Let's Grow Together

Total Produce plc
Annual Report and Accounts 2018

Total Produce is at the forefront of the global fresh produce industry. Operating primarily across Europe, North America and South America, Total Produce is involved in the growing, sourcing, importing, packaging, marketing and distribution of an extensive selection of fresh fruits, vegetables and flowers – ranging from the familiar to the truly exotic.

Financial Highlights

Including Dole

Revenue[1]
€5,043m
+17.7% on prior year

Adjusted EBITDA[1]
€133.3m
+27.6% on prior year

Adjusted EBITA[1]
€98.0m
+17.3% on prior year

Adjusted EPS[1]
10.51 cent
(22.0%) on prior year

Shareholders' Equity
€433.1m
+66.7% on prior year

Dividend per Share (Total)
3.4269 cent
+2.5% on prior year

Excluding Dole

Revenue[1]
€4,354m
+1.6% on prior year
+3.8% on constant currency

Adjusted EBITDA[1]
€110.4m
+5.7% on prior year
+8.9% on constant currency

Adjusted EBITA[1]
€87.7m
+5.0% on prior year
+8.6% on constant currency

Adjusted EPS[1]
13.50 cent
+0.1% on prior year
+2.7% on constant currency

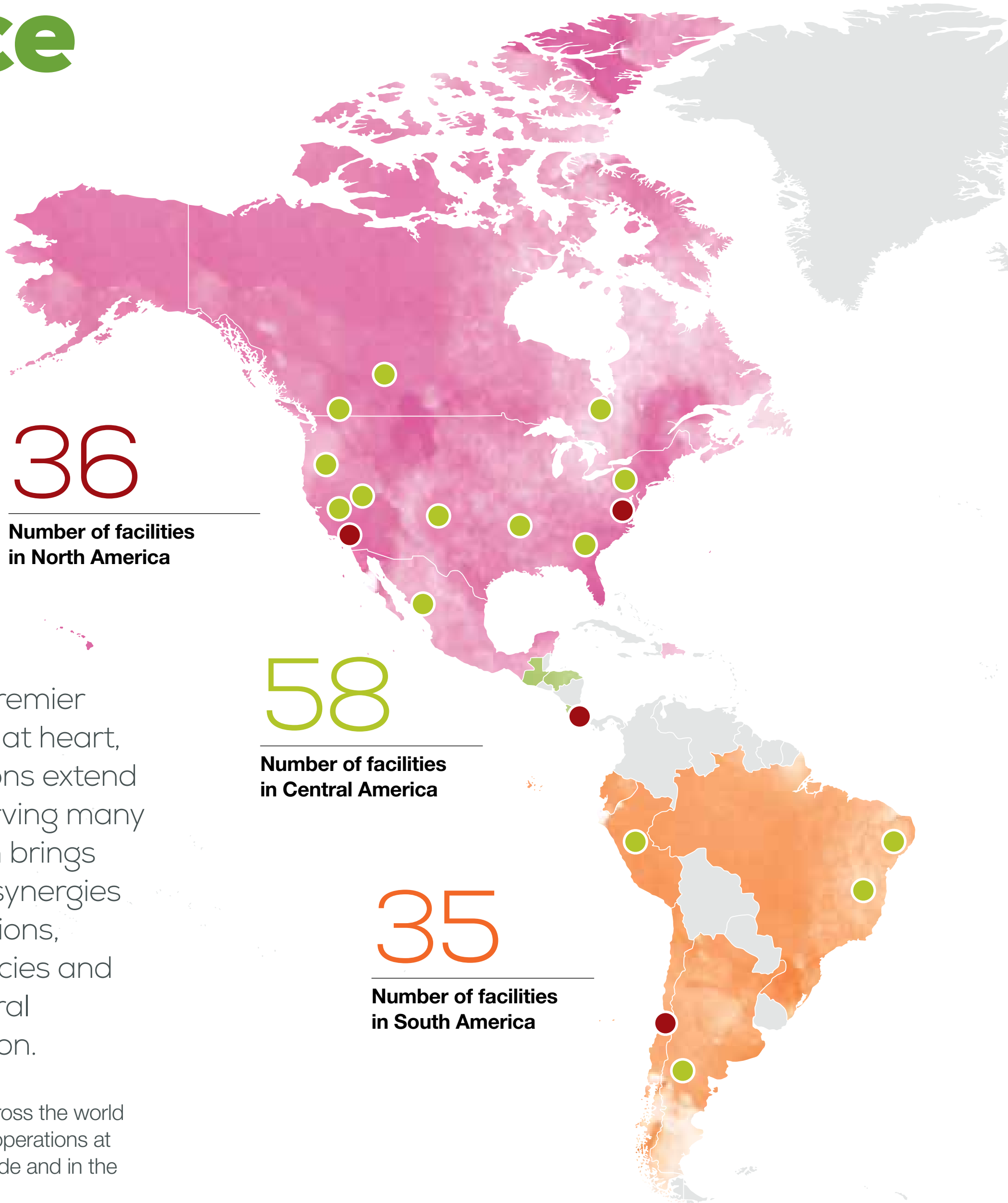
1 Key performance indicators are defined on page 20.

Strategic Report

Governance

Financial Statements

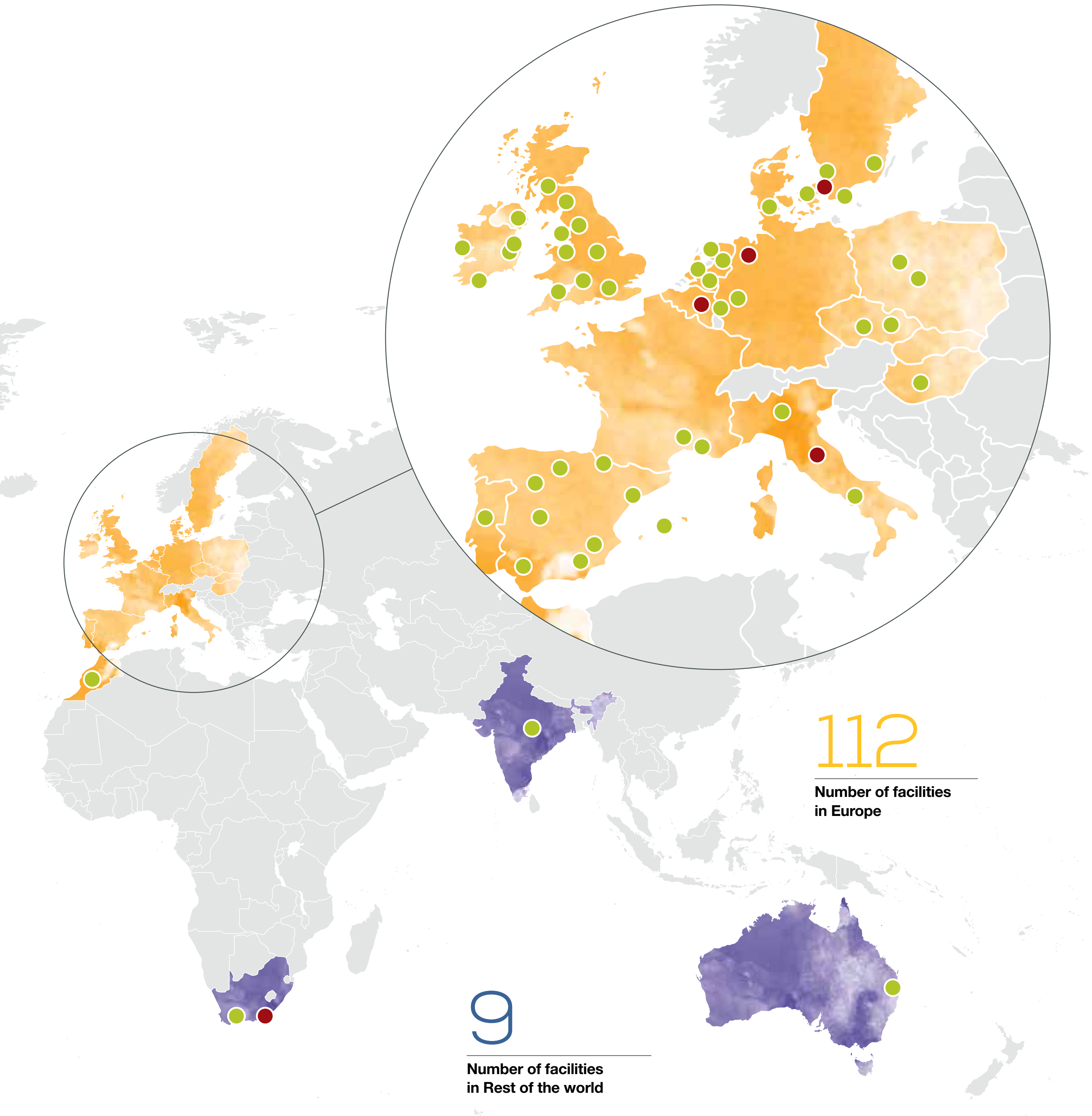
A business **with global presence**



Total Produce is the world's premier fresh produce provider. Local at heart, global by nature, our operations extend across 30 countries, while serving many more. Our international reach brings flexibility to our supply chain, synergies and efficiencies to our operations, broadens our core competencies and capacities and enriches cultural diversity within our organisation.

For our customers our physical presence across the world differentiates Total Produce, positioning our operations at the very heart of the markets in which we trade and in the world's primary production centres.

Serving the wholesale, foodservice and retail sectors, Total Produce is a complete fresh produce solution provider – offering a comprehensive range of services to our customers ranging from simple service provision to complete category management.



Total Produce facilities

Dole primary facilities

The map above is a representative depiction only and also does not include Dole farming interests.

Our journey over the years

Over a century and a half of trading, Total Produce has evolved into one of the world's premier fresh produce providers extending our reach, broadening our offering and delivering to consumers the cream of the crop from close to home and across the globe.

1850s
OUR ROOTS

From humble acorns, mighty oaks grow. Total Produce can trace its origins right back to 1850s Ireland with the establishment of a modest fruit and vegetable wholesale business, Charles McCann's Fruit & Vegetable Market in the North East.

1958
LOCAL CONSOLIDATION

The late 1950s ushered in a sustained period of growth and expansion as the McCann wholesale business merged with similar fresh produce businesses across Ireland becoming first, United Fruit Importers and later, Fruit Importers of Ireland (FII), Ireland's largest fresh produce provider.

1986
INTERNATIONALISATION

A twenty year period of intensive internationalisation began with the acquisition of Fyffes in 1986, with further investments following in fresh produce businesses in the UK, the Netherlands, Spain, Italy, Denmark, Sweden, the Czech Republic and Slovakia.

2006
TOTAL PRODUCE IS BORN

On December 30, 2006 Total Produce Plc was born. Listed on the London AIM and Dublin ESM Stock Exchanges, Total Produce's remit was clearly defined as the sourcing, distribution and marketing of the complete portfolio of local and globally produced fruits and vegetables to retail, wholesale and foodservice customers across the globe.

2007
A NEW CHAPTER OF GROWTH

From inception, Total Produce continued to replicate the formula for growth that had already proven so successful. January 2007 saw the acquisition of a 100% holding in Redbridge, a leading fresh produce marketer in the United Kingdom. Redbridge ultimately would merge with Total Produce's existing UK infrastructure to create Total Produce UK.

2008-2012
BACK TO THE NETHERLANDS

In 2008 Total Produce invested again in the Netherlands, partnering Haluco B.V. and Nedalpac B.V. businesses specialising in local Dutch production, specifically salad products, which they market across Northern Europe. In 2012 Total Produce's Dutch presence was augmented further still with an investment in Frankort & Koning, a large importer of tropical fruits and distributor of local produce.

1850 **1980s** **2000s**

Acquisitions over the years

2013
GOING GLOBAL: NORTH AMERICA EXPANSION

January 2013 saw the Total Produce Group make its first foray into the North American marketplace with an investment in the Oppenheimer Group ('Oppy') headquartered in Vancouver. Oppy is a leading fresh produce provider across Canada and the United States, marketing a broad range of locally produced and imported products.

2014
PRODUCT SPECIALISATION

The investment in Oppy in 2013 was followed with an investment in Californian based Eco Farms, a primary producer and importer of organic avocados and citrus.

2015
FURTHER INVESTMENT IN NORTH AMERICA AND NEW INVESTMENT IN SOUTH AMERICA

In February 2015, Total Produce announced an investment in Gambles, one of Eastern Canada's premier produce companies. Offering a wide range of fresh, local and imported produce to the retail, wholesale and food-services sectors, Gambles operates out of the Ontario Food Terminal and a state-of-the-art 65,000 sq ft distribution facility in Toronto. 2015 would also see the acquisition of Argofruta in Brazil. Headquartered in Petrolina, Argofruta grows and exports limes, mangoes, ginger and grapes.

2016
EXPANSION IN NORTH AND SOUTH AMERICA

In February 2016 Total Produce's North American footprint was extended further still with the acquisition of an equity stake in Progressive Produce in Los Angeles. Progressive Produce markets a wide range of fresh, domestic, local and imported produce. Later in 2016, Total Produce would invest further in primary production in South America with the completion of the acquisition of a stake in El Parque in Chile, a primary producer of avocados, citrus and grapes.

2017
BACK TO THE GOLDEN STATE

In November 2017 Total Produce invested in Californian based fresh produce company, The Fresh Connection, a year-round distributor and exporter of a wide range of fresh fruits and vegetables to customers in more than 35 countries.

2018
DOLE FOOD COMPANY JOINS THE TOTAL PRODUCE FAMILY

In July 2018 Total Produce completed an investment of a 45% equity stake in Dole Food Company ('Dole'). A brand of global renown, Dole is one of the world's largest fresh produce companies and a producer and marketer of premium quality fresh fruit and vegetables. Augmenting an already extensive portfolio of exceptional fresh produce companies across North America, the transaction brings together two of the world's leading fresh produce companies.

2010s 2015 2017

Continued growth in 2018 and completion of the transformational Dole transaction

"We are pleased to report that the Group has continued to grow in 2018 and completed the transformational agreement to acquire a 45% interest in the iconic Dole Food Company creating the world's largest fresh produce group."

STRATEGIC DEVELOPMENTS

The 2018 financial year was a significant year for Total Produce in advancing our key strategic priorities.

Investment in Dole Food Company and Share Placing

As announced on 1 February 2018, the Group entered an agreement to acquire a 45% stake in Dole Food Company ('Dole') for $300m with options to further increase the Group's stake. The transaction completed on 31 July 2018 after receiving regulatory approvals. Further details on the transaction structure are outlined in pages 114 to 117 in Note 14 of the accompanying financial statements.

Dole is one of the world's leading fresh produce and vegetable companies with an iconic brand and leading market positions and scale. The transaction brings together two industry leaders, with complementary market positions in various produce categories, creating a combined group with increased scale and geographic and product diversification. It represents a very significant step for the Group and a continuation of its successful expansion strategy.

The Group secured funding for this transaction with a balance of equity and bank financing. On 1 February 2018, a total of 63 million new ordinary shares (representing 19% of the Company's issued share capital) were issued raising $180m before related costs to finance the transaction.

The 2019 financial year will be the first full year reflecting this transaction.

Other developments

During the year, the Group made a number of bolt-on investments in Europe with committed investment of €4.5m. Further examples of our strategic priorities being implemented during the year are included in Our Strategy and Business Model section on pages 8 and 9.

SUMMARY OF FINANCIAL PERFORMANCE IN 2018

The reported results for year ended 31 December 2018 include the Group's 45% share of Dole for the last five months of the year from the date of completion. The Dole business is seasonal with the greater share of its earnings in the first half of the financial year. For the five month period, the Group's 45% share of revenue was €692m, adjusted EBITA was €10.3m and after tax losses were €6.4m. The 2019 financial year will be the first full year reflecting this transaction.

Including the Group's share of the results of Dole for the five months ended 31 December 2018, total revenue of €5,043m, adjusted EBITDA of €133.3m and adjusted EBITA of €98.0m were 17.7%, 27.6% and 17.3% respectively ahead of prior year. Adjusted earnings per share of 10.51 cent (2017: 13.48 cent) was down due to the impact of the share placing on 1 February 2018 (six months prior to completion of Dole transaction) and the after tax losses of Dole for the five month period to 31 December 2018. The Dole business is seasonal with earnings weighted towards the first half of the financial year.

Excluding the results of Dole and the related share placing, total revenue, adjusted EBITDA and adjusted EBITA grew by 1.6%, 5.7% and 5.0% respectively. The results benefited from the incremental contribution of acquisitions offset in part by the negative impact on translation to Euro of the results of foreign currency denominated operations and unfavourable weather patterns. Adjusted earnings per share of 13.50 cent (2017: 13.48 cent) was marginally ahead of the prior year and on a constant currency basis was 2.7% ahead.

CORPORATE GOVERNANCE

The Board is committed to business integrity, ethical values and professionalism in all of its activities and operations. The Board recognises the importance of maintaining the highest standards of corporate governance and that it is accountable to its shareholders in this regard. The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code, issued in April 2018. Full details of our approach to governance are set out in the Corporate Governance Report on pages 54 to 60.

BREXIT

While the outcome of the UK's exit from the European Union remains unclear, Brexit committees, set up in the relevant areas of the business, are continuing to assess and prepare for risks which may arise.

DIVIDEND

The Board is recommending a final dividend of 2.5140 cent per share, representing a 2.5% increase on 2017. This together with the interim dividend of 0.9129 cent per share brings the total 2018 dividend to 3.4269 cent per share, an increase of 2.5% on 2017. This represents a distribution of 32.6% of adjusted earnings per share.

OUR PEOPLE

The Group's success reflects the hard work and dedication of all of our people. On behalf of the Board I would like to thank them for their excellent contribution.

OUTLOOK

Trading in early 2019 has been satisfactory. Total Produce is targeting an increase in the 2019 adjusted fully diluted earnings per share, including Dole, in the mid-to-upper single digit range over the 2018 adjusted fully diluted earnings per share of 13.50 cent.

C P McCann
Chairman
7 March 2019

Our Strategy and Business Model

Our vision is to continue to develop our position as one of the world's leading fresh produce companies, whilst delivering long-term stakeholder value.

Strategic Priorities	What This Means
Global Reach	Local by Heart, Global by Nature – the resources of a multi-national alongside local expertise and experience
Efficient Route to Market	Let's Grow Together – working with growers, partners and customers to secure synergies and efficiencies across the supply chain
Sustainable Trading Practices	A responsible leader in an industry known for its health and environmental benefits
Operational Excellence	Consistently deliver excellence across a best-in-class supply chain
The People Behind Our Produce	Recognise and develop the talents of our skilled and committed people
Responsible Fiscal Oversight	Timely and accurate reporting across financial and non-financial aspects of our business

Our Business Model	Strategy in Action	
• Global Procurement • Local Infrastructure	Delivering the best of both worlds on pages 10 to 11 Where we operate on pages 2 to 3	
• Continued acquisitions and partnerships • Collective resources strengthen us	Farm to fork on pages 18 to 19	
• Act with integrity in our business operations	Our case studies on pages 32 to 33	
• Promote continuous improvement and excellence	Recent examples of innovation within the Group on pages 30 to 31	
• Value and develop existing employees' experiences and knowledge • Welcome new entrants, ideas and talents	Our Corporate Culture on pages 28 to 29	
• Establish strong reporting teams to consolidate group information	Corporate Governance Report on pages 54 to 60	

Local at Heart
Global by Nature

By virtue of our unique global infrastructure, with facilities located in the heart of the communities in which we trade, Total Produce takes pride in delivering the cream of locally grown crops to retailers, wholesalers and foodservice professionals in markets all across the world. Be it Irish apples, British berries, world famous Dutch tomatoes, Spain's finest citrus, Italy's premium fresh vegetables, California's finest organic avocados or fairtrade peppers grown with pride in Canada, local produce occupies a special place in the portfolio of products we offer our customers.

In sourcing and growing local produce, we're different because we're there. Across our operations, we have people on the ground selecting the best growers and making sure our produce is grown to meet the unique expectations of local customers. Our local management brings experience and expertise, relationships with producers, an understanding of the marketplace and that all important personal touch. Across our operations, we provide agronomic and commercial support to growers and in many cases marketing expertise to make sure the fruits of their labour has pride of place on retail shelves. In doing so, we're not only meeting consumer preferences for the freshest possible produce, grown close to home and contributing to the communities in which we trade but we're also bolstering sustainable production, lowering the food miles associated with our produce and reducing ever further the distance between the grower and the consumer.

The Grá Unmistakably Irish range of locally grown fruits and vegetables developed by Total Produce Ireland.

More information
Scan here to take a 3 minute tour of Con Traas' Apple Farm in County Tipperary, Ireland.

In Total Produce, we are uniquely positioned to be able to offer our customers and consumers alike the best of both worlds: the finest fresh produce from passionate local growers and the most accomplished producers from across the globe.

Maximising the availability and widening the selection of fresh fruits and vegetables available to consumers is a proven driver of fresh produce consumption. In empowering consumers to make healthier choices all year round, Total Produce is committed to growing, sourcing and distributing the broadest range of fresh fruits and vegetables from across the world's very best growing regions.

We are uniquely positioned to do so. Bringing to bear our cumulative global strengths, our combined resources, reach, infrastructure and core competencies, we have assembled an unrivalled network of the most accomplished growers, some of whom with which our relationship extends back over a century. In these growers, we find passionate producers, experienced in growing in accordance with best agronomic practices and employing the most sustainable production practices. In Total Produce, they find a reliable, responsible and rewarding partner with the capacity to market across the globe and skilled at delivering their produce to the consumer in pristine condition. It marks us apart.

2018 has been a transformative year in terms of global production. We have welcomed a primary producer of global renown and reach, Dole Food Company, to our Group, adding new people and skills to our operations. For our customers this affords the opportunities associated with adding the world's number one global produce brand to their portfolio. For our existing growers, it presents opportunities to serve an ever wider pool of global markets and benefit from the synergies and efficiencies arising from our extended reach.

A selection of the Dole range of globally grown and procured fresh fruits and vegetables.

More information
Scan here for a 3 minute overview of the global Dole brand.

Investment in Dole Food Company

A significant step forward, placing us at the forefront of our industry

The investment in Dole Food Company brings together two of the world's leading fresh produce companies, with complementary market positions in various product segments and geographies, and represents a very significant step in the history of Total Produce and a continuation of its successful expansion strategy.

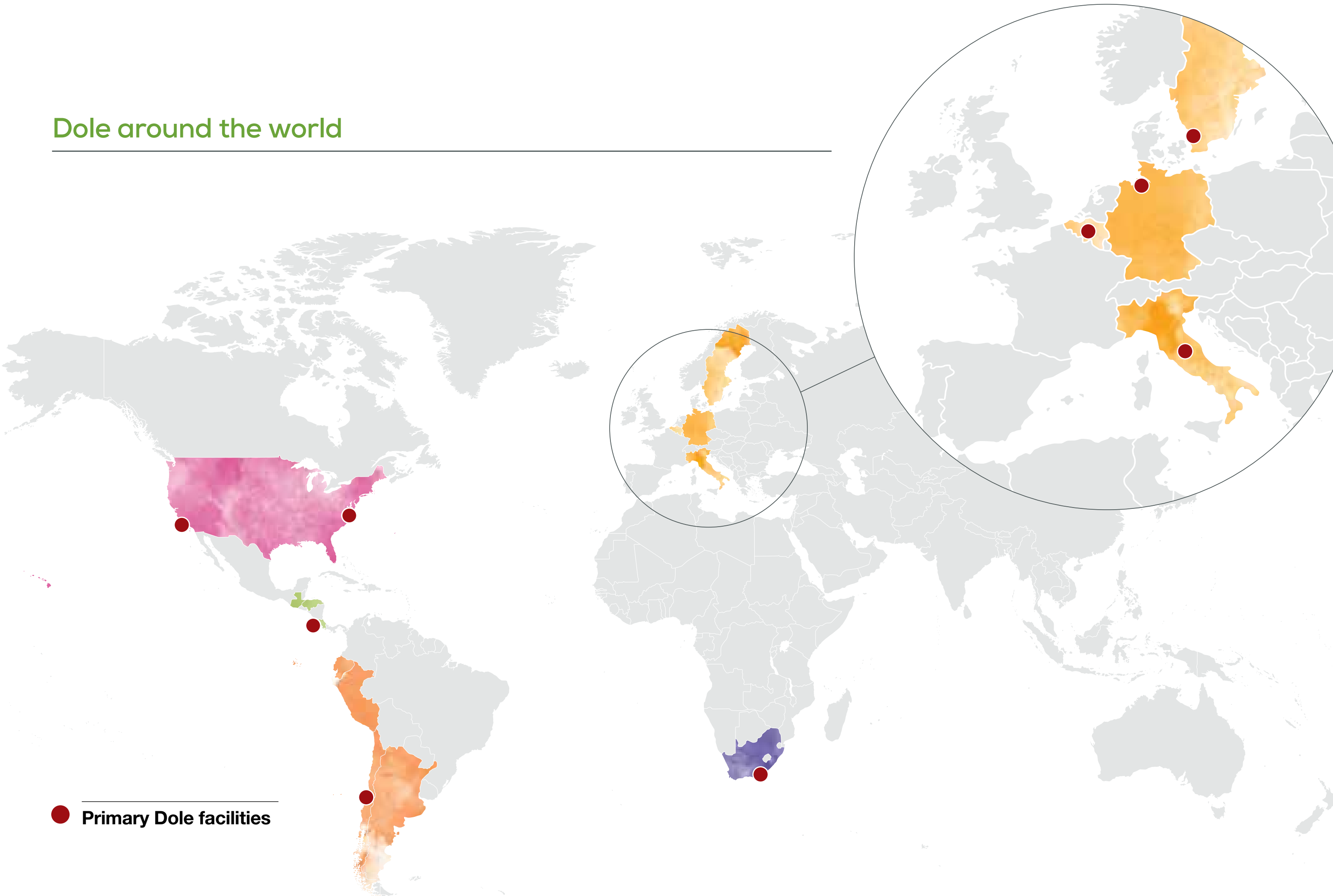
World class infrastructure

When James Dole began growing pineapples on the island of Oahu, Hawaii in 1851, few could have foreseen the evolution of the business into the global leader in fresh produce production, distribution and marketing that it is today.

Growing, harvesting, packing, loading, shipping, ripening, distributing and marketing over 180 product lines, Dole employs 33,000 people, its global sales footprint extending across 80 countries. Farming over 125,000 acres of produce, both organic and conventional, across the Americas and Africa, Dole operates 4 salad manufacturing plants, 12 cold storage facilities and over 75 packing houses while 15 company owned vessels navigate 6 routes travelling 2.5m nautical miles very year.

A vertically integrated produce provider, the scale, reach and scope of this global infrastructure allows Dole to retain control of produce all across the supply chain from seed to store. Assuring quality, delivering synergies, efficiencies and economies of scale, Dole's unique structure represents a very real competitive advantage, differentiating the service Dole offers its global customer base and the produce bearing its world famous brand.

Dole around the world



A market leading brand

A household name of global renown, the Dole brand is trusted by consumers worldwide and recognised and respected as a premium global produce brand across the international fresh produce sector.

A quality brand of global stature
Founded in the volcanic soils of Hawaii in 1851, the brand has a rich heritage. James Dole built the company on a guiding principle of providing 'quality and quality and quality', and its brand has long been synonymous with delicious, sweet-tasting fruit and vitamin-rich vegetables, earning its reputation as the 'gold standard' for quality, safety and nutrition. True to this legacy, to this day a dedication to adhering to the very best agronomic practices permeates throughout Dole's global operations, honouring a collective commitment to exceed consumer expectations and only ever deliver Dole branded produce in pristine condition to the marketplace.

A contemporary lifestyle brand
For consumers across North America, Europe and beyond, however, the brand represents so much more than a guarantee of quality. Dole's mission is to make the world a healthier place and a commitment to driving fresh produce consumption and placing fresh produce at the centre of people's everyday lives, underpins Dole's engagement with consumers. As one of the world's largest producers, marketers and distributors of high-quality conventional and organic fresh fruit and vegetables in its own right, Dole recognises the important role it has to play in promoting all things fresh. At the heart of the brand's consumer proposition lies a pride in the life affirming properties of fresh produce and a commitment to promoting a message of healthier living. In listening to the consumer, Dole has identified and responded to emerging trends. Commissioning New Product Development driven by exhaustive consumer research and bespoke outreach programmes, Dole has embraced innovations in production and on the shop floor that have given rise to a suite of contemporary lifestyle orientated products and packaging that cater specifically to the needs of the modern health conscious consumer.

Engaging, educating and inspiring consumers
Empowering consumers lies at the heart of all that Dole does and the brand's marketing communications are dedicated to educating and inspiring consumers on all things fresh produce. Having successfully established a comprehensive range of digital and social media platforms, the brand has amongst the largest digital footprints and the widest online reach of any operator within the fresh produce sector.

Dole engages consumers in real time, in an accessible, user friendly, but always fun, way. Advising consumers on the provenance of produce: the story of its fruit from seed to store, the preparation of produce and of course the nutritional profile of its products, Dole complements online activities with innovative Above the Line and In-Store promotions, partnering with iconic names like Disney, Pixar, Marvel and Star Wars to deliver a compelling mix of promotional activities for fruit enthusiasts, the health conscious and parents and children alike.

A point of difference for customers

For trading partners, Dole commercial teams are creative and constructive partners, the Dole brand a point of difference – a trusted reference point for consumers. Adhering to the best Category Management practices and principles to set apart Dole products, promotions and packaging on the retail shelf, Dole strives to leverage its relationship with the consumer to deliver a real competitive advantage in the fresh produce department, its very presence on the shelf a tangible expression of a commitment to quality.

A responsible brand

Inherent within Dole brand values lies a recognition of the potential impact of the production and distribution of Dole fruit and vegetables, be that environmental, economic or social. Equally, Dole understands the significance of its responsibilities as a global producer and the importance attached to that by consumers. Dole strives to be a good neighbour in the areas in which Dole products are grown, and a good citizen in all places where the company operates. Dole is thoroughly committed to being a trusted, transparent and reliable partner with all stakeholders, whether they are growers, customers, consumers, or Dole employees.

An evolving brand – reinvention and relevance

In 2018, insights garnered through the brand's relationship with global consumers over many decades inspired a reimagining of the Dole Brand. This saw an evolutionary rather than revolutionary change to the famous Dole logo. It is now presented across its product lines in a lighter and cleaner context, conveying freshness, transparency and responsibility – the values that Dole embodies heart and soul. While the Dole Trademark remains consistent to its heritage, the new holding shape takes its form from a simple leaf – one of nature's most unique creations. This refreshed Dole Trademark, inspired by nature and its earth-given benefits, is derived from the sense of living in the fresh air, referencing the gifts the earth and sky provide and how they are embodied in Dole products.

To find out more about the Dole brand, visit:

Website: http://www.dole.com/

https://www.facebook.com/Dole/

https://twitter.com/DoleTweets

https://www.instagram.com/dolepics/

Farm
to fork

Total Produce differs from many of its peers by virtue of its local and global infrastructure, and specifically the distribution capacity and on-the-ground presence in key growing regions around the world. Total Produce's influence extends from seed to store and farm to fork, extracting costs from the supply chain and adding value to our produce and the service we provide.

Distributing over 400 million cartons of fresh fruits and vegetables annually, the Group's size and reach across the supply chain bring together the collective resources of a global multinational with the market knowledge of local management: generating synergies, creating efficiencies and adding value. In customising our supply chain, we strive to translate our competitive advantages – our people, suppliers, infrastructure, relationships – into value for our customers: delivering a superior service to them, and to the consumer produce which exceeds expectations.

1 PRODUCTION
Growing the finest fresh produce from close to home and around the world.

2 AGRONOMIC SUPPORT
Working hand in glove with growers to deliver the cream of the crop.

3 SHIPPING
Navigating the globe to deliver produce in pristine condition.

4 QUALITY ASSURANCE
Ensuring best practices are applied right across the supply chain.

Enhanced Diversification by Product by Revenue

TotalProduce
€4.35bn

Stone & Soft Fruit **21%**
Vegetable and Potatoes **18%**
Bananas **11%**
Apples and Pears **10%**
Salad **9%**
Tomatoes **8%**
Citrus **8%**
Grape **5%**
Exotics **4%**
Pineapple **1%**
Other **5%**

Dole
€3.75bn

Value-Added Vegetables **18%**
Fresh-Packed Vegetables **6%**
Bananas **44%**
Diversified Fruit **19%**
Pineapple **7%**
Other **6%**

TotalProduce + Dole
€8.10bn

Other Fruit **34%**
Vegetables **30%**
Bananas **26%**
Pineapple **4%**
Other **6%**

5 MARKETPLACE OPERATIONS

Employing state-of-the-art technologies to store, pack, ripen and manage our portfolio of products.

8 CONSUMER

Empowering the consumer – educating, inspiring and promoting consumption and the integration of fresh produce in a healthy lifestyle.

6 MARKETPLACE DISTRIBUTION

Bringing to bear our global infrastructure to close the gap between grower and consumer.

7 CATEGORY MANAGEMENT

Tailoring a mix of products, packaging and promotions to maximise the performance of the fresh produce category.

Growth in Numbers

The Group has demonstrated a strong track record of executing its strategy over the past number of years and has grown both organically and by acquisition. In the five year period ending 2018, the Group (excluding Dole) has recorded an annual compound growth rate of 6.5% in total revenue and 8.4% in adjusted earnings per share.

	2018 (Incl Dole) €	2018 (Excl Dole) €	2017 €	2016 €	2015 €	2014 €	2013 €
Total revenue[1] (including share of joint ventures and associates)	**5,043m**	**4,354m**	4,286m	3,762m	3,454m	3,129m	3,175m
Group revenue	**3,728m**	**3,728m**	3,674m	3,105m	2,875m	2,667m	2,638m
Adjusted EBITDA[1]	**133.3m**	**110.4m**	104.4m	94.8m	82.8m	73.0m	74.1m
Adjusted EBITA[1]	**98.0m**	**87.7m**	83.5m	73.7m	64.1m	56.7m	58.7m
Adjusted profit before tax[1]	**76.9m**	**80.7m**	76.7m	67.7m	58.0m	51.2m	52.9m
Profit before tax	**69.8m**	**76.2m**	72.5m	50.6m	46.8m	44.3m	48.2m
Adjusted fully diluted earnings per share (cent)[1]	**10.51**	**13.50**	13.48	12.07	10.58	9.45	9.04
Basic earnings per share (cent)	**9.37**	**11.04**	14.80	8.91	9.07	8.83	9.38

1 Key performance Indicators defined

Total revenue includes the Group's share of the revenue of its joint ventures and associates.

Adjusted EBITDA is earnings before interest, tax, depreciation, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates.

Adjusted EBITA is earnings before interest, tax, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates.

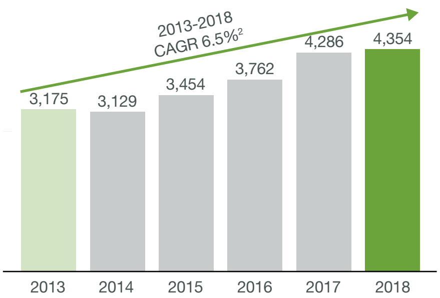
Adjusted profit before tax excludes acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates.

Adjusted fully diluted earnings per share excludes acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings, exceptional items and related tax on such items. It also excludes the Group's share of these items within joint ventures and associates.

Excluding Dole

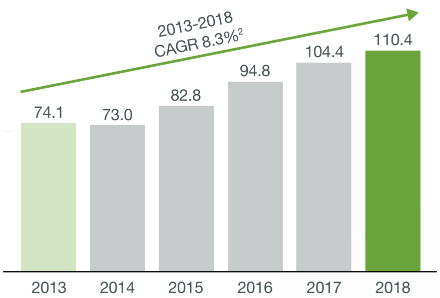
Total Revenue (€'m)

€4,354m



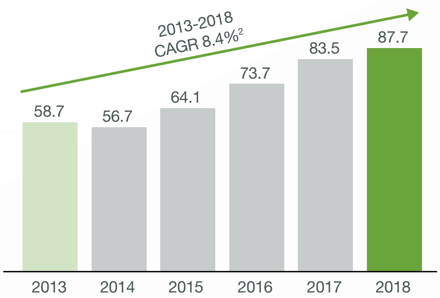
Adjusted EBITDA (€'m)

€110.4m



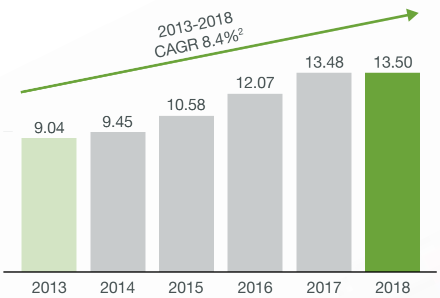
Adjusted EBITA (€'m)

€87.7m



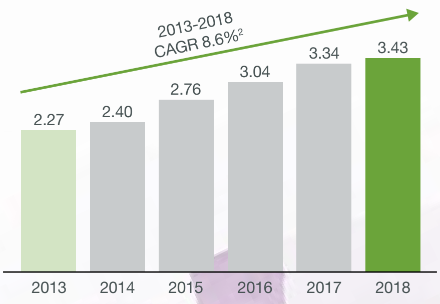
Adjusted EPS (€ cent)

13.50 cent



Total Dividend (€ cent)

3.43 cent



2 Compound annual growth rate

Risks and Risk Management

INTERNAL CONTROLS AND MANAGEMENT OF RISK

Risk management

The Board is ultimately responsible for the overall system of internal controls applied in the Company and its subsidiaries and for reviewing the effectiveness of these controls. Some of this responsibility has been delegated to the Audit Committee.

The Group's control system is designed to actively manage rather than eliminate the risks of failure to achieve its business objectives. The internal controls system is designed to provide reasonable but not absolute assurance against material misstatement or loss.

The Group's multinational operations expose it to different financial risks that includes foreign exchange, credit, liquidity, interest rate, and equity price risks. The Group has a risk management programme in place which seeks to limit the impact of these risks on the performance of the Group and it is the Group's policy to manage these risks in a non-speculative manner. Details of the policies and control procedures used to manage the financial risks involved, including hedging strategies, are set out in the accompanying financial statements.

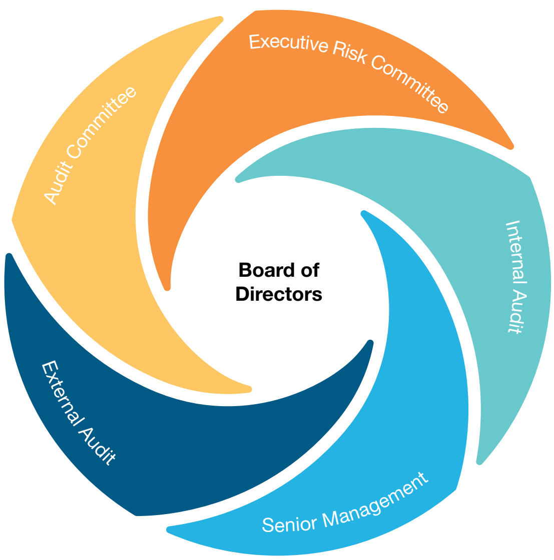
Risk management within Total Produce plc is co-ordinated by an Executive Risk Committee ('ERC' or the 'Committee') which directs the implementation of the process consistently throughout the Group. The members of the Committee include the Chief Executive (Chairman), the Finance Director, an Executive Director, the Company Secretary, the Head of Internal Audit and a representative of senior management.

Risk identification

Responsibility for the identification and evaluation of financial, operational and compliance risks is delegated to senior management, which reports back to the Committee. The Committee meets during the year, as required, to review the relevant findings, identify strategic risks and make recommendations. The Committee reports its findings to the Audit Committee, which in turn reports to the Board.

Risk appetite

The Board believes that the risk management processes in place facilitate informed decision making at both operational and Board level. Reviews of the principal risks, including those that would threaten the business model, future performance, solvency or liquidity, are evaluated.



Risk assurance

There are various complementary structures in place, supporting the Board, that provide assurance regarding the risk mitigations and controls in place. These include the Audit Committee, External and Internal Audit, Senior Management, and the Executive Risk Committee.

Total Produce plc has established a strong reporting and internal audit function and its effectiveness is reviewed by the Audit Committee.

The reporting structure, internal audit and risk management functions complement each other and, together with divisional management, provide the Board with distinct sources of reasonable assurance as to the effectiveness of the system of internal controls that underlies the Group's control environment.

The Board conducts its own risk identification and assessment so that it is sufficiently aware of the principal threats to which the Group may be exposed. The Board's review includes strategic, financial, operational and compliance controls and risk management systems.

The Board, through the ERC and the Audit Committee, has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed effectively. The Board has embedded these structures and procedures throughout the Group and considers these to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management.

The Directors regard the process of risk management as a positive medium for change, adding value in the interests of shareholders by utilising sound and considered judgment, while simultaneously making the organisation alert to best management practices.

Dole Fruit Company

The acquisition of 45% of Dole Fruit Company during the year has introduced a large organisation, accounted for as a joint venture, which has its own risks. Dole has risk management procedures in place and has identified a number of risks. The risks identified by Dole include, but are not limited to, food safety, growing activities, foreign exchange, weather, fluctuations in inputs and labour cost & availability. A more comprehensive list has been set out in their SEC S1 Filing (dated April 2017). Additional information in relation to Dole is set out on pages 114 to 117.

Principal risks and uncertainties

Under Irish company law, the Group and Company are required to give a description of the principal risks and uncertainties which they face. These principal risks, and the actions taken to mitigate against them are set out below. This is not intended to be an exhaustive analysis of all risks currently facing the Group and does not list the risks in any order of priority.

Risk and Risk Description	Key Control and Mitigation Activities
Economic and political risk Global economic conditions and the stability of the markets in which we operate could impact on the Group's performance.	• The Group's management monitors global developments and the organisation structure enables prompt response, where appropriate, to changing market conditions. • The Group is geographically well diversified with operations in 30 countries across five continents. • The Group sources produce from numerous regions to ensure continuous supply.
Food safety Profitability in the fresh produce sector is dependent on high quality of supplies and consistency of delivery. It is possible that serious quality issues, and in particular, contamination of product, whether deliberate or accidental, could have a negative impact on revenue.	• Management undertakes ongoing reviews to ensure policies and procedures around this area continue to be effective and that adequate resources are in place. • The Group has very close and well established relationships with its growers and only buys product when comfortable with the grower's reputation and commitment to food safety. • The Group sources produce from numerous regions to ensure continuous supply.
Corporate communication and shareholders The Group as a publicly listed company, undertakes regular communications with its stakeholders. These communications may contain forward-looking-statements which by their nature involve uncertainty and actual results or developments may differ materially from the expectations expressed or implied in these communications. Failure to deliver on performance indications communicated to stakeholders could result in a reduction in share price, reduced earnings and reputational damage.	• Structures are in place at operational and divisional levels to ensure accurate and timely reporting. • The operational and financial performance of the Group is reported to the Board on a monthly basis. • Stock Exchange Announcements including preliminary and interim results announcements are all approved by the Board and by the Audit Committee as required/covered by their respective terms of reference. • The Group places a high priority on communications with stakeholders and devotes considerable time and resources each year to stakeholder engagement. • The Group has an active investor relations programme and meets regularly with investors and analysts and in particular at the time of the announcements of preliminary and interim results.
Key customer relationships and credit risk The Group's customer base consists primarily of retailers and wholesalers. The increasing concentration of customers can increase credit risk. Changes in the trading relationships with major customers, or of their procurement policies, could positively or adversely affect the operations and profitability of the Group. In addition, the Group faces strong competition in its various markets and, if it fails to compete effectively, its business, results and financial condition could be adversely affected.	• Customer relationships are developed at both local and at senior management level to reduce risk and ensure that value is maintained for both Total Produce and the customer. • There is a focus on improving choice, price and service to our customers on an ongoing basis. • Credit risk is managed by credit management structures and reviews. The utilisation of credit limits is regularly monitored and a significant element of the credit risk is covered by credit insurance.
Key supplier relationships The Group sources its products from a significant number of suppliers. The loss of any of these could have an adverse impact on the Group. Additionally the Group may enter into seasonal purchase agreements committing it to purchase fixed quantities of produce at fixed prices. The Group is exposed to the risk of losses arising from any inability to sell on these committed quantities and/or achieve the committed price.	• Key supplier relationships are actively managed by local and senior management. Any changes are communicated to executive management to ensure timely reaction to mitigate risks. • The Group sources produce from numerous regions and suppliers worldwide to ensure continuity of supply. • Internal procedures are in place for the approval and monitoring of any seasonal arrangements.

Risks and Risk Management continued

Risk and Risk Description	Key Control and Mitigation Activities
Acquisition activity Growth through acquisition is a key element of the Group's strategy to create shareholder value. A failure to identify, execute or properly integrate acquisitions could impact on profit targets, the strategic development of the Group and consequently shareholder value.	• The Group has traditionally grown through acquisition and has a long proven track record in identifying and integrating acquisitions. • Executive, senior and local management together with a dedicated in-house corporate finance team engage in a continuous and active review of acquisitions. • All potential acquisitions are subject to an assessment of the strategic fit within the Group and ability to generate a return on capital employed in excess of the cost of capital of the Group. • The Group conducts extensive due diligence using both internal and external resources prior to completing any acquisitions. • Board approval of the business case for all significant acquisitions is in place. • The Group has appropriate credit facilities available to fund acquisitions. • Senior management are responsible for the oversight and successful integration of new investments.
Regulation and compliance The Group operates in a number of jurisdictions and is therefore exposed to a wide range of legal and regulatory frameworks.	• There is regular monitoring and review of changes in law and regulation in relevant areas. • Management has access to the appropriate professional advisors in the relevant areas of compliance. • There is ongoing training arranged to ensure compliance.
Access to credit and interest rates The Group is exposed to fluctuations in credit markets which could impact the availability and cost of financing and consequently the Group's ability to grow through acquisition.	• The Group has facilities with a number of recognised international banks and funding providers with varied maturity profiles. • The Group ensures that sufficient funds and resources are available to meet expected liabilities and to finance the growth of the business through a combination of cash and cash equivalents, operating cash flows and undrawn committed facilities. • The Group has in place approved facilities giving access to appropriate long-term borrowings as and when required.
Employee retirement obligations The Group's defined benefit pension funds are exposed to the volatility of market conditions. The values of pension assets are exposed to worldwide conditions in equity and bond markets. The underlying calculations of pension liabilities are subject to changes in discount rates, inflation rates and longevity of scheme members.	• The Group pays the appropriate contributions into the funds and works with the independent trustees and advisors to establish de-risking policies and balanced investment strategies. • For the schemes in place the Group has closed defined benefit schemes to new entrants and made modifications to accruing benefits, in order to manage and mitigate the volatility and build-up of liabilities.
Retention of key personnel and talent management The Group is dependent on the continuing commitment of its Directors and senior management team. The loss of such key personnel without adequate replacement could have an adverse effect on the Group's business.	• Throughout the Group there is a focus on succession planning and it is formally assessed and reviewed by the Board. • Recruitment policies, management incentives and training and development programmes have all been established to encourage the retention of key personnel. • The Nomination Committee regularly assess Board composition and also examine Group succession plans.
IT systems and cyber security The Group relies on information technology and systems to support our business. Failure to ensure that our core operational systems are available to service business requirements could impact the day-to-day operations of the Group. In addition the exploitation of vulnerabilities in IT systems either accidental or malicious, including those resulting from cyber-security attacks, could adversely impact the Group's business.	• The Group has robust Information Security and Computer User policies regarding the protection of business and personal information and governing the use of IT assets. • The Group seek to manage this risk, in conjunction with our external partners, through a range of measures which include monitoring of threats, testing for vulnerabilities, provision of resilience and reviewing cyber-security standards. • Independent, external and internal, reviews of our core operational systems are performed on an on-going basis. • There is a Group policy on backups in place and these are regularly tested.

Risk and Risk Description	Key Control and Mitigation Activities
Goodwill impairment Sustained underperformance in any of the Group's cash generating units may result in a material write down of goodwill. While such a write down would be a non-cash charge it could have a substantial impact on the Group's income statement and shareholders' equity.	• During the monthly reporting process indicators of goodwill impairment are monitored. Where necessary there is communication with senior management in order to ensure that potential impairment issues are highlighted and where practical corrective action is taken. • The Group tests goodwill annually for impairment on 31 December, or more frequently if there are indications that goodwill might be impaired. • The results of the goodwill impairment assessment are reported to the Audit Committee and the Board. • Further information on how the risk posed by goodwill impairment is managed is outlined in Note 13 of the attached Consolidated Financial Statements.
Foreign currency As a large multinational group with extensive operations worldwide the Group is exposed to translational and transactional currency fluctuations. The principal currency risk to which the Group is exposed, is adverse currency movements on translation of the results and balance sheets of foreign currency denominated operations into Euro, the Group's reporting currency. Adverse changes in exchange rates will have an impact on the Group's reported results and shareholders' equity. The annual impact of such movements is reported in the Consolidated Statement of Comprehensive Income. Foreign currency risk also arises from foreign currency transactions within each individual entity.	• The Group finances its initial overseas investments by, as far as is appropriate, matching foreign currency borrowings which naturally hedge the translation movement on foreign currency investments. • Repayments and interest on borrowings are therefore denominated in currencies that match the cash flows generated by the underlying businesses. • Group operations manage their individual transactional foreign exchange risk against their functional currency and material currency risks are managed by utilising forward contracts to cover committed exposures.
Unusual weather patterns External factors, such as unusual weather conditions, can disrupt the supply and demand dynamics of fresh produce.	• The diversified nature of the Group's sourcing activities actively mitigates against this risk. • Local management are responsible for monitoring and planning for extreme changes in local weather patterns.

VIABILITY STATEMENT

Going concern and the viability statement

The following statements detail the Directors' assessment of the Group's viability and ability to continue as a going concern.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Group's financial position, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 38 to 47. In addition, Note 34 to the financial statements outlines the Group's financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk, currency risk and liquidity risk. The Group has considerable financial resources and a diversified geographic presence with a large base of customers and suppliers. Having assessed the relevant business risks, the Directors believe the Company is well placed to manage its business risks successfully.

The Directors are satisfied that the Company, and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

Viability statement

The Directors have assessed the Group's viability over a three year period. Whilst the Directors have no reason to believe the Group will not be viable over a longer period, this has been deemed appropriate due to the current financial and operating cycles of the Group. In making this assessment of viability, the Board carried out an assessment of the principal risks and uncertainties facing the Group. The Group's current position, prospects and strategy were all considered as part of this review. Based on the results of the analysis the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year assessment period.

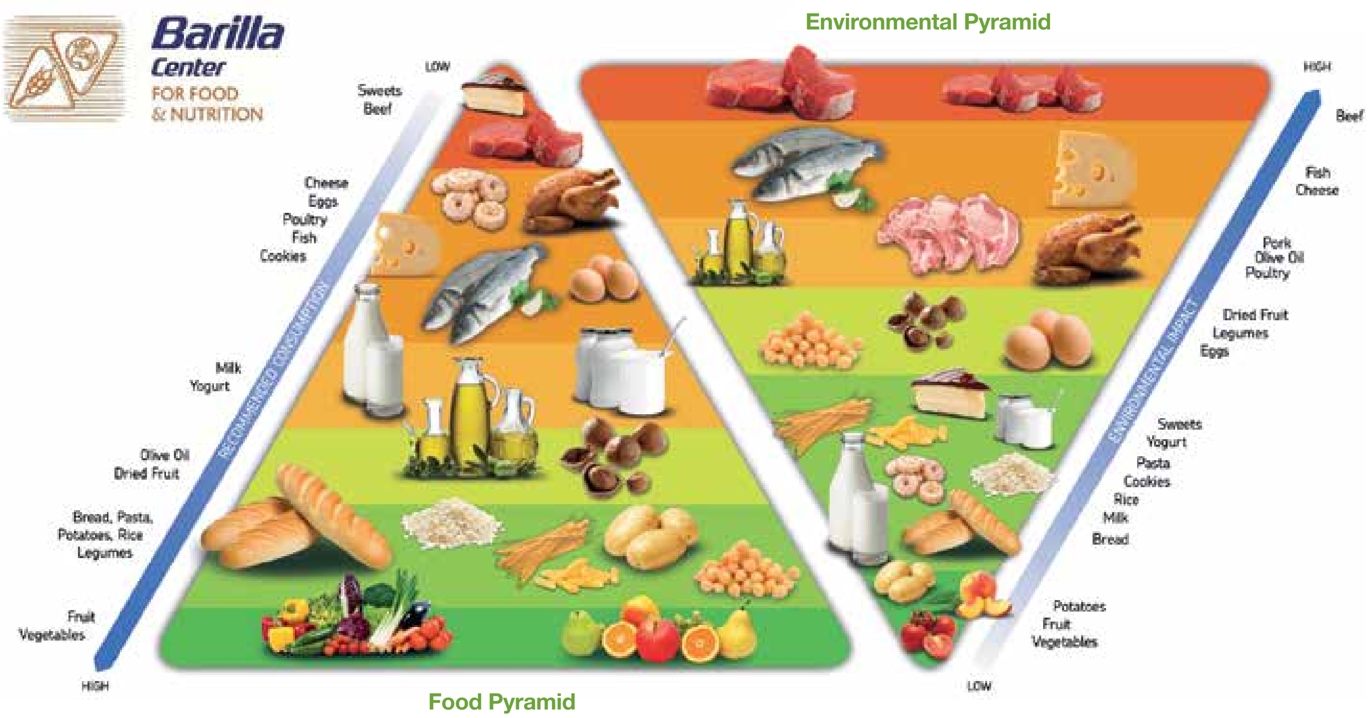
A structured approach to sustainability

Corporate Social Responsibility and the pursuit of sustainable production and commercial practices lie at the heart of Total Produce's business model. We are committed to pursuing best practice throughout our organisation and at all times conducting our business in a responsible, inclusive and constructive manner.

The Double Pyramid

In Total Produce, we are privileged to operate in an industry that is synonymous with health and wellbeing – marketing produce, the production of which, research suggests, results in substantially less environmental impact than many comparable foodstuffs.

"Fresh produce – the most nutritious foodstuff with the least environmental impact."



UN Sustainable Development Goals

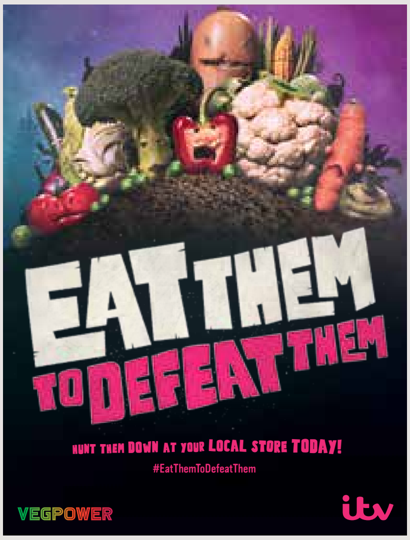
In 2015 all United Nations member states adopted the 2030 Agenda for Sustainable Development. Its objective is to provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. Central to the agenda are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. An acceptance of the principles underpinning the UN's Agenda For Sustainability Development and a commitment to pursue these 17 goals, in so far as practical, lies at the heart of Total Produce's Corporate Social Responsibility policies and practices.

CASE STUDY – A RESPONSIBLE BUSINESS

Total Produce sponsors VEGPOWER in the UK to Promote Fresh Produce Consumption

3 GOOD HEALTH AND WELL-BEING

Committed to the ongoing generic promotion of fresh produce consumption, Total Produce is proud to have co-sponsored VEGPOWER, a UK organisation set up to inspire kids, support parents and encourage everyone to enjoy more vegetables whatever their other choices in 2018/19.



In October 2018 Total Produce co-sponsored the annual Veg Summit in London hosted by VEGPOWER while in January 2019, VEGPOWER embarked on an ambitious new initiative to inspire young children to eat more healthy vegetables. Eat Them To Defeat Them is a radical new advertising campaign that aims to get children eating more healthily. It premiered, on Friday 25 January, on primetime ITV television networks. adam&eveDDB devised the campaign for ITV and VEGPOWER with a bold new approach to promoting vegetables. It is funded by a ground breaking alliance of all the UK's major supermarkets and industry players, including Total Produce UK.

Eat Them to Defeat Them's strategy puts children in control in a fun, playful way, and speaks directly to them – playing to the truth that many kids think vegetables are gross – and engaging with kids and parents in a brand new way, looking to reinvigorate how vegetables are viewed and consumed.

In a 60-second film, directed by Pulse Films' Ninian Doff, children are cast as the heroes in a movie scenario with a horde of vegetables emerging 'from underground to take over the world'. The ad then depicts the kids chomping through a whole selection of vegetables in order 'to eat them to defeat them'.

This new strategy is designed in response to the rise in childhood obesity and diet related diseases with recent research finding 96% of teenagers and 80% of primary school age children don't eat enough vegetables (Veg Facts – The Food Foundation).

As well as developing the campaign with VEGPOWER, ITV has backed it with £2m of airtime across its channels, for an initial 12 week run, including primetime entertainment shows such as The Voice, Dancing on Ice and Britain's Got Talent. ITV will also be supporting the campaign editorially across programming. The TV ad will be supported by online, social, outdoor, cinema and print activity, with the Beano magazine running the print ad and pull-out material in the comic and a dedicated hub online hosting content including quizzes, games and recipes.

For more information, visit:
www.vegpower.org.uk
@VegPowerUK

The people behind our produce

CORPORATE CULTURE

Corporate culture perspectives can differ. Our Group is often regarded as a long-established, deeply rooted fruit business dating as far back as the 1850s. Others prefer to view Total Produce as having begun anew in January 2007, an emerging force in global fresh produce at an early stage of its life cycle. We believe we are both. We believe we possess the drive, determination, agility and hunger of a start up and that an ambitious culture embodying these characteristics permeates through our organisation across the globe. We know too that we possess the resources and infrastructure of an established multinational and the industry experience and expertise of those who helped build it. We believe this to be a compelling combination. It brings together the instinct to innovate, to excel and to evolve with the capacity to deliver and the necessary commercial and financial foundations to sustain growth. In many respects, this is a key differentiator of our Group.

The reality is, however that our business continues to reinvent itself on an ongoing basis. Ours is an ever evolving organisation. The scale, reach and infrastructure we have acquired and the efficiencies and synergies these deliver are very real competitive advantages in our industry. Fresh produce, however, is a vibrant sector, one which rewards flexibility and innovation and a future orientated focus. Our business model is predicated on anticipating and embracing change so that as a Group we are positioned to avail of opportunities as and when they arise. Our organisational structure reflects this. Experienced Group management are supported by local management throughout Europe and North America. Local management are empowered to adapt products and services for their specific market and circumstance and are encouraged to exercise entrepreneurial freedom in driving their business and our collective business forward. The result, we believe, is a customer-centric, 'can-do' culture across all of our marketplace operations.

A commitment to growth and in particular to integrating new businesses into the Group is also ingrained in our business model. The expansion of Total Produce inevitably brings about renewal and acts as a catalyst for further change. Mergers, acquisitions and the incorporation of new companies typically bring with them new specialities, supply bases, facilities and customers. Very often, new partners expose our Group to new territories, new cultures, new market dynamics, different consumer preferences and sometimes new and novel ways of doing business. Most importantly, new partners invariably bring new people into our family. We are privileged in Total Produce, by virtue of our growth, to be the beneficiaries of an ongoing infusion of new produce people; experienced professionals possessing diverse talents, ideas and core competencies. It keeps us young. The fresh perspective that accompanies new people inevitably leads to a challenging of the existing conventions in place across Group processes and practices, compelling us to re-examine and review the way we do business. We are receptive to change because we are accustomed to it.

PEOPLE

Our people are at the core of our successful growth. In 2018 the Group employed 5,755 people.

Employee development

Along with locally established programmes, the Organisational Development Director works with the Group's Senior Management and HR professionals to ensure succession plans and talent development programmes are in place across the Group. These programmes aid employees in their personal development in addition to providing the Group with talent to meet current and future business needs.

The Group's global expansion has provided opportunities for staff to work in different markets and develop cross-cultural skills. Team members who choose to work in new markets gain important personal developmental experience and also help facilitate the geographical growth of the Group.

"Our business continues to reinvent itself on an ongoing basis. Ours is an ever-evolving organisation."

Diversity and inclusion

Recognising the value that diversity and inclusion can bring, the Group has adopted a Diversity and Equal Opportunities policy. The Group is committed to ensuring, that throughout the Group, no employee receives less favourable treatment or is unlawfully discriminated against on the grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

Rewarding employees

Remuneration policies are developed at a local level and offer pay, social and pension benefits which are in line with local or industry practice. We aim to reward employees, not only financially through base salary, incentives and benefits, but also through career development, international opportunities and by creating an environment in which employees can flourish.

As required by local regulations certain companies report on gender pay.

SOCIAL

Local communities

We endeavour to support local communities where we operate and they all have differing needs. We believe local management are best placed to consider where our support is most effective. Working with programmes such as Junior Achievement Ireland or our sponsorship of the Argofruta Foundation in Brazil are just two positive examples of how this local approach benefits communities.

CASE STUDY – A RESPONSIBLE BUSINESS

People Development Strategy

Total Produce is committed to recruiting, developing and retaining the best talent within the fresh produce sector, with the aim of filling the majority of executive roles from its own internal talent pool.

As part of delivering this strategy the Company operates an annual international Key Talent Development Programme, beginning in January each year. Employees from around the Group work together to develop a detailed understanding of their key strengths, development areas and career plans. They increase their business acumen through participating in a business simulation with an international business school and they develop their team working and strategic skills through delivering an internal strategic business project.

Each strategic business project focuses on a question which is determined by the Group Chief Executive and is directly relevant to significant emerging topics within the industry. Working in teams, the participants are asked to investigate current practices within Total Produce in addition to practices within other industries. At the end of the project the teams prepare a project report and deliver a presentation to a group of senior executives where they share their findings and recommendations. The teams receive detailed feedback and in some cases may be asked to implement some or all of their recommendations.

The programme incorporates individual coaching sessions and two 360 degree feedback exercises which help the participants to target and measure specific areas of personal development. The Group has adopted the competencies associated with the Elite Performing Leader Model (shown below) as the basis for assessing an individual's key strengths and development areas.

In addition to the Key Talent Development Programme bespoke leadership development is also provided to individuals and teams across the Group as required.

Committed to being pro-active and constructive

CASE STUDY – A RESPONSIBLE BUSINESS

Total Produce Goes Carbon Neutral at Fruit Logistica 2019

In February 2019, for the first time, Total Produce's participation at Fruit Logistica, the global fresh produce industry's pre-eminent trade exhibition was carbon neutral.

In association with Vita, an Irish development partner working with communities in Africa to fight hunger and climate change, Total Produce committed to offsetting carbon emissions associated with exhibiting in, and travelling to, the Messe Berlin by investing in Carbon Credits.

This initiative saw Vita independently calculate and total the estimated carbon emissions associated with the construction and operation of the Total Produce stand, long haul and short haul travel to the event and accommodation for all Total Produce attendees. Total Produce committed to invest in Carbon Credits to the value of the total tonnage of CO_2 emissions estimated by Vita, the revenue from which funds Vita projects to provide water pumps and stoves dedicated to bringing clean water to communities in Africa while reducing wood burning, water borne disease and needless drudgery for African women and children.

Removing as it does the need for many additional trips to growers, customers and sister companies throughout the year, for Total Produce, Fruit Logistica is, in of itself, already an instrument for reducing international travel – and by extension the Group's carbon emissions. In working with Vita, Total Produce is striving to reduce still further the impact of carbon emissions associated with unavoidable travel across a global group while simultaneously contributing to worthwhile carbon reduction and water preservation projects in Africa.

The Carbon Neutral Fruit Logistica initiative is but one of many carbon emission related projects in place across Total Produce Group operations ranging from the installation of energy efficient lighting, machinery and refrigeration, the integration of solar panels, the adoption of eco-fuels and the detailed assessment of carbon emissions in many of our major facilities worldwide. In 2019 a project entitled Vision 20:20 will provide a detailed study of the Group's carbon consumption as a whole. Conducted by independent analysts, it will represent a root and branch review of Group emissions and provide actionable recommendations on reducing those emissions across our operations in 2020.

Vita
Fighting hunger and climate change in Africa

We are committed to being pro-active and constructive in addressing all Corporate Social Responsibility matters and to actively participate in industry forums on social, ethical, environmental and health & safety issues.

HUMAN RIGHTS

Group companies apply HR policies and procedures which ensure that the rights of employees in the businesses are fully respected.

Group companies, which are subject to reporting under legislation such as the UK Modern Slavery Act 2015, have published statements on their websites. We are committed to maintaining and improving systems and procedures to avoid inadvertent complicity in human rights violations related to our own operations, our supply chain and our produce/products.

ANTI-BRIBERY AND CORRUPTION

Total Produce endeavours to operate its business to very high standards in all respects, and to conduct its business in an honest and ethical manner. It is the policy of Total Produce in carrying on its business to comply with all laws, both local and overseas. In line with this, the Group is committed to complying with all applicable bribery and anti-corruption laws in any country in which a Group subsidiary operates. The Group expects its employees in each country to comply with these laws, and to act professionally, fairly and with integrity in all of their business dealings.

CODES OF BEST PRACTICE

Total Produce is satisfied that we have the appropriate risk management procedures in place to ensure that we comply with the highest standards in relation to food safety regulations. In addition, Total Produce, through its subsidiaries, has established Codes of Best Practice with which direct suppliers are expected to comply.

These are designed to reduce any potential negative impact of agricultural production on the environment and to ensure safe working conditions and fair treatment for workers in compliance with internationally accepted labour standards.

Total Produce is a member of GLOBALG.A.P., established by major food retailers and suppliers across Europe to address consumer concerns about food safety, environmental protection and worker welfare and to promote safe and sustainable agriculture. GLOBALG.A.P. has adopted an extensive range of guidelines on these matters, resulting in the GLOBALG.A.P. Agricultural Practice (GLOBALG.A.P.) accreditation. This standard establishes the minimum requirements to be met by growers of fruit and vegetables that supply global retailers.

GLOBALG.A.P.

Sedex®

The Total Produce Group is also a member of SEDEX (The Social and Ethical Data Exchange), a body dedicated to the auditing of global producers to ensure ethical trading practices are adhered to.

In Total Produce, we recognise that our responsibilities concerning Corporate Social Responsibility are ongoing. We are committed to being pro-active and constructive in addressing all Corporate Social Responsibility matters and to actively participate in industry forums on social, ethical, environmental and health & safety issues.

Working to reduce plastics

THE CIRCULAR PLASTICS ECONOMY AND THE EIRCYCLE INITIATIVE

The impact of plastic on our environment is a contentious issue and its application to fresh produce is particularly emotive. In Total Produce we are committed to continuing our efforts internally to minimise our use of plastics and working with stakeholders across the supply chain to lay the foundations for a Circular Plastics Economy.

Why do we use plastics?

Plastic packaging in fresh produce serves an important purpose. It protects vulnerable produce in global transit, extends shelf life, improves hygiene by warding off microbial threats and substantially cuts food waste and the associated environmental footprint. The transparent properties of plastic are particularly significant in our industry given the importance of product visibility to consumers while its relative low cost keeps prices down, helping to keep fresh fruits and vegetables affordable to all.

Our approach

Total Produce is committed to reducing our use of packaging, recycling our packaging, substituting biodegradable and/or compostable alternatives for conventional plastics where possible and replacing conventional single-use plastic packs with reusable packaging where practical. We support the European Union's approach to creating a circular economy and its recognition that this will require investment in an integrated recycling infrastructure across Europe, the education of consumers in recycling practices and cross-industry collaboration.

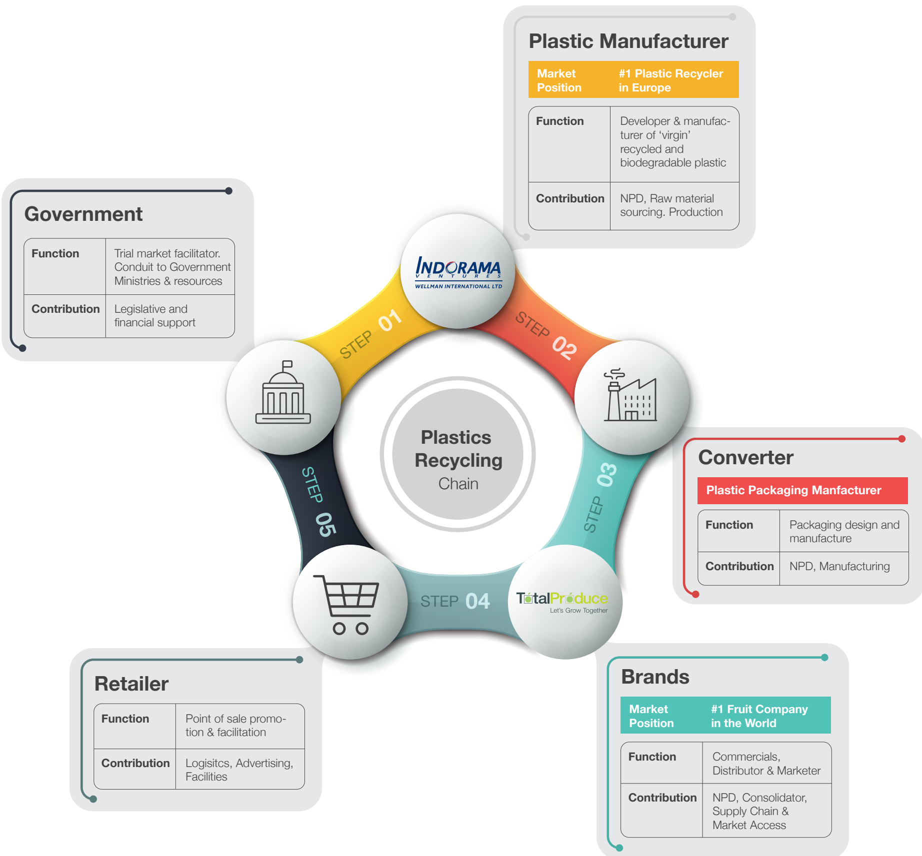
The Eircycle Initiative

In 2018 Total Produce, in association with Indorama, Europe's largest plastics recycler, created Eircycle, an initiative dedicated to removing and replacing conventional long-life plastics from fresh fruit and vegetable packaging and substituting it with environmentally friendly compostable and recyclable alternatives.

Collectively, we are committed to researching, developing and bringing to market viable commercial solutions to address the impact of plastic packaging waste on sea and land.

At the heart of our commitment to take on the plastics challenge is:

- A recognition of the special place fresh produce holds in the eyes of consumers and an understanding of the heightened expectations associated with the packaging it is delivered in.
- Commitments to UN Sustainability Development Goals, specifically goals 13 (Climate Action), 14 (Life In Water), and 15 (Life on Land).
- Legislative Momentum – at EU level, across individual member states and internationally.
- Customer and supplier support.



The circular plastics economy
The sponsors of the Eircycle initiative are committed to the development of a circular plastics economy across Europe whereby recyclable plastic packaging is manufactured, applied to our products where necessary, distributed to retail and wholesale, purchased by consumers, collected, returned to the manufacturer and efficiently recycled before the process begins anew.

What is apparent is that plastic packaging solutions cannot be developed in isolation and need to be viewed in the context of the availability of viable recycling infrastructures and facilities. To this end, Eircycle is working to bring together global virgin plastic manufacturers, packaging fabricators, recyclers, stakeholders from across the fresh produce supply chain, retailers, wholesalers and Government bodies to lay the foundations of the infrastructure required to make the Circular Plastics Economy a reality and single-use plastics a thing of the past.

For more information, please visit:
www.eircycle.ie

CASE STUDY – A RESPONSIBLE BUSINESS

Eircycle Compostable Plastics

While the development of a seamless, integrated Circular Plastics Economy is our ultimate ambition, in the short term we recognise the need to find an interim solution that reduces the impact of the plastics we use in the here and now. To this end, as part of the Eircycle initiative we in Total Produce have been investigating alternative plastics and more specifically Home Compostable Plastics. Our objectives have been to identify an alternative that:

- Is home compostable (not requiring any chemical treatment before composting);
- Composts into wholly organic material in a short period of time;
- Exhibits a high degree of transparency so that the quality of the produce inside is clearly visible;
- Is commercially viable and does not prohibitively inflate produce prices.

At Fruit Logistica 2019 we introduced Eircycle Home Compostable plastics to our customers and suppliers from across Europe. The plastic is currently undergoing scientific and production trials with a view to commercial trials before the Summer.

While compostable plastics have limitations – they are a single-use plastic, they do address the environmental damage accrued from irresponsible disposal of plastics in our seas and on land and represent a tangible first step in what is an ongoing journey.

EIRCYCLE
home
COMPOSTABLE

Strong operational performance in 2018 in a challenging year

"Total Produce delivered good results in 2018 in what was a challenging year for the fresh produce industry."

SUMMARY

As outlined in the Chairman's Statement on pages 6 to 7, 2018 was a significant year for the Group with the completion of the initial 45% investment in Dole on 31 July 2018 after receipt of regulatory approvals.

The reported results for year ended 31 December 2018 include the Group's 45% share of Dole for the last five months of the year from the date of completion. The Dole business is seasonal with the greater share of its earnings in the first half of the financial year. For the five month period, the Group's

2018 Third Party Revenue by Division

Europe – Eurozone **34%**
Europe – Non-Eurozone **29%**
International **23%**
Dole **14%**

45% share of revenue was €692m, adjusted EBITA was €10.3m and after tax losses were €6.4m. The 2019 financial year will be the first full year reflecting this transaction.

Including the Group's share of the contribution of Dole for the five months ended 31 December 2018, total revenue of €5,043m, adjusted EBITDA of €133.3m and adjusted EBITA of €98.0m were 17.7%, 27.6% and 17.3% respectively ahead of prior year. Adjusted fully diluted earnings per share of 10.51 cent (2017: 13.48 cent) was down due to impact of the share placing on 1 February 2018 and after tax losses of Dole for the five month period post acquisition. The Dole business is seasonal with earnings weighted towards the first half of the financial year.

Excluding the impact of Dole and the related share placing, the Group delivered a good performance in 2018. Total revenue, adjusted EBITDA and adjusted EBITA grew by 1.6%, 5.7% and 5.0% respectively. The results benefited from the incremental contribution of acquisitions offset in part by the negative impact on translation to Euro of the results of foreign currency denominated operations and unfavourable weather patterns. Adjusted fully diluted earnings per share of 13.50 cent (2017: 13.48 cent) was marginally ahead of the prior year. On a constant currency basis, revenue, adjusted EBITDA, adjusted EBITA and adjusted fully diluted earnings per share were 3.8%, 8.9%, 8.6% and 2.7% respectively ahead of prior year.

Operating profit before exceptional items increased 3.5% to €72.1m (2017: €69.6m) with increased profits in the core Group offset by the impact of equity accounting for the Group's 45% share of the after tax losses of Dole in the five month period post acquisition of €2.7m. Operating profit after the impact of exceptional items decreased 0.5% to €77.9m (2017: €78.2m).

SEGMENTAL PERFORMANCE

The table that follows details a segmental breakdown of the Group's revenue and adjusted EBITA for the year ended 31 December 2018. The European and International operating segments are primarily involved in the procurement, marketing and distribution of hundreds of lines of fresh fruit and vegetables. The Group's 45% share of the results of Dole are included as a separate operating segment from the date of acquisition, 31 July 2018. Dole is one of the world's leading fresh producers/growers, marketers and distributors of fresh fruit and vegetables which they sell through a wide network in North America, Europe, Latin America, the Middle East and Africa.

Segment performance is evaluated based on total revenue and adjusted EBITA.

Excluding the contribution from Dole, total revenue increased 1.6% to €4.35 billion (2017: €4.29 billion) with adjusted EBITA up 5.0% to €87.7m (2017: €83.5m). Adjusted EBITA margin in 2018 increased to 2.01% (2017: 1.95%). The results benefited from the incremental contribution of acquisitions offset in part by the negative impact on the translation to Euro of the results of foreign currency denominated operations. On a constant currency basis total revenue and adjusted EBITA increased by 3.8% and 8.6% respectively.

Fresh produce markets particularly in Europe have been challenged with extended unusual weather conditions that continued through the Summer months into Autumn which impacted the supply and demand dynamic. On a like-for-like basis, excluding acquisitions, divestments and currency translation, total revenue was in line with prior year with an increase in average prices offsetting a marginal decrease in volumes. Volume increases in the North America business compensated for a small decrease in volumes in the European business.

	Year ended 31 December 2018			Year ended 31 December 2017		
	Segmental revenue €'000	**Third party revenue €'000**	**Adjusted EBITA €'000**	Segmental revenue €'000	Third party revenue €'000	Adjusted EBITA €'000
Europe – Eurozone	**1,716,584**	**1,695,773**	**27,252**	1,737,964	1,714,915	26,990
Europe – Non-Eurozone	**1,511,780**	**1,482,600**	**41,593**	1,542,598	1,509,389	41,716
International	**1,175,297**	**1,175,297**	**18,880**	1,061,927	1,061,927	14,838
Inter-segment revenue	**(49,991)**	**–**	**–**	(56,258)	–	–
Total Group (ex-Dole)	**4,353,670**	**4,353,670**	**87,725**	4,286,231	4,286,231	83,544
Dole	**692,239**	**689,820**	**10,297**	–	–	–
Inter-segment revenue	**(2,419)**	**–**	**–**	–	–	–
Total Group	**5,043,490**	**5,043,490**	**98,022**	4,286,231	4,286,231	83,544

Chief Executive's Review continued

Europe – Eurozone

This segment includes the Group's businesses in France, Ireland, Italy, the Netherlands and Spain. Revenue decreased by 1.2% to €1,717m (2017: €1,738m) with a 1.0% increase in adjusted EBITA to €27.3m (2017: €27.0m). Overall trading conditions were challenging due to unusual weather patterns which extended into the summer months which disrupted supply and demand particularly in the soft fruit, vegetables and salads categories. These effects were more pronounced in the Netherlands where the market remains very competitive. This was offset by a good performance in Southern Europe. Excluding the effect of acquisitions and divestments, revenue on a like-for-like basis was in line with prior year with a marginal increase in average prices offset by a small decrease in volume.

Europe – Non-Eurozone

This segment includes the Group's businesses in the Czech Republic, Poland, Scandinavia and the UK. Revenue decreased by 2.0% to €1,512m (2017: €1,543m) with adjusted EBITA decreasing by 0.3% to €41.6m (2017: €41.7m). This was due to unusual weather patterns as highlighted earlier and in particular to the adverse impact of the translation of the results of foreign currency denominated operations into Euro due to the weakening of the Swedish Krona and Sterling by 6.5% and 1.1% respectively which negatively impacted revenue and adjusted EBITA by €40m and €1.4m respectively. This was offset in part by the contribution of bolt-on acquisitions in the past twelve months.

On a like-for-like basis excluding acquisitions, divestments and currency translation, revenue was circa 2% behind prior year with marginal decreases in both volume and average prices.

International

This division includes the Group's businesses in North America, South America and India. Revenue increased by 10.7% to €1,175m (2017: €1,062m) with adjusted EBITA increasing 27.2% to €18.9m (2017: €14.8m). The results benefited from the incremental contribution of acquisitions. On 1 March 2017, the Group acquired a further 30% of the Oppenheimer Group ('Oppy') taking its interest to 65% and from this date it is fully consolidated as a subsidiary. Previously the original 35% shareholding was equity accounted for as an associate interest. In addition there was the incremental benefit from The Fresh Connection acquisition in October 2017. This was offset in part by the weakening of the US Dollar and Canadian Dollar by 3.7% and 4.9% respectively in the year which negatively impacted the results on translation to Euro. On a like-for-like basis revenue increased by circa 2% with volume increases offset by a marginal price decrease. In the prior year, the soft fruit market was impacted by weather conditions that led to surplus volumes and lower pricing. Oppy also incurred start-up losses in a new soft fruit growing partnership in 2017.

Dole

This segment includes the Group's share of the results of Dole from date of completion of the acquisition. As noted earlier, the Group completed the acquisition of the initial tranche of 45% of Dole on 31 July 2018 and is equity accounting for its 45% share of the results of Dole on an IFRS basis with effect from 1 August 2018. The overall business is seasonal with the greater share of trading profits earned in the first half of the financial year. The 2019 financial year will therefore be the first full year reflecting this transaction.

On a full year basis under US GAAP, Dole has recorded revenues of $4.42 billion for the year ended 31 December 2018 (2017: $4.41 billion). Adjusted EBITDA (on an S-1 basis) was $192.5m (2017: $238.0m) with adjusted EBITA of $102.9m (2017: $134.5m). The Dole Fresh Fruit Division performed well in 2018 while adjusted EBITDA in the Dole Fresh Vegetable Division decreased $33m

on prior year due in the main to the effect of two industry wide safety notices affecting romaine lettuce, not directly linked to Dole and an oversupply resulting in lower pricing.

Post completion of the transaction, Dole sold its corporate headquarters for $50m. The book value gain of $7.3m has been excluded from the adjusted EBITDA and adjusted EBITA above. Post year-end in January 2019, Dole completed the sale of its salad business and production facilities in Sweden and Finland. The sale of the Swedish facility was a condition of the European Commission's approval of the acquisition of the 45% interest in Dole.

On an IFRS basis for the five months ended 31 December 2018, the Group's 45% share of revenue was $795m (€692m), and adjusted EBITA was $11.8m (€10.3m) reflecting the weighting of trading profits towards the first half of the year and the impact of the industry wide safety notices on the Fresh Vegetable Division.

Further details on the acquisition of Dole and its financial performance and position for the five months ended 31 December 2018 are outlined in Note 14 of the accompanying financial statements.

ACQUISITIONS AND DEVELOPMENTS

A key part of the Group's strategy is growth by acquisition which was demonstrated in 2018 through the acquisition of a 45% stake in Dole as outlined in the Chairman's Statement. In addition, the Group made a number of bolt-on acquisitions during 2018 which committed investment of €4.5m, including €1.7m of contingent consideration payable on the achievement of future profit targets.

In January 2018, the Group also completed investments in two new state-of-the-art facilities. The development of the Danish central distribution facility south of Copenhagen was completed. The facility has 6 different temperature zones, 26 banana ripening rooms, 4 stone fruit ripening rooms and a dedicated packing area to prepare product to meet the specifications required by our customers. Also, in January 2018 the Group's Exotic business in the Netherlands, specialising in ripening of avocados and other stone fruit, moved into a new facility. This ongoing investment demonstrates the Group's commitment to investing in facilities to deliver bespoke services and products to meet our customers' needs, adding value and leveraging our collective strengths to generate efficiencies. The combined investment in these facilities in 2017 and 2018 was €23m.

BREXIT

While the outcome of the UK's exit from the European Union remains unclear, Brexit committees, set up in the relevant areas of the business, are continuing to assess and prepare for risks which may arise.

SUMMARY

Overall 2018 was a significant year for the Total Produce Group with the completion of the agreement to acquire an initial 45% interest in Dole along with options to further increase the shareholding. We will work closely with the highly regarded Dole team, bringing together two industry leaders and creating a combined Group with increased scale and geographic and product diversification.

R P Byrne
Chief Executive
7 March 2019

Strong cashflow generation and growth in dividends

"The Group delivered good results and strong operating cash flows in 2018."

SUMMARY OF RESULTS

Including the Group's share of the results of Dole for the five months ended 31 December 2018, total revenue of €5,043m, adjusted EBITDA of €133.3m and adjusted EBITA of €98.0m were 17.7%, 27.6% and 17.3% respectively ahead of prior year. Adjusted earnings per share of 10.51 cent (2017: 13.48 cent) was down due to the timing and impact of the share placing on 1 February 2018 and the after-tax losses of Dole for the five month period to 31 December 2018. The Dole acquisition completed on 31 July 2018 and its business is seasonal with earnings weighted towards the first half of the financial year.

Excluding the results of Dole and the related share placing, the Group delivered a good performance in 2018. Total revenue, adjusted EBITDA and adjusted EBITA grew by 1.6%, 5.7% and 5.0% respectively. Adjusted earnings per share of 13.50 cent (2017: 13.48 cent) was marginally ahead of the prior year. On a constant currency basis, revenue, adjusted EBITDA, adjusted EBITA and adjusted earnings per share were 3.8%, 8.9%, 8.6% and 2.7% respectively ahead of prior year.

The Group continues to be cash generative, with adjusted operating cash flows of €52.9m (2017: €53.8m) and free cash flows of €31.2m (2017: €34.3m).

Summary of Income Statement

The following is a summary of the Group Income Statement and the Group's Key Performance Indicators.

	2018 €'000	2017 €'000
Revenue including share of joint ventures and associates	**5,043,490**	4,286,231
Adjusted EBITDA [1]	**133,292**	104,441
Depreciation charge [2]	**(35,270)**	(20,897)
Adjusted EBITA [1]	**98,022**	83,544
Acquisition related intangible asset amortisation charges (includes the Group's share within joint ventures and associates)	**(12,965)**	(12,959)
Fair value movements on contingent consideration	**4,043**	4,174
Acquisition related costs within subsidiaries	**(105)**	(897)
Share of joint ventures and associates net financial expense	**(13,784)**	(1,058)
Share of joint ventures and associates income tax (before tax on exceptional items)	**(3,153)**	(3,182)
Operating profit before exceptional items	**72,058**	69,622
Net financial expense before exceptional items	**(7,365)**	(5,754)
Profit before tax before exceptional items	**64,693**	63,868
Exceptional items	**5,125**	8,610
Profit before tax	**69,818**	72,478
Income tax expense	**(16,014)**	(10,971)
Profit after tax	**53,804**	61,507
Attributable to:		
Equity holders of the parent	**35,793**	47,826
Non-controlling interests	**18,011**	13,681
	53,804	61,507

	2018 cent	2017 cent
Adjusted fully diluted earnings per share [1]	**10.51**	13.48
Basic earnings per share	**9.37**	14.80
Fully diluted earnings per share	**9.34**	14.68
Adjusted fully diluted earnings per share (excluding Dole and share placing) [1, 3]	**13.50**	13.48

1 Key performance indicators are defined on page 20
2 Depreciation charge includes the depreciation charge of the Group's property, plant and equipment, the Group's share of the depreciation charge of joint ventures and associates and amortisation charges of computer software which are classified as intangible assets in accordance with IFRS
3 Adjusted fully diluted earnings per share (excluding Dole and share placing) excludes the impact of the Dole acquisition, related costs and share placing

Financial Review continued

Key performance indicator

Earnings metrics (including Dole and share placing)

	2018 €'000	2017 €'000	Change %
Total revenue	**5,043,490**	4,286,231	+17.7%
Adjusted EBITDA	**133,292**	104,441	+27.6%
Adjusted EBITA	**98,022**	83,544	+17.3%
Adjusted profit before tax	**76,873**	76,732	+0.2%
Adjusted EBITA margin	**1.94%**	1.95%	n/a
	cent	cent	
Adjusted fully diluted earnings per share	**10.51**	13.48	(22.0%)

Earnings metrics (ex-Dole and share placing)

	2018 €'000	2017 €'000	Change %	Change Constant currency %
Total revenue	**4,353,670**	4,286,231	+1.6%	+3.8%
Adjusted EBITDA	**110,379**	104,441	+5.7%	+8.9%
Adjusted EBITA	**87,725**	83,544	+5.0%	+8.6%
Adjusted profit before tax	**80,723**	76,732	+5.2%	+2.7%
Adjusted EBITA margin	**2.01%**	1.95%	n/a	n/a
	€'cent	€'cent		
Adjusted fully diluted earnings per share	**13.50**	13.48	+0.1%	+2.7%

Other metrics

	2018 €'m	2017 €'m
Adjusted operating cashflow	**52.9**	53.8
Free cash flow	**31.2**	34.3

Results of Dole for the five month period post completion

The results include the Group's 45% share of the results of Dole for the five month period from the date of acquisition to 31 December 2018, which is summarised below. Further financial information on the acquisition of Dole including details of assets arising on acquisition, Income Statement and Statement of Comprehensive Income for the five months ended 31 December 2018 together with the Balance Sheet at 31 December 2018 is presented in Note 14 of the accompanying financial statements.

Summary Income Statement for the five months ended 31 December 2018

	Group's 45% share of results for 5 months ended 31 December 2018		
	Pre-exceptional €'000	**Exceptional €'000**	**Total €'000**
Revenue	**692,239**	**–**	**692,239**
Operating profit	**10,678**	**(4,580)**	**6,098**
Net financial expense	(12,675)	–	(12,675)
Loss before tax	**(1,997)**	**(4,580)**	**(6,577)**
Income tax	(319)	922	603
Loss for period	**(2,316)**	**(3,658)**	**(5,974)**
Non-controlling interests	(381)	–	(381)
Loss for the period attributable to equity shareholders	**(2,697)**	**(3,658)**	**(6,355)**

Key Performance Indicators of Dole

Group's 45% share for the five months ended 31 December 2018

	€'000
Revenue	**692,239**
Adjusted EBITDA*	**22,913**
Adjusted EBITA *	**10,297**

* The Group's share of adjusted EBITDA and adjusted EBITA is after deduction of the Group's share of the non-controlling interests charge within Dole.

Revenue, Adjusted EBITA and Operating Profit

An analysis of the factors influencing the changes in revenue, adjusted EBITA and operating profit is provided in the Chief Executive's Review on pages 34 to 37.

Translation of foreign currencies

The reporting currency of the Group is the Euro. Group results are impacted by fluctuations in exchange rates year-on-year versus the Euro. The rates used in the translation of results and balance sheets into Euro were as follows:

	Average rate			Closing rate		
	2018	2017	% change	**2018**	2017	% change
Brazilian Real	**4.4162**	3.7381	(18.1%)	**4.4440**	3.9729	(11.9%)
Canadian Dollar	**1.5288**	1.4577	(4.9%)	**1.5601**	1.5037	(3.8%)
Czech Koruna	**25.7000**	26.2301	2.0%	**25.7240**	25.5350	(0.7%)
Danish Kroner	**7.4530**	7.4387	(0.2%)	**7.4668**	7.4454	(0.3%)
Indian Rupee	**80.6220**	73.5033	(9.7%)	**79.5453**	76.4059	(4.1%)
Polish Zloty	**4.2601**	4.2570	(0.1%)	**4.2973**	4.1766	(2.9%)
Pound Sterling	**0.8849**	0.8756	(1.1%)	**0.8986**	0.8879	(1.2%)
Swedish Krona	**10.2695**	9.6438	(6.5%)	**10.2188**	9.8386	(3.9%)
US Dollar	**1.1784**	1.1359	(3.7%)	**1.1445**	1.1980	4.5%

In 2018 there were movements in some of the more significant currencies in the Group against the Euro, the Group's reporting currency. In particular the average Brazilian Real, Swedish Krona, Canadian Dollar, US Dollar and Pound Sterling weakened by 18.1%, 6.5%, 4.9%, 3.7% and 1.1% respectively. This was partly offset by the strengthening of the average Czech Koruna rate by 2.0%. The effect of these currency movements had a negative impact on retranslation of the results of foreign currency denominated operations into Euro with a negative impact of €94m (2.2%) on revenue and €3m (3.6%) on adjusted EBITA.

At 31 December 2018, the closing exchange rates for Brazilian Real, Swedish Krona, Canadian Dollar, Pound Sterling and Czech Koruna rates had weakened by 11.9%, 3.9%, 3.8%, 1.2% and 0.7% respectively against the Euro when compared to the exchange rates that prevailed at 31 December 2017. This was partly offset by the strengthening of the US Dollar by 4.5%. The various movements in closing exchange rates led to a net loss on the retranslation of the opening net assets to the closing rate. There was also a net loss on the foreign currency movements on foreign currency denominated borrowings which are used to hedge net assets of foreign currency denominated subsidiaries, joint ventures and associates. The net translation adjustment was recorded in a separate translation reserve within equity.

Share of profits of joint ventures and associates

Excluding the contribution of Dole, the share of after tax profits of joint ventures and associates decreased to €10.9m (2017: €12.2m) with reduced earnings in some joint ventures in Europe offset in part by the incremental effect of acquisitions in the second half of 2017. Dividends declared from joint ventures and associates in the year amounted to €11.2m (2017: €12.6m) with €10.9m (2017: €8.2m) received in cash reflecting the Group's continued focus on cash return from these investments.

The Group's share of after-tax losses of Dole for the five months ended 31 December 2018 amounted to €2.7m before exceptional items due to trading profits being weighted towards the first half of the year, the impact of industry wide safety notices on romaine lettuce as highlighted in the Chief Executive's Review, high interest charges and higher tax charges due to the impact of recent US tax reform. Post exceptional items the Group's share of after tax losses was €6.4m.

Amortisation of acquisition related intangible assets

Acquisition related intangible asset amortisation within subsidiaries decreased to €10.3m (2017: €10.5m) due to some assets being fully amortised during the year and the effect of currency translation offset in part by incremental charges relating to new acquisitions. The share of intangible asset amortisation within joint ventures and associates was €2.7m (2017: €2.5m)

Financial Review continued

Exceptional items

Exceptional items in the year amounted to a net credit after tax of €3.7m (2017: credit of €7.3m). The net credit in 2018 relates to exceptional foreign currency gains in connection with the Dole transaction and gains on a disposal of an investment. These were offset by non-cash goodwill impairment charges, restructuring charges, pension charges and net costs associated with the Dole transaction (net of interest income on the proceeds from the share placing) and the Group's share of exceptional items within Dole. A full analysis of exceptional items for both 2018 and 2017 are set out in Note 7 of the accompanying financial information and have been excluded from the calculation of the adjusted numbers.

Net financial expense

Net financial expense (before exceptional items) in the year increased to €7.4m (2017: €5.8m) due primarily to the interest cost associated with funding the Dole acquisition and higher average net debt in the year partly offset by the lower cost of funding. The net exceptional interest charge in the year of €0.7m was due to charges for committed funding for the Dole transaction offset by deposit interest income on the share placing proceeds. Net interest cover for the year was 13.3 times based on adjusted EBITA.

The Group's share of the net interest expense of joint ventures (ex-Dole) and associates in the year was €1.1m (2017: €1.1m). The Group's share of the net interest expense of Dole in the five month period post acquisition was €12.7m.

Profit before tax and adjusted profit before tax

Excluding exceptional items, acquisition related intangible asset amortisation charges and costs, and fair value movements on contingent consideration, the adjusted profit before tax increased by 0.2% to €76.9m (2017: €76.7m). Statutory profit before tax after these items was €69.8m (2017: €72.5m) with the decrease due to the Group's equity accounted share of the after-tax losses in Dole post acquisition and lower exceptional credits year-on-year.

	2018 €'000	2017 €'000
Profit before tax per the income statement	**69,818**	72,478
Adjustments		
Exceptional items (Note 7)	**(5,125)**	(8,610)
Share of joint ventures and associates income tax (before tax on exceptional items)	**3,153**	3,182
Acquisition related intangible asset amortisation within subsidiaries	**10,281**	10,499
Share of joint ventures and associates acquisition related intangible asset amortisation	**2,684**	2,460
Fair value movements on contingent consideration	**(4,043)**	(4,174)
Acquisition related costs within subsidiaries	**105**	897
Adjusted profit before tax	**76,873**	76,732

Taxation

The total tax charge for the year as presented in the table below amounted to €18.2m (2017: €14.2m), including the Group's share of the tax charge of its joint ventures and associates of €2.2m (2017: €3.2m), which is netted within share of profits of joint ventures and associates and accordingly presented in profit before tax in accordance with IFRS.

Excluding the impact of deferred tax related to the amortisation of intangibles and goodwill and the fair value movements on contingent consideration and the tax effect of exceptional items, the underlying tax charge for the year was €18.6m (2017: €19.4m), equivalent to a rate of 24.2% (2017: 25.3%) when applied to the Group's adjusted profit before tax. Excluding Dole and related costs, the underlying tax rate for the Group was 23.1% (25.3%).

	2018 €'000	2017 €'000
Income tax expense	**16,014**	10,971
Group share of the tax charge of joint ventures and associates netted in profit before tax	**2,231**	3,182
Total tax charge	**18,245**	14,153
Adjustments		
Deferred tax (charge)/credit on amortisation of intangible assets and goodwill – subsidiaries	**(1,190)**	7,267
Share of joint ventures and associates deferred tax credit on amortisation of intangible assets	**460**	997
Deferred tax credit/(charge) on fair value movements on contingent consideration	**1,535**	(1,666)
Net deferred tax charge on fair value movements on investment properties – subsidiaries	**–**	(512)
Share of joint ventures and associates tax on exceptional items – Dole	**922**	–
Tax impact of other exceptional items	**(1,395)**	(846)
Tax charge on the underlying activities	**18,577**	19,393

Non-controlling interests share of profit after tax

The non-controlling interests' share of after tax profits in the year was €18.0m (2017: €13.7m). Included in the charge was the non-controlling interests' share of exceptional items, amortisation charges and acquisition related costs which amounted to €Nil in 2018 (2017: credit of €0.3m). Excluding these non-trading items, the non-controlling interests' share of adjusted after tax profits was €18.0m (2017: €13.4m) with the increase due to the non-controlling interests incremental share of profits in certain non-wholly owned subsidiaries in North America and in Europe.

Earnings per share

Adjusted earnings per share excluding the impact of the acquisition of Dole and the related share placing in February 2018 marginally increased by 0.1% to 13.50 cent per share (2017: 13.48 cent) with the 5.0% increase in adjusted EBITA (ex-Dole) offset by the higher non-controlling interest share of after-tax profits. On a constant currency basis adjusted earnings per share was 2.7% ahead of prior year.

Including the impact of the Dole acquisition, related costs and the share placing, the adjusted fully diluted earnings per share was 10.51 cent (2017: 13.48 cent). The decrease was due to the timing and impact of the share placing on 1 February 2018 which increased shares in issue by 19% and equity accounting for the Group's share of the after-tax losses of Dole for the five month period post acquisition. The Dole business is seasonal with earnings weighted towards the first half of the financial year.

Management believes that adjusted fully diluted earnings per share, which excludes acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings, exceptional items and related tax on these items, provides a fairer reflection of the underlying trading performance of the Group.

Basic earnings per share and diluted earnings per share after these non-trading items amounted to 9.37 cent per share (2017: 14.80 cent) and 9.34 cent per share (2017: 14.68 cent) respectively.

Note 10 of the accompanying financial statements provides details of the calculation of the respective earnings per share amounts.

Dividend

The Board is proposing a 2.5% increase in the final dividend to 2.5140 (2017: 2.4527) cent per share subject to the approval of shareholders at the forthcoming AGM. If approved, this dividend will be paid on 6 June 2019 to shareholders on the register at 26 April 2019 subject to dividend withholding tax. The total dividend for 2018 will amount to 3.4269 (2017: 3.3433) cent per share and represents an increase of 2.5% on 2017. The total dividend represents a pay-out of 32.6% of the adjusted earnings per share. If the 2018 final dividend is approved, the compounded annual growth rate in dividends since 2014 will be 9.3%.

Summary Balance Sheet

The summary balance sheet at 31 December 2018 is presented below. Net assets have increased by 51.8% in the year to €515.6m (2017: €339.6m) and shareholders' equity increased by 66.7% to €433.1m (2017: €259.8m) due in large part to the Dole acquisition and the related share placing.

	2018 €'m	2017 €'m
Tangible fixed assets	**183.2**	174.6
Goodwill and intangible assets	**267.0**	281.1
Investment – Dole joint venture	**245.9**	–
Investments (mainly other joint ventures and associates)	**115.2**	107.1
Working capital and other	**26.5**	5.5
Contingent and deferred consideration and other provisions	**(27.4)**	(34.6)
Put option liability	**(35.0)**	(39.0)
Post-employment benefit obligations (net of deferred tax)	**(14.1)**	(19.1)
Taxation (excluding deferred tax on employee benefit liabilities)	**(26.0)**	(22.9)
Net debt	**(219.7)**	(113.1)
Net assets	**515.6**	339.6
Shareholders' equity	**433.1**	259.8
Non-controlling interests	**82.5**	79.8
Shareholders' equity and non-controlling interests	**515.6**	339.6

Share Placing

On 1 February 2018 a total of 63 million new ordinary shares were placed (the 'Placing Shares') in a placing transaction at a price of €2.30 per Placing Share, raising gross proceeds of €145m or circa $180m (before expenses) to finance the Dole transaction. Net of expenses the proceeds were €141m (circa $175m). The Placing Shares represented approximately 19% of the Company's issued ordinary share capital (excluding treasury shares) immediately prior to the placing. The new issued shares were admitted to the Irish Stock Exchange and the London Stock Exchange on the ESM and AIM respectively on 5 February 2018.

Financial Review continued

Investment in Dole

As highlighted earlier, the Group's investment in Dole and its financial contribution is being treated as a joint venture and accounted for under the equity method in accordance with IFRS following completion of the acquisition of a 45% interest on 31 July 2018. The following is a reconciliation of the Group's 45% interest in Dole from the date of acquisition to 31 December 2018.

	2018 €'m
Carrying amount at start of year	–
Arising on acquisition	**249.9**
Group share of loss for period attributable to equity shareholders	**(6.4)**
Group share of other comprehensive income and expense for period attributable to equity shareholders	**(3.3)**
Foreign exchange movement	**5.7**
Total carrying amount of 45% interest in Dole at year end	**245.9**

Further detailed financial information on Dole is outlined in Note 14 in the accompanying financial statements.

Shareholders' equity

Shareholders' equity increased by €173.3m at 31 December 2018 to €433.1m (2017: €259.8m) primarily due to the €141m increase from the share placing (less associated costs). Profit after tax of €35.8m attributable to equity shareholders and remeasurement gains of €5.5m (net of deferred tax) were principally offset by a currency translation loss of €8.4m on the retranslation of the net assets of foreign currency denominated operations to Euro and the payment of dividends of €13.1m to equity shareholders of the Company.

	2018 €'m	2017 €'m
Balance as at 1 January as presented in the balance sheet	**259.8**	226.3
Adjust for non-controlling interests subject to put options transferred for presentation purposes	**(26.8)**	(20.2)
Balance at 1 January	**233.0**	206.1
Profit for the year attributable to equity shareholders	**35.8**	47.8
Other comprehensive income attributable to equity shareholders		
Remeasurement gains on post-employment defined benefit pension schemes (net of deferred tax)	**5.5**	4.7
Net revaluation gains on property, plant and equipment (net of deferred tax)	**0.3**	3.9
Net loss on the translation of net assets of foreign currency denominated operations	**(8.4)**	(2.7)
Other	**(0.1)**	0.5
Total other comprehensive (expense)/income directly attributable to equity shareholders	**(2.7)**	6.4
Total comprehensive income for the year, net of tax	**33.1**	54.2
New shares issued	**141.4**	2.6
Share-based payment expense	**0.6**	0.6
Dividends paid to equity shareholders	**(13.1)**	(10.1)
Recognition of put options over non-controlling interest shares	**(0.9)**	(25.1)
Fair value movements on put option liability	**4.7**	3.5
Other	**(0.4)**	1.2
Total transactions with equity holders of the parent	**132.3**	(27.3)
As at 31 December	**398.4**	233.0
Transfer of non-controlling interests subject to put options for presentation purposes	**34.7**	26.8
Balance as at 31 December as presented in the balance sheet	**433.1**	259.8

As detailed on page 75, total income attributable to ordinary shareholders in the year was €35.8m (2017: €47.8m).

Total other comprehensive income attributable to equity shareholders was a loss of €2.7m (2017: €6.4m gain) which is recognised directly in reserves and includes remeasurement gains on post-employment benefit pension schemes, net revaluation gains on own use property and net losses on the translation of the net assets of foreign currency denominated operations.

The share of remeasurement gains on post-employment benefit obligations, net of deferred tax, attributable to equity shareholders recognised directly in reserves in the year was €5.5m (2017: €4.7m). As part of the Group's annual revaluation of its own use land and buildings, the share of net property revaluation gains, net of tax attributable to equity shareholders for the year was €0.3m (2017: €3.9m). Refer to Note 11 of the accompanying financial statements for further information on the revaluation of land and buildings.

As referred to earlier, there was a negative movement on the retranslation of the net assets of foreign currency denominated subsidiaries to Euro (the Group's reporting currency) at 31 December 2018 resulting in a net foreign currency loss of €8.4m (2017: €2.7m) attributable to equity shareholders. This net movement was inclusive of translation losses on foreign currency borrowings designated as net investment hedges of foreign currency denominated operations. This annual translation adjustment can be positive or negative depending on the movement between the opening and the closing exchange rates.

During the year the Group paid €13.1m (2017: €10.1m) in dividends to equity shareholders consisting of the 2017 final dividend payment and the 2018 interim dividend. In 2018, the Group received €141.4m (2017: €2.6m) from the share placing (net of associated costs) and the issue of shares on the exercise of employee share options.

Put option liability
As set out in Notes 27 and 30 of the accompanying financial statements; the Group has a number of contractual put options and forward commitments in place in relation to non-controlling interest ('NCI') shares in subsidiaries whereby the NCI shareholder can require the Group or the Group has agreed to acquire ('forward commitment') the shares in these subsidiaries at various future dates. The value of the put option recognised represents management's best estimate of the fair value of the amounts which may be payable discounted to net present value. This liability has been recognised in a put option reserve attributable to the equity holders of the parent.

	2018 €'m	2017 €'m
Balance at beginning of year	**39.0**	21.2
Arising on acquisition (Note 30)	**0.9**	25.1
Fair value movement on put option recognised directly within equity	**(4.7)**	(3.5)
Foreign exchange movements	**(0.2)**	(3.8)
Balance at end of year	**35.0**	39.0

In 2018, the fair value of such put options recognised relating to current year acquisitions was €0.9m (2017: €25.1m). The fair value movement on such put options in the year of €4.7m (2017: €3.5m) represented a fair value movement in the put option liability and was recognised as a credit to shareholders equity.

As outlined in the Group accounting policies on page 85, where the non-controlling shareholder retains a present ownership interest in shares subject to a put option or a forward commitment, the Group applies the partial recognition of non-controlling interest method for put options and forward commitments. The non-controlling interest subject to the put option is therefore recognised in the traditional manner but is transferred against the put liability reserve for presentation purposes in the balance sheet. The transfer at 31 December 2018 was €34.7m (2017: €26.8m)

Employee benefit obligations
The following is a summary of the Group's employee benefit obligations.

	2018 €'m	2017 €'m
Employee defined benefit pension scheme obligations (before deferred tax)	**(10.9)**	(16.7)
Other post-employment obligations	**(5.0)**	(5.3)
Employee benefit obligations before deferred tax	**(15.9)**	(22.0)
Less related deferred tax asset	**1.8**	2.9
Net employee benefit obligations after deferred tax	**(14.1)**	(19.1)

Employee Defined Benefit Pension Schemes
The Group has a number of defined benefit pension schemes in Ireland, the UK, Continental Europe and North America. The Group's balance sheet at 31 December 2018 reflects net pension liabilities of €10.9m (2017: €16.7m) in respect of schemes in deficit, resulting in a net deficit of €9.1m (2017: €13.8m) after deferred tax.

The decrease in the net liability in 2018 was primarily due to the increase in discount rates in the Eurozone and the UK which results in a decrease in the net present value of scheme obligations. The discount rate in Ireland and the Eurozone increased to 2.10% (2017: 2.00%) and in the UK increased to 2.90%-3.0% (2017: 2.50%-2.60%). This was partly offset by a 2% negative return in scheme assets in the year and the effect of the GMP equalisation in the UK schemes. Further details on the Group's employee defined benefit obligations are set out in Note 31 of the accompanying financial statements.

Financial Review continued

Funds flow

Net debt at 31 December 2018 was €219.7m compared to €113.1m at 31 December 2017. The increase is due to the acquisition of a 45% interest in Dole for a cost including fees of €250.6m partly funded by the proceeds from the share placing of €141.0m (net of costs). Net debt relative to adjusted EBITDA at 31 December 2018 was 1.6 times and interest is covered 13.3 times by adjusted EBITA. Average net debt for 2018 (which excludes the proceeds from the share placing up to 31 July 2018) was €217.1m (2017: €142.1m). In addition, the Group has non-recourse trade receivables financing at 31 December 2018 of €30.0m (2017: €39.1m).

Prior to working capital movements, the Group generated €68.1m (2017: €56.1m) in adjusted operating cash flows. Working capital outflows of €15.2m (2017: €2.3m) were primarily due to the decrease in the non-recourse trade receivables financing. Cash outflows on routine capital expenditure, net of disposals, were €22.1m (2017: €18.9m). Dividends received from joint ventures and associates in the year were €10.9m (2017: €8.2m) due to increased profits in 2017 and the Group's continued focus on cash returns from these investments. Dividends paid to non-controlling interests increased to €10.5m (2017: €8.8m) due to the share of increased profits in 2017.

Free cash flow generated by the Group decreased to €31.2m (2017: €34.3m) due to the higher working capital outflow. Free cash flow is the funds available after outflows relating to routine capital expenditure and dividends to non-controlling interests but before acquisition related expenditure, development capital expenditure and the payment of dividends to equity shareholders.

Cash outflows on acquisitions and investments amounted to €259.6m (2017: €44.7m) due primarily to the net spend of €250.6m on Dole including associated costs. There was also €3.8m cash (2017: €23.9m net debt) assumed on acquisitions in the year. Contingent and deferred consideration payments relating to prior period acquisitions were €7.0m (2017: €9.3m). Payments for non-routine property and plant additions amounted to €7.4m (2017: €22.6m). The Group distributed €13.1m (2017: €10.1m) in dividends to equity shareholders in the year representing payment of final 2017 dividend and the 2018 interim dividend. Net proceeds of €141.0m arose from the share placing in February 2018. There was a positive movement of €1.7m (2017: €13.4m) on the translation of foreign currency debt/cash into Euro at 31 December 2018. This is primarily due to the translation gain on the €141.0m proceeds from the share placing in early February that were used to purchase US dollars and placed on deposit in order to hedge the investment in Dole. The strengthening of the US Dollar from February to the date of completion of the transaction on 31 July 2018 resulted in a foreign exchange gain of €7.6m on the translation of the US Dollar deposit to Euro. This was offset by foreign currency losses on the retranslation of US Dollar borrowings due to the stronger US Dollar exchange rates prevailing at year-end compared to those prevailing at 31 December 2017.

	2018 €'m	2017 €'m
Adjusted EBITDA	**133.3**	104.4
Deduct adjusted EBITDA of joint ventures and associates	**(44.5)**	(22.6)
Net financial expense and tax paid	**(20.5)**	(22.6)
Other	**(0.2)**	(3.1)
Adjusted operating cash flows before working capital movements	**68.1**	56.1
Working capital movements	**(15.2)**	(2.3)
Adjusted operating cash flows	**52.9**	53.8
Routine capital expenditure net of routine disposal proceeds	**(22.1)**	(18.9)
Dividends received from joint ventures and associates	**10.9**	8.2
Dividends paid to non-controlling interests	**(10.5)**	(8.8)
Free cash flow	**31.2**	34.3
Cash flows from exceptional items	**3.0**	0.5
Acquisition payments, net[1]	**(259.6)**	(44.7)
Net cash/(debt) assumed on acquisition of subsidiaries	**3.8**	(23.9)
Subsidiary now a joint venture	**–**	(6.7)
Contingent and deferred consideration payments	**(7.0)**	(9.3)
Disposal of trading assets	**–**	2.1
Non-routine capital expenditure/property additions	**(7.4)**	(22.6)
Dividends paid to equity shareholders	**(13.1)**	(10.1)
Proceeds from issue of share capital – share placing	**141.0**	–
Proceeds from issue of share capital – other	**0.4**	2.6
Other	**(0.6)**	(0.3)
Total net debt movement in year	**(108.3)**	(78.1)
Net debt at beginning of year	**(113.1)**	(48.4)
Foreign currency translation	**1.7**	13.4
Net debt at end of year	**(219.7)**	(113.1)

1 Includes payments in the year in respect of subsidiaries, non-controlling interests, joint ventures and associates and is net of contributions from non-controlling interests and proceeds on disposal of joint ventures and shares to non-controlling interests. For 2018 it also includes €5.1m of long-term funding to a joint venture in Europe to fund a development.

Net Debt and Group Financing

As outlined, net debt during the year increased from €113.1m to €219.7m due principally to the acquisition of 45% of Dole on the 31 July 2018 offset by the proceeds from the share placing. At 31 December 2018, the Group had available cash balances of €102.3m and interest-bearing borrowings (including overdrafts) of €322.0m. The Group is comfortably within its bank covenants.

Average net debt for 2018 (which excludes the proceeds from the share placing up to 31 July 2018) was €217.1m (2017: €142.1m). In addition, the Group has non-recourse trade receivables financing at 31 December 2018 of €30.0m (2017: €39.1m).

As outlined in the Chairman's Statement on pages 6 to 7, the transaction to acquire a 45% interest in Dole completed on 31 July 2018 for consideration of $300m. The transaction was part funded by the $175m (€141m) after costs, raised in the share placing which represented circa 60% of the transaction cost with the remainder through long-term bank financing.

It is the policy of the Group to have adequate facilities available providing the Group with the flexibility to take advantage of opportunities to develop the business. The Group's financial position remains strong. At 31 December 2018, the Group has approved committed and uncommitted term borrowings of up to €632m (2017: €506m) in addition to approved overdrafts of €104m (2017: €99m).

Summary

In what was a more challenging year for the industry, the Group in 2018 continued growth with increases in adjusted EBITDA and adjusted EBITA of 5.7% and 5.0% respectively, excluding Dole. Adjusted earnings per share grew 0.1% (2.7% on a constant currency basis) with good operating cash flows.

F J Davis
Finance Director
7 March 2019

Board of Directors and Secretary

Carl McCann (65)

N Chair

Chairman, BBS, MA, FCA

Carl McCann was appointed as Chairman of Total Produce on 30 December 2006. Prior to this, he joined Fyffes in 1980 and held a number of senior positions including that of Vice Chairman before he was appointed Chairman in 2003. He is also Chairman of Balmoral International Land Holdings plc and is a director of a number of other companies.

Rory Byrne (58)

N

Chief Executive, B Comm, FCA

Rory Byrne was appointed as Chief Executive of Total Produce on 30 December 2006. Rory has extensive experience in the fresh produce industry, having joined Fyffes in 1988, where he held a number of senior positions including Finance Director of the Group's UK business and Managing Director of its Spanish operations before becoming Managing Director of the General Produce division from 2002 and appointed to the position of Executive Director in 2006.

Frank Davis (59)

Finance Director, LLB, MA, FCCA, BL, FCIArb

Frank Davis was appointed to the position of Finance Director and to the Board of Total Produce on 1 August 2009 having previously held the roles of Company Secretary/CFO from 30 December 2006. Frank joined Fyffes in 1983 and held a number of senior positions before becoming Finance Director of the General Produce division in 2002. An accountant by profession, he is also a qualified barrister-at-law (Honorable Society of King's Inn) and a Fellow of the Chartered Institute of Arbitrators.

Frank Gernon (65)

Director, FCCA

Frank Gernon ceased his full time role as Director, Financial Strategy and Development, (having been appointed to the role on 1 August 2009) in July 2013 but continues in a part-time Financial Advisory role and remains an Executive Director of the Board. Frank has been employed by the Group for over 40 years and held various senior accounting and financial positions including his appointment as Finance Director of Total Produce on 30 December 2006.

Rose Hynes (61)

A C Chair

Non-Executive, BCL, AITI

Rose Hynes was appointed to the Board on 28 November 2006. She is Chairman of the Compensation Committee, a member of the Audit Committee, and the nominated Senior Independent Non-Executive Director. Rose, a lawyer, is Chairman of Origin Enterprises plc and Chairman of Shannon Group plc. She is also Director of a number of other companies. Rose previously held senior executive positions with GPA Group plc.

Jerome Kennedy (70)

A N C

Non-Executive, FCA

Jerome Kennedy was appointed to the Board on 28 November 2006 and is a member of the Audit, Compensation and Nomination Committees. He is also a board member of Green REIT plc and is a Non-Executive Director of a number of other private companies. Previously, Jerome was managing partner of KPMG Ireland and a board member of KPMG Europe from 1995 to 2004 until his retirement from KPMG in 2004.

Seamus Taaffe (68)

A Chair N

Non-Executive, B Comm, FCA

Seamus Taaffe was appointed to the Board on 12 October 2012. Seamus is Chairman of the Audit Committee and a member of the Nomination Committee. Previously, Seamus was a senior partner in KPMG where he was responsible for the audit of and advising a wide range of listed and mid-market companies until he retired in 2009. Seamus is also a Non-Executive Director of Independent News & Media plc where he is Chairman of the Audit and Risk Committee, and a number of private Irish companies and organisations.

Kevin Toland (53)

Non-Executive, FCMA

Kevin Toland was appointed to the Board as a Non-Executive Director on 1 July 2015. Kevin is currently CEO of Aryzta plc and was previously the CEO of daa plc which operates the Dublin and Cork airports, Aer Rianta international and daa international, the international airport group. Kevin is also an IBEC board member and previously held senior executive positions with a number of international companies.

Michael Meghen (64)

Non-Executive, BBS, LLB

Michael Meghen was appointed to the Board as an Non-Executive Director on 1 July 2018. Michael is a solicitor by profession and was a senior corporate partner in Arthur Cox, Ireland's largest legal firm, until his retirement as a partner more than five years ago. He has significant knowledge and experience in Mergers and Acquisitions and in cross-border transactions.

Imelda Hurley (47)

A

Non-Executive, FCA, BBS

Imelda Hurley was appointed to the Board as a Non-Executive Director on 2 January 2019 and is a member of the Audit Committee. Imelda has over twenty years' experience in leadership roles across a variety of industries including significant international and agri industry experience. She was most recently Director/Chief Financial Officer of Origin Enterprises plc and prior to that held senior executive positions with PCH International and Greencore Group plc. She has also been a non-executive director of Valeo Foods and Bord Gais Eireann.

Jacinta Devine (46)

Company Secretary, FCA

Jacinta Devine was appointed to the position of Company Secretary of Total Produce on 1 June 2017 having previously held the role of Assistant Company Secretary. Jacinta is also the Divisional Finance Director of Ireland and the UK. Prior to the formation of Total Produce, Jacinta joined Fyffes in 1996 and during this time held a number of senior accounting and financial positions.

COMMITTEE MEMBERSHIP

A Member of Audit Committee

N Member of Nomination Committee

C Member of Compensation Committee

Directors' Report

The Directors present their report to the shareholders, together with the audited financial statements of the Group and Company, for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Total Produce plc is one of the largest fresh produce distributors in the world with operations in 30 countries. A detailed business review is included in the Chief Executive's Review on pages 34 to 37 and in the Financial Review on pages 38 to 47, including an analysis of the key performance indicators used to measure performance. These are defined as revenue, margin, volume, average price and, adjusted EBITDA and adjusted EBITA. Pages 22 to 25 of this report details the key business and financial risks faced by the Group.

Investment in Dole Food Company

As announced on 1 February 2018, the Group entered an agreement to acquire a 45% stake in Dole Food Company ('Dole') from Mr. David H. Murdock for cash consideration of $300m with options to further increase the Group's stake. The acquisition completed on 31 July 2018 after receiving regulatory approval. Further details on the transaction structure are outlined in pages 114 to 117 in Note 14 of the accompanying financial statements.

RESULTS FOR THE YEAR

Details of the profit for the year are set out in the income statement for the year ended 31 December 2018 on page 75.

DIVIDEND

An interim dividend of 0.9129 cent (2017: 0.8906 cent) per share was paid on 12 October 2018. The Directors have proposed, subject to shareholder approval at the Annual General Meeting ('AGM'), the payment of a final dividend for 2018 of 2.5140 cent (2017: 2.4527 cent) per share. If approved, the dividend will be paid on 6 June 2019 to shareholders on the register at 26 April 2019, subject to dividend withholding tax. The total dividend of 3.4269 cent per share for 2018 represents an increase of 2.5% on the total 2017 dividend of 3.3433 cent per share.

FUTURE DEVELOPMENTS

A review of future developments of the business is included in the Chairman's Statement on page 7.

DIRECTORS AND COMPANY SECRETARY

The names of the persons who were Directors during the year are set out below. M J Meghen and E I Hurley were appointed to the Board as independent Non-Executive Directors on 1 July 2018 and 2 January 2019 respectively. There were no other changes to the Directors and Company Secretary during the year.

Executive:
C P McCann
R P Byrne
F J Davis
J F Gernon

Non-Executive:
R B Hynes
J J Kennedy
S J Taaffe
K E Toland
M J Meghen
E I Hurley

Company Secretary
J F Devine

In accordance with the Constitution of the Company, M J Meghen and E I Hurley will retire at the 2019 AGM and, being eligible, will each offer themselves for election.

In accordance with the Constitution of the Company J F Gernon, R B Hynes and K E Toland retire from the Board by rotation and, being eligible, offer themselves for re-election at the 2019 AGM.

DIRECTORS' INTERESTS

Details of the Directors share interests and interests in share options of the Company and Group companies are set out in the Compensation Committee Report on pages 63 to 67.

POST BALANCE SHEET EVENTS

On 29 January 2019, Dole completed the sale of Saba Fresh Cuts AB (in Sweden) and Saba Fresh Cuts OY (in Finland) to Bama International. Both Saba Fresh Cuts AB and Saba Fresh Cuts OY are producers of washed and ready to eat salads. The sale of Saba Fresh Cuts AB was a condition of the European Commission's approval of the acquisition by Total Produce of a 45% interest in Dole in July 2018.

There have been no other material events subsequent to 31 December 2018 which would require disclosure or require adjustment in the financial statements.

SHARE CAPITAL

The issued share capital of Total Produce plc at 31 December 2018 consisted of 388,429,462 ordinary shares (excluding 22,000,000 treasury shares).

Each share has a nominal value of 1 cent. All shares, other than treasury shares, have equal voting and dividend rights.

On 1 February 2018, a total of 63 million new ordinary shares were issued at a price of €2.30 per share, raising gross proceeds of €145m or circa $180m (before expenses) to finance the Dole transaction. The shares represented approximately 19% of the Company's issued ordinary share capital (excluding treasury shares) prior to the placing. The new shares were admitted to the Irish Stock Exchange and the London Stock Exchange on the ESM and AIM respectively on 5 February 2018.

SUBSTANTIAL HOLDINGS

The Directors have been notified of the following significant interests in the issued ordinary share capital of the Company as at 6 March 2019:

	Number of ordinary shares	%
Balkan Investment Company and related parties *(including Arnsberg Investment Company)*	49,016,821	12.62%
Franklin Templeton Institutional LLC	39,068,143	10.06%
GMT Capital Corp	25,349,311	6.53%
FMR LLC	19,598,064	5.05%
BNP Paribas Investment Partners SA	14,612,708	3.76%
BDL Capital Management, SAS	12,967,795	3.34%

Except as disclosed above, the Group has not received any notification from any person confirming that such person is interested, directly or indirectly, in 3% or more of the issued share capital (excluding treasury shares) of the Company, nor is it aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Group.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a beneficial interest in any material contract to which the Company or any of its subsidiaries was a party during the year. One of the Directors had an indirect interest in the Group's investment in a joint venture and this is noted in Note 33 of the accompanying financial statements.

TREASURY SHARES

At 31 December 2018, the total number of treasury shares amounted to 22,000,000 ordinary 1 cent shares at a cost of €8,580,000 (2017: 22,000,000 1 cent shares at a cost of €8,580,000). These shares represent 5.36% (2017: 6.34%) of the ordinary shares in issue at 31 December 2018. In respect of these treasury shares all rights (including voting and dividend rights) are suspended until those shares are reissued and therefore are not included in the earnings per share calculations.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for the Group's systems of risk management and internal control. Details of the structures in place are set out on pages 22 to 25. These have been designed to manage rather than eliminate risk of failure to achieve business objectives and provide reasonable, but not absolute assurance, against material misstatement or loss.

Under Irish company law, the Group and the Company are required to give a description of the principal risks and uncertainties which they face. These principal risks are set out within the Risk and Risk Management section on pages 22 to 25.

ACCOUNTING RECORDS

The Directors believe that they have complied with the requirements of Sections 281-285 of the Companies Act 2014, with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at 29 North Anne Street, Dublin 7, Ireland.

RELEVANT AUDIT INFORMATION

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Directors' Report continued

AUDIT COMMITTEE

The Group has established an Audit Committee. The responsibilities of the Audit Committee are outlined on page 61.

DIRECTORS' COMPLIANCE STATEMENT

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014 and Tax laws ('relevant obligations'). In discharging their responsibilities under Section 225, the Directors relied on the advice of third parties whom the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations. The Directors confirm that:

- a compliance policy statement has been drawn up setting out the Company's policies with regard to such compliance;
- appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations have been put in place; and
- a review has been conducted, during the financial year, of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

EU NON-FINANCIAL REPORTING

The Company, under the EU Non-Financial Reporting Directive, is required to identify and report on material non-financial areas of the business. Our Responsible Business Report on pages 26 to 33 and our Corporate Governance Statement on pages 55 to 60 provide the most relevant information on the required topics.

POLITICAL DONATIONS

During the current and prior year, the Group and Company did not make any donations disclosable in accordance with the Electoral Act, 1997.

AUDITOR

The auditor, KPMG, Chartered Accountants, will continue in office in accordance with Section 383(2) of the Companies Act, 2014.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Information on the Group's principal subsidiaries, joint ventures and associates is included in Note 39 of the accompanying financial statements.

ANNUAL GENERAL MEETING

The 2019 AGM will be held at 10.30 am on Friday 31 May 2019 in the Marker Hotel, Grand Canal Square, Docklands, Dublin 2. Full details of the 2019 AGM will be contained in the Notice of the AGM which will be circulated to shareholders in April 2019. In addition to the ordinary business to be transacted at the AGM, there are various items of special business which are described further below.

SPECIAL BUSINESS AT AGM

Resolution No. 6 – authority to allot Relevant Securities

In Resolution 6, the Board seeks shareholders' authority to allot shares in the capital of the Company up to a maximum nominal amount of €2,589,863 representing the guideline limit of the Investment Association of approximately two-thirds of the Company's issued ordinary share capital as at 8 April 2019 (the latest practicable date prior to publication of this Notice). Of this amount, €1,294,932 (representing approximately one-third of the Company's issued ordinary share capital) can only be allotted pursuant to a rights issue. The Directors have no present intention of exercising this authority. However, the Directors consider it appropriate to maintain the flexibility that this authority provides. If adopted, the authority under this Resolution will expire at next year's AGM or 15 months after the forthcoming AGM, whichever is the earlier.

Resolution Nos. 7 and 8 – Authority to Dis-apply Statutory Pre-emption Rights

In Resolutions 7 and 8, the Directors are seeking the authority to allot shares for cash, otherwise than in accordance with statutory pre-emption rights up to the guideline limits of the Investment Association.

In addition to allowing a limited dis-application of pre-emption rights in the case of rights issues and other pre-emptive offers for regulatory reasons, Resolution 7 would authorise the Directors to allot up to 19,423,973 shares (representing 5% of the nominal value of the issued share capital) for cash on a non pre-emptive basis. This limit will apply to all allotments for cash and any treasury shares that may be reissued for cash.

Resolution 8 would authorise the Directors to allot up to 19,423,973 shares (representing 5% of the nominal value of the issued share capital) for cash on a non pre-emptive basis provided that the proceeds of any such allotment are to be used only for the purposes of financing (or re-financing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Dis-applying Pre-emption Rights. The limit in Resolution 8 will apply to all allotments for cash and any treasury shares that may be reissued for cash.

In relation to Resolutions 7 and 8, the Directors confirm their intention to follow the provision of the Statement of Principles on Dis-applying Pre-emption Rights most recently published by the Pre-Emption Group regarding cumulative usage of authorities within a rolling three year period. Those provisions state that a company should not issue shares for cash representing more than 7.5% of the Company's issued share capital in any rolling three year period, other than to existing shareholders, without prior consultation with shareholders. This limit excludes any ordinary shares issued pursuant to a general dis-application of pre-emptive rights in connection with an acquisition or specified capital investment.

Resolution No. 9 – Authority to Make Market Purchases of the Company's Own Shares
At the 2018 AGM, shareholders gave the Company and/or any of its subsidiaries authority to make market purchases of up to 10% of the Company's own shares. Under Resolution No. 9 shareholders are being asked to renew this authority.

The Directors monitor the Company's share price and may from time to time exercise this power to make market purchases of the Company's own shares, at price levels which they consider to be in the best interests of the shareholders generally, after taking account of the Company's overall financial position. The minimum price which may be paid for any market purchase of the Company's own shares will be the nominal value of the shares and the maximum price which may be paid will be the greater of (i) 105% of the average market price of such shares for the previous five days and (ii) the higher of the price quoted for the last independent trade and the highest current independent bid or offer for such shares. The power under this Resolution will expire at next year's AGM or 15 months after the forthcoming AGM, whichever is the earlier.

Resolution No. 10 – Authority to Re-issue Treasury Shares
Shareholders are being asked to sanction the price range at which any treasury share (that is a share of the Company redeemed or purchased and held by the Company rather than being cancelled) may be re-issued other than on the Stock Exchange. The maximum and minimum prices at which such a share may be re-issued are 120% and 95%, respectively of the appropriate price of a share calculated over the five business days immediately preceding the date of such re-issue as detailed further in the notice of the AGM. If adopted, the authority under this Resolution will expire at next year's AGM or 15 months after the forthcoming AGM, whichever is the earlier.

RECOMMENDATION
Your Board believes that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders. Accordingly, your Directors unanimously recommend you to vote in favour of the resolutions as they intend to do in respect of all the ordinary shares which can be voted by them.

On behalf of the Board

C P McCann
Chairman
6 March 2019

F J Davis
Finance Director
6 March 2019

Corporate Governance Report

Dear Shareholder,

The Board of Total Produce plc is firmly committed to business integrity, high ethical values and professionalism in all of its activities and operations. The Board recognises the importance of maintaining the highest standards of corporate governance and that it is accountable to its shareholders in this regard. The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code, issued in April 2018. The Code is constructed around ten broad principles as explained in the Corporate Governance Statement that follows.

RECENT DEVELOPMENTS

One of the key developments during 2018 has been the acquisition of a 45% equity stake in Dole Food Company, Inc. ('Dole') from David H. Murdock, which represents a very significant step and a continuation of the Group's successful expansion strategy. Following the second anniversary of completion Total Produce has the right, but not the obligation, to acquire the remaining balance of the Dole equity. Total Produce and David H. Murdock have balanced governance rights with respect to Dole. The Board of Directors of Dole comprises six members, three of which have been appointed by Total Produce and three by David H. Murdock. David H. Murdock remains Chairman of Dole and Carl McCann has been appointed Vice Chairman. Major decisions require consent of at least one Board Member appointed by each of Total Produce and David H. Murdock.

The Board understands the importance of keeping its succession plans under continuous review. The Board also believes that it is important to have individual Directors who have a very clear understanding of the Group's business and strategy. The Board values the benefits diversity can bring and the Nomination Committee considers the benefits of all aspects of diversity to complement the range and balance of skills, knowledge and experience on the Board. During the year, the Board appointed two new independent Non-Executive Directors, Michael Meghen (appointed on 1 July 2018), a solicitor, who has in-depth experience of mergers, acquisitions and foreign investments. Imelda Hurley (appointed on 2 January 2019), a finance professional, who has significant international and agri-industry experience. The skills and experience brought by these new independent Non-Executive Directors complement and enhance the existing Board and are very relevant as the Group continues to grow.

In addition a review of Board Committee membership was undertaken during the year and the changes set out below were adopted. Where relevant, existing Non-Executive Directors worked alongside new committee members to ensure an effective handover and the continuation of committee effectiveness.

- The Chairmanship of the Audit Committee has been rotated and S J Taaffe has succeeded J J Kennedy with effect from the conclusion of the AGM on 31 May 2018.
- R B Hynes retired from the Nomination Committee and S J Taaffe was appointed to the Nomination Committee with effect from the conclusion of the AGM on 31 May 2018.
- E I Hurley has joined the Audit Committee.

The Corporate Governance Statement describes our corporate governance arrangements including the application of the QCA principles.

C P McCann
Chairman

CORPORATE GOVERNANCE STATEMENT

The Board of Total Produce plc have committed to apply the principles of the QCA Code. This statement details the Company's key governance principles and practices and how it has complied fully with the principles of the QCA Code.

PRINCIPLE 1: Establish a strategy and business model which promote long-term value for shareholders

The Company has maintained a consistent business model and strategy since the inception of the Group in 2006 which is described on pages 8 to 9. The Group's vision is to continue to develop our position as one of the world's leading fresh produce companies. The Group's ambition is to deliver long-term stakeholder value by leveraging our collective skills at a local level and by continued global growth by acquisition and through partnerships.

Key challenges to delivering our business model and strategy are identified and addressed through the risk management process. This is set out in principle 4. The Group strives to constantly review and improve our processes in line with new regulatory environments and industry best practice.

PRINCIPLE 2: Seek to understand and meet shareholder needs and expectations

Communication with shareholders is given a high priority by Total Produce plc. The Group recognises the importance of maintaining regular dialogue and meetings with shareholders to ensure the Group's strategy and performance are understood. As a consequence of the Dole transaction and the related share placing, we engaged extensively with our institutional investors and received strong support for our business model and strategy.

The Group communicates with its shareholders by way of the AGM combined with the Annual Report and the financial statements, preliminary and interim results announcements and presentations, which are disseminated to shareholders via our website. Stock Exchange announcements in respect of trading updates and corporate activity are similarly published on the website.

In addition, the Group communicates with its existing and potential institutional shareholders through investor meetings, conference calls, analysts' briefings and attending various broker conferences throughout the year and more particularly after the announcement of the preliminary and interim results.

The Executive Directors and Non-Executive Directors are kept informed on investor issues and the outcome of meetings with shareholders.

The Chairman is available to discuss strategy and governance with major shareholders. The Chairman and the Senior Independent Non-Executive Director are available to address concerns with shareholders which cannot be addressed through normal channels.

A business presentation is provided at the Company's AGM followed by a question and answer forum which offers shareholders the opportunity to interact with the Board. The AGM is valued by the Board as an occasion where individual shareholders' views and suggestions can be noted and considered by the Directors.

Details of proxy voting are announced in respect of each resolution considered at the AGM or at any EGM. The Company arranges for the Notice of the AGM and related papers to be sent to shareholders at least 20 clear working days in advance of the meeting.

Contact details for those responsible for shareholder liaison can be found on the website www.totalproduce.com

PRINCIPLE 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

In addition to our shareholders, our understanding of the nature of the responsibilities to the wider group of stakeholders is unambiguous. We understand that this engagement is a key part of the long-term success of the Group.

Corporate Governance Report continued

CORPORATE GOVERNANCE STATEMENT CONTINUED

PRINCIPLE 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success continued

As a customer orientated organisation, the delivery of premium quality, safe, traceable produce to the consumer must always remain our primary concern. We acknowledge these responsibilities inherent in the pursuit of this goal, most notably to the emerging and developing nations from which we source, and more specifically to our local and global partners in production. These responsibilities extend beyond the growers and their people to the environment in which they operate. We are also committed to meeting our broader social and commercial responsibilities to our own employees and shareholders – as we are to our wider social obligations to the communities we serve across the global marketplace.

Local at heart, global by nature, Total Produce operates a decentralised structure local operations, experienced as they are in the dynamics of the local marketplace, identify the required resources and establish relationships specific to their own market and circumstance. In consultation with regional management, Group management assesses the collective requirements of our operations and seeks to leverage the cumulative strength of the broader Group, endeavouring to deliver synergies, efficiencies and ultimately a competitive advantage.

Customers, growers and suppliers

The fresh produce industry is very much people orientated. A commitment to effectively and transparently engage with stakeholders permeates throughout our organisation locally and internationally. Engagement with customers and growers in our industry, both formally and informally, is typically conducted on a daily basis.

Consumers

Co-ordinating the complete supply and demand chain is what we do. In doing so, our ambition is to satisfy the global fresh produce consumer, with whom we engage via a broad suite of marketing communications including digital media such as Facebook, Twitter, Instagram, YouTube and a variety of websites and Smartphone Apps.

Employees

We recognise too, our responsibility to engage with our own employees. Total Produce operates a relatively flat operational structure and employee engagement varies across our operations from informal open door policies where there is an open invitation to all employees to contribute to decision making, to more formalised structures in other markets.

Social and corporate responsibility

The European Commission has published recommendations governing the recognition, measurement and disclosure of environmental issues in the annual reports of companies. Although the provisions of the recommendations are not binding on the Group in the conduct of its business, the Group recognises its social responsibility and endorses the growing trend towards environmental accountability.

The influence and impact of engagement and feedback from our broad stakeholder base is presently most obvious in our ongoing efforts to Reduce, Remove and Replace single-use plastic with compostable plastic packaging.

The Group actively promotes best business practices and standards that seek to enhance the health, education and conditions of workers and their families and to universally encourage the use of sustainable farming methods by its suppliers. Total Produce is supportive of governmental efforts to combat slavery and human trafficking, as outlined in the Total Produce UK Modern Slavery Act Statement which is available on the Total Produce UK website.

Our Responsible Business Report, set out on pages 26 to 33, includes examples of our work in these areas.

PRINCIPLE 4: Embed effective risk management, considering both opportunities and threats throughout the organisation

Risk management within Total Produce plc is co-ordinated by an Executive Risk Committee ('ERC' or the 'Committee') which directs the implementation of the process consistently throughout the Group. Responsibility for the identification and evaluation of financial, operational and compliance risks is delegated to senior management, which reports back to the Committee. The Committee meets during the year, as required, to identify, assess and manage risk. In this process it reviews the relevant findings, and makes recommendations. The Committee reports its findings and recommendations to the Audit Committee, which in turn reports to the Board. Please see the Risk and Risk Management Report on pages 22 to 25 for further information including the principal risks faced by the Group.

PRINCIPLE 5: Maintain the Board as a well-functioning, balanced team led by the Chairman

Total Produce plc is led by a strong and effective Board of Directors and its members acknowledge their collective responsibility and legal obligation for defining the corporate governance arrangements. Ultimate responsibility for the approach to and quality of the Corporate Governance structures rests with the Chairman.

Total Produce considers that the structure of its Board is appropriate for the AIM and Euronext Growth markets on which its shares are traded, allowing for an efficient decision making process. All of the Directors have fiduciary responsibilities to shareholders. In addition, the Executive Directors are responsible for the operation of the business while the Non-Executive Directors bring independent objective judgement to bear on Board decisions by constructively challenging management and helping to develop and execute the Group's strategic objectives.

Each of the Executive Directors has extensive knowledge of the fresh produce industry, in addition to wide-ranging business skills and commercial acumen. This is complemented by the broader industry expertise and background of the Non-Executive Directors. The Board as a whole is therefore well placed to address any major challenges for Total Produce should they arise. All of the Directors bring objective judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct.

Effective governance is fostered by the separation of the roles of the Executive Chairman and the Chief Executive, as this division of responsibilities at the head of the Group ensures a balance of power and authority. The Executive Chairman has overall responsibility for Group strategy and to see that the Group achieves a satisfactory return on investment for shareholders. The Chairman oversees the operation and effectiveness of the Board and ensures appropriate interaction between it, executive management and the Company's shareholders. The Chief Executive is responsible for developing and delivering the Group's strategy, and ensuring, along with the Finance Director, that the Directors receive accurate, timely and clear information, and is accountable for the overall performance and day-to-day management.

In light of the Group's continued expansion, M J Meghen and E I Hurley were appointed to the Board as Non-Executive Directors.

As detailed in our Chairman's Corporate Governance statement on page 54 committee membership was considered and changes adopted.

Each of the Non-Executive Directors bring considerable business experience and independent challenge to the Board's deliberations and an unfettered perspective to their advisory and monitoring roles.

The Board considers that the six independent Non-Executive Directors are sufficient to maintain the balance between Executive Directors and Non-Executive Directors on the Board.

The terms and conditions relating to the appointment of the Non-Executive Directors are available for inspection at Charles McCann Building, Rampart Road, Dundalk, Co. Louth, during normal office hours.

Independence of Non-Executive Directors

The Board has determined all of the Non-Executive Directors to be independent. In arriving at its conclusion, the Board considered many factors including, inter alia, whether any of the Non-Executive Directors:

- has been an employee of the Group within the last five years;
- has, or had within the last three years, a material business relationship with the Group;
- receives remuneration from the Group other than a director's fee;
- has close family ties with any of the Group's direct advisers, Directors or senior employees;
- holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the Board for more than nine years from the date of their first election.

R B Hynes and J J Kennedy were first elected to the Board in May 2007. The Board has assessed and concluded that notwithstanding their tenure on the Board, and having regard to their knowledge and experience, that they each are independent of management and that they discharge their duties in an independent manner.

Operation of the Board

The Board met regularly throughout the financial year with seven scheduled Board meetings, in addition to which meetings are called as and when warranted by matters arising. Attendance at scheduled Board and Committee meetings during the year was as follows:

	Board	Audit Committee	Compensation Committee	Nomination Committee
Number of scheduled meetings	7	4	6	2
C P McCann	7	–	–	2
R P Byrne	7	–	–	2
F J Davis	7	–	–	–
J F Gernon	7	–	–	–
R B Hynes	7	4	6	1
J J Kennedy	7	4	6	2
M J Meghen [1]	4	–	–	–
S J Taaffe	7	4	–	1
K E Toland	6	–	–	–

1 Michael J Meghen was appointed to the Board as a Non-Executive Director on 1 July 2018.

C P McCann, J F Gernon and R P Byrne attended Compensation Committee meetings as required. R P Byrne, F J Davis and J F Gernon attended Audit Committee meetings when required.

Additional Board or Committee meetings were held to issue formal approvals, or deal with other matters of a routine or administrative nature.

Under their terms of appointment, Non-Executive Directors provide confirmation, on an annual basis, that any other commitments do not impact on their role with Total Produce.

CORPORATE GOVERNANCE STATEMENT CONTINUED

PRINCIPLE 5: Maintain the Board as a well-functioning, balanced team led by the Chairman continued

Operation of the Board continued

Board papers and key information are shared prior to each meeting to allow sufficient time for the Directors to be briefed on the matters thus enabling them to actively contribute to Board and Committee meetings.

The Chairman held meetings with the Non-Executive Directors without the Executives present. There is interaction, as necessary, between senior executive management and Board members.

The Board has identified and formally adopted a schedule of key matters that are reserved for its decision, including the annual budgets, interim and preliminary results announcements, the Annual Report, interim and final dividends, the appointment or removal of Directors and the Company Secretary, circulars to shareholders, Group treasury policies and capital expenditures and acquisitions in excess of €20m. Certain other matters are delegated to Board Committees, the details of which are set out under Principle 9.

PRINCIPLE 6: Ensure that between the Directors they have the necessary up-to-date experience, skills and capabilities

Total Produce plc is led by a strong and effective Board of Directors. The Directors of the Company are detailed on page 50.

Please see pages 48 to 49 for further information in regard to the relevant experience, skills and capabilities that each Director brings to the Board. In addition, each of the Directors are diligent in their approach and draw on their personal experience and knowledge to address all of the matters that require attention at Board and Committee meetings. Both individually and as a group they strive to create shareholder value whilst also taking into account the wider stakeholder group.

Board members are selected (refer to the Nomination Committee terms of reference detailed under Principle 10) because of their relevant experience, and appropriate training is available to them whenever necessary. On an annual basis Directors confirm to the Chairman that their training and development needs have been met. Directors receive a full, formal and tailored induction into the Group's activities and into the operation and procedures of the Board on their appointment.

R B Hynes is the Senior Independent Non-Executive Director, with the primary role of supporting the Group Chairman on all governance related matters. Rose is also Chairman of the Compensation Committee and a member of the Audit Committee. She is available to shareholders, and other stakeholders, if they have concerns which they have been unable to resolve through the normal channels of Chairman, Chief Executive Officer or other Executive Directors.

The Company has access to external professional advisors including, but not limited to, Actuaries, Auditors, Legal Advisors, Tax Advisors and Accountants available to them to provide independent advice on all significant matters which arise during the course of the year.

During 2018 additional legal, accounting, banking and corporate finance advice was sought in relation to the acquisition of 45% of Dole Food Company and the share placing.

There is an agreed Board procedure facilitating Directors to take independent professional advice, in the furtherance of their duties, at the Company's expense. Each Board member has access to the impartial advice and services of the Company Secretary, who is responsible to the Board for ensuring that appropriate procedures are followed. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Company has put in place a Directors' and Officers' liability insurance policy.

The Constitution of the Company requires that one-third of the Board must, by rotation, seek re-election at the AGM each year.

PRINCIPLE 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

On an annual basis, the Board evaluates its own performance and that of its Committees and of each individual Director. The Board considers that the objectivity brought to bear by the Non-Executive Directors combined with the experience of the Executive Directors is key to ensuring that the evaluation is robust.

In assessing the performance of the Board in 2018, the Directors considered such matters as the appropriateness of its composition, its effectiveness in developing Group strategy, its contribution to managing the Group's business and operational risks, its response to developing issues and its communications with the Group's stakeholders. The next Board evaluation will take place before the end of 2019.

The Nomination Committee regularly assesses the Board's composition, Board members and the various Board roles. The Committee keeps the Group's succession plans under continuous review.

The Committee and the Board understand the importance of ensuring diversity including gender and the key role a diversified Board plays in ensuring effectiveness. The Board takes diversity into consideration whilst ensuring that the best people are nominated to all appointments, and suitable candidates are selected on the basis of relevant experience, backgrounds, skills and knowledge and insight, having due regard to the benefits of Board diversity.

In assessing the performance of the committees of the Board, the Directors considered the appropriateness of their composition and terms of reference, their effectiveness in fulfilling their roles and their interaction with the Board.

The assessment of the performance of individual Directors included consideration of their contribution to the effective functioning of the Board, the appropriateness of their knowledge, skill and experience levels and their commitment to their roles. In addition, the Non-Executive Directors meet without the Chairman annually to appraise the effectiveness of the Chairman.

The Chairman summarised the outcome of these evaluation processes and reported them to the Board. The Board also concluded that the procedures were considered adequate and no amendments to them were recommended. The Board concluded that the Board, the Directors and its Committees were effective in the performance of their duties.

PRINCIPLE 8: Promote a corporate culture that is based on ethical values and behaviours

In Total Produce, we take great pride in our reputation as a trustworthy partner embracing our responsibilities in the pursuit of best practice. The Board ensures that the Company has the means to determine that ethical values and behaviours are recognised and respected. The foundations upon which this reputation has been built are to be found in the set of values which define the manner in which we conduct our business. Please see our Responsible Business Report on pages 26 to 33.

Total Produce endeavours to operate its business to very high standards in all respects, and to conduct its business in an honest and ethical manner. It is the policy of Total Produce to carry on its business in compliance with the law, including, but not limited, to those laws relating to bribery and anti-corruption. The Group requires its employees to comply with the law, and to act professionally, fairly and with integrity. Good Faith reporting procedures have been established to allow staff to report concerns.

Total Produce seeks to promote alignment with the Company's corporate culture throughout the Group. We preserve and augment our culture by placing "cultural fit" at the very heart of our criteria when assessing new acquisitions and partnerships, in order to bring together like-minded businesses in pursuit of our common goals.

Corporate Governance Report continued

CORPORATE GOVERNANCE STATEMENT continued

PRINCIPLE 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board believes the combination of Executive and Non-Executive Directors leads to effective Corporate Governance Structures. Additional assurance is provided through the Audit Committee, Compensation Committee and Nomination Committee. The Board believe the current structures in place are appropriate, given the Company's size and the markets on which its shares are traded, but continue to review corporate governance arrangements on an ongoing basis.

Board Committees

There are three principal Board committees, the Audit, the Compensation and the Nomination Committees.

Audit Committee

Please refer to pages 61 to 62 for further details of the composition, terms of reference and activities of the Audit Committee.

Compensation Committee

Please refer to pages 63 to 67 for full details of the composition, terms of reference and activities of the Compensation Committee.

Nomination Committee

Please refer to Principle 10 below for details of the composition, terms of reference and activities of the Nomination Committee.

PRINCIPLE 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

As previously set out under Principle 2 the Board consider Shareholder Communication to be a high priority. The Company website is an important tool in providing both new and historical reports.

Each year our Board Committees detail the work undertaken during the year. To view these reports for 2018 please refer to below:

Audit Committee Report – see pages 61 to 62.

Compensation Committee Report – see pages 63 to 67.

Nomination Committee Report

The current members of the Nomination Committee (the 'Committee') are C P McCann (Chairman), R P Byrne, S J Taaffe and J J Kennedy. R B Hynes retired from the Committee and S J Taaffe was appointed to the Committee with effect from the conclusion of the AGM on 31 May 2018. A majority of the Committee's members cannot be considered independent. However, considering the size of the Board, a 50:50 split is considered appropriate by the Board. The terms of reference of the Committee, which are available on request from the Company Secretary, are to evaluate the balance of skills, knowledge and experience of the Board, to consider the need for any new or additional appointments, where necessary to prepare a list of potential candidates and forward the names of potential candidates to the Board for its consideration and, if appropriate, approval.

The Committee regularly assesses the Board's composition, the Board members and the various Board roles. The Committee has further reviewed the Group succession plans and concluded that they are appropriate. The Committee and the Board understand the importance of ensuring diversity, including gender, and the key role a diversified Board plays in ensuring effectiveness. The Committee has recommended and implemented changes as outlined in the Chairman's Corporate Governance Statement. The Board takes diversity into consideration whilst ensuring that the best people are nominated to all appointments, and suitable candidates are selected on the basis of relevant experience, backgrounds, skills and knowledge and insight, having due regard to the benefits of Board diversity.

Historical reports, presentations and news can be found on our website www.totalproduce.com

The outcome of all votes cast at shareholder meetings are announced at the time and the outcome of all votes at the 2019 AGM will be recorded on our website.

Audit Committee Report

MEMBERSHIP

The members of the Audit Committee (the 'Committee'), all of whom are independent Non-Executive Directors, are S J Taaffe (Chairman), J J Kennedy, R B Hynes and E I Hurley. The Chairmanship of the Committee has rotated and S J Taaffe succeeded J J Kennedy with effect from the conclusion of the AGM on 31 May 2018. E I Hurley joined the Audit Committee on 4 March 2019. Biographical details for these Directors are set out on pages 48 to 49.

The Board is satisfied that the members of the Committee have recent and relevant experience and a mix of skills and expertise in commercial, financial and audit matters arising from the positions they hold or have held in other organisations.

ROLES & RESPONSIBILITIES

The Committee's responsibilities are set out in the terms of reference of the Audit Committee, which are available on request from the Company Secretary, and are designed to provide appropriate assurance on governance arrangements, with regard to the Company's size and the markets on which it is traded. They are summarised as follows:

1. to approve the terms of engagement and remuneration of the external auditor and to recommend to the Board, when appropriate, any change in the external auditor;
2. to agree, in advance, with the external auditor the nature and scope of their audit as set out in their audit plan;
3. to annually assess and monitor the independence, objectivity and effectiveness of the external auditor. As part of this process, the Committee reviews the implementation of its policy in relation to the provision of non-audit services by the external auditor, taking into account relevant ethical guidance;
4. to agree with the Board (and to subsequently monitor) a policy on the employment by the Group of former employees of the external auditor;
5. to review the Group's interim results and preliminary results announcements, financial information and full year consolidated financial statements and to report to the Board on the outcome of these reviews. As part of this process, the Committee considers:
    - the appropriateness of the Group's accounting policies, including any changes in these policies;
    - any significant judgemental matters;
    - any significant adjusted and unadjusted audit differences;
    - the continuing appropriateness of the going concern assumption;
    - the contents of the Chief Executive's and Financial Reviews as set out in the Annual Report;
    - compliance with relevant financial reporting standards, and related legislative requirements; and
    - compliance with legal and Stock Exchange requirements
6. to review any issues raised by the external auditor during the conduct of their audit. As part of this review, the Committee considers any report from the external auditor on their findings in relation to the Group's financial systems and controls, together with any management responses. In addition, the Committee reviews the representation letters required by the external auditor as part of the audit, prior to their endorsement by the Board. The Committee also meets the external auditor independently of management at least annually;
7. to review the Group's statement on internal control systems and the risk management framework, prior to endorsement by the Board;
8. to review and to report to the Board on the effectiveness of the Group's internal controls including co-ordination between the internal and external auditors and the adequacy of the internal audit function;
9. to approve, in consultation with the Chairman of the Board, the appointment and removal of the Head of Internal Audit;
10. to consider any major findings from internal investigations and the Company's response;
11. to review the Group's arrangements for employees to raise concerns, in confidence, about possible impropriety in financial reporting or other matters and to ensure there is provision for a proportionate investigation and follow-up of such matters; and
12. to review, at least annually, the Committee's own performance and terms of reference and to recommend any changes it considers necessary to the Board for approval.

MEETINGS

The Committee met four times during 2018, attendance at which is set out on page 57. The Finance Director, Executive Director and Head of Internal Audit attend all meetings of the Committee. Representatives from the external auditors would usually attend three meetings. The Company Secretary acts as secretary to the Committee and the minutes of the Committee meetings are made available to the Board. During the year, three meetings took place in advance of scheduled Board meetings at which the Chairman of the Committee provided a report to the Board on the activity of the Committee and the matters of particular relevance to the Board in the conduct of its work. Separately the Committee meets with the external auditor and the Head of Internal Audit without any members of senior management being present.

ACTIVITIES

Financial Reporting and Significant Financial Judgements

The primary role of the Committee in relation to financial reporting is to review with both senior management and the external auditor the appropriateness and integrity of the half-year and annual financial statements, the interim and preliminary results announcements and the Annual Report.

In fulfilling these responsibilities, the Committee concentrated on, amongst other matters:

- the appropriateness of the Group's accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting guidance;
- material areas in which significant judgements had been applied or where discussions had taken place with the external auditor; and
- whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced, understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Audit Committee Report continued

ACTIVITIES CONTINUED

Financial Reporting and Significant Financial Judgements continued

The Committee considered various reports from and discussions with management and KPMG, (the Group's external auditor), in support of the half-year and full-year financial statements and results announcements.

Internal Control and Risk Management

The Board has delegated responsibility for the ongoing monitoring of the effectiveness of the risk management and internal control to the Committee. The Committee reviewed the Group's overall approach to risk management and control, and its processes, outcomes and disclosures. In fulfilling its oversight responsibilities, the Committee met with senior members of management and the Head of Internal Audit to discuss the overall system of internal controls applied in the Group. As set out on page 22 of the Risk and Risk Management Report, risk management within the Group is co-ordinated by the Executive Risk Committee ('ERC'). The Chief Executive, as chairman of the ERC, met with the Committee to provide an update on the work completed during the year including the review of relevant findings and the consideration of operational and corporate risks. Following this meeting, the Chairman provided an update to the Board at the November Board meeting.

Internal Audit

The Head of Internal Audit attended all four meetings of the Committee during the year and presented the quarterly reports of audits performed during that period and management responses to audits completed in previous periods. The Committee reviewed the Internal Audit plan for the year and agreed its resource requirements with the Head of Internal Audit. The Committee met with the Head of Internal Audit during the year without management being present. The Committee carried out an evaluation of the performance of the internal audit function and was satisfied with the effectiveness of the function.

INDEPENDENCE OF EXTERNAL AUDITOR

It is the Committee's responsibility to monitor the performance, objectivity and independence of the external auditor, currently KPMG. During the year the Committee met with KPMG to agree the audit plan and scope for the 2018 audit. The Committee also agreed the terms of the engagement letter and approved, on behalf of the Board, the fees payable for the audit.

As part of the approval of the appointment of the external auditor, the Committee sought confirmation from the external auditor that it is, in its professional judgement, independent of Total Produce plc. The Committee monitors the nature, extent and scope of non-audit services provided by the external auditor on an ongoing basis. In this regard, the engagement of the external auditor to provide any non-audit services, where the expected costs exceed a pre-approved limit, requires the approval of the Audit Committee.

Four key principles underpin the provision of non-audit services by the external auditor, namely that the auditor shall not:
- audit its own firm's work;
- make management decisions for the Group;
- have a mutuality of financial interest with the Group; or
- be put in the role of advocate for the Group.

The amounts paid to the external auditor during the financial year for audit and non-audit services are disclosed on page 99.

The Committee also reviewed the Group's practices in respect of the hiring of former employees of the external auditor, in order to assess whether such appointments might affect, or appear to affect, the external auditor's independence, and where appropriate approve such appointments.

KPMG has been the Group's external auditor firm since the formation of the Group in December 2006. The external auditor is required to rotate the audit partner responsible for the Group every five years. The current audit partner has been in place for four years. During the year, the Committee carried out its annual assessment of the effectiveness of the external audit process and considered the tenure, quality and fees of the auditor.

The Committee concluded that it continued to be satisfied with the performance of KPMG who remain effective, objective and independent and that a tender for audit work is not necessary at this time. On this basis, the Committee recommended to the Board that KPMG be re-appointed as the Group's external auditor for a further year. The Board accepted the Committee's recommendation and a non-binding resolution to confirm the re-appointment of KPMG as external auditor will be put to shareholders at the forthcoming AGM in May 2019.

EVALUATION OF THE AUDIT COMMITTEE

The Board evaluated the performance of the Committee and the Committee carried out a self-assessment of its performance, and each concluded that the Committee was performing effectively.

Compensation Committee Report

COMPOSITION AND TERMS OF REFERENCE OF COMPENSATION COMMITTEE

The members of the Compensation Committee ('the Committee'), both of whom are independent Non-Executive Directors, are R B Hynes (Chairman) and J J Kennedy. Both members bring significant expertise to their roles on the Committee due to their broad commercial and professional experience over many years as Directors of other publicly listed companies. These Directors have no financial interest and no potential conflicts of interest, other than as shareholders, in the matters to be decided, and no day-to-day involvement in the running of the business.

The terms of reference, which are available on request from the Company Secretary, of the Committee are as follows:

- to establish the Company's policy on Executive Directors' remuneration;
- to establish the terms of service agreements, remuneration packages and employment conditions of Executive Directors;
- review the ongoing appropriateness and relevance of the remuneration policy;
- the objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- within the terms of the agreed policy and in consultation with the Executive Chairman to determine the total individual remuneration package of each Executive Director including bonuses, incentive payments and share options or other share awards;
- where appropriate to recommend to shareholders the establishment of long-term incentive schemes, to set appropriate performance targets for such schemes, to define the basis of participation in such schemes and to determine the grant of awards under such schemes;
- to approve the granting of share options to Executive Directors and employees and to determine whether the conditions as set out in Clause 7 of the December 2006 share option scheme have been achieved;
- to ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- in determining such packages and arrangements, give due regard to any relevant legal requirements, the recommendations in the UK Code and the Listing Rules of the AIM/Euronext Growth Market and associated guidance;
- to monitor the level and structure of remuneration for senior management as determined by the Board; and
- to review and note annually the remuneration trends across the Company or Group.

The Executive Chairman of Total Produce plc is consulted about the remuneration of other Executive Directors and the Committee is authorised to obtain access to professional advice, if deemed appropriate. The Committee can recommend changes to the remuneration structure for senior management.

The remuneration of the Non-Executive Directors is approved by the Board.

REMUNERATION POLICY

Total Produce is an international group of companies with activities in 30 countries. The Group's policy on Executive Directors' remuneration is designed to ensure that employment and remuneration conditions for senior executives reward, retain and motivate them to perform in the best interests of shareholders. 2018 was a transformative year for the Group with a significant increase in the scale and complexity of the Group arising from the investment in Dole Food Company. The Group continues to build upon and enhance the existing remuneration policy so that it is reflective of (a) best practice; (b) has clear alignment with shareholders' interests and (c) promotes the long-term success of the Group.

Executive Directors are paid fees in respect of their Director roles and responsibilities on the Boards of Total Produce plc and other Group companies ('director fees'). These fees are commensurate with fees paid to Non-Executive Directors. In addition, Executive Directors receive further remuneration as described below.

The recurring elements of the remuneration package for Executive Directors are basic pensionable salary, director fees, benefits, annual bonuses, short term incentive plan and contributions to pension. It is the policy of the Company that the net amount of awards to Executive Directors under the short term incentive plan after deduction for relevant taxes payable, are receivable in Total Produce shares, which together with the grant of options to Executive Directors encourages identification with shareholders' interests. The significant shareholdings of all Executive Directors demonstrate their ongoing commitment to the long-term success of the Group.

EXECUTIVE DIRECTORS' BASIC SALARY AND BENEFITS

Basic salaries of Executive Directors are reviewed annually by the Committee with regard to personal performance, Group performance and competitive market practice.

ANNUAL BONUS AWARDS

The Group provides annual bonus awards, excluding the short term incentive plan, to Executive Directors. The bonus awards, save in exceptional circumstances, are limited to 200% of the aggregate of a Director's fee for Board memberships and basic salary at target performance. The bonus awards are subject to the approval of the Committee.

Compensation Committee Report continued

SHORT-TERM INCENTIVE PLAN

The Committee approved a short term incentive plan (the 'Total Produce plc short term incentive plan') for Executive Directors effective for the year ending 31 December 2018 based on achievement of separately agreed performance measures for the Group for the year ending 31 December 2018.

Performance Measure	Minimum Award	Maximum Award
Growth in adjusted earnings per share over previous year	5% of the aggregate of Director fees and basic salary for EPS growth of 5%	33% of the aggregate of Director fees and basic salary for EPS growth of 15%
Growth in average share price for the year over the average share price for the previous year	5% of the aggregate of Director fees and basic salary for growth in average share price of 5%	33% of the aggregate of Director fees and basic salary for growth in average share price of 15%
Total shareholder return ('TSR') benchmarked against a comparator group of 15 other companies	10% of the aggregate of Director fees and basic salary for achievement of median TSR	34% of the aggregate of Director fees and basic salary for achievement of 75th percentile TSR

The Committee awarded €282,000 in payments for the year ended 31 December 2018 (2017: €1,234,000), of which €213,000 (2017: €923,000) is payable in shares which are to be purchased and held by an employee benefit trust for the benefit of the individual participants and cannot normally be disposed of for a period of at least five years from the date of purchase. The balance of €69,000 (2017: €311,000) shall be payable in cash to settle relevant taxes. On 6 March 2018, 384,462 ordinary shares of 1 cent each were purchased by the Total Produce plc Employee Benefit Trust at market value on behalf of the Executive Directors in respect of the 2017 award of €923,000. A short-term incentive plan is in place for the year ending 31 December 2019.

An Executive participating in the short term incentive plan is not eligible for a grant of an award under the employee share option scheme during the term of the plan.

The Non-Executive Directors are not eligible to participate in this scheme.

PENSIONS

The Committee has approved an arrangement under which some of the Executive Directors have agreed to cap their pension entitlements in line with the provisions of the Finance Acts 2006 and 2011 and receive a supplementary, taxable, non-pensionable cash allowance or a contribution to a defined contribution scheme in lieu of the prospective pension entitlements foregone.

The actual cash allowances or contributions to a defined contribution scheme in lieu of the prospective pension entitlements foregone for 2018 are detailed in Note 2 on page 66. In the case of all Directors whose pension entitlements have been capped, pensions are calculated to provide for two thirds of the aggregate of Director fees and basic pensionable salary to the date of opt-out with benefits in respect of dependants continuing to accrue. The supplementary cash allowances have been reduced to allow for increases in dependants' benefits that accrued during the year.

EMPLOYEE SHARE OPTION SCHEME

It is the Group's policy to grant share options as an incentive to enhance performance and to encourage employee share ownership in the Company. The current employee share option scheme was approved in December 2006. The percentage of share capital which can be issued under the scheme and individual limits comply with institutional guidelines.

At the end of 2018 there were no options granted to Executive Directors (2017: Nil). In 2017, 1,840,000 share options were exercised by the Executive Directors at a price of €2.01 per share. They sold sufficient shares in the Company at the same price of €2.01 to cover all taxes and exercise costs associated with the exercise and purchase of their respective share options. No new options were granted to Executive Directors in 2018.

EMPLOYEE PROFIT SHARING SCHEME

The Company has an employee profit sharing scheme under which the trustees of this scheme purchase shares in the market on behalf of employees of the Group. In December 2018, 35,908 ordinary 1 cent shares were purchased by the trust at market value on behalf of the Executive Directors under this scheme in respect of 2018. The shares appropriated to the Executive Directors are included in the Directors' share interests disclosed on page 67. Non-Executive Directors do not participate in this scheme.

SERVICE CONTRACTS

No service contracts exist between the Company and any of the Group's subsidiaries and any Executive or Non-Executive Director.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a beneficial interest in any material contract to which the Company or any of the Group's subsidiaries were a party during the current financial year.

DIRECTORS' REMUNERATION

The Directors' remuneration for the year was as follows:

	Executive Directors		Non-Executive Directors		Total	
	2018 €'000	2017 €'000	**2018 €'000**	2017 €'000	**2018 €'000**	2017 €'000
Basic salaries and Director fees	**1,617**	1,490	**328**	286	**1,945**	1,776
Annual bonus awards	**1,140**	989	**–**	–	**1,140**	989
Other benefits	**40**	38	**–**	–	**40**	38
Pension contributions/related payments	**288**	282	**–**	–	**288**	282
Remuneration	**3,085**	2,799	**328**	286	**3,413**	3,085
Short term incentive plan					**282**	1,234
Other share awards					**925**	–
Total					**4,620**	4,319
Number of Directors (average)	***4***	*4*	***4.5***	*4*	***8.5***	*8*

Under the short term incentive plan a €282,000 (2017: €1,234,000) award was made to Executive Directors. Of this award, €213,000 (2017: €923,000) is payable in shares which are to be purchased and held by the trustees of the Total Produce plc short term incentive plan for the benefit of the individual participants and cannot normally be disposed of for a period of at least five years from the date of purchase. The balance of €69,000 (2017: €311,000) shall be payable in cash to settle relevant taxes. See page 64 for further details.

In accordance with IFRS 2 Share-based Payments, an expense of €Nil (2017: €Nil) has been recognised in the income statement in respect of share options granted in the past to Executive Directors.

During 2018, bonus awards were made to Executive Directors in recognition of their commitment and effort during the year in connection with the investment in Dole Food Company. This transaction brings together two industry leaders, with complementary market positions in various product segments, creating a combined group with increased scale and geographic and product diversification. It represents a very significant step in the history of Total Produce and a continuation of its successful expansion strategy. The awards to individual Directors which are split between cash and shares are as follows: C P McCann €500,000 in shares; R P Byrne €250,000 in cash and €250,000 in shares; F J Davis €175,000 in cash and €175,000 in shares. The total €425,000 of these bonuses paid in cash has been included in the annual bonus awards total of €1,140,000 disclosed above. The remaining balance of €925,000 shall be received in Total Produce shares (after deduction for relevant taxes payable) which must be held for at least five years from the date of purchase and is separately disclosed above as other share awards.

Compensation Committee Report continued

DIRECTORS' REMUNERATION CONTINUED

	Salary and director fees €'000	Annual bonus awards €'000	Other Benefit[3] €'000	Pension contributions or related payments €'000	Total 2018 €'000	Total 2017 €'000
Executives						
C P McCann[1, 2]	**580**	**232**	**21**	**–**	**833**	747
R P Byrne[2]	**510**	**505**	**–**	**179**	**1,194**	1,225
F J Davis[2]	**347**	**374**	**19**	**109**	**849**	671
J F Gernon[2]	**180**	**29**	**–**	**–**	**209**	156
	1,617	**1,140**	**40**	**288**	**3,085**	2,799
Non-Executives						
R B Hynes	**83**	**–**	**–**	**–**	**83**	80
J J Kennedy	**81**	**–**	**–**	**–**	**81**	78
S J Taaffe	**75**	**–**	**–**	**–**	**75**	72
K E Toland	**59**	**–**	**–**	**–**	**59**	56
M J Meghen	**30**	**–**	**–**	**–**	**30**	–
	328	**–**	**–**	**–**	**328**	286
Remuneration					**3,413**	3,085
Short term incentive plan					**282**	1,234
Other share awards					**925**	–
Total					**4,620**	4,319

1 C P McCann is also the Chairman of Balmoral International Land Holdings plc ('Balmoral'). In accordance with the terms of the Business Transfer Agreement between Total Produce plc and Balmoral, Total Produce plc recharged an agreed portion of his employment costs (excluding bonus) to Balmoral to reflect the allocation of his time between these two roles. All amounts reflected above represent the portion of his remuneration attributable to Total Produce plc, and is net of agreed recharges to Balmoral. The recharge of C P McCann's employment costs to Balmoral ceased with effect from 1 August 2018.

2 No pension contributions were made on behalf of the Executive Directors to the scheme as their benefits under this scheme are now limited for reasons explained on page 64. As a result, the Compensation Committee approved cash payments or contributions to a defined contribution pension of €179,000 and €109,000 (2017: €175,000 and €107,000) respectively to R P Byrne and F J Davis to compensate each of the Directors for the value of their defined benefit pension entitlements foregone, net of employer's social insurance contributions. No payments were made to C P McCann or J F Gernon.

3 Other benefits above for Executive Directors relate entirely to motor expenses.

SHORT-TERM INCENTIVE PLAN

As explained on page 64, the Committee awarded €282,000 in payments to Executive Directors for the year ended 31 December 2018, of which €213,000 is payable in shares which are to be purchased and held by the trustees of the Total Produce plc short term incentive plan for the benefit of the individual participants and cannot normally be disposed of for a period of at least five years from the date of purchase. The balance of €69,000 shall be payable in cash to settle relevant taxes. The awards to individual Executive Directors were as follows: C P McCann (€114,000), R P Byrne (€100,000) and F J Davis (€68,000).

The Committee awarded €1,234,000 in payments to Executive Directors for the year ended 31 December 2017, of which €923,000 were paid in shares on 6 March 2018. On this date the trustees of the Total Produce plc short term incentive plan purchased a total number of 384,462 ordinary shares of Total Produce plc. The ordinary shares are held by the Trust on behalf of the Directors, and cannot normally be disposed of for a period of at least five years from the date of purchase. The details of shares allotted to individual Directors are as follows: C P McCann (196,538 shares), R P Byrne (98,269 shares) and F J Davis (89,655 shares).

PENSION ENTITLEMENTS OF EXECUTIVE DIRECTORS

The pension benefits attributable to the Executive Directors during the year, and the total accrued pensions at the end of the year where applicable, were as follows:

Executive Directors	**Increase in accrued pension during 2018 [(a)] €'000**	**Transfer value of increase during 2018 [(b)] €'000**	**Total accrued pension at 31 Dec 2018 [(c)] €'000**	Increase in accrued pension during 2017 [(a)] €'000	Transfer value of increase during 2017 [(b)] €'000	Total accrued pension at 31 Dec 2017 [(c)] €'000
R P Byrne	**–**	**–**	**143**	–	–	143

(a) The increase in accrued pension during the year excludes inflation. No net increase accrued in the year as the inflationary increase that would have received reduced the value of the pension benefits by more than the increase in value of dependants' pension benefits accrued.
(b) The transfer value of the increase in accrued pension has been calculated based on actuarial advice. These transfer values do not represent sums paid or due, but are the amounts that the pension scheme would transfer to another pension scheme in relation to the benefits accrued in the year, in the event of a member of the scheme leaving service.
(c) This represents the pension which would be paid annually, at retirement date based on service to the end of this accounting period.

DIRECTORS' SHARE INTERESTS

The interests of the Directors in the issued share capital of Total Produce plc at 31 December 2018 together with their interests at 31 December 2017 are shown below:

	Number of Ordinary shares at 31 December 2018	Number of Ordinary shares at 31 December 2017
Directors		
C P McCann*	**4,613,340**	4,408,085
R P Byrne	**2,648,562**	2,541,691
F J Davis	**1,868,251**	1,769,494
J F Gernon	**1,398,873**	1,389,771
R B Hynes	**50,000**	50,000
J J Kennedy	**50,000**	50,000
S J Taaffe	**50,000**	50,000
K E Toland	**50,000**	50,000
M J Meghen	**–**	–

* With effect from August 2018, C P McCann's beneficial interest decreased by 385 shares as a consequence of his minor child, with a beneficial interest in 385 shares, reaching 18 years of age.

All of the above interests were beneficially owned.

Interests of Company Secretary

The total interest, including the share options held by the Secretary of the Company in office at 31 December 2018 and 31 December 2017 amount to an interest of less than 1% of the issued voting share capital of Total Produce plc. The Company is therefore availing of the exemption under Section 260 of the Companies Act 2014 not to disclose the interest.

DIRECTORS' INTERESTS IN SHARE OPTIONS

At 31 December 2018 and 31 December 2017 the Directors did not have any beneficial interests in share options in the Company.

At 31 December 2018 and 31 December 2017 the Company Secretary had an interest in options granted over 125,000 shares with an exercise price of €0.669 per share and over 125,000 shares with an exercise price of €1.55 per share.

By virtue of Chapter 5 of Part 5 of the Companies Act, 2014, R P Byrne is deemed to have a non-beneficial interest in options granted over 125,000 shares with an exercise price of €0.669 per share and over 125,000 shares with an exercise price of €1.55 per share.

The market price of the Company's shares at 31 December 2018 was €1.42 and the range during 2018 was €1.33 to €2.57. There have been no movements in the share interests and interest in share options of the Directors between the year-end and 6 March 2019. Options granted are only exercisable when the adjusted earnings per share figure, in respect of the third or any subsequent accounting period after the end of the base year (i.e. accounting period preceding the date of the grant), is greater than the adjusted earnings per share figure for the base year by a percentage which is not less than (on a year-on-year basis) the annual percentage increase in the consumer price index plus 5% compounded during that period.

Financial Statements

Statement of Directors' Responsibilities in Respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Company 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. Under that law and in accordance with AIM/Euronext Growth Rules, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law and have elected to prepare the Company financial statements in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2014.

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

In preparing each of the Group and Company financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Company comply with the provisions of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

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

On behalf of the Board

C P McCann
Chairman
6 March 2019

F J Davis
Finance Director
6 March 2019

Independent Auditor's Report to the Members of Total Produce plc

1. OPINION: OUR OPINION IS UNMODIFIED

We have audited the financial statements of Total Produce plc for the year ended 31 December 2018 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Statement of Cash Flows and the related notes, including the accounting policies in the financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and, as regards the Company financial statements as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:
- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2018 and of its profit for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the EU as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

(i) Group: Acquisition accounting on business combinations, investment in joint ventures and associates and contingent consideration (total consideration of €263 million (2017: €68 million)

Refer to accounting policy on pages 83 to 85 and Notes 14 and 30 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group completed one significant investment in a joint venture and a number of additional acquisitions during the year as set out in Notes 14 and 30 to the financial statements. The acquired businesses comprise a number of components in multiple jurisdictions and accounting for the completed transactions involves estimating the fair value at acquisition date of the assets and liabilities of each component, including the identification and valuation, when appropriate, of intangible assets. Significant judgment has been exercised by management in establishing the initial estimate of the fair values of the identifiable assets and liabilities acquired together with the goodwill, intangible assets and deferred tax arising on acquisition in preparing their purchase price allocation. *The joint venture acquired prepared its financial statements under US GAAP. Extensive work was performed to prepare an acquisition balance sheet under IFRS recognising transitional and fair value adjustments. This included the recognition of biological assets and bearer plants.* *Significant judgment is also required in relation to the expectations of future contingent consideration payable on other acquisitions.*	*Our audit procedures, among others, in this area included the following:* • *inspecting the legal agreements underpinning each transaction to ensure correct classification as a subsidiary, joint venture or associate;* • *assessing the accounting entries used to record each acquisition, the acquisition date assets and liabilities of each of the acquired entities and the fair value adjustments made thereto;* • *assessing IFRS competence and independence of the auditors of the joint venture and directing the work to be performed on the IFRS opening balance sheet;* • *challenging the assumptions used by the valuers engaged to undertake the fair value exercise on the assets of the acquired joint venture;* • *inspecting the work performed by the auditors of the new joint venture;* • *assessing the models built to value bearer plants and biological assets by considering the valuation methodologies and the inputs into the model;* • *supported by our tax and valuation specialist, challenging the Group's critical assumptions in relation to the identification and valuation of intangible assets by assessing whether all intangible assets had been appropriately identified, assessing whether the useful lives determined are appropriate and by ensuring the arithmetic accuracy of calculations underpinning the values;* • *considering the appropriateness of the methodology used to value the intangible assets; by comparing the key assumptions used to external data, where available;* • *considering whether the resulting goodwill balances appeared reasonable;* • *challenging the assumptions made in calculating contingent consideration given the movements in underlying performance of the related business;* • *considering the appropriateness of fair value adjustments to contingent consideration based on recalculation of the balance under the terms of the agreement;* • *considering the appropriateness of fair value adjustments to put options through challenging underlying assumptions and reviewing forecasted future performance;* • *reviewing the disclosures made to ensure they are appropriate.* *Based on evidence obtained, we found that the key assumptions used in accounting for the acquisitions and the related disclosures to be appropriate.*

Independent Auditor's Report to the Members of Total Produce plc continued

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT CONTINUED

(ii) Group: Goodwill and intangibles €266.9 million (2017: €281.1 million)

Refer to accounting policy on pages 85 and 86 and financial statement disclosures in Note 13.

The key audit matter	How the matter was addressed in our audit
There is a risk in respect of the carrying value of the Group's goodwill and intangible assets if future cash flows are not sufficient to support the Group's investments. This could be due to changes in market preferences or customer demand and the level of cost inflation in certain markets. We focus on this area due to the materiality of the carrying value of goodwill and intangible assets and the inherent uncertainty involved in forecasting and discounting future cash flows.	*We considered the appropriateness of the key judgments made in the determination of the value in use calculations for each CGU. We assessed the Group's valuation models and calculations by:* • *checking the mathematical accuracy of the model;* • *considering the historical accuracy of the Group's forecasts;* • *assessing the appropriateness of the discount rates applied in determining the value in use of each CGU;* • *assessing the reasonableness of the long-term economic growth rate applied;* • *comparing the Group's assumptions, where possible, to externally derived data as well as our own assumptions and performing sensitivity analysis on the impact of changes in these assumptions;* • *comparing the Group's market capitalisation and value in use calculations to the carrying value of the Group's net assets;* • *focussing particularly on CGU's where trading has been historically weak and/or where there was little headroom and so indicators of impairment were present.* *We also assessed whether the disclosures in relation to the key assumptions and in respect of the sensitivity of the outcome of the impairment assessment to changes in those key assumptions were appropriate.* *Based on evidence obtained, we found that management's judgments and valuation models were appropriate and any impairment charges necessary were recognised. We consider the carrying value of the Group's goodwill and intangible assets to be supported by the valuation models and inherent assumptions therein. We also found all relevant disclosures to be adequate.*

(iii) Parent: Investment in subsidiaries (carrying value of €390 million (2017: €248 million)

Refer to accounting policy on page 84 and Note 41 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The investment in subsidiary undertakings are carried in the balance sheet of the parent company at cost less any impairments. There is a risk in respect of the carrying value of these investments if future cashflows and performance of these subsidiaries is not sufficient to support the Company's investments. We focus on this area due to the materiality of the amounts and the inherent uncertainty involved in forecasting and discounting future cash flows.	*Our audit procedures in this area included the following:* • *evaluating the audit procedures performed over the subsidiaries' net assets, and comparing the carrying value of investments in the parent's accounts to the net assets within the subsidiary accounts; and* • *consideration of the audit work performed in respect of current year results of subsidiaries and the valuation of goodwill and intangible assets* *Based on evidence obtained, we consider the carrying value of investment in subsidiaries to be appropriate.*

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the Group financial statements as a whole was set at €6.0 million *(2017: €2.9 million)*. This has been calculated using a benchmark of a prudently estimated adjusted EBITDA of €120 million of which it represents 5% *(2017: benchmark of Group profit before tax 5%)*, which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the company in assessing financial performance. This is a change on the prior year benchmark of forecast profit before tax. Adjusted EBITDA was determined a more appropriate benchmark. This measure is used by internal management for reviewing the performance of divisions and in determining the allocation of resources. It is also a key metric used by the directors when communicating externally and we consider it to be relied on as a key performance measure by the investor community

Materiality for the parent Company financial statements as a whole was set at €0.45 million, determined with reference to a benchmark of net assets of which it represents 0.2%. The monetary amount is consistent with the prior year.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit in excess of €300,000 *(2017: €300,000)*, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The structure of the Group's finance function is such that certain transactions and balances are accounted for by the central Group finance team, with the remainder accounted for in the Group's reporting components. We performed comprehensive audit procedures, including those in relation to the significant risks set out above, on those transactions and balances accounted for at Group and component level. At a component level, audits for Group reporting purposes were performed for key identified reporting components. Our audits covered 99% of total Group revenue, and 96% of the Group's net assets.

The audits undertaken for Group reporting purposes at the key reporting components were all performed to component materiality levels. These component materiality levels were set individually for each component and ranged from €20k to €5.4m. Detailed audit instructions were sent to the auditors in all of these identified locations. These instructions covered the significant audit areas to be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported to the Group audit team. The work on 10 of the 28 components *(2017: 10 of the 27 components)* was performed by the Group audit team, including the audit of the Parent company, and the remainder were performed by component auditors.

Members of the Group audit team, including the lead engagement partner, attended (in person or by telephone conference) each divisional closing meeting at which the results of component audits within each division were discussed with divisional and Group management. Senior members of the Group audit team also visited certain component locations (including those acquired in the period) in order to assess the audit risk and strategy and work undertaken. Telephone conference meetings were also held with these component auditors and certain others that were not physically visited. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4. WE HAVE NOTHING TO REPORT ON GOING CONCERN

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The Directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the directors' report, the non-financial statement included in the responsible business report, strategic report, corporate governance report, audit committee report and compensation committee report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Independent Auditor's Report to the Members of Total Produce plc continued

6. OUR OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2014 ARE UNMODIFIED

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

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and information and returns adequate for our audit have been received from branches of the Company not visited by us. The Company's statement of financial position is in agreement with the accounting records.

7. WE HAVE NOTHING TO REPORT ON OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

8. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 69, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf

9. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

Conall O'Halloran
for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

6 March 2019

Group Income Statement
for the year ended 31 December 2018

	Notes	Before exceptional items 2018 €'000	Exceptional items (Note 7) 2018 €'000	Total 2018 €'000	Before exceptional items 2017 €'000	Exceptional items (Note 7) 2017 €'000	Total 2017 €'000
Revenue, including Group share of joint ventures and associates	1	**5,043,490**	**–**	**5,043,490**	4,286,231	–	4,286,231
Group revenue	1	**3,727,591**	**–**	**3,727,591**	3,674,294	–	3,674,294
Cost of sales		**(3,220,805)**	**–**	**(3,220,805)**	(3,182,507)	–	(3,182,507)
Gross profit		**506,786**	**–**	**506,786**	491,787	–	491,787
Operating expenses (net)	3	**(432,618)**	**9,450**	**(423,168)**	(423,875)	8,610	(415,265)
Share of loss of joint ventures – Dole	4	**(2,697)**	**(3,658)**	**(6,355)**	–	–	–
Share of profits of joint ventures – Other	4	**8,685**	**–**	**8,685**	11,427		11,427
Share of profits of associates	4	**2,183**	**–**	**2,183**	782	–	782
Operating profit before acquisition-related intangible asset amortisation		**82,339**	**5,792**	**88,131**	80,121	8,610	88,731
Acquisition-related intangible asset amortisation	13	**(10,281)**	**–**	**(10,281)**	(10,499)	–	(10,499)
Operating profit after acquisition-related intangible asset amortisation		**72,058**	**5,792**	**77,850**	69,622	8,610	78,232
Financial income	5	**2,484**	**1,220**	**3,704**	2,046	–	2,046
Financial expense	5	**(9,849)**	**(1,887)**	**(11,736)**	(7,800)	–	(7,800)
Profit before tax		**64,693**	**5,125**	**69,818**	63,868	8,610	72,478
Income tax expense	8	**(14,619)**	**(1,395)**	**(16,014)**	(9,613)	(1,358)	(10,971)
Profit for the year		**50,074**	**3,730**	**53,804**	54,255	7,252	61,507
Attributable to:							
Equity holders of the parent				**35,793**			47,826
Non-controlling interests				**18,011**			13,681
				53,804			61,507
Earnings per ordinary share:							
Basic	10			**9.37 cent**			14.80 cent
Fully diluted	10			**9.34 cent**			14.68 cent

On behalf of the Board

C P McCann
Chairman

F J Davis
Finance Director

Group Statement of Comprehensive Income
for the year ended 31 December 2018

	Notes	2018 €'000	2017 €'000
Profit for the year		**53,804**	61,507
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation effects:			
– foreign currency net investments – subsidiaries		**(6,416)**	(13,537)
– foreign currency net investments – joint ventures and associates	14	**3,236**	(3,866)
– foreign currency losses/(gains) recycled to income statement on joint venture/associate becoming subsidiaries		**90**	(1,137)
– foreign currency borrowings designated as net investment hedges		**(4,387)**	10,892
Effective portion of changes in fair value of cash flow hedges, net	5	**340**	(492)
Changes in fair value of cost of hedging, net	5	**23**	–
Deferred tax on items above	29	**(97)**	124
Share of joint ventures and associates effective portion of cash flow hedges	14	**51**	–
Share of joint ventures and associates deferred tax on items above	14	**696**	–
		(6,464)	(8,016)
Items that will not be reclassified to profit or loss:			
Remeasurement gains on post-employment defined benefit pension schemes	31	**6,323**	5,708
Remeasurement gains on other post-employment benefit schemes	31	**354**	1,604
Revaluation gains on property, plant and equipment, net	11	**475**	5,356
Deferred tax on items above	29	**(1,172)**	(3,310)
Share of joint ventures and associates remeasurement (losses)/gains on post-employment defined benefit schemes	14	**(1,867)**	711
Share of joint ventures and associates deferred tax on items above	14	**854**	–
		4,967	10,069
Other comprehensive (expense)/income for the year, net of tax		**(1,497)**	2,053
Total comprehensive income for the year, net of tax		**52,307**	63,560
Attributable to:			
Equity holders of the parent		**33,071**	54,193
Non-controlling interests	21	**19,236**	9,367
		52,307	63,560

Group Balance Sheet
as at 31 December 2018

	Notes	2018 €'000	2017 €'000
Assets			
Non-current			
Property, plant and equipment	11	**175,825**	167,397
Investment property	12	**7,344**	7,203
Goodwill and intangible assets	13	**266,950**	281,081
Investments in joint ventures and associates – Dole	14	**245,881**	–
Investments in joint ventures and associates – Other	14	**105,172**	106,421
Other investments	15	**3,465**	719
Other receivables	18	**18,724**	11,063
Deferred tax assets	29	**12,393**	13,759
Total non-current assets		**835,754**	587,643
Current			
Inventories	16	**90,295**	89,665
Biological assets	17	**5,066**	4,578
Trade and other receivables	18	**392,786**	365,334
Other investments	15	**6,612**	–
Corporation tax receivables		**4,523**	4,375
Derivative financial instruments	34	**4,388**	6
Cash and cash equivalents	19	**102,299**	100,247
Total current assets		**605,969**	564,205
Total assets		**1,441,723**	1,151,848
Equity			
Share capital	20	**4,104**	3,468
Share premium	20	**295,421**	150,763
Other reserves	20	**(123,057)**	(128,054)
Retained earnings		**256,654**	233,632
Total equity attributable to equity holders of the parent		**433,122**	259,809
Non-controlling interests	21	**82,483**	79,774
Total equity		**515,605**	339,583
Liabilities			
Non-current			
Interest-bearing loans and borrowings	22	**263,356**	165,649
Deferred government grants	25	**322**	386
Other payables	24	**1,289**	568
Contingent consideration and other provisions	26	**12,931**	26,128
Put option liability	27	**34,975**	38,961
Corporation tax payable		**6,676**	6,286
Deferred tax liabilities	29	**31,140**	29,415
Employee benefits	31	**15,964**	22,000
Total non-current liabilities		**366,653**	289,393
Current			
Interest-bearing loans and borrowings	22	**58,686**	47,724
Trade and other payables	24	**482,934**	463,605
Contingent consideration and other provisions	26	**14,333**	8,337
Derivative financial instruments	34	**296**	719
Corporation tax payable		**3,216**	2,487
Total current liabilities		**559,465**	522,872
Total liabilities		**926,118**	812,265
Total liabilities and equity		**1,441,723**	1,151,848

On behalf of the Board

C P McCann
Chairman

F J Davis
Finance Director

Group Statement of Changes in Equity
for the year ended 31 December 2018

	Attributable to equity holders of the parent											
	Share capital €'000	Share premium €'000	Undenominated capital €'000	De-merger reserve €'000	Own shares reserve €'000	Currency translation reserve €'000	Revaluation reserve €'000	Other equity reserves (Note 20) €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balance at 1 January 2018 as presented in the balance sheet	**3,468**	**150,763**	**140**	**(122,521)**	**(8,580)**	**(14,168)**	**28,035**	**(10,960)**	**233,632**	**259,809**	**79,774**	**339,583**
Adjust for NCI subject to put option transferred for presentation purposes	–	–	–	–	–	–	–	(26,788)	–	(26,788)	26,788	–
As at 1 January 2018	**3,468**	**150,763**	**140**	**(122,521)**	**(8,580)**	**(14,168)**	**28,035**	**(37,748)**	**233,632**	**233,021**	**106,562**	**339,583**
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	35,793	35,793	18,011	53,804
Other comprehensive income												
Items that may be reclassified subsequently to profit or loss:												
Foreign currency translation effects, net	–	–	–	–	–	(8,553)	–	154	–	(8,399)	922	(7,477)
Effective portion of cash flow hedges, net	–	–	–	–	–	–	–	248	–	248	92	340
Changes in fair value of cost of hedging, net	–	–	–	–	–	–	–	(14)	–	(14)	37	23
Deferred tax on items above	–	–	–	–	–	–	–	(63)	–	(63)	(34)	(97)
Share of joint venture & associates effective portion of cash flow hedges	–	–	–	–	–	–	–	51	–	51	–	51
Share of joint ventures & associates deferred tax on items above	–	–	–	–	–	–	–	696	–	696	–	696
Items that will not be reclassified subsequently to profit or loss:												
Revaluation gains on property, plant and equipment, net	–	–	–	–	–	–	409	–	–	409	66	475
Remeasurement gains on defined benefit pension schemes	–	–	–	–	–	–	–	–	6,306	6,306	17	6,323
Remeasurement gains on other post-employment benefit schemes	–	–	–	–	–	–	–	–	230	230	124	354
Deferred tax on items above	–	–	–	–	–	–	(108)	–	(1,065)	(1,173)	1	(1,172)
Share of joint ventures & associates remeasurement losses on post-employment defined benefit schemes	–	–	–	–	–	–	–	–	(1,867)	(1,867)	–	(1,867)
Share of joint ventures & associates deferred tax on items above	–	–	–	–	–	–	–	–	854	854	–	854
Total other comprehensive income	–	–	–	–	–	(8,553)	301	1,072	4,458	(2,722)	1,225	(1,497)
Total comprehensive income	–	–	–	–	–	**(8,553)**	**301**	**1,072**	**40,251**	**33,071**	**19,236**	**52,307**
Transactions with equity holders of the parent												
New shares issued (Note 20)	636	144,658	–	–	–	–	–	(97)	(3,790)	141,407	–	141,407
Non-controlling interest arising on acquisition of subsidiaries (Note 21)	–	–	–	–	–	–	–	–	–	–	2,314	2,314
Recognition of put option liability on acquisition (Note 27)	–	–	–	–	–	–	–	(896)	–	(896)	–	(896)
Fair value movements on put option liability (Note 27)	–	–	–	–	–	–	–	4,728	–	4,728	–	4,728
Acquisition of non-controlling interests (note 21)	–	–	–	–	–	–	–	–	(388)	(388)	(723)	(1,111)
Disposal of shareholding to non-controlling interest (Note 21)	–	–	–	–	–	–	–	–	11	11	275	286
Contribution by non-controlling interest (Note 21)	–	–	–	–	–	–	–	–	–	–	130	130
Dividends paid (Notes 9 and 21)	–	–	–	–	–	–	–	–	(13,062)	(13,062)	(10,638)	(23,700)
Share-based payment transactions (Note 31)	–	–	–	–	–	–	–	557	–	557	–	557
Total transactions with equity holders of the parent	**636**	**144,658**	–	–	–	–	–	**4,292**	**(17,229)**	**132,357**	**(8,642)**	**123,715**
As at 31 December 2018	**4,104**	**295,421**	**140**	**(122,521)**	**(8,580)**	**(22,721)**	**28,336**	**(32,384)**	**256,654**	**398,449**	**117,156**	**515,605**
Transfer of NCI subject to put option for presentation purposes	–	–	–	–	–	–	–	34,673	–	34,673	(34,673)	–
As at 31 December 2018	**4,104**	**295,421**	**140**	**(122,521)**	**(8,580)**	**(22,721)**	**28,336**	**2,289**	**256,654**	**433,122**	**82,483**	**515,605**

	Share capital €'000	Share premium €'000	Undenom-inated capital €'000	De-merger reserve €'000	Own shares reserve €'000	Currency translation reserve €'000	Revaluation reserve €'000	Other equity reserves (Note 20) €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
	Attributable to equity holders of the parent											
Balance at 1 January 2017 as presented in the balance sheet	3,429	148,204	140	(122,521)	(8,580)	(7,675)	24,088	841	188,396	226,322	72,600	298,922
Adjust for NCI subject to put option transferred for presentation purposes	–	–	–	–	–	–	–	(20,259)	–	(20,259)	20,259	–
As at 1 January 2017	3,429	148,204	140	(122,521)	(8,580)	(7,675)	24,088	(19,418)	188,396	206,063	92,859	298,922
Comprehensive income												
Profit for the year	–	–	–	–	–	–	–	–	47,826	47,826	13,681	61,507
Other comprehensive income												
Items that may be reclassified subsequently to profit or loss:												
Foreign currency translation effects, net	–	–	–	–	–	(6,493)	–	3,800	–	(2,693)	(4,955)	(7,648)
Effective portion of cash flow hedges, net	–	–	–	–	–	–	–	(342)	–	(342)	(150)	(492)
Deferred tax on items above	–	–	–	–	–	–	–	86	–	86	38	124
Items that will not be reclassified subsequently to profit or loss:												
Revaluation gains on property, plant and equipment, net	–	–	–	–	–	–	5,061	–		5,061	295	5,356
Remeasurement gains on defined benefit pension schemes	–	–	–	–	–	–	–	–	5,686	5,686	22	5,708
Remeasurement gains on other post-employment benefit schemes	–	–	–	–	–	–	–	–	1,043	1,043	561	1,604
Deferred tax on items above	–	–	–	–	–	–	(1,114)	–	(2,071)	(3,185)	(125)	(3,310)
Share of joint ventures & associates remeasurement gains on post-employment benefit schemes	–	–	–	–	–	–	–	–	711	711	–	711
Total other comprehensive income	–	–	–	–	–	(6,493)	3,947	3,544	5,369	6,367	(4,314)	2,053
Total comprehensive income	–	–	–	–	–	(6,493)	3,947	3,544	53,195	54,193	9,367	63,560
Transactions with equity holders of the parent												
New shares issued (Note 20)	39	2,559	–	–	–	–	–	(924)	924	2,598	–	2,598
Non-controlling interest arising on acquisition of subsidiaries (Note 21)	–	–	–	–	–	–	–	–	–	–	10,784	10,784
Recognition of put option liability on acquisition (Note 27)	–	–	–	–	–	–	–	(25,072)	–	(25,072)	–	(25,072)
Fair value movements on put option liability (Note 27)	–	–	–	–	–	–	–	3,526	–	3,526	–	3,526
Disposal of shareholding to non-controlling interest (Note 21)	–	–	–	–	–	–	–	–	1,182	1,182	7,479	8,661
Contribution by non-controlling interest (Note 21)	–	–	–	–	–	–	–	–	–	–	2,473	2,473
Subsidiary becoming a joint venture (Note 30)	–	–	–	–	–	–	–	–	–	–	(6,699)	(6,699)
Dividends paid (Notes 9 and 21)	–	–	–	–	–	–	–	–	(10,065)	(10,065)	(9,701)	(19,766)
Share-based payment transactions (Note 31)	–	–	–	–	–	–	–	596	–	596	–	596
Total transactions with equity holders of the parent	39	2,559	–	–	–	–	–	(21,874)	(7,959)	(27,235)	4,336	(22,899)
As at 31 December 2017	3,468	150,763	140	(122,521)	(8,580)	(14,168)	28,035	(37,748)	233,632	233,021	106,562	339,583
Transfer of NCI subject to put for presentation purposes	–	–	–	–	–	–	–	26,788	–	26,788	(26,788)	–
As at 31 December 2017	3,468	150,763	140	(122,521)	(8,580)	(14,168)	28,035	(10,960)	233,632	259,809	79,774	339,583

Group Statement of Cash Flows
for the year ended 31 December 2018

	Notes	2018 €'000	2017 €'000
Net cash flows from operating activities before working capital movements	35	**65,208**	48,851
Movements in working capital	35	**(20,265)**	(2,288)
Net cash flows from operating activities		**44,943**	46,563
Investing activities			
Acquisition of subsidiaries	30	**(2,496)**	(36,230)
Cash assumed on acquisition of subsidiaries, net	30	**3,833**	758
Acquisition of, and investment in joint ventures and associates		**(251,949)**	(21,062)
Payments of contingent consideration	26	**(7,009)**	(9,269)
Proceeds from disposal of joint ventures and associates	14	**–**	400
Proceeds from disposal of trading assets		**–**	2,138
Cash derecognised on subsidiary becoming a joint venture	30	**–**	(6,689)
Net debt derecognised on disposal of a subsidiary	30	**–**	2,304
Disposal of investment in subsidiary to non-controlling interests	21	**286**	8,661
Acquisition of property, plant and equipment		**(25,942)**	(39,496)
Acquisition of other investments		**–**	(98)
Expenditure on computer software		**(4,352)**	(2,771)
Acquisition of intangible assets – brands	13	**(19)**	(462)
Development expenditure capitalised	13	**(121)**	(204)
Proceeds from disposal of property, plant and equipment and software – routine		**797**	807
Proceeds from exceptional items – from disposals of investments and property		**5,876**	7,770
Dividends received from joint ventures and associates	14	**10,908**	8,243
Government grants received	25	**11**	163
Net cash flows from investing activities		**(270,177)**	(85,037)
Financing activities			
Drawdown of borrowings		**436,319**	251,820
Repayment of borrowings		**(329,766)**	(226,487)
Decrease in bank deposits		**–**	2,500
Proceeds from the issue of share capital, net	20	**141,408**	2,598
Capital element of finance lease repayments		**(681)**	(869)
Acquisition of non-controlling interests	21	**(490)**	–
Capital contribution by non-controlling interests	21	**130**	936
Dividends paid to non-controlling interests	21	**(10,535)**	(8,843)
Dividends paid to equity holders of the parent	9	**(13,062)**	(10,065)
Net cash flows from financing activities		**223,323**	11,590
Net decrease in cash, cash equivalents and bank overdrafts		**(1,911)**	(26,884)
Net foreign exchange movement		**5,671**	(1,224)
Cash, cash equivalents and bank overdrafts at 1 January		**88,979**	117,087
Cash, cash equivalents and bank overdrafts at 31 December	19	**92,739**	88,979

Group Reconciliation of Net Debt
for the year ended 31 December 2018

	Notes	2018 €'000	2017 €'000
Net decrease in cash, cash equivalents and bank overdrafts		**(1,911)**	(26,884)
Drawdown of borrowings		**(436,319)**	(251,820)
Repayment of borrowings		**329,766**	226,487
Decrease in bank deposits		**–**	(2,500)
Interest-bearing loans and borrowings arising on acquisition	30	**–**	(24,492)
Capital element of finance lease repayments		**681**	869
Other movements on finance leases		**(500)**	(45)
Finance leases arising on acquisition	30	**–**	(149)
Finance leases derecognised on disposal of subsidiary	30	**–**	356
Foreign exchange movement		**1,666**	13,418
Movement in net debt		**(106,617)**	(64,760)
Net debt at 1 January		**(113,126)**	(48,366)
Net debt at 31 December	23	**(219,743)**	(113,126)

Notes to the Group Financial Statements
for the year ended 31 December 2018
Significant Accounting Policies

REPORTING ENTITY
Total Produce plc (the 'Company') is a company tax resident and incorporated in Ireland. The consolidated financial statements as at, and for the year ended, 31 December 2018 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

The individual and Group financial statements of the Company were authorised for issue by the Directors on 6 March 2019.

The accounting policies for the year ended 31 December 2018 are set out below.

STATEMENT OF COMPLIANCE
As permitted by European Union (EU) law and in accordance with AIM/Euronext Growth rules, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') and their interpretations issued by the International Accounting Standards Board ('IASB') as adopted by the EU.

The individual financial statements of the Company ('Company financial statements') have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Act 2014 which permits a company that publishes its Company and Group financial statements together to take advantage of the exemption in Section 304(2) of the Companies Act, 2014, from presenting to its members its Company income statement, statement of comprehensive income and related notes that form part of the approved Company financial statements.

The IFRSs adopted by the EU and applied by the Company and Group in the preparation of these financial statements are those that were effective for the accounting period ending 31 December 2018.

BASIS OF PREPARATION
The consolidated financial statements, which are presented in Euro, the Company's functional currency, rounded to the nearest thousand (unless otherwise stated), have been prepared under the historical cost convention, except for the following material items:
- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- biological assets are measured at fair value less estimated point of sale costs;
- land and buildings and investment properties are measured at fair value;
- contingent consideration is measured at fair value; and
- put option obligations are measured at fair value.

The methods used to measure fair values are discussed further within the relevant notes.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key estimates and assumptions used in applying the Group's accounting policies and in measuring its assets and liabilities are set out in Note 36.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES
The accounting policies adopted are consistent with those of the previous year except for the following new and amended IFRS and IFRIC interpretations adopted by the Group and Company in these financial statements.

The Group has initially adopted the following standards with effect from 1 January 2018:
- IFRS 15 *Revenue from Contracts with Customers; and*
- IFRS 9 *Financial Instruments.*

IFRS 15 *Revenue from contracts with customers*
IFRS 15 *Revenue from Contracts with Customers* replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts* and associated interpretations. The standard applies a single control model to be applied to all contracts with customers. Under IFRS 15 revenue is recognised when control of the goods has been transferred to the buyer at an amount that reflects the consideration that the Group expects to receive for the transfer of those goods.

The Group has considered the impact on its consolidated financial statements resulting from the application of IFRS 15. The Group recognises revenue at a point in time when control of the goods has transferred to the customer, which can either be on shipping or delivery depending on the terms of trade with the customer. The Group measures revenue recognised as the consideration that it expects to receive from its customers for the sale of these goods. The Group assessed all of its material contracts with suppliers and customers under the revised IFRS 15 principal versus agent considerations and concluded that the accounting for all material arrangements continued to be appropriate. Following our review it was concluded that the impact of adopting IFRS 15 on the consolidated financial statements was not material for Total Produce.

The Group has adopted the modified retrospective approach on transition to IFRS 15. There has been no adjustment to retained earnings at 1 January 2018 and 2017 comparatives have not been restated.

IFRS 9 *Financial Instruments*
IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard includes requirements for the recognition, measurement and derecognition of financial instruments, introduces new hedge accounting rules and a new expected credit loss model for calculating impairment of financial assets.

The Group's findings following the evaluation of the effect of the adoption of IFRS 9 are as follows:
- The vast majority of the Group's financial assets are held as trade receivables or cash which will continue to be accounted for at amortised cost. The Group's other investments, which were previously accounted for as Available For Sale (AFS), will be measured at Fair Value through Profit or Loss (FVPL) under IFRS 9. Accordingly, the classification and measurement changes of IFRS 9 have not had a material impact on the Group's consolidated financial statements.
- The new hedging requirements of IFRS 9 have aligned hedge accounting more closely to the Group's risk management policies and made more hedging relationships eligible for hedge accounting. All of the Group's hedging relationships continued to be appropriate under IFRS 9. The only change is the cost of hedging which can now be accounted for through other comprehensive income and is only recognised in the income statement at the same time as the hedged item affects the profit or loss. Accounting for the costs of hedging, which is not material, has been applied prospectively, without restating comparatives.
- IFRS 9 introduces a forward-looking expected credit loss model rather than the incurred loss model of IAS 39. Given historic loss rates and the significant portion of trade and other receivables that are within terms, this change did not have a material impact on the Group consolidated financial statements.

The impact of applying IFRS 9 was not material for Total Produce and there was no adjustment to retained earnings on application at 1 January 2018. In line with the transition guidance in IFRS 9 the Group has not restated the 2017 comparatives.

The following new standards are also effective from 1 January 2018:
- Annual improvements to IFRS 2014 – 2016 cycle – Amendments to IFRS 1 and IAS 28
- Amendments to IFRS 2 *Share-based Payment* – classification and measurement of share-based payment transactions (June 2017)
- Amendments to IFRS 4 *Insurance Contracts* – applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*
- IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- Amendments to IAS 40 *Transfers of Investment Property*

The above new standards have not had a material impact on the results and financial position of the Group for the year ended 31 December 2018.

ACCOUNTING FOR SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Group financial statements

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The amounts included in these financial statements in respect of the subsidiaries are taken from their latest financial statements prepared up to their respective year ends, together with management accounts for the intervening periods to the year end, where relevant. All significant subsidiaries have coterminous financial year ends. Where appropriate, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements, except to the extent they provide evidence of impairment.

Profit or loss and each component of other comprehensive income are attributed to the equity shareholders of the Company, and to the non-controlling interests, even if this results in the non-controlling interests having a negative balance.

Joint ventures and associates
Joint ventures are those entities over which the Group exercises control jointly, under a contractual agreement, with one or more parties. Associates are those entities in which the Group has significant influence, but not control of the financial and operating policies. Investments in joint ventures and associates are accounted for by using the equity method of accounting. Under the equity method of accounting, the Group's share of the post-acquisition profits or losses of its joint ventures and associates are recognised in the Group income statement. The income statement reflects in the profit before tax, the Group's share of profit after tax of its joint ventures and associates in accordance with IAS 28 *Investments in Associates and Joint Ventures (2011).*

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

Significant Accounting Policies continued

ACCOUNTING FOR SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES CONTINUED

Group financial statements continued

Joint ventures and associates continued

The Group's interest in the net assets of joint ventures and associates are included as investments in joint ventures and associates in the Group's balance sheet at an amount representing the Group's share of the fair value of the identifiable net assets at acquisition plus the Group's share of post-acquisition retained income and expenses and goodwill arising on the Group's investment. The amounts included in these financial statements in respect of the post-acquisition income and expenses of joint ventures and associates are taken from the latest financial statements prepared up to the respective financial year ends together with management accounts for the intervening periods to the period end, where appropriate. All material joint ventures and associates have either coterminous financial year ends, or accounting year ends within three months of that of the Group. In the case of the latter, appropriate adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial statements. Where appropriate, the accounting policies of joint ventures and associates have been changed to ensure consistency with the policies adopted by the Group.

Unrealised gains and income and expenses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the equity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that they do not provide evidence of impairment.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Company financial statements

Investments in subsidiaries, joint ventures and associates are carried at cost less impairment. Dividend income is recognised when the right to receive payment is established.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into account potential voting rights that are substantive rights.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the recognised amount of any non-controlling interests in the acquiree plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree less the fair value of the identifiable assets and acquired liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in the income statement.

Transaction costs associated with the acquisition, except those relating to the issue of debt or equity securities, are expensed as incurred.

Contingent consideration is measured at fair value at the date of acquisition. Where the contingent consideration is classified as equity it is not subsequently remeasured and the settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognised in the income statement.

When share-based payment awards are required to be exchanged for awards held by the acquiree's employees and relate to past services, then all or a portion of the amount of the acquirer's replacement awards are included in measuring the consideration transferred in the business combination. The determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions before 1 January 2010

For acquisitions prior to 1 January 2010, goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised in the income statement. Subsequent to acquisition any fair value adjustments to contingent consideration are adjusted against goodwill.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with the business combinations were capitalised as part of the cost of acquisition.

NON-CONTROLLING INTERESTS

Under IFRS 3 *Business Combinations* an entity has a choice on a combination by combination basis to measure any non-controlling interest ('NCI') in the acquiree at either the proportionate share of the acquiree's identifiable assets or fair value. Within the business combinations note, the Group states which method has been used within current year acquisitions.

FAIR VALUE MEASUREMENT OF PRE-EXISTING INTERESTS IN ACQUIREE

In accordance with IFRS 3 *Business Combinations* the cost of an acquiree acquired in stages is measured using the 'fair value as deemed cost' method. The cost of an acquiree acquired in stages is measured as the sum of the fair value of the previously held interest plus the fair value of any additional consideration transferred at the date the additional investment is made. Any resulting gain or loss on fair valuing the original investment is taken to the income statement and any other comprehensive income recognised in prior periods in relation to the previously held shareholding is reclassified to the income statement.

PUT OPTIONS OVER NON-CONTROLLING INTEREST SHARES

If a put option is held by a non-controlling interest ('NCI') in a subsidiary undertaking, whereby the holder of the put option can require the Group to acquire the NCI's shareholding in the subsidiary at a future date, the Group examines the nature of such a put option. The Group assesses whether or not the NCI continues to have a present ownership interest in the shares subject to the put option. Present ownership interest can be evidenced by NCI continuing to have a right to the receipt of dividends, or benefiting from increases in net assets while holding a voting entitlement to the shares subject to the put option. If it is deemed that the put option holders continue to have a present ownership interest, the Group applies the partial recognition of NCI method as follows:

(a) the Group continues to recognise the amount that would have been recognised for the non-controlling interest, including an update to reflect its share of profit and losses, dividends and other changes;
(b) the Group recognises a financial liability in accordance with IAS 32 being the estimate of the fair value of the consideration to acquire the NCI shares that are subject to the put option and records this in a separate reserve in equity;
(c) changes in the fair value of the financial liability are reflected as a movement in the put liability reserve; and
(d) for presentation purposes in the balance sheet, the Group transfers the non-controlling interest subject to the put option as an offset to the put option reserve in equity.

If the NCI put option is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price. If the put option expires unexercised, the position is unwound so that the non-controlling interest is recognised as the amount it would have been as if the put option had never been granted and the financial liability is derecognised with a corresponding credit to the put option reserve in equity.

If the NCI does not have present ownership rights from the put option, then the transaction is accounted for as if the Group had acquired the NCI at the date of entering into the put option.

FORWARD COMMITMENTS OVER NON-CONTROLLING INTEREST SHARES

If a forward commitment is in place to acquire the shares held by a NCI in a subsidiary undertaking, whereby the Group has an irrevocable agreement to acquire the NCI's shareholding in the subsidiary at a future date, the Group examines the nature of such a commitment. The Group assesses whether or not the NCI continues to have a present ownership interest in the shares subject to commitment. Present ownership interest can be evidenced by the NCI continuing to have a right to the receipt of dividends, or benefiting from increases in net assets while holding a voting entitlement to the shares subject to the forward commitment. If it is deemed that the non-controlling shareholders continue to have a present ownership interest, the Group applies the partial recognition of NCI method as outlined above in the accounting policy for put options over non-controlling interest shares.

CALL OPTIONS OVER NON-CONTROLLING INTEREST SHARES

If the Group has a call option over the shares held by a NCI in a subsidiary undertaking, where the Group can require the NCI to sell its shareholding in the subsidiary at a future date, the option is classified as a derivative and is recognised as a financial instrument on inception with fair value movements recognised in the income statement.

PUT AND CALL OPTIONS OVER SHAREHOLDINGS OF JOINT VENTURE AND ASSOCIATE INTERESTS

If there are put and call options over the remaining shares in joint venture and associate undertakings, the option is classified as a derivative instrument on inception with fair value movements recognised in the income statement.

GOODWILL

Goodwill represents amounts arising on the acquisition of subsidiaries, joint ventures and associates as a result of the fair value of consideration transferred exceeding net identifiable assets and liabilities acquired. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment at a consistent time each financial year. Goodwill is stated at the amount originally recognised less any accumulated impairment losses. In respect of joint ventures and associates, the carrying amount of goodwill is included in the carrying amount of the investment.

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 on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018
Significant Accounting Policies continued

INTANGIBLE ASSETS
Research and development
Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred.

Development activities involve a plan or design for the production of new and substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised expenditure is measured at cost less accumulated amortisation. Capitalised development expenditure is amortised to the income statement after commercial production has begun on a straight-line basis over its expected useful life of between five and seven years.

Customer relationships, supplier relationships and brands
Intangible assets acquired as part of a business combination are valued at their fair value at the date of acquisition. These include customer relationships, supplier relationships and brands. Intangible assets are amortised to the income statement on a straight line basis over the period of their expected useful lives as follows:
- Customer relationships: 3 – 15 years;
- Supplier relationships: 3 – 15 years;
- Brands: 10 – 15 years;
- Dole brand consisting of the DOLE brand trademark and trade name is considered to have an indefinite life because it is expected to generate cash flows indefinitely and as such is not amortised.

Software costs
Costs incurred on the acquisition of computer software and software licences are capitalised. Other costs directly associated with developing and maintaining computer software programmes are capitalised once the recognition criteria set out in IAS 38 *Intangible Assets* are met. Computer software is amortised over periods of between three to eight years using the straight line method.

PROPERTY, PLANT AND EQUIPMENT
Land and buildings are measured at fair value with changes in fair value reflected within the statement of comprehensive income, except impairment losses, which are recognised in the income statement unless they reverse a previous revaluation gain. The fair value is the price that would be returned if the asset were sold in an orderly transaction between market participants based on the asset's highest and best use. Such valuations are determined taking into consideration values of comparable transactions for similar properties in the same locations as those of the Group where they are available or on the use of valuation techniques including the use of market yield on comparable properties. Information on the basis on which such valuations were undertaken in the year is set out in Note 11.

Where appropriate, registered independent appraisers, having relevant recognised professional qualifications and recent experience in the locations and categories, prepare the valuations every three to five years, with valuations updated annually in the interim by Directors, having due regard to advice of professionally qualified consultants. Where there is an absence of or reduced level of transactions of a similar nature, the valuations of such properties are determined by Directors with reference to local knowledge, valuation techniques and judgment in consultation with property advisers.

Bearer plants are living plants used in the supply or production of agricultural produce for more than one period that are not likely to be sold as agricultural produce. Bearer plants are measured at cost less accumulated depreciation and impairment losses.

Plant and equipment is stated at cost less accumulated depreciation and impairment losses. Expenditure incurred to replace a component of property, plant and equipment that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure, including repairs and maintenance costs, is recognised in the income statement as an expense as incurred.

Depreciation is calculated to write off the carrying amount of property, plant and equipment, other than freehold land, on a straight-line basis, by reference to the following estimated useful lives:
- Freehold buildings: 30 – 50 years;
- Leasehold improvements: over the lesser of 40 years or the unexpired portion of the lease;
- Plant and equipment: 5 – 15 years;
- IT equipment: 3 – 5 years;
- Motor vehicles: 5 years;
- Bearer plants: 1 – 30 years.

The residual value of assets, if not insignificant, and the useful life of assets are reassessed annually. Gains and losses on disposals of property, plant and equipment are recognised on the completion of sale. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are included in operating profit.

INVESTMENT PROPERTY

Investment property, principally comprising land, office buildings and warehouses, is property (including separate, self-contained parts of such buildings) which is held for rental income or capital appreciation and is not occupied by the Group. Investment property is stated initially at cost and subsequently at fair value. The fair value is the price that would be returned if the asset were sold in an orderly transaction between market participants based on the asset's highest and best use. Such valuations are determined by benchmarking against comparable transactions for similar properties in the same locations as those of the Group or on the use of valuation techniques including the use of market yield on comparable properties. Information on the basis on which such valuations were undertaken in the year is set out in Note 12. All gains or losses arising from a change in fair value are recognised in the income statement. When property is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the property prior to transfer and its fair value is recognised in other comprehensive income if it is a gain. Upon disposal of the property, the gain is transferred to retained earnings. Any loss arising in this manner, unless it represents the reversal of a previously recognised gain, is recognised in the income statement.

BIOLOGICAL ASSETS

Certain of the Group's subsidiaries, joint ventures and associates, involved in the production of fresh produce, hold biological assets, which include agricultural produce due for harvest on plantations. Biological assets are measured at fair value less estimated costs to point of sale, with any resultant gain or loss recognised in the income statement. Point of sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to bring the assets to market.

FOREIGN CURRENCY INCLUDING NET INVESTMENT HEDGES

Transactions in foreign currencies are translated into the functional currency of the entity at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets carried at historic cost are not subsequently retranslated. Non-monetary assets carried at fair value are subsequently remeasured at the exchange rate at the date of valuation.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the foreign exchange rate ruling at that date. Foreign exchange movements arising on such translation are recognised in the income statement.

The assets and liabilities of foreign currency denominated operations, including goodwill and fair value adjustments arising on consolidation, are translated to Euro at the foreign exchange rates ruling at the reporting date. The income and expenses of foreign currency denominated operations are translated to Euro at the average exchange rate for the year. Foreign exchange movements arising on translation of the net investment in a foreign operation, including those arising on long-term intra-Group loans deemed to be quasi equity in nature, are recognised directly in other comprehensive income, in the currency translation reserve. The portion of exchange gains or losses on foreign currency borrowings used to provide a hedge against a net investment in a foreign operation that is designated as a hedge of those investments is recognised directly in other comprehensive income to the extent that they are determined to be effective. The ineffective portion is recognised in the income statement.

Any movements that have arisen since 1 January 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are reclassified through the income statement on disposal of the related business. Translation differences that arose before the date of transition to IFRS in respect of all non-Euro denominated operations are not presented separately.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's assets other than inventories (which are carried at the lower of cost and net realisable value), biological assets (which are measured at fair value less estimated costs to point of sale) certain financial assets (which are carried at fair value) and deferred tax assets (which are recognised based on recoverability), are tested for impairment when an event or transaction indicates that an impairment may have occurred, except for goodwill and indefinite lived intangibles which are tested annually for impairment. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount as appropriate.

The recoverable amount of an asset is the greater of its fair value less cost to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Goodwill and intangible assets with an indefinite useful life are tested for impairment at 31 December each year. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

Significant Accounting Policies continued

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash balances and call deposits, including bank deposits of less than three months maturity on acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

EMPLOYEE BENEFITS
Short-term employee benefits
Short-term employee benefits are recognised as an expense as the related employee service is received.

Retirement benefit obligations – Group financial statements
Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as services from employees are received. Under such schemes, the Group has no obligation to make further contributions to these schemes beyond the contracted amount. Prepaid contributions are recognised as an asset to the extent that the employee service has not yet been received.

The defined benefit pension asset or liability in the Group balance sheet comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets (measured at fair value) out of which the obligations are to be settled directly.

The liabilities and costs associated with the Group's defined benefit pension schemes are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the balance sheet date.

The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields at the balance sheet date on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. The expected increase in the present value of scheme liabilities arising from employee service in the current or prior periods is recognised in arriving at the operating profit or loss together with the interest return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time. Differences between the actual return on plan assets less the interest return on plan assets, together with the effect of changes in the current or prior assumptions underlying the liabilities, are recognised in other comprehensive income.

When the benefits of a defined benefit scheme are changed, the related income or expense is recognised in the income statement as a past service cost. Settlements and curtailments trigger recognition of the consequent change in obligations and related assets in the income statement.

Retirement benefit obligations – Company financial statements
The Company is not the sponsoring employer for any of the Group's defined benefit pension schemes. There is no stated policy within the Group in relation to the obligations of Group companies to contribute to scheme deficits. Group companies make contributions to the schemes as requested by the sponsoring employers.

Employee share-based payment transactions
The Group grants equity-settled share-based payments to employees. The fair value of these payments is determined at the date of grant and is expensed to the income statement on a straight-line basis over the vesting period. The fair value is determined using a binomial model, as measured at the date of grant, excluding the impact of any non-market conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

At each balance sheet date, the Group revises its estimates of the number of options or awards that are expected to vest, recognising any adjustment in the income statement, with a corresponding adjustment to equity.

TAXATION
Taxation on the profit or loss for the financial year comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case the related tax is recognised in other comprehensive income.

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

Deferred tax is provided using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. If the temporary difference arises from the initial recognition of an asset or liability, in a transaction other than a business combination, that at the time of the transaction does not affect accounting or taxable profit or loss, it is not recognised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future or where no taxation is expected to arise on any ultimate remittance. The amount of deferred tax provided is based on the expected manner of the realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

ASSETS HELD UNDER LEASES

Finance leases

Leases of property, plant and equipment, where the Group retains substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased item and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest charge on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing loans and borrowings, allocated between current and non-current as appropriate. The interest element of the finance cost is charged to the income statement over the lease period. Assets held under finance leases are depreciated over the shorter of their expected useful lives or the lease term, taking into account the time period over which benefits from the leased assets are expected to accrue to the Group.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of incentives received from the lessor, are charged to the income statement on a straight-line basis over the period of the lease. Income earned from operating leases is credited to the income statement when earned.

GOVERNMENT GRANTS

Government grants for the acquisition of assets are recognised at their fair value when there is reasonable assurance that the grant will be received and any conditions attaching to them have been fulfilled. The grant is held on the balance sheet as a deferred credit and released to the income statement over the periods appropriate to match the related depreciation charges, or other expenses of the asset, as they are incurred.

PROVISIONS

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

SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When the Company or a Group company purchases the Company's equity share capital and holds the shares as treasury shares, the consideration paid, including directly attributable incremental costs (net of taxes) is recognised as a deduction from equity and is presented in the own shares reserve until the shares are sold, reissued or cancelled.

Where the Company or a Group company purchases the Company's equity share capital and cancels the shares, the nominal value of the shares cancelled is credited to undenominated capital. The total consideration paid, including directly attributable incremental costs (net of taxes) is recognised as a reduction in retained earnings.

FINANCIAL INSTRUMENTS

The following table illustrates the original measurement categories of the Group's financial instruments under IAS 39 and the new measurement categories under IFRS 9. There has been no effect on the measurement of financial instruments as a result of adopting IFRS 9:

	Original classification under IAS 39	New classification under IFRS 9
Financial assets:		
Trade and other receivables	Loans and receivables	Amortised cost
Other investments	Available-for-sale	FVTPL
Cash and cash equivalents	Loans and receivables	Amortised cost
Derivative financial assets	Fair value – hedging instrument	Fair value – hedging instrument
Financial liabilities:		
Trade and other payables	Liabilities at amortised cost	Liabilities at amortised cost
Interest-bearing borrowings	Liabilities at amortised cost	Liabilities at amortised cost
Derivative financial liabilities	Fair value – hedging instrument	Fair value – hedging instrument

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

Significant Accounting Policies continued

FINANCIAL INSTRUMENTS CONTINUED

Trade and other receivables

Trade receivables are initially measured at their transaction price and other receivables are initially measured at fair value and are thereafter measured at amortised cost using the effective interest method less any provision for impairment.

A provision for impairment of trade and other receivables is recognised based on the expected credit losses ('ECL') for those trade and other receivables. ECLs are a probability–weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls related to the receivable.

Loss allowances are based on lifetime ECLs, except for the following which are measured as 12 month ECLs:

- Trade receivables;
- Other receivables which have been determined to be low risk at the reporting date; and
- Other receivables for which there has not been a significant increase in credit risk (i.e. the risk of a default occurring) at the reporting date since the other receivable first originated.

A rating system has been utilised in relation to other receivables. A significant increase in credit risk is determined to have occurred if the rating of this system disimproves by a predetermined amount.

Trade receivables are considered to be in default if repayment is considered unlikely or if the trade receivable is more than 180 days past due. Other receivables are considered to be in default if repayment is considered unlikely or if the receivable is not collected within the agreed terms.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a receivable. 12 month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the receivable is less than 12 months).

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Short-term bank deposits

Short-term bank deposits of greater than three months maturity on acquisition that do not meet the definition of cash and cash equivalents are classified as financial assets within current assets and stated at fair value in the balance sheet.

Equity investments

Equity investments held by the Group and Company were previously classified as available-for-sale financial assets in accordance with IAS 39 and were stated at fair value, with any resultant gain or loss being recognised directly in other comprehensive income (in the available-for-sale reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. In accordance with IFRS 9, which has been effective from 1 January 2018, these investments are now measured at fair value through profit or loss ('FVTPL'). Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Derivative financial instruments

Foreign currency derivatives are entered into only when they match an existing foreign currency asset or liability or where they are used to hedge a forecasted transaction. Derivative financial instruments are measured at fair value at each reporting date and the movement in fair value is recognised in the income statement unless they are designated as cash flow hedges under IFRS 9 *Financial Instruments*. Where such instruments are classified as cash flow hedges, and subject to the satisfaction of certain criteria relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, they are accounted for in accordance with hedge accounting rules. In such cases, any gain or loss arising on the effective portion of the derivative instrument is recognised in the other comprehensive income hedging reserve, as a separate component of equity. Gains or losses on any ineffective portion of the derivative are recognised in the income statement. Only the change in the fair value of the spot element of the forward exchange contracts is designated as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in the cost of hedging reserve within equity.

When the hedged forecast transaction results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised, where material.

For all other hedged forecast transactions when the hedged transaction matures, the related gains or losses in the hedging reserve and the cost of hedging reserve are transferred to the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the hedged item is a non-financial asset the amount accumulated in the hedging reserve and the cost of hedging reserve remains in equity until initial recognition of the non-financial assets. For other hedged items accumulated amounts are reclassified to the income statement in the same period as the expected hedged future cash flows effect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified to profit or loss.

Previously under IAS 39 *Financial Instruments: Recognition and Measurement*, which was effective until 1 January 2018, where such instruments were classified as cash flow hedges, and subject to the satisfaction of certain criteria relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, were accounted for in accordance with hedge accounting rules. In such cases, any gain or loss arising on the effective portion of the derivative instrument was recognised in the other comprehensive income hedging reserve, as a separate component of equity. Gains or losses on any ineffective portion of the derivative were recognised in the income statement. When the hedged transaction matured, the related gains or losses in the hedging reserve were transferred to the income statement.

When the hedged item was a non-financial asset, the amount accumulated in equity was retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affected the profit or loss. In other cases, the amount accumulated in other comprehensive income was reclassified to profit or loss in the same period that the hedged item affected profit or loss. If the hedging instrument no longer met the criteria for hedge accounting, expired or was sold, terminated or exercised, or the designation was revoked, then hedge accounting was discontinued prospectively. If the forecast transaction was no longer expected to occur, then the balance in other comprehensive income was reclassified to profit or loss.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

REVENUE
Revenue is recognised at a point in time when control of the goods has transferred to the customer, which can be on shipping or delivery depending on the terms of trade with the customer. Revenue is measured as the consideration that is expected to be received for the sale of these goods, excluding value added tax, after eliminating sales within the Group.

FINANCE INCOME AND FINANCE EXPENSE
Finance income comprises interest income on funds invested and other receivables like grower loans. It also includes dividends received from available-for-sale financial assets. Interest income is recognised as it accrues using the effective interest method. Dividends are recognised when received or entitlement to dividend is declared.

Finance expense comprises interest expense on borrowings, unwinding of the discount on provisions, borrowing extinguishment costs and arrangement fees. Borrowing costs incurred in the construction of major assets which take a substantial period of time to complete are capitalised in the financial period in which they are incurred. All other finance costs are recognised in the income statement using the effective interest method.

SEGMENTAL REPORTING
Operating segments, defined as components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Board.

EXCEPTIONAL ITEMS
The Group has adopted an accounting policy which seeks to highlight significant items within the Group's results. The Group believes that this presentation provides a more helpful analysis as it highlights one-off items and non-trading items. Such items may include significant restructuring costs, profit or loss on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of goodwill and other assets, significant curtailment or settlement gains/losses on post-employment defined benefit schemes, gains and losses on mark to market of derivative financial instruments, currency translation on long-term foreign currency denominated term intercompany borrowings together with significant fair value movements recognised in respect of investment properties. Judgment is used by the Group in assessing the particular items which by virtue of their scale and nature should be disclosed in the income statement and related notes as exceptional items.

DIVIDEND DISTRIBUTION
Dividends on ordinary shares are recognised as a liability in the Group's financial statements in the period in which they are declared by the Company. In the case of interim dividends, these are considered to be declared when they are paid. In the case of final dividends, these are declared when approved by the shareholders at the AGM.

NEW STANDARDS AND INTERPRETATIONS NOT APPLIED
IFRS 16 *Leases*
IFRS 16 *Leases* is effective from 1 January 2019 and replaces IAS 17 *Leases*. It introduces a single lessee accounting model to be adopted and accordingly the majority of all lease agreements will now result in the recognition of a right-of-use asset and a lease liability in the balance sheet. The income statement charge in relation to all leases will now comprise a depreciation element relating to the right-of-use asset and also a financing charge relating to the lease liability.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018
Significant Accounting Policies continued

NEW STANDARDS AND INTERPRETATIONS NOT APPLIED CONTINUED

IFRS 16 *Leases* continued

During 2018 the Group conducted a detailed evaluation of the fair values of these leases. As a result of the transition to IFRS 16 the fair value of these leases representing the present value of the lease payments over the expected lease contract period will be recognised as a lease liability with a corresponding value recognised as a right-of-use asset. This will increase the Group's recognised assets and liabilities.

The Group has decided to adopt the modified retrospective approach on transition. Therefore the effect of transitioning to IFRS 16 will be recognised at 1 January 2019 and comparatives will not be re-stated. Right-of-use assets for certain property assets will be measured on transition as if IFRS 16 had always been applied, all other right-of-use assets will be measured based on the lease liability on transition.

The Group is currently finalising its detailed assessment of the impact of the adoption of IFRS 16 throughout the Group. Whilst the actual impact of applying IFRS 16 may change, as new accounting policies are subject to change until the first financial statements that include the date of initial application, the Group estimates that this will result in an increase in lease liabilities of circa €120m – €130m and right-of-use assets recognised on the balance sheet will be circa €5m – €10m less than the lease liabilities.

Amendments to existing standards

The following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2019 or later periods, but have not been early adopted:

Standard/Interpretation	Effective date – for accounting periods beginning on or after
• Annual Improvements to IFRS 2015-2017 Cycle	1 January 2019
• Amendments to References to Conceptual Framework in IFRS Standards[1]	1 January 2020
• Amendments to IAS 19 Plan Amendment, Curtailment or Settlement[1]	1 January 2019
• IFRIC 23 *Uncertainty over Income Tax Treatments*[1]	1 January 2019
• Amendments to IFRS 9 Prepayment Features with Negative Compensation[1]	1 January 2019
• Amendments to IAS 28 Long-term interests in Associates and Joint Ventures[1]	1 January 2019
• IFRS 17 Insurance Contracts[1]	1 January 2021
• Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* – Sale or contribution of assets between an investor and its associate or joint venture (September 2014)[1]	Endorsement postponed

1 These standards are not expected to have a material impact on the Group financial statements.

1. REVENUE

	2018 €'000	2017 €'000
Group Revenue	**3,727,591**	3,674,294
Plus:		
Share of revenue of joint ventures – Dole	**692,239**	–
Share of revenue of joint ventures – Other	**622,295**	576,017
Share of revenue of associates	**74,447**	96,863
Total share of revenue of joint ventures and associates	**1,388,981**	672,880
Less:		
Elimination of proportionate share of transactions between Group subsidiaries and joint ventures and associates[1]	**(73,082)**	(60,943)
Total Revenue	**5,043,490**	4,286,231

1 For calculation of Total Revenue which includes the Group's share of joint ventures and associates, the Group eliminates the proportionate share of revenue transactions between Group subsidiaries and joint ventures and associates.

2. SEGMENTAL ANALYSIS

Segmental analysis

IFRS 8 *Operating Segments* ('IFRS 8') sets out the requirements for disclosure of financial and descriptive information about the operating segments, products and the geographical areas in which the Group operates, as well as information on major customers.

In accordance with IFRS 8, the Group's reportable operating segments, based on how performance is assessed and resources are allocated, are as follows:

- *Europe – Eurozone*: This reportable segment is an aggregation of thirteen operating segments principally in France, Ireland, Italy, the Netherlands and Spain primarily involved in the procurement, marketing and distribution of fresh produce and some healthfoods and consumer goods products. These operating segments have been aggregated because they have similar economic characteristics.
- *Europe – Non-Eurozone*: This operating segment is an aggregation of six operating segments in the Czech Republic, Poland, Scandinavia and the United Kingdom primarily involved in the procurement, marketing and distribution of fresh produce. Up to the middle of 2018 it also included a small healthfoods business that has been discontinued. These operating segments have been aggregated because they have similar economic characteristics.
- *International*: This segment is an aggregation of five operating segments in North America, one in South America and one in India primarily involved in the procurement, marketing and distribution of fresh produce. These operating segments have been aggregated because they have similar customer profiles and primarily transact in US Dollar.
- *Dole*: This operating segment represents the Group's 45% interest in Dole. Dole is one of the world's leading producers, marketers and distributors of fresh fruit and vegetables. It has an iconic brand and leading market positions and scale. It is one of the world's largest producers of bananas and pineapples and a leader in other fresh fruits, value added and fresh-packed vegetables and berries. In terms of market share they hold the number one and three positions respectively for bananas in North America and Europe and are number two and three respectively for pineapples in North America and Europe. They sell and distribute throughout a wide network in North America, Europe, Latin America, the Middle East and Africa.

Segment performance is evaluated based on revenue and adjusted EBITA. Management believes that adjusted EBITA, while not a defined term under IFRS, gives a fair reflection of the underlying trading performance of the Group. Adjusted EBITA represents earnings before interest, tax, acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items. It also excludes the Group's share of these items within joint ventures and associates. Adjusted EBITA is therefore measured differently from operating profit in the Group financial statements as explained and reconciled in full detail in the analysis that follows.

Finance costs, finance income and income taxes are managed on a centralised basis. These items are not allocated between operating segments for the purposes of the information presented to the Chief Operating Decision-Maker ('CODM') and are accordingly omitted from the detailed segmental analysis that follows.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

2. SEGMENTAL ANALYSIS CONTINUED
Segmental analysis continued

	2018			2017		
	Segmental Revenue €'000	Third Party Revenue €'000	Adjusted EBITA €'000	Segmental Revenue €'000	Third Party Revenue €'000	Adjusted EBITA €'000
Europe – Eurozone	1,716,584	1,695,773	27,252	1,737,964	1,714,915	26,990
Europe – Non-Eurozone	1,511,780	1,482,600	41,593	1,542,598	1,509,389	41,716
International	1,175,297	1,175,297	18,880	1,061,927	1,061,927	14,838
Inter-segment revenue	(49,991)	–	–	(56,258)	–	–
Total Group (ex-Dole)	4,353,670	4,353,670	87,725	4,286,231	4,286,231	83,544
Dole	692,239	689,820	10,297	–	–	–
Inter-segment revenue	(2,419)	–	–	–	–	–
Total Group	5,043,490	5,043,490	98,022	4,286,231	4,286,231	83,544

All inter-segment revenue transactions are at arm's length.

Reconciliation of segmental profit to operating profit
Below is a reconciliation of adjusted EBITA per the Group's management reports to operating profit and profit before tax as presented in the Group income statement.

	Note	2018 €'000	2017 €'000
Adjusted EBITA per management reporting		98,022	83,544
Acquisition related intangible asset amortisation in subsidiaries	(i)	(10,281)	(10,499)
Share of joint ventures and associates acquisition related intangible asset amortisation	(i)	(2,684)	(2,460)
Fair value movements on contingent consideration	(ii)	4,043	4,174
Acquisition related costs within subsidiaries	(iii)	(105)	(897)
Share of joint ventures and associates net financial expense	(iv)	(13,784)	(1,058)
Share of joint ventures and associates tax (before tax on exceptional items)	(iv)	(3,153)	(3,182)
Operating profit before exceptional items		72,058	69,622
Net financial expense before exceptional items	(v)	(7,365)	(5,754)
Profit before tax before exceptional items		64,693	63,868
Exceptional items (Note 7)	(vi)	5,125	8,610
Profit before tax		69,818	72,478

(i) Acquisition related intangible asset amortisation charges are not allocated to operating segments in the Group's management reports.
(ii) Fair value movements on contingent consideration are not allocated to operating segments in the Group's management reports.
(iii) Acquisition related costs are transaction costs directly related to acquisitions of subsidiaries completed and are not allocated to operating segments in the Group's management reports.
(iv) Under IFRS, included within profit before tax is the Group's share of joint ventures' and associates' profit after acquisition related intangible asset amortisation charges, tax and interest. In the Group's management reports these items are excluded from the adjusted EBITA calculation.
(v) Financial income and expense is primarily managed at Group level, and is therefore not allocated to operating segments in the Group's management reports.
(vi) Exceptional items (Note 7) are not allocated to operating segments in the Group's management reports.

Business segment assets and liabilities

	Segment assets 2018 €'000	Investment in joint ventures and associates 2018 €'000	Total assets 2018 €'000	Total liabilities 2018 €'000
Europe – Eurozone	271,770	47,435	319,205	178,682
Europe – Non-Eurozone	407,614	12,026	419,640	186,638
International	274,650	45,711	320,361	119,521
Total Group (ex-Dole)	954,034	105,172	1,059,206	484,841
Dole	–	245,881	245,881	–
Total Group	954,034	351,053	1,305,087	484,841
Unallocated assets and liabilities*			136,636	441,277
Total assets/liabilities			1,441,723	926,118

	Segment assets 2017 €'000	Investment in joint ventures and associates 2017 €'000	Total assets 2017 €'000	Total liabilities 2017 €'000
Europe – Eurozone	279,641	49,061	328,702	167,460
Europe – Non-Eurozone	386,768	13,873	400,641	194,762
International	252,715	43,487	296,202	103,056
Total Group (ex-Dole)	919,124	106,421	1,025,545	465,278
Dole	–	–	–	–
Total Group	919,124	106,421	1,025,545	465,278
Unallocated assets and liabilities*			126,303	346,987
Total assets/liabilities			1,151,848	812,265

* Unallocated assets consist of investment property, other investments, cash and cash equivalents, deferred tax assets and corporation tax receivable. Unallocated liabilities consist of interest-bearing loans and borrowings, contingent consideration and other provisions, put option liability, corporation tax payable, deferred tax liabilities and employee benefit liabilities.

Other segmental disclosures

	Share of joint ventures and associates adjusted EBITA(i) 2018 €'000	**Acquisition of property, plant and equipment 2018 €'000**	**Depreciation of property, plant and equipment(ii) 2018 €'000**	**Amortisation of intangible assets(iii) 2018 €'000**
Europe – Eurozone	**7,511**	**9,328**	**8,063**	**2,264**
Europe – Non-Eurozone	**3,399**	**12,850**	**10,727**	**3,135**
International	**6,585**	**2,757**	**2,467**	**7,566**
Total Group (ex-Dole)	**17,495**	**24,935**	**21,257**	**12,965**
Dole	**10,297**	**–**	**12,616**	**–**
Total Group	**27,792**	**24,935**	**33,873**	**12,965**

	Share of joint ventures and associates adjusted EBITA(i) 2017 €'000	Acquisition of property, plant and equipment 2017 €'000	Depreciation of property, plant and equipment(ii) 2017 €'000	Amortisation of intangible assets(iii) 2017 €'000
Europe – Eurozone	10,013	9,175	7,863	2,824
Europe – Non-Eurozone	4,429	31,655	8,905	3,378
International	4,467	1,360	2,686	6,757
Total Group (ex-Dole)	18,909	42,190	19,454	12,959
Dole	–	–	–	–
Total Group	18,909	42,190	19,454	12,959

(i) Share of joint ventures and associates EBITA is after deduction of non-controlling interest's share of profit.
(ii) Includes joint ventures and associates share of depreciation of property, plant and equipment.
(iii) Includes joint ventures and associates share of acquisition related intangible asset amortisation.

Country of domicile and geographic disclosures
The Group headquarters is domiciled in the Republic of Ireland.

The breakdown of external customer revenue by geographical region is Republic of Ireland €382,842,000 (2017: €394,245,000), UK €579,496,000 (2017: €600,281,000), Rest of Europe €2,181,372,000 (2017: €2,195,316,000) and Rest of World €1,899,780,000 (2017: €1,096,389,000).

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

2. SEGMENTAL ANALYSIS CONTINUED

Country of domicile and geographic disclosures continued

Non-current assets, excluding employee benefit assets and deferred tax assets, are held in Republic of Ireland €34,330,000 (2017: €33,410,000), UK €76,345,000 (2017: €78,311,000), Rest of Europe €260,066,000 (2017: €261,883,000) and Rest of World €452,620,000 (2017: €200,280,000).

No one individual customer accounts for more than 10% of total revenue.

3. OPERATING EXPENSES, NET

	Before exceptional items 2018 €'000	Exceptional items (Note 7) 2018 €'000	Total 2018 €'000	Before exceptional items 2017 €'000	Exceptional items (Note 7) 2017 €'000	Total 2017 €'000
Distribution expenses	(378,581)	–	(378,581)	(366,151)	–	(366,151)
Administrative expenses	(60,728)	–	(60,728)	(63,645)	–	(63,645)
Other operating expenses	(1,446)	(17,813)	(19,259)	(2,277)	(9,075)	(11,352)
Other operating income	8,137	27,263	35,400	8,198	17,685	25,883
Total	(432,618)	9,450	(423,168)	(423,875)	8,610	(415,265)

Other operating expenses and income comprise the following (charges)/credits:

Other operating expenses

	2018 €'000	2017 €'000
Foreign exchange losses	(1,329)	(1,299)
Loss on disposal of property, plant and equipment	(3)	(81)
Loss on disposal of intangible assets	(9)	–
Acquisition related costs in subsidiaries [(a)]	(105)	(897)
	(1,446)	(2,277)
Exceptional items in other operating expenses (Note 7)		
Impairment of goodwill	(9,060)	(9,075)
Restructuring costs and costs associated with termination of a business	(4,891)	–
Costs associated with the Dole transactions, net	(2,558)	–
Cost of GMP equalisation in UK defined benefit pension plans	(1,304)	–
Total	(19,259)	(11,352)

(a) Acquisition related costs include transaction costs directly related to the acquisitions of subsidiaries. These costs include legal fees and other professional service fees.

Other operating income

	2018 €'000	2017 €'000
Rental income	1,955	1,574
Amortisation of government grants (Note 25)	75	81
Grant income credited directly to income statement	68	28
Gain on disposal of property, plant and equipment	495	513
Foreign exchange gains	1,442	990
Gain on derivative financial instruments at fair value through the income statement	59	434
Insurance claims	–	42
Reversal of property impairment losses previously recognised in the income statement (Note 11)	–	362
Fair value movements on contingent consideration (Note 26)	4,043	4,174
	8,137	8,198
Exceptional items in other operating income (Note 7)		
Gain on disposal of investment, net	14,728	–
Foreign currency gain relating to proceeds from share placing	12,535	–
Fair value uplift on associate investment	–	12,428
Credit arising from settlement of the Group's defined benefit pension arrangements	–	4,097
Profit on disposal of property	–	1,160
Total	35,400	25,883

4. SHARE OF PROFIT OF JOINT VENTURES AND ASSOCIATES

The Group's share of the profit/(loss) after tax of joint ventures and associates is equity accounted and is presented as a single line item in the Group income statement.

	Joint ventures – Dole 2018 €'000	Joint ventures – Other 2018 €'000	Associates 2018 €'000	Total 2018 €'000
Group's share of:				
Revenue	**692,239**	**622,295**	**74,447**	**1,388,981**
Operating profit before exceptional items	**10,678**	**12,305**	**2,777**	**25,760**
Exceptional items (Note 7)	**(4,580)**	**–**	**–**	**(4,580)**
Operating profit after exceptional items	**6,098**	**12,305**	**2,777**	**21,180**
Financial expense – net	**(12,675)**	**(691)**	**(418)**	**(13,784)**
(Loss)/profit before tax	**(6,577)**	**11,614**	**2,359**	**7,396**
Income tax credit/(expense)	**603**	**(2,643)**	**(191)**	**(2,231)**
(Loss)/profit after tax	**(5,974)**	**8,971**	**2,168**	**5,165**
Non-controlling interests	**(381)**	**(286)**	**15**	**(652)**
Attributable to equity shareholders	**(6,355)**	**8,685**	**2,183**	**4,513**

	Joint ventures – Dole 2017 €'000	Joint ventures – Other 2017 €'000	Associates 2017 €'000	Total 2017 €'000
Group's share of:				
Revenue	–	576,017	96,863	672,880
Operating profit before exceptional items	–	15,738	1,136	16,874
Exceptional items (Note 7)	–	–	–	–
Operating profit after exceptional items	–	15,738	1,136	16,874
Financial expense – net	–	(584)	(474)	(1,058)
Profit before tax	–	15,154	662	15,816
Income tax (expense)/credit	–	(3,325)	143	(3,182)
Profit after tax	–	11,829	805	12,634
Non-controlling interests	–	(402)	(23)	(425)
Attributable to equity shareholders	–	11,427	782	12,209

Profit/(loss) after tax above includes the following (charges)/credits:

	Joint ventures – Dole 2018 €'000	Joint ventures – Other 2018 €'000	Associates 2018 €'000	Total 2018 €'000
Group's share of:				
Depreciation of property, plant and equipment	**(12,616)**	**(3,301)**	**(762)**	**(16,679)**
Amortisation of acquisition related intangible assets	**–**	**(2,094)**	**(590)**	**(2,684)**
Deferred tax credit on amortisation of acquisition related intangible assets	**–**	**389**	**71**	**460**

	Joint ventures – Dole 2017 €'000	Joint ventures – Other 2017 €'000	Associates 2017 €'000	Total 2017 €'000
Group's share of:				
Depreciation of property, plant and equipment	–	(2,845)	(845)	(3,690)
Amortisation of acquisition related intangible assets	–	(1,832)	(628)	(2,460)
Deferred tax credit on amortisation of acquisition related intangible assets	–	446	551	997

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

5. FINANCIAL INCOME AND FINANCIAL EXPENSE

	Before exceptional items 2018 €'000	**Exceptional items (Note 7) 2018 €'000**	**Total 2018 €'000**	Before exceptional items 2017 €'000	Exceptional items (Note 7) 2017 €'000	Total 2017 €'000
Financial income	**2,484**	**1,220**	**3,704**	2,046	–	2,046
Financial expense	**(9,849)**	**(1,887)**	**(11,736)**	(7,800)	–	(7,800)
Total	**(7,365)**	**(667)**	**(8,032)**	(5,754)	–	(5,754)

	2018 €'000	2017 €'000
Recognised in the income statement:		
Interest income	**2,484**	2,046
Financial income before exceptional items	**2,484**	2,046
Interest expense on financial liabilities measured at amortised cost	**(8,463)**	(6,428)
Cash inflow from interest rate swap	**11**	9
Interest expense on finance leases	**(110)**	(124)
Other interest expense	**(1,287)**	(1,257)
Financial expense before exceptional items	**(9,849)**	(7,800)
Net financial expense before exceptional items	**(7,365)**	(5,754)
Exceptional items in net financial expense (Note 7)		
Costs associated with the Dole transaction, net	**(667)**	–
Net financial expense after exceptional items	**(8,032)**	(5,754)
Analysed as follows:		
Amounts relating to items not at fair value through income statement	**(8,032)**	(5,754)
Net financial expense recognised in the income statement	**(8,032)**	(5,754)
Recognised in other comprehensive income:		
Foreign currency translation effects:		
– foreign currency net investments – subsidiaries	**(6,416)**	(13,537)
– foreign currency net investments – joint ventures and associates	**3,236**	(3,866)
– foreign currency losses/ (gains) recycled to income statement on joint venture/associate becoming subsidiaries	**90**	(1,137)
– foreign currency borrowings designated as net investment hedges	**(4,387)**	10,892
Effective portion of changes in fair value of cash flow hedges	**1,480**	375
Fair value of cash flow hedges transferred to the income statement	**(1,140)**	(867)
Cost of hedging reserve – changes in fair value	**(200)**	–
Cost of hedging reserve – reclassified to profit or loss	**223**	–
Net financial expense recognised in other comprehensive income	**(7,114)**	(8,140)

6. GROUP OPERATING PROFIT

Group operating profit has been arrived at after charging the following amounts:

	2018 €'000	2017 €'000
Depreciation of property, plant and equipment within subsidiaries:		
– owned assets	**16,694**	15,108
– held under finance lease	**500**	656
Share of joint venture and associates depreciation charges	**16,679**	3,690
Amortisation of intangible assets within subsidiaries		
– acquisition related intangible assets	**10,281**	10,499
– development costs	**267**	299
– computer software	**1,397**	1,443
Share of joint venture and associates intangible asset amortisation	**2,684**	2,460
Impairment losses:		
– reversal of impairment loss on property, plant and equipment	**–**	(362)
– goodwill and intangible assets	**9,060**	9,075
Operating lease rentals:		
– land and buildings	**14,890**	13,856
– plant and equipment	**2,434**	2,426
– motor vehicles	**2,440**	2,707

Auditors' remuneration

	2018 €'000	2017 €'000
Audit services[1]	**477**	416
Other assurance services[2]	**87**	80
Tax advisory services	**163**	165
Other non-audit services	**575**	182
	1,302	843

1 Includes €8,000 (2017: €8,000) relating to Group share of joint venture and associate fees
2 Includes €1,000 (2017: €1,000) relating to Group share of joint venture and associate fees

Fees paid to other KPMG firms outside of Ireland are as follows:

	2018 €'000	2017 €'000
Audit services[3]	**1,226**	1,091
Other assurance services[4]	**151**	133
Tax advisory services	**147**	202
Other non-audit services[5]	**77**	312
	1,601	1,738

3 Includes €90,000 (2017: €77,000) relating to Group share of joint venture and associate fees
4 Includes €8,000 (2017: €4,000) relating to Group share of joint venture and associate fees
5 Includes €Nil (2017: €36,000) relating to Group share of joint venture and associate fees

Notes to the Group Financial Statements continued
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7. EXCEPTIONAL ITEMS
In accordance with the Group accounting policy, the following items have been presented as exceptional items for the year ended 31 December 2018:

	2018 €'000	2017 €'000
Gain on disposal of investment (a)	**14,728**	–
Foreign currency gains arising on foreign currency denominated intercompany borrowings relating to proceeds from share placing (b)	**12,535**	–
Impairment of goodwill (c)	**(9,060)**	(9,075)
Restructuring costs and costs associated with termination of a business (d)	**(4,891)**	–
Costs associated with the Dole transactions, net (e)	**(3,225)**	–
(Charge)/credit on employee defined benefit obligations (f)	**(1,304)**	4,097
Fair value uplift on associate investment (g)	**–**	12,428
Profit on disposal of property (h)	**–**	1,160
Share of joint ventures and associates exceptional items – Dole (i)	**(4,580)**	–
Total exceptional items (before share of joint ventures and associates tax)	**4,203**	8,610
Share of joint ventures and associates tax on exceptional items – Dole (i)	**922**	–
Exceptional items within profit before tax*	**5,125**	8,610
Net tax charge on exceptional items (j)	**(1,395)**	(1,358)
Total net of tax	**3,730**	7,252
Attributable as follows:		
Equity holders of the parent	**560**	7,116
Non-controlling interests	**3,170**	136
	3,730	7,252

* Of the €5,125,000 in exceptional items, €9,450,000 has been recognised as net exceptional operating income, €3,658,000 loss recognised within profits of joint ventures and associates and €667,000 recognised as an exceptional financial expense.

(a) Gain on disposal of farming investment
In July 2018 a subsidiary of the Group disposed of an interest in a farming entity for consideration of shares in an equity investment which will be realised over a period of three years and may vary depending on certain circumstances. The exceptional gain, which represents the gain on the disposal of the investment received to date and fair valuing the investment held in escrow resulted in an exceptional gain of €14.7m being recorded in the income statement in 2018.

(b) Foreign currency gains arising on foreign currency denominated intercompany borrowings relating to proceeds from share placing
In February 2018 the Group issued 63 million new ordinary shares, raising proceeds of €141m (net of associated costs) to finance the Dole transaction. The net proceeds from this share placing were used, via an intercompany loan, to purchase US Dollars in February. The strengthening of the US Dollar from the date of purchase to when the intercompany loan was converted to equity in August 2018 following completion of the Dole transaction resulted in a foreign currency gain of €12.5m.

(c) Impairment of goodwill
In 2018 the Group recognised a non-cash impairment charge of €9.1m (2017: €9.1m) in relation to its fresh produce businesses in the Netherlands which have experienced a continued difficult trading environment resulting in a slower recovery than had been anticipated.

(d) Restructuring costs and costs association with termination of a business
In 2018, the Group ceased operations in a non-performing sports supplements business in the UK. The total costs associated with the termination of this business were €2.3m including the write-off of fixed assets, intangible assets, other assets and redundancies. The Group implemented restructuring programmes in a number of entities primarily within the Eurozone Division in 2018 with the €2.6m of costs associated with these programmes being recorded as an exceptional cost in the income statement.

(e) Costs associated with the Dole transactions, net
Costs associated with the committed financing and other transaction costs associated with Dole net of interest income on the proceeds of the share placing have been disclosed as a net exceptional cost of €3.2m in the year.

(f) (Charge)/credit on employee defined benefit obligations
As explained in further detail in Note 31, a charge of €1.3m relating to the UK defined benefit pension schemes was recognised in the 2018 income statement as a result of the UK High Court ruling that pension benefits must be equalised in respect of Guaranteed Minimum Pensions (GMPs) accrued between 17 May 1990 and 5 April 1997.

In 2017, an Enhanced Transfer Value ('ETV') offer was made to members of the Irish defined benefit pension schemes. As a result of members taking up this ETV offer settlement credits net of associated costs resulted in an exceptional accounting credit of €4.1m.

(g) Fair value uplift on associate investment
In March 2017 the Group acquired a further 30% shareholding in the Oppenheimer Group ('Oppy') to take its total shareholding to 65%. As a result of this increased shareholding, Oppy became a subsidiary from this date and in accordance with IFRS, the Group's previously held 35% associate interest was remeasured to fair value resulting in a fair value gain of €11.3m. This gain, together with the reclassification of €1.1m of currency translation gains from the currency translation reserve, was reclassified to the income statement resulting in an exceptional gain of €12.4m.

(h) Profit on disposal of property
During 2017 the Group recorded a profit of €1.2m after associated costs on the disposal of property in Continental Europe.

(i) Share of joint ventures and associates exceptional items – Dole
The share of exceptional items in Dole for the five month period ended 31 December 2018 was €4.6m. This related to non-trading exceptional items such non-cash gains/losses on mark to market of derivative financial instruments and foreign currency movements on long-term foreign currency denominated intercompany borrowings and restructuring costs. It also includes some costs associated with the industry wide ban on romaine lettuce as highlighted in the Chief Executive's Review. The share of the associated tax credit was €0.9m.

(j) Tax charge on exceptional items
The tax effect on exceptional items within Group companies was a net charge of €1.4m (2017: €1.4m).

Effect of exceptional items on cash flow statement
The net effect of the exceptional items was a cash inflow of €3.0m (2017: €0.5m).

8. INCOME TAX EXPENSE
Recognised in the income statement

	2018 €'000	2017 €'000
Current tax expense		
Ireland		
Tax on profit/loss for the year	**42**	(247)
Adjustments in respect of prior years	**(13)**	90
	29	(157)
Overseas		
Tax on profit for the year	**14,282**	13,189
Adjustments in respect of prior years	**(122)**	534
	14,160	13,723
Total current tax	**14,189**	13,566
Deferred tax expense		
Origination and reversal of temporary differences	**953**	3,003
Reduction in rates	**(4)**	(4,943)
Adjustments in respect of prior years	**876**	(655)
Total deferred tax charge/(credit)	**1,825**	(2,595)
Income tax expense	**16,014**	10,971

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for the year ended 31 December 2018

8. INCOME TAX EXPENSE CONTINUED

Recognised in the income statement continued

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and from 19% to 17% (effective 1 April 2020) were substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge in respect of its UK operations. Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind. UK deferred tax balances have been calculated based on the tax rates substantively enacted at the reporting date.

A reduction in the US Federal Corporate Income Tax ('CIT') rate from 35% to 21% (effective from 1 January 2018) was substantively enacted on 22 December 2017. The US Federal CIT rate reduction will reduce the Group's future current tax charge in respect of its US operations. Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind. US deferred tax balances have been calculated based on the tax rates substantively enacted at the reporting date.

There were no other material changes in corporation tax rules in other jurisdictions in 2018 or 2017.

Reconciliation of effective tax rate

	%	2018 €'000	%	2017 €'000
Profit before tax		**69,818**		72,478
Taxation based on Irish corporation tax rate	**12.50**	**8,727**	12.50	9,060
Effects of:				
Expenses not deductible for tax purposes	**1.82**	**1,266**	0.75	541
Tax effect of fair value adjustments	**2.77**	**1,936**	1.07	775
Tax effect on profits of joint ventures and associates	**(0.82)**	**(570)**	(2.11)	(1,526)
Differences in tax rates	**7.58**	**5,295**	2.38	1,727
Unrecognised deferred tax asset	**0.57**	**395**	0.78	566
Previously unrecognised deferred tax asset	**(0.04)**	**(26)**	(0.00)	(2)
Income not taxable	**(2.24)**	**(1,567)**	–	–
Other items	**(0.26)**	**(183)**	(0.19)	(139)
Adjustments in respect of prior years	**1.06**	**741**	(0.04)	(31)
Total income tax expense in the income statement	**22.94**	**16,014**	15.14	10,971

Deferred tax recognised directly in other comprehensive income

	2018 €'000	2017 €'000
Deferred tax on revaluation of property, plant and equipment, net	**106**	1,219
Deferred tax on remeasurement gains on post-employment defined benefit schemes, net	**1,066**	2,091
Deferred tax on effective portion of cash flow hedges, net	**90**	(124)
Deferred tax on changes in fair value of cost of hedging, net	**7**	–
Total deferred tax charge recognised in other comprehensive income	**1,269**	3,186

9. DIVIDENDS PAID AND PROPOSED

	2018 €'000	2017 €'000
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for the year ended 31 December 2017: 2.4527 cent (2016: 2.2297 cent)	**9,517**	7,177
Interim dividend for the year ended 31 December 2018: 0.9129 cent (2017: 0.8906 cent)	**3,545**	2,888
Total: 3.3656 cent per share (2017: 3.1203 cent)	**13,062**	10,065
Proposed for approval at AGM (not recognised as a liability as at 31 December)		
Equity dividends on ordinary shares:		
Final dividend for the year ended 31 December 2018: 2.5140 cent (2017: 2.4527 cent)	**9,766**	9,512

It is proposed that a final dividend of 2.5140 cent per ordinary share be paid to ordinary shareholders. These proposed dividends have not been provided for in the Company or Group balance sheet in accordance with IAS 10 *Events After the Reporting Period*. The final dividend is subject to approval by the Group's shareholders at the Annual General Meeting.

The proposed final dividend for the year will be paid on 6 June 2019 to shareholders on the register at 26 April 2019, subject to dividend withholding tax.

10. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, excluding shares purchased by the Company and held as treasury shares. In November 2010 the Group purchased 22,000,000 of its own shares which are held as treasury shares. In respect of the shares that are held by the Group (treasury shares), all rights (including voting and dividend rights) are suspended until those shares are reissued and therefore they are not included in earnings per share calculations. Details relating to the purchase of the Group's own shares are outlined in Note 20.

	2018 €'000	2017 €'000
Profit for the financial year attributable to equity holders of the parent	**35,793**	47,826
	'000	'000
Shares in issue at beginning of year	**346,829**	343,015
New shares issued from exercise of share options (weighted average)	**275**	2,148
New shares issued from share placing (weighted average)	**56,786**	–
Effect of treasury shares held	**(22,000)**	(22,000)
Weighted average number of shares	**381,890**	323,163
Basic earnings per share – cent	**9.37**	14.80

Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding after adjustment for the effects of all ordinary shares and options with a dilutive effect.

	2018 €'000	2017 €'000
Profit for the financial year attributable to equity holders of the parent	**35,793**	47,826
	'000	'000
Weighted average number of shares	**381,890**	323,163
Effect of share options with a dilutive effect	**1,257**	2,598
Weighted average number of shares (diluted)	**383,147**	325,761
Diluted earnings per share – cent	**9.34**	14.68

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

10. EARNINGS PER SHARE CONTINUED

Adjusted basic earnings per share and adjusted fully diluted earnings per share

Management believe that adjusted fully diluted earnings per share as set out below provides a fairer reflection of the underlying trading performance of the Group after eliminating the effect of acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration, unrealised gains or losses on derivative financial instruments, gains and losses on foreign currency denominated intercompany borrowings and exceptional items and the related tax on these items.

Adjusted basic earnings per share is calculated by dividing the adjusted profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, excluding shares purchased by the Company which are held as treasury shares.

Adjusted fully diluted earnings per share is calculated by dividing the adjusted profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding after adjustment for the effects of all ordinary shares and options with a dilutive effect.

	2018 €'000	2017 €'000
Profit for the financial year attributable to ordinary equity holders of the parent	**35,793**	47,826
Adjustments		
Exceptional items – net of tax (Note 7)	**(3,730)**	(7,252)
Acquisition related intangible asset amortisation within subsidiaries (Note 13)	**10,281**	10,499
Share of joint ventures and associates acquisition related intangible asset amortisation (Note 4)	**2,684**	2,460
Acquisition related costs within subsidiaries (Note 3)	**105**	897
Fair value movements on contingent consideration (Note 3)	**(4,043)**	(4,174)
Tax effect of amortisation charges of goodwill, intangible assets and fair value movements on contingent consideration	**(805)**	(6,598)
Non-controlling interests share of the items above	**1**	265
Adjusted profit attributable to equity holders of the parent	**40,286**	43,923

	'000	'000
Weighted average number of shares	**381,890**	323,163
Weighted average number of shares (diluted)	**383,147**	325,761
Adjusted basic earnings per share – cent	**10.55**	13.59
Adjusted fully diluted earnings per share – cent	**10.51**	13.48

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Bearer plants €'000	Total €'000
Cost or valuation					
Balance at 1 January 2017	119,788	115,924	20,315	1,017	257,044
Additions	20,154	17,102	4,684	250	42,190
Arising on acquisition of subsidiaries (Note 30)	3,408	2,536	513	–	6,457
Arising from business disposals (Note 30)	(238)	(1,765)	(614)	–	(2,617)
Subsidiary becoming a joint venture (Note 30)	(4,373)	(9,585)	(786)	–	(14,744)
Disposals	(13,017)	(7,096)	(3,636)	(346)	(24,095)
Reclassification	(231)	231	–	–	–
Revaluation gains	3,838	–	–	–	3,838
Foreign exchange movement	(387)	(1,457)	(93)	(131)	(2,068)
Balance at 31 December 2017	**128,942**	**115,890**	**20,383**	**790**	**266,005**
Additions	**5,216**	**15,214**	**4,201**	**304**	**24,935**
Arising on acquisition of subsidiaries (Note 30)	**2,002**	**319**	**101**	**–**	**2,422**
Arising on termination of business	**(111)**	**(164)**	**(18)**	**–**	**(293)**
Disposals	**(265)**	**(13,182)**	**(3,425)**	**–**	**(16,872)**
Reclassification	**(1,826)**	**1,730**	**96**	**–**	**–**
Reclassification to biological assets (Note 17)	**–**	**–**	**–**	**501**	**501**
Revaluation gains	**1,817**	**–**	**–**	**–**	**1,817**
Revaluation losses	**(2,074)**	**–**	**–**	**–**	**(2,074)**
Foreign exchange movement	**(1,777)**	**(1,166)**	**(309)**	**(89)**	**(3,341)**
Balance at 31 December 2018	**131,924**	**118,641**	**21,029**	**1,506**	**273,100**
Depreciation and impairment losses					
Balance at 1 January 2017	21,999	80,123	9,342	396	111,860
Depreciation charge	3,124	8,779	3,841	20	15,764
Disposals	(8,193)	(6,622)	(2,994)	(346)	(18,155)
Arising from business disposals (Note 30)	(28)	(592)	(333)	–	(953)
Subsidiaries becoming joint ventures (Note 30)	(1,822)	(5,244)	(523)	–	(7,589)
Revaluation gains	(1,518)	–	–	–	(1,518)
Reversal of property impairment	(362)	–	–	–	(362)
Reclassifications	(6)	6	–	–	–
Foreign exchange movement	213	(679)	59	(32)	(439)
Balance at 31 December 2017	**13,407**	**75,771**	**9,392**	**38**	**98,608**
Depreciation charge	**3,291**	**9,807**	**4,006**	**90**	**17,194**
Disposals	**(259)**	**(13,088)**	**(2,942)**	**–**	**(16,289)**
Arising on termination of business	**(111)**	**(85)**	**(15)**	**–**	**(211)**
Revaluation gains	**(732)**	**–**	**–**	**–**	**(732)**
Foreign exchange movement	**(434)**	**(686)**	**(170)**	**(5)**	**(1,295)**
Balance at 31 December 2018	**15,162**	**71,719**	**10,271**	**123**	**97,275**
Carrying amount					
At 31 December 2017	115,535	40,119	10,991	752	167,397
At 31 December 2018	**116,762**	**46,922**	**10,758**	**1,383**	**175,825**

Land and buildings are stated at fair value while plant and equipment, motor vehicles and bearer plants are stated at depreciated historic cost. There is €1,165,000 included in the carrying amount of property, plant and equipment at 31 December 2018 that relates to assets under construction (2017: €1,161,000).

Measurement of fair value of land and buildings

(i) Fair value hierarchy

Fair value is defined as the price that would be received if the asset were sold in an orderly transaction between market participants based on the asset's highest and best use. Valuations are reviewed each year by the Directors in order to ensure that the fair value of a revalued asset is not materially at variance from its carrying amount. Where appropriate, registered independent appraisers having relevant recognised professional qualifications and recent experience in the locations and category of properties being valued prepare the valuations every three to five years, with valuations updated annually in the interim by the Directors, having due regard to the advice of professionally qualified consultants, where it is deemed appropriate.

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11. PROPERTY, PLANT AND EQUIPMENT CONTINUED
Measurement of fair value of land and buildings continued
(i) Fair value hierarchy continued
At 31 December 2018, the Group undertook an exercise to revalue its properties. Properties occupied by the Group included in land and buildings comprise industrial and office buildings and related land in a number of locations, the largest of which are in Scandinavia, the Czech Republic, Spain, the Netherlands and the UK. In excess of seventy five per cent of the value of land and buildings was determined by registered independent appraisers within the past five years. The basis for such valuations is described in further detail below. The valuations of a number of properties were determined by the Directors with reference to local knowledge, valuation techniques and judgement after consultation with property advisers. The Directors are satisfied with the basis upon which these valuations have been prepared.

Fair value hierarchy
The following is a breakdown of the fair value of land and buildings by geographic location and the various measurement techniques utilised:

	Comparable Market Transactions for Land and Buildings 2018 €'000	**Comparable Market Transactions For Land 2018 €'000**	**Comparable Rental Yield 2018 €'000**	**Discounted Cash Flows 2018 €'000**	**Depreciated Historic Cost [1] 2018 €'000**	**Total 2018 €'000**
Europe – Eurozone	**24,188**	**–**	**5,910**	**–**	**9,430**	**39,528**
Europe – Non-Eurozone						
– Scandinavia	**–**	**2,008**	**–**	**23,516**	**14,912**	**40,436**
– Eastern Europe	**16,049**	**–**	**–**	**–**	**396**	**16,445**
– UK	**9,284**	**–**	**7,592**	**–**	**1,788**	**18,664**
International	**–**	**–**	**–**	**–**	**1,689**	**1,689**
	49,521	**2,008**	**13,502**	**23,516**	**28,215**	**116,762**

	Comparable Market Transactions for Land and Buildings 2017 €'000	Comparable Market Transactions For Land 2017 €'000	Comparable Rental Yield 2017 €'000	Discounted Cash Flows 2017 €'000	Depreciated Historic Cost [1] 2017 €'000	Total 2017 €'000
Europe – Eurozone	23,758	–	5,425	–	10,038	39,221
Europe – Non-Eurozone						
– Scandinavia	–	2,014	–	24,329	14,711	41,054
– Eastern Europe	16,296	–	–	–	384	16,680
– UK	11,063	–	6,909	–	–	17,972
International	–	–	–	–	608	608
	51,117	2,014	12,334	24,329	25,741	115,535

1 Assets valued at depreciated historic cost include buildings that were recently constructed and leasehold improvements.

All fair values above have been designated as level 3 in the fair value hierarchy.

(ii) Level 3 fair value for land and buildings
The following table shows a reconciliation from the opening balance to the closing balance for level 3 fair values:

	2018 €'000	2017 €'000
Balance at beginning of year	**115,535**	97,789
Arising on acquisition of subsidiaries	**2,002**	3,408
Arising from business disposals	**–**	(210)
Reclassification to/from plant and equipment	**(1,826)**	(225)
Additions in year	**5,216**	20,154
Subsidiaries becoming joint ventures	**–**	(2,551)
Depreciation charge in year	**(3,291)**	(3,124)
Disposals in year	**(6)**	(4,824)
Foreign exchange movement	**(1,343)**	(600)
Reversal of impairment recognised in income statement	**–**	362
Income/(expense) included in other comprehensive income:		
– Fair value gains	**2,549**	5,356
– Fair value losses	**(2,074)**	–
Balance at end of year	**116,762**	115,535

Fair value gains of €Nil (2017: €362,000) were recognised in the income statement. The 2017 gain represented a reversal of a previously recognised property impairment. The non-controlling interest share of this reversal of property impairments was a credit of €Nil (2017: €163,000). Fair value gains in 2018 amounting to €2,549,000 (2017: €5,356,000) and fair value losses in the same period of €2,074,000 (2017: €Nil) were recognised in the statement of other comprehensive income. Net deferred tax charges of €106,000 (2017: charge of €1,219,000) on revaluation of land and buildings were also recognised in the statement of other comprehensive income for the year as a result of both revaluation movements and changes in underlying tax rates. The non-controlling interests' share of net revaluation movements in other comprehensive income, net of deferred taxes, was a credit of €68,000 (2017: credit of €170,000).

The depreciated historic cost of land and buildings which were revalued amounted to €90,753,000 (2017: €89,535,000).

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of land and buildings as well as the significant unobservable inputs used.

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Comparable market transactions (for land and buildings) – price per square metre: This method of valuation is used for land and buildings held for own use. The value is based on comparable market transactions.	*Europe – Eurozone* Comparable market prices • 2018: €312 to €993 per square metre (weighted average of €645 per square metre) • 2017: €281 to €785 per square metre (weighted average of €593 per square metre) *Europe – Non-Eurozone* *Eastern Europe* Comparable market prices • 2018: €248 to €265 per square metre (weighted average of €251 per square metre) • 2017: €250 to €279 per square metre (weighted average of €255 per square metre) *UK* Comparable market prices • 2018: £57 to £629 per square metre (weighted average of £460 per square metre) • 2017: £103 to £678 per square metre (weighted average of £473 per square metre)	The estimated fair value would increase/(decrease) if: • Comparable market prices were higher/(lower)
Comparable market transactions (for land) – price per hectare: This method of valuation is used for land held for own use. The value is based on comparable market transactions.	*Europe – Non-Eurozone* *Scandinavia* Comparable market prices • 2018: €502,000 per hectare (weighted average of €502,000 per hectare) • 2017: €503,000 per hectare (weighted average of €503,000 per hectare)	The estimated fair value would increase/(decrease) if: • Comparable market prices were higher/(lower)

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11. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Measurement of fair value of land and buildings continued

(ii) Level 3 fair value for land and buildings continued

Valuation technique and significant unobservable inputs continued

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Comparable market transactions – rental yield model: This method is used for land and buildings held for own use. The valuation model takes into account annual rent per square metre and a capitalisation yield.	*Europe – Eurozone* Annual rent • 2018: Annual rent of €62 - €78 per square metre (weighted average of €75 per square metre) • 2017: Annual rent of €62 - €73 per square metre (weighted average of €71 per square metre) Capitalisation yield • 2018: 7.50% - 8.50 % (weighted average of 7.65%) • 2017: 8.50% - 9.00% (weighted average of 8.91%) *Europe – Non-Eurozone* *UK* Annual Rent • 2018: £62 - £65 per square metre (weighted average of £64 per square metre) • 2017: £60 - £61 per square metre (weighted average of £60 per square metre) Capitalisation yield • 2018: 8.00% - 8.40% (weighted average of 8.15%) • 2017: 8.00% - 8.40% (weighted average of 8.15%)	The estimated fair value would increase/(decrease) if: • Expected annual rents were higher/(lower) • Capitalisation yields were lower/(higher)
Discounted cash flows: This valuation model considers the present value of net cash flows to be generated from the property taking into account current rents, expected market rents and lease incentive costs. The expected net cash flows are discounted using a risk-adjusted market discount rate.	*Europe – Non-Eurozone* *Scandinavia* Net annual rent • 2018: €62 - €66 per square metre (weighted average of €66 per square metre) • 2017: €62 - €69 per square metre (weighted average of €68 per square metre) Growth in annual rent • 2018: 1.50% - 2.00% (weighed average of 1.95%) • 2017: 1.50% - 2.00% (weighed average of 1.95%) Capitalisation yield • 2018: 6.50% - 9.00% (weighted average of 6.77%) • 2017: 6.50% - 9.00% (weighted average of 6.77%) Risk-adjusted discount rates • 2018 : 8.40% - 8.50% (weighted average 8.41%) • 2017: 8.40% - 8.50% (weighted average 8.41%)	The estimated fair value would increase/(decrease) if: • Expected market rental growth was higher/(lower) • Capitalisation yields were lower/(higher) • Risk-adjusted discount rates were lower/(higher)

Leased property, plant and equipment

The Group leases property, plant and equipment under a number of finance lease agreements. At 31 December 2018, the carrying amount of leased assets included in property, plant and equipment was €1,900,000 (2017: €2,600,000).

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
At 31 December 2017	–	1,008	1,592	2,600
At 31 December 2018	**–**	**379**	**1,521**	**1,900**

At 31 December 2018, property, plant and equipment with a carrying value of €4,756,000 (2017: €5,158,000) is charged as security in respect of bank loans and finance leases.

12. INVESTMENT PROPERTY

	2018 €'000	2017 €'000
Balance at beginning of year	**7,203**	8,585
Arising on acquisition of subsidiaries (Note 30)	**223**	–
Disposals	**–**	(1,100)
Foreign exchange movement	**(82)**	(282)
Balance at end of year	**7,344**	7,203

Investment property, comprising land and buildings, is held for capital appreciation and/or rental income and is not occupied by the Group. This also includes parts of properties owned by the Group which are sublet to third parties. The Group's investment properties at 31 December 2018 are located in the UK and Ireland. A property in the Netherlands was sold during 2017.

Measurement of fair value

(i) Fair value hierarchy

The carrying amount of investment property within the Group's subsidiaries is the fair value of the property as determined by the Directors. In preparing the property valuations, the Directors consulted with registered independent appraisers having an appropriate recognised professional qualification and with recent experience in the location and category being valued. In general, valuations have been undertaken having regard to comparable market transactions between informed market participants at the 'highest and best use'. All of the investment property at 31 December 2018 was valued in accordance with consultation with external experts.

The fair value measurement for investment property of €7,344,000 (2017: €7,203,000) has been categorised as a Level 3 fair value based on the input to the valuation technique used (see Note 36).

(ii) Level 3 fair value

The table above reflects the reconciliation from opening balance to closing balance for Level 3 fair values. All investment property was measured using the comparable market transaction method.

No fair value movements were identified in 2018 (2017: €Nil) in relation to investment property.

Valuation technique and significant unobservable inputs

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Comparable market transactions: This method of valuation is used for land and buildings held for sale or capital appreciation. The value is based on comparable market transactions after discussion with independent registered property appraisers.	*Europe – Eurozone* Comparable market price • 2018: €588,000 per hectare (weighted average €588,000 per hectare) • 2017: €588,000 per hectare (weighted average €588,000 per hectare) *Europe – Non-Eurozone* *UK* *Comparable market price* • 2018: £2,227,000 per hectare (weighted average £2,227,000 per hectare) • 2017: £2,227,000 per hectare (weighted average £2,227,000 per hectare)	The estimated fair value would increase/(decrease) if: • Comparable market prices were higher/(lower)

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13. GOODWILL AND INTANGIBLE ASSETS

	Customer relationships €'000	Other intangible assets €'000	Research & development €'000	Computer software €'000	Goodwill €'000	Total €'000
Cost						
Balance at 1 January 2017	88,787	28,218	1,437	7,046	174,540	300,028
Arising on acquisition of subsidiaries (Note 30)	39,981	15,610	–	56	43,796	99,443
Arising from business disposals (Note 30)	–	–	–	(247)	(51)	(298)
Additions	–	462	–	2,960	–	3,422
Capitalisation of development expenditure	–	–	204	–	–	204
Disposals	–	–	–	(279)	–	(279)
Subsidiaries becoming joint ventures (Note 30)	–	–	–	(87)	(32)	(119)
Foreign exchange movement	(8,735)	(3,622)	(60)	(74)	(10,902)	(23,393)
Balance at 31 December 2017	**120,033**	**40,668**	**1,581**	**9,375**	**207,351**	**379,008**
Arising on acquisition of subsidiaries (Note 30)	**811**	**93**	**–**	**–**	**1,749**	**2,653**
Arising on termination of business	**(1,922)**	**(3,165)**	**–**	**(283)**	**(4,996)**	**(10,366)**
Additions	**–**	**19**	**–**	**4,501**	**–**	**4,520**
Capitalisation of development expenditure	**–**	**–**	**121**	**–**	**–**	**121**
Disposals	**–**	**–**	**–**	**(70)**	**–**	**(70)**
Foreign exchange movement	**(566)**	**388**	**(21)**	**(13)**	**(715)**	**(927)**
Balance at 31 December 2018	**118,356**	**38,003**	**1,681**	**13,510**	**203,389**	**374,939**
Accumulated amortisation and impairments						
Balance at 1 January 2017	56,924	11,208	657	3,125	7,624	79,538
Amortisation of acquisition related intangible assets	7,255	3,244	–	–	–	10,499
Development and software amortisation	–	–	299	1,443	–	1,742
Impairment	–	–	–	–	9,075	9,075
Arising from business disposals (Note 30)	–	–	–	(129)	–	(129)
Disposals	–	–	–	(178)	–	(178)
Subsidiaries becoming joint ventures (Note 30)	–	–	–	(21)	–	(21)
Foreign exchange movement	(1,801)	(504)	(31)	(35)	(228)	(2,599)
Balance at 31 December 2017	**62,378**	**13,948**	**925**	**4,205**	**16,471**	**97,927**
Amortisation of acquisition related intangible assets	**7,031**	**3,250**	**–**	**–**	**–**	**10,281**
Development and software amortisation	**–**	**–**	**267**	**1,397**	**–**	**1,664**
Impairment	**–**	**–**	**–**	**–**	**9,060**	**9,060**
Arising on termination of business	**(1,875)**	**(2,807)**	**–**	**(159)**	**(4,996)**	**(9,837)**
Disposals	**–**	**–**	**–**	**(61)**	**–**	**(61)**
Foreign exchange movement	**(1,057)**	**13**	**(15)**	**1**	**13**	**(1,045)**
Balance at 31 December 2018	**66,477**	**14,404**	**1,177**	**5,383**	**20,548**	**107,989**
Carrying amount						
Balance at 31 December 2017	57,655	26,720	656	5,170	190,880	281,081
Balance at 31 December 2018	**51,879**	**23,599**	**504**	**8,127**	**182,841**	**266,950**

Other intangible assets
Other intangible assets include brands of €7,828,000 (2017: €9,055,000), supplier relationships of €15,771,000 (2017: €17,574,000) and other €Nil (2017: €91,000).

Amortisation and impairment charges
Intangible assets are amortised to the income statement over their estimated useful lives as follows:
- Customer relationships: 3 to 15 years;
- Brands: 10 to 15 years;
- Supplier relationships: 3 to 15 years;
- Capitalised development costs: 5 to 7 years; and
- Software: 3 to 8 years.

Amortisation charges for acquisition related intangible assets (customer relationships, brands and supplier relationships) are separately disclosed in the Group income statement. Amortisation charges for capitalised development costs and software are allocated to distribution expenses. Impairment losses are allocated to other operating expenses.

Goodwill and intangible assets arising on acquisition

Goodwill and intangible assets arising in connection with acquisitions are set out in Note 30.

Impairment testing and goodwill

The Group tests goodwill annually for impairment on 31 December, or more frequently if there are indications that goodwill might be impaired. For the purposes of impairment testing, goodwill is allocated to divisions which represent the lowest level within the Group at which goodwill is monitored, which is not higher than the operating segments identified before aggregations. A reportable operating level summary of the goodwill is presented below.

	2018 Number CGUs	2017 Number CGUs	**2018 €'000**	2017 €'000
Europe – Eurozone	**9**	9	**22,734**	32,578
Europe – Non-Eurozone	**5**	5	**94,829**	95,319
International	**2**	2	**65,278**	62,983
	16	16	**182,841**	190,880

The recoverable amount of each cash-generating unit ('CGU') has been determined based on a value-in-use calculation using cash flows derived from the approved 2019 budget with cash flows thereafter calculated using a terminal value methodology assuming 1.5% p.a. inflation. No other growth is assumed. The pre-tax discount rates applied to cash flow projections of the CGUs range from 9.2% to 15.7% (2017: 10.0% to 15.4%).

Projected cash flows are most sensitive to assumptions regarding future profitability, replacement capital expenditure requirements and working capital investment. The values applied to these key assumptions are derived from a combination of external and internal factors, based on past experience together with management's future expectations about business performance.

Discount rates reflect the current market assessment of the risk specific to each CGU. The discount rates were estimated by calculating a CGU specific weighted average cost of capital to reflect the market assessment of risks specific to each CGU for which the cash flow projections have not been adjusted.

The Group's earnings are significantly dependent on the selling prices and margins obtained for products sold. These, in turn, are largely determined by market supply and demand. Fresh produce supplies in individual markets are affected by the geography of production, growing conditions (including climate), seasonality and perishability. Market demand is a function of population size, per capita consumption, the availability and quality of individual products, competing products, climatic, economic and other general conditions in the marketplace. Excess produce leading to reduced selling prices (particularly for products purchased under contract) could have a material adverse effect on the Group's business, results of operations and financial condition.

Applying the techniques above, an impairment charge of €9,060,000 (2017: €9,075,000) relating to goodwill was recognised in the income statement in 2018 within other operating expenses (Note 3) and disclosed as an exceptional item (Note 7). The impairment charges in 2018 and 2017 related to the fresh produce businesses in the Netherlands which have experienced a continued difficult trading environment resulting in a slower recovery than had been anticipated.

Sensitivity analysis

The value-in-use calculations are sensitive to changes in the assumptions, particularly relating to assumptions of cash flows generated by the individual CGUs and discount rates applied to these cash flows. Sensitivity analysis was performed based on changes to each of these factors.

A 10% reduction in the cash flow projections would not have given rise to a further impairment loss for any CGU. Similarly if the pre-tax discount rates applied to the cash flows had been 10% higher, no further impairment loss would have arisen.

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14. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

	Joint Ventures – Dole €'000	Joint Ventures – Other €'000	Associates €'000	Total €'000
Balance at 1 January 2017	–	69,123	23,787	92,910
Share of profit after tax (Note 4)	–	11,427	782	12,209
Share of other comprehensive income, net	–	–	711	711
Investment in joint ventures and associates (a)	–	12,498	8,564	21,062
Investment in joint ventures – contingent consideration (a)	–	2,515	–	2,515
Fair value uplift on associate investment (b)	–	–	11,291	11,291
Associate becoming a subsidiary (b) (Note 30)	–	–	(24,683)	(24,683)
Subsidiaries becoming joint ventures (c) (Note 30)	–	6,407	–	6,407
Disposal of joint venture (d)	–	(620)	–	(620)
Investment in associate on acquisition of subsidiaries (Note 30)	–	–	1,112	1,112
Dividends declared (f)	–	(8,087)	(4,540)	(12,627)
Foreign exchange movement	–	(2,532)	(1,334)	(3,866)
Balance at 31 December 2017	**–**	**90,731**	**15,690**	**106,421**
Share of profit after tax (Note 4)	**(6,355)**	**8,685**	**2,183**	**4,513**
Share of other comprehensive income, net	**(234)**	**(32)**	**–**	**(266)**
Investment in joint ventures and associates (a)	**249,853**	**1,099**	**594**	**251,546**
Investment in joint ventures – contingent consideration (a)	**–**	**(419)**	**–**	**(419)**
Joint venture becoming a subsidiary (b) (Note 30)	**–**	**(2,760)**	**–**	**(2,760)**
Associate becoming an investment (e)	**–**	**–**	**(26)**	**(26)**
Dividends declared (f)	**–**	**(10,294)**	**(898)**	**(11,192)**
Foreign exchange movement	**2,617**	**325**	**294**	**3,236**
Balance at 31 December 2018	**245,881**	**87,335**	**17,837**	**351,053**

Details of the Group's principal joint ventures and associates are set out in Note 39.

(a) Investment in joint ventures and associates*

Investments in 2018

On 31 July 2018 the Group completed the transaction to acquire a 45% stake in Dole Food Company ('Dole') for $300m. For further details on this investment see pages 114 to 117.

During 2018, the Group also invested €1,693,000 in cash in a number of joint ventures and associates in North America and Europe.

In 2018 the contingent consideration estimate for a joint venture acquired in 2017 was finalised and the provisional contingent consideration estimate was updated within 12 months of the acquisition date, in accordance with IFRS 3 *Business Combinations*, resulting in a reduction in contingent consideration of €419,000. Based on materiality the 2017 balance sheet has not been restated and the adjustment was recognised as a current year movement in 2018.

* *For the aforementioned acquisitions, the purchase method of accounting has been applied. The initial assignment of fair values to net assets has been performed on a provisional basis in respect of these acquisitions given the timing of the completion of these transactions and will be finalised within twelve months from the acquisition date as permitted by IFRS 3 Business Combinations.*

Investments in 2017

During 2017, the Group invested €23,577,000 (€21,062,000 in cash and €2,515,000 in contingent consideration payable on achievement of certain profit targets) in a number of joint ventures and associates in North America and Europe. The fair value of contingent consideration recognised at date of acquisition was calculated using the expected present value technique. The principal acquisitions in 2017 were investments in Delica North America and The Fresh Connection in North America.

On 6 April 2017, Oppy entered strategically-important agreements with the New Zealand based T&G Global Limited ('T&G') to enable both parties to enhance their market positions as co-shareholders in two US produce businesses.

Oppy acquired from T&G a 50% share of a T&G Californian headquartered US export business known in the market as Delica North America ('Delica NAM') for a cash consideration of €8,085,000. Delica NAM is focussed on exporting a wide range of fresh produce from the US predominantly to the important Chinese and South East Asian markets. Under the terms of the shareholders agreement, Oppy is considered to have significant influence rather than joint control of this investment and therefore has treated the investment as an associate investment in accordance with IAS 28 *Investments in Associates and Joint Ventures (2011)*.

Separately Oppy sold some shares in its US business to T&G. T&G through its wholly owned subsidiary Enza Fresh, previously held a 15% shareholding in Oppy's largest subsidiary, the US focussed marketer David Oppenheimer & Company LLC ('DOC') and a US transport company David Oppenheimer Transport ('DOT'). On 6 April 2017, Enza Fresh merged with Grandview Brokerage LLC ('GBLLC') and as part of this agreement obtained a 39.4% shareholding in GBLLC with the right thereafter to match the effective share of GBLLC held by Total Produce. As GBLLC owns 100% of DOC and 15% of DOT, the transaction resulted in T&G increasing its shareholding in DOC from 15% to 39.4% and reducing its interest in DOT from 15% to 6%. The net proceeds received by Oppy for the disposal of the shareholding in GBLLC were €8,631,000.

In late October 2017, the Group acquired a 50% interest in the Californian based fresh produce company, The Fresh Connection LLC. The Fresh Connection has a network of growers throughout the US, Mexico, South America, South Africa and Australia and exports a wide range of fresh fruits and vegetables (mainly citrus, apples, pears, berries and stone fruits) to customers in more than 35 countries.

(b) Joint venture/associate becoming a subsidiary

2018

In 2018 the Group acquired further shareholdings in joint ventures in the UK and Scandinavia. As a result of this increased shareholding, the joint ventures became subsidiaries from this date. The carrying value of the original shareholdings at the date of acquisition of €2,760,000 was deemed to be their fair value. As a result of the joint ventures becoming subsidiaries €90,000 of currency translation losses related to these joint ventures in the currency translation reserve were reclassified to the income statement.

2017

As outlined in Note 30, on 1 March 2017 the Group acquired a further 30% shareholding in the Oppenheimer Group ('Oppy') to take its total shareholding to 65%. As a result of this increased shareholding, Oppy became a subsidiary from this date and in accordance with IFRS, the Group's previously held 35% associate interest was remeasured from its carrying value of €13,392,000 to a fair value of €24,683,000 resulting in a fair value gain of €11,291,000. This gain, together with the reclassification of €1,137,000 of currency translation gains from the currency translation reserve, were reclassified to the income statement resulting in an exceptional gain of €12,428,000. The fair value of €24,683,000 formed part of the acquisition accounting for the consolidation of Oppy on 1 March 2017.

(c) Subsidiaries becoming joint ventures

In 2017, as a result of changes in the nature of shareholder relationships it was determined that the Group no longer held a controlling influence in a number of investees and that the Group jointly controlled the investees. Therefore these investments were reclassified as joint ventures (see Note 30).

(d) Disposal of a joint venture

In 2017, the Group disposed of its shareholding in a joint venture in Europe with a carrying value of €620,000 for proceeds of €625,000 (€400,000 received in cash and €225,000 deferred for one year). A gain of €5,000 was recognised on this disposal.

(e) Associate becoming an investment

In 2018, as a result of the change in shareholder arrangements and the Group no longer having significant influence in an associate investment the Group ceased equity accounting for this investment and instead accounted for it as an investment.

(f) Dividends declared by joint ventures and associates

Dividends of €11,192,000 (2017: €12,627,000) were declared by joint ventures and associates during the year of which €10,908,000 (2017: €8,243,000) was received in cash. A dividend declared by an associate of €4,384,000 during 2017 was not paid to the Group prior to this associate becoming a subsidiary of the Group and therefore the Group had a pre-existing receivable at the date of acquisition which was settled as part of the acquisition (see Note 30 for details).

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14. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES CONTINUED

Additional disclosures on the Group's joint ventures and associates

The following additional disclosures are set out in respect of the Group's share of joint ventures and associates:

	Joint Ventures – Dole 2018 €'000	Joint Ventures – Other 2018 €'000	Associates 2018 €'000	Total 2018 €'000
Non-current assets	**608,480**	**58,096**	**15,406**	**681,982**
Other current assets	**339,494**	**89,792**	**17,810**	**447,096**
Cash and cash equivalents	**33,881**	**22,323**	**1,930**	**58,134**
Interest-bearing loans and borrowings	**(564,676)**	**(15,044)**	**(4,486)**	**(584,206)**
Non-current liabilities	**(177,282)**	**(11,145)**	**(4,518)**	**(192,945)**
Current liabilities	**(233,052)**	**(76,982)**	**(11,669)**	**(321,703)**
Non-controlling interests	**(3,354)**	**(1,108)**	**(305)**	**(4,767)**
Share of net assets	**3,491**	**65,932**	**14,168**	**83,591**
Goodwill	**242,390**	**21,403**	**3,669**	**267,462**
Balance at 31 December	**245,881**	**87,335**	**17,837**	**351,053**

	Joint Ventures – Dole 2017 €'000	Joint Ventures – Other 2017 €'000	Associates 2017 €'000	Total 2017 €'000
Non-current assets	–	51,676	17,256	68,932
Other current assets	–	85,884	14,180	100,064
Cash and cash equivalents	–	27,216	3,247	30,463
Interest-bearing loans and borrowings	–	(14,584)	(10,585)	(25,169)
Non-current liabilities	–	(5,808)	(6,834)	(12,642)
Current liabilities	–	(77,607)	(4,571)	(82,178)
Non-controlling interests	–	(998)	(333)	(1,331)
Share of net assets	–	65,779	12,360	78,139
Goodwill	–	24,952	3,330	28,282
Balance at 31 December	–	90,731	15,690	106,421

Material joint ventures

The Group has one joint venture which is material to the Group and which is equity accounted, Dole Food Company Inc. ('Dole'). The registered address of Dole is One Dole Drive, Westlake Village, California 91362, United States.

On 1 February 2018, the Group announced that it had entered into a binding agreement to acquire a 45% stake in Dole Food Company ('Dole') from Mr. David H. Murdock for a cash consideration of $300m (the 'First Tranche'). The acquisition of the First Tranche was approved by the Board of Directors of Total Produce and was initially subject to anti-trust review in a limited number of jurisdictions.

On 30 July 2018 the European Commission (the 'EC') approved the acquisition of the First Tranche. The EC approval was conditional on the divestment of Saba Fresh Cut AB (the Swedish bagged salad business owned by Dole). This limited disposal has no material impact on the strategic rationale or the commercial value of the transaction. As all other transaction conditions precedent were satisfied at this date, the acquisition of the First Tranche completed on 31 July 2018.

In addition, and at any time after closing of the First Tranche, the Group has the right, but not the obligation, to acquire (in any one or more tranches of 1%) up to an additional 6% of Dole common stock (the 'Second Tranche'). The Group has no present intention to exercise its option to acquire the Second Tranche. In the event the Group exercises the right to acquire the additional 6% the total consideration for the 51% stake shall be $312m.

Following the second anniversary of the closing of the First Tranche, the Group has the right, but not the obligation, to acquire the balance of Dole common stock (the 'Third Tranche'), whereby the consideration for the Third Tranche is to be calculated based on nine times the three year average historical Dole Adjusted EBITDA less net debt. However, in no event shall the Third Tranche purchase price be less than $250m or exceed $450m (such cap subject to increase after six years). The Third Tranche consideration is payable in cash or, if the parties mutually agree, Total Produce stock.

From the fifth anniversary of completion of the acquisition of the First Tranche, in the event the Group has not exercised its right to acquire 100% of Dole, Mr. David H. Murdock is permitted to cause a process to market and sell 100% of Dole common stock.

On completion of the acquisition of the First Tranche on 31 July 2018, the Group and Mr. David H. Murdock have balanced governance rights with respect to Dole. The Board of Directors of Dole comprises of six members, three of which are appointed by Total Produce and three by Mr. David H. Murdock. Mr. David H. Murdock remains Chairman of Dole and Mr. Carl McCann was appointed Vice Chairman. Major decisions require consent of at least one Board Member appointed by each of Total Produce and Mr. David H. Murdock.

The investment in Dole and its financial contribution is being treated as a joint venture and accounted for under the equity method in accordance with IFRS in the consolidated Group accounts following completion of the acquisition of the First Tranche on 31 July 2018 and until an exercise of the Third Tranche.

Total Produce is therefore equity accounting for its 45% share of the results of Dole with effect from 1 August 2018. The overall business is seasonal with the greater share of EBITDA in the first half of the financial year. The 2019 financial year will therefore be the first full year reflecting this transaction.

The table below summarises the consideration paid and fair value of the net identifiable assets and liabilities of Dole at date of acquisition, 31 July 2018, as prepared in accordance with IFRS.

	31 July 2018	
	US$'000	€'000
Consideration		
Cash consideration	300,000	256,208
Acquisition fees (net of contribution from Dole)[(a)]	1,605	1,370
Fair value of Second Tranche Option[(b)]	(4,940)	(4,218)
Total cost of acquisition	**296,665**	**253,360**
Fair value of indemnification assets on acquisition[(c)]	(4,106)	(3,507)
Total deemed cost of acquisition	**292,559**	**249,853**
Fair value identifiable assets and liabilities on acquisition		
Intangible assets – primary brands	287,033	245,135
Property, plant and equipment	1,007,623	860,539
Assets held for sale/Actively marketed property	185,178	158,148
Other non-current assets	104,541	89,281
Other current assets	868,558	741,774
Net debt	(1,342,601)	(1,146,621)
Employee benefit obligations	(183,532)	(156,742)
Other non-current liabilities	(286,085)	(244,325)
Other current liabilities	(599,132)	(511,676)
Non-controlling interests	(7,978)	(6,813)
Fair value identifiable assets and liabilities on acquisition	**33,605**	**28,700**
Total Produce's 45% share of identifiable assets and liabilities on acquisition	**15,122**	**12,915**
Goodwill arising	**277,437**	**236,938**

(a) As part of the Securities Purchase Agreement, it was agreed that Dole would make a contribution of $15m to cover professional and advisory fees relating to the transaction.
(b) As part of the provisions of acquisition accounting, a fair value was determined for the Second Tranche Option which is recognised as a current derivative financial asset on the Total Produce Group Balance Sheet and correspondingly reduces the deemed cost of the acquisition of the First Tranche. The fair value of the Third Tranche Option was not deemed material at the date of acquisition.
(c) As part of the Securities Purchase Agreement, the seller provided indemnities against certain liabilities outstanding at the date of acquisition. The fair value of these indemnities was recognised as a long-term asset on the Total Produce Group Balance Sheet with a corresponding reduction in the deemed cost of the acquisition.

The initial assignment of fair values to net assets for this investment has been performed on a provisional basis in respect of the acquisition given the timing of the completion of the transaction and will be finalised within twelve months from the acquisition date, as permitted by IFRS 3 *Business Combinations*.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

14. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES CONTINUED

Material joint ventures continued

Summary of financial information for Dole for five months ended 31 December 2018

The following is the summarised financial information of Dole for the five month period from date of acquisition to 31 December 2018 based on consolidated financial statements prepared under IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Summary income statement for five months ended 31 December 2018

	2018			2018		
	Pre-exceptional US$'000	Exceptional Items US$'000	Total US$'000	Pre-exceptional €'000	Exceptional items €'000	Total €'000
Revenue	**1,766,625**	**–**	**1,766,625**	**1,538,309**	**–**	**1,538,309**
Operating profit	**27,252**	**(11,689)**	**15,563**	**23,730**	**(10,178)**	**13,552**
Net financial expense	(32,349)	–	(32,349)	(28,168)	–	(28,168)
Loss before tax	**(5,097)**	**(11,689)**	**(16,786)**	**(4,438)**	**(10,178)**	**(14,616)**
Income tax	(812)	2,352	1,540	(707)	2,048	1,341
Loss for period	**(5,909)**	**(9,337)**	**(15,246)**	**(5,145)**	**(8,130)**	**(13,275)**
Non-controlling interests	(974)	–	(974)	(848)	–	(848)
Loss for period attributable to equity shareholders	**(6,883)**	**(9,337)**	**(16,220)**	**(5,993)**	**(8,130)**	**(14,123)**
Group's 45% share of loss attributable to equity shareholders	**(3,097)**	**(4,202)**	**(7,299)**	**(2,697)**	**(3,658)**	**(6,355)**

Summary of other comprehensive income statement for the five months ended 31 December 2018

	2018 US$'000	2018 €'000
Other comprehensive expense for the period (net of tax)	(8,506)	(7,406)
Non-controlling interests share	–	–
Other comprehensive expense for the period attributable to equity shareholders	**(8,506)**	**(7,406)**
Group's 45% share of other comprehensive expense attributable to equity shareholders	**(3,828)**	**(3,333)**

Key performance indicators for the five months ended 31 December 2018 (Dole 100%)

	2018 US$'000	2018 €'000
Adjusted EBITDA	**59,449**	**51,765**
Adjusted EBITA	**27,252**	**23,730**

Summary Balance Sheet of Dole at 31 December 2018

	2018	
	US$'000	€'000
Intangible assets – primarily brands	286,299	250,155
Property, plant and equipment	1,045,465	913,477
Assets held for sale/Actively marketed property	102,730	89,760
Other non-current assets	113,058	98,784
Other current assets	863,439	754,431
Net debt	(1,349,976)	(1,179,545)
Employee benefit obligations	(185,734)	(162,286)
Other non-current liabilities	(265,146)	(231,672)
Other current liabilities	(592,726)	(517,892)
Non-controlling interests	(8,531)	(7,454)
Fair value of net assets attributable to equity shareholders	**8,878**	**7,758**
Total Produce's 45% share of net assets	**3,995**	**3,491**
Goodwill	**277,437**	**242,390**
Total carrying amount of 45% interest in Dole	**281,432**	**245,881**

Reconciliation of Group's carrying value of investment in Dole

	2018 US$'000	2018 €'000
Carrying amount at start of year	–	–
Arising on acquisition	292,559	249,853
Group share of loss for period attributable to equity shareholders	(7,299)	(6,355)
Group share of other comprehensive expense for period attributable to equity shareholders	(3,828)	(3,333)
Foreign exchange movement	–	5,716
Total carrying amount of 45% interest in Dole at end of year	**281,432**	**245,881**

In 2018, Dole commissioned the building of two new refrigerated container vessels with a contractual price of $40.9m per vessel to replace two existing vessels. The first vessel is expected to be delivered in late 2020 with the second to follow in 2021. Under the terms of the contracts, progress payments will be made as construction milestones are achieved. The first progress payments of $8.2m were made in January 2019.

In January 2019, Dole completed the sale of its fresh cut salad businesses in Sweden and Finland.

In February 2019, Dole made a payment of $22m in settlement of a Costa Rican income tax assessment relating to 2006 and 2007. The liability had been reflected in the 2018 year-end financial statements.

Immaterial joint ventures
The following is summarised financial information for the Group's interest in immaterial joint ventures based on the amounts reported in the Group's consolidated financial statements:

Carrying value	2018 €'000	2017* €'000
Europe – Eurozone	**46,354**	47,910
Europe – Non-Eurozone	**7,949**	9,712
International	**33,032**	33,109
Carrying amount of interests in immaterial joint ventures	**87,335**	90,731

Group's share of profit after tax	2018 €'000	2017* €'000
Europe – Eurozone	**5,081**	6,566
Europe – Non-Eurozone	**1,919**	2,617
International	**1,685**	2,244
Group's share of profit after tax in immaterial joint ventures	**8,685**	11,427

Group's share of other comprehensive income	2018 €'000	2017 €'000
Europe – Eurozone	**(32)**	–
Europe – Non-Eurozone	**–**	–
International	**–**	–
Group's share of other comprehensive income in immaterial joint ventures	**(32)**	–

* Comparative balances have been reclassified to ensure conformity with current year presentation.

Material associates
At 31 December 2018, the Group does not have associate investments that are individually material to the Group.

Immaterial associates
The following is summarised financial information for the Group's interest in immaterial associates based on the amounts reported in the Group's consolidated financial statements:

Carrying value	2018 €'000	2017* €'000
Europe – Eurozone	**1,082**	1,152
Europe – Non-Eurozone	**4,077**	4,161
International	**12,678**	10,377
Carrying amount of interests in immaterial associates	**17,837**	15,690

* Comparative balances have been reclassified to ensure conformity with current year presentation.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

14. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES CONTINUED
Immaterial associates continued

Group's share of profit after tax	2018 €'000	2017* €'000
Europe – Eurozone	**(6)**	52
Europe – Non-Eurozone	**379**	606
International	**1,810**	124
Group's share of profit after tax in immaterial associates	**2,183**	782

* Comparative balances have been reclassified to ensure conformity with current year presentation.

Group's share of other comprehensive income
There is no other comprehensive income arising in immaterial associates in the current or prior year.

15. OTHER INVESTMENTS

	2018 €'000	2017 €'000
Equity securities – mandatorily at FVTPL	**9,550**	–
Equity securities – designated at FVTPL	**527**	–
Available-for-sale financial assets measured at cost less provision for impairment(a)	**–**	719
Balance at end of year	**10,077**	719
Non-current	**3,465**	719
Current	**6,612**	–
Balance at end of year	**10,077**	719

Information about the Group's exposure to credit and market risks, and fair value measurement is included in Note 34.

(a) In accordance with IAS 39 *Financial Instruments: Recognition and Measurement* in 2017 certain of the Group's available-for-sale financial assets were measured at cost, less provision for impairment where required. The carrying value of such investments amounted to €719,000.

16. INVENTORIES

	2018 €'000	2017 €'000
Goods for resale	**77,540**	78,294
Consumables	**12,755**	11,371
Total of lower of cost or net realisable value	**90,295**	89,665

17. BIOLOGICAL ASSETS

	2018 €'000	2017 €'000
Balance at beginning of year	**4,578**	194
Additions	**17,372**	27,104
Harvested fruit transferred to inventory	**(16,521)**	(24,977)
Fair value adjustment	**6**	289
Arising on acquisition of subsidiaries (Note 30)	**–**	2,384
Reclassification to property, plant and equipment (Note 11)	**(501)**	–
Foreign exchange movement	**132**	(416)
Balance at end of year	**5,066**	4,578
Non-current	**–**	–
Current	**5,066**	4,578
Balance at end of year	**5,066**	4,578

Biological assets consist of unharvested fruits growing and are measured at their fair value less estimated costs to point of sale with any resultant gain or loss recognised in the income statement within cost of sales. Point of sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to bring the assets to market. Where fair value cannot be measured reliably, biological assets are measured at cost.

The following table details the fair values of the Group's biological assets:

	2018 €'000	2017 €'000
Strawberries	**4,780**	3,898
Other	**286**	680
	5,066	4,578

Fair value hierarchy

The fair value measurements for the Group's biological assets have been categorised as level 3 fair values based on the inputs to the valuation techniques used which are not based on observable market data.

Valuation technique and significant unobservable inputs

The fair value of biological assets is determined by management using a discounted cash flow approach and the table below summarises the unobservable inputs used for strawberries.

Product	Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Strawberries	*Discounted cashflows* This method of valuation considers the present value of the net cash flows expected to be generated by the biological assets. The cash flow projections include estimates of yields, sales prices, production and harvest costs. The expected net cash flows are discounted using a risk-adjustment factor to factor in volatility of weather, production and pricing and future farming costs.	*Inclusive of* • estimated yields based on historical yields that are adjusted to reflect current growing conditions, variety of product and farm locations: 29 tonnes per acre (2017: 31 tonnes per acre) • estimated cash inflows based on forecast pricing (US$0.33 to US$6.55 per kg – weighted average US$2.63 per kg) (2017:US$1.06 to US$4.48 per kg – weighted average US$2.46 per kg) • estimated production, harvesting and transportation costs • risk-adjusted discount rates of 27.0% (2017: 13.3%)	The estimated fair value would increase/(decrease) if: • estimated yields were higher/(lower) • estimated fruit prices were higher/(lower) • estimated production, harvesting and transportation costs were lower/(higher) • the risk-adjusted discount rates were lower/(higher)

Risk management strategy related to biological assets

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of all its fruits and vegetables. Management of subsidiaries of the Group who are involved in growing perform regular industry trend analysis to project harvest volumes and pricing. Where possible, the Group manages this risk by aligning its harvest volumes to market supply and demand.

Climate and other risks

The Group's plantations are at risk of damage from climatic changes, unusual weather patterns, diseases, forest fires and other natural forces. The Group has extensive processes in place to monitor and to mitigate risks where possible including regular crop inspection and pest and disease surveys.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

18. TRADE AND OTHER RECEIVABLES

	2018 €'000	2017 €'000
Non-current		
Non-trade receivables due from joint ventures and associates	**8,707**	4,248
Other receivables	**10,017**	6,815
	18,724	11,063
Current		
Trade receivables due from third parties	**326,427**	303,835
Trade receivables due from joint ventures and associates	**10,460**	9,220
Irish value added tax	**826**	616
Other tax	**6,352**	6,155
Other receivables	**32,485**	34,521
Prepayments	**11,491**	9,065
Non-trade receivables due from joint ventures and associates	**4,745**	1,922
	392,786	365,334
Total	**411,510**	376,397

Details of impairment provisions netted against the carrying value of trade and other receivables above are set out in Note 34.

Other receivables (both current and non-current) include loans and advances to suppliers.

See Note 34 for an analysis of credit risk on trade and other receivables to understand how the Group manages and measures credit quality of trade and other receivables.

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and call deposits which are readily convertible to a known amount of cash within a short time frame of between one day and three months on acquisition.

	2018 €'000	2017 €'000
Bank balances	**91,099**	89,929
Call deposits (demand balances)	**11,200**	10,318
Cash and cash equivalents per balance sheet	**102,299**	100,247
Bank overdrafts (Note 23)	**(9,560)**	(11,268)
Cash, cash equivalents and bank overdrafts per cash flow statement	**92,739**	88,979

20. CAPITAL AND RESERVES

Share capital

At 31 December 2018, the authorised share capital was €10,000,000 (2017: €10,000,000) divided into 1,000,000,000 ordinary shares of 1 cent each. The issued share capital at that date was 410,429,462 ordinary shares (2017: 346,829,462).

On 1 February 2018 a total of 63 million new ordinary shares were placed (the 'Placing Shares') in a placing transaction at a price of €2.30 per Placing Share, raising gross proceeds of €145m or circa $180m (before expenses) to finance the Dole transaction. Net of expenses the proceeds were €141m (c. US$ 175m). The Placing Shares represented approximately 19% of the Company's issued ordinary share capital (excluding treasury shares) prior to the placing. The new issued shares were admitted to the Irish Stock Exchange and the London Stock Exchange on the ESM and AIM respectively on 5 February 2018.

During the year, the Group received consideration of €394,000 (2017: €2,598,000) from the issue of 600,000 (2017: 3,814,700) shares that were issued to satisfy the exercise of 600,000 (2017: 3,814,700) share options.

At 31 December 2018, the Company held 22,000,000 treasury shares in the Company (2017: 22,000,000). All rights (including voting and dividend rights) in respect of these treasury shares are suspended until these shares are reissued.

	Ordinary shares 2018 '000	Ordinary shares 2018 €'000	Ordinary shares 2017 '000	Ordinary shares 2017 €'000
Allotted, called-up and fully paid				
In issue at beginning of year	**346,829**	**3,468**	343,015	3,429
Shares issued in share placing	**63,000**	**630**	–	–
Shares issued on exercise of share options	**600**	**6**	3,814	39
In issue at end of year	**410,429**	**4,104**	346,829	3,468

Share premium

	2018 €'000	2017 €'000
At beginning of year	**150,763**	148,204
Cash received on placing shares in excess of cost price of shares	**144,270**	–
Cash received on exercise of share options in excess of cost price of shares	**388**	2,559
At end of year	**295,421**	150,763

Attributable Profit of the Company

The loss attributable to equity holders of the parent recorded within the financial statements of the Company for the year ended 31 December 2018 was €4,555,000 (2017: profit of €12,663,000). As permitted by Section 304 of the Companies Act 2014, the statement of comprehensive income of the Company has not been separately presented in these financial statements.

Other reserves

	2018 €'000	2017 €'000
Undenominated capital (a)	**140**	140
Currency translation reserve (b)	**(22,721)**	(14,168)
Revaluation reserve (c)	**28,336**	28,035
De-merger reserve (d)	**(122,521)**	(122,521)
Own shares reserve (e)	**(8,580)**	(8,580)
Other equity reserves (f)	**2,289**	(10,960)
Total	**(123,057)**	(128,054)

(a) Undenominated capital

This reserve arises on the cancellation of ordinary shares purchased under share buy-back programmes. There were no share buy-backs in 2018 and 2017.

(b) Currency translation reserve

The translation reserve comprises all foreign exchange differences from 1 January 2004, arising from the translation of the net assets of the Group's non-Euro denominated operations, including the translation of the profits and losses of such operations from the average exchange rate for the year to the exchange rate at the reporting date, as well as from the translation of borrowings designated as a hedge of those net assets.

(c) Revaluation reserve

The revaluation reserve relates to revaluation surpluses arising on revaluations of property occupied by the Group. This reserve is not distributable to shareholders under Irish company law.

(d) De-merger reserve

The operations of the Company were de-merged from Fyffes plc on 30 December 2006 and acquired on that date by the Company. The operations had always constituted a separate business segment within Fyffes plc and, consequently, in the Group financial statements of Total Produce plc after the de-merger, the financial position was presented to shareholders on the basis of the carrying value of the assets previously reported to them. In accordance with Section 62 of the Companies Act 1963, the ordinary shares issued by the Company were recorded at their fair value on the date of issue. The difference between the fair value of the consideration received by the Company and the carrying values at which the net assets were previously reported has been recognised in the Group financial statements as a de-merger reserve.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

20. CAPITAL AND RESERVES CONTINUED

Other reserves continued

(e) Own shares reserve

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Company. At 31 December 2018, the Company held 22,000,000 (31 December 2017: 22,000,000) of the Company's shares as treasury shares.

(f) Other equity reserves

Other equity reserves comprise the share option reserve, cash flow hedge reserve, cost of hedging reserve and put option reserve.

	Share option reserve (i) €'000	Cash flow hedge reserve (ii) €'000	Put option reserve (iii) €'000	Other equity reserves Total €'000
Balance at 1 January 2017 as presented in the balance sheet	1,772	25	(956)	841
Adjust for NCI subject to put option transferred for presentation purposes	–	–	(20,259)	(20,259)
Balance at 1 January 2017	1,772	25	(21,215)	(19,418)
Comprehensive income				
Profit for the year	–	–	–	–
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation	–	–	3,800	3,800
Effective portion of cash flow hedges, net	–	(342)	–	(342)
Deferred tax on items above	–	86	–	86
Total other comprehensive income	–	(256)	3,800	3,544
Total comprehensive income	–	(256)	3,800	3,544
Transactions with equity holders of the parent				
New shares issued	(924)	–	–	(924)
Recognition of put option liability on acquisition (Note 27)	–	–	(25,072)	(25,072)
Fair value movements on put option liability (Note 27)	–	–	3,526	3,526
Share-based payment transactions (Note 31)	596	–	–	596
Total transactions with equity holders of the parent	(328)	–	(21,546)	(21,874)
Balance at 31 December 2017	1,444	(231)	(38,961)	(37,748)
Transfer of NCI subject to put options for presentation purposes (Note 21)	–	–	26,788	26,788
Balance at 31 December 2017 as presented in the balance sheet	1,444	(231)	(12,173)	(10,960)

	Share option reserve (i) €'000	Cash flow hedge reserve (ii) €'000	Cost of hedging reserve (iii) €'000	Put option reserve (iv) €'000	Other equity reserves Total €'000
Balance as at 1 January 2018 as presented in the balance sheet	**1,444**	**(231)**	**–**	**(12,173)**	**(10,960)**
Adjustment on adoption of IFRS 9 on 1 January 2018	–	51	(51)	–	–
Adjust for NCI subject to put option transferred for presentation purposes	–	–	–	(26,788)	(26,788)
Balance at 1 January 2018	**1,444**	**(180)**	**(51)**	**(38,961)**	**(37,748)**
Comprehensive income					
Profit for the year	–	–	–	–	–
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation	–	–	–	154	154
Effective portion of cash flow hedges, net	–	248	–	–	248
Changes in fair value of cost of hedging, net	–	–	(14)	–	(14)
Deferred tax on items above	–	(65)	2	–	(63)
Share of joint ventures and associates effective portion of cash flow hedges	–	51	–	–	51
Share of joint ventures and associates deferred tax on items above	–	696	–	–	696
Total other comprehensive income	–	930	(12)	154	1,072
Total comprehensive income	**–**	**930**	**(12)**	**154**	**1,072**
Transactions with equity holders of the parent					
New shares issued	(97)	–	–	–	(97)
Recognition of put option liability on acquisition (Note 27)	–	–	–	(896)	(896)
Fair value movements on put option liability (Note 27)	–	–	–	4,728	4,728
Share-based payment transactions (Note 31)	557	–	–	–	557
Total transactions with equity holders of the parent	**460**	**–**	**–**	**3,832**	**4,292**
Balance at 31 December 2018	**1,904**	**750**	**(63)**	**(34,975)**	**(32,384)**
Transfer of NCI subject to put options for presentation purposes (Note 21)	–	–	–	34,673	34,673
Balance at 31 December 2018 as presented in the balance sheet	**1,904**	**750**	**(63)**	**(302)**	**2,289**

(i) Share option reserve
The share option reserve comprises the amounts expensed in the income statement in connection with share-based payment transactions. When options vest or lapse, the fair value of the share options is reclassified to retained earnings.

(ii) Cash flow hedge reserve
The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

(iii) Cost of hedging reserve
The cost of hedging reserve comprises the effective portion of the net change in the fair value of hedging instruments attributable to forward points.

(iv) Put option reserve
The Group has a number of contractual put options and forward commitments in place in relation to non-controlling interest ('NCI') shares in subsidiaries whereby the NCI shareholder can require the Group to acquire or the Group has agreed to acquire ('forward commitment') the shares in these subsidiaries at various future dates. The value of the put option or forward commitment liability recognised and subsequent fair value movements are recognised in the put option reserve. For presentation purposes in the balance sheet, the NCI subject to the put is transferred to the put option reserve in equity.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

20. CAPITAL AND RESERVES CONTINUED

Capital management

The Board regularly reviews and monitors the Group's capital structure with a view to maintaining a strong capital base in order to sustain market confidence in the business. This involves considering dividends paid to shareholders, the amount of liquid assets on the balance sheet and return on capital (based on shareholders' equity the composition of which is set out on page 78). The Group operates a share option scheme and an employee profit sharing scheme which allows employees to use part of their profit sharing awards to acquire shares in the Company.

The Group has the authority to purchase its own shares. This authority permits the Group to buy up to 10% of the issued share capital at a price which may not exceed 105% of the average price over the previous five trading days. On 27 January 2016, the Group completed the €20,000,000 share buy-back programme that commenced on the 9 October 2015 with a total of 14,017,270 ordinary repurchased at a total cost of €20,361,000 including associated costs. The repurchased ordinary shares were cancelled. The share buy-back programme was earnings accretive.

In November 2010, the Group also exercised this authority and completed a share buy-back of 22,000,000 shares at a cost of €8,580,000 plus costs of €107,000. These shares are held as treasury shares unless reissued or cancelled. The Group continues to consider exercising its authority should the opportunity arise and the Group will seek to renew this authority at the forthcoming AGM on 31 May 2019.

21. NON-CONTROLLING INTERESTS

	2018 €'000	2017 €'000
Balance at 1 January as presented in the balance sheet	**79,774**	72,600
Adjust for non-controlling interest subject to put option transferred for presentation purposes (Note 20)	**26,788**	20,259
As at 1 January	**106,562**	92,859
Share of profit after tax	**18,011**	13,681
Share of items recognised in other comprehensive income	**303**	641
Share of foreign exchange movement	**922**	(4,955)
Share of comprehensive income	**19,236**	9,367
Non-controlling interests arising on acquisition of subsidiaries (Note 30)	**2,314**	10,784
Subsidiaries becoming joint ventures (a) (Note 30)	**–**	(6,699)
Disposal of shareholding to non-controlling interests (b)	**275**	7,479
Contribution by non-controlling interests (c)	**130**	2,473
Acquisition of non-controlling interests (d)	**(723)**	–
Dividends to non-controlling interests (e)	**(10,638)**	(9,701)
Balance at end of year	**117,156**	106,562
Transfer of NCI subject to put options to the put option reserve for presentation purposes (Note 20)	**(34,673)**	(26,788)
Balance at end of year as presented in the balance sheet	**82,483**	79,774

(a) Subsidiaries becoming joint ventures

In 2017 as a result of changes in the nature of shareholder relationships it was determined that the Group no longer held a controlling influence in a number of investees and that the Group jointly controlled the investees. See Note 30 for further details.

(b) Disposal of shareholding to non-controlling interests

In 2018 the Group disposed of a portion of its shareholdings in subsidiaries in Europe to non-controlling interests with a carrying value of €275,000. The Group received cash consideration of €286,000 with the difference of €11,000 between the fair value of the consideration and the book value of the non-controlling interest disposed of accounted for directly in retained earnings as a credit.

In 2017 the Group disposed of a portion of its shareholdings in subsidiaries in North America and Europe to non-controlling interests with a carrying value of €7,479,000. The Group received cash consideration of €8,661,000 with the difference of €1,182,000 between the fair value of the consideration and the book value of the non-controlling interest disposed of accounted for directly in retained earnings as a credit. As described in detail in Note 14, the principal shareholding disposed of was shareholdings in certain Oppy group companies to T&G Global Limited as part of strategically-important arrangements to enhance their market positions as co-shareholders in two US businesses.

(c) Contribution by non-controlling interests
In 2018, non-controlling interests in subsidiaries made cash capital contributions of €130,000 (2017: €936,000). Also during 2017, non-controlling interests contributed €1,537,000 of trading and other assets to fund acquisitions during the year (see Note 30).

(d) Acquisition of non-controlling interests
During 2018, the Group acquired additional shares in subsidiaries in the UK and Continental Europe for consideration of €1,111,000 including €621,000 contingent on future profit targets being achieved. These changes in the Group's ownership interest in existing subsidiaries were accounted for as equity transactions. The difference of €388,000 between the fair value of the consideration of €1,111,000 and the book value of the non-controlling interest acquired of €723,000 was accounted for directly in retained earnings as a charge.

(e) Dividends to non-controlling interests
In 2018, dividends of €10,535,000 (2017: €8,843,000) were paid to non-controlling interests. At 31 December 2018 further dividends of €961,000 (2017: €858,000) had been declared but not paid to non-controlling interests.

Additional disclosures
The Group has two subsidiaries with non-controlling interests which are material to the Group as follows;

- EurobananCanarias S.A. The Group owns 50% of the EurobananCanarias S.A. subgroup with the registered address of EurobananCanarias S.A. being Avda. de Anaga No 11, 38001 Santa Cruz de Tenerife, Spain.
- Grandview Ventures Limited. Grandview Ventures Limited ('Oppy'), a Canadian fresh produce group with a registered address of 2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7, became a subsidiary of the Group on 1 March 2017 when the Group acquired a further 30% shareholding to take its total shareholding to 65% (see Note 14 and Note 30).

The following is the summarised financial information for both EurobananCanarias S.A. and Oppy based on their consolidated financial statements prepared in accordance with IFRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before intercompany eliminations with other companies in the Group.

	EurobananCanarias S.A.		Oppy Group	
	12 months ended 31 December 2018 €'000	12 months ended 31 December 2017 €'000	**12 months ended 31 December 2018 €'000**	10 months ended 31 December 2017 €'000
Total Revenue (including share of joint ventures)	**426,947**	397,606	**676,556**	601,609
Group Revenue	**402,303**	372,736	**643,273**	580,805
Profit after tax	**11,806**	9,888	**20,356***	5,491
Profit after tax attributable to non-controlling interests	**7,031**	5,781	**7,707**	2,144
Other comprehensive income	**217**	(194)	**1,018**	(2,038)
Total comprehensive income	**12,023**	9,694	**21,374**	3,453
Total comprehensive income attributable to non-controlling interests	**7,158**	5,750	**8,512**	595
Current assets	**88,737**	78,112	**96,621**	85,613
Non-current assets	**39,156**	36,842	**57,221**	55,044
Current liabilities	**(53,821)**	(45,656)	**(78,485)**	(74,158)
Non-current liabilities	**(2,597)**	(2,896)	**(27,319)**	(34,778)
Net assets	**71,475**	66,402	**48,038**	31,721
Net assets attributable to non-controlling interests	**42,400**	39,278	**22,813**	16,740
Net increase in cash and cash equivalents	**3,446**	4,252	**8,484**	7,458
Dividends paid to non-controlling interests during the year	**4,044**	3,072	**2,438**	3,027

* Includes an exceptional profit after tax of €12,754,000 (2017: €Nil).

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22. INTEREST-BEARING LOANS AND BORROWINGS

	2018 €'000	2017 €'000
Non-current		
Bank borrowings	**262,188**	164,374
Finance lease liabilities	**1,168**	1,275
	263,356	165,649
Current		
Bank overdrafts	**9,560**	11,268
Bank borrowings	**48,658**	35,861
Finance lease liabilities	**468**	595
	58,686	47,724
Total	**322,042**	213,373

Borrowings are repayable as follows:

	2018 €'000	2017 €'000
Bank borrowings and overdrafts		
Within one year	**58,218**	47,129
After one year but within two years	**122,191**	18,582
After two years but within five years	**127,764**	114,906
After five years	**12,233**	30,886
	320,406	211,503
Finance lease liabilities		
Within one year	**468**	595
After one but within five years	**1,168**	1,275
	1,636	1,870
Total	**322,042**	213,373

Further details in relation to the Group's borrowings are set out in Note 34.

Total future minimum lease payments on finance leases amount to €1,698,000 (2017: €1,943,000). Total interest-bearing loans and borrowings include borrowings of €3,666,000 (2017: €4,150,000) secured on property, plant and equipment.

Reconciliation of movements of interest-bearing loans and borrowings to cash flows arising from financing activities

	Bank overdrafts used for cash management purposes 2018 €'000	**Bank borrowings 2018 €'000**	**Finance lease liabilities 2018 €'000**	**Total 2018 €'000**
Balance at 1 January 2018	**11,268**	**200,235**	**1,870**	**213,373**
Changes from financing cash flows				
Drawdown of borrowings	**–**	**436,319**	**–**	**436,319**
Repayment of borrowings	**–**	**(329,766)**	**–**	**(329,766)**
Capital element of finance lease repayments	**–**	**–**	**(681)**	**(681)**
Total changes from financing cash flows	**–**	**106,553**	**(681)**	**105,872**
Changes from cash flows	**(1,966)**	**–**	**–**	**(1,966)**
Non-cash movement	**–**	**–**	**500**	**500**
Net foreign exchange movement	**258**	**4,058**	**(53)**	**4,263**
Balance at 31 December 2018	**9,560**	**310,846**	**1,636**	**322,042**

	Bank overdrafts used for cash management purposes 2017 €'000	Bank borrowings 2017 €'000	Finance lease liabilities 2017 €'000	Total 2017 €'000
Balance at 1 January 2017	10,193	165,005	2,948	178,146
Changes from financing cash flows				
Drawdown of borrowings	–	251,820	–	251,820
Repayment of borrowings	–	(226,487)	–	(226,487)
Capital element of finance lease repayments	–	–	(869)	(869)
Total changes from financing cash flows	–	25,333	(869)	24,464
Changes from cash flows	2,949	–	–	(2,949)
Changes arising on business disposals	(2,328)	–	(356)	(2,684)
Changes arising on acquisitions of subsidiaries	918	24,492	149	25,559
Non-cash movement	–	–	45	45
Net foreign exchange movement	(464)	(14,595)	(47)	(15,106)
Balance at 31 December 2017	11,268	200,235	1,870	213,373

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23. ANALYSIS OF NET DEBT

Net debt is a non-IFRS measure which comprises cash and cash equivalents, current and non-current borrowings and finance leases. The calculation of net debt at 31 December 2018 and 31 December 2017 is as follows:

	2018 €'000	2017 €'000
Current assets		
Bank balances	**91,099**	89,929
Call deposits (demand balances)	**11,200**	10,318
Current liabilities		
Bank overdrafts	**(9,560)**	(11,268)
Current bank borrowings	**(48,658)**	(35,861)
Current finance leases	**(468)**	(595)
Non-current liabilities		
Non-current bank borrowings	**(262,188)**	(164,374)
Non-current finance leases	**(1,168)**	(1,275)
Net debt at end of year	**(219,743)**	(113,126)

Average net debt for the year ended 31 December 2018 (which excludes the proceeds from the share placing up to 31 July 2018) was €217,114,000 (2017: €142,129,000). The Group also manages credit risk through the use of a number of sales of receivables arrangements. Under the terms of these agreements the Group has transferred substantially all of the credit risk of the trade receivables which are subject to these agreements. Accordingly €29,967,000 (2017: €39,122,000) has been derecognised at year-end.

24. TRADE AND OTHER PAYABLES

	2018 €'000	2017 €'000
Non-current		
Other payables	**1,289**	568
Current		
Trade payables	**365,071**	359,758
Trade payables due to joint ventures and associates	**10,802**	4,662
Non-trade payables due to joint ventures and associates	**22**	–
Accruals	**71,438**	63,565
Deferred consideration	**137**	130
Other payables	**19,895**	19,790
Irish payroll tax and social welfare	**2,875**	2,274
Irish value added tax	**1,073**	1,491
Other tax	**11,621**	11,935
	482,934	463,605
Total	**484,223**	464,173

For information on the Group's contractual maturity analysis of all liabilities, including trade and other payables, please refer to Note 34.

25. DEFERRED GOVERNMENT GRANTS

	2018 €'000	2017 €'000
Balance at beginning of year	**386**	481
Amortised to income statement (Note 3)	**(75)**	(81)
Subsidiaries becoming joint ventures (Note 30)	**–**	(177)
Grants received	**11**	163
Balance at end of year	**322**	386

Government grants have primarily been received for the purchase of certain items of property, plant and equipment.

26. CONTINGENT CONSIDERATION AND OTHER PROVISIONS

Total contingent consideration amounts to €24,517,000 (2017: €34,465,000) and represents provision for the net present value of the amounts expected to be payable in respect of acquisitions which are subject to earn-out arrangements.

Other provisions of €2,747,000 (2017: €Nil) represent costs that are expected to be incurred associated with the restructuring of a business in the Eurozone division and costs associated with the termination of a business in the Non-Eurozone division.

	Contingent consideration 2018 €'000	**Other provisions 2018 €'000**	**Total 2018 €'000**	Contingent consideration 2017 €'000	Other provisions 2017 €'000	Total 2017 €'000
Balance at beginning of year	**34,465**	**–**	**34,465**	46,375	–	46,375
Paid during year	**(7,009)**	**–**	**(7,009)**	(9,269)	–	(9,269)
Fair value movements credited to income statement[1] (Note 3)	**(4,043)**	**–**	**(4,043)**	(4,174)	–	(4,174)
Arising during the year	**–**	**3,265**	**3,265**	–	–	–
Arising on acquisition of subsidiaries (Note 30)	**1,126**	**–**	**1,126**	2,245	–	2,245
Arising on acquisition of non-controlling interests (Note 21)	**621**	**–**	**621**	–	–	–
Utilised in the year	**–**	**(503)**	**(503)**	–	–	–
Arising on acquisitions of joint ventures and associates (Note 14)	**(419)**	**–**	**(419)**	2,515	–	2,515
Foreign exchange movements	**(224)**	**(15)**	**(239)**	(3,227)	–	(3,227)
Balance at end of year	**24,517**	**2,747**	**27,264**	34,465	–	34,465
Non-current	**12,931**	**–**	**12,931**	26,128	–	26,128
Current	**11,586**	**2,747**	**14,333**	8,337	–	8,337
Balance at end of year	**24,517**	**2,747**	**27,264**	34,465	–	34,465

1 The impact of fair value movements of contingent consideration in respect of acquisitions of subsidiaries, joint ventures and associates made post 1 January 2010 amounts to a decrease in the amount payable of €4,043,000 (2017: decrease of €4,174,000). The impact of these revisions is recognised in the Group income statement within other operating income and expenses (Note 3).

See Note 34 for contractual cash flows and fair value disclosures on the measurement of contingent consideration and other provisions at 31 December 2018.

27. PUT OPTION LIABILITY

The Group has a number of contractual put options and forward commitments in place in relation to non-controlling interest ('NCI') shares in subsidiaries whereby the NCI shareholder can require the Group or the Group has agreed to acquire ('forward commitment') the shares in these subsidiaries at various future dates. The value of the put option recognised represents management's best estimate of the fair value of the amounts which may be payable discounted to net present value. This liability has been recognised in a put option reserve attributable to the equity holders of the parent (Note 20).

As outlined in the Group accounting policies on page 85, where the non-controlling shareholder retains a present ownership interest in shares subject to a put option or a forward commitment, the Group applies the partial recognition of non-controlling interest method for put options and forward commitments.

The non-controlling interest is therefore recognised in the traditional manner but is transferred against the put liability reserve for presentation purposes in the balance sheet.

	2018 €'000	2017 €'000
Balance at beginning of year	**38,961**	21,215
Arising on acquisition (Note 30)	**896**	25,072
Fair value movement on put option recognised directly within equity	**(4,728)**	(3,526)
Foreign exchange movements	**(154)**	(3,800)
Balance at end of year	**34,975**	38,961
Non-current	**34,975**	38,961
Current	**–**	–
Balance at end of year	**34,975**	38,961

See Note 34 for contractual cash flows and fair value disclosures on the measurement of put option liabilities over non-controlling interest shares.

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28. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as set out below. These amounts represent the minimum future lease payments, in aggregate, that the Group is required to make under existing lease agreements.

	2018 €'000	2017 €'000
Less than one year	**19,094**	16,133
Between one and five years	**41,059**	30,748
More than five years	**26,430**	11,459
Total	**86,583**	58,340

The Group leases certain items of property, plant and equipment under operating leases. The leases typically run for an initial lease period with the potential to renew the lease at market rates after the initial period. During the financial year €19,764,000 (2017: €18,989,000) was recognised as an expense in the income statement in respect of operating leases.

Leases as lessor

The Group leases property under both cancellable and non-cancellable operating leases. Non-cancellable operating lease rental receivables are set out below. These amounts represent the minimum future lease receipts, in aggregate, that the Group will receive under existing lease agreements.

	2018 €'000	2017 €'000
Less than one year	**876**	907
Between one and five years	**1,805**	613
More than five years	**2,536**	–
Total	**5,217**	1,520

In 2018, €1,955,000 (2017: €1,574,000) was recognised as rental income in the income statement.

29. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities are attributable as follows:

	Assets 2018 €'000	Liabilities 2018 €'000	Net 2018 €'000	Assets 2017 €'000	Liabilities 2017 €'000	Net 2017 €'000
Property, plant and equipment	**1,076**	**(8,087)**	**(7,011)**	1,188	(7,986)	(6,798)
Goodwill and intangible assets	**–**	**(20,172)**	**(20,172)**	–	(18,960)	(18,960)
Investment property	**–**	**(628)**	**(628)**	–	(636)	(636)
Derivative financial instruments	**74**	**(9)**	**65**	155	(1)	154
Employee benefits	**2,139**	**–**	**2,139**	2,860	–	2,860
Trade and other payables	**4,784**	**(204)**	**4,580**	6,318	(213)	6,105
Other items	**808**	**(2,872)**	**(2,064)**	287	(2,368)	(2,081)
Tax value of losses carried forward	**4,344**	**–**	**4,344**	3,700	–	3,700
Deferred tax assets/(liabilities)	**13,225**	**(31,972)**	**(18,747)**	14,508	(30,164)	(15,656)
Set-off of deferred tax	**(832)**	**832**	**–**	(749)	749	–
Net deferred tax assets/(liabilities)	**12,393**	**(31,140)**	**(18,747)**	13,759	(29,415)	(15,656)

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

	2018 €'000	2017 €'000
Tax losses	**7,364**	6,310

No deferred tax asset is recognised in relation to certain income tax losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future, these assets may be recovered. The estimated unrecognised deferred tax asset is €2,153,000 (2017: €1,492,000).

No deferred tax asset is recognised in relation to certain capital losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. The estimated unrecognised deferred tax asset is €5,211,000 (2017: €4,818,000).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, branches, associates and joint ventures where the Group does not anticipate additional tax on any ultimate remittance.

	Balance at 1 January 2018 €'000	Recognised in income statement 2018 €'000	Recognised in other comprehensive income 2018 €'000	Foreign exchange adjustment 2018 €'000	Arising on acquisition 2018 €'000	Arising on disposal 2018 €'000	Reclassification 2018 €'000	Balance at 31 December 2018 €'000
Property, plant and equipment	**(6,798)**	**(199)**	**(106)**	**106**	**(14)**	**–**	**–**	**(7,011)**
Goodwill and intangible assets	**(18,960)**	**(1,190)**	**–**	**(133)**	**(124)**	**–**	**235**	**(20,172)**
Investment property	**(636)**	**–**	**–**	**8**	**–**	**–**	**–**	**(628)**
Derivative financial instruments	**154**	**15**	**(97)**	**(7)**	**–**	**–**	**–**	**65**
Employee benefits	**2,860**	**348**	**(1,066)**	**(3)**	**–**	**–**	**–**	**2,139**
Trade and other payables	**6,105**	**(1,007)**	**–**	**21**	**55**	**–**	**(594)**	**4,580**
Other items	**(2,081)**	**(429)**	**–**	**79**	**8**	**–**	**359**	**(2,064)**
Tax value of losses carried forward	**3,700**	**637**	**–**	**7**	**–**	**–**	**–**	**4,344**
Net deferred tax assets/(liabilities)	**(15,656)**	**(1,825)**	**(1,269)**	**78**	**(75)**	**–**	**–**	**(18,747)**

	Balance at 1 January 2017 €'000	Recognised in income statement 2017 €'000	Recognised in other comprehensive income 2017 €'000	Foreign exchange adjustment 2017 €'000	Arising on acquisition 2017 €'000	Arising on disposal[1] 2017 €'000	Reclassification 2017 €'000	Balance at 31 December 2017 €'000
Property, plant and equipment	(5,583)	(265)	(1,219)	(11)	(29)	309	–	(6,798)
Goodwill and intangible assets	(10,198)	7,267	–	2,655	(18,676)	–	(8)	(18,960)
Investment property	(127)	(512)	–	3	–	–	–	(636)
Derivative financial instruments	110	(80)	124	–	–	–	–	154
Employee benefits	5,956	(949)	(2,091)	(121)	65	–	–	2,860
Trade and other payables	3,712	790	–	(1,953)	3,556	–	–	6,105
Other items	(178)	(3,644)	–	1,621	106	–	14	(2,081)
Tax value of losses carried forward	3,851	(12)	–	(71)	(62)	–	(6)	3,700
Net deferred tax assets/(liabilities)	(2,457)	2,595	(3,186)	2,123	(15,040)	309	–	(15,656)

1 In 2017 a deferred tax asset arose on disposal of subsidiaries (€95,000) and a deferred tax liability arose on subsidiaries becoming joint ventures (€404,000).

30. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Summary of investments in 2018

A key part of the Group's strategy is growth by acquisition. In line with this strategy the Group made a number of acquisitions in the Fresh Produce sector in Europe in 2018 with initial cash spend of €2,496,000 with a further €1,126,000 of contingent consideration payable dependent on the achievement of profit targets.

Summary of investments in 2017

In 2017 the Group made a number of acquisitions in the Fresh Produce sector in North America and Europe with initial cash spend of €36,230,000 with a further €2,245,000 of contingent consideration payable dependent on the achievement of profit targets.

On 1 March 2017, the Group completed the purchase of a further 30% of Grandview Ventures Limited (known as the 'Oppenheimer Group' or 'Oppy') for a cash consideration of €28,211,000. In addition to the initial 35% acquired in 2013, this brings the Group's shareholding in Oppy to 65%. Headquartered in Vancouver, Canada with annual sales of almost CAD$1bn (€720m), Oppy is a leading provider of fresh produce to its strong base of retail, wholesale and foodservice customers throughout the United States and Canada. In addition to this, long-term put and call options are in place for the remaining 35% shareholding, exercisable from early 2020.

In February 2017, the Group's Los Angeles headquartered fresh produce business, Progressive Produce LLC, acquired the trade and business assets of Keystone Fruit Marketing Inc. The Group also made a number of bolt-on investments in Europe all of which complement the Group's existing activities.

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30. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES CONTINUED

Summary of fair values of assets and liabilities acquired

The table below provides details on the total fair value of acquisitions of subsidiaries in 2018. None of the business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

	2018 Total €'000	2017 Total €'000
Consideration paid and payable		
Cash consideration	**2,496**	36,230
Contingent consideration (Note 26)	**1,126**	2,245
Settlement of pre-existing relationship with acquiree (Note 14)	**–**	4,384
Contribution by non-controlling interest (Note 21)	**–**	1,537
Total fair value of consideration	**3,622**	44,396
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment (Note 11)	**2,422**	6,457
Investment property (Note 12)	**223**	–
Intangible assets – Customer relationships (Note 13)	**811**	39,981
Intangible assets – Supplier relationships, brand and other (Note 13)	**93**	15,666
Investment in joint ventures and associates (Note 14)	**–**	1,112
Biological assets (Note 17)	**–**	2,384
Inventories	**945**	23,724
Trade and other receivables	**9,794**	78,052
Cash and cash equivalents	**3,833**	1,676
Post-employment benefit obligations (Note 31)	**–**	(7,165)
Bank overdrafts	**–**	(918)
Interest-bearing borrowings	**–**	(24,492)
Finance leases	**–**	(149)
Corporation tax	**(92)**	(758)
Trade and other payables	**(11,007)**	(84,463)
Deferred tax asset (Note 29)	**55**	3,656
Deferred tax liability (Note 29)	**(130)**	(18,696)
Fair value of net identifiable assets and liabilities acquired	**6,947**	36,067
Non-controlling interests arising on acquisition		
Non-controlling interests measured at fair value	**157**	–
Non-controlling interests measured at share of net assets	**2,157**	10,784
Total value of non-controlling interests arising on acquisition (Note 21)	**2,314**	10,784
Goodwill calculation		
Fair value of consideration	**3,622**	44,396
Fair value of pre-existing interest in acquiree (Note 14)	**2,760**	24,683
Fair value of net identifiable assets and liabilities acquired	**(6,947)**	(36,067)
Non-controlling interest arising on acquisition (Note 21)	**2,314**	10,784
Goodwill arising (Note 13)	**1,749**	43,796

Cash flows relating to acquisition of subsidiaries

	2018 €'000	2017 €'000
Cash consideration for acquisition of subsidiary undertakings	**(2,496)**	(36,230)
Cash, cash equivalents and bank overdrafts acquired	**3,833**	758
Cash inflow/(outflow) per statement of cash flows	**1,337**	(35,472)

Cash consideration paid
The cash spend on acquisitions in 2018 was €2,496,000 (2017: €36,230,000). Net of cash, cash equivalents and bank overdrafts acquired the net cash inflow was €1,337,000 (2017: outflow €35,472,000).

Contingent consideration
The Group has agreed to pay selling shareholders additional consideration of €1,134,000 (2017: €2,406,000) in future periods which is payable on achievement of certain profit criteria. The fair value of this contingent consideration at the date of acquisition of €1,126,000 (2017: €2,245,000) was calculated by using the expected present value technique.

Settlement of pre-existing relationship with acquiree
As noted earlier the Group completed the purchase of a further 30% of Oppy in March 2017. A wholly owned subsidiary of the Group had a pre-existing receivable from Oppy at the date of acquisition. The fair value of the pre-existing receivable of €4,384,000 was deemed to equal the carrying value at the date of acquisition.

Contribution by non-controlling interest
In 2017 non-controlling shareholders made contributions with a fair value of €1,537,000 to fund the acquisitions of subsidiaries.

Fair value of identifiable assets and liabilities assumed
The acquisition method of accounting has been used to consolidate businesses acquired. Other than liabilities for contingent consideration, no contingent liabilities have been recognised on the business combinations in either year. Should any fair values need to be adjusted they will be reflected in the acquisition accounting within one year of the acquisition date in line with the provisions of IFRS 3 *Business Combinations*.

Put option liability
As a result of the Group acquiring an additional 5% shareholding in a joint venture in 2018, this entity became a subsidiary from this date. Put options are in place for the remaining 45% shareholding. Under IFRS, the Group has to recognise a liability for the estimated fair value of the put option at the date of acquisition as the non-controlling shareholder has an option to put their shareholding to the Group. Up to the point of exercise of these put options, the non-controlling shareholder continues to have a right to dividends and voting rights on the shareholdings that are subject to the put option. As outlined in the Group's accounting policies on page 85 of these financial statements, where the holder of the put option retains a present ownership interest in the shares, the Group applies the partial recognition of non-controlling interest method for put options. The non-controlling interest is therefore recognised in the traditional manner but is transferred against the put liability reserve for presentation purposes in the balance sheet. Similar put and call options were in place for certain acquisitions completed in 2017.

The estimated fair value at date of acquisition for the consideration on exercise of the put options was €896,000 (2017: €25,072,000). This put option liability has been recognised in a put option reserve attributable to the equity holders of the parent. The valuation method applied for the purposes of this fair value assessment was the option price formula in the share purchase agreements with the inputs based on the budget plan for 2019 and an application of a steady growth rate, discounted to a net present value with the assumption that the put option would generally be exercised at the earliest possible date. In accordance with the Group accounting policy for put options (partial recognition of NCI method), and for presentation purposes in the balance sheet, the carrying value of NCI at period end has been transferred to the put option reserve.

Goodwill arising
The principal factor contributing to the recognition of goodwill of €1,749,000 (2017: €43,796,000) is the value and skills of the assembled workforce in the acquired entities along with anticipated costs savings and synergies arising from integration into the Group's existing businesses.

Acquisition related costs
The Group incurred acquisition related costs of €105,000 (2017: €897,000) on legal and professional fees and due diligence in respect of the completed acquisitions. These costs have been included within other operating expenses (Note 3).

Effect of acquisitions on income statement in the year
The acquisitions of subsidiaries in 2018 contributed €39,297,000 to total revenue in the period and €403,000 to Group operating profit. These numbers exclude the contributions from any joint venture and associate investments completed in the year.

If the acquisition date for these business combinations was 1 January 2018, the estimated total revenue for the year ended 31 December 2018 would have been €5,060,287,000 and estimated operating profit after exceptional items would have been €78,178,000. These numbers exclude the contributions from any joint ventures and associates completed in the year.

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30. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES CONTINUED

Disposal of interest in subsidiary and trading assets

In 2017, the Group disposed of the trading assets of one business in the UK and an interest in a subsidiary in the Eurozone. Details of the proceeds received and assets and liabilities disposed of are outlined below.

	2017 €'000
Consideration received	
Cash consideration	746
Total fair value of consideration	746
Identifiable assets and liabilities disposed of	
Property, plant and equipment (Note 11)	1,664
Intangible assets (Note 13)	118
Bank overdrafts net of cash	(2,304)
Finance leases	(356)
Inventories	705
Trade and other receivables	4,388
Trade and other liabilities	(3,576)
Deferred tax assets (Note 29)	95
	734
Goodwill related to business disposed (Note 13)	51
Book value of net identifiable assets and liabilities disposed of	785
Loss on disposal of trading assets of a business (recognised within operating expenses)	(39)

Subsidiaries becoming joint ventures

In 2017, as a result of changes in the nature of shareholder relationships it was determined that the Group no longer held a controlling influence in a number of investees and that the Group jointly controlled these investees. The following is a summary of the assets and liabilities derecognised:

	2017 €'000
Identifiable assets and liabilities derecognised	
Intangible assets (Note 13)	98
Property, plant and equipment (Note 11)	7,155
Other investments (Note 15)	3
Inventories	1,469
Trade and other receivables	12,743
Cash and cash equivalents	6,689
Deferred government grants (Note 25)	(177)
Trade and other liabilities	(14,147)
Corporation tax liabilities	(323)
Deferred tax liabilities (Note 29)	(404)
Net assets derecognised	13,106
Non-controlling interest (Note 21)	(6,699)
Net assets derecognised	6,407
Investment in joint venture (Note 14)	6,407

31. EMPLOYEE BENEFITS

Remuneration

	2018 €'000	2017 €'000
Wages and salaries	**222,272**	207,702
Social security contributions	**37,983**	35,413
Employee post-employment obligations cost – defined contribution schemes	**8,337**	7,325
Employee post-employment obligations cost – defined benefit schemes	**2,035**	2,298
Employee post-employment obligations cost – other post-employment obligations	**442**	536
Termination benefits	**1,228**	1,213
Equity-settled share-based compensation expense	**557**	596
Short-term incentive payment plan	**282**	1,234
Recognised in the income statement	**273,136**	256,317
Charge/(credit) on the Group's employee defined benefit obligations	**1,304**	(4,097)
Recognised in the income statement – exceptional item (Note 7)	**1,304**	(4,097)
Remeasurement gains on post-employment defined benefit schemes	**(6,323)**	(5,708)
Remeasurement gains on other post-employment benefit schemes	**(354)**	(1,604)
Recognised in the statement of other comprehensive income	**(6,677)**	(7,312)

Employee numbers – Group (Average)

	2018 Number	2017* Number
Production	**1,189**	1,159
Sales and distribution	**3,881**	3,690
Administration	**685**	674
	5,755	5,523

* Comparative balances have been restated to ensure conformity with current year presentation.

Post-employment benefit obligations at year-end

	2018 €'000	2017 €'000
Employee defined benefit pension schemes obligations	**10,941**	16,707
Other post-employment benefit obligations	**5,023**	5,293
	15,964	22,000

Employee defined benefit pension schemes obligations

The Group operates a number of defined benefit and defined contribution pension schemes. The schemes are set up under trusts and the assets of the schemes are therefore held separately from those of the Group.

The pension charge in the income statement for the year in respect of the Group's defined benefit schemes was €2,035,000 (2017: €2,298,000).

In addition to this charge, there was an exceptional income statement charge of €1,304,000 (2017: credit of €4,097,000). On 26 October 2018, the UK High Court ruled (in a landmark case relating to the Lloyds Banking Group's pension schemes) that pension benefits must be equalised in respect of Guaranteed Minimum Pensions (GMPs) accrued between 17 May 1990 and 5 April 1997. The calculation of the GMP equalisation adjustment required is complex with each pension having to be equalised. The Group engaged the services of an actuary to perform a preliminary estimate of the impact of GMP and the estimated charge of €1,304,000 is recognised as a past service cost in the income statement and classified as an exceptional item. In 2017 there was a credit of €4,097,000 recognised as a result of the Enhanced Transfer Value ('ETV') programme as explained in more detail on the next page.

The charge in the income statement in respect of the Group's defined contribution schemes was €8,337,000 (2017: €7,325,000).

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

31. EMPLOYEE BENEFITS CONTINUED

Employee defined benefit pension schemes obligations continued

The Group operates six funded defined benefit pension schemes. Two of these schemes are based in Ireland, two are based in the UK with smaller schemes in the Netherlands and North America. The pension benefits payable on retirement in the UK, Ireland and North America are determined based on years of service and the levels of salary. The scheme in the Netherlands provides pension benefits based on career average salary.

Defined benefit pension schemes represent a very significant commitment of the Group's resources and they are exposed to the volatility of market conditions. The values of pension assets are exposed to worldwide conditions in equity and bond markets. The underlying calculation of pension scheme liabilities are subject to changes in discount rates, inflation rates and the longevity of scheme members. The cost of defined benefit schemes and in particular the method used to value liabilities in the current historically low interest rate environment has resulted in significant volatility and cost to the Group. In addition, the cost of operating defined benefit pension plans has increased due to more stringent funding rules and increased regulations. Over the last number of years the Group, with appropriate professional advice, has been exploring strategies to de-risk its exposure.

The schemes in Ireland have been closed to new entrants since 2009 and salaries for defined benefit purposes have been capped with any salary increases above the cap pensionable on a defined contribution basis. In 2017 the Group initiated an Enhanced Transfer Value ('ETV') programme whereby an offer was made to all active and deferred members of the Irish defined benefit pension schemes ('Schemes') to transfer their accumulated accrued benefits from the Schemes, eliminating future accrual of benefits in the Schemes, and receive a transfer value above the statutory minimum amount. In 2017, the Group transferred €6,303,000 to the Schemes to fund the ETV and €25,374,000 was paid from the Schemes' assets in a full and final settlement of defined benefit obligations of €32,057,000. The ETV programme resulted in a net accounting credit of €4,097,000 in 2017 representing the net settlement of the defined benefit obligations of employees who elected for the ETV option, net of all costs, settlements and professional fees incurred. This credit was disclosed as an exceptional item in the Group's income statement (Note 7). This programme will reduce the volatility of the Schemes going forward.

Both of the UK schemes are also closed to new entrants and are now closed to new accruals. The schemes in the Netherlands and North America are also closed to new entrants.

The accompanying disclosures relate to all of the Group's defined benefit retirement schemes in Ireland, the UK, the Netherlands and North America. The previous full actuarial valuations of these schemes, for the purposes of these disclosures, were updated to 31 December 2018. Full actuarial valuations were carried out on both of the Irish schemes at 1 January 2016 and on the two UK schemes at 31 December 2015 and 5 April 2015. The last full actuarial valuation of the schemes in the Netherlands and North America were at 31 December 2017.

All calculations were carried out by independent actuaries using the projected unit method. The actuarial reports are not available for public inspection; however, the results of the valuations are advised to members of the schemes. The scheme assets do not include any shareholdings in the Company.

Assumptions

The financial assumptions that have the most significant impact on the results of the actuarial valuations are those relating to the discount rate used to convert future pension liabilities to current values and assumptions on expected rates of increases in salaries and pension and assumptions on inflation.

Scheme liabilities

The calculation of the present value of the defined benefit obligations is sensitive to changes in the discount rate. The discount rate is based on the interest yield at the balance sheet date on high quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligation. Changes in the discount rate can lead to volatility in the Group's balance sheet, income statement and statement of comprehensive income.

The majority of the Group's defined benefit obligations are linked to inflation and higher inflation will lead to higher scheme obligations although caps are in place to protect schemes against extreme inflation.

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan members. An increase in the life expectancy of plan members will increase the defined benefit obligation.

The principal long-term actuarial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on the pension schemes at 31 December 2018 and 31 December 2017 are as follows:

	Ireland		UK		Netherlands		North America	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Rate of increase in salaries	**0.00% – 2.00%**	0.00% – 2.00%	**2.50 %**	2.50%	**0.00% – 2.00%**	0.00% – 2.00%	**n/a**	n/a
Rate of increase in pensions	**0.80% – 1.60%**	0.85% – 1.70%	**2.50% – 3.20%**	2.50% – 3.20%	**0.00%**	0.00%	**2.00%**	2.00%
Inflation rate	**1.60%**	1.70%	**3.20%**	3.20%	**1.60%**	1.70%	**2.00%**	2.00%
Discount rate	**2.10%**	2.00%	**2.90% – 3.00%**	2.50% – 2.60%	**2.10%**	2.00%	**4.20%**	4.20%

Future life expectancy assumptions

The Group uses certain mortality rate assumptions when determining the net present value of scheme liabilities under IAS 19 *Employee Benefits (2011)*. These assumptions conform to best practice and based on these assumptions the assumed life expectancies were as follows.

Life expectancy of a current pensioner aged 65:

	Ireland		UK		Netherlands		North America	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Male	**22.4**	22.4	**21.8**	21.7	**20.8**	20.8	**22.0**	22.0
Female	**24.3**	23.5	**24.1**	23.8	**23.2**	23.3	**24.0**	24.0

Life expectancy of a 45 year old active employee at expected retirement age of 65:

	Ireland		UK		Netherlands		North America	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Male	**24.1**	24.6	**23.6**	23.5	**23.0**	23.1	**23.0**	23.0
Female	**26.1**	25.5	**25.8**	25.7	**25.2**	25.3	**25.0**	25.0

Analysis of net liability

	Ireland 2018 €'000	**UK 2018 €'000**	**Netherlands 2018 €'000**	**North America 2018 €'000**	**Total 2018 €'000**
Equities	**14,615**	**25,515**	**–**	**–**	**40,130**
Bonds	**41,623**	**37,981**	**–**	**1,074**	**80,678**
Property	**12,815**	**1,419**	**–**	**203**	**14,437**
Growth portfolio – other	**1,774**	**13,813**	**11,521**	**–**	**27,108**
Cash and cash equivalents	**6,275**	**79**	**–**	**59**	**6,413**
Fair value of scheme assets	**77,102**	**78,807**	**11,521**	**1,336**	**168,766**
Present value of scheme obligations	**(78,877)**	**(86,644)**	**(12,633)**	**(1,553)**	**(179,707)**
Net employee benefit liabilities	**(1,775)**	**(7,837)**	**(1,112)**	**(217)**	**(10,941)**
Analysed as follows					
Employee benefit assets	**–**	**–**	**–**	**–**	**–**
Employee benefit liabilities	**(1,775)**	**(7,837)**	**(1,112)**	**(217)**	**(10,941)**
Net employee benefit liabilities	**(1,775)**	**(7,837)**	**(1,112)**	**(217)**	**(10,941)**

Notes to the Group Financial Statements continued
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31. EMPLOYEE BENEFITS CONTINUED

Employee defined benefit pension schemes obligations continued

Analysis of net liability continued

	Ireland 2017 €'000	UK 2017 €'000	Netherlands 2017 €'000	North America 2017 €'000	Total 2017 €'000
Equities	14,859	26,935	–	–	41,794
Bonds	37,509	39,707	–	1,067	78,283
Property	14,986	1,347	–	183	16,516
Growth portfolio – other	5,907	14,859	11,205	–	31,971
Cash and cash equivalents	6,240	462	–	77	6,779
Fair value of scheme assets	79,501	83,310	11,205	1,327	175,343
Present value of scheme obligations	(81,763)	(96,270)	(12,365)	(1,652)	(192,050)
Net employee benefit liabilities	(2,262)	(12,960)	(1,160)	(325)	(16,707)
Analysed as follows					
Employee benefit assets	–	–	–	–	–
Employee benefit liabilities	(2,262)	(12,960)	(1,160)	(325)	(16,707)
Net employee benefit liabilities	(2,262)	(12,960)	(1,160)	(325)	(16,707)

Movements in the fair value of scheme assets in the balance sheet

	Ireland €'000	**UK €'000**	**Netherlands €'000**	**North America €'000**	**Total €'000**
Fair value of assets at 1 January 2017	94,461	83,391	11,156	–	189,008
Interest income on scheme assets	1,562	2,221	222	62	4,067
Remeasurement gain/(loss) on scheme assets	2,445	3,775	(759)	(5)	5,456
Administration expenses paid from scheme	–	–	(73)	–	(73)
Employer contributions – regular	2,206	1,423	661	–	4,290
Employer contributions – to fund ETV	6,303	–	–	–	6,303
Employee contributions	110	–	64	–	174
Benefit payments	(2,212)	(4,150)	(66)	(141)	(6,569)
Settlement payments from plan assets	(25,374)	–	–	–	(25,374)
Arising on acquisition of subsidiaries	–	–	–	1,513	1,513
Foreign exchange movements	–	(3,350)	–	(102)	(3,452)
Fair value of assets at 31 December 2017	**79,501**	**83,310**	**11,205**	**1,327**	**175,343**
Interest income on scheme assets	**1,588**	**2,136**	**232**	**55**	**4,011**
Remeasurement (loss)/gain on scheme assets	**(2,046)**	**(5,016)**	**(329)**	**1**	**(7,390)**
Administration expenses paid from scheme	**–**	**–**	**(53)**	**–**	**(53)**
Employer contributions	**935**	**1,141**	**476**	**141**	**2,693**
Employee contributions	**76**	**–**	**61**	**–**	**137**
Benefit payments	**(2,289)**	**(1,817)**	**(71)**	**(137)**	**(4,314)**
Settlement payments from plan assets	**(663)**	**–**	**–**	**–**	**(663)**
Foreign exchange movements	**–**	**(947)**	**–**	**(51)**	**(998)**
Fair value of assets at 31 December 2018	**77,102**	**78,807**	**11,521**	**1,336**	**168,766**

Movements in the present value of scheme obligations in the balance sheet

	Ireland €'000	UK €'000	Netherlands €'000	North America €'000	Total €'000
Present value of obligations at 1 January 2017	(114,425)	(99,939)	(12,421)	–	(226,785)
Current service cost	(1,566)	–	(625)	–	(2,191)
Past service credit	–	–	691	–	691
Interest expense on scheme obligations	(1,808)	(2,651)	(260)	(73)	(4,792)
Employee contributions	(110)	–	(64)	–	(174)
Benefit payments	2,212	4,150	66	141	6,569
Settlement of defined benefit obligations	32,057	–	–	–	32,057
Remeasurements:					
– effect of changes in demographic assumptions	–	934	–	–	934
– effect of changes in financial assumptions	394	(4,961)	306	(38)	(4,299)
– effect of experience adjustments	1,483	2,232	(58)	(40)	3,617
Arising on acquisition of subsidiaries	–	–	–	(1,765)	(1,765)
Foreign exchange movements	–	3,965	–	123	4,088
Present value of obligations at 31 December 2017	**(81,763)**	**(96,270)**	**(12,365)**	**(1,652)**	**(192,050)**
Current service cost	**(1,140)**	**–**	**(465)**	**–**	**(1,605)**
Past service cost	**–**	**(1,304)**	**–**	**–**	**(1,304)**
Interest expense on scheme obligations	**(1,612)**	**(2,455)**	**(256)**	**(65)**	**(4,388)**
Employee contributions	**(76)**	**–**	**(61)**	**–**	**(137)**
Benefit payments	**2,289**	**1,817**	**71**	**137**	**4,314**
Settlement of defined benefit obligations	**663**	**–**	**–**	**–**	**663**
Remeasurements:					
– effect of changes in demographic assumptions	**21**	**1,505**	**69**	**–**	**1,595**
– effect of changes in financial assumptions	**1,867**	**9,035**	**313**	**–**	**11,215**
– effect of experience adjustments	**874**	**–**	**61**	**(32)**	**903**
Foreign exchange movements	**–**	**1,028**	**–**	**59**	**1,087**
Present value of obligations at 31 December 2018	**(78,877)**	**(86,644)**	**(12,633)**	**(1,553)**	**(179,707)**

Movements in the net liability recognised in the balance sheet

	Ireland €'000	UK €'000	Netherlands €'000	North America €'000	Total €'000
Net liabilities in schemes at 1 January 2017	(19,964)	(16,548)	(1,265)	–	(37,777)
Employer contributions	2,206	1,423	661	–	4,290
Employer contributions – ETV	6,303	–	–	–	6,303
Credit/(expense) recognised in the income statement	4,871	(430)	(45)	(11)	4,385
Remeasurement gains/(losses) recognised in other comprehensive income	4,322	1,980	(511)	(83)	5,708
Arising on acquisition (Note 30)	–	–	–	(252)	(252)
Foreign exchange movement	–	615	–	21	636
Net liabilities in schemes at 31 December 2017	**(2,262)**	**(12,960)**	**(1,160)**	**(325)**	**(16,707)**
Employer contributions	**935**	**1,141**	**476**	**141**	**2,693**
Expense recognised in the income statement	**(1,164)**	**(1,623)**	**(542)**	**(10)**	**(3,339)**
Remeasurement gains/(losses) recognised in other comprehensive income	**716**	**5,524**	**114**	**(31)**	**6,323**
Foreign exchange movement	**–**	**81**	**–**	**8**	**89**
Net liabilities in schemes at 31 December 2018	**(1,775)**	**(7,837)**	**(1,112)**	**(217)**	**(10,941)**

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

31. EMPLOYEE BENEFITS CONTINUED

Employee defined benefit pension schemes obligations continued

Defined benefit pension (expense)/credit recognised in the income statement

	Ireland 2018 €'000	UK 2018 €'000	Netherlands 2018 €'000	North America 2018 €'000	Total 2018 €'000
Current service cost	(1,140)	–	(465)	–	(1,605)
Interest on scheme obligations	(1,612)	(2,455)	(256)	(65)	(4,388)
Interest on scheme assets	1,588	2,136	232	55	4,011
Administration expenses paid from plan	–	–	(53)	–	(53)
Recognised within distribution and administration expenses	**(1,164)**	**(319)**	**(542)**	**(10)**	**(2,035)**
UK GMP equalisation – recognised as an exceptional item	–	(1,304)	–	–	(1,304)
Defined benefit pension expense recognised in the income statement	**(1,164)**	**(1,623)**	**(542)**	**(10)**	**(3,339)**

	Ireland 2017 €'000	UK 2017 €'000	Netherlands 2017 €'000	North America 2017 €'000	Total 2017 €'000
Current service cost	(1,566)	–	(625)	–	(2,191)
Past service credit	–	–	691	–	691
Interest on scheme obligations	(1,808)	(2,651)	(260)	(73)	(4,792)
Interest on scheme assets	1,562	2,221	222	62	4,067
Administration expenses paid from plan	–	–	(73)	–	(73)
Recognised within distribution and administration expenses	(1,812)	(430)	(45)	(11)	(2,298)
Settlements – recognised as exceptional item	6,683	–	–	–	6,683
Defined benefit pension credit/(expense) recognised in the income statement	4,871	(430)	(45)	(11)	4,385

Defined benefit pension gains/(losses) recognised in other comprehensive income

	Ireland 2018 €'000	UK 2018 €'000	Netherlands 2018 €'000	North America 2018 €'000	Total 2018 €'000
Remeasurement (loss)/gain on scheme assets	(2,046)	(5,016)	(329)	1	(7,390)
Remeasurement gain/(loss) on scheme liabilities:					
– effect of changes in demographic assumptions	21	1,505	69	–	1,595
– effect of changes in financial assumptions	1,867	9,035	313	–	11,215
– effect of experience adjustments	874	–	61	(32)	903
Remeasurement gains/(losses) recognised in other comprehensive income	**716**	**5,524**	**114**	**(31)**	**6,323**

	Ireland 2017 €'000	UK 2017 €'000	Netherlands 2017 €'000	North America 2017 €'000	Total 2017 €'000
Remeasurement gain/(loss) on scheme assets	2,445	3,775	(759)	(5)	5,456
Remeasurement gain/(loss) on scheme liabilities:					
– effect of changes in demographic assumptions	–	934	–	–	934
– effect of changes in financial assumptions	394	(4,961)	306	(38)	(4,299)
– effect of experience adjustments	1,483	2,232	(58)	(40)	3,617
Remeasurement gains/(losses) recognised in other comprehensive income	4,322	1,980	(511)	(83)	5,708

Actual return on scheme assets

	Ireland 2018 €'000	UK 2018 €'000	Netherlands 2018 €'000	North America 2018 €'000	Total 2018 €'000
Total return on assets	**(458)**	**(2,880)**	**(97)**	**56**	**(3,379)**
	2017 €'000	2017 €'000	2017 €'000	2017 €'000	2017 €'000
Total return on assets	4,007	5,996	(537)	57	9,523

The cumulative remeasurement loss before deferred tax recognised in the statement of other comprehensive income is €64,201,000 (2017: €70,524,000).

The expected normal level of employer contributions for the year ended 31 December 2018 is €3,822,000.

The weighted average duration of the defined benefit obligation was 20.5 years at 31 December 2018 (31 December 2017: 20.7 years).

Sensitivity of pension liability to judgemental assumptions

Actuarial assumptions have a significant impact on the reported net pension obligation. Analysed below is the impact of certain movements in key assumptions at 31 December 2018. A sensitivity analysis was not performed on the North American scheme as the scheme is not material.

	Ireland 2018 €'000	UK 2018 €'000	Netherlands 2018 €'000	Total 2018 €'000
Discount rate				
– 0.25% increase in discount rate (reduces obligation)	**3,199**	**4,592**	**732**	**8,523**
– 0.25% decrease in discount rate (increases obligation)	**(3,412)**	**(4,929)**	**(467)**	**(8,808)**
Inflation rate				
– 0.50% increase in inflation rate (increases obligation)	**(2,650)**	**(8,450)**	**(12)**	**(11,112)**
– 0.50% decrease in inflation rate (reduces obligation)	**2,506**	**8,502**	**20**	**11,028**
Pensionable salary increase				
– additional 1.00% increase in pensionable salary (increases obligation)	**(1,102)**	**(4,243)**	**(227)**	**(5,572)**
– decrease of 1.00% in pensionable salary (reduces obligation)	**1,248**	**3,756**	**271**	**5,275**
Pension increase				
– additional 1.00% increase in pension (increases obligation)	**(10,786)**	**(8,625)**	**(1,688)**	**(21,099)**
– decrease of 1.00% in pension (reduces obligation)	**7,334**	**9,912**	**–**	**17,246**
Life expectancy				
– additional 1 year life expectancy (increases obligation)	**(2,517)**	**(2,625)**	**(349)**	**(5,491)**
– decrease of 1 year in life expectancy (reduces obligation)	**2,522**	**2,609**	**346**	**5,477**

Although the analysis above does not take full account of the distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

31. EMPLOYEE BENEFITS CONTINUED

Other post-employment benefit obligations

The table below summarises the movements in the net liability of the Group's other post-employment benefit obligations.

	2018 €'000	2017 €'000
Net liability at beginning of year	**(5,293)**	–
Arising on acquisition of subsidiaries (Note 30)	**–**	(6,913)
Net expense recognised in the income statement	**(442)**	(536)
Remeasurement gains recognised in other comprehensive income	**354**	1,604
Employee contributions to schemes	**(12)**	(24)
Benefits paid	**180**	131
Foreign exchange movements	**190**	445
Net liability at end of year	**(5,023)**	(5,293)

Certain employees in one of the Group's North American subsidiaries hold non-voting shares in the subsidiary. The Company has a contractual arrangement in place to pay holders of these shares an agreed benefit on retirement, based on profit levels in the Company, to redeem these shares.

In accordance with IAS 19 *Employee Benefits (2011)*, the net liability of the obligation is measured as the net present value of the amounts that are expected to be paid to employees for the shares at retirement.

The interest expense, which represents the unwinding of the net present value of the liabilities, is charged to the income statement. Remeasurement gains and losses, representing all other changes to the estimate of the liability, are recognised in other comprehensive income.

Determining the valuation of the obligations requires the determination of appropriate assumptions such as projected growth in profits, forfeiture rates and retirement dates. The principal assumptions are the budget for the following financial year plus an annual growth rate of 5% (2017: 5%) discounted to net present value using a discount rate of 8.56% (2017: 8.48%). Based on past experience a forfeiture rate of zero is assumed.

Share-based payment

Income statement charge	2018 €'000	2017 €'000
Employee share option charge	**557**	596

The Group established a share option scheme in December 2006 which entitles certain employees to purchase shares in Total Produce plc. In accordance with the terms of the scheme, the options granted are exercisable at the market price prevailing at the date of the grant of the option.

The share options granted only vest when the adjusted earnings per share figure, in respect of the third or any subsequent accounting period after the end of the basis year (i.e. accounting period preceding the date of the grant), is greater than the adjusted earnings per share figure for the basis year by a percentage which is not less than (on a year-on-year basis) the annual percentage increase in the consumer price index plus 5% compounded during that period. The share options vest subject to the achievement of the performance condition above. The contractual life of the options is ten years.

Details of options granted under these schemes are as follows:

Date of grant	Date of expiry	Number of options	Weighted grant price €	Average fair value €
5 March 2008	4 March 2018	2,400,000	0.60	0.2039
26 March 2013	25 March 2023	4,050,000	0.669	0.2040
10 March 2016	9 March 2026	4,175,000	1.55	0.4140

As explained above, the date at which employees may exercise their options is based on a non-market-related performance condition.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options at the date of grant. The estimate of the fair value of options granted during the year was measured based on a binomial lattice model. The contractual life of the options, which is ten years, is used as an input in this model. Expectations of early exercise are incorporated into the binominal lattice model and are reflected in the assumptions.

The assumptions used in the binominal model for calculating the fair value of share options granted in 2013 and 2016 were as follows:

Assumptions used	Options granted in 2016	Options granted in 2013
Weighted average exercise price	1.55	0.669
Expected volatility	34%	40%
Option life	9.76 years	9.65 years
Expected dividend yield	2.50%	3.25%
Risk-free interest rate	0.306%	1.43%

The expected volatility and option life are expressed as weighted averages used in modelling in the binominal lattice model. The expected volatility is based on the historic volatility of the share price and the historical volatility of similar quoted companies.

Share options are subject to vesting conditions which comprise a service condition and a non-market related performance condition, which is the achievement of growth in adjusted earnings per share as set out earlier.

A summary of the activity during the year under the Group's share option schemes together with the weighted average exercise price of the share options is as follows:

	2018 Number of options	**2018 Weighted average exercise price €**	2017 Number of options	2017 Weighted average exercise price €
Outstanding options at beginning of year	**6,275,000**	**1.2541**	10,089,700	1.0308
Exercised during the year[1]	**(600,000)**	**(0.6575)**	(3,814,700)	(0.6635)
Forfeited during the year	**(50,000)**	**(1.5500)**	–	–
Options outstanding at end of year	**5,625,000**	**1.3151**	6,275,000	1.2541

1 The weighted average share price at the date of exercise of these options was €2.03 (2017: €2.07).

Analysis of the closing balance – outstanding at the end of year:

Date of grant	Date of expiry	**2018 Number of options**	**2018 Exercise price €**	2017 Number of options	2017 Exercise price €
5 March 2008	4 March 2018	**–**	**0.60**	100,000	0.60
26 March 2013	25 March 2023	**1,500,000**	**0.669**	2,000,000	0.669
10 March 2016	9 March 2026	**4,125,000**	**1.55**	4,175,000	1.55
		5,625,000		6,275,000	

The options outstanding at 31 December 2018 have an exercise price in the range of €0.669 to €1.55 (2017: €0.60 to €1.55) and have a weighted average contractual life of 6.4 years (2017: 7.1 years).

Analysis of the closing balance – exercisable at the end of the year:

Date of grant	Date of expiry	**2018 Number of options**	**2018 Exercise price €**	2017 Number of options	2017 Exercise price €
5 March 2008	4 March 2018	**–**	**0.60**	100,000	0.60
26 March 2013	25 March 2023	**1,500,000**	**0.669**	2,000,000	0.669
		1,500,000		2,100,000	

The market price of the Company's shares at 31 December 2018 was €1.42 and the range during 2018 was €1.33 to €2.57.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

32. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments
The Directors have authorised capital expenditure of €21,969,000 (2017: €18,534,000) at the balance sheet date. Capital expenditure contracted for at 31 December 2018 amounted to €3,766,000 (2017: €4,063,000).

Subsidiaries
Each of the following Irish registered subsidiaries of the Company may avail of the exemption from filing its statutory financial statements for the year ended 31 December 2018 as permitted by Section 357 of the Companies Act 2014 and, if any of these Irish registered subsidiaries of the Company elects to avail of this exemption, there will be in force an irrevocable guarantee from the Company in respect of all commitments entered into by such wholly-owned subsidiary, including amounts shown as liabilities (within the meaning of Section 357 (1) (b) of the Companies Act 2014) in such wholly-owned subsidiary's statutory financial statements for the year ended 31 December 2018:

Bolanpass Limited
Total Produce International Limited
Total Produce Ireland Limited
Uniplumo (Ireland) Limited
Total Produce C Holdings Limited
Total Produce International Holdings Limited
Total Produce Management Services Limited
Waddell Limited

Guarantees

Company
Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies or joint ventures and associates within the Group, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. The following are details of contracts made by the Company at 31 December 2018 to guarantee the indebtedness of other companies or joint ventures and associates within the Group:
(i) The Company has guaranteed bank borrowings of subsidiaries in the amount of €312,864,000 (2017: €197,932,000).
(ii) The Company has guaranteed bank borrowings of €3,850,000 (2017: €4,050,000) within joint venture and associate companies.

Group
In addition to the Company guarantees above, certain Group subsidiaries have given guarantees totalling €8,162,000 (2017: €9,162,000) in respect of other trading obligations arising in the ordinary course of business.

Contingencies
From time to time, the Group is involved in claims and legal actions, which arise in the normal course of business. Based on information currently available to the Group, and legal advice, the Directors believe such litigation will not, individually or in aggregate, have a material adverse effect on the financial statements and that the Group is adequately positioned to deal with the outcome of any such litigation.

33. RELATED PARTIES

Identity of related parties
Under IAS 24 *Related Party Disclosures*, the Group has a related party relationship with its joint ventures and associates. Transactions with the Group's joint ventures and associates are set out below.

IAS 24 also requires the disclosure of compensation paid to the Group's key management personnel. This comprises its Executive Directors, Non-Executive Directors, Company Secretary and other senior management within the Group.

Remuneration of key management personnel

	2018 €'000	2017 €'000
Short-term benefits (salary, bonus, incentives)	**8,025**	8,077
Post-employment benefits	**697**	693
Share-based payment expense	**1,073**	136
Remuneration	**9,795**	8,906
Short-term incentive plan [(a)]	**282**	1,234
Total	**10,077**	10,140

(a) The Compensation Committee made an award of €282,000 (2017: €1,234,000) to the Executive Directors under the Short-term incentive plan. See page 64 for details.

Related party transactions with joint ventures and associates

The Group trades in the normal course of its business, in some situations under supply contracts, with its joint ventures and associates. A summary of transactions with these related parties during the year is as follows:

	2018 Revenue €'000	2018 Purchases €'000	2017 Revenue €'000	2017 Purchases €'000
Joint ventures	**69,726**	**73,312**	69,743	60,398
Associates	**14,157**	**39,012**	8,221	51,610
	83,883	**112,324**	77,964	112,008

The amounts due from and to joint ventures and associates at the year-end are disclosed, in aggregate, in Notes 18 and 24 respectively. The Group's significant joint ventures and associates are set out on page 162.

Related party transactions with shareholders in Group companies

The Group, in its ordinary course of business, trades and enters into agreements to purchase and sell goods and services with a number of non-controlling shareholders of Group companies. During the year the Group entered into the following transactions with non-controlling shareholders in Group companies.

	2018 €'000	2017* €'000
Purchases of goods	**211,658**	201,983
Sales of goods	**1,638**	3,740
Receipt of services	**683**	2,277
Rental and warehouse agreements	**1,492**	1,515
Net interest (expense)/income	**(29)**	20

* Comparitives have been reclassified to ensure conformity with current year presentation.

All transactions between the Group and non-controlling shareholders of Group companies are at arm's length.

The amounts due to and from non-controlling shareholders of Group companies at year end are as follows:

	2018 €'000	2017* €'000
Amounts within other receivables – non-current	**750**	750
Amounts within trade receivables – current	**359**	475
Amounts within other receivables – current	**580**	1,098
Amounts within trade payables – current	**14,755**	15,178
Amounts within other payables – current	**1,126**	169

* Comparitives have been reclassified to ensure conformity with current year presentation.

Related party transactions with companies with a common director

Balmoral International Land Holdings plc ('Balmoral') and the Group have one Director (Mr. C P McCann) in common and therefore they are considered to be a related party for the purposes of IAS 24 *Related Party Disclosures*. During the year, the Group recognised the following income and expenses from transactions with Balmoral.

	2018 €'000	2017 €'000
Expenses (mainly rental expenses)	**1,340**	1,344
Income	**221**	187

Income relates to expenses recharged by the Group to Balmoral and relate to costs incurred by the Group on behalf of Balmoral, including recharges in respect of administration expenses and a portion of the employment costs of the Chairman.

The amount owed from Balmoral at the year-end was €1,000 (2017: €16,000) and the amount owed to Balmoral was €52,000 (2017: €Nil).

The Group has an investment in a 50:50 joint venture company with Balmoral. Total Produce's investment in this joint venture company in 2018 was €44,000 (2017: €Nil). The Group's share of operating losses of this joint venture in 2018 was €44,000 (2017: €Nil).The carrying value of the investment in this joint venture at 31 December 2018 was €Nil (2017: €Nil).

Notes to the Group Financial Statements continued
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34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The effect of initially applying IFRS 9 on the Group's financial instruments is described in the accounting policies note on page 83.

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy:

	Cash flow hedges 2018 €'000	Fair value through equity 2018 €'000	Fair value through profit or loss 2018 €'000	Assets at amortised cost 2018 €'000	Liabilities at amortised cost 2018 €'000	Total carrying amount 2018 €'000	Fair value 2018 €'000
Other investments[1] (Note 15)	–	–	10,077	–	–	10,077	10,077
Trade and other receivables – current[1*] (Note 18)	–	–	–	381,295	–	381,295	n/a
Trade and other receivables – non-current[1*] (Note 18)	–	–	–	18,724	–	18,724	n/a
Derivative financial assets	70	–	4,318	–	–	4,388	4,388
Cash and cash equivalents[1] (Note 19)	–	–	–	102,299	–	102,299	n/a
	70	–	14,395	502,318	–	516,783	
Trade and other payables – current[1] (Note 24)	–	–	–	–	(482,934)	(482,934)	n/a
Trade and other payables – non-current[1] (Note 24)	–	–	–	–	(1,289)	(1,289)	n/a
Bank overdrafts[1] (Note 22)	–	–	–	–	(9,560)	(9,560)	n/a
Bank borrowings[1] (Note 22)	–	–	–	–	(310,846)	(310,846)	(310,817)
Finance lease liabilities[1] (Note 22)	–	–	–	–	(1,636)	(1,636)	(1,636)
Derivative financial liabilities	(276)	–	(20)	–	–	(296)	(296)
Contingent consideration (Note 26)	–	–	(24,517)	–	–	(24,517)	(24,517)
Other provisions (Note 26)	–	–	–	–	(2,747)	(2,747)	n/a
Put option liability (Note 27)	–	(34,975)	–	–	–	(34,975)	(34,975)
	(276)	(34,975)	(24,537)	–	(809,012)	(868,800)	

	Cash flow hedges 2017 €'000	Fair value through equity 2017 €'000	Fair value through profit or loss 2017 €'000	Loans and receivables 2017 €'000	Available-for-sale 2017 €'000	Liabilities at amortised cost 2017 €'000	Total carrying amount 2017 €'000	Fair value 2017 €'000
Other investments[1] (Note 15)	–	–	–	–	719	–	719	n/a
Trade and other receivables – current[1*] (Note 18)	–	–	–	356,269	–	–	356,269	n/a
Trade and other receivables – non-current[1*] (Note 18)	–	–	–	11,063	–	–	11,063	n/a
Derivative financial assets	6	–	–	–	–	–	6	6
Cash and cash equivalents[1] (Note 19)	–	–	–	100,247	–	–	100,247	n/a
	6	–	–	467,579	719	–	468,304	
Trade and other payables – current[1] (Note 24)	–	–	–	–	–	(463,605)	(463,605)	n/a
Trade and other payables – non-current[1] (Note 24)	–	–	–	–	–	(568)	(568)	n/a
Bank overdrafts[1] (Note 22)	–	–	–	–	–	(11,268)	(11,268)	n/a
Bank borrowings[1] (Note 22)	–	–	–	–	–	(200,235)	(200,235)	(200,491)
Finance lease liabilities[1] (Note 22)	–	–	–	–	–	(1,870)	(1,870)	(1,941)
Derivative financial liabilities	(610)	–	(109)	–	–	–	(719)	(719)
Contingent consideration (Note 26)	–	–	(34,465)	–	–	–	(34,465)	(34,465)
Put option liability (Note 27)	–	(38,961)	–	–	–	–	(38,961)	(38,961)
	(610)	(38,961)	(34,574)	–	–	(677,546)	(751,691)	

1 The Group has availed of the exemption under IFRS 7 *Financial Instruments: Disclosure* for additional disclosures where fair value closely approximates carrying value.

* For the purposes of this analysis prepayments have not been included within other receivables. Carrying value of trade receivables and other receivables are stated net of impairment provision where appropriate and consequently fair value is considered to approximate carrying value.

Measurement of fair values
Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities disclosed in the preceding table.

Other investments
Under IFRS 9 other investments are measured at fair value which is based on quoted market prices where available.

Under IAS 39 certain of the Group's available-for-sale financial assets were comprised of investments that did not have a quoted market price in an active market. Such investments are measured at cost, less provision for impairment where appropriate and applicable.

Cash and cash equivalents, including short-term bank deposits
For short-term bank deposits and cash and cash equivalents, all of which have a remaining maturity of less than three months, the carrying amount is deemed to reflect fair value.

Trade and other receivables and trade and other payables
For receivables and payables, the carrying value less impairment provision, where appropriate, is deemed to reflect fair value.

Derivative financial instruments (forward currency contracts and interest rate swaps)
Forward currency contracts are valued using quoted forward exchange rates at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Derivative financial instruments (option to acquire shareholdings in subsidiaries, joint ventures and associates)
The fair value of call options over shareholdings in subsidiaries, joint ventures and associates is valued by comparing the estimated market value of the shareholdings which are subject to call options with the actual call option price. A comparison is made to market multiples paid for similar companies and a discount applied if the shareholdings do not provide governance rights or veto rights over operating decisions and dividend policies to a third party.

Interest-bearing loans and borrowings
For floating rate interest-bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at interest rates effective at the balance sheet date and adjusted for movements in credit spreads.

Finance lease liabilities
Fair value is based on the present value of future cash flows discounted at market rates.

Contingent consideration
Fair value is based on the present value of expected payments discounted using a risk-adjusted discount rate. The expected payment is determined by forecasting the acquiree's earnings over the applicable period.

Other provisions
For other provisions, the carrying amount, which represents the costs expected to be paid, discounted to fair value where appropriate, is deemed to reflect fair value.

Put option liabilities
This valuation model is based on the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payment is determined in accordance with the put option price formula, budgets for future years and the application of a steady growth rate.

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

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK CONTINUED

Fair value hierarchy continued

At 31 December 2018 and 31 December 2017, the Group recognised and measured the following financial instruments at fair value:

	2018 Total €'000	2018 Level 1 €'000	2018 Level 2 €'000	2018 Level 3 €'000
Assets measured at fair value				
At fair value through profit or loss				
Other investments	**10,077**	**9,550**	**–**	**527**
Interest rate swap	**1**	**–**	**1**	**–**
Options to acquire additional shares in subsidiaries, joint ventures and associates	**4,317**	**–**	**–**	**4,317**
Designated as hedging instruments				
Foreign exchange contracts	**70**	**–**	**70**	**–**
Liabilities measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	**(8)**	**–**	**(8)**	**–**
Interest rate swap	**(12)**	**–**	**(12)**	**–**
Contingent consideration	**(24,517)**	**–**	**–**	**(24,517)**
At fair value through equity				
Put option liability	**(34,975)**	**–**	**–**	**(34,975)**
Designated as hedging instruments				
Foreign exchange contracts	**(276)**	**–**	**(276)**	**–**

	2017 Total €'000	2017 Level 1 €'000	2017 Level 2 €'000	2017 Level 3 €'000
Assets measured at fair value				
At fair value through profit or loss				
Options to acquire additional shares in subsidiaries, joint ventures and associates	–	–	–	–
Designated as hedging instruments				
Foreign exchange contracts	6	–	6	–
Liabilities measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	(48)	–	(48)	–
Interest rate swap	(61)	–	(61)	–
Contingent consideration	(34,465)	–	–	(34,465)
At fair value through equity				
Put option liability	(38,961)	–	–	(38,961)
Designated as hedging instruments				
Foreign exchange contracts	(606)	–	(606)	–
Interest rate swap	(4)	–	(4)	–

Level 2 and 3 fair values

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Contingent consideration	*Discounted cash flows:* This valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by forecasting the acquiree's earnings over the applicable period.	• Forecast compound annual growth in EBITA in range of 0% to 297% (weighted average 36%) • Risk-adjusted discount rates of 3% to 4% (weighted average 3.6%)	The estimated fair value would increase/(decrease) if: • EBITA growth was higher/(lower) • Risk-adjusted discount rate was lower/(higher)
Put option liability	*Discounted cash flows:* This valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined in accordance with the put option price formula, budgets for future years and the application of a steady growth rate.	• Forecast compound annual growth in EBITA in range of 1% to 24% (weighted average 4.5%) • Risk-adjusted discount rates of 3.25% to 6.00% (weighted average 5.40%)	The estimated fair value would increase/(decrease) if: • EBITA growth was higher/(lower) • Risk-adjusted discount rate was lower/(higher)
Option to acquire additional shares in subsidiaries, joint ventures and associates	*Comparable market transactions:* This valuation model considers market multiples and enterprise valuations for comparable companies. A discount rate is applied where the shareholdings subject to the call options do not provide governance rights to a third party.	• Adjusted EBITDA multiple of 9 times less net debt • Discount up to 80% where shareholdings subject to call options do not provide a third party with governance rights	The estimated fair value would increase/(decrease) if: • EBITDA multiples were higher/(lower) • Discount rate was (higher)/lower
Forward exchange contracts and interest rate swaps	*Market comparison techniques:* The fair values are based on broker quotes.	Not applicable	Not applicable

Additional disclosures for Level 3 fair value measurements

Contingent consideration

	2018 €'000	2017 €'000
Balance at beginning of year	**34,465**	46,375
Paid during year	**(7,009)**	(9,269)
Arising on acquisition of subsidiaries (Note 30)	**1,126**	2,245
Arising on acquisition of non-controlling interests (Note 21)	**621**	–
Arising on acquisition of joint ventures and associates (Note 14)	**(419)**	2,515
Foreign exchange movements	**(224)**	(3,227)
Included in the income statement		
– Fair value movements credited to income statement (Note 3)	**(4,043)**	(4,174)
Balance at end of year	**24,517**	34,465

The fair value of contingent consideration represents provision for the net present value of amounts expected to be payable in respect of acquisitions which are subject to earn-out arrangements (Note 26).

Notes to the Group Financial Statements continued
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34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK CONTINUED

Fair value hierarchy continued

Additional disclosures for Level 3 fair value measurements continued

Put option liability

	2018 €'000	2017 €'000
Balance at beginning of year	**38,961**	21,215
Arising on acquisitions of subsidiaries (Note 30)	**896**	25,072
Fair value movements on put option recognised directly within equity	**(4,728)**	(3,526)
Foreign exchange movements	**(154)**	(3,800)
Balance at end of year	**34,975**	38,961

Within certain Group companies, non-controlling shareholders have a put option to put their shareholding to Total Produce. The fair value of the put option liability represents the provision for the net present value of amounts expected to be payable on exercise of the put option (Note 27).

Risk exposures

The Group's multinational operations expose it to various financial risks that include credit risk, liquidity risk, currency risk and interest rate risk. The Group has a risk management programme in place which seeks to limit the impact of these risks on the financial performance of the Group and it is the policy to manage these risks in a non-speculative manner.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- currency risk
- interest rate risk
- equity price risk

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

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Executive Risk Committee ('ERC'), which is responsible for developing and monitoring the Group's risk management policies. The members of the ERC include the Chief Executive, the Group Finance Director, a Group Executive Director, the Head of Internal Audit, the Company Secretary and a representative from senior management. Risk evaluation and recommendations for strategic change are reviewed by the ERC who report their findings to the Audit Committee for its consideration. The Audit Committee, in turn, report these findings to the Board enabling corrective initiatives to be undertaken where appropriate.

The Group has established a strong internal audit function under the direction of the Audit Committee. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee. For further details please refer to the Risk Report on pages 22 to 25.

The Board, through its Audit Committee and the ERC, has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively. The Board has embedded these structures and procedures throughout the Group and considers these to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management.

Credit risk
Credit risk arises from credit to customers and joint ventures and associates arising on outstanding receivables and outstanding transactions as well as cash and cash equivalents, other investments, derivative financial instruments and deposits with banks and financial institutions.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, customers' track record and historic default rates. Individual risk limits are generally set by customer, and risk is accepted above such limits only in defined circumstances. The utilisation of credit limits is regularly monitored and a significant element of the credit risk is covered by credit insurance. The impairment provision is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible, at which point the amount is considered irrecoverable and is written off directly against the trade receivable.

The Group also makes advances to key suppliers, generally to secure produce in key categories. Advances made are generally interest-bearing and recovered through deduction from payments made in respect of produce delivered by the counterparty.

Under IFRS 9 a provision for impairment of trade and other receivables is recognised based on the expected credit losses ('ECL') for those trade and other receivables. Loss allowances are based on lifetime ECLs, except for the following which are measured as 12 month ECLs:
- Trade receivables;
- Other receivables which have been determined to be low risk at the reporting date; and
- Other receivables for which there has not been a significant increase in credit risk (i.e. the risk of a default occurring) at the reporting date since the other receivable first originated.

A rating system has been utilised in relation to other receivables. A significant increase in credit risk is determined to have occurred if the rating of this system disimproves by a predetermined amount.

Trade receivables are considered to be in default if repayment is considered unlikely or if the trade receivable is more than 180 days past due. Other receivables are considered to be in default if the receivable is not collected within the agreed terms.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a receivable. 12 month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the receivable is less than 12 months).

The expected loss rates for trade receivables are based on the payment profile of these receivables over a thirteen month period and the corresponding historical credit losses that have been experienced in this period. The historical loss rates are adjusted to reflect current and forward looking information available that affect the ability of the customer to settle the receivable.

The expected loss rates for other receivables are based on the repayment profiles of individual receivables over a four year period and the corresponding historical credit losses that have been experienced in this period. The historical loss rates are adjusted to reflect current and forward looking information available that affect the ability of the other receivable to repay the balance.

Under IAS 39 the Group established an allowance for impairment that represented its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance were a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that had been incurred but not yet identified.

Cash and bank deposits
The Group's exposure to credit risk relating to cash and short-term deposits is managed by depositing funds with a number of different individual banks or institutions at any one time. Limits applied to individual counterparty banks are reviewed regularly along with their individual credit ratings.

Other investments
The Group has investments in companies with a strategic interest to the Group and limits its exposure by ensuring that such investments are of a non-speculative nature.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK CONTINUED

Credit risk continued

Loans to joint ventures and associates

The Group has advanced loans to certain joint ventures and associates. The Group limits its exposure through active participation in the execution of joint control and significant influence, through regular reviews of the business plans and results of its joint ventures and associates and by ensuring such funds are used in a non-speculative manner by its joint ventures and associates. Funding to joint ventures and associates is generally undertaken only where it is matched by comparable contributions from the joint venture partner or other investors.

The carrying amount of financial assets, net of impairment provisions, represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end was as follows:

	Carrying amount 2018 €'000	Carrying amount 2017 €'000
Other investments (Note 15)	**10,077**	719
Cash and cash equivalents (Note 19)	**102,299**	100,247
Trade and other receivables* (Note 18)	**400,019**	367,332
Derivative financial instruments	**4,388**	6
Total	**516,783**	468,304

* For the purposes of this analysis prepayments have not been included within trade and other receivables.

Trade receivables

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables. Trade receivables are monitored by geographic region and by largest customers. The maximum exposure to credit risk for trade receivables at the reporting date by reporting segments was as follows:

	Carrying amount 2018 €'000	Carrying amount 2017 €'000
Europe – Eurozone	**118,017**	117,814
Europe – Non-Eurozone	**148,070**	131,576
International	**70,800**	63,665
Total	**336,887**	313,055

The Group also manages credit risk through the use of a number of sales or receivables arrangements. Under the terms of these agreements the Group has transferred substantially all of the credit risk of the trade receivables which are subject to these agreements. Accordingly €29,967,000 (2017: €39,122,000) has been derecognised at year-end.

The following table details the ageing of gross trade receivables including equivalent amounts due from joint ventures and associates, and the related loss allowance (the loss allowance for 2017 has been calculated in accordance with IAS 39):

	Gross 2018 €'000	**Expected loss rate 2018 %**	**Loss allowance 2018 €'000**	**Net 2018 €'000**	Gross 2017 €'000	Loss allowance 2017 €'000	Net 2017 €'000
Not past due	**272,247**	**0.50%**	**(1,348)**	**270,899**	257,310	(1,942)	255,368
Past due 0 – 30 days	**56,419**	**0.75%**	**(421)**	**55,998**	50,075	(1,104)	48,971
Past due 31 – 90 days	**10,760**	**11.70%**	**(1,259)**	**9,501**	8,235	(697)	7,538
Past due 91 – 180 days	**2,430**	**79.88%**	**(1,941)**	**489**	1,939	(836)	1,103
Past due more than 180 days	**2,420**	**100.00%**	**(2,420)**	**–**	2,099	(2,024)	75
Total	**344,276**	**2.15%**	**(7,389)**	**336,887**	319,658	(6,603)	313,055

Other receivables

The following table details the ageing of other receivables (non-current and current) including loans and advances to suppliers, and the related loss allowance (the loss allowance for 2017 has been calculated in accordance with IAS 39):

	Gross 2018 €'000	Loss allowance 2018 €'000	Net 2018 €'000	Gross 2017 €'000	Loss allowance 2017 €'000	Net 2017 €'000
Not past due	**47,586**	**–**	**47,586**	48,305	(913)	47,392
Past due 0 – 30 days	**3,686**	**(1,701)**	**1,985**	992	(277)	715
Past due 31 – 90 days	**113**	**(19)**	**94**	197	(197)	–
Past due 91 – 180 days	**464**	**(464)**	**–**	86	(86)	–
Past due more than 180 days	**2,889**	**(2,874)**	**15**	2,818	(2,818)	–
Total	**54,738**	**(5,058)**	**49,680**	52,398	(4,291)	48,107

Non-trade receivables due from joint ventures and associates

At year-end, the Group has non-trade receivable balances due from its joint ventures and associates of €13,452,000 (2017: €6,170,000).

Analysis of movement in impairment provisions

Trade receivables – impairment provision

	2018 €'000	2017 €'000
Balance at beginning of year	**(6,603)**	(6,406)
Arising on acquisition of subsidiaries	**(811)**	(314)
Arising from business disposals	**–**	200
Utilised on write-off	**1,329**	948
Charge to income statement	**(1,325)**	(1,123)
Foreign exchange movement	**21**	92
Balance at end of year	**(7,389)**	(6,603)

Other receivables – impairment provision

	2018 €'000	2017 €'000
Balance at beginning of year	**(4,291)**	(2,691)
Arising on acquisition of subsidiaries	**–**	(1,662)
Utilised on write-off	**1,159**	453
Charge to income statement	**(1,867)**	(611)
Foreign exchange movement	**(59)**	220
Balance at end of year	**(5,058)**	(4,291)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

The Group operates a prudent approach to liquidity management using a combination of long and Short-term debt and cash and cash equivalents to meet its liabilities when due. This is in addition to the Group's high level of operating cash flow generation.

It is the policy of the Group to have adequate facilities available at all times to cover unanticipated financing requirements. The Group has approval of committed and uncommitted term borrowings of up to €632m (2017: €506m) in addition to approved overdrafts and working capital facilities of €104m (2017: €99m). The Directors believe that, as a result, the Group is well placed to refinance or repay all borrowings due for repayment as they fall due.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK CONTINUED

Liquidity risk continued

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Carrying amount 2018 €'000	Contractual cash flows 2018 €'000	6 months or less 2018 €'000	6-12 months 2018 €'000	1-2 years 2018 €'000	2-5 years 2018 €'000	More than 5 years 2018 €'000
Non-derivative financial liabilities							
Bank borrowings	**(310,846)**	**(327,094)**	**(25,750)**	**(29,804)**	**(127,570)**	**(131,665)**	**(12,305)**
Bank overdraft	**(9,560)**	**(9,560)**	**(9,560)**	**–**	**–**	**–**	**–**
Finance lease liabilities	**(1,636)**	**(1,698)**	**(345)**	**(298)**	**(527)**	**(528)**	**–**
Trade and other payables	**(484,223)**	**(484,223)**	**(482,113)**	**(821)**	**(549)**	**(34)**	**(706)**
Contingent consideration	**(24,517)**	**(25,657)**	**(8,224)**	**(3,542)**	**(7,788)**	**(4,762)**	**(1,341)**
Put option liability	**(34,975)**	**(42,891)**	**–**	**–**	**(14,229)**	**(27,470)**	**(1,192)**
Other provisions	**(2,747)**	**(2,747)**	**(2,747)**	**–**	**–**	**–**	**–**
Derivative financial instruments							
Forward exchange contracts:							
– inflows	**–**	**34,980**	**32,057**	**2,923**	**–**	**–**	**–**
– outflows	**(284)**	**(35,264)**	**(32,287)**	**(2,977)**	**–**	**–**	**–**
Interest rate swaps	**(12)**	**(12)**	**(12)**	**–**	**–**	**–**	**–**
	(868,800)	**(894,166)**	**(528,981)**	**(34,519)**	**(150,663)**	**(164,459)**	**(15,544)**

	Carrying amount 2017 €'000	Contractual cash flows 2017 €'000	6 months or less 2017 €'000	6-12 months 2017 €'000	1-2 years 2017 €'000	2-5 years 2017 €'000	More than 5 years 2017 €'000
Non-derivative financial liabilities							
Bank borrowings	(200,235)	(216,526)	(8,331)	(32,113)	(22,054)	(122,404)	(31,624)
Bank overdraft	(11,268)	(11,268)	(11,268)	–	–	–	–
Finance lease liabilities	(1,870)	(1,943)	(402)	(373)	(661)	(507)	–
Trade and other payables	(464,173)	(464,173)	(462,634)	(970)	(114)	(37)	(418)
Contingent consideration	(34,465)	(36,344)	(8,085)	(351)	(16,628)	(10,258)	(1,022)
Put option liability	(38,961)	(47,927)	–	–	–	(14,629)	(33,298)
Derivative financial instruments							
Forward exchange contracts:							
– inflows	–	36,710	33,296	1,821	1,199	394	–
– outflows	(654)	(37,364)	(33,609)	(2,090)	(1,252)	(413)	–
Interest rate swaps	(65)	(65)	(65)	–	–	–	–
	(751,691)	(778,900)	(491,098)	(34,076)	(39,510)	(147,854)	(66,362)

Market risk

Market risk is the risk that changes in market prices and indices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's risk management strategy is to manage and control market risk exposures within acceptable parameters, while optimising the return earned by the Group. The Group has three types of market risk being currency risk, interest rate risk and other market price risk, which are dealt with as follows:

Currency risk

Structural currency risk

While many of the Group's operations are carried out in Eurozone economies, it also has significant operations in the UK, Sweden, Denmark, the Czech Republic, Canada and the USA. As a result, the Group is exposed to structural currency fluctuations including, in particular, Sterling, Swedish Krona, US Dollar and Canadian Dollar. The Group generally finances initial overseas investments through foreign currency borrowings which naturally hedge the foreign currency investment. Interest on borrowings is therefore denominated in currencies that match the cash flows generated by the underlying operations of the Group which provides an economic hedge. Post initial acquisition, these businesses generally fund their operations locally. To the extent that the net assets of foreign operations increase, the Group is exposed on the additional net assets. Such movements are dealt with in other comprehensive income.

The following table analyses the currency of the Group's bank borrowings:

	2018 €'000	2017 €'000
Euro	**91,324**	33,766
Swedish Krona	**24,913**	25,875
Sterling	**30,899**	26,133
US Dollar	**155,243**	84,403
Canadian Dollar	**–**	12,965
Czech Koruna	**–**	8,968
Other	**8,467**	8,125
	310,846	200,235
Disclosed as follows		
Bank borrowings – current	**48,658**	35,861
Bank borrowings – non-current	**262,188**	164,374
	310,846	200,235

Transactional currency risk

Foreign exchange risk also arises from foreign currency transactions, assets and liabilities. Management requires all Group operations to manage their foreign exchange risk against their functional currency. The Group's companies in the UK, Sweden, Denmark and the Czech Republic purchase a significant volume of fruit in Euro and such currency risks are monitored on a daily basis and managed by utilising spot and forward foreign currency contracts where appropriate. The vast majority of transactions entered into by the Group's entities in the Eurozone are denominated in their functional Euro currency and the majority of transactions entered into by the Group's entities in North America are denominated in US Dollar.

Sensitivity analysis

A 5% strengthening or weakening in the Euro against Sterling, the US Dollar, Swedish Krona, Czech Koruna or the Canadian Dollar, based on outstanding financial assets and liabilities at 31 December 2018 and 31 December 2017, would have increased/(decreased) other comprehensive income and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant:

	5% strengthening		5% weakening	
	Income statement €'000	Other comprehensive income €'000	Income statement €'000	Other comprehensive income €'000
31 December 2018				
Sterling	**196**	**1,172**	**(216)**	**(1,295)**
Swedish Krona	**618**	**1,186**	**(683)**	**(1,311)**
Czech Koruna	**(148)**	**–**	**164**	**–**
US Dollar	**150**	**7,101**	**(166)**	**(7,848)**
31 December 2017				
Sterling	258	1,153	(285)	(1,275)
Swedish Krona	(210)	1,232	232	(1,362)
Czech Koruna	(257)	427	284	(472)
US Dollar	496	2,959	(548)	(3,271)
Canadian Dollar	–	461	–	(510)

The effect on equity of a movement between the Euro and the currencies listed above would be offset by a translation of the net assets of the subsidiaries against which the foreign currency borrowings are designated as hedge. The above calculations do not include the variability in Group profitability which arises on the translation of foreign currency subsidiaries' income statements and balance sheets to Euro, the Group's presentation currency.

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK CONTINUED

Market risk continued

Interest rate risk

The Group holds both interest-bearing assets and interest-bearing liabilities. In general, the approach employed by the Group to manage its interest exposure is to maintain an appropriate balance between fixed and floating interest rates on its cash, Short-term bank deposits and interest-bearing borrowings. At 31 December 2018, 26.2% (2017: 41.6%) of the Group's term bank borrowings were on long-term fixed rates. In limited instances, the Group uses floating-to-fixed interest rate swaps which have the economic effect of converting borrowings from floating to fixed rates. At year-end, the interest rate profile of interest-bearing financial instruments was:

	Carrying amount 2018 €'000	Carrying amount 2017 €'000
Fixed rate instruments		
Bank borrowings	**(81,482)**	(83,253)
Finance lease liabilities	**–**	(101)
	(81,482)	(83,354)
Variable rate instruments		
Cash and cash equivalents	**102,299**	100,247
Bank overdrafts	**(9,560)**	(11,268)
Bank borrowings	**(229,364)**	(116,982)
Finance lease liabilities	**(1,636)**	(1,769)
	(138,261)	(29,772)
Net debt	**(219,743)**	(113,126)

Cash flow sensitivity analysis for variable rate instruments

At 31 December 2018, the average interest rate being earned on the Group's cash and cash equivalents was 0.0% (2017: 0.0%). At 31 December 2018, the average interest rate being paid on the Group's borrowings was 2.31% (2017: 2.23%). An increase or decrease of 50 basis points in interest rates at the reporting date would have had the following effect on the income statement and other comprehensive income. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	50 basis point increase		50 basis point decrease	
	Income statement €'000	Other comprehensive income €'000	Income statement €'000	Other comprehensive income €'000
31 December 2018				
Variable rate instruments	**(691)**	**–**	**691**	**–**
31 December 2017				
Variable rate instruments	(149)	–	149	–

Equity price risk

Equity price risk arises from equity securities which are held for strategic reasons and includes both listed and unlisted securities. An increase or decrease of 5% in the share price of listed securities at the reporting date would have had the following effect on the income statement. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	5% increase in share price €'000	5% decrease in share price €'000
31 December 2018		
Other investments	**478**	**(478)**
31 December 2017		
Other investments	–	–

Accounting for derivative and hedging activities
Derivative financial instruments are measured at fair value at inception and at each reporting date, with the movement recognised in the income statement unless they are designated as cash flow hedges under IFRS 9 *Financial Instruments*. Where such instruments are classified as cash flow hedges, and subject to the satisfaction of certain criteria relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, they are accounted for in accordance with hedge accounting rules. In such cases, any gain or loss arising on the effective portion of the derivative instrument is recognised in the other comprehensive income hedging reserve, as a separate component of equity. Gains or losses on any ineffective portion of the derivative are recognised in the income statement. Only the change in the fair value of the spot element of the forward exchange contracts is designated as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in the cost of hedging reserve within equity.

When the hedged forecast transaction results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised, where material.

For all other hedged forecast transactions when the hedged transaction matures, the related gains or losses in the hedging reserve and the cost of hedging reserve are transferred to the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the hedged item is a non-financial asset the amount accumulated in the hedging reserve and the cost of hedging reserve remains in equity until initial recognition of the non-financial assets. For other hedged items accumulated amounts are reclassified to the income statement in the same period as the expected hedged future cash flows effect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is reclassified to profit or loss.

The fair value of derivatives at the balance sheet date is set out in the following table.

	Assets 2018 €'000	**Liabilities 2018 €'000**	Assets 2017 €'000	Liabilities 2017 €'000
Forward currency contracts	**70**	**284**	6	654
Interest rate swaps	**1**	**12**	–	65

Derivatives at the end of year are classified as follows:

	2018 €'000	2017 €'000
Cash flow hedges – assets	**70**	6
Cash flow hedges – liabilities	**(276)**	(610)
Fair value through income statement – assets	**1**	–
Fair value through income statement – liabilities	**(20)**	(109)
	(225)	(713)

The movement in cash flow hedges during the year was as follows:

	2018 €'000	2017 €'000
Effective portion of changes in fair value of cash flow hedges	**1,480**	375
Fair value of cash flow hedges transferred to the income statement	**(1,140)**	(867)
	340	(492)

Notes to the Group Financial Statements continued
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34. FINANCIAL INSTRUMENTS AND FINANCIAL RISK CONTINUED

Accounting for derivatives and hedging activities continued

The movement in the cost of hedging reserve during the year was as follows:

	2018 €'000	2017 €'000
Cost of hedging reserve – changes in fair value	(200)	–
Cost of hedging reserve – reclassified to profit or loss	223	–
	23	–

The Group is holding the following cash flow hedge foreign exchange forward contracts:

	Maturity					
As at 31 December 2018	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
Foreign exchange forward contracts (highly probable forecast sales)						
Notional amount (in €000)	–	–	664	1,477	976	3,117
Average forward rate (EUR/GBP)	–	–	1.12	1.12	1.11	
Foreign exchange forward contracts (highly probable forecast purchases)						
Notional amount (in €000)	18,345	8,652	1,607	1,186	1,807	31,597
Average forward rate (EUR/GBP)	–	1.11	1.12	–	–	
Average forward rate (USD/GBP)	1.28	1.28	1.32	–	–	
Average forward rate (EUR/USD)	–	0.91	0.88	0.87	0.86	
Average forward rate (EUR/SEK)	0.10	0.10	–	–	–	
Average forward rate (USD/SEK)	0.11	0.11	–	–	–	

The amounts at 31 December 2018 relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	Sales €'000	Purchases €'000
Notional amount	3,117	31,597
Carrying amount – asset	26	44
Carrying amount – liability	–	(276)
Line item in statement of financial position where the hedging instrument is included:	Derivative asset	Derivative asset/ Derivative liability
Changes in the value of the hedging instrument recognised in OCI	75	1,405
Hedge ineffectiveness recognised in profit or loss	Nil	Nil
Line item in profit or loss that includes hedge ineffectiveness	n/a	n/a
Costs of hedging recognised in OCI	(65)	(135)
Amount reclassified from hedging reserve to profit or loss	(22)	(1,118)
Amount reclassified from costs of hedging reserve to profit or loss	47	176
Line item in profit or loss affected by the reclassification	Revenue	Cost of sales

The cash flow hedge reserve for subsidiary companies relates entirely to the spot component of currency forwards.

The Group uses foreign currency borrowings to hedge the net investment in foreign entities. The carrying value of borrowings which are designated as net investment hedges at the year-end amounts to €192,425,000 (2017: €137,437,000). The gains or losses on the effective portions of such borrowings are recognised in other comprehensive income. Ineffective portions of the gains and losses on such borrowings are recognised in the income statement although no ineffectiveness has been recognised in the current or prior period. Gains and losses accumulated in other comprehensive income are included in the income statement on the disposal of a foreign entity.

35. CASH GENERATED FROM OPERATIONS

	Notes	2018 €'000	2017 €'000
Operating activities			
Profit for the year		**53,804**	61,507
Non-cash adjustments to reconcile profit to net cash flows:			
Income tax expense	8	**16,014**	10,971
Income tax paid		**(13,349)**	(16,471)
Depreciation of property, plant and equipment	11	**17,194**	15,764
Reversal of impairment of property, plant and equipment	3	**–**	(362)
Exceptional items – operating expenses	7	**(9,450)**	(8,610)
Exceptional cash flows		**(2,884)**	(7,254)
Fair value movements on contingent consideration	26	**(4,043)**	(4,174)
Amortisation of intangible assets – acquisition related	13	**10,281**	10,499
Amortisation of intangible assets – development costs capitalised	13	**267**	299
Amortisation of intangible assets – computer software	13	**1,397**	1,443
Amortisation of government grants	25	**(75)**	(81)
Defined benefit pension scheme expense – normal	31	**2,035**	2,298
Contributions to defined benefit pension schemes – normal	31	**(2,693)**	(4,290)
Other post-employment benefit scheme expense	31	**442**	536
Net payments for other post-employment benefit scheme	31	**(168)**	(107)
Share-based payment expense	31	**557**	596
Net gain on disposal of property, plant and equipment		**(492)**	(432)
Currency recycled to income statement on joint venture becoming subsidiary		**90**	–
Financial income	5	**(3,704)**	(2,046)
Financial expense	5	**11,736**	7,800
Financial income received excluding exceptional items		**2,245**	1,327
Financial expense paid excluding exceptional items		**(9,418)**	(7,464)
Gain on non-hedging derivative financial instruments	3	**(59)**	(434)
Loss on disposal of trading assets and subsidiaries	30	**–**	39
Gain on disposal of joint venture	14	**–**	(5)
Fair value movements on biological assets	17	**(6)**	(289)
Share of profit of joint ventures	14	**(2,330)**	(11,427)
Share of profit of associates	14	**(2,183)**	(782)
Net cash flows from operating activities before working capital movements		**65,208**	48,851
Movements in working capital:			
Movements in inventories		**1,179**	(10,409)
Movements in biological assets		**(851)**	(2,127)
Movements in receivables		**(23,571)**	(4,253)
Movements in payables		**2,978**	14,501
Total movements in working capital		**(20,265)**	(2,288)
Net cash flows from operating activities		**44,943**	46,563

Notes to the Group Financial Statements continued
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36. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Particular areas which are subject to accounting estimates and judgements in these financial statements are as follows:

- Note 31 – measurement of defined benefit pension obligations require the use of actuaries and determination of appropriate assumptions such as discount rates and mortality rates.
- Note 13 – impairment testing of goodwill requires assumptions in calculating underlying recoverable amounts including cash flows generated by operating units and discount rates used to discount future cash flows.
- Note 13 – the valuation of intangible assets acquired as part of a business combination at fair value requires assumptions about the future cash flows that these assets are expected to generate and the discount rates used to discount future cash flows.
- Note 26 and Note 27 – measurement of contingent consideration and put option liabilities require assumptions to be made regarding profit forecasts and discount rates to be used to discount these forecasts to net present value.
- Note 29 – recognition of deferred tax assets requires assessment of availability of future taxable profit against which carry forward tax losses can be used.
- Note 34 – measurement for ECL allowance for trade receivables: key assumptions in determining the weighted-average loss rate.

Measurement of fair value

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

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

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

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

The Group measures transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 11 – Property, Plant and Equipment
Note 12 – Investment Property
Note 17 – Biological Assets
Note 26 – Contingent Consideration
Note 27 – Put Option Liability
Note 31 – Employee Benefits
Note 34 – Financial Instruments and Financial Risk

37. TRANSLATION OF FOREIGN CURRENCIES

The presentation currency of the Group is Euro, which is the functional currency of the Company. Results and cash flows of foreign currency denominated operations have been translated into Euro at the average exchange rates for the period, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. Adjustments arising on the translation of the results of foreign currency denominated operations at average rates, and on the restatement of the opening net assets at closing rates, are accounted for within a separate translation reserve within equity, net of differences on related foreign currency borrowings designated as hedges of those net investments. All other translation differences are taken to the income statement. The principal rates used in the translation of results and balance sheets into Euro were as follows:

	Average rate			Closing rate		
	2018	2017	% change	**2018**	2017	% change
Brazilian Real	**4.4162**	3.7381	(18.1%)	**4.4440**	3.9729	(11.9%)
Canadian Dollar	**1.5288**	1.4577	(4.9%)	**1.5601**	1.5037	(3.8%)
Czech Koruna	**25.7000**	26.2301	2.0%	**25.7240**	25.5350	(0.7%)
Danish Kroner	**7.4530**	7.4387	(0.2%)	**7.4668**	7.4454	(0.3%)
Indian Rupee	**80.6220**	73.5033	(9.7%)	**79.5453**	76.4059	(4.1%)
Polish Zloty	**4.2601**	4.2570	(0.1%)	**4.2973**	4.1766	(2.9%)
Pound Sterling	**0.8849**	0.8756	(1.1%)	**0.8986**	0.8879	(1.2%)
Swedish Krona	**10.2695**	9.6438	(6.5%)	**10.2188**	9.8386	(3.9%)
US Dollar	**1.1784**	1.1359	(3.7%)	**1.1445**	1.1980	4.5%

38. POST BALANCE SHEET EVENTS

On 29 January 2019, Dole completed the sale of Saba Fresh Cuts AB (in Sweden) and Saba Fresh Cuts OY (in Finland) to Bama International. Both Saba Fresh Cuts AB and Saba Fresh Cuts OY are producers of washed and ready to eat salads. The sale of Saba Fresh Cuts AB was a condition of the European Commission's approval of the acquisition by Total Produce of a 45% interest in Dole in July 2018.

There have been no other material events subsequent to 31 December 2018 which would require disclosure or adjustment in the financial statements.

39. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The list of subsidiaries, joint ventures and associates forms part of the notes to financial statements. The principal areas of operations are the countries of incorporation.

Subsidiaries	Principal activity	Group share %	Country of incorporation	Registered office
Total Produce Ireland Limited*	Fresh produce company	100	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth
Allegro Limited*	Consumer products distribution	90	Ireland	1 Beresford Street, Dublin 7
Total Produce International Holdings Limited*	Investment holding company	100	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth
Total Produce Belfast Limited	Fresh produce company	100	United Kingdom	231 City Business Park, Dunmurry, Belfast, BT17 8HY
R Group Holdings Limited	Investment holding company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Redbridge Holdings Limited	Fresh produce company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
TPH (UK) Limited	Investment holding company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Total Produce Holdings (UK) Limited	Investment holding company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Total Produce Limited	Fresh produce company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Provenance Partners Limited	Fresh produce company	50	United Kingdom	c/o Shelly Stock Hunter LLP, 1st Floor, 7-10 Chandos Street, London W1G 9DQ
Total Produce Holdings B.V.	Investment holding company	100	Netherlands	Klappolder 224, 2665 MR Bleiswijk
Total Produce B.V.	Fresh produce company	72.5	Netherlands	Waalhaven Zuidzijde 21, 3089 JH Rotterdam
Haluco B.V.	Fresh produce company	60	Netherlands	Klappolder 224, 2665 MR Bleiswijk
Nedalpac B.V.	Fresh produce company	60	Netherlands	Venrayseweg 198, 5928 RH Venlo
Total Produce Exotics B.V.	Fresh produce company	100	Netherlands	Handelsweg 150, 2988 DC Ridderkerk

Notes to the Group Financial Statements continued
for the year ended 31 December 2018

39. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES CONTINUED

Subsidiaries	Principal activity	Group share %	Country of incorporation	Registered office
ASF Holding B.V.	Fresh produce company	100	Netherlands	Lage Brugweg 11a, 5759 PK Helenaveon
EurobananCanarias S.A.	Fresh produce company	50	Spain	Avda. de Anaga Nº11, 38001 Santa Cruz de Tenerife
Hortim International s.r.o.	Fresh produce company	75	Czech Republic	Breclao, ZIP 690 02, Haskova 18, ICO 47915528
Nordic Fruit Holding AB[1]	Investment holding company	100	Sweden	Långebergavägen 190, 256 69 Helsingborg
Total Produce Nordic A/S	Fresh produce company	100	Denmark	Sleipnersvej 3, DK-4600, Koge
Total Produce Indigo S.A.S.	Fresh produce company	51	France	Route de la Seds, Parc du Griffon Bat 14, Vitrolles F-13127
Total Produce USA Holdings Inc.	Investment holding company	100	USA	c/o National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Kent, Delaware, 19904
Progressive Produce LLC	Fresh produce company	65	USA	5790 Peachtree Street, Los Angeles, California 90040
TP Canada Holdings Inc.	Investment holding company	100	Canada	P.O. Box 10424, Pacific Centre, 1300-777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K2
Grandview Ventures Limited	Fresh produce company	65	Canada	2800 Park Place, 666 Burrard Street Vancouver, BC V6C 2Z7
Argofruta Comercial Exportadora Limitada	Fresh produce company	60	Brazil	Lote 165, nucleo 2, PISC, Zona Rural, Petrolina, Pernambuco 56332-175

* denotes subsidiaries owned directly by Total Produce plc.

1 Nordic Fruit Holding AB is the holding company of the Group's principal Swedish trading subsidiaries Everfresh AB and Interbanan Scandinavia AB.

Joint ventures and associates	Principal activity	Group share %	Country of incorporation	Registered office
DFC Holdings, LLC	Investment holding company	45	USA	One Dole Drive, Westlake Village, California 91362
Dole Food Company, Inc.	Fresh produce company	45	USA	One Dole Drive, Westlake Village, California 91362
The Fresh Connection LLC	Fresh produce company	50	USA	3722 Mt. Diablo Blvd, Lafayette, CA 94549
Eco Farms Investments Holdings LLC	Fresh produce company	37.5	USA	28790 Las Haciendas Street, Temecula, California 92590
Delica North America Inc.	Fresh produce company	32.5	USA	1995 W 190th St. Suite 100, Torrance, CA 90504
2451487 Ontario Inc.	Fresh produce company	50	Canada	302 Dwight Avenue, Toronto, ON, M8V 2W7
2451490 Ontario Inc.	Property holding company	50	Canada	302 Dwight Avenue, Toronto, ON, M8V 2W7
Frankort & Koning Beheer Venlo B.V.	Fresh produce company	50	Netherlands	Venrayseweg 126, 5928 RH Venlo
Anaco & Greeve International B.V.	Fresh produce company	50	Netherlands	Postbus 31, 2685 ZG Poeldijk
OTC Organics B.V.	Fresh produce company	60	Netherlands	Eskimolaan 11, 8252, AS Dronten
Peviani SpA	Fresh produce company	50	Italy	Largo Augusto 8, 20122, Milan
Suri Agro Fresh Pvt. Limited	Fresh produce company	50	India	C-129, New Subzi Mandi, Azadpur, Delhi – 110033
Frutas IRU S.A.	Fresh produce company	50	Spain	Puestos 326-330, Mercabilbao, 48970 Basauri – Bilbao
African Blue Limited	Fresh produce company	10	Morocco	Boite Postale No 1, Moula Bousselham, Kenitra
Exportadora y Servicios El Parque Limitada	Fresh produce company	50	Chile	Los Acantos 1320, Vitacura, Santiago

A full list of subsidiaries, joint ventures and associates is included with the Company's Annual Return filed with the Companies Registration Office.

Company Balance Sheet
as at 31 December 2018

	Notes	2018 €'000	2017 €'000
Assets			
Non-current			
Intangible assets	40	**2**	5
Investments in subsidiaries	41	**389,843**	248,078
Total non-current assets		**389,845**	248,083
Current			
Trade and other receivables	42	**20,551**	35,428
Cash and cash equivalents	43	**181**	217
Total current assets		**20,732**	35,645
Total assets		**410,577**	283,728
Equity			
Share capital		**4,104**	3,468
Share premium		**295,421**	150,763
Other reserves		**(6,536)**	(6,996)
Retained earnings		**114,575**	135,982
Total equity		**407,564**	283,217
Liabilities			
Current			
Trade and other payables	44	**3,013**	511
Total current liabilities		**3,013**	511
Total liabilities		**3,013**	511
Total liabilities and equity		**410,577**	283,728

On behalf of the Board

C P McCann
Chairman

F J Davis
Finance Director

Company Statement of Changes in Equity
for the year ended 31 December 2018

	Share capital €'000	Share premium €'000	Own shares reserve €'000	Share option reserve €'000	Undenominated capital €'000	Retained earnings €'000	Total €'000
As at 1 January 2017	3,429	148,204	(8,580)	1,772	140	132,460	277,425
Profit for the year	–	–	–	–	–	12,663	12,663
Other comprehensive income	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	–	–	–	–
Total other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	12,663	12,663
Transactions with equity holders							
New shares issued	39	2,559	–	(924)	–	924	2,598
Dividends paid	–	–	–	–	–	(10,065)	(10,065)
Share-based payment transactions	–	–	–	596	–	–	596
Total transactions with equity holders	39	2,559	–	(328)	–	(9,141)	(6,871)
As at 31 December 2017	**3,468**	**150,763**	**(8,580)**	**1,444**	**140**	**135,982**	**283,217**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(4,555)**	**(4,555)**
Other comprehensive income							
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(4,555)**	**(4,555)**
Transactions with equity holders							
New shares issued	**636**	**144,658**	**–**	**(97)**	**–**	**(3,790)**	**141,407**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(13,062)**	**(13,062)**
Share-based payment transactions	**–**	**–**	**–**	**557**	**–**	**–**	**557**
Total transactions with equity holders	**636**	**144,658**	**–**	**460**	**–**	**(16,852)**	**128,902**
As at 31 December 2018	**4,104**	**295,421**	**(8,580)**	**1,904**	**140**	**114,575**	**407,564**

Company Statement of Cash Flows
for the year ended 31 December 2018

	Notes	2018 €'000	2017 €'000
Operating activities			
(Loss)/profit for the year		**(4,555)**	12,663
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Share-based payment expense		**55**	59
Amortisation of intangible assets – computer software	40	**3**	2
Movement in trade and other receivables		**14,877**	(5,513)
Movement in trade and other payables		**2,502**	(673)
Net cash flows from operating activities		**12,882**	6,538
Investing activities			
Capital contribution repaid	41	**14**	934
Net cash flows from investing activities		**14**	934
Financing activities			
New shares issued		**394**	2,598
Costs incurred relating to the reissue of new shares		**(264)**	–
Dividends paid to equity holders		**(13,062)**	(10,065)
Net cash flows from financing activities		**(12,932)**	(7,467)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(36)**	5
Cash, cash equivalents and bank overdrafts at 1 January		**217**	212
Cash, cash equivalents and bank overdrafts at 31 December	43	**181**	217

Notes to the Company Financial Statements
for the year ended 31 December 2018

40. INTANGIBLE ASSETS

	Computer software €'000	Total €'000
Cost		
Balance at 1 January 2018	12	12
Balance at 31 December 2018	**12**	**12**
Accumulated amortisation		
Balance at 1 January 2018	7	7
Software amortisation	3	3
Balance at 31 December 2018	**10**	**10**
Carrying amount		
Balance at 31 December 2017	5	5
Balance at 31 December 2018	**2**	**2**

41. INVESTMENTS IN SUBSIDIARIES

	Investments in subsidiaries €'000	**Total €'000**
Balance at 1 January 2017	248,475	248,475
Capital contribution repaid	(934)	(934)
Investment in subsidiaries	537	537
Balance at 31 December 2017	**248,078**	**248,078**
Capital contribution repaid	**(14)**	**(14)**
Investment in subsidiaries	**141,779**	**141,779**
Balance at 31 December 2018	**389,843**	**389,843**

The principal subsidiaries and joint ventures and associates are set out on pages 161 to 162.

42. TRADE AND OTHER RECEIVABLES

	2018 €'000	2017 €'000
Current		
Amounts due from subsidiaries	**20,504**	35,394
Other receivables	**47**	25
Prepayments	**–**	9
	20,551	35,428

Amounts due from subsidiary undertakings are repayable on demand and there are no impairment provisions against these balances at year-end.

43. CASH AND CASH EQUIVALENTS

	2018 €'000	2017 €'000
Bank balances	**181**	217

44. TRADE AND OTHER PAYABLES

	2018 €'000	2017 €'000
Amounts due to Group undertakings	**2,344**	–
Other payables	**129**	–
Accruals	**540**	511
	3,013	511

45. RELATED PARTY TRANSACTIONS

The Company has a related party relationship with its subsidiaries, joint ventures and associates and with the Directors of the Company. Details of the remuneration of the Company's individual Directors, together with the number of Total Produce plc shares owned by them and their outstanding share options are set out in the Compensation Committee Report on pages 63 to 67.

	2018 €'000	2017 €'000
Dividends received from Group undertakings	**1,175**	11,000

46. EMPLOYEE BENEFITS

The aggregate employee costs for the Company were as follows:

	2018 €'000	2017 €'000
Wages and salaries	**4,553**	1,632
Social security contributions	**317**	128
Pension costs – defined benefit schemes	**170**	116
Share-based payment transactions	**55**	59
	5,095	1,935

The average number of employees of the Company in 2018 was 11 (2017: 7).

47. CAPITAL COMMITMENTS AND CONTINGENCIES

The Company has no capital commitments at 31 December 2018 (2017: €Nil).

Details in relation to contingencies and guarantees, including guarantees to avail of exemptions under Section 357 of the Companies Act, 2014, are outlined in Note 32 of the Group Financial Statements on page 144.

48. STATUTORY AND OTHER INFORMATION

Auditors' remuneration

	2018 €'000	2017 €'000
Audit services	**256**	232
Other non-audit services	**96**	65

Notes to the Company Financial Statements continued
for the year ended 31 December 2018

49. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Accounting classifications and fair values

The following table shows the Company amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy:

	Assets at amortised cost 2018 €'000	Liabilities at amortised cost 2018 €'000	Total 2018 €'000	Fair value 2018 €'000
Trade and other receivables – current (Note 42)*	**20,551**	**–**	**20,551**	**n/a**
Cash and cash equivalents (Note 43)	**181**	**–**	**181**	**n/a**
	20,732	**–**	**20,732**	
Trade and other payables – current (Note 44)	**–**	**(3,013)**	**(3,013)**	**n/a**
	–	**(3,013)**	**(3,013)**	

	Loans and receivables 2017 €'000	Liabilities at amortised cost 2017 €'000	Total 2017 €'000	Fair value 2017 €'000
Trade and other receivables – current (Note 42)*	35,419	–	35,419	n/a
Cash and cash equivalents – (Note 43)	217	–	217	n/a
	35,636	–	35,636	
Trade and other payables – current (Note 44)	–	(511)	(511)	n/a
	–	(511)	(511)	

* For the purpose of this analysis prepayments have not been included.

The Company has the same risk exposures as those of the Group as outlined in Note 34.

The Group has availed of the exemption under IFRS 7 *Financial Instruments: Disclosure* for additional disclosures where fair value closely approximates carrying value.

Credit risk

Trade and other receivables above includes €20,504,000 (2017: €35,394,000) due from subsidiary undertakings. All are repayable on demand and there were no impairment provisions against these balances at year-end. The €181,000 (2017: €217,000) of cash and cash equivalents is managed in accordance with the overall Group credit risk policy as outlined in Note 34.

Liquidity risk

The €3,013,000 (2017: €511,000) within trade and other payables are all due for repayment within six months.

Currency risk

All financial assets and liabilities are denominated in Euro (the functional currency of the Company) and hence no currency risk is present at year-end.

50. POST BALANCE SHEET EVENTS

Other than the matter described in note 38 there have been no material events subsequent to 31 December 2018 which would require disclosure or adjustment in the financial statements.

51. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved these financial statements on 6 March 2019.

Directors and Other Information

TOTAL PRODUCE PLC

Directors
C P McCann, *Chairman*
R P Byrne, *Chief Executive*
F J Davis
J F Gernon
R B Hynes
J J Kennedy
S J Taaffe
K E Toland
M J Meghan (appointed 1 July 2018)
E I Hurley (appointed 2 January 2019)

Company Secretary
J F Devine

Registered Office
Charles McCann Building
Rampart Road
Dundalk
Co Louth

AUDITOR

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

REGISTRAR

Computershare Investor Services (Ireland) Limited
3100 Lake Drive
Citywest Business Campus
Dublin 24

SOLICITOR

Arthur Cox
10 Earlsfort Terrace
Dublin 2

STOCKBROKERS AND NOMINATED ADVISER

Davy
49 Dawson Street
Dublin 2

PRINCIPAL BANKERS

Allied Irish Banks plc
Bankcentre
Ballsbridge
Dublin 4

Bank of Ireland
Lower Baggot Street
Dublin 2

Bank of Montreal
115 S La Salle
25th Floor
Chicago, IL 60603

Caixa Bank
8th floor
63 St Mary Axe
EC3A 8AA
London

Danske Bank A/S
3 Harbourmaster Place
IFSC
Dublin 1

HSBC Ireland
1 Grand Canal Square
Grand Canal Harbour
Dublin 2

Rabobank Ireland plc
George's Dock House
2 George's Dock
IFSC
Dublin 1

Ulster Bank
George's Quay
Dublin 2

Shareholder Information

Total Produce plc is an Irish registered company. Its ordinary shares are quoted on the Euronext Growth on the Irish Stock Exchange and on the Alternative Investments Market ('AIM') on the London Stock Exchange.

FINANCIAL CALENDAR

Record date for 2018 final dividend	26 April 2019
Annual General Meeting	31 May 2019
Payment date for 2018 final dividend	6 June 2019
2019 interim results announcement	August 2019
Interim dividend payment	October 2019
Financial year end	31 December 2019
2019 preliminary results announcement	March 2020

SHARE PRICE (EURO CENT)

Year	High	Low	31 December
2018	257	133	142

INVESTOR RELATIONS

Frank Davis
Group Finance Director
Total Produce plc
29 North Anne Street
Dublin 7, Ireland
Telephone: +353 1 887 2600
Fax: +353 1 887 2731
Email: fdavis@totalproduce.com

REGISTRAR

Administrative queries about holdings of
Total Produce plc shares can be directed to the Company's registrar:
Computershare Investor Services (Ireland) Limited
3100 Lake Drive
Citywest Business Campus
Dublin 24
Telephone: +353 1 447 5104
Fax: +353 1 447 5571
Email: webqueries@computershare.ie

WEBSITE

Further information on the Total Produce Group is available at www.totalproduce.com

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will take place on 31 May 2019 in the Marker Hotel, Grand Canal Square, Docklands Dublin 2 at 10.30 a.m. Notice of this meeting, with explanations of the resolutions to be proposed, will be circulated to the shareholders in April 2019.

AMALGAMATION OF ACCOUNTS

Shareholders receiving multiple copies of Company mailings as a result of a number of accounts being maintained in their name should write to the Company's Registrar, at the given address, to request that their accounts be amalgamated.

PAYMENTS OF DIVIDENDS

Shareholders may elect to have future dividends paid directly to a nominated bank account by completing the mandate form which accompanies each dividend payment or by writing to the Company's Registrar at the above address. Dividends are normally paid in Euro; however, for the convenience of shareholders with addresses in the United Kingdom, dividends are paid in Sterling unless requested otherwise.

Notes

Notes

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