trade and other payables	**360**	(11,479)
Increase/(Decrease) in deferred revenue	**(152)**	82
Interest received	**20**	17
Income tax paid	**(864)**	(1,977)
Net cash flows from operating activities	**10,022**	10,432
Investing Activities		
Proceeds from sale of property, plant and equipment	**2,173**	–
Purchase of property, plant and equipment	**(5,760)**	(6,458)
Purchase of intangible assets	**(42)**	(84)
Cashflows arising from purchase of subsidiary	**–**	(9,999)
Net cash flows used in investing activities	**(3,629)**	(16,541)
Financing Activities		
Bank loans drawn during period	**–**	8,759
Bank loans repaid during period	**(3,000)**	(5,000)
Bank overdraft repaid during the period	**(279)**	(5,024)
Interest paid	**(852)**	(862)
Dividends paid to equity shareholders of parent	**(1,850)**	(1,309)
Dividends paid to minority interest	**(25)**	–
Proceeds from share issues	**134**	6,131
Net cash flows (used in)/generated from financing activities	**(5,872)**	2,695
Net increase/(decrease) in cash and cash equivalents	**521**	(3,414)
Cash and cash equivalents at beginning of period	**2,241**	5,655
Cash and cash equivalents at end of period	**2,762**	2,241

Notes to the Consolidated Financial Statements

For the 52 weeks ended 27 June 2015

1 General information

Produce Investments plc ("the Company") and its subsidiaries (together "the Group") is a leading operator in the fresh potato sector with vertically integrated activities covering seed production, own growing, processing and packing and supply to the major retailers. The Company's subsidiaries are listed in note 27.

The Company is a public limited company incorporated and domiciled in the UK. Its registered office is Floods Ferry Road, Doddington, March, Cambridgeshire, PE15 OUW.

The Company was listed on the London Stock Exchange AIM on 18 November 2010.

The financial year represents 52 weeks to 27 June 2015 (prior year 52 weeks to 28 June 2014).

These consolidated financial statements were approved for issue on 6 October 2015.

2 Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the Group for the period ended 27 June 2015 and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the period.

These consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and biological assets, which have both been measured at fair value in line with applicable accounting standards. The consolidated financial statements are presented in British pounds sterling (£) and all values are rounded to the nearest thousand (£´000) except when otherwise indicated.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly have adopted the going concern basis in preparing the consolidated financial statements. Further information regarding the financial position of the Group, its cash flows, liquidity position, and borrowing facilities are described in the financial statements on pages 25 to 64. In addition, the notes to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and exposures to credit, market and liquidity risk. Cash balances and borrowings are included in notes 14 and 17. This disclosure has been prepared in accordance with the Financial Reporting Council's Going Concern and Liquidity Risk: "Guide for Directors of UK Companies 2009".

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 27 June 2015. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All material intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interest even if that results in a deficit balance. If the Group loses control over a subsidiary, it:

– Derecognises the assets (including goodwill) and liabilities of the subsidiary;
– Derecognises the carrying amount of any non-controlling interest;
– Derecognises the cumulative translation differences, recorded in equity;
– Recognises the fair value of the consideration received;
– Recognises the fair value of any investment retained;
– Recognises any surplus or deficit in profit or loss; and
– Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

Changes in accounting estimates and disclosures

The Group has adopted all IFRS and IFRIC interpretations effective for periods beginning on or after 29 June 2014.

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below:
IFRS 2 Share-based Payment (amendments)
IFRS 3 Business Combinations (amendments)
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (amendments)
IFRS 7 Financial Instruments: Disclosures (amendments)
IFRS 8 Operating Segments (amendments)
IFRS 9 Financial Instruments
IFRS 10 Consolidated Financial Statements (amendments)
IFRS 12 Disclosure of Interests in Other Entities (amendments)
IFRS 13 Fair Value Measurement (amendments)
IFRS 15 Revenue from Contracts with Customers
IAS 1 Presentation of Financial Statements (amendments)
IAS 16 Property, Plant and Equipment (amendments)
IAS 19 Employee Benefits (amendments)

IAS 24 Related Party Disclosures (amendments)
IAS 27 Separate Financial Statements (amendments)
IAS 28 Investments in Associates and Joint Ventures (amendments)
IAS 38 Intangible Assets (amendments)
IAS 39 Financial Instruments: Recognition and Measurement (amendments)
IAS 41 Agriculture (amendments)

The Group expects that there will be no material impact on the consolidated financial statements resulting from the implementation of the above standards.

Key sources of estimation uncertainty
The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the valuation of biological assets, the measurement and impairment of goodwill, the measurement of defined benefit pension obligations and the estimation of share-based payment costs.

The measurement of biological assets requires assumptions regarding expected yields of crops, percentage of crop that are saleable, and the expected market value at the date of harvest. Biological assets at the reporting date were valued at £19.4m (2014: £16.7m) (see note 5).

The Group reviews whether intangible assets are impaired on an annual basis, and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate. Intangible assets at the reporting date were valued at £16.7m (2014: £17.2m) (see note 13).

Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate. Defined benefit pension obligations at the reporting date were valued at £6.1m (2014: £5.3m) (see note 21).

The estimation of share-based payment costs requires the selection of an appropriate valuation model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, both of which arise from judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees. Share-based payment charges in the period were £44,000 (2014: £298,000) (see note 22).

Summary of significant accounting policies
Business combinations and goodwill
Business combinations
Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values, at the date of acquisition, of the assets transferred, liabilities incurred, and equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs incurred are expensed. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquirees' identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value as at the acquisition date through profit or loss.

Goodwill
Goodwill is initially measured at cost being the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity in the acquiree, over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The customer lists for Swancote Foods are amortised on a straight line basis over a useful economic life of 15 years.

Notes to the Consolidated Financial Statements (Continued)

2 Basis of preparation (Continued)

Summary of significant accounting policies (Continued)

Investments in associates

The Group's non-controlling investments in other entities are accounted for on one of two bases, depending on the conditions relevant to each investment.

An associate is an entity in which the Group has significant influence. Where such conditions exist, the entity is accounted for using the equity method. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

Where the Group does not exert significant influence on an entity in which the Group holds a non-controlling investment, this investment is accounted for at historic cost, less provisions for any impairment as discussed below.

After application of either the equity or cost method in line with the circumstances described above, the Group determines at each reporting date whether there is any evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the impaired amount in the income statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes (e.g. Value Added Tax) or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Usually the risks and rewards of ownership transfer on despatch of the goods, however, for some customers, the risks and rewards of ownership pass to the buyer when the goods arrive with the buyer. Revenue from the sale of potatoes, daffodil flowers and bulbs to retailers and processors, is recognised on despatch. Revenue from the sale of seed potatoes is recognised on confirmed delivery. Given that goods are principally fresh food products that arrive with the buyer within hours of despatch, the date of despatch and the date of arrival are typically the same.

Rental income arising from operating leases is accounted for on a straight line basis over the lease terms. Rentals paid in advance are recognised as deferred revenue.

Biological assets and agricultural produce

The Group's operations include activities which are agricultural in nature and are subject to the recognition, measurement and disclosure requirements of IAS 41 Agriculture. The Group has identified its potato and daffodil bulb crops in the ground as biological assets. These assets are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. Gains or losses arising on initial recognition of both biological assets and agricultural produce and any subsequent changes in fair value are recognised in the income statement in the period in which they arise.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date. Current income tax relating to items recognised directly in equity is recognised in other comprehensive income and not in the income statement.

Deferred tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;

- Deferred tax assets are recognised for deductible temporary differences, including the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except;
- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Pensions and other post-employment benefits

The Group operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund. From 31 October 2007 the defined benefit plan has ceased to accrue benefits going forward and accordingly there are no current service costs. The Group will continue to fund the scheme to ensure that it can meet its obligations. The cost of providing benefits under the defined benefit plan is determined using the Projected Unit Credit method, calculated by an independent actuary every three years, and updated on an annual basis. Actuarial gains and losses are recognised directly in equity and included as part of other comprehensive income.

The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service costs and actuarial gains and losses not yet recognised and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Asset fair values are based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

In addition to the defined benefit plan, the Group operates a stakeholder scheme and a personal pension plan. These are both defined contribution schemes. Contributions payable into these schemes during the period are charged to the income statement as they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Share-based payment transactions

Equity-settled transactions

The cost of equity settled transactions with employees is measured by reference to the fair value at the date which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using the Black Scholes option pricing model.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance criteria are satisfied.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous reporting date is recognised in profit or loss, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in profit or loss for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

2 Basis of preparation (Continued)

Summary of significant accounting policies (Continued)

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and derivative financial instruments.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and derivative financial instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses interest rate swaps to hedge its interest rate risk. These derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. These instruments have been designated as 'financial assets and liabilities at fair value through profit or loss'. Accordingly, assets and liabilities arising from these derivative financial instruments are carried in the Statement of Financial Position at fair value with gains or losses recognised in the income statement. The Group has not designated any derivatives for hedge accounting.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e. the underlying contracted cash flows).

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

Property plant and equipment

Property plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:
- Buildings 5 to 50 years
- Plant and equipment 5 to 15 years
- Fixtures and fittings 2 to 10 years
- Land is not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. All intangible assets of the Group, other than goodwill, are assessed as having finite lives.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication of impairment. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised within administrative and other operating expenses in the income statement.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:
- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Amortisation of the asset begins when development is complete and the asset is available for use. Such assets are amortised straight line over five years, being the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Patents and licences

Patents are the accumulated costs of applying for patents in the UK. An amortisation period of three years (straight line) is used as a conservative estimate of the length of effectiveness of the patent.

Foreign currency translation

The Group's consolidated financial statements are presented in British pounds, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2 Basis of preparation (Continued)

Summary of significant accounting policies (Continued)

Foreign currency translation (Continued)

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials – purchase cost on a first in, first out basis.
- Finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Agricultural produce is recognised at fair value less costs to sell at the date of harvest. Once harvested, these goods are subsequently accounted for under IAS2 in the same manner as other inventories purchased from third parties.

Impairment of non-financial assets including goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

Impairment losses relating to goodwill are not reversed in future periods.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Exceptional items

The Group presents as exceptional items on the face of the income statement those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in that year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

3 Investments

The Group has non-controlling investments in three companies which are classified as associates or other investments and listed below. The fair value of these investments cannot be reliably measured, therefore they are held at historic cost.

Organic Potato Growers (Scotland) Limited

The Group has a 33.3% interest in Organic Potato Growers (Scotland) Limited, a company incorporated in Scotland which is involved in the growing of potatoes.

Organic Potato Growers (Scotland) Limited is a private entity that is not listed on any public exchange. Organic Potato Growers (Scotland) Limited reports its financial performance with a year end of 31 May. The following table illustrates summarised unaudited financial information of the Group's investment in Organic Potato Growers (Scotland) Limited:

	2015 £'000	2014 £'000
Share of the associate's statement of financial position		
Current assets	**240**	205
Non-current assets	**537**	504
Current liabilities	**(398)**	(336)
Non-current liabilities	**(192)**	(195)
Equity	**187**	178
Share of the associate's revenue and profit:		
Revenue	**408**	414
Profits	**4**	12
Carrying amount of the investment	**172**	172

A dividend of £nil was received in the year (2014: £18,000).

BROP

The Group has a 30% interest in BROP, a company incorporated in the Czech Republic which is involved in the growing and selling of potatoes. BROP is a private entity that is not listed on any public exchange. The Group does not exert significant influence over this entity and therefore does not regard it as an associate. The Group has reached this conclusion because there is no Group involvement in BROP's day-to-day trading and management, no participation in everyday decisions, no exchanges of personnel between the entities and no essential technical information exchanged between the entities.

The Group therefore accounts for its interest in BROP at cost, less provision for impairment if necessary.

The following table illustrates summarised unaudited financial information of the Group's investment in BROP:

	2015 £'000	2014 £'000
Share of the investment's statement of financial position		
Current assets	**484**	513
Non-current assets	**154**	101
Current liabilities	**(79)**	(76)
Non-current liabilities	**–**	–
Equity	**559**	538
Share of the investment's revenue and profit:		
Revenue	**1,065**	1,930
Profits	**21**	74
Carrying amount of the investment	**21**	21

A dividend of £26,000 was received in the year (2014: £nil).

Kernow Grain Ltd

The Group has an investment, valued at cost, of £57,000 in Kernow Grain Ltd as part of the acquisition of Rowe Farming Ltd. Kernow Grain Ltd is a cooperative of farmers who are required to invest a figure based on their level of activity in the company.

Notes to the Consolidated Financial Statements (Continued)

4 Operating segment information

Management have determined the operating segments based on the reports utilised by the Directors that are used to make strategic decisions. These are split as follows:

– Fresh;
– Processing; and
– Other.

Fresh comprises the sites, staff and assets that grow, source, pack and deliver fresh produce to customers, ranging from large retailers, wholesalers to small private businesses. This covers potatoes, daffodils and bulbs. As an element of raw material is not suitable for this purpose it also includes any supplementary sales achieved.

Processing comprises the staff and assets that supply pre-prepared potato products which are ultimately sold as ingredients for food manufacturers.

Other comprises seed sales for both the UK and export, traded volume where Greenvale acts as an intermediary between the farmer and the end customer taking a small margin to cover costs, and all sales activities of Restrain Company Limited, a 70% owned subsidiary that provides ethylene-based storage solutions for potatoes and onions.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Assets and liabilities are not segmented for management information purposes for consideration by the Board as the Chief Operating Decision Maker other than as below. Assets and Liabilities are discussed further below.

Inventory procurement, receivables and payables are managed centrally and as a result assets and liabilities are managed at Group level. Consequently, no segmental analysis of these items is presented.

Operating segment information

52 weeks ended 27 June 2015	Fresh £000	Processing £000	Other £000	Total £000
Revenue	147,997	6,572	23,874	178,443
Depreciation and amortisation	(3,490)	(727)	(496)	(4,713)
Other operating costs	(137,425)	(6,129)	(22,134)	(165,688)
Operating profit before exceptional items, interest and dividends	7,082	(284)	1,244	8,042
Costs not allocated:				
Exceptional items				227
Finance costs				(1,069)
Finance income				20
Share of profit of associate				4
Dividends received				39
Profit before tax				7,263
Capital expenditure	(4,211)	(266)	(1,283)	(5,760)
Development costs	–	–	(42)	(42)

52 weeks ended 28 June 2014	Fresh £000	Processing £000	Other £000	Total £000
Revenue	152,518	9,024	30,290	191,832
Depreciation and amortisation	(3,197)	(669)	(471)	(4,337)
Other operating costs	(139,100)	(8,111)	(29,154)	(176,365)
Operating profit before exceptional items, interest and dividends	**10,221**	**244**	**665**	**11,130**
Costs not allocated:				
Exceptional items				(1,617)
Finance costs				(1,055)
Finance income				97
Share of profit of associate				12
Dividends received				18
Profit before tax				**8,585**
Capital expenditure	(4,918)	(934)	(606)	(6,458)
Development costs	–	–	(84)	(84)

The accounting policies for the segments are the same as those described in the summary of significant accounting policies. The revenues and operating profit per reportable segment agree in aggregate to the consolidated totals per the financial statements.

Segmentation of assets and liabilities
Investments in associates are not segmented. Such items are managed at board level and are not integral to the operations of any of the Group segments.

Other non-current financial assets and liabilities are not segmented. Such items are managed at Board level with the support of the Group central services team. These items are not integral to the operations of any of the Group segments.

No segmentation is presented in respect of receivables, payables and cash. The Group central services team manages Group treasury, cash flow, payables and receivables independently from the operating segments.

Taxation matters are managed by the Group central services team and are not segmented.

Inventories and biological assets are managed centrally by the Group procurement team. Inventories are usually stored at a Group location most appropriate for the supplier to deliver the goods to, usually the closest geographical location to the supplier. The inventories are then used in the delivery of goods and services to all segments within the Group.

The Group central services team coordinates prepayments, accruals and provisions and these are not segmented.

The deferred revenue is managed by the central services team. All deferred revenue relates to the 'other' segment.

Intangible assets

	2015 £'000	2014 £'000
Fresh	**7,295**	7,300
Processing	**9,245**	9,770
Other	**111**	126
Total	**16,651**	**17,196**

Property, plant and equipment analysis

	2015 £'000	2014 £'000
Fresh	**27,828**	27,801
Processing	**2,461**	2,663
Other	**2,719**	1,796
Unallocated	**5,760**	6,120
Total	**38,768**	**38,380**

The amounts for items which are not segmented are disclosed in the Statement of Financial Position.

Notes to the Consolidated Financial Statements (Continued)

4 Operating segment information (Continued)

Geographical information

Revenues from external customers

	2015 £'000	2014 £'000
UK	**173,564**	185,632
Other EU countries	**2,277**	2,924
Rest of the world	**2,602**	3,276
Total revenue per consolidated income statement	**178,443**	191,832

The revenue information above is based on the location of the customer.

The Group has two significant customers included within the fresh segment, with turnover as listed below:

	2015 £'000	2014 £'000
Customer 1	**69,496**	71,003
Customer 2	**37,283**	45,910

5 Biological assets

	2015 £'000	2014 £'000
Opening value of biological assets	**16,662**	11,900
Biological assets acquired	**–**	4,890
Harvested potatoes transferred to inventories	**(22,742)**	(17,393)
Harvested daffodil bulbs transferred to inventories	**(500)**	(600)
Changes in fair value	**1,488**	120
Growing costs invested in the crop	**24,471**	17,745
Closing value of biological assets	**19,379**	16,662

The fair values above are attributable to consumable biological assets, where the Group has ownership of such assets at the reporting date. The fair values have been calculated as the present value of the net cashflows expected to be generated by harvested produce at the reporting date. The key assumptions used in determining the fair value have been as follows:

- Future costs of growing are based on forecast amounts;
- Selling prices are based on management's estimate of the year's harvest prices;
- Ware yields between 5-23 tonnes per acre, depending on variety;
- Seed yields between 7-22 tonnes per acre, depending on variety; and
- Daffodil bulb yields 14 tonnes per acre, depending on variety.

The biological assets represent the following:

- Crops of partially grown potato plants at each reporting date; and
- Bulb stocks which remain in the ground for up to four years, from which daffodils will grow at certain times of the year, and which will be dormant for the rest of the year.

Potato crops are usually planted between January and May each year, depending on the geography, variety and weather. Harvesting normally occurs between April and October. The Group plants between 6,000 and 8,000 acres of land every growing season, with an expected yield of 60,000-100,000 tonnes of potatoes at harvest. This 'own grown' harvest of potatoes supplements the external purchases required to meet the demands of the Group's customers. Financial risk is therefore restricted to the actual costs invested in the crop, and this is monitored regularly to ensure that there are no exposures in the asset base of the Group.

The Group has in the ground between 1,000 and 1,600 acres of bulb stocks, of which 250 to 400 acres are harvested and replanted each year. This bulb stock provides both the daffodils and bulbs for sale. Financial risk is consistent with potato crops (see above).

The fair value, less costs to sell, of produce harvested from biological assets during the period was £22,742,000 (2014: £17,393,000).

There are no restrictions on title of the crops growing in the ground. However, as part of HSBC Bank's overall charge on the assets of the business, the bank reserves the right to place a charge on all inventory of the Group, including biological assets, in the event that such security is required.

The Group had commitments at the reporting date of £1,500,000 (2014:£1,400,000) in respect of developing or acquiring biological assets. This represents land rents and planting costs payable during the remainder of the growing cycle.

Growing potatoes

	2015	2014
Acres planted at the end of the year	**4,666**	5,808
Expected yield (tonnes/acre)	**16**	16

Growing daffodil bulbs

	2015	2014
Acres planted at the end of the year	**1,751**	1,248
Expected yield (tonnes/acre)	**14**	14

6 Finance costs and finance income

Finance costs

	2015 £'000	2014 £'000
Interest on overdrafts and other finance costs	**852**	862
Net interest on pension obligations	**217**	193
Total finance costs	**1,069**	1,055

Finance income

	2015 £'000	2014 £'000
Interest receivable	**20**	17
Net profit on financial assets and liabilities at fair value through profit and loss	**–**	80
Total finance income	**20**	97

Notes to the Consolidated Financial Statements (Continued)

7 Analysis by nature of items included in the consolidated income statement

	2015 £'000	2014 £'000
Revenue	**178,443**	191,832
Cost of inventories recognised as an expense	**(94,073)**	(108,445)
Consumables	**(7,831)**	(8,608)
Other external charges and direct sales costs	**(11,552)**	(10,357)
Gross profit	**64,987**	64,422
Staff costs	**(36,118)**	(30,863)
Depreciation:		
– owned	**(3,927)**	(3,559)
– leased	**(200)**	(180)
Amortisation	**(586)**	(598)
Other operating charges	**(12,034)**	(16,303)
Research and development	**(397)**	(392)
Minimum lease payments recognised as operating expense:		
– plant and machinery	**(654)**	(719)
– fixtures and fittings	**(496)**	(506)
– land and buildings	**(2,533)**	(172)
Operating profit before exceptional items, interest and dividends	**8,042**	**11,130**
Share of associate investment	**4**	12
Exceptional items	**227**	(1,617)
Finance costs	**(1,069)**	(1,055)
Dividends received	**39**	18
Finance income	**20**	97
Profit before tax	**7,263**	**8,585**

The exceptional items refer to the final costs relating to the closure of the Ternhill site and the profit on sale of the premises. In addition, the effect on the normal trading activity level of the Swancote issue has been included.

Auditor's remuneration
Remuneration paid to Baker Tilly UK Audit LLP and its associates by all Group companies during the period was as follows:

	2015 £'000	2014 £'000
Audit services:		
Audit of these financial statements	**106**	110
Audit of financial statements of subsidiaries	**20**	11
Tax services:		
Compliance services	**51**	65
Corporate finance transactions	**14**	17

8 Employee benefits expense

	2015 £'000	2014 £'000
Wages and salaries	**32,765**	27,798
Social security costs	**2,761**	2,315
Pension costs	**548**	452
Share-based payment expense	**44**	298
Total employee benefit expenses	**36,118**	30,863

Wages and salaries include agency labour amounting to £2,224,000 (2014: £1,195,000).

The average monthly number of persons (including Directors) employed by the Group during the period is disclosed within the Directors' Report.

Directors' remuneration

The aggregate amount of remuneration paid to Directors by the Group during the period was:

	2015 £'000	2014 £'000
Emoluments for qualifying services	**425**	635
Company pension contributions to money purchase scheme	**37**	36
Employer's National Insurance	**91**	78
Non-executive Directors' fees	**200**	200
Total	**753**	949

The above remuneration includes all Executive Directors and Non-executive Directors of the Group. All fees paid are disclosed within the Directors' Remuneration Report.

Emoluments disclosed above include the following amounts paid to the highest paid Director:

	2015 £'000	2014 £'000
Emoluments for qualifying services	**242**	346
Employer's National Insurance	**42**	39
Total	**284**	385

9 Income tax

The major components of income tax expense for the period are:

Consolidated income statement

	2015 £'000	2014 £'000
Current income tax expense	**1,016**	2,637
Amounts overprovided in previous years	**(155)**	(207)
Total current income tax	**861**	**2,430**
Deferred tax:		
Effect of rate change on opening balance	**–**	(90)
Origination and reversal of temporary differences	**620**	(1,267)
Adjustments in respect of previous periods	**163**	(263)
	783	**(1,620)**
Tax expense in the income statement	**1,644**	**810**

Consolidated statement of comprehensive income

	2015 £'000	2014 £'000
Tax items charged/(credited) directly to equity during the period:		
Deferred tax rate change on retirement benefit obligations	**–**	132
Deferred tax movement on retirement benefit obligations	**(114)**	(140)
Deferred tax movement on share-based payments	**210**	(124)
Current tax taken directly to equity	**(70)**	(81)
Income tax credited directly to equity	**26**	(213)

There are no income tax consequences attaching to the payments of dividends by the Group to its shareholders.

Notes to the Consolidated Financial Statements (Continued)

9 Income tax (Continued)

A reconciliation between the tax expense and the product of accounting profit multiplied by the UK´s domestic tax rate for the period is as follows:

	2015 £'000	2014 £'000
Profit before tax	**7,263**	8,585
Tax at 20.75% (2014: 22.5%)	**1,507**	1,931
Effect of:		
Expenses non-deductible	**104**	107
Change in tax rate	**(34)**	(389)
Income not taxable	**(199)**	–
Defined benefit pension scheme	**(48)**	(192)
Share-based payments	**130**	(208)
Adjustments in respect of prior years	**251**	(470)
Overseas losses not available for tax purposes	**(67)**	31
Tax expense in the income statement	**1,644**	**810**

The change in the tax rate for the year arises as a result of the UK corporation tax reduction from 21% to 20%, which took effect from April 2015. The weighted average corporation tax rate for the period to 27 June 2015 was 20.75% (2014: 22.5%).

Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2015 £'000	2014 £'000
Non-current deferred tax liabilities		
Accelerated capital allowances	**1,733**	1,497
Other	**2,054**	1,894
Fair value adjustments (biological assets)	**1,008**	657
Fair value adjustments (customer lists)	**734**	839
Fair value of interest rate swaps	**13**	13
	5,542	**4,900**
Non-current deferred tax assets		
Pensions and post employment obligations	**1,237**	1,080
Share-based payments	**296**	674
Other	**–**	16
	1,533	**1,770**

Net deferred tax position

	2015 £'000	2014 £'000
Net deferred tax	**4,009**	**3,130**

Reconciliation of total deferred tax movements	2015 £'000	2014 £'000
Opening net deferred tax	**3,130**	**4,129**
Deferred tax balances acquired	**–**	753
Income statement	**783**	(1,620)
Statement of comprehensive income	**96**	(132)
Closing net deferred tax	**4,009**	**3,130**

The deferred tax included in the income statement is as follows:

	2015 £'000	2014 £'000
Accelerated capital allowances	**236**	(361)
Pensions and post-employment obligations	**(43)**	(34)
Other	**176**	(525)
Acquisition fair value adjustments – customer lists	**(105)**	(247)
Share-based payments	**168**	(115)
Movement in fair value of interest rate swap	**–**	16
Temporary differences arising from valuation of biological assets	**351**	(354)
Deferred income tax charge/(credit)	**783**	**(1,620)**

10 Earnings per share

	2015	2014
Profit attributable to equity shareholders (£'000)	**5,485**	7,601
Weighted average number of ordinary shares in issue	**26,642,319**	22,595,272
Weighted average number of options with dilutive effect	**1,106,789**	1,376,418
Total number of shares – fully diluted	**27,749,108**	23,971,690
Basic earnings per share – pence	**20.59**	33.64
Diluted earnings per share – pence	**19.77**	31.71
Adjusted earnings per share		
Operating profit (£'000)	**8,269**	9,513
Exceptional items	**(227)**	1,617
Finance costs and income (£'000)	**(1,049)**	(958)
Dividends received from investments	**39**	18
Income from associate	**4**	12
Adjusted profit before tax (£'000)	**7,036**	10,202
Tax on adjusted profit at effective rate (£'000)	**(1,592)**	(951)
Adjusted profit after tax (£'000)	**5,444**	9,131
Adjusted profit attributable to ordinary shareholders (£'000)	**5,310**	8,957
Adjusted basic earnings per share – pence	**19.93**	39.64
Adjusted diluted earnings per share – pence	**19.13**	37.36

11 Dividends

	2015 £000	2014 £000
Interim dividend of 2.39 pence per share in respect of 2015 (2014: 2.275 pence per share)	**639**	504
Final dividend of 4.55 pence per share in respect of 2014 (2014: 3.64 pence per share)	**1,211**	805
Total dividends paid in the year	**1,850**	1,309

The Directors propose a final dividend of 4.775 pence per share payable on 3 November 2015 to shareholders who are on the register at 16 October 2015. This dividend totalling £1,280,000 has not been recognised as a liability in these consolidated financial statements.

12 Property, plant and equipment

	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost:				
At 29 June 2013	20,321	30,409	1,067	51,797
Additions	1,495	4,900	63	6,458
Acquired with The Jersey Royal Company	–	4,525	105	4,630
Acquired with The Kent Potato Company	3,782	1,294	–	5,076
Disposals	–	(69)	–	(69)
At 28 June 2014	25,598	41,059	1,235	67,892
Additions	755	4,170	835	5,760
Disposals	(2,051)	(921)	(18)	(2,990)
At 27 June 2015	24,302	44,308	2,052	70,662
Depreciation and impairment:				
At 29 June 2013	5,381	18,809	778	24,968
Depreciation for the period	796	2,834	109	3,739
Impairment	–	865	–	865
Disposals	–	(60)	–	(60)
At 28 June 2014	6,177	22,448	887	29,512
Depreciation for the period	946	3,043	138	4,127
Disposals	(987)	(740)	(18)	(1,745)
At 27 June 2015	6,136	24,751	1,007	31,894
Net book value:				
At 28 June 2014	19,421	18,611	348	38,380
At 27 June 2015	18,166	19,557	1,045	38,768

Assets used as security

Land and buildings with a carrying amount of £15.5m (2014: £16.6m) are subject to a first charge to secure two of the Group's bank loans (note 14).

13 Intangible assets

	Goodwill £'000	Customer relationships £'000	Development costs £'000	Patent costs £'000	Total £'000
Cost or valuation:					
At 29 June 2013	12,029	7,868	515	12	20,424
Additions	878	–	108	–	986
At 28 June 2014	12,907	7,868	623	12	21,410
Additions	–	–	42	–	42
At 27 June 2015	12,907	7,868	665	12	21,452
Amortisation:					
At 29 June 2013	–	3,170	434	12	3,616
Amortisation for the period	–	535	63	–	598
At 28 June 2014	–	3,705	497	12	4,214
Amortisation for the period	–	535	51	–	586
At 27 June 2015	–	4,240	548	12	4,800
Net book value:					
At 28 June 2014	12,907	4,163	126	–	17,196
At 27 June 2015	12,907	3,628	117	–	16,652

The carrying amount of goodwill includes amounts attributable to the acquisition of Swancote Foods completed in July 2007, the acquisition of Rowe Farming completed in October 2012, and the acquisition of The Jersey Royal Company and The Kent Potato Company completed in May 2014. The carrying amount of customer relationships is attributable solely to the acquisition of Swancote Foods.

The Group tests goodwill and the value of customer relationships for impairment on an annual basis. The amounts calculated are based on the future cash flows generated based upon a value in use basis.

The key assumptions for the value in use calculations are:
- The forecasted changes in volumes (by consideration of future sales plans and production capacity);
- Revenues (by management's growth estimates of revenue to existing and new customers based on an understanding of the needs of those customers obtained through working relationships);
- Cost of sales and direct costs (by assessing efficiency of processes and underlying anticipated purchase prices); and
- Future anticipated capital expenditure.

A pre-tax discount rate of 11% (2014: 10%) has been used in these calculations and applied to future cash flow projections. The Group updates cash flow forecasts based on the most recent budgets/forecasts approved and reviewed by the Directors and extends these forward for the next five years based on those forecasts with a residual terminal value computed at the end of year five. Operating profit growth of 2%-3% per annum from 2015 (2014: 2%-3%) has been assumed.

Sensitivity analysis has been carried out by the Directors and they are comfortable that there is no requirement for any impairment of goodwill or customer relationships. The Directors will continue to perform reviews of these balances at least annually to ensure that any changes in customer or market conditions are considered.

14 Financial liabilities

The Group uses interest rate swaps to manage interest rate risk on interest-bearing loans and borrowings, which mean the Group pays a fixed interest rate rather than being subject to fluctuations in the variable rate. The Group has not designated these derivatives as cash flow hedges. These are aged in line with the maturity of the loans against which they were taken out. Consequently, such derivatives are treated as non-current in these financial statements.

Other financial liabilities	**2015 £'000**	2014 £'000
Total financial liabilities (non-current)	**1,201**	499

Interest-bearing loans and borrowings 2015	**Interest rate %**	**Maturity**	**Current £'000**	**Non-current £'000**
Facility A(1)	**LIBOR+3.00%**	**Oct 2016**	**1,500**	**3,500**
Facility A(2)	**LIBOR+3.00%**	**Oct 2016**	**1,500**	**3,500**
Revolving Credit – facility B	**LIBOR+3.00%**	**Oct 2016**	**5,250**	**–**
Invoice Finance Agreements	**2.25%**		**8,230**	**–**
Total interest-bearing loans and borrowings			**16,480**	**7,000**

Interest-bearing loans and borrowings 2014	Interest rate %	Maturity	Current £'000	Non-current £'000
Facility A(1)	LIBOR+2.85%	Oct 2016	1,375	5,000
Facility A(2)	LIBOR+2.95%	Oct 2016	1,375	5,000
Revolving Credit – facility B	LIBOR+3.25%	Oct 2016	–	5,250
Invoice Finance Agreements	2.25%		8,759	–
Total interest-bearing loans and borrowings			**11,509**	**15,250**

The bank loans at 27 June 2015 were represented by the following:
Facility A(1) (as above). Interest since October 2012 is payable at 3.00% above LIBOR. Repayments are at £1,125k per annum rising to £1.5m per annum during the year to June 2016. This loan is subject to a fixed rate hedge of 4.02%.

Facility A(2) (as above). Interest since October 2012 is payable at 3.00% above LIBOR. Repayments are at £1,125k per annum rising to £1.5m per annum during the year to June 2016. This loan is subject to an interest rate cap of 3.75%.

Revolving credit facility – facility B (as above). Interest since October 2012 is payable at 3.00% above LIBOR. Repayments can be made at the end of each calendar month at a minimum of £1m. Since October 2012 £5.75m has been repaid in this way.

Notes to the Consolidated Financial Statements (Continued)

14 Financial liabilities (Continued)

The Company has entered into an interest rate swap and cap (as above) to fix the overall cost of loan A. The fair value of the swap at the reporting date was £65,000 (2014: £65,000).

Greenvale AP Ltd and Rowe Farming Ltd have both entered into an Invoice Finance Agreement during the year. Borrowings are secured on sales invoices raised, the combined amount drawn from the facility at 27 June 2015 was £8,230,000. Interest rates are 2.25%.

Fair values

The Directors do not consider there to be any material differences between the fair values and carrying values of any financial assets or liabilities recorded within these financial statements at the reporting date.

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 27 June 2015, the Group held the following financial instruments measured at fair value:

Assets measured at fair value	27 June 2015 and 28 June 2014 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss:				
Interest rate derivatives	65	–	65	–

The above assets are shown on the statement of financial position netted off other non-current financial liabilities.

A put and call option exists relating to the Peacock pack site in Jersey, The Group has a call option, which is exercisable before 16 May 2019, and the current owners have a put option over the same period. The Group has valued the option at £nil (2014: £nil) as the strike price is considered to be equal to the fair value of the underlying asset.

During the reporting periods ending 27 June 2015 and 28 June 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

15 Inventories

	2015 £'000	2014 £'000
Raw materials (at cost)	7,327	9,249
Finished goods (at cost or net realisable value)	356	374
Total inventories at cost or net realisable value	7,683	9,623

The inventories values above exclude the values of crops of potatoes growing in the ground. These are reflected separately as biological assets and are discussed in note 5.

There are no provisions against the above inventory at the period end (2014: £nil).

16 Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	**24,748**	26,127
Other receivables	**3,902**	2,116
Total trade and other receivables	**28,650**	28,243

Trade receivables are non-interest-bearing and are generally on 30-90 day terms.

Receivables are in sterling denominations, with the exception of €91,000 (2014: €163,000).

As at 27 June 2015, trade receivables with an initial value of £13,000 (2014: £30,000) were impaired and fully provided for. See below for the movements in the provision for the impairment of receivables.

	2015 £'000	2014 £'000
At 28 June 2014	**30**	67
Reversal of unused amounts	**(17)**	(37)
At 27 June 2015	**13**	30

All provisions above relate to individually impaired amounts.

The ageing analysis of trade receivables is as follows:

			Past due but not impaired			
	Total £'000	Neither past due nor impaired £'000	<30 days £'000	30-60 days £'000	61-90 days £'000	91-120 days £'000
2015	**24,748**	**20,787**	**2,357**	**848**	**367**	**389**
2014	26,127	22,349	2,077	947	200	554
2013	23,683	19,249	1,840	866	565	1,163

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counter party default rates. These balances relate to existing customers who have not defaulted in the past.

17 Cash and short-term deposits

	2015 £'000	2014 £'000
Cash at banks and on hand	**2,762**	2,241
Total cash and short-term deposits	**2,762**	2,241

The Group did not place any cash on short-term deposit in any of the periods presented within these financial statements.

At 27 June 2015, the Group had available £2,906,000 (2014: £2,600,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at 27 June 2015:

	2015 £'000	2014 £'000
Cash at banks and on hand	**2,762**	2,241

Notes to the Consolidated Financial Statements (Continued)

18 Issued capital

	Number of ordinary shares (thousands)	Ordinary shares £'000	Share premium £'000	Total £'000
As at 29 June 2013	22,054	220	15,624	15,844
Issued on exercise of share options	174	2	129	131
New share issue	2,727	27	5,713	5,740
Issued on acquisition of Jersey Royal Potato Company	1,591	16	–	16
As at 28 June 2014	26,546	265	21,466	21,731
Issued on exercise of share options	207	2	132	134
As at 27 June 2015	**26,753**	**267**	**21,598**	**21,865**

At 29 June 2013, there were 22,053,928 ordinary shares in issue in the Company. All shares carry equal voting rights.

At 28 June 2014 there were 26,546,574 ordinary shares in issue in the Company. All shares carry equal voting rights.

At 27 June 2015 there were 26,752,981 ordinary shares in issue in the Company. All shares carry equal voting rights.

19 Other capital reserves

	Acquisition reserve £'000	Total £'000
At 28 June 2014 and 27 June 2015	10,228	10,228

Acquisition reserve
This is a non-distributable reserve that arose by applying merger relief s612 CA2006 (previously s131 CA85) to the shares issued in 2008 in connection with the acquisition of Swancote Foods Limited. This was previously recognised as a 'merger reserve' under UK GAAP. Under IFRS, this has been classified within 'other capital reserves'.

It has subsequently been increased by the shares issued to the vendors of Rowe Farming Limited and The Jersey Royal Potato Company.

20 Deferred revenue

	2015 £'000	2014 £'000
Balance brought forward	**377**	295
Deferred during the period	**37**	185
Released to the income statement	**(189)**	(103)
Balance carried forward	**225**	377

Deferred revenue is the advanced payment of operating lease rental income, the recognition of which has been spread over the future period to which it relates.

The deferred revenue will be released to income as follows:

	2015 £'000	2014 £'000
Within one year	**97**	189
After one year but not more than five years	**128**	188
Total	**225**	**377**

21 Pensions and other post-employment benefit obligations

The Group operates a defined contribution stakeholder scheme and personal pension plan for various employees, the assets of which are held separately from those of the Group in independently administered funds. Contributions to these defined contribution pension plans for the period amounted to £548,000 (2014: £360,000).

The Group also operates a Defined Benefits Scheme, the Greenvale Produce Pension Plan. The benefits provided by the Plan are final salary defined benefits with the contributions paid by the Group on a balance of cost basis. The plan is run by the Trustees of the Plan who ensure that the plan is run in accordance with the Trust Deed & Rules of the Plan and complies with legislation. The trustees are required by law to fund the Plan on prudent funding assumptions under the Trust Deed & Rules of the Plan. The contributions payable by the Group to fund the plan are set by Trustees after consulting the Group. The assets of the plan are invested in managed funds with Legal & General Investment Management. The Plan closed for all accrual on 31 October 2007.

The trustees use the defined accrued benefits method for determining funding. This method is suitable for funding a scheme that is closed for future accrual. During the period ended 27 June 2015, the Group paid contributions at a rate of £46,000 per month, a total of £552,000 (2014: £552,000). This rate is subject to review on completion of the actuarial valuation currently being undertaken as at 1 July 2013. In addition, the Group pays all of the costs of administering the plan and any levies required by the Pensions Protection Fund and the Pensions Regulator.

The following list is not exhaustive but covers the main risks for the plan. Some of the risks can be reduced by adjusting the funding strategy with the help of the Trustees, for example: investment matching risk. Other risks cannot easily be removed, for example: longevity risk, and the Group must be aware of these risks and ask the Trustees to monitor them closely.

Investment Return Risk: If the assets under perform returns assumed in setting funding targets, then additional contributions may be required
Investment Matching Risk: The Plan invests significantly in equity type assets. If equity type assets fall in value significantly, additional contributions may be required.
Longevity Risk: If future improvements in mortality exceed the assumptions made then additional contributions may be required.
Legislative Risk: Government may introduce overriding legislation which leads to an increase in the value of Plan benefits.
Solvency Risk: As the funding target is not a solvency target, the assets of the Plan may not be sufficient to provide all members with the full value of their benefits on a Plan wind up.

The Group's defined benefit scheme obligations are as follows:

	2015 £'000	2014 £'000
Present value of defined benefit obligations	(32,431)	(30,111)
Fair value of plan assets	26,368	24,832
Plan deficit per balance sheet	(6,063)	(5,279)

Changes in the present value of the defined benefit obligation are as follows:

	2015 £'000	2014 £'000
Defined benefit obligation at start of period	(30,111)	(27,021)
Interest expense	(1,297)	(1,255)
Current service cost	–	–
Employee contributions	–	–
Remeasurements of obligation		
– Financials	(2,547)	(1,283)
– Demographics	972	–
– Experience	(1)	(1,179)
Benefits paid	553	627
Defined benefit obligation at end of period	(32,431)	(30,111)

The liabilities are split between the plan's members as follows:

Present Value of plan liabilities	2015 £'000	2014 £'000
Deferred pensioners (PUPS)	23,301	21,233
Current pensioners	9,130	8,878
Total	32,431	30,111

There are no employees identified as 'active' members for the purposes of splitting the liabilities, as the scheme is closed for future accrual.

21 Pensions and other post-employment benefit obligations (Continued)

Changes in the fair value of plan assets are as follows:

	2015 £'000	2014 £'000
Fair value of plan assets at start of period	**24,832**	22,631
Interest on plan assets	**1,080**	1,062
Contribution by employer	**552**	552
Benefits paid	**(553)**	(627)
Actual return on plan assets less interest	**457**	1,214
Fair value of plan assets at end of period	**26,368**	24,832

Amounts recognised in the income statement in respect of these defined benefit schemes are as follows:

Income Statement	2015 £'000	2014 £'000
Current service cost	**–**	–
Interest cost on obligations	**1,297**	1,255
Interest on plan assets	**(1,080)**	(1,062)
Net finance costs	**217**	193

All plan costs are met directly by the Group and form part of the staff costs.

Amounts recognised in other comprehensive income are as follows:

	2015 £'000	2014 £'000
Losses recognised in other comprehensive income:		
– Change in financial assumptions	**(2,547)**	(1,283)
– Change in demographic assumptions	**972**	–
– Experience adjustments on benefit obligations	**(1)**	(1,179)
Actual return on plan assets less interest on plan assets	**457**	1,214
(Losses)/gains recognised in other comprehensive income	**(1,119)**	(1,248)

The cumulative amount of actuarial losses recognised in the Statement of Comprehensive Income is a loss of £8,962,000 (2014: £7,843,000 loss).

The Group expects to contribute £552,000 to the defined benefit pension plan in the year ended June 2016.

Assets and assumptions in the funded plans:

	2015 £'000	2014 £'000
Fair Value of plan assets:		
Equities	**13,251**	13,284
Corporate Bonds	**11,031**	9,492
Gilts	**2,004**	1,952
Cash	**82**	104
Total	**26,368**	24,832

The plan assets are held exclusively within instruments with quoted market prices in an active market with the exception of the holdings of cash. The plan does not invest directly in property owned by the Group, or in shares issued by the Group.

The principal assumptions used in determining pension obligations for the Group plan are shown below:

	2015 %	2014 %
Discount rate	**3.9**	4.35
Expected rate of return on assets	**3.9**	4.35
Future salary increase	**n/a**	n/a
Future pension increase	**3.1**	3.2
Inflation (RPI) assumption	**3.1**	3.2

No rate of increase in salaries is required as the scheme is closed for future accrual.

The mortality assumptions for both 2015 and 2014 follow the standard tables S1NMA (males) and S1NFA (females), projected by year of birth using the 2012 CMI mortality projection method with a long-term annual rate of improvement of 1%. Assuming retirement at age 65, the life expectancy in years is as follows:

	2015	2014
For a male aged 65 now	**87**	87
For a female aged 65 now	**90**	90

Sensitivity analysis:
The impact on the defined benefit obligation of changes in the significant assumptions, based on the 2013 actuarial valuation recently undertaken for the plan trustees, is shown approximately below:

Assumption Varied	Defined Benefit Obligation % change
As at 27 June 2015	
Discount Rate 1% p.a. lower	+25%
Inflation (in payment and deferment) Rate 1% p.a. higher	+24%
Life expectancy one year higher	+4%

The figures assume that each assumption is changed independently of the others. Therefore, the disclosures are only a guide because the effect of changing more than one assumption is not cumulative. The weighted average duration of the defined benefit obligation is approximately 22 years.

22 Share-based payment plans

Company Share Option Plan (CSOP)
Since 2007 the Group has operated an HMRC approved CSOP scheme whereby share options were granted to key personnel within the business. Options vest if and when the Group's achieved profit before interest and taxation (PBIT) meets or exceeds a percentage of budgeted PBIT. Performance targets are split over three years. All option awards are broken into three separate and equal tranches to be measured against the actual results in each of the three years for which options have been granted.

The criteria for vesting options are as follows:
- If 100% of budget is met, all options available for that year vest;
- If, in years one and two, 80 to 100% of budget is met, that portion of the options available in that year vest, with the remaining vesting in the following year provided PBIT target is met in full in the following year;
- If less than 80% of budget is met, no options vest; and
- In the final year, if 80 to 100% of target is achieved, that portion of options will vest and the remaining options will lapse.

The contractual life of each option granted is ten years. There is no cash settlement alternative. The scheme allows for exercising of the options not earlier than three years after the option grant date, and not later than ten years after the option grant date. The expected life of the options is not necessarily indicative of exercise patterns that may occur.

Senior Executives Incentive Plan (SEIP)
Share options were granted to seven senior executives on flotation of the business onto AIM. This was a one off event, where vesting was conditional solely on successful flotation. A total of 828,064 options were granted, each at an exercise price of £0.01. The options may be exercised at any point between one year from flotation date and not later than ten years from flotation date. The contractual life of each option granted is ten years. There is no cash alternative. The expected life of the options is not necessarily indicative of exercise patterns that may occur.

Management long-term incentive plan (LTIP)
During the period ended 28 June 2014, share options were granted to fourteen senior managers. Vesting was conditional on the achievement of certain profit related performance targets. A total of 663,913 options were granted at an exercise price of £1.67. The weighted average exercise price of options granted in the period was £1.67. Options which vest may be exercised at any point between one year from grant and not later than ten years from grant date. The contractual life of each option granted is ten years. There is no cash alternative. The expected life of the options is not necessarily indicative of exercise patterns that may occur.

During the period ended 27 June 2015, share options were granted to thirteen senior managers. Vesting was conditional on the achievement of certain profit related performance targets. A total of 383,780 options were granted at an exercise price of £2.52. The weighted average exercise price of options granted in the period was £2.52. Options which vest may be exercised at any point between one year from grant and not later than ten years from grant date. The contractual life of each option granted is ten years. There is no cash alternative. The expected life of the options is not necessarily indicative of exercise patterns that may occur. Targets for the year, however, were not met and all options granted in respect of this scheme therefore lapsed. Consequently, no options remain outstanding in respect of this 2015 grant, and no charge has been recorded in respect of these options.

22 Share-based payment plans (Continued)

Save as You Earn (SAYE)

During the period ended 27 June 2015, the group commenced an HMRC approved SAYE (Sharesave) scheme, which was open to all UK based employees who had been in service for more than a year. Under this scheme, employees save a regular portion of their net pay for a period of three years. After three years, the employees are entitled to use their saved income to purchase shares at a pre agreed discounted price. Alternatively, the employees can opt to have their savings returned to them as cash, along with any interest that HMRC may determine is payable from time to time. During the period, a total of 199,480 options were granted at an exercise price of £1.17. The scheme is of fixed duration, from June 2015 to June 2018, at which point the employees will have the choice to exercise their options, or recover their savings.

Valuation

The fair value of all options granted has been estimated using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the 52 weeks ended 27 June 2015 and 28 June 2014 respectively.

	2015	2014
Dividend yield	5.0%	3.5%
Expected share price volatility	32.4%	35.8%
Risk free interest rate	1.5%	2.6%
Expected life of option (years)	3.0	3.0
Option strike price (£)	1.17	1.67
Share price (£)	1.29	1.67

The expected share price volatility has been derived from historic movements in the Produce Investments plc share price. The expected volatility reflects an assumption that historic share price volatility may be indicative of future trends. This may not reflect the actual future outcome.

Charges in 2015

The expense recognised for share-based payments in respect of employee services rendered during the period ended 27 June 2015 is £44,000 (2014: £298,000). All of this expense arises from equity share-based payment transactions. This is split as follows:

	2015 £'000	2014 £'000
CSOP scheme	–	(16)
LTIP scheme	–	314
SAYE scheme	44	–
Total SBP charge	**44**	**298**

At 27 June 2015, the weighted average remaining contractual life for outstanding options was as follows:

	2015	2014
CSOP	2 yrs 11 mths	3 yrs 11 mths
SEIP	5 yrs 3 mths	6 yrs 3 mths
LTIP	8 yrs 0 mths	9 yrs 0 mths
SAYE	3 yrs 0 mths	–

Outstanding options at the end of the period are exercisable at the following exercise prices.

	2015	2014
CSOP	£0.74	£0.74
SEIP	£0.01	£0.01
LTIP	£1.67	£1.67
SAYE	£1.17	–

The weighted average share price for options exercised in the period was £2.07 (2014: £2.43).

The following table summarises share option movements in the current and prior periods:

	CSOP		SEIP		LTIP		SAYE	
	No	WAEP	No	WAEP	No	WAEP	No	WAEP
Outstanding at 29 June 2013	**998,326**	**0.74**	**569,336**	**0.01**	**–**	**–**	**–**	**–**
Granted during year	–	–	–	–	663,913	1.67	–	–
Exercised during year	(174,466)	0.74	–	–	–	–	–	–
Expired/Cancelled	(50,497)	0.74	–	–	–	–	–	–
Outstanding at 28 June 2014	**773,363**	**0.74**	**569,336**	**0.01**	**663,913**	**1.67**	**–**	**–**
Granted during year	–	–	–	–	383,780	2.52	199,480	1.17
Exercised during year	(181,406)	0.74	(25,000)	0.01	–	–	–	–
Expired/Cancelled	(8,308)	0.74	–	–	(383,780)	2.52	–	–
Outstanding at 27 June 2015	**583,649**	**0.74**	**544,336**	**0.01**	**663,913**	**1.67**	**199,480**	**1.17**
Exercisable at 27 June 2015	583,649	0.74	544,336	0.01	663,913	1.67	199,480	1.17
Exercisable at 28 June 2014	773,363	0.74	569,336	0.01	663,913	1.67	–	–

23 Trade and other payables

	2015 £'000	2014 £'000
Trade payables	**21,027**	18,756
Taxes & social security	**679**	873
Accruals and deferred income	**7,037**	9,456
Total trade and other payables	**28,743**	29,085

Trade payables are non-interest-bearing and are normally settled on 30-45 day terms.

Trade liabilities are sterling denominated, with the exception of €114,000 (2014: €81,000).

24 Related party disclosures

During the period the Group entered into the following transactions with the related parties as identified below:

Organic Potato Growers (Scotland) Limited (OPG) is a potato grower in which the Group owns a 33.3% interest. The Group made purchases from OPG of £209,000 (2014: £262,000) and sales to OPG of £5,000 (2014:£19,000). At the reporting date the Group was owed £nil by OPG (2014: £nil).

The Group traded with B&C Farming Ltd, a company controlled by A Bambridge, a Director of Produce Investments plc. Purchases of £1,812,000 (2014: £1,834,000) and sales of £186,000 (2014: £226,000) were made.

Restrain Company Limited is a company which is 70% owned by Produce Investments plc. The remaining 30% of ordinary shares are not controlled by the Group. During the year, 100% controlled Group companies made sales to Restrain Company Limited of £155,000 (2014: £120,000) and purchased goods and services from Restrain Company Limited totalling £43,000 (2014: £49,000). At 27 June 2015 Restrain Company Limited owed Group companies £nil (2014: £nil).

Sir David Naish is a director of Naish Farms Limited. The Group made sales to Naish Farms of £6,000 (2014: £9,000) and purchases from Naish Farms Limited of £42,000 (2014: £22,000).

25 Commitments and contingencies

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on plant items, office space and a leasehold trading premises. These leases have an average life of between three and ten years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 27 June 2015 are as follows:

	2015 £'000	2014 £'000
Within one year	**3,700**	1,409
After one year but not more than five years	**5,085**	2,457
Total future minimum rentals payable	**8,785**	3,866

25 Commitments and contingencies (Continued)

Operating lease commitments – Group as lessor

The Group has entered into commercial leases on certain items of plant and machinery which are leased to customers. These non-cancellable leases have a lease term of between one and five years. Where leases are signed for multiple years, revenue is paid in advance and recognised in the period to which it relates, with balances deferred as required.

Future minimum rentals receivable under non-cancellable operating leases as at 27 June 2015 are as follows:

	2015 £'000	2014 £'000
Within one year	97	189
After one year but not more than five years	128	188
Total future minimum rentals receivable	225	377

Capital commitments

At 27 June 2015, the Group had capital commitments of £288,000 (2014: £573,000).

Guarantees

The Company has provided a composite cross guarantee to its bankers in respect of bank borrowings with Group companies. At the end of the period the total bank borrowings of the Group companies amounted to £23,480,000 (2014: £26,759,000).

Contingent liability

In its statement on 13 May 2015, the Company announced that one of its subsidiaries, Swancote Foods, had experienced a potential contamination issue relating to the possible identification of traces of metal being found in one of its products. The Company also stated that the potential financial impact of the recall was being analysed, but at that stage it was too early to quantify what any exceptional costs would be for the current financial year. Discussions between the Company, its affected customers and the insurers remain ongoing and are still to be concluded. Consequently the Company is disclosing a contingent liability pending the conclusion of these discussions. The range of the contingent liability is assessed by the Company in conjunction with its advisers as being between £300,000 and £1,500,000. Once the figure is known, it will be included as an exceptional item in the financial statements to 25 June 2016.

26 Financial risk management

Financial risk associated with agricultural activities

Agricultural activities such as potato growing have inherent risk related to planting, growing and harvesting and are subject to the vagaries of the weather. In order to mitigate the financial risk associated with growing and harvesting potatoes, the Group continues to invest in developing and selecting varieties that are resistant to disease and also seeks to utilise modern harvesting equipment which is less susceptible to adverse weather and lifting conditions. The Group also enters into fixed price potato contracts with growers for the majority of its procurement. This protects the raw material cost from market fluctuation in all but the most abnormal seasons.

The Board reviews and agrees policies for managing the risks associated with interest rate, credit and liquidity risk. The Group has in place a risk management policy that seeks to minimise any adverse effect on the financial performance of the Group by continually monitoring the following risks:

Interest rate risk

The Group's interest rate risk arises as a result both its long and short-term borrowing facilities. The Group seeks to manage exposure to interest rate fluctuations through the use of fixed interest rate swaps and caps.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates is not significant as primarily all of the Group's operating activities are denominated in pound sterling.

Credit risk

The Group is exposed to credit risk in respect of its many customers. The Group has long-established policies and procedures for controlling customer credit risk. Credit limits are established for all customers based on internal rating criteria and are constantly reviewed and updated in accordance with the customer's latest financial position.

The Group operates a debts insurance policy, covering the larger non-retail customers. No claims have been made against the policy in the year.

The Group's maximum exposure to credit risk from its customers is £24,748,000 (2014: £26,127,000) as disclosed in note 16 – trade and other receivables.

The Group regularly monitors and updates its cash flow forecasts to ensure it has sufficient and appropriate funds to meet its ongoing operational requirements whilst maintaining adequate headroom on its facilities to ensure no breach in its banking covenants.

Liquidity risk

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

52 weeks ended 27 June 2015	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	>5 years £'000	Total £'000
Interest-bearing loans and borrowings	–	–	16,480	7,000	–	23,480
Trade and other payables	–	28,743	–	–	–	28,743
Financial derivatives	–	–	–	(65)	–	(65)
Other liabilities	–	24	73	128	–	225
	–	28,767	16,553	7,063	–	52,383

52 weeks ended 28 June 2014	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	>5 years £'000	Total £'000
Interest-bearing loans and borrowings	–	–	11,509	15,250	–	26,759
Trade and other payables	–	29,085	–	–	–	29,085
Financial derivatives	–	–	–	(65)	–	(65)
Other liabilities	–	47	142	188	–	377
	–	29,132	11,651	15,373	–	56,156

Capital management

Capital is the equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, sell assets, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by EBITDA. Net debt is calculated as total borrowings less cash. EBITDA is calculated as operating profit before any significant non-recurring items, interest, tax, depreciation and amortisation. The gearing ratio at the period end was 1.62 (2014: 1.54).

27 Principal Group companies

As at the period end, the Group comprises the following holdings:

Name	Country of incorporation	Nature of business	Class of shares held	% equity interest 2015	% equity interest 2014
Greenvale Holdings Limited	UK	Holding company	Ordinary	100.0	100.0
Greenvale AP Limited	UK	Buying and selling of potatoes	Ordinary 'B' Preference	100.0	100.0
Greenvale Growing Limited	UK	Growing potatoes	Ordinary	100.0	100.0
Restrain Company Limited	UK	Potato and onion atmosphere regulation	Ordinary	70.0	70.0
Swancote Foods Limited	UK	Dormant	Ordinary	100.0	100.0
Organic Potato Growers (Scotland) Limited	UK	Growing potatoes	Ordinary	33.3	33.3
BROP s.r.o	CZ	Potato processing	Ordinary	30.0	30.0
Rowe Farming Limited	UK	Growing potatoes & daffodils	Ordinary	100.0	100.0
The Jersey Royal Company Limited	JE	Growing potatoes	Ordinary	100.0	100.0
The Kent Potato Company Limited	UK	Growing potatoes	Ordinary	100.0	100.0

Notes to the Consolidated Financial Statements (Continued)

28 Business combinations

On 16 May 2014 the Group acquired 100% of the issued share capital of The Jersey Royal Company Limited, a company incorporated in Jersey, and 100% of the issued share capital of The Kent Potato Company Limited, a company incorporated in England, in a combined purchase of both companies from the same common owner. The Jersey Royal Company Limited grows and supplies specialist new potatoes from its base in Jersey, and in particular the Jersey Royal variety, which is unique to Jersey and enjoys EU protected 'product of designated origin' status. The Kent Potato Company Limited farms, purchases and supplies locally produced Kent potatoes to multiple retailers, mainly in the South East of England.

Goodwill arising on this acquisition is represented by the anticipated synergies with existing Produce Investments plc operations. The acquired businesses enable the Group to access the earliest season potatoes, which will enhance the Group's planning and strategy over the rest of its crop as it comes through the harvest season. The acquisition will also help diversify the Group's customer risk profile, and may provide future cross-selling opportunities. The acquired businesses contributed revenues of £11,324,000 and operating loss of £(43,000) to the Group for the period from 16 May 2014 to 28 June 2014.

The consideration comprised:

	Note	£'000
Cash consideration		10,877
Shares issued in Produce Investments plc being 1,590,909 shares at £2.525	18	4,017
Total consideration		**14,894**

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out below:

	Book values £000s	Fair values £000s
Property, plant and equipment (note 12)	9,706	9,706
Intangible assets and goodwill	18	18
Inventories	1,590	1,590
Biological assets (note 5)	536	4,890
Trade and other receivables	11,516	11,805
Cash and cash equivalents	878	878
Trade and other payables	(8,705)	(8,705)
Bank overdraft	(5,024)	(5,024)
Deferred tax (note 9)	59	(694)
Government Grants	(448)	(448)
	10,126	14,016
Satisfied by:		
Consideration as above		14,894
Goodwill (note 13)		878

Included in the £878,000 of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected value of synergies and an assembled workforce. Acquisition-related costs (included in administration expenses) amount to £284,000. If the acquisition had occurred on 30 June 2013, group revenue would have been £211,745,000 and operating profit £10,852,000. This has been based on the accounts prepared for the year to December 2013, as any estimates for the year to June 2014 would be difficult and therefore more subjective.

Company Financial Statements

Directors' Responsibilities

in the Preparation of Financial Statements

While the consolidated financial statements of Produce Investments plc have been prepared in accordance with IFRS, the financial statements of the parent company have been prepared in accordance with UK GAAP, as permitted by the Companies Act.

The directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

a. Select suitable accounting policies and then apply them consistently;
b. Make judgements and estimates that are reasonable and prudent;
c. State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
d. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Company Balance Sheet

At 27 June 2015

Company reg no: 05624995

	Note	2015 Company £'000	2014 Company £'000
Fixed assets			
Investments	3	**61,195**	61,151
Current assets			
Debtors	4	**10,221**	10,148
Cash at bank and in hand		**1**	27
		10,222	10,175
Creditors			
Amounts falling due within one year	5	**(29,534)**	(23,008)
Net current liabilities		**(19,312)**	(12,833)
Total assets less current liabilities		**41,883**	48,318
Creditors			
Amounts falling due after more than one year	6	**(7,000)**	(15,250)
Net assets		**34,883**	33,068
Capital and reserves			
Called up share capital	7	**267**	265
Share premium account	9	**21,598**	21,466
Profit and loss account	9	**2,448**	811
Merger reserve	9	**10,228**	10,228
Other reserve	9	**342**	298
Shareholders funds	9	**34,883**	33,068

The financial statements on pages 60 to 64 were approved by the board of directors and authorised for issue on 6 October 2015 and were signed on its behalf by:

B Macdonald
Director

Notes to the Financial Statements

For the 52 weeks ended 27 June 2015

1 Basis of accounting and accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards that have been applied consistently.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Financing costs

The financing costs of debt are recognised in the profit and loss account over the term of the instrument at a constant rate on the carrying amount.

Revenue recognition

Revenue is derived from dividends from Group companies and is recognised when approved by the Board.

Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. The fair value of equity options has been determined using the Black Scholes option pricing model.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance criteria are satisfied.

At the balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non market conditions and the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the profit and loss account.

2 Result for the financial period

As permitted by Section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the financial period was £3,487,000 (2014: loss £1,160,000). The Company was a holding company in both periods and did not trade. The results reflect dividend income from the subsidiary companies, offset by the interest costs of servicing the loans reflected on the balance sheet and the administrative costs of running the Company.

Auditor fees for the period were £30,000 (2014: £30,000). These were settled by the main trading subsidiary, Greenvale AP Limited.

Company Financial Statements

Notes to the Financial Statements (Continued)

3 Fixed asset investments

	Note	Shares in subsidiaries
Cost and net book value:		
At 28 June 2014		61,151
Share-based payment	8	44
At 27 June 2015		61,195

As at the period end, the fixed asset investments of the Company comprise the following holdings:

Name	Country of incorporation	Nature of business	Class of shares held	% Equity interest 2015
Greenvale Holdings Limited #	UK	Holding company	Ordinary	100.0
Greenvale AP Limited #	UK	Supply of potatoes	Ordinary & B Preference	100.0
Greenvale Growing Limited #	UK	Growing potatoes	Ordinary	100.0
Swancote Foods Limited	UK	Dormant	Ordinary	100.0
Organic Potato Growers (Scotland) Limited	UK	Growing potatoes	Ordinary	33.3
BROP s.r.o.	CZ	Potato Processing	Ordinary	30.0
Restrain Company Limited #	UK	Potato & onion atmosphere regulation	Ordinary	70.0
Rowe Farming Limited #	UK	Growing of potatoes & daffodils	Ordinary	100.0
The Jersey Royal Company Limited #	JE	Growing potatoes	Ordinary	100.0
The Kent Potato Company Limited	UK	Growing potatoes	Ordinary	100.0

Direct holding of the Company.

4 Debtors

	2015 £'000	2014 £'000
Due within one year:		
Amounts owed by Group undertakings	**9,588**	9,529
Prepayments and accrued income	**633**	620
	10,221	10,149

5 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Bank loans	**8,250**	2,750
Amounts owed to Group undertakings	**21,284**	20,129
Accruals and deferred income	**–**	129
	29,534	23,008

The bank loans are secured by a composite cross guarantee given by all Group companies. These borrowings are also secured by first legal charges over land and buildings, debenture over all present and future assets of the Group and assignment of keyman policies. Further details regarding the loans are given below.

6 Creditors: amounts falling due after more than one year

	2015 £'000	2014 £'000
Bank loans	**7,000**	15,250

Analysis of bank loan maturity:

	2015 £'000	2014 £'000
Amounts falling due:		
In one year or less, or on demand	**8,250**	2,750
Between one and two years	**3,000**	3,000
Between two and five years	**4,000**	12,250
	15,250	18,000

The bank loans at 28 June 2014 were represented by the following:
Facility A.1 (as above). Interest since October 2012 is payable at 3.00% above LIBOR. Repayments are at £1,375k per annum rising to £1.5m per annum during the year to June 2016. This loan is subject to a fixed rate hedge of 4.02%.

Facility A.2 (as above). Interest since October 2012 is payable at 3.00% above LIBOR. Repayments are at £1,375k per annum rising to £1.5m per annum during the year to June 2016. This loan is subject to an interest rate cap of 3.75%.

Revolving Credit Facility (as above). Interest since October 2012 is payable at 3.00% above LIBOR. Repayments can be made at the end of each calendar month at a minimum of £1m. Since October 2012 £5.75m has been repaid in this way.

Following the flotation of the Company in November 2010, facility A was cleared in full. There are no outstanding amounts in respect of this facility.

The bank loans at 27 June 2015 were represented by the following:
Facility A.1 (as above). Interest since October 2012 is payable at 3.00% above LIBOR. Repayments are at £1,500k per annum rising to £1.5m per annum during the year to June 2016. This loan is subject to a fixed rate hedge of 4.02%.

Facility A.2 (as above). Interest since October 2012 is payable at 3.00% above LIBOR. Repayments are at £1,500k per annum rising to £1.5m per annum during the year to June 2016. This loan is subject to an interest rate cap of 3.75%.

Revolving Credit Facility (as above). Interest since October 2012 is payable at 3.00% above LIBOR. Repayments can be made at the end of each calendar month at a minimum of £1m. Since October 2012 £5.75m has been repaid in this way.

The Company has entered into an interest rate swap (as above) to fix the overall cost of this loan. The fair value of the swap at the reporting date was £65,000 (2014: £65,000).

7 Share capital

	Number of ordinary shares (thousands)	Ordinary shares £'000	Share premium £'000	Total £'000
As at 28 June 2014	26,546	265	21,466	21,731
Issued on exercise of share options	206	2	132	134
As at 27 June 2015	**26,752**	**267**	**21,598**	**21,865**

At 29 June 2013 there were 22,053,928 ordinary shares in issue in the Company. All shares carry equal voting rights.

At 28 June 2014 there were 26,546,574 ordinary shares in issue in the Company. All shares carry equal voting rights.

At 27 June 2015 there were 26,752,981 ordinary shares in issue in the Company. All shares carry equal voting rights.

Notes to the Financial Statements (Continued)

8 Share-based payments

Company Share Option Plan (CSOP)

Since 2007 the Group has operated an HMRC approved CSOP scheme whereby share options were granted to key personnel within the business. Options vest if and when the Group's achieved profit before interest and taxation (PBIT) meets or exceeds a percentage of budgeted PBIT. Performance targets are split over three years. All option awards are broken into three separate and equal tranches to be measured against the actual results in each of the three years for which options have been granted.

The criteria for vesting options are as follows:

- If 100% of budget is met, all options available for that year vest;
- If, in years one and two, 80 to 100% of budget is met, that portion of the options available in that year vest, with the remaining vesting in the following year provided PBIT target is met in full in the following year;
- If less than 80% of budget is met, no options vest; and
- In the final year, if 80 to 100% of target is achieved, that portion of options will vest and the remaining options will lapse.

The contractual life of each option granted is ten years. There is no cash settlement alternative. The scheme allows for exercising of the options not earlier than three years after the option grant date, and not later than ten years after the option grant date. The expected life of the options is not necessarily indicative of exercise patterns that may occur.

9 Statement of movement on reserves and shareholders' funds

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Profit and loss £'000	Total £'000
At 28 June 2014	265	21,466	10,228	298	811	33,068
Reserve transfer	–	–	–	–	–	–
New equity issued in period	2	132	–	–	–	134
Dividends received from subsidiaries	–	–	–	–	4,183	4,183
(Loss)/Profit for the period	–	–	–	–	(696)	(696)
Equity dividends paid in period	–	–	–	–	(1,850)	(1,850)
Share-based payments	–	–	–	44	–	44
At 27 June 2015	**267**	**21,598**	**10,228**	**342**	**2,448**	**34,883**

The origins of the Other Reserve are Share-Based Payments made between 2008 and 2013 inclusive. On 1 July 2013 the Company transferred these distributable reserves into the profit and loss account.

10 Contingent liability

The Company has provided a composite cross guarantee to its bankers in respect of bank borrowings with Group companies. At the end of the period the total bank borrowings of the Group companies amounted to £23,480,000 (2014: £25,569,000).

11 Control

The consolidated statements of Produce Investments plc are the largest group into which the results of this Company are consolidated.

12 Dividends

	2015 £000	2014 £000
Interim dividend of 2.39 pence per share in respect of 2015 (2014: 2.275 pence)	**639**	504
Final dividend of 4.55 pence per share in respect of 2014 paid 30 October 2014	**1,211**	805
Total dividends paid in the year	**1,850**	1,309

The Directors propose a final dividend of 4.775 pence per share payable on 3 November 2015 to shareholders who are on the register at 16 October 2015. This dividend totalling £1,280,000 has not been recognised as a liability in these consolidated financial statements.

13 Related party disclosures

The Company is exempt from disclosing transactions with Group companies that are wholly owned and consolidated within these accounts.

Restrain Company Limited is a company which is 70% owned by Produce Investments plc. The remaining 30% of ordinary shares are not controlled by the Group. During the year, 100% controlled Group companies made sales to Restrain Company Limited of £155,000 (2014: £120,000) and purchased goods and services from Restrain Company Limited totalling £43,000 (2014: £49,000). At 27 June 2015 Restrain Company Limited owed Group companies £nil (2014: £nil).

Directors, Officers and Advisers

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R B Clapham
M Jankowski
B Macdonald
Sir D Naish
D Porter
A Bambridge
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