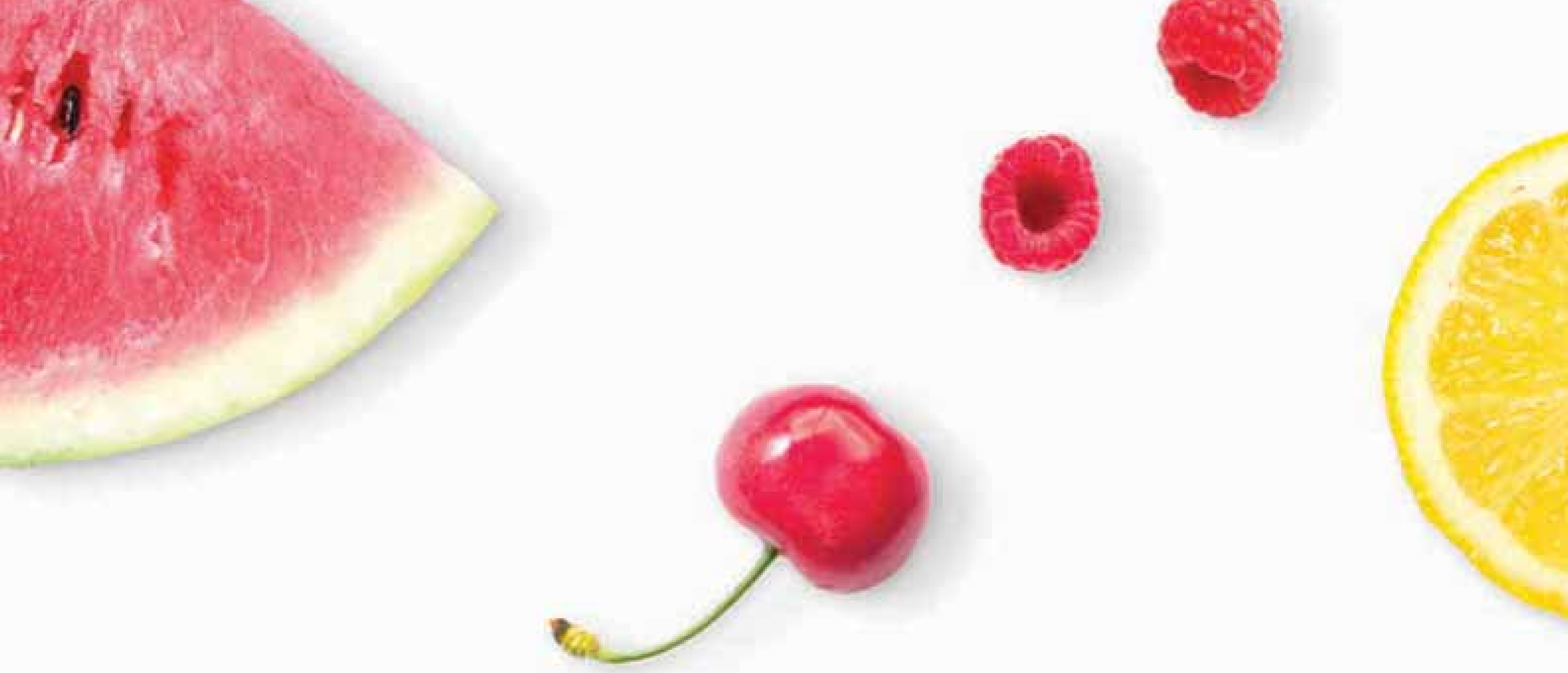
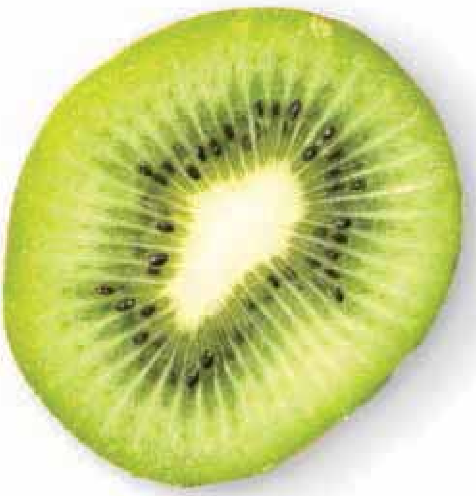


TotalProduce
Let's Grow Together

Annual Report and Accounts 2019



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

Revenue[1]
€6,173m
+22.4% on prior year

Adjusted EBITDA[1]
€202.8m
+52.1% on prior year

Adjusted EBITA[1]
€150.1m
+53.1% on prior year

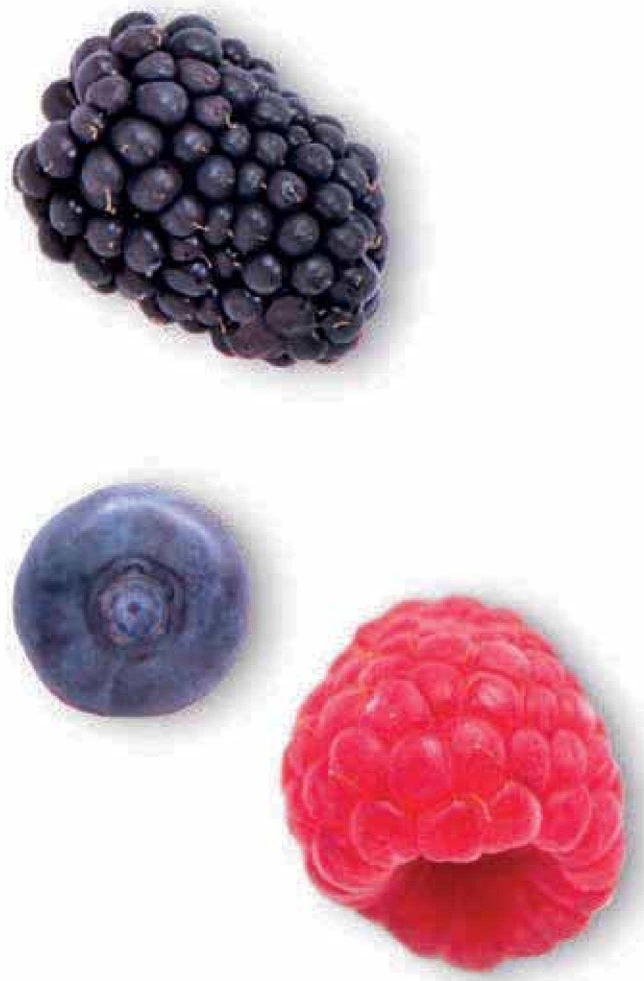
Shareholders' Equity
€451.1m
+4.2% on prior year

Adjusted EPS[1]
14.12 cent
+34.3% on prior year

Adjusted EPS (Pre-leasing)[1]
14.86 cent
+41.4% on prior year

Dividend per Share (Total)
3.4899 cent
+1.8% on prior year

1 Key performance indicators are defined on pages 181 to 185.



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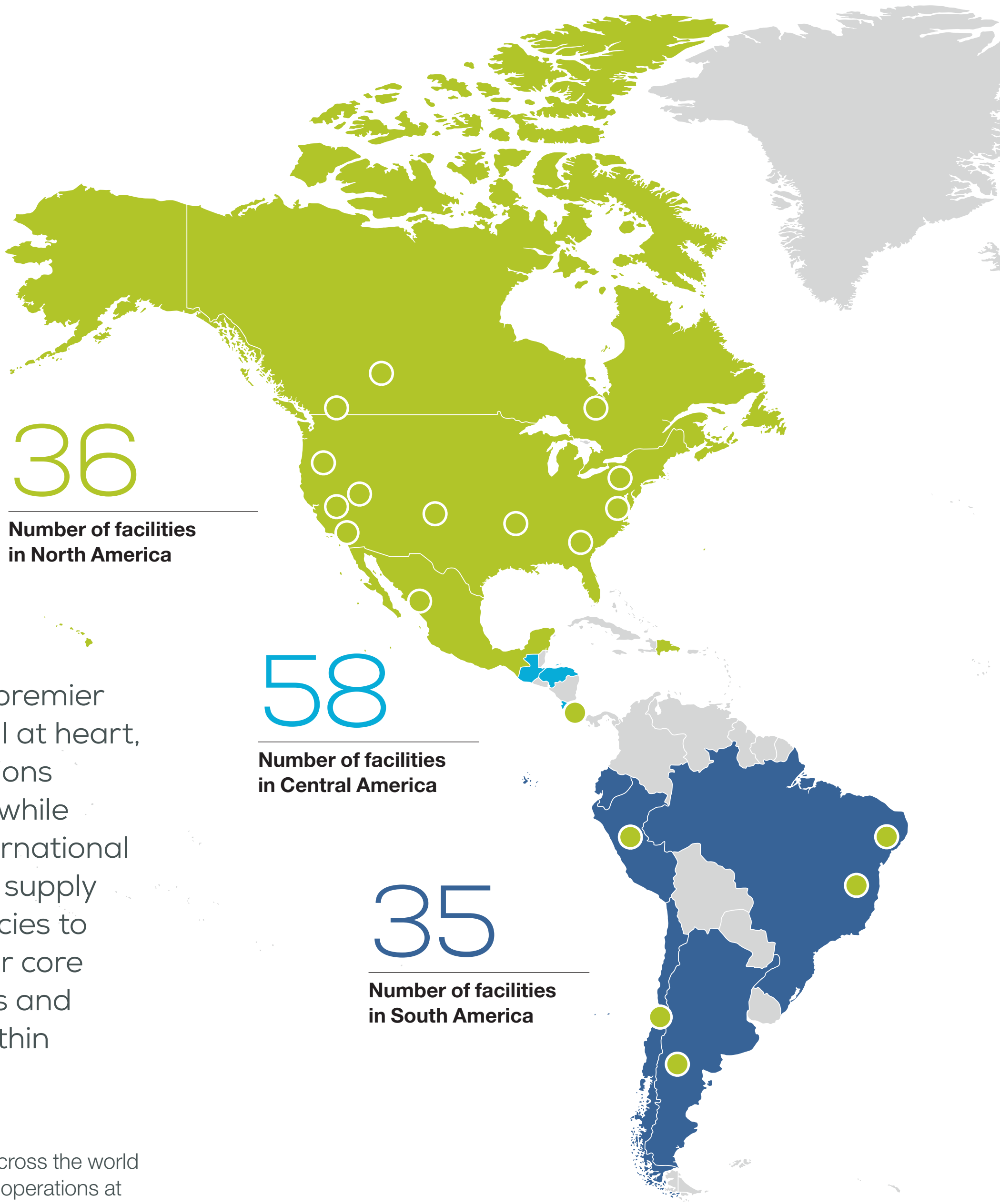
Find out more on totalproduce.com

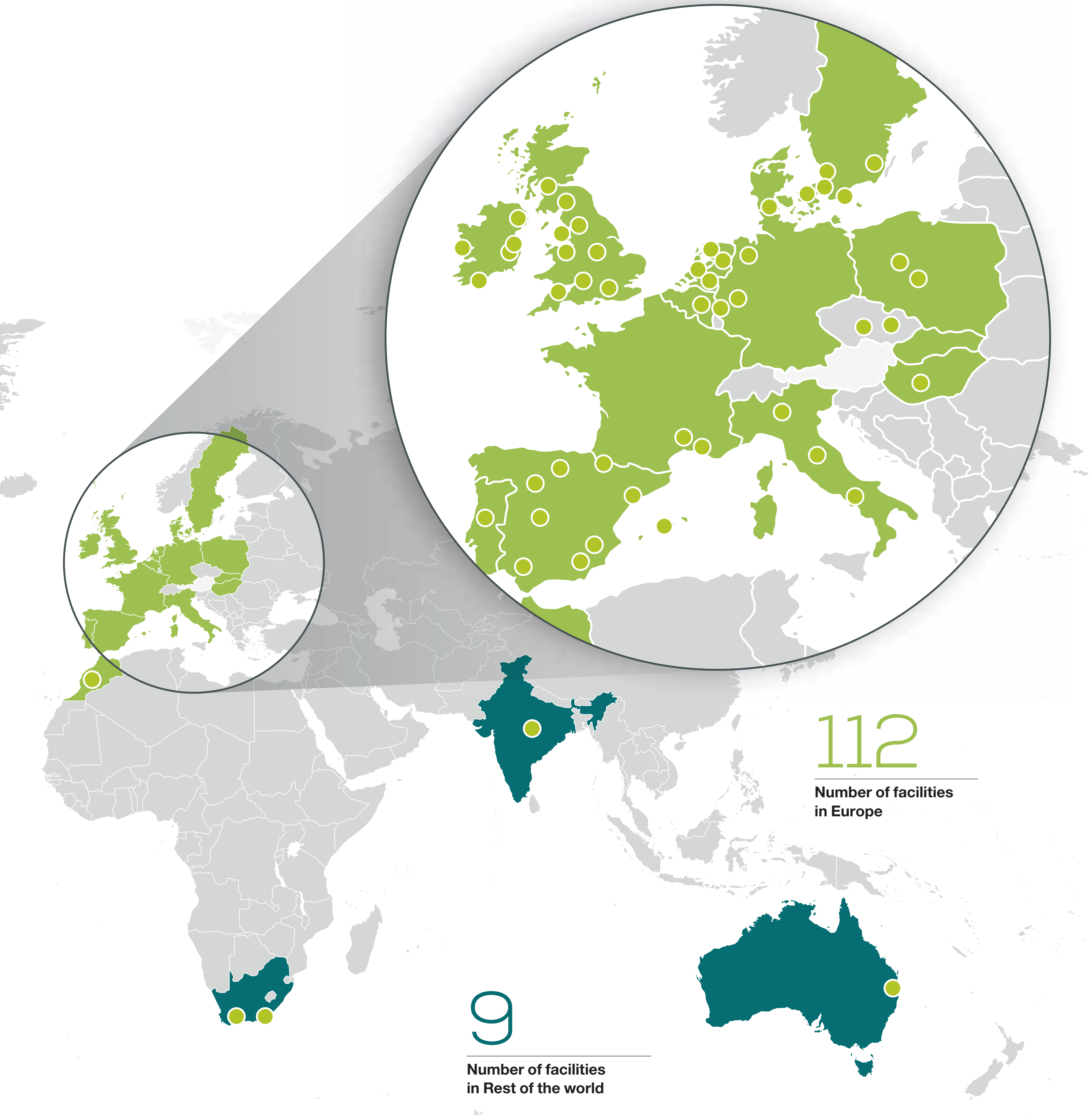
Our Global Footprint



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.



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

An Evolving Business

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.

Hortim
LEMBCKE
PEVIANI
REDBRIDGE
everfresh

2007

Frankort & Koning
the fresh professionals

2012

2013

Oppy
Expect the world from us

2008

Haluco bv
NEDALPAC

1850

ecofarms

2014

2015

GAMBLES

PROGRESSIVE PRODUCE

El Parque

argo
Argofruta
Comercial Exportadora

2016

2017

The Fresh Connection
Bringing Growers to the World

Dole

2018

Continued Growth in 2019

"We are pleased to report that the Group has continued to grow in 2019, recording a 22.4% growth in revenue and 41.4% growth in adjusted earnings per share primarily due to the investment in Dole."

Strategic developments
In 2019, we continued to make progress in advancing our strategic goals.

The Group completed the acquisition of the initial tranche of 45% of Dole Food Company ('Dole') on 1 July 2018. The 2019 financial year is therefore the first full year to reflect this transaction. Further details on the transaction structure are outlined on pages 127 to 131 in Note 15 of the accompanying Financial Statements.

Dole is one of the world's leading fresh produce 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, geographic and product diversification. It represents a very significant step for the Group and a continuation of its successful expansion strategy.

The performance in 2019 year has been positive for the Group. In 2019, there has been a strong increase in the adjusted EBITDA in Dole led by a recovery in the Fresh Vegetable division. Dole also completed the sale of its Scandinavian salad business in 2019.

In 2019, the Executive Directors, and senior and divisional management of the Group have worked closely with their Dole counterparts on targeted synergy projects aimed at generating benefits for both parties.

Other developments
During the year, the Group made some bolt-on investments in the fresh produce sector in Europe, as well as investments in existing joint ventures with total investment of €10m including deferred and contingent consideration payable on the achievement of future profit targets.

Further examples of our strategic priorities being implemented during the year are in included in Our Strategy and Business Model section on pages 8 and 9.

Summary of financial performance in 2019

Total Produce reported strong results in 2019. The reported results for year ended 31 December 2019 include the Group's 45% share of Dole for the full year, whilst 2018 included the five months of Dole from the date of the deal completed 1 August 2018 to 29 December 2018.

Total revenue in 2019 grew 22.4% to €6,173m (2018: €5,043m), adjusted EBITDA increased by 52.1% to €202.8m (2018: €133.3m) with adjusted EBITA increasing 53.1% to €150.1m (2018: €98.0m). Adjusted earnings per share (pre-IFRS 16 *Leases*) of 14.86 (2018: 10.51 cent) was 41.4% ahead of prior year. The increase on the prior year was mainly due to the incremental impact of the acquisition of Dole and a good recovery in the Fresh Vegetable division in Dole.

Sustainability

Environmental, Social and Governance (ESG)

As sustainability becomes increasingly important to all of us, we continue to recognise, as a global Group, our responsibilities in relation to environmental and social issues. Sustainability has always been central to our Group's strategy and business model, with Sustainable Business Practices, The People Behind our Produce and Responsible Fiscal Oversight being three of our core strategic priorities (see page 8 for more detail). We are committed to building a better business in a responsible and sustainable way for all of our stakeholders.

It is very encouraging to report upon the work undertaken by our Sustainability Steering and Working Group (SSWG) and our local operations during 2019 on ESG matters. We operate in an industry known for its health benefits and the low environmental impact of its products. We have therefore chosen the UN Sustainable Development Goal 3 "Good Health and Well-being" as our pillar goal, with our aim being to increase the consumption of healthy fruit and vegetables. The introduction of new formalised structures includes a panel who will meet regularly to share ideas and adopt new policies and practices, which will be established by the committee and approved by the Board.

The SSWG has developed its sustainability agenda for 2020 and the Board will be updated on its progress at each scheduled meeting.

Corporate Governance

The Board is committed to 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. Full details of our approach to governance are set out in the Corporate Governance Report on pages 63 to 69.

Board changes

The Board values the benefits of diversity and the Nomination Committee considers the benefits of diversity to complement the range and balance of skills, knowledge and experience. During the year, as part of a planned transition to provide orderly Board refreshment and succession, the Board appointed the following two new independent Non-Executive Directors:

- Imelda Hurley, a finance professional with significant international and agri-industry experience; and
- Helen Nolan, a highly experienced financial executive with the Bank of Ireland where she was also Group Secretary.

We wish to acknowledge and pay tribute to Frank Gernon and Jerome Kennedy who have advised the Board that they will retire as Directors on 31 March 2020. Frank has been with the Group as a key executive for over 40 years and held various senior accounting and financial positions, including that of Finance Director of the Group until August 2009. Frank's industry knowledge and financial leadership has been invaluable, and we are deeply grateful to him for the key role he has played in developing the business into the leading international fresh produce group it is today. Jerome has been a Non-Executive Director of the Group since 2006 and was also Chairman of the Audit Committee and a member of the Compensation and Nomination Committees. During these years, Jerome has provided valuable guidance and wisdom as the Group has grown its international presence. We wish both Frank and Jerome the very best for the future.

Following these changes, the Board will be made up of six independent Non-Executive directors and three Executive Directors.

Brexit and international trade

The result of the UK's exit from the European Union ('Brexit') on 31 January 2020 and its impact in terms of the exit deal, including tariffs and trade agreements remain unclear. Brexit committees set up in relevant areas of the business continue to assess and prepare for the risks and opportunities that may arise.

With continuing uncertainty surrounding global trade, the impact of any tariffs on international trade will continue to be monitored by the Group.

COVID-19 outbreak

The Group continues to monitor COVID-19. While it is too early to form a definitive view, with a broad spread of resources and operations, the Group does not expect any disruption to be material.

Dividend

The Board is recommending a final dividend of 2.5770 cent per share, representing a 2.5% increase on 2018. This, together with the interim dividend of 0.9129 cent per share, brings the total 2019 dividend to 3.4899 cent per share, an increase of 1.8% on 2018. This represents a distribution of almost 25% on the reported adjusted fully diluted earnings per share.

Our people

The Group's success reflects the superb skills and very hard work of all our talented people. On behalf of the Board, I would like to thank them for their continued efforts and commitment to the Group.

Outlook

The Group is monitoring COVID-19 and while it is too early to form a definitive view, any disruption is not expected to be material. Trading in early 2020 has been satisfactory and the Group is targeting continued growth.

C P McCann
Chairman

Our Strategy and Business Model

Strategic Priorities	What This Means	Our Business Model
Our Global Reach	**Local by Heart, Global by Nature** the resources of a multi-national alongside local expertise and experience.	• Global & Local Procurement. • Local Infrastructure.
Efficient Route to Market	**Let's grow together** working with growers, partners and customers to secure synergies and efficiencies across the supply chain.	• Continued acquisitions and partnerships. • Collective resources strengthen us.
Sustainable Trading Practices	**A responsible leader** in an industry known for its health and environmental benefits.	• Act with integrity in our business operations. • Seek to reduce our impact on the environment.
Operational Excellence	**Consistently deliver excellence** across a best-in-class supply chain.	• Promote continuous improvement and excellence.
The People Behind Our Produce	**Recognise and develop the talents** of our skilled and committed people.	• Value and develop existing employees' experiences and knowledge. • Welcome new entrants, ideas and talents.
Responsible Fiscal Oversight	**Timely and accurate reporting** across financial and non-financial aspects of our business. Maintaining the highest standards of Corporate Governance.	• Establish strong reporting teams to consolidate Group information. • Adoption of QCA Corporate Governance Code.

Our principal risks are set out on pages 15 to 18.

Strategy in Action

Our global footprint, as illustrated on pages 2 to 3, demonstrates that we are uniquely positioned to be able to offer our customers and consumers alike, the best of both worlds; the cream of locally grown crops from passionate local growers and the finest fresh produce from the most accomplished producers across the globe. This is further illustrated on pages 10 to 11.

Countries we operate in
30

Countries we source from
100

Our industry leading vertically integrated supply chain extends across the globe incorporating over 250 facilities including farms, vessels, manufacturing facilities, cold storage warehousing and packhouses. The introduction of the Dole Food Company into the Group added over 125,000 acres of produce to our supply chain. Further detail on our supply chain and our product portfolio is illustrated on pages 10 to 11.

Locations
250

Customers
>25k*

Vision 20/20 is a group wide initiative seeking to play our part in protecting our natural resources and encouraging others to do likewise. 2019 saw our first submission to the Carbon Disclosure Project, an important step in our ongoing journey to being an ever more sustainable company. Some examples of our work in this area are provided on pages 20 to 45.

VISION 20/20

Target for 2020 carbon emissions reduction in Ireland
40%

Be it operational innovation in terms of product service or product innovation in varieties, packaging or range, Total Produce is determined to lead the marketplace. Our focus on compostable plastics within our packaging range, as explained on page 35, is one example of this innovation at work.

EIRCYCLE home COMPOSTABLE

Investment in bolt-ons in Europe
€10m

Our people are key to the success of the Group. Therefore, their development through projects such as the Global Key Talent Programme and the lean management system implemented in Spain (see page 38) and their involvement in community efforts, are encouraged throughout the Group. See page 42 to learn how our new GROW building in Sweden is dedicated to enhancing the experience of working for Total Produce.

2019: Number of employees
6k*

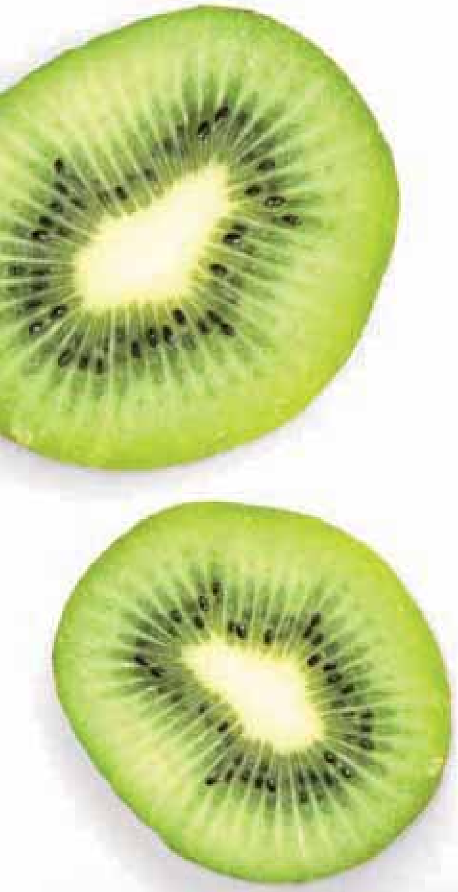
2019: Employees with service >3 years
53%*

The Group is firmly committed to business integrity, high ethical values and professionalism in all of its activities and operations. This is set out in our Corporate Governance Report on pages 63 to 69. We believe this strategic priority will help ensure the best value for shareholders in the long-term as well as allowing the company to continue to grow successfully.

2015-2019: EPS Compound Annual Growth
8.9%

2015-2019: Total Dividend Compound Annual Growth
6.0%

* Figure excludes Dole.



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, 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

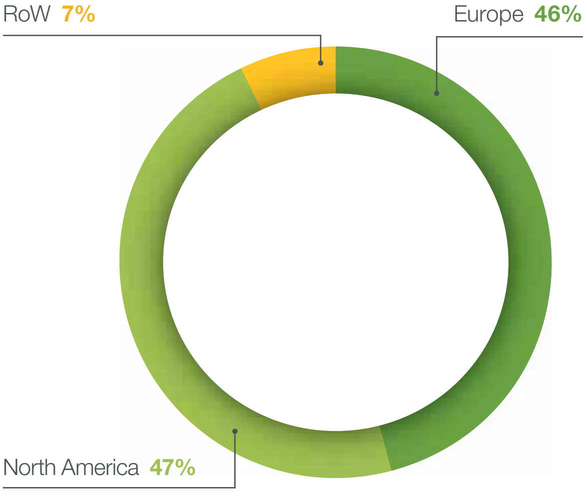
SHIPPING
Navigating the globe to deliver produce in pristine condition.

4

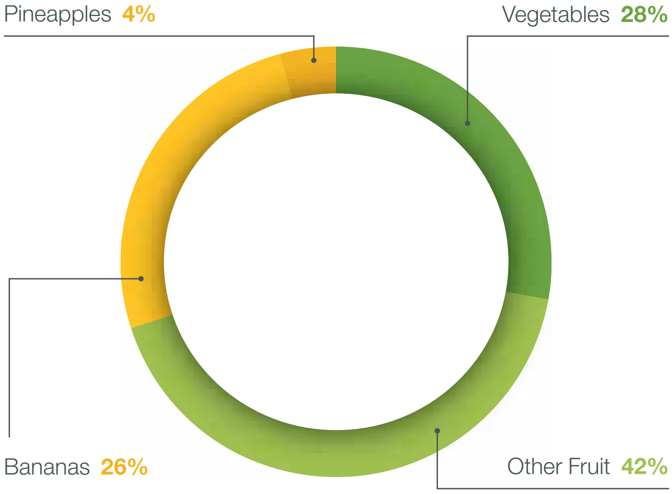
QUALITY ASSURANCE
Ensuring best practices are applied right across the supply chain.

2019 Revenue Breakdown[1]

By geography:



By product:



1 Assuming 100% consolidation of Dole.

5 MARKETPLACE OPERATIONS

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

7 CATEGORY MANAGEMENT

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

6 MARKETPLACE DISTRIBUTION

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

8 CONSUMER

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

Growth in Numbers

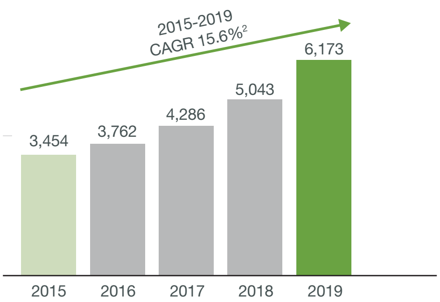
The Group has demonstrated a strong track record of executing its strategy over the past number of years and has grown both organically and by acquisition. In the five year period ending 2019, the Group has recorded an annual compound growth rate of 15.6% in total revenue and 8.9% in adjusted fully diluted earnings per share.

	2019 €	2018 €	2017 €	2016 €	2015 €	2014 €
Total revenue[1] (including share of joint ventures and associates)	**6,173m**	5,043m	4,286m	3,762m	3,454m	3,129m
Group revenue	**3,729m**	3,728m	3,674m	3,105m	2,875m	2,667m
Adjusted EBITDA[1]	**202.8m**	133.3m	104.4m	94.8m	82.8m	73.0m
Adjusted EBITA[1]	**150.1m**	98.0m	83.5m	73.7m	64.1m	56.7m
Adjusted profit before tax[1]	**98.3m**	76.9m	76.7m	67.7m	58.0m	51.2m
Profit before tax	**76.5m**	69.8m	72.5m	50.6m	46.8m	44.3m
Adjusted fully diluted earnings per share (cent)[1] pre-IFRS 16 *Leases*	**14.86**	10.51	13.48	12.07	10.58	9.45
Adjusted fully diluted earnings per share (cent)[1]	**14.12**	10.51	13.48	12.07	10.58	9.45
Basic earnings per share (cent)	**13.72**	9.37	14.80	8.91	9.07	8.83

1 Key performance Indicators are defined on pages 181 to 185.

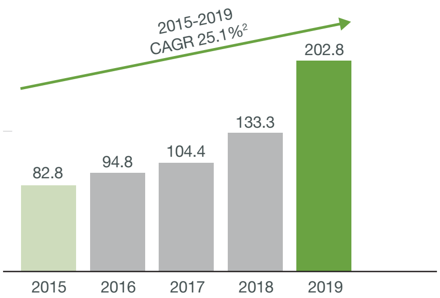
Total Revenue (€’m)

€6,173m



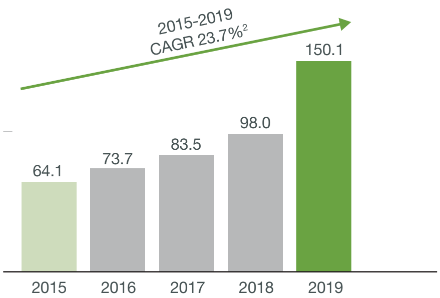
Adjusted EBITDA (€’m)

€202.8m



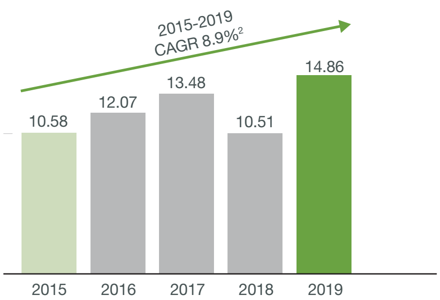
Adjusted EBITA (€’m)

€150.1m



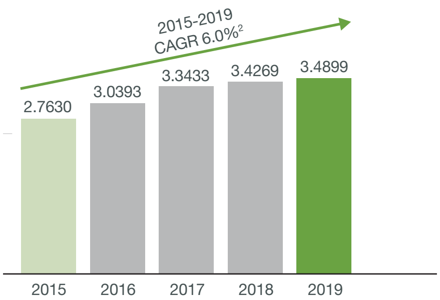
Adjusted EPS pre-IFRS 16 *Leases* (€’cent)

14.86 cent



Total Dividend (€’cent)

3.4899 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 include 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.

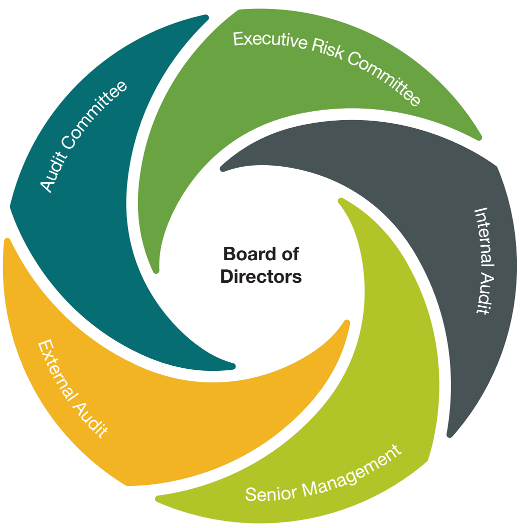
Risk management within Total Produce plc is co-ordinated by an Executive Risk Committee ('ERC' or the 'Committee') which directs the implementation of the process consistently throughout the Group. The members of the Committee include the Chief Executive (Chairman), the Finance Director, an Executive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

Sustainability

During 2019 the Group structures around sustainability were formalised and the Sustainability Steering and Working Group (SSWG) was established and directed to report through the risk management structures. This will ensure that senior management, the Committee and the Board are kept up to date on material sustainability issues.



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. On an annual basis the Board confirms they are satisfied with the effectiveness of the internal control systems in place.

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.

Global Reach
Efficient Route to Market
Sustainable Trading Practices
Operational Excellence
People Behind Our Produce
Responsible Fiscal Oversight

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
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. Following the acquisition of 45% of Dole Fruit Company ('Dole') during 2018, Dole now represents the largest joint venture within the Group. Dole has identified its risk universe which it seeks to mitigate through its risk management procedures. The risks identified by Dole include, but are not limited to, food safety, growing activities, foreign exchange, weather, fluctuations in inputs and labour cost and availability.

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, the actions taken to mitigate against them and their relationship to our strategic priorities 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	Strategic priorities
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 food safety policies and procedures 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 shareholders. 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.	

Global Reach
Efficient Route to Market
Sustainable Trading Practices
Operational Excellence
People Behind Our Produce
Responsible Fiscal Oversight

Risk and risk description	Key control and mitigation activities	Strategic priorities
Key customer relationships and credit risk The Group's customer base consists primarily of retailers, wholesalers and food service operators. 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.	Global Reach, Efficient Route to Market, Operational Excellence
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.	Global Reach, Efficient Route to Market, Operational Excellence
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.	Global Reach, Efficient Route to Market, Sustainable Trading Practices, Operational Excellence, People Behind Our Produce, Responsible Fiscal Oversight

Risk and risk description	Key control and mitigation activities	Strategic priorities
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 rate fluctuations 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.	
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.	

Global Reach
Efficient Route to Market
Sustainable Trading Practices
Operational Excellence
People Behind Our Produce
Responsible Fiscal Oversight

Risk and risk description	Key control and mitigation activities	Strategic priorities
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 14 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 Director's 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 50 to 57. In addition, Note 35 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.

The Sustainability Report

Environmental, Social and Governance matters 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.

During 2019 we have formalised our structures at Group level but continue to encourage local initiatives. This report will provide a summary of our work to date such as our move to renewable energy in Total Produce Ireland.

Sustainability – Let's Grow Together

Building a better business in a responsible and sustainable way for all of our stakeholders.

Introduction

On our formation in 2007, Total Produce selected "Let's Grow Together" as our tagline and our corporate call to action. Though short and succinct, it encapsulates a business ethos relevant to all of our stakeholders. It speaks of our determination to be inclusive, of our collaborative approach to doing business and of our ambition, not only to succeed, but to create value and equitably share returns and resources for the collective betterment of our wider stakeholder set. In many respects, it sets the tone for our collective approach to all things Sustainable.

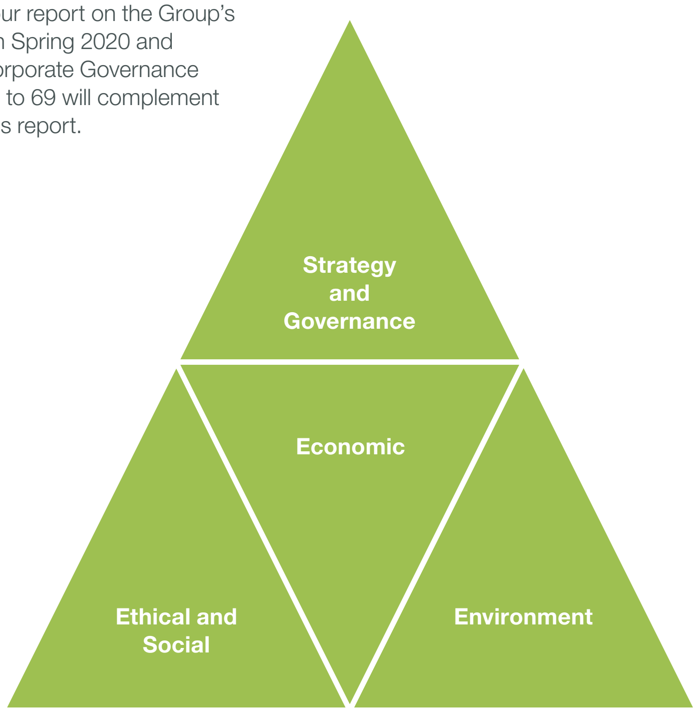
Environmental, Social and Governance (ESG) issues are core to how responsible businesses operate and as a Group we are committed to adopting and endorsing best practices for the industry and regions in which we work, to facilitate, engage, promote and actively contribute. Our industry is recognised for its virtuous properties – the products we market are associated with the highest nutritional value and the lowest environmental impact of all the primary foodstuffs.

However, we are committed to doing more – more for all of our stakeholders; our shareholders, our colleagues, our customers, our suppliers, our credit providers and for the communities in which we work – pages 44 to 45 set out examples of the types of projects our operating companies undertake locally.

On pages 30 to 33 we set out examples of the progress made in 2019 in environmental areas including measurement of our Group carbon consumption, our first submission to the Carbon Disclosure Project and Total Produce Ireland's adoption of renewable energy. In 2020, this work will continue as we measure our water footprint for the first time.

Similarly, our efforts to reduce plastic in our packaging are described on pages 34 to 35, while the steps we take to meet our responsibilities to our colleagues and our communities, including examples of Group and local initiatives are outlined in more detail on pages 36 to 43.

We plan to update our report on the Group's sustainability work in Spring 2020 and together with our Corporate Governance Report on pages 63 to 69 will complement the information in this report.



Let's Grow Together

Our structures

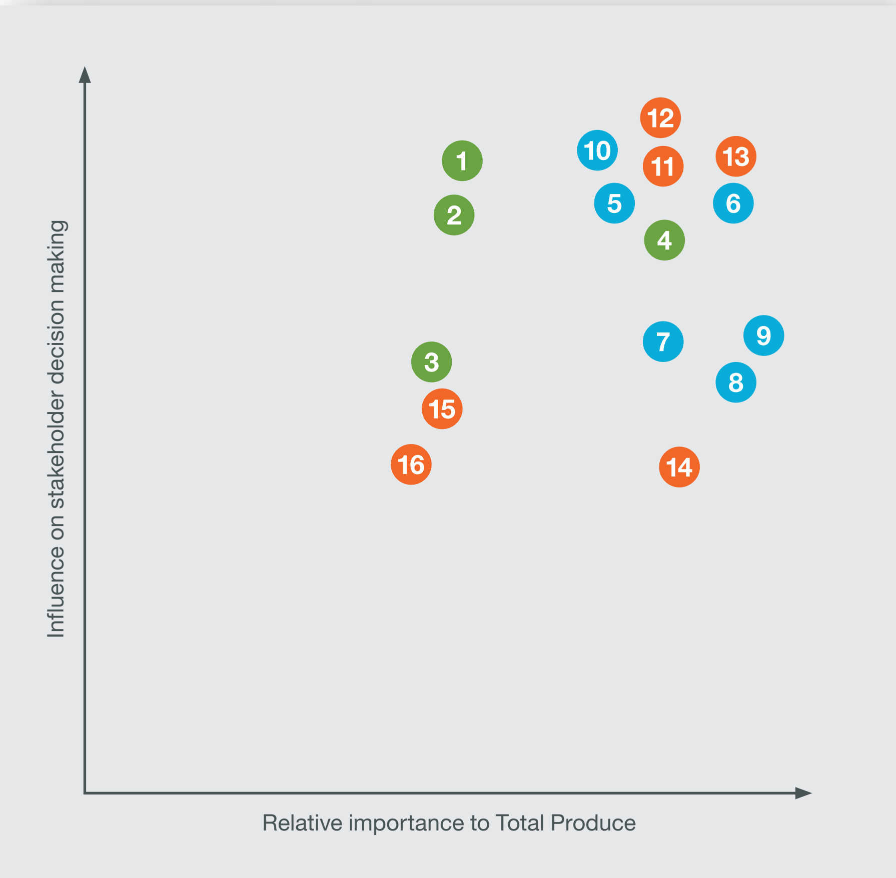
During 2019 our structures around ESG matters were formalised. Our Sustainability Steering and Working Group (SSWG), led by our Finance Director, brings together colleagues from functions such as technical, operational, finance and marketing with support from other areas such as human resources. The SSWG are charged with developing our policies and practices in environmental and social issues and are supported by local representatives from our operating companies. The committee reports directly to the Board and through our existing risk management structures (as set out on page 14), ensuring senior management and the Board are kept updated on all relevant ESG related matters.

We believe a detailed materiality analysis is an important tool for identifying the most significant sustainability issues with respect to both our business and our stakeholders' priorities. Using the SASB Materiality Map as a reference point, our SSWG, in conjunction with an external expert, has begun the process of developing a Group materiality matrix (see below).

We identified the 3E's, namely Environment, Economic and Ethical and Social, as the central pillars instructing our analysis of the material issues. As a diversified group with over 250 locations across the globe, these pillars serve as a framework under which local operations can define their own policies and practices.

Subject to ongoing review across 2020 and beyond, as this matrix evolves, we expect it will refine further our working group's focus and our choice of projects undertaken at a local level.

Materiality matrix



Environmental

1 Energy & GHG
2 Water consumption
3 Waste management
4 Packaging innovation

Economic

5 Regulatory compliance
6 Customer relationships
7 Consumer trends
8 Risk management
9 Financial returns
10 Stakeholder engagement

Ethical & social

11 Ethical sourcing
12 Food safety and quality
13 Promotion of healthy food and nutrition
14 Employee development and engagement
15 Diversity and inclusion
16 Community engagement

Our Commitment to the SDGs

Total Produce recognises the United Nation's Sustainable Development Goals and have selected 1 pillar goal and 3 priority goals as our focus for 2019 and 2020.

Our approach to pursuing UN Sustainability Goals
We share the UN's ambition to address the global challenges we collectively face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. We work with stakeholders across the fresh produce supply chain to pursue these goals and have formulated our Group's Corporate Social Responsibility policies and practices around the framework and principles upon which they are based.

Total Produce is wholly committed to the pursuit of the UN's 17 Sustainability Goals collectively. However, with a view to focusing our resources to maximum effect, we have targeted four goals; one as our 'pillar' goal and three as priority goals across 2019 and 2020.

Pillar Goal
Goal 3, promoting 'Good Health and Well-Being' speaks to the very core of what we do in Total Produce. As such, it is our permanent, 'Pillar' UN Sustainable Development Goal. Specifically, provision 3.4 targets a one third reduction in mortality from non-communicable diseases by 2030. The contribution fresh produce consumption makes to reducing the risk of non-communicable disease is widely recognised. Every day, across all of our global operations, we work tirelessly to promote the integration of fresh fruits and vegetables into a balanced diet. We do this in the hope of inspiring consumers to make better dietary choices which can contribute to better health and general wellbeing.

Priority Goals across 2019/20
Goal 12: Responsible Consumption and Production and specifically clause 12.6.1, encourages companies to adopt sustainable practices and integrate sustainability data into their reporting cycle. In our pursuit of this Goal we have initiated 'Vision 20/20', our Group-wide project on carbon consumption which is profiled on pages 30 and 31. Vision 20/20 is also a necessary building block in our pursuit of **Goal 13: Climate Action** and specifically its call for the implementation of measures to reduce carbon consumption and mitigate our impact on climate change. Our efforts to remove, reduce, recycle, replace and reuse plastics as detailed on pages 34 and 35 illustrates our Group's commitment to **Goal 14: Promoting the Conservation and Sustainable Use of Oceans** by limiting the damage caused by plastic packaging in our seas.

UN Sustainable Development Goals (UN SDG):

Priority Goals across 2019/20

Goal	SDG	Objective	Action
Pillar Goal	3 GOOD HEALTH AND WELL-BEING	**3.4** Reduce Non-Communicable diseases by 1/3.	The promotion of fresh produce consumption and a healthy diet.
Priority Goal 19/20	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.6.1** Adopt sustainable practices and integrate sustainable information.	VISION 20/20 MEASURE. REDUCE. REPEAT. Total Produce
Priority Goal 19/20	13 CLIMATE ACTION	**13.2** Integrate climate change measures into policies, strategies and planning.	VISION 20/20 MEASURE. REDUCE. REPEAT. Total Produce
Priority Goal 19/20	14 LIFE BELOW WATER	**14.C** Enhance the conservation and sustainable use of oceans.	EIRCYCLE home COMPOSTABLE

Our Industry

In Total Produce we are immensely proud of the fact that the products that we sell, fresh fruits and vegetables, are widely understood to be the most nutritious foodstuff with the least environmental impact.

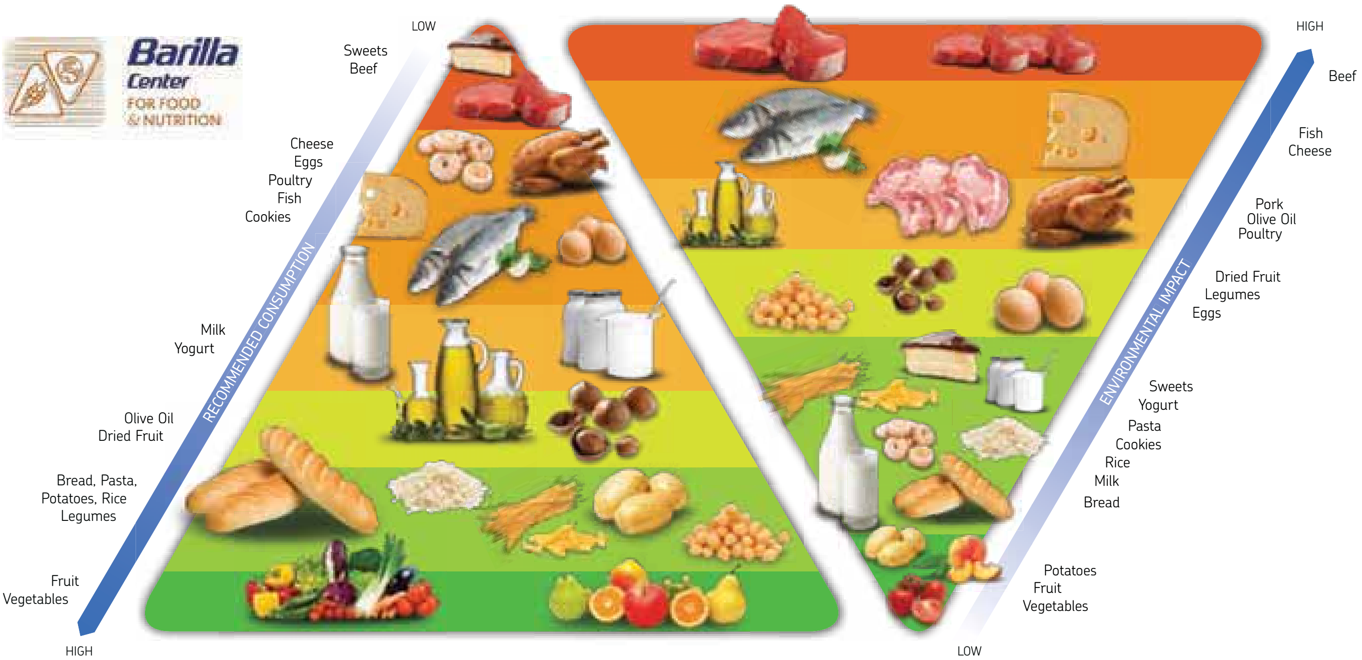
Recent years has seen a hardening of the scientific consensus recognising that what we eat is one of the most powerful drivers behind many of the world's major environmental issues, including climate change. The UN's Intergovernmental Panel on Climate Change has identified switching to a plant-based diet as having the potential to make a hugely important contribution in fighting climate change.

In Total Produce, the virtuous properties of our products, rather than breeding complacency, inspires us to reduce ever further the environmental footprint of our own operations.

The Double Pyramid

The Double Pyramid has become a useful tool for the communication of sustainable diets, reminding us of the importance of our food choices in terms of health and the environment. The Double Pyramid shows us how those foods of low environmental impact are the same foods that nutritionists advise us to consume the most, while those with a higher ecological footprint are those that should be consumed in moderation.

ENVIRONMENTAL PYRAMID

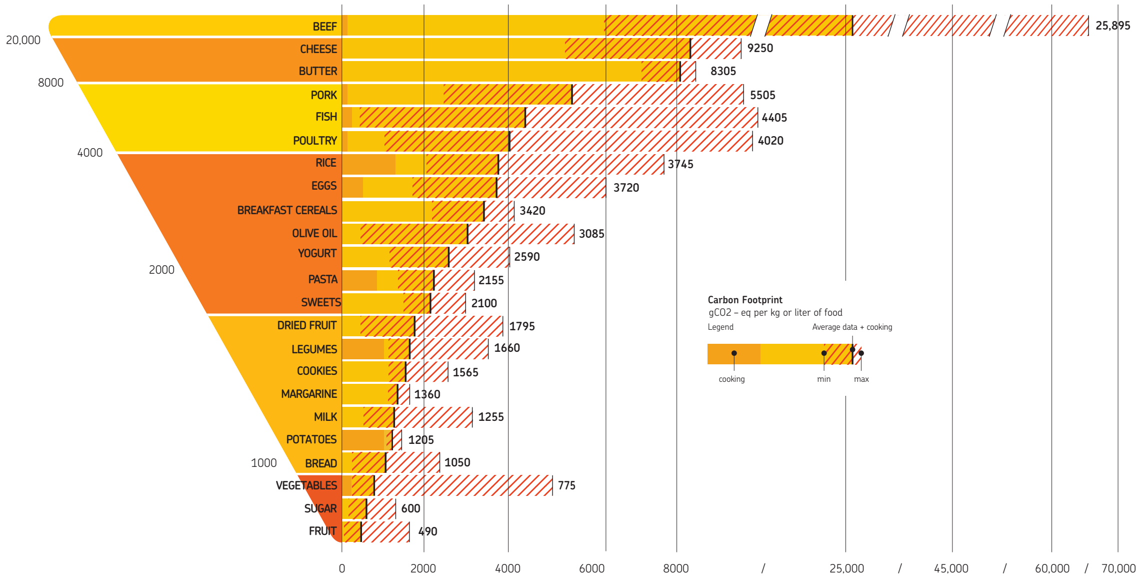


FOOD PYRAMID

Carbon footprint

Fruit and vegetables rank amongst the three least impactful foodstuffs based on the greenhouse gas emissions produced across their entire lifecycle. In fact, fresh produce is associated with only a fraction of the emissions of other foodstuffs.

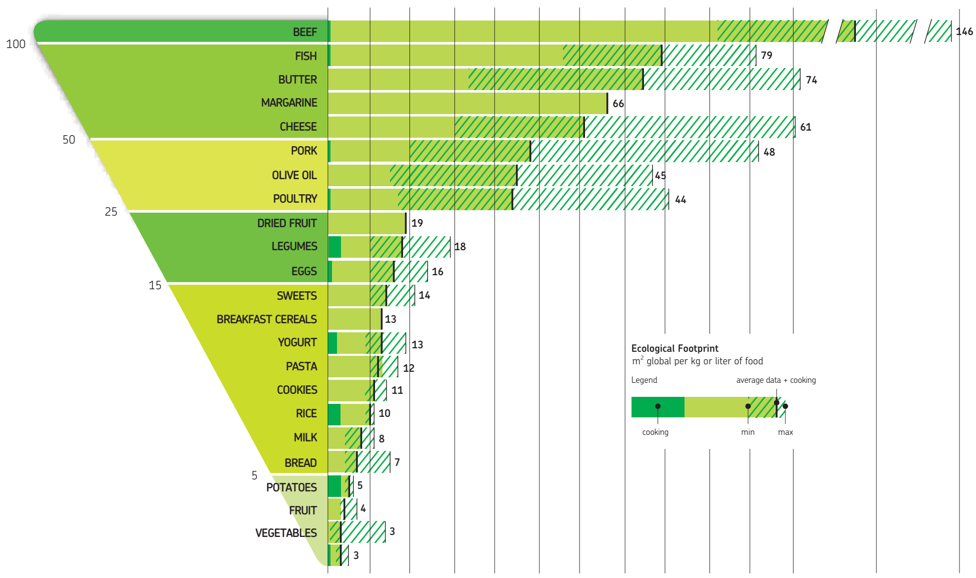
The Carbon Footprint measures the greenhouse gas emissions during the entire life cycle of a food and is calculated in grams of CO_2 equivalent (gCO_2 eq) per kilogram or litre of food. For each group of foods, the reported value is the average of the various sources used.



Ecological footprint

Vegetables and fruit respectively are associated with the lowest and second lowest ecological impact of all major foodstuffs. Again, the impact associated with the production of fresh produce is marginal compared with the likes of beef, fish and dairy products.

The Ecological Footprint calculates the Earth's capacity to regenerate resources and absorb emissions, and is measured in global square meters per kilogram or litre of food. For each group of foods, the reported value is the average of the various sources used.



Promoting Good Health & Wellbeing

3 GOOD HEALTH AND WELL-BEING

Total Produce Nordic consumer insights into fresh produce consumption in Sweden.

That fresh fruits and vegetables are an essential component of a healthy diet is beyond dispute. Promoting consumption in a manner relevant to the contemporary marketplace, however, requires a deep understanding of the motivations underpinning consumer behaviour.

Garnering such an understanding is a challenge that has been taken up by Total Produce Nordic through their Kostministeriet initiative- its sole purpose: to improve people's health by increasing consumption of fruit and vegetables.

Kostministeriet's mission is to democratise the consumption of produce and specifically targets the consumers that eat the least produce. At the heart of the initiative lies two extensive market research efforts completed together with Kairos Future, an international research company.

The objective of the research is to extract the consumer insights required to explain why Swedish consumers in general eat less produce than the recommended 500 grams of fruit per day. Sampling more than 10,000 respondents between the age 18 and 74, the initiative is an ambitious, comprehensive undertaking.

Kostministeriet's reports are the most extensive ever conducted in Sweden with respect to people's consumption of produce.

The findings of the latest report, FOG2019, have been filtered down to 7 specific learnings about consumers consumption and attitudes towards fruit and vegetables. Total Produce's ambition is to, in cooperation with customers and other interested stakeholders, integrate the lessons arising from research into the product range they make available in the marketplace; promoting consumption at point of sale.

In addition to research, Kostministieret aspires to contribute to changing the perception of produce. The initiative has been supported by multiple prize-winning social media campaigns that, with humour, creates awareness about the 500-gram recommendation, such as "the Durian Challenge", challenging influential YouTubers to eat 500 grams of "the world's most disgusting fruit."

Similarly, under the auspices of the Kostministeriet project, Total Produce Nordic has partnered with the Swedish Basketball Association offering free fruit to 7-12 year old basketball players attending local tournament 'Easy Basket' throughout the country. It also offers free education for school chefs on applying the research learnings to use, cook and present fruit and vegetables in ways children like. The education is conducted together with NGO Skolmatens Vänner ("The School Meal Friends").

Promoting a healthy diet requires the participation of a multitude of stakeholders across society. Through initiatives like Kostministieret, Total Produce has demonstrated its ongoing commitment to playing an active role in driving consumption forward.


Skala upp!
Mer grönsaker och frukt i skolan


KOST MINISTERIET
Keep calm and carrot on
KOST MINISTERIET
Veni, vidi, litchi
KOST MINISTERIET
Nu skriver vi frukt- och grönsaks-historia!
KOST MINISTERIET
FREE CHILLI
MAJSJÄVLAR

An Agent of Carbon Reduction

Total Produce is, by its very nature, and by virtue of the products we sell, the scale and reach of our business and our role in delivering the most efficient route to market, an agent of carbon reduction.

Globally, the end product of our efforts to pursue synergies is most typically logistical and operational consolidation. The single, large, carbon efficient consignments on our ships, lorries and vans offer a compelling contrast to the multiple smaller, carbon intensive individual journeys associated with a fragmented supply base.

Locally, in implementing our 'Local Produce First' policy, we work to facilitate and assist local growers, manage seasonality, and importantly, promote locally sourced fresh fruit and vegetables to consumers. In doing so we, together with our retail partners, play a hugely important role in reducing the food miles associated with the fresh produce.

Our products are inherently environmentally friendly. Fruit and vegetable production is associated with a much smaller environmental footprint than other comparable foodstuffs; a fact reflected in a widening consensus amongst environmentalists that meaningfully addressing climate change will inevitably require a move on the part of consumers towards plant-based diets.

Vision 20/20

Measuring our footprint

In February 2019 Total Produce launched our ambitious 'Vision 20/20' initiative; a Group-wide review of the Greenhouse Gas emissions associated with our operations internationally.

Our objective was to provide increased transparency to our stakeholders with respect to the environmental impact of our operations and establish a definitive benchmark with which we can measure the effectiveness of our efforts to minimise our carbon footprint going forward. Phase One; a root and branch review and profiling of our Group's collective carbon consumption concluded in July 2019, culminating with a submission to the Carbon Disclosure Project for rating.

Reducing our footprint

The completion of the measurement stage of Vision 20/20 provided a platform for our ongoing journey. Building on work already underway throughout our operations internationally, the next stage focuses on the identification of opportunities to reduce our environmental footprint and the implementation of the changes required to make it happen. This process has already begun. Vision 20/20 is another step in the right direction towards becoming an ever more sustainable business.

Page 32 demonstrates one example of the positive impacts of this initiative.

CDP DISCLOSURE INSIGHT ACTION

VISION 20/20 MEASURE REDUCE REPEAT

Upgrading infrastructure across the supply chain in carbon reduction: partnering producers in reducing carbon consumption

Total Produce recognises that addressing the environmental impact of our products and operations requires constructive cooperation across the supply chain. It starts at production. We work with the very best; growers who put sustainability at the heart of their business. O'Shea's farm in Kilkenny, who established Iverk Produce in 1980, which is now a partner in the Total Produce Group, is a case in point.

In April 2019 O'Shea's installed 960 individual solar panels which generate enough electricity to power 40 homes each year. This innovation builds on earlier initiatives including introducing a reed-bed waste-water management system, reducing packaging and installing LED lights and variable speed drives which have delivered energy savings on O'Shea's farm of over 30pc.

Across our own international operations we are working too, to decrease our collective footprint. In Haluco, our leading marketer of Dutch grown salad products, the installation of solar panels and LED lighting in its primary facility late in 2018, contributed to a 55% reduction in carbon consumption.

Another Dutch initiative began in September 2019 when LED lighting was introduced to the TPH Vastgoed building in Venlo and is expected to yield a 60% reduction in carbon consumption going forward.

As our Vision 20/20 project evolves, we are determined to identify further opportunities such as these as we strive to make a material impact on our Group carbon footprint.

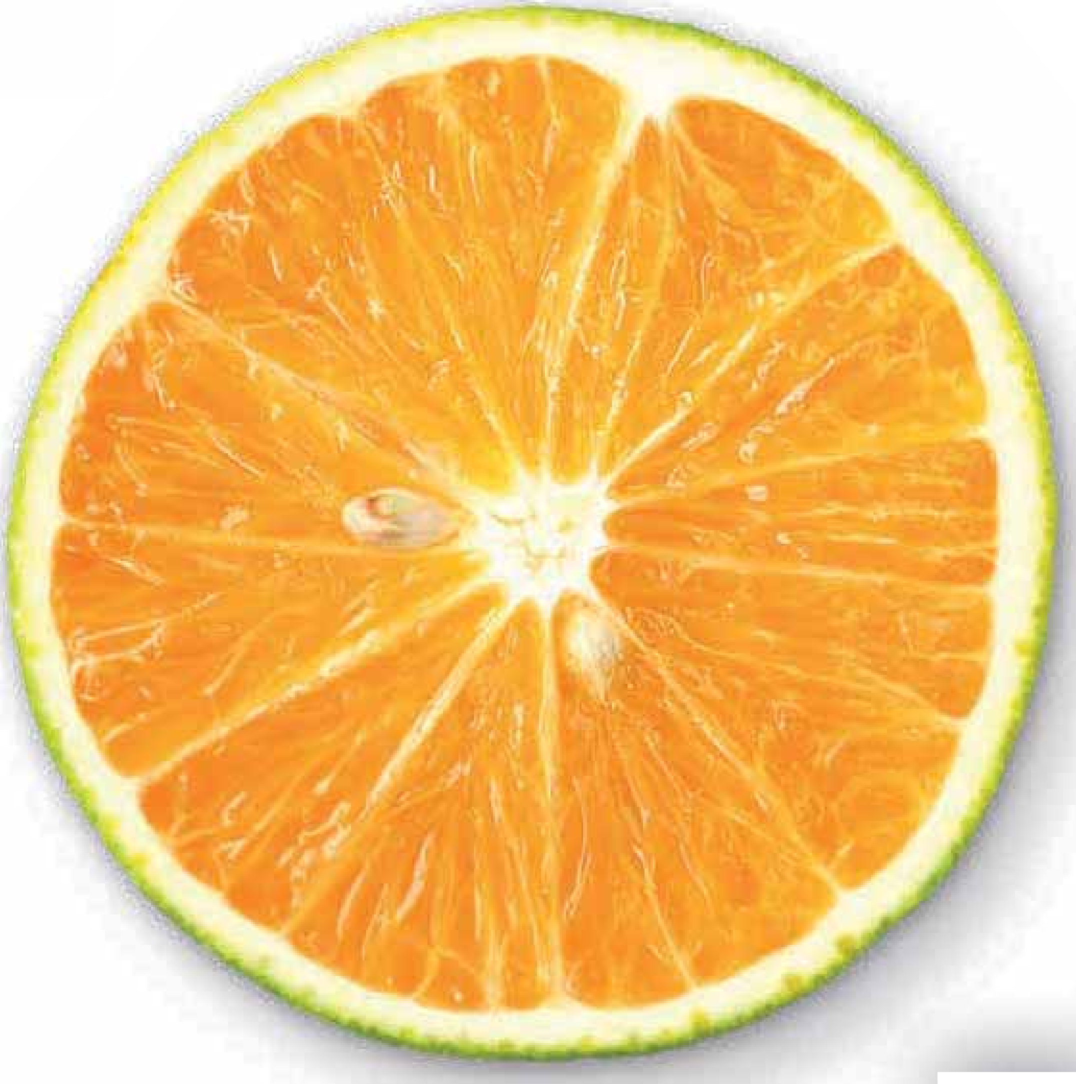
Total Produce Ireland targets 40% reduction in carbon consumption by the end of 2020

On 1 September 2019, the Total Produce Irish operations moved to 100% renewable electric energy sources to power its business units across the island of Ireland.

This transition applied to twenty-two units in all; eighteen in the Republic and four in Northern Ireland including central distribution centres, production facilities, regional depots and the Group's Dublin head office.

The company partnered with Electric Ireland in the Republic of Ireland and Go Power in Northern Ireland with Captured Carbon Ltd verifying the green energy source declarations. It is anticipated that this initiative, alongside additional carbon reducing measures already in place, will deliver a 40% reduction in like for like carbon consumption by the end of 2020.

Part of 'Vision 20/20', the integration of renewable energy into the Group's Irish operations is also making an important contribution to Total Produce's ongoing commitments to Origin Green, Ireland's national sustainability programme.



local & global

Working to Reduce Plastics

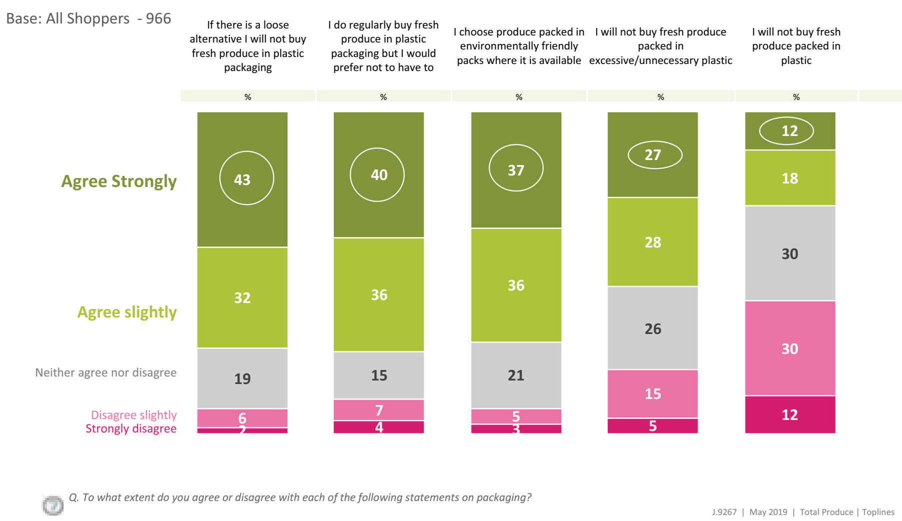
There is today a widespread consensus that we need to address the amount of conventional plastics used in packaging including the packaging of fresh produce.

Total Produce is deeply committed to this goal. Our strategy for achieving this end remains focused on removing, recycling and/or replacing plastic currently in place across our produce portfolio internationally.

Attitudes around plastic packaging

A preference for loose fruit and vegetable alternatives is evident, however 2/3 say they regularly buy fresh produce in plastic packaging but would prefer not to and a marginally smaller proportion say they would choose environmentally friendly produce where possible. About 3 in 10 are against excessive plastic packaging.[1]

1 Listening to the consumer: Total Produce/Behaviour & Attitudes research into the use of plastic on fresh produce, May 2019. Sample 1,000. Market: Ireland.



Working with other stakeholders

Conscious that we in Total Produce cannot effect change alone, we are constructively engaging with other stakeholders including retailers, waste management companies and Government bodies. Collectively, we are committed to educating and inspiring consumers on responsible waste management. For Total Produce, this entails providing complete solutions such as on-pack guides, online videos and in-store information points.

Introducing Total Produce compostable packaging

The launch of our Total Produce Compostable range in 2019 was an important development in our work to reduce plastics. The culmination of 18 months research, testing and trialling, the range provides a sustainable packaging solution for the consumer in the here and now without compromising on convenience, food safety or shelf-life.

Available in a variety of brands, including the iconic Dole brand (pictured), the range has been developed to be consumer orientated, environmentally responsible, practical from a waste disposal perspective and sensibly priced.

A 'one stop shop' solution for consumers, all elements of our packs, from the flexible film, to the trays and even the ink used to print the labelling is compostable. No sorting is required in the home, beyond disposal in the food waste bin. Our packaging, when composted, biodegrades substantially within 3 months and completely within a 6 month period.

Reassuring the consumer

The Total Produce Compostable range is accredited to the highest international standards and, importantly, where possible tested in local markets for compatibility with the local waste management infrastructure. Our packs, for example, were the first fresh produce products to be accredited with the Cré mark awarded by the Irish Compost Association, denoting that the range is 'Food Waste Bin' compatible in Ireland. This offers the consumer the reassurance that these packs have not only been scientifically tested but trialled in real life conditions by Irish waste management companies and found to decompose as promised.

Our ambition for compostable packaging

In the longer term, our goal remains the pursuit of a circular plastic economy where our packaging will be recycled and reused, and we continue to work towards that end. In the meantime, while the necessary infrastructure develops to accommodate this, we believe Compostable Packaging offers a viable alternative to conventional plastics in the short and medium term. It allows us to empower consumers to make responsible decisions with our packaging right now – ensuring that long life plastics do not continue to contaminate our ecosystem.

Local initiatives

Across our international operations, we're committed to leading the way in introducing more sustainable packaging. OTC Organics have introduced South African Organic Table Grape packs in innovative recycling packaging and in North America Oppy's sustainability initiatives have seen the introduction of sustainable kiwi packs.

The People Behind Our Produce

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

A commitment to growth and in particular to integrating new businesses into the Group is ingrained in our business model.

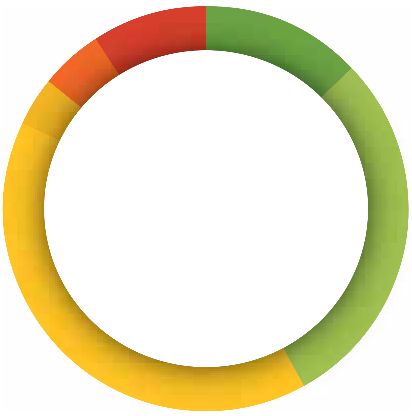
New partners invariably bring new people into our family. We are privileged to be the beneficiaries of an ongoing infusion of new produce people; experienced professionals possessing diverse talents, ideas and core competencies. The combination of these new people working alongside our existing loyal and talented colleagues is at the core of our successful growth. In 2019 the Group employed 6,005 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.

Employees by geographical location



Republic of Ireland **13%** | UK **29%** | Rest of Europe **40%** | USA **4%** | Canada **5%** | Rest of World **9%**

>25%

Colleagues part of Group for 10 years or more

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.

Group companies report on gender pay as required by local regulations.

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 and Solas Business (pairing businesses with local schools) or our sponsorship of the Argofruta Foundation in Brazil are just two positive examples of how this local approach benefits communities.

Employee engagement and collective responsibility in Spain; application of the lean management system in Grupo Eurobanan

The Lean Management System is a managerial discipline put into practice in businesses across the world, including in Grupo Eurobanan's operations in Spain. At its heart lies a commitment to empowering employees, encouraging participation in the management of the business and inviting staff to contribute every day to improving the company's operational performance by devising and implementing work practices that deliver continuous improvement across the organisation.

In implementing Lean Management, Eurobanan's goal is to increase process productivity across all areas by eliminating waste, which is defined by Eurobanan as everything that does not add value to the company.

For the company, the dividends associated with Lean Management are clear; those most familiar with operations are tasked with increasing efficiency, leading to higher productivity.

For employees, it provides an opportunity to participate in the process; in the management of the business and in improving the environment in which they work. It promotes a sense of collective responsibility and affords the opportunity to demonstrate their capabilities beyond their day to day tasks.

Successes are shared, challenges are faced together and the performance of the business is improved for the betterment of all. Every summer the company organises a team building event in which all the different departments are mixed into various competing groups and afterwards an enjoyable barbecue is held.

Committed to Being Pro-active and Constructive

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 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. accreditation. This standard establishes the minimum requirements to be met by growers of fruit and vegetables that supply global retailers.

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 sustainability matters are ongoing. We are committed to being pro-active and constructive in addressing all such matters and to actively participate in industry forums on social, ethical, environmental and health and safety issues.

GLOBALG.A.P.

Sedex®

At Production – Fundación Dale

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

As a primary grower of international renown, Dole Food Company, which joined the Total Produce family in 2018, operates at the very forefront of global production. Farming over 125,000 acres, Dole is committed to embracing the responsibilities and exceeding the expectations associated with industry leadership.

Fundación Dale, the body charged with implementing Corporate Responsibility and Sustainability in Dole operations across Ecuador and Peru exemplifies Dole's approach to production in developing nations; promoting fundamental values of Transparency, Human Development and 'Attention To The User' – seeking to satisfy and exceed the expectations of internal and external stakeholders. Activities centre on Health Promotion, Education, Community and Investment.

Dole CSR Mission Statement

At Dole we believe that sustainability is achieved by treating people, natural resources, the environment and communities as their most precious assets. Business can be important agents of change by creating products and services valued by society, providing jobs and using resources efficiently. As a company dedicated to making the world a better place to live now, and in the future, DOLE's mission is:

1. To provide the world with healthy and nutritious foods.
2. To offer our employees competitive salaries and a safe working environment, respecting worker's rights.
3. To promote the development and prosperity of our communities.
4. To protect natural resources and actively seek ways to reduce our environmental impact.

Health

Across Ecuador and Peru, the Fundación Dale oversees the provision of a wide array of specialised medical care to Dole workers and their families. Typically, the Fundación Dale health teams, consisting of general practitioners, specialists and nurses attend to more than 48,000 people each year. Services vary from general medical services to specialised care such as Dermatology, Odontology, Optometry and Cardiology. In addition, health and safety promotion programmes, occupational and pre-occupational medical programmes and checks ups and preventative health lectures are provided to employees on an ongoing basis.

Education

Improving the education conditions for children and young people in the communities in which Dole operates is a key priority for Fundación Dale. Dale operates two educational centres of its own in Vicente Piedrahita in Los Ríos and Ecuador País Amazónico in Guayas Province. Combined, these facilities cater for 800 students providing a quality education that includes the core state curriculum and learning about emerging technologies, sports and cultural activities.

Dental services and health promotion programmes are also provided in the schools.

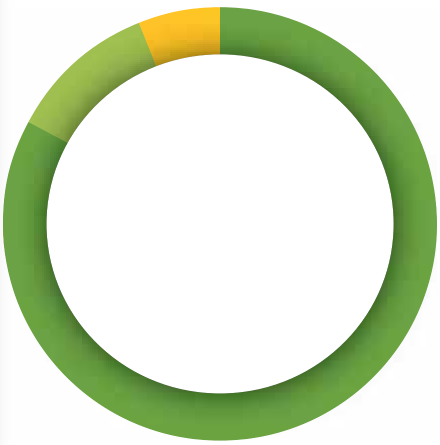
Community development

Fundación Dale is committed to improving the living conditions and social development in the local communities and towns associated with its production. The Fundación provides preventative health lectures, nutrition lectures, workshops on gender equality, computer lectures and funding for infrastructure reconstruction projects. In addition, the Fundación actively supports the formation and training of community committees; groups of local people dedicated to contributing to improving local amenities and services and contributing to community development in general.

Investment

The Dale Fundación allocates some $2.3 million to social causes. In investing in the people behind their produce, Dole is recognising workers for their contribution to their success and seeking to contribute in a meaningful way to the communities in which they grow.

Investment in social causes



Health **83%** | Education **11%** | Community projects **6%**

people behind our produce

Total Produce Nordic opens the 'GROW' employee hub

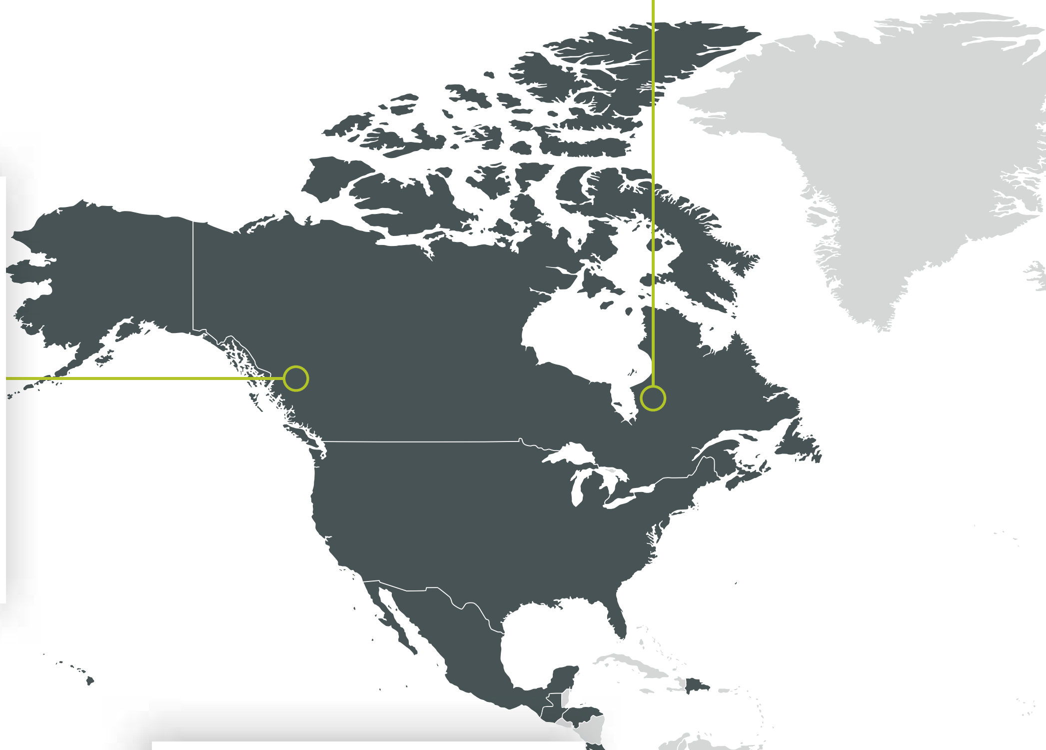
Our Nordic operations have facilities including Central Distribution Centres, packhouses and logistics hubs across the Swedish city of Helsingborg. It is fitting then that it was here that the 'GROW' employee hub was opened in 2019.

A purpose built resource open to all employees of Total Produce and their families, the 2,800 sq metre GROW facility is located off site and includes a gym, coffee dock, squash & basketball courts, 'chill out' zones and office space. The ethos underpinning GROW is centred on three cornerstones; People, Community and Culture. The atmosphere is relaxed, welcoming and inclusive; the aesthetics promoting a sense of security, harmony and of being close to nature – a theme very much in keeping with our day to day business.

GROW serves as a focal point for contributing to the health & wellbeing and ongoing professional development of employees. A centre for the education and training of staff, it provides a casual, informal venue for hosting leadership programmes, management courses, ambassador programmes and induction training. Education extends to inspiring and facilitating staff in making healthy lifestyle choices. The exercise area within the GROW complex consists of a fully equipped and certified Hammer Strength gym, a section for Crossfit inspired workouts and an arena with a terrace for all kinds of sporting activities while trained health coaches are also made available.

Total Produce Nordic's GROW facilities exemplifies our broader philosophy when it comes to our people. Its goal and our goal is to encourage our colleagues to feel like they belong, to challenge them to develop and convince them that in Total Produce; because of our people, our community and our culture, they will be able to 'GROW' into all that they can be.

Local Initiatives



Gambles Canada

- Outstanding Regional Partnership Award for Ontario from Diabetes Canada

Oppy Canada

- Fundraising week raising $20k for BC Cancer Foundation
- Produce Business Magazines award for Pepper Up Campaign which included emphasis on Fair Trade peppers
- Sustainable kiwi packs

Dole

- Fundación Dale (pages 40 to 41)

Brazil

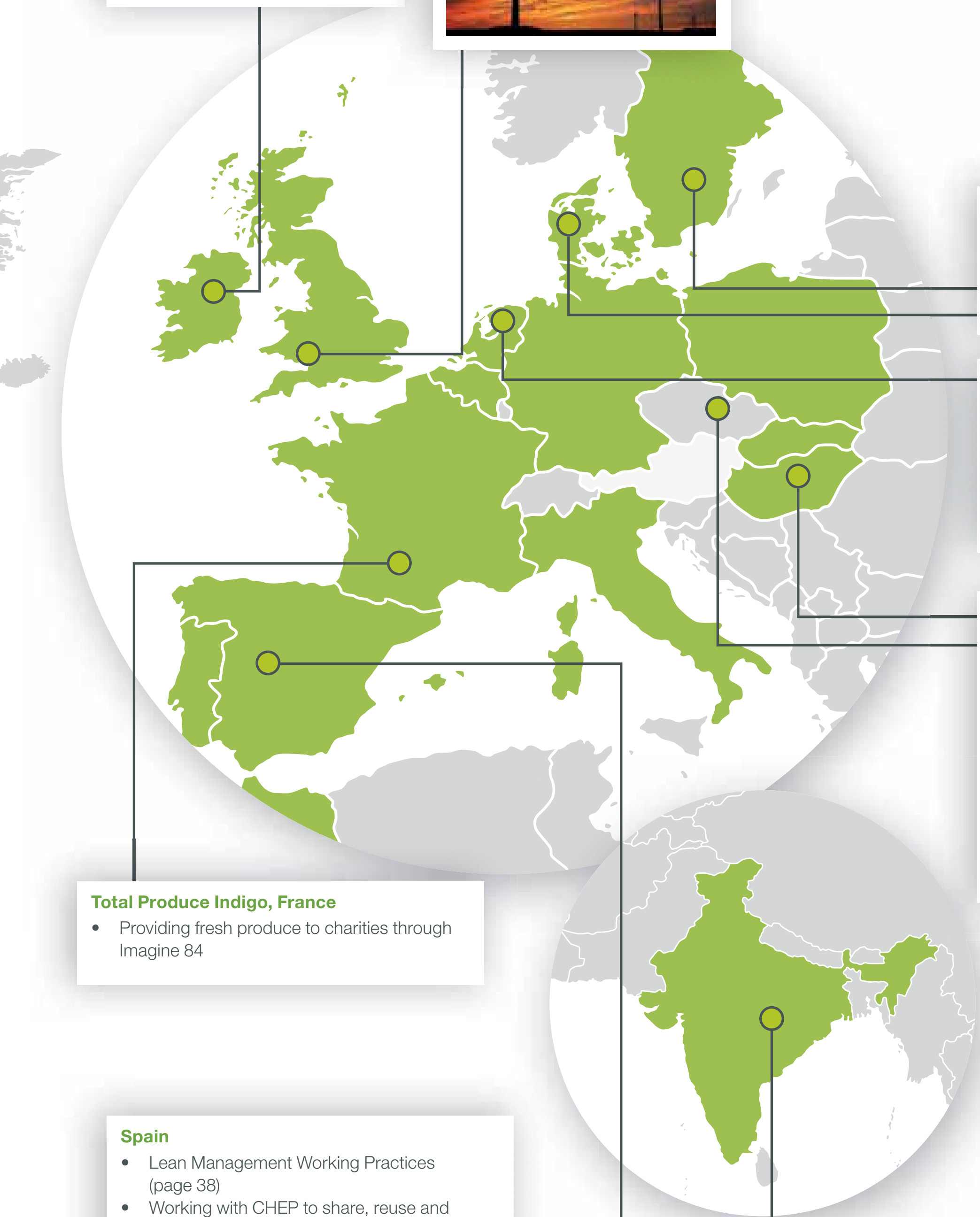
- Argofruta Foundation

Ireland

- Working with Junior Achievement Ireland and Solas
- Carbon reduction initiatives (pages 32 to 33)
- Wholefoods Wholesale support of Special Olympics Ireland
- First fresh produce company to receive Cré accreditation

Total Produce UK

- Support of Eat Them to Defeat Them campaign
- Adoption of renewable energy



Total Produce Nordic

- GROW Hub pages 42 to 43
- Research programme (pages 28 to 29)
- New facility in Copenhagen reducing our carbon footprint

The Netherlands

- OTC Organics BV introduction of sustainable packaging for their organic grapes.
- Introduction of solar panels and LED lighting in Haluco BV
- Total Exotics BV donate fruit to Maasstad Hospital three times per week

Hòrtim Czech Republic/Slovakia

- Financial and material support of the LILA Home in Otnice

Total Produce Indigo, France

- Providing fresh produce to charities through Imagine 84

Spain

- Lean Management Working Practices (page 38)
- Working with CHEP to share, reuse and recycle pallets

Suri Agrofresh India

- Investment in solar panel projects to power facilities in Delhi and Mumbai

Strong Performance in 2019 with Benefit of Full Year of Dole

Total Produce delivered strong results in 2019 with the full year benefit of Dole acquisition."

Summary

The 2019 financial year is the first full year of the Dole acquisition which, completed after receiving regulatory approval on 31 July 2018. The comparative 2018 period includes the results of Dole for the five-month period from 1 August 2018 to 29 December 2018.

Total revenue of €6,173m, adjusted EBITDA of €202.8m and adjusted EBITA of €150.1m was 22.4%, 52.1% and 53.1% respectively ahead of prior year. Adjusted fully diluted earnings per share (pre-IFRS 16 *Leases*) of 14.86 cent (2018: 10.51 cent) was up 41.4% on prior year. The results benefitted from the incremental impact of Dole for full year 2019 compared with five months in 2018 and the improvement in the Dole Fresh Vegetable division.

Operating profit before exceptional items increased 14.2% to €82.3m (2018: €72.1m) due primarily to the incremental contribution from Dole offset by lower profits in some subsidiaries in the Eurozone. Including exceptional items, operating profits increased by 12.4% to €87.5m (2018: €77.9m).

Segmental performance

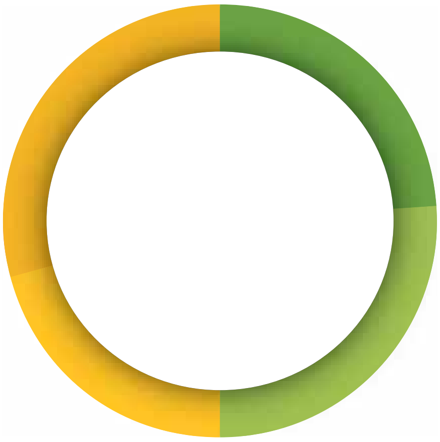
The table that follows details a segmental breakdown of the Group's revenue and adjusted EBITA for the year ended 31 December 2019. The European and International operating segments are primarily involved in the procurement, marketing and distribution of hundreds of lines of fresh fruit and vegetables. The Group's 45% share of the results of Dole are included as a separate operating segment.

Dole is one of the world's leading producers, marketers and distributors of fresh fruit and vegetables which it sells and distributes 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.

Total revenue increased 22.4% to €6,173m (2018: €5,043m) with adjusted EBITA increasing by 53.1% to €150.1m (2018: €98.0m) due to the incremental benefit of the acquisition of Dole, the increase in the results of the Fresh Vegetable division in Dole and good trading in the International division offset in part by the competitive conditions in certain markets in the Eurozone. On a like-for-like basis, excluding acquisitions, divestments and currency translation, revenues were 2% behind the prior year with a small decrease in volume partially offset by price increases.

Fresh produce markets in 2019 were particularly competitive in certain parts of Europe. The International division performed strongly in the year, helped by good pricing and margins in some key categories. This was offset in part by the poor weather in California in April to June, which led to less optimal growing conditions and weaker trading in the strawberry-growing operation. The uncertainty surrounding international trade led to a small reduction of exported goods from the US to India and China due to higher tariffs.

2019 third party revenue by division



Europe Non-Eurozone **24%** | Europe Eurozone **26%** | International **21%** | Dole **29%**

	Year ended 31 December 2019			Year ended 31 December 2018		
	Segmental revenue €'000	**Third party revenue €'000**	**Adjusted EBITA €'000**	Segmental revenue €'000	Third party revenue €'000	Adjusted EBITA €'000
Europe – Non-Eurozone	**1,502,653**	**1,477,276**	**40,610**	1,511,780	1,482,600	41,593
Europe – Eurozone	**1,638,341**	**1,614,081**	**21,780**	1,716,584	1,695,773	27,252
International	**1,271,566**	**1,271,566**	**22,284**	1,175,297	1,175,297	18,880
Dole	**1,821,400**	**1,810,272**	**65,440**	692,239	689,820	10,297
Inter-segment revenue	**(60,765)**	**–**	**–**	(52,410)	–	–
Total Group	**6,173,195**	**6,173,195**	**150,114**	5,043,490	5,043,490	98,022

Europe – Non-Eurozone
This segment includes the Group's businesses in the Czech Republic, Poland, Scandinavia and the UK. Revenue decreased by 0.6% to €1,503m (2018: €1,512m). This was due in particular to the adverse impact of the translation of the results of foreign currency denominated operations into Euro, the cessation of a small distribution business in the second half of 2018, offset in part by the incremental contribution of bolt-on acquisitions. On a like-for-like basis excluding divestments, acquisitions and disposals, revenue decreased by circa 0.5% with a small decrease in volumes offset in part by marginal average price increases. Adjusted EBITA decreased marginally by 2.4% to €40.6m (2018: €41.6m) due to currency translation and reduced earnings in some joint ventures and associates.

Europe – Eurozone
This segment includes the Group's businesses in France, Ireland, Italy, the Netherlands and Spain. Revenue decreased by 4.6% to €1,638m (2018: €1,717m) with a 20.1% decrease in adjusted EBITA to €21.8m (2018: €27.3m). Trading conditions were challenging, particularly in the Netherlands in the vegetable and salad categories where the market remains very competitive. Trading was satisfactory in Southern Europe but behind a particularly strong comparative year in 2018. Excluding the effect of acquisitions and divestments, revenue on a like-for-like basis was circa 5% behind prior year due to volume decreases partially offset by a marginal price increases.

International
This division includes the Group's businesses in North America, South America and India. Revenue increased by 8.2% to €1,272m (2018: €1,175m) with the benefit on translation of the results to Euro of the stronger US and Canadian Dollar which strengthened by 5.2% and 2.8% respectively. On a like-for-like basis excluding effects of currency, revenue increased circa 3% due to higher average pricing with volumes similar to prior year. Domestic US volumes have marginally increased offset by a small drop in US export volumes to India and China due to increased tariffs.

Adjusted EBITA increased 18.0% to €22.3m (2018: €18.9m) with a particularly good performance in the second half of the year with favourable trading conditions, pricing and margins in many product categories. The reported result also benefitted from the stronger US and Canadian Dollars which benefitted the results on translation to Euro. This was partially offset by the effect of the poor weather in California in April to June, which led to weakness in the results of a strawberry-growing operation.

Dole
This segment includes the Group's share of the results of Dole. 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 2019 financial year is therefore the first full year to reflect this transaction with the comparative 2018 year reflecting the results of Dole for five months from 1 August 2018 to 29 December 2018.

Dole's financial calendar consists of 13 periods of four weeks, and the 2019 results reflected the 52-week period ended 28 December 2019. Dole's overall business is seasonal, with the greater share of adjusted EBITA earned in the first half of the financial year. As Dole is vertically integrated, its operations are sensitive to a number of factors, including weather-related phenomena and the effects on industry volumes, prices, produce quality and growing costs.

On an IFRS basis, Dole has recorded revenues of $4,566m (€4,048m) for the year ended 28 December 2019. Adjusted EBITDA was $245.0m (€217.2m) with adjusted EBITA of $173.8m (€154.0m). For the comparative five-month period ended 29 December 2018, Dole recorded revenues of $1,767m (€1,538m), adjusted EBITDA of $59.5m (€51.8m) and adjusted EBITA of $27.3m (€23.7m).

Trading for the year ended 28 December 2019 has been strong with a good recovery in adjusted EBITDA. Revenues on a like-for-like basis, excluding the disposal of the salad business in Sweden, were 1.5% ahead of the prior year. Adjusted EBITDA and adjusted EBITA increased, led by a recovery in the Fresh Vegetable division which was impacted by two industry-wide safety notices in 2018, not directly linked to Dole, which affected romaine lettuce.

For the full year 2019, Total Produce's 45% share of revenue and adjusted EBITA was €1,821m and €65.4m. For the five-month period ending December 2018, Total Produce's 45% share of revenue and adjusted EBITA was €692m and €10.3m respectively with the net result reflecting that earnings are weighted towards the first half of the year and the impact of the industry-wide safety notices in the second half of 2018.

Further details on the acquisition of Dole and its financial performance and position for the year ended 28 December 2019 are outlined in Note 15 of the financial statements.

Acquisitions and developments
During the year, the Group made committed investments of almost €10m in bolt-on investments and joint ventures in Europe. The construction of a state-of-the-art fresh salad facility in Scandinavia with a partner completed in December 2019. This ongoing investment demonstrates the Group's commitment to investing in facilities to deliver bespoke services and products to meet our customers' needs.

During the year, the Executive Directors and senior management in Dole have worked closely on various projects and synergy initiatives. Good progress has been made to date.

Sustainability

Local at Heart, global by nature, we have always encouraged local initiatives on environmental, social and governance matters while developing group solutions such as our compostable packaging (see page 35). During 2019, we began the process of co-ordinating these activities through our Sustainability Steering and Working Group (SSWG). Led by our Finance Director, Frank Davis, the SSWG has calculated our carbon footprint and made a submission to the Carbon Disclosure Project for the first time. A panel of colleagues from across the Group will meet with the SSWG regularly to establish an open forum where best practice and innovative ideas can be shared.

Good progress has been made by our SSWG during 2019, and continues into 2020 and beyond. As part of our framework we have chosen three UN Sustainable Development Goals as priority goals for 2019 and 2020. Our sustainability section on pages 20 to 45 provides an overview of our work in this area and it is planned to provide a more detailed update later in the year.

Brexit and international trade

The result of the UK's exit from the European Union ('Brexit') on 31 January 2020 and its impact in terms of the exit deal including tariffs and trade agreements remain unclear. Brexit committees, set up in relevant areas of the business continue to assess and prepare for the risks and opportunities that may arise.

With continuing uncertainty surrounding global trade, the impact of any tariffs on international trade will continue to be monitored by the Group.

COVID-19 outbreak

The Group is monitoring COVID-19. While it is too early to form a definitive view, with a broad spread of resources and operations, the Group does not expect any disruption to be material.

Summary

The results for 2019 were strong and reflect the incremental impact of the full year of Dole and the recovery of the Fresh Vegetable division in Dole. During the year, the Executive Directors and senior management in Dole have worked closely on various projects and synergy initiatives. We will continue to work closely, bringing together two industry leaders and creating a combined Group with increased scale and geographic and product diversification.

R P Byrne
Chief Executive

Strong Growth in Earnings and Cashflow Generation

The Group is pleased to report strong growth in earnings and cashflows in 2019."

Summary of results

Including the Group's share of the results of Dole for the year ended 31 December 2019, total revenue of €6,173m, adjusted EBITDA of €202.8m and adjusted EBITA of €150.1m were 22.4%, 52.1% and 53.1% respectively ahead of the prior year. Adjusted fully diluted earnings per share pre the effect of the new lease accounting standard (IFRS 16 *Leases*) was 14.86 cent, an increase of 41.4%. The increase is due to the incremental impact of the acquisition of Dole for the full year in 2019 when compared with 2018.

The Group is cash-generative with adjusted operating cash flows of €59.4m (2018: €52.9m) and free cashflow increasing to €35.0m (2018: €31.2m).

Key performance indicators[1]

Earnings metrics	2019 €'000	2018 €'000	Change %
Total revenue	**6,173,195**	5,043,490	+22.4%
Adjusted EBITDA	**202,803**	133,292	+52.1%
Adjusted EBITA	**150,114**	98,022	+53.1%
Adjusted profit before tax	**98,330**	76,873	+27.8%
Adjusted EBITA margin	**2.43%**	1.94%	

	€'cent	€'cent	
Adjusted fully diluted earnings per share (pre-IFRS 16 *Leases*)	**14.86**	10.51	+41.4%
Adjusted fully diluted earnings per share	**14.12**	10.51	+34.3%

Other metrics	2019 €'m	2018 €'m
Adjusted operating cashflow	**€59.4m**	€52.9m
Free cash flow	**€35.0m**	€31.2m

Summary income statement

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

	2019 €'000	2018 €'m
Total revenue[1]	**6,173,195**	5,043,490
Adjusted EBITDA (after adding back of right of use asset depreciation)[1]	**251,171**	133,292
Depreciation of right of use assets[2]	**(48,368)**	–
Adjusted EBITDA[1]	**202,803**	133,292
Depreciation charge[3]	**(52,689)**	(35,270)
Adjusted EBITA[1]	**150,114**	98,022
Acquisition related intangible asset amortisation charges (including the Group's share within joint ventures and associates)	**(12,997)**	(12,965)
Fair value movements on contingent consideration	**204**	4,043
Acquisition related costs within subsidiaries	**(177)**	(105)
Share of joint ventures and associates' net financial expense	**(40,817)**	(13,784)
Share of joint ventures and associates' income tax (before tax on exceptional items)	**(14,059)**	(3,153)
Operating profit before exceptional items	**82,268**	72,058
Net financial expense before exceptional items	**(10,967)**	(7,365)
Profit before tax before exceptional items	**71,301**	64,693
Exceptional items	**5,232**	5,125
Profit before tax	**76,533**	69,818
Income tax expense	**(10,329)**	(16,014)
Profit after tax	**66,204**	53,804
Attributable to:		
Equity holders of the parent	**53,302**	35,793
Non-controlling interests	**12,902**	18,011
	66,204	53,804

	2019 €'cent	2018 €'cent
Adjusted fully diluted earnings per share (pre-IFRS 16 *Leases*)[1]	**14.86**	10.51
Adjusted fully diluted earnings per share[1]	**14.12**	10.51
Basic earnings per share	**13.72**	9.37
Fully diluted earnings per share	**13.69**	9.34

1 Key performance indicators are defined on pages 181 to 185.
2 Depreciation charge on right of use assets includes the Group's share of the depreciation charge of joint ventures and associates.
3 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).

IFRS 16 *Leases*

The Group has adopted IFRS 16 *Leases* with effect from 1 January 2019. IFRS 16 introduces a single lessee accounting model with the majority of all lease agreements resulting in the recognition of a right of use asset and a lease liability on the balance sheet. The prior period information is not restated and the effect of applying the standard to leases that were previously classified as operating leases is set out in the table below:

Impact on the Balance Sheet	ROU Asset	Lease Liability
1 January 2019, on transition	€115.3m	(€121.1m)
31 December 2019	€111.2m	(€118.6m)

Impact on the Income Statement for the year ended 31 December 2019	Subsidiaries	Share of JVs & Associates	Total
Adjusted EBITA (operating leases charges less ROU asset depreciation)	+€1.2m	+€5.6m	+€6.8m
Interest charge on lease liability	(€3.0m)	(€7.8m)	(€10.8m)
Impact on profit before tax	(€1.8m)	(€2.2m)	(€4.0m)
Impact on fully diluted adjusted earnings per share			(€0.74 cent)

Further information on IFRS 16 is set out on pages 94 to 96 of the accompanying financial statement.

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 46 to 49.

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 the results and balance sheet into Euro are set out in Note 38 of the accompanying financial statements.

In 2019, there were movements in some of the major currencies in the Group against the Euro, the Group's reporting currency. In particular, the average US Dollar, Canadian Dollar and Pound Sterling strengthened by 5.2%, 2.8% and 1.2% respectively. This was partly offset by the weakening of the average Swedish Krona and Brazilian Real by 3.1% and 1.9% respectively. The effect of these currency movements (excluding Dole) had a positive impact on retranslation of the results of foreign currency denominated operations into Euro with a positive impact of €51m (0.8%) on revenue and €0.8m (0.5%) on adjusted EBITA.

At 31 December 2019, the closing exchange rates for Canadian Dollar, Pound Sterling, US Dollar, and Czech Koruna rates had strengthened by 6.4%, 5.3%, 2% and 1.2% respectively against the Euro when compared with the exchange rates that prevailed at 31 December 2018. This was partly offset by the weakening of the Swedish Krona and Brazilian Real by 2.5% and 1.6% respectively. The various movements in closing exchange rates led to a net gain on the retranslation of the opening net assets to the closing rate. This was offset by 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 gain was recorded in a separate translation reserve within equity.

Share of profits of joint ventures and associates

The Group's share of the after-tax profits of joint ventures and associates increased to €37.7m (2018: €4.5m) with the increase due primarily to the incremental impact of the acquisition of a 45% interest in Dole.

The Group's share of after-tax profits of Dole for the year amounted to €26.4m (€19.3m before exceptional items). This compares with the after tax loss of €6.4m (€2.7m before exceptional items) recognised in the five-month period ended 29 December 2018. Further details of the performance of Dole and its financial position at the end of the year are outlined in Notes 4 and 15 of the accompanying financial statements.

Excluding the contribution from Dole, the share of after-tax profits of joint ventures and associates increased to €11.3m (2018: €10.8m). Dividends declared from joint ventures and associates in the year amounted to €11.1m (2018: €11.2m) with €10.7m (2018: €10.9m) received in cash reflecting the Group's continued focus on cash return from these investments.

	Before exceptional items 2019 €'000	**Exceptional items 2019 €'000**	**Total 2019 €'000**	Before exceptional items 2018 €'000	Exceptional items 2018 €'000	Total 2018 €'000
Share of profit/(loss) of joint ventures – Dole	**19,327**	**7,048**	**26,375**	(2,697)	(3,658)	(6,355)
Share of profit of joint ventures – Other	**10,658**	**–**	**10,658**	8,685	–	8,685
Share of profit of associates	**666**	**–**	**666**	2,183	–	2,183
	30,651	**7,048**	**37,699**	8,171	(3,658)	4,513

Amortisation of acquisition related intangible assets
Acquisition related intangible asset amortisation within subsidiaries amounted to €10.3m (2018: €10.3m) in the year, with additional amortisation charges due to recent acquisitions offset by other assets becoming fully amortised. The share of intangible asset amortisation within joint ventures and associates was €2.7m (2018: €2.7m).

Exceptional items
Exceptional items in the year amounted to a net gain after tax of €5.2m (2018: €3.7m gain). The net gain in 2019 primarily relates to the Group's share of €7.0m of net gains within Dole. A full analysis of exceptional items for both 2019 and 2018 are set out in Note 7 of the accompanying financial statements 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 €11.0m (2018: €7.4m). The first-time application of IFRS 16 *Leases* from 1 January 2019 accounted for €3.0m of this increase along with the effect of higher average net debt in the year due to the acquisition of Dole. This was partly offset by the lower cost of funding. The Group's share of the net interest expense of joint ventures and associates in the year was €40.8m (2018: €13.8m) due to the incremental impact of Dole.

Profit before tax and adjusted profit before tax
Excluding acquisition related intangible asset amortisation charges and costs, fair value movements on contingent consideration and share of joint venture interest and tax which is netted in profit before tax in the statutory income statement, the adjusted profit before tax increased by 27.9% in the year to €98.3m (2018: €76.9m) due primarily to the increased contribution from Dole partly offset by a reduction in profits in some entities in the Eurozone and higher interest charges as referred to above. Statutory profit before tax after these items increased 9.6% to €76.5m (2018: €69.8m).

Taxation
The adjusted tax charge for the year, including the Group's share of joint ventures and associates tax and before non-trading items, as set out on page 182 of the accompanying financial information, was €27.5m (2018: €18.6m) representing an underlying tax rate of 28.0% (2018: 24.2%) when applied to the Group's adjusted profit before tax. The increase is primarily due to the inclusion of the higher underlying tax rate in Dole.

Non-controlling interests share of profit after tax
The non-controlling interests' share of after-tax profits in the year was €12.9m (2018: €18.0m). Included in this was the non-controlling interests' share of the net charge on exceptional items, amortisation charges and acquisition related costs (net of tax) of €2.9m (2018: €Nil). Excluding these non-trading items, the non-controlling interests' share of adjusted after tax profits was decreased by €2.2m to €15.8m (2018: €18.0m) with the decrease primarily due to the non-controlling interests share of lower earnings in certain non-wholly owned companies in Europe.

Earnings per share
Adjusted fully diluted earnings per share (pre-IFRS 16 *Leases*) was 14.86 cent, an increase of 41.4% due to the benefit of the Dole acquisition offset in part by higher interest charges to fund the Dole transaction and challenging conditions in some markets in the Eurozone. Including the effect of IFRS 16, adjusted fully diluted earnings per share increased by 34.3% to 14.12 cent per share (2018: 10.51 cent).

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 the 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 13.72 cent per share (2018: 9.37 cent) and 13.69 cent per share (2018: 9.34 cent) respectively.

Note 10 of the accompanying financial information 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 2.5770 (2018: 2.5140) cent per share subject to the approval of shareholders at the forthcoming AGM. If approved, this dividend will be paid on 20 May 2020 to shareholders on the register at 14 April 2020, subject to dividend withholding tax. The total dividend for 2019 will amount to 3.4899 (2018: 3.4269) cent per share and represents an increase of 1.8% on 2018. The total dividend represents a pay-out of almost 25% of the reported adjusted fully diluted earnings per share. If the 2019 final dividend is approved, the compounded annual growth rate in dividends since 2015 will be 6.0%.

Summary balance sheet

The summary balance sheet at 31 December 2019 is presented below. Net assets have increased by 6.6% in the year to €549.9m (2018: €515.6m) and shareholders' equity increased by 4.2% to €451.1m (2018: €433.1m) due in large part to the increase in carrying amount of Dole.

	2019 €'m	2018 €'m
Tangible assets and right of use assets	**300.4**	183.2
Goodwill and intangible assets	**268.5**	267.0
Investment – Dole joint venture	**264.9**	245.9
Investments (mainly other joint ventures and associates)	**109.1**	115.2
Working capital	**7.6**	5.2
Non-current receivables and payables (net)	**21.3**	21.3
Contingent and deferred consideration and other provisions	**(16.8)**	(27.4)
Put option liability	**(26.6)**	(35.0)
Post-employment benefit obligations (net of deferred tax)	**(15.2)**	(14.1)
Taxation (excluding deferred tax on employee benefit liabilities)	**(22.0)**	(26.0)
Lease liability	**(120.1)**	–
Net debt	**(221.2)**	(219.7)
Net assets	**549.9**	515.6
Shareholders' equity	**451.1**	433.1
Non-controlling interests	**98.8**	82.5
Shareholders' equity and non-controlling interests	**549.9**	515.6

Investment in Dole

As referred to above, the Group's investment in Dole and its financial contribution is 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. Below is a reconciliation of the Group's 45% interest in Dole for the year.

	2019 €'m	2018 €'m
Carrying value of the investment in Dole at the start of the year	**245.9**	–
Arising on acquisition	**–**	249.9
Retained earnings adjustment on transition to IFRS 16	**(3.3)**	–
Group share of profit/(loss) for period attributable to equity shareholders	**26.4**	(6.4)
Group share of other comprehensive income and expense for period attributable to equity shareholders	**(9.2)**	(3.3)
Foreign exchange movement	**5.1**	5.7
Total carrying amount of 45% interest in Dole at year end	**264.9**	245.9

Further detailed financial information on Dole is outlined in Note 15 in the accompanying financial statements.

Shareholders' equity

Shareholders' equity increased by €18m to €451.1m (2018: €433.1m). On adoption of IFRS 16 *Leases*, the net impact to Shareholders' equity at 1 January 2019 was a reduction of €6.8m. The increase was due to profit after tax of €53.3m attributable to equity shareholders and a currency translation gain of €3.9m on the retranslation of the net assets of foreign currency denominated operations into Euro. This was offset by remeasurement losses of €5.7m (net of deferred tax) on post-employment benefit schemes, effective portions of cashflow hedges movements (net of deferred tax) of €4.6m, a €10.3m movement in the put option reserve and the payment of dividends of €13.3m to equity shareholders of the Company. The movement in shareholders' equity is summarised in the movement note that follows:

	2019 €'m	2018 €'m
Shareholders' equity as at 1 January as presented in balance sheet	**433.1**	259.8
Adjust for impact of transition to IFRS 16 net of tax[1]	**(6.7)**	–
Adjustment for non-controlling interests subject to put options transferred for presentation purposes	**(34.7)**	(26.8)
Balance at 1 January	**391.7**	233.0
Profit for the year attributable to equity shareholders	**53.3**	35.8
Other comprehensive income attributable to equity shareholders		
Remeasurement gains on post-employment defined benefit pension schemes (net of deferred tax)	**(5.7)**	4.5
Net revaluation gains on property, plant and equipment (net of deferred tax)	**2.5**	0.3
Net gain/(loss) on the translation of net assets of foreign currency denominated operations	**3.9**	(8.4)
Net changes in fair value of cost of hedging and effective portion of cashflow hedges	**(4.6)**	0.9
Total other comprehensive income directly attributable to equity shareholders	**(3.9)**	(2.7)
Total comprehensive income for the year, net of tax	**49.4**	33.1
New shares issued	**0.1**	141.4
Share-based payment expense	**0.1**	0.6
Dividends paid to equity shareholders	**(13.3)**	(13.1)
Recognition of put options over non-controlling interest shares	**–**	(0.9)
Put option extinguished	**11.7**	–
Remeasurement of put option liability	**(3.3)**	4.7
Other	**(1.3)**	(0.4)
Total transactions with equity holders of the parent	**(6.0)**	132.3
As at 31 December	**435.1**	398.4
Transfer of non-controlling interests subject to put options for presentation purposes	**16.0**	34.7
Balance as at 31 December as presented in the balance sheet	**451.1**	433.1

1 The Group has adopted IFRS 16 *Leases* with effect from 1 January 2019. IFRS 16 introduces a single lessee accounting model with the majority of all lease agreements resulting in the recognition of a right of use asset and a lease liability on the balance sheet. On transition to IFRS 16, the Group recognised additional right of use assets, lease liabilities and restoration provisions with the difference being recognised in reserves. Further information of the adoption of IFRS 16 is set on pages 94 to 96 of the accompanying financial statements.

Put option liability

As set out in Note 28 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 that 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.

	2019 €'m	2018 €'m
Balance at beginning of year	**35.0**	39.0
Arising on acquisition (Note 1)	**–**	0.9
Extinguished during the year	**(11.7)**	–
Fair value movement on put option recognised directly within equity	**3.3**	(4.7)
Foreign exchange movements	**–**	(0.2)
Balance at end of year	**26.6**	35.0

In 2019, the fair value of such put options recognised relating to current year acquisitions was nil (2018: €0.9m). The fair value movement on such put options in the year of €3.3m (2018: €4.7m loss) represented a fair value increase in the put option liability and was recognised as a debit to shareholders equity.

During the year, and with the consent of the Group, a non-controlling shareholder sold their shares to existing management. As a result, the put option between the Group and this non-controlling shareholder was extinguished.

As outlined in the Group accounting policies on page 94, 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. 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 2019 was €16.0m (2018: €34.7m).

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

	2019 €'m	2018 €'m
Employee defined benefit pension schemes obligations (before deferred tax)	**(10.8)**	(10.9)
Other post-employment obligations	**(5.9)**	(5.0)
Employee benefit obligations before deferred tax	**(16.7)**	(15.9)
Less related deferred tax asset	**1.5**	1.8
Net employee benefit obligations after deferred tax	**(15.2)**	(14.1)

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 2019 reflects net pension obligation of €10.8m (2018: €10.9m) in respect of schemes in deficit, resulting in a net deficit of €9.3m (2018: €9.1m) after deferred tax.

The pension deficit of €10.8m at 31 December 2019 was a marginal reduction on the deficit of €10.9m at 31 December 2018. There was an 11% average return on pension scheme assets in the year and a reduction in both the Irish and UK inflation assumptions which decreases the net present value of the scheme's obligations. This was offset by the impact of a reduction in the discount rates for the Irish and UK schemes, which results in an increase in the net present value of the schemes' obligations. The discount rate in Ireland and the Eurozone decreased to 1.4% (2018: 2.1%) and in the UK decreased to 2.0% (2018: 2.9% – 3.0%). The inflation assumption for Ireland and the Eurozone decreased to 1.4% (2018: 1.60%) and in the UK decreased to 2.7% (2018: 3.2%). Further details on the Group's employee defined benefit obligations are set out in Note 32 of the accompanying financial statements.

Funds flow
Net debt (which excludes leases liabilities) at 31 December 2019 of €221.2m (2018: €219.7) marginally increased in the year. Average net debt for the year was €284.0m compared with €217.1m in 2018 with the increase due to the incremental impact of financing the acquisition of the initial 45% interest in Dole on 31 July 2018. In addition, the Group has non-recourse trade receivables financing of €46.4m at 31 December 2019 (2018: €30.0m).

The Group generated €52.8m (2018: €68.1m) in adjusted operating cash flows before working capital outflows with the decrease due to lower earnings in subsidiaries and higher finance costs due to funding of the Dole acquisition. The working capital inflow in 2019 was €6.5m (2018: outflow of €15.2m) assisted by the incremental increase in non-recourse trade receivables financing. After working capital movements, adjusted operating cash flows were €59.4m (2018: €52.9m). Cash outflows on routine capital expenditure, net of disposals, were €19.0m (2018: €22.1m). Dividends received from joint ventures and associates in the year were €10.7m (2018: €10.9m), representing the Group's continued focus on cash returns from these investments. Dividends paid to non-controlling interests increased to €16.1m (2018: €10.5m), which reflects dividends on increased prior year profits and the non-controlling interests share of prior year exceptional items.

Free cashflow generated by the Group increased to €35.0m (2018: €31.2m) with the benefit of the higher working capital inflows offset in part by higher dividends to non-controlling interests. Free cashflow is the measure of the funds available after outflows relating to routine capital expenditure, 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 €14.5m (2018: €259.6m) with the payments in 2019 due to investments in bolt-on acquisitions and the final payment of the Dole transaction costs. Contingent and deferred consideration payments relating to prior period acquisitions were €11.1m (2018: €7.0m). Payments for non-routine property and plant additions amounted to €4.5m (2018: €7.4m). The Group distributed €13.3m (2018: €13.1m) in dividends to equity shareholders in the year representing payment of final 2018 dividend and the 2019 interim dividend. Proceeds from share issue were €0.1m in the year (2018: €141.4m) of which €141.0m in 2018 related to the proceeds of the share placing in February 2018 to fund the 45% investment in Dole. At 31 December 2019, there was a €2.7m loss (2018: €1.7m gain) on the translation of foreign currency denominated net debt to Euro due primarily due to the stronger US Dollar and Sterling partly offset by a weaker Swedish Krona.

	2019 €'m	2018 €'m
Adjusted EBITDA	**202.8**	133.3
Deduct adjusted EBITDA of joint ventures and associates	**(121.1)**	(44.5)
Net financial expense and tax paid	**(26.3)**	(20.5)
Other	**(2.6)**	(0.2)
Adjusted operating cash flows before working capital movements	**52.8**	68.1
Working capital movements	**6.6**	(15.2)
Adjusted operating cash flows[1]	**59.4**	52.9
Routine capital expenditure net of routine disposal proceeds	**(19.0)**	(22.1)
Dividends received from joint ventures and associates	**10.7**	10.9
Dividends paid to non-controlling interests	**(16.1)**	(10.5)
Free cash flow[1]	**35.0**	31.2
Cashflows from exceptional items	**5.8**	3.0
Acquisition payments, net[1]	**(14.5)**	(259.6)
Net cash/(debt) assumed on acquisition of subsidiaries	**2.1**	3.8
Contingent and deferred consideration payments	**(11.1)**	(7.0)
Non-routine capital expenditure/property additions	**(4.5)**	(7.4)
Dividends paid to equity shareholders	**(13.3)**	(13.1)
Proceeds from issue of share capital – share placing	**0.1**	141.4
Other	**–**	(0.6)
Total net debt movement in year	**(0.4)**	(108.3)
Net debt at beginning of year	**(219.7)**	(113.1)
Finance leases reclassified from net debt on adoption of IFRS 16	**1.6**	–
Foreign currency translation	**(2.7)**	1.7
Net debt[1] at end of year	**(221.2)**	(219.7)

1 Key metrics including net debt are defined on pages 181 to 185 of the accompanying financial statements.

Net debt and group financing

As outlined above, net debt (which excludes lease liabilities) marginally increased in the year from €219.7m to €221.2m. At 31 December 2019, the Group had available cash balances of €115.5m and interest-bearing borrowings (including overdrafts) of €336.7m. Net debt to adjusted EBITDA was 1.1 times and interest was covered 13.7 times by adjusted EBITA, both comfortably within existing bank covenants.

Average net debt for 2019 was €284.0m (2018: €217.1m). In addition, the Group has non-recourse trade receivables financing at 31 December 2019 of €46.4m (2018: €30.0m).

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 2019, the Group has approval of committed and uncommitted term borrowings of up to €623m (2018: €632m) in addition to approved overdrafts of €109m (2018: €104m).

Sustainability

During the year, we have made significant progress in our efforts to co-ordinate and formalise our work on sustainability, including the development of our Sustainability Steering and Working Group, of which I am a member. During 2019, we calculated our Scope 1 and Scope 2 greenhouse gas emissions for the first time and made our first submission to the Carbon Disclosure Project. Already management are taking steps to use the data to target changes – please refer to the Total Produce Ireland case study on page 32. In January 2020, we began the process again and are gathering the data for our 2019 carbon footprint and have expanded the scope to include our water usage.

Using the SASB materiality map, we have begun the process of developing our materiality matrix which will focus our work in 2020 and beyond. We look forward to engaging with our stakeholders to develop this further and focus on continuous improvement. Our work to date is elaborated in more detail on pages 20 to 45.

Summary

Overall, the Group has reported strong results in 2019 with the incremental benefit from the Dole transaction which completed on 31 July 2018. Revenue grew 22.4% to €6.2 billion with a 52.1% increase in adjusted EBITDA to €202.8m. Adjusted fully diluted earnings per share increased 34.3% to 14.12 and pre-IFRS 16 *Leases* grew 41.4% to 14.86 cent. The Group continues to be cash-generative with growth in free cashflow in 2019 to €35.0m (2018: €31.4m).

F J Davis
Finance Director

Board of Directors and Secretary

Carl McCann (66)

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 (59)

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 (60)

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.

Rose Hynes (62)

Non-Executive, BCL, AITI

Rose Hynes was appointed to the Board on 28 November 2006. She is 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.

Seamus Taaffe (69)

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 auditing and advising a wide range of listed and mid-market companies until he retired in 2009. Seamus was also a Non-Executive Director of Independent News & Media plc where he was Chairman of the Audit and Risk Committee, and is director of a number of private Irish companies and organisations.

Kevin Toland (54)

C Chair

Non-Executive, FCMA

Kevin Toland was appointed to the Board as a Non-Executive Director on 1 July 2015. Kevin is Chairman of the Compensation Committee. He 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 (65)

C N

Non-Executive, BBS LLB

Michael Meghen was appointed to the Board as an Non-Executive Director on 1 July 2018. Michael is a member of the Compensation Committee and a member of the Nomination Committee. He 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 (48)

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 is currently CEO of Coillte and was previously Director/ Chief Financial Officer of Origin Enterprises plc. She has also held senior executive positions with PCH International and Greencore Group plc and been a non-executive director of Valeo Foods and Bord Gais Eireann.

Helen Nolan (62)

A

Non-Executive, B Comm, FCA

Helen was appointed to the Board as a Non-Executive Director on 1 July 2019 and is a member of the Audit Committee. Helen has extensive experience in senior leadership roles across a variety of industries including her former role as a senior executive and Group Secretary at Bank of Ireland. She is a non-executive director of Our Lady's Hospice and chaired the Audit Committee of the Department of Agriculture for a number of years.

Jacinta Devine (47)

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 **Audit Committee** N **Nomination Committee** C **Compensation Committee**

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 2019.

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 46 to 49 and in the Financial Review on pages 50 to 57, 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 14 to 19 of this report details the key business and financial risks faced by the Group.

Results for the year
Details of the profit for the year are set out in the income statement for the year ended 31 December 2019 on page 87.

Dividend
An interim dividend of 0.9129 cent (2018: 0.9129 cent) per share was paid on 11 October 2019. The Directors have proposed, subject to shareholder approval at the Annual General Meeting ('AGM'), the payment of a final dividend for 2019 of 2.5770 cent (2018: 2.5140 cent) per share. If approved, the dividend will be paid on 20 May 2020 to shareholders on the register at 14 April 2019, subject to dividend withholding tax. The total dividend of 3.4899 cent per share for 2019 represents an increase of 1.8% on the total 2018 dividend of 3.4269 cent per share.

Future developments
A review of future developments of the business is included in the Chairman's Statement on page 6.

Directors and company secretary
The names of the persons who were Directors during the year are set out below. H F Nolan was appointed to the Board as an independent Non-Executive Director on 1 July 2019. J F Gernon and J J Kennedy will retire from the Board on 31 March 2020. There were no other changes to the Directors and Company Secretary since the 2019 AGM.

Executive:
C P McCann
R P Byrne
F J Davis
J F Gernon (retiring 31 March 2020)

Non-Executive:
R B Hynes
J J Kennedy (retiring 31 March 2020)
S J Taaffe
K E Toland
M J Meghen
E I Hurley
H F Nolan

Company Secretary
J F Devine

In accordance with the Constitution of the Company, H F Nolan will retire at the 2020 AGM and, being eligible, will offer herself for election.

In accordance with the Constitution of the Company, Carl McCann, Frank Davis and Seamus Taaffe will retire from the Board by rotation and, being eligible, offer themselves for re-election at the 2020 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 73 to 78.

Post balance sheet events
There have been no other material events subsequent to 31 December 2019 which would require disclosure or require adjustment in the financial statements.

Share capital
The issued share capital of Total Produce plc at 31 December 2019 consisted of 388,524,962 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.

Substantial holdings

The Directors have been notified of the following significant interests in the issued ordinary share capital of the Company as at 4 March 2020:

	Number of ordinary shares	%
Balkan Investment Company and related parties *(including Arnsberg Investment Company)*	49,016,821	12.62
Franklin Templeton Institutional LLC	46,726,552	12.03
GMT Capital Corp	23,230,739	5.98
FMR LLC	19,598,064	5.04
La Financiere De L'Echiquier SA	15,537,156	4.00
BNP Paribas Investment Partners SA	14,612,708	3.76
BDL Capital Management, SAS	12,967,795	3.34
Impax Asset Management Limited	11,869,074	3.05

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 34 of the accompanying financial statements.

Treasury shares

At 31 December 2019, the total number of treasury shares amounted to 22,000,000 ordinary 1 cent shares at a cost of €8,580,000 (2018: 22,000,000 1 cent shares at a cost of €8,580,000). These shares represent 5.36% (2018: 5.36%) of the ordinary shares in issue at 31 December 2019. 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 14 to 19. These have been designed to manage rather than eliminate risk of failure to achieve business objectives and 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 15 to 18.

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.

Audit committee

The Group has established an Audit Committee. The responsibilities of the Audit Committee are outlined on page 70.

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. The table below indicates where further information can be found on each area.

Reporting Requirements	Our Policies & Practices	Page Reference
Environmental Matters	Vision 20/20	Page 30
Social and Employee Matters	Diversity Policy	
	People Development Strategy	Page 36
Respect for Human Rights	Local HR Policies	Page 39
Anti-bribery and Corruption	Anti-bribery and corruption practices	Page 39

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 40 of the accompanying financial statements.

Annual General Meeting
The 2020 AGM will be held at 10.30 am on 15 May 2020 in the Marker Hotel, Grand Canal Square, Docklands, Dublin 2. Full details of the 2020 AGM will be contained in the Notice of the AGM which will be circulated to shareholders in April 2020.

On behalf of the Board

C P McCann
Chairman
4 March 2020

F J Davis
Finance Director
4 March 2020

Corporate Governance Report
Chairman's Introduction to the 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. Our strategic priorities, as outlined on page 8, are all underpinned by a strong company culture of conducting business in an honest and ethical manner. 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

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, Imelda Hurley (appointed on 2 January 2019), a finance professional, who has significant international and agri-industry experience and Helen Nolan (appointed on 1 July 2019), a highly experienced financial executive with the Bank of Ireland where she was also Group Secretary. 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.

Frank Gernon and Jerome Kennedy have advised the Board that they will retire as Directors on 31 March 2020. Following these changes the Board will be made up of six independent Non-Executive Directors and three Executive Directors. The Board is pleased to note that, at this point, it will have realised the Irish Governments Balance for Better Business 2023 target for ISEQ 20 companies of 33% female representation on the Board.

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.

- E I Hurley joined the Audit Committee on 4 March 2019.
- R B Hynes and J J Kennedy retired from the Audit Committee on 30 June 2019.
- J J Kennedy retired from the Nomination Committee on 30 June 2019 and M J Meghen was appointed to the Committee on 1 July 2019.
- R B Hynes and J J Kennedy retired from the Compensation Committee on 30 June 2019 and K E Toland and M J Meghen were appointed as Committee members with effect from 1 July 2019.
- H F Nolan was appointed to the Audit Committee on 1 July 2019.

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

C P McCann
Chairman

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 industry best practice and new regulatory requirements.

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. 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 our website.

The contents of the Annual Report including the Operating Review, the Financial Review, the Directors' Report and Financial Statements (in addition to Stock Exchange announcements, Preliminary Results Announcements and Interim Results Announcements) have been reviewed by the Board in order to ensure a balanced and clear presentation so that the Group's position and results may be properly appreciated by shareholders.

The Board considers that the Annual Report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

In addition, the Group successfully engages 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. During the year there were 96 meetings, calls and presentations held with shareholders, including:

Date	Detail	Activity
January 2019	Investor Meetings	Davy Conference, New York
March 2019	2018 Preliminary Results	Roadshows in Dublin, London & Paris
March 2019	Investor Meetings	Goodbody Conference, Paris
May 2019	Trading Update and AGM	Conference calls and meetings
August 2019	2019 Interim Results	Roadshows in London & Amsterdam
September 2019	Investor Meetings	Roadshows in Dublin, London & Amsterdam
October 2019	Broker desk meetings	Goodbody Conference, Paris

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. In addition the Committee Chairs are available to discuss significant matters relating to their areas of responsibilities with shareholders.

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 and subsequently posted on our website www.totalproduce.com. 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. If 20% or more of the votes have been cast against a resolution the company will engage with significant shareholders to understand the reasons behind such votes.

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.

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.

Environmental, Social and Governance
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 (see pages 34 to 35 for more information on the work in this area).

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 Sustainability report, set out on pages 20 to 45, 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 14 to 19 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 judgment 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. All of the Directors take their roles and responsibilities seriously and undertake their duties diligently. 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 judgment 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, E I Hurley and H F Nolan were appointed to the Board as Non-Executive Directors during 2019. As detailed in our Chairman's Corporate Governance statement on page 63 committee membership was reviewed during 2019 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 independent Non-Executive Directors are sufficient to maintain the balance between Executive Directors and Non-Executive Directors on the Board. Following the Board changes announced in May 2019, which will be effective 31 March 2020, the Board will be made up of six independent Non-Executive Directors and three Executive Directors.

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 either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Group;
- receives remuneration from the Group other than a director's fee, participates in the Group's share option or a performance related pay scheme or is a member of the Group's pension scheme;
- 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 was first elected to the Board in May 2007. The Board has assessed and concluded that notwithstanding her tenure on the Board, and having regard to her knowledge and experience, that she is independent of management and that she discharges her duties in an independent manner.

Operation of the Board

The Board met regularly throughout the financial year with 7 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	3	2
C P McCann	7	–	–	2
R P Byrne	7	–	–	2
F J Davis	7	–	–	–
J F Gernon	6	–	–	–
E I Hurley	7	4	–	–
R B Hynes	6	1	3	–
J J Kennedy	7	2	3	1
M J Meghen	7	–	1	1
H F Nolan*	4*	2	–	–
S J Taaffe	7	4	–	2
K E Toland	7	–	1	–

* Helen Nolan was appointed to the Board as a Non-Executive Director on 1 July 2019.

All Directors attended all Committee meetings held during their period as members of their respective committees.

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.

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 60.

Please see pages 58 to 59 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 on page 79) for 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. 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.

Principle 6: Ensure that between the directors they have the necessary up-to-date experience, skills and capabilities continued

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 2019, 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 evaluation procedures are reviewed each year to ensure they are appropriate. The next Board evaluation will take place before the end of 2020.

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 Sustainability Report on pages 20 to 45.

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. Key internal structures such as the risk management procedures, Audit Committee and internal audit provide assurance that these values are being recognised and valued.

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.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making
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 70 to 72 for further details of the composition, terms of reference and activities of the Audit Committee.

Compensation Committee
Please refer to pages 73 to 78 for full details of the composition, terms of reference and activities of the Compensation Committee.

Nomination Committee
Please refer to page 79 for full 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 dialogue with shareholders and other relevant stakeholders
As previously set out under Principle 2 the Board consider Shareholder Communication to be a high priority. 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 AGM will be recorded on our website.

Each year our Board Committees detail the work undertaken during the year. To view these reports for 2019 please refer to below:

Audit Committee Report – see pages 70 to 72.
Compensation Committee Report – see pages 73 to 78.
Nomination Committee Report – see page 79.

Membership

The members of the Audit Committee (the 'Committee'), all of whom are independent Non-Executive Directors, are S J Taaffe (Chairman), E I Hurley and H F Nolan. J J Kennedy and R B Hynes retired from the Audit Committee on 30 June 2019. E I Hurley and H F Nolan joined the Audit Committee on 4 March 2019 and 1 July 2019 respectively. Biographical details for these Directors are set out on pages 58 to 59.

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 conduct the tender process, when required, and make recommendations to the Board, about the appointment, reappointment and removal of the auditor, and approving the remuneration and terms of engagement of the external auditor;
6. 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 judgmental 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.
7. to provide advice (where requested by the Board) on whether the annual report and accounts, taken as a whole is fair, balanced and understandable;
8. 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;
9. to review the Group's statement on internal control systems and the risk management framework, prior to endorsement by the Board;
10. 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;
11. to approve, in consultation with the Chairman of the Board, the appointment and removal of the Head of Internal Audit;
12. to consider any major findings from internal investigations and the Company's response;
13. 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
14. to report to the Board on how it has discharged its responsibilities;
15. 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 2019, attendance at which is set out on page 67. 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 Judgments

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 judgments 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.

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 14 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.

2019 significant financial reporting judgments and disclosures

Goodwill and Intangible Assets

As detailed in Note 14 to the financial statements, the Group had goodwill and intangible assets of €268.5m at 31 December 2019. The Committee considered the impairment reviews undertaken by management in order to satisfy itself that this balance was reasonable and appropriate. Impairment reviews are carried out annually on 31 December or more frequently if there are indications that goodwill might be impaired.

In conducting their impairment reviews, management determine the recoverable amount of each cash generating unit (CGU) and compare this to the carrying value. The recoverable amount of each CGU is determined based on a value-in-use calculation using cash flows derived from the approved 2020 budget with cashflows thereafter calculated using a terminal value methodology.

Management advised the Committee that future cashflows of each CGU had been estimated based on assumptions regarding future profitability, replacement capital expenditure requirements and working capital investment and discounted using rates reflecting the current market assessment of the risk specific to each CGU. Sensitivity analysis was performed based on changes to the assumptions and discount rates.

Following these procedures, the Committee is satisfied with the approach to the impairment reviews.

Acquisition Accounting

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 application of this method requires certain estimates and assumptions, particularly concerning the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

The Committee recognises the level of management judgment involved in estimating the fair value at acquisition date of the assets and liabilities of each component.

The Committee reviewed external valuation documents along with Notes 15 and 31 and discussed estimates and assumptions with management. In addition, the Committee discussed and agreed with management's recommendations on the estimated useful lives of intangible assets arising on the Group's acquisitions.

Following these procedures, the Committee is satisfied with the management's assessment of the fair value of assets and liabilities acquired through acquisitions and is satisfied that the relevant disclosures are complete, accurate and understandable.

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 2019 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 judgment, 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 112.

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 five 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 2020.

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 the Compensation Committee

The members of the Compensation Committee ('the Committee'), all of whom are independent Non-Executive Directors, are K E Toland (Chairman) and M J Meghen. The Chairmanship of the Committee has rotated and K E Toland succeeded R B Hynes with effect from 1 July 2019. K E Toland and M J Meghen joined the Compensation Committee on 1 July 2019, and R B Hynes and J J Kennedy retired from the Committee on 30 June 2019. All members bring significant expertise to their roles on the Committee due to their broad commercial and professional experience over many years and, in some cases, 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;
- to 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. 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, contributions to pensions, and annual variable incentives in the form of bonuses and share awards under the short term incentive plan. The shareholdings of all Executive Directors are set out in more detail on page 77. These shareholdings are significant and demonstrate their ongoing commitment to the long-term success of the Group and in each case represent greater than 600% of salary.

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.

The annual review undertaken with regard to 2019 indicated that some adjustment in basic salaries was appropriate, given the significant growth in the Group as a result of the transformational investment in the Dole Food Company, and the substantial and consequential increase in the role and responsibilities of Executive Directors. In the context of the expansion of those roles, the high performance of the team and the importance of the executive team for the long-term success of the Group, increases in basic salaries were awarded in 2019 as set out in the table below, at a level to reflect a more appropriate compensation for the increase in the scope and responsibility of their roles.

Following this annual review, the basic salaries and fees of the Executive Directors for the year ended 31 December 2019 represented increases over the prior year as shown in the table below:

	Salary	% Increase/ (Decrease)
C P McCann	€656,000	13.1%
R P Byrne	€600,000	17.6%
F J Davis	€400,000	15.3%
J F Gernon	€130,000	(27.8%)

Annual bonus awards

The Group provides annual bonus awards, excluding the short term incentive plan, to Executive Directors. These 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 level of these bonus awards in any one year will depend on an assessment of individual performance against personal objectives, and short and long-term corporate objectives. The bonus awards are subject to the approval of the Committee.

Short term incentive plan

The Group provides for annual share awards under a short term incentive plan approved by the Committee (the 'Total Produce plc short term incentive plan') for Executive Directors effective for the year ending 31 December 2019, based on achievement of separately agreed performance measures for the Group for the year ending 31 December 2019. It is the general policy of the Company that awards under Total Produce short term incentive plan are receivable in shares after the deduction for relevant taxes and cannot normally be disposed of for at least five years from the date of purchase.

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 16 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 comparator group for 2019 comprised: AarhusKarlshamn, Amsterdam Commodities, Agrana Beteiligungs, Axfood, Costa Group, Cranswick plc, Emmi Ag, Fresh Del Monte Produce, Glanbia, Greencore Group, Greenyard, Marr, Sligro Food Group, Tate & Lyle and Valora.

Further information on the 2019 awards is contained on page 76.

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 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 2019 are detailed in Note 3 on page 76. 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 end of 2019, there were no options granted to Executive Directors (2018: Nil). During 2019, no share options were exercised by the Executive Directors. No new options were granted to Executive Directors in 2019.

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 2019, 35,528 ordinary 1 cent shares were purchased by the trust at market value on behalf of the Executive Directors under this scheme in respect of 2019. The shares appropriated to the Executive Directors are included in the Directors' share interests disclosed on page 77. 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	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000	**2019 €'000**	2018 €'000
Basic salaries and Director fees	**1,786**	1,617	**503**	328	**2,289**	1,945
Annual bonus awards	**968**	1,140	**–**	–	**968**	1,140
Other benefits	**43**	40	**–**	–	**43**	40
Pension contributions/related payments	**288**	288	**–**	–	**288**	288
Short term incentive plan	**546**	282	**–**	–	**546**	282
Other share awards	**–**	925	**–**	–	**–**	925
Total	**3,631**	4,292	**503**	328	**4,134**	4,620
Number of Directors (average)	***4***	*4*	***6.5***	*4.5*	***10.5***	*8.5*

In accordance with IFRS 2 *Share-based Payments*, an expense of €Nil (2018: €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 that year in connection with the investment in Dole Food Company.

Directors' remuneration continued

	Salary or Fees		Annual Bonus Awards		Other benefit[1]		Pension contributions		STIP		Other Share Award		Audited total	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000	**2019 €'000**	2018 €'000	**2019 €'000**	2018 €'000	**2019 €'000**	2018 €'000	**2019 €'000**	2018 €'000	**2019 €'000**	2018 €'000
Executives														
C P McCann[2,3]	**656**	580	**262**	232	**24**	21	**–**	–	**216**	114	**–**	500	**1,158**	1,447
R P Byrne[3]	**600**	510	**450**	505	**–**	–	**179**	179	**198**	100	**–**	250	**1,427**	1,544
F J Davis[3]	**400**	347	**225**	374	**19**	19	**109**	109	**132**	68	**–**	175	**885**	1,092
J F Gernon[3]	**130**	180	**31**	29	**–**	–	**–**	–	**–**	–	**–**	–	**161**	209
	1,786	1,617	**968**	1,140	**43**	40	**288**	288	**546**	282	**–**	925	**3,631**	4,292
Non-executives														
R B Hynes	**80**	83	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**80**	83
J J Kennedy	**75**	81	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**75**	81
S Taaffe	**80**	75	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**80**	75
K Toland	**80**	59	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**80**	59
M Meghen	**75**	30	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**75**	30
I Hurley	**75**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**75**	–
H Nolan	**38**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**38**	–
	503	328	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**503**	328
Total Remuneration	**2,289**	1,945	**968**	1,140	**43**	40	**288**	288	**546**	282	**–**	925	**4,134**	4,620

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

2 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.

3 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 75. As a result, the Compensation Committee approved cash payments or contributions to a defined contribution pension of €179,000 and €109,000 (2018: €179,000 and €109,000) 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.

Short term incentive plan

The table below sets out the actual performance outcomes for the year ended 31 December 2019 under each of the three performance measures of the short term incentive plan.

	Target performance		Actual	Actual
	Minimum	Maximum	Outcome	Vested % of salary
Growth in adjusted EPS	5%	15%	41.4%	33%
Growth in average share price	5%	15%	-28.6%	0%
TSR	Ranked 8th	Ranked 4th or higher	Ranked 13th	0%
Total				**33%**

The Committee awarded €546,000 in payments to Executive Directors for the year ended 31 December 2019, of which €411,000 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 €135,000 shall be payable in cash to settle relevant taxes. The awards to individual Executive Directors were as follows: C P McCann (€216,000), R P Byrne (€198,000) and F J Davis (€132,000).

The Committee awarded €282,000 in payments to Executive Directors for the year ended 31 December 2018, of which €213,000 were paid in shares on 7 March 2019. On this date, the trustees of the Total Produce plc short term incentive plan purchased a total number of 116,771 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 (62,290 shares), R P Byrne (28,481 shares) and F J Davis (26,000 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 2019 (a) €'000	Transfer value of increase during 2019 (b) €'000	Total accrued pension at 31 Dec 2019 (c) €'000	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
R P Byrne	–	–	**143**	–	–	143

(a) The increase in accrued pension during the year excludes inflation. No net increase accrued in the year to any Director as the inflationary increase each Director 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 that would be paid annually, on 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 2019, together with their interests at 31 December 2018, are shown below:

	Number of ordinary shares at 31 December 2019	Number of ordinary shares at 31 December 2018
Directors		
C P McCann*	**4,958,609**	4,613,340
R P Byrne	**2,756,786**	2,648,562
F J Davis	**1,970,157**	1,868,251
J F Gernon	**1,407,879**	1,398,873
R B Hynes	**50,000**	50,000
J J Kennedy	**100,000**	50,000
S J Taaffe	**100,000**	50,000
K E Toland	**50,000**	50,000
M J Meghen	**15,190**	–

* 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.

The number of shares held by the executive directors expressed as a percentage of the aggregate of a Director's fee for Board memberships and basic salary at 31 December 2019 are shown below:

Directors	Number of ordinary shares at 31 December 2019	Percentage of salary/Directors' fees at 31 December 2019
C P McCann	4,958,609	1081%
R P Byrne	2,756,786	657%
F J Davis	1,970,157	704%
J F Gernon	1,407,879	1549%

Interests of Company Secretary

The total interest, including the share options held by the Secretary of the Company in office at 31 December 2019 and 31 December 2018, 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 2019 and 31 December 2018, the Directors did not have any beneficial interests in share options in the Company.

At 31 December 2019 and 31 December 2018, 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 2019 was €1.43 and the range during 2019 was €1.23 to €1.93. There have been no movements in the share interests and interest in share options of the Directors between the year-end and March 2020. 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.

Evaluation of the Compensation Committee

The performance of the Committee was evaluated by the Board and the Committee, and both concluded that the Committee was performing effectively.

Nomination Committee Report

Membership
The members of the Nomination Committee (the 'Committee'), are C P McCann (Chairman), R P Byrne, S J Taaffe and M J Meghen. M J Meghen joined the committee on 1 July 2019. Biographical details for these Directors are set out on pages 58 to 59.

The Committee comprises two Executive Directors and two Non-Executive Directors, and so 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.

Roles & responsibilities
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.

Meetings
The Committee had two scheduled meetings during 2019, attendance at which is set out on page 67. The minutes of the Committee meetings are made available to the Board.

Activities
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 changes, which were implemented by the Board, and are outlined in the Chairman's Corporate Governance Statement. Having regard for the benefits of diversity, the Board takes it into consideration whilst ensuring that the best people are nominated to all appointments, and suitable candidates are selected on the basis of relevant experience, background, skills and knowledge and insight.

Diversity
A strategic priority of the Group is to recognise and develop the talents of the Group's employees. As part of this, the Committee consider diversity in respect of appointments and succession planning. During 2019, the Committee developed a Board Diversity Policy which was approved by the Board. In addition, the Total Produce Diversity and Equal Opportunities policy, which applies to all Group employees, was issued in August 2019.

The Board currently comprises 11 Directors of which four are Executive and seven are Non-Executive. Twenty-seven percent of the Board are female Directors.

Frank Gernon and Jerome Kennedy have advised the Board that they will retire as Directors on 31 March 2020. The Board will comprise nine directors, of which three will be Executive and six will be Independent Non-Executive. The Committee is pleased to note that, at this point, it will have realised the Irish Governments Balance for Better Business 2023 target for ISEQ 20 companies of 33% female representation on the Board.

Evaluation of the Nomination Committee
As detailed on page 68, Board and Committee evaluations are internally facilitated. 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.

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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 judgments 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 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
4 March 2020

F J Davis
Finance Director
4 March 2020

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

Opinion:

We have audited the financial statements of Total Produce plc for the year ended 31 December 2019 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 summary of significant accounting policies. 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 Parent 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 2019 and of its profit for the year then ended;
- the Parent Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Parent Company as at 31 December 2019;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the EU;
- the Parent 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.

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: Goodwill and intangibles €268.5 million (2018: €266.9 million)

Refer to accounting policy on page 98 and financial statement disclosures in Notes 14 and 15.

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 significance of the carrying value of goodwill and intangible assets in relation to the Balance Sheet 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;* • *based on the results of these procedures we directed our attention to particular CGU's where trading has been historically weak and/or where there was little headroom and so indicators of impairment were present;* • *comparing the Group's market capitalisation and value in use calculations to the carrying value of the Group's net assets.* *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. 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.*

Key audit matters: our assessment of risks of material misstatement continued

(ii) Group: Finalisation of acquisition accounting on investment in joint ventures and associates

Refer to accounting policy on page 96 and Note 31 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group completed the acquisition accounting for one significant investment in a joint venture which it invested in, in 2018. The applicable accounting standards allows a 12-month measurement period to finalise acquisition accounting. The joint venture comprises of several components in multiple jurisdictions and accounting for the completed transaction involved estimating the fair value at acquisition date and subsequently in the measurement period of the assets and liabilities, including the identification and valuation, when appropriate, of intangible assets. Significant judgment has been exercised by management in establishing the fair values of the identifiable assets and liabilities acquired together with the goodwill arising on the investment.	*Our audit procedures in the current year, among others, in this area included the following:* • *considering the appropriateness of the fair value adjustments booked in the measurement period;* • *assessing the models built to value bearer plants and biological assets by considering the performance of the models in the current year;* • *considering whether the finalised goodwill balance appears reasonable given current year results and future projections;* • *assessing IFRS competence of the auditors of the joint venture and directing and inspecting the work performed by the auditors of the new joint venture;* • *inspecting the disclosures made in relation to adjustments booked in the measurement period to ensure they are appropriate and complete.* *Based on evidence obtained, we found that the key assumptions used in finalising the acquisition accounting for the investment and the related disclosures to be appropriate.*

(iii) Parent: Investment in subsidiaries (carrying value of €390 million (2018: €390 million)

Refer to accounting policy on page 97 and Note 2 to the company 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:* • *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.*

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 million *(2018: €6 million)*. This represents 3% of adjusted EBITDA *(2018: adjusted EBITDA 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.

Materiality for the Parent Company financial statements as a whole was set at €2 million, determined with reference to a benchmark of total assets of which it represents 0.5%.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit in excess of €300,000 *(2018: €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 95% 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 €30k 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 and set out the information required to be reported to the Group audit team. The work on 10 of the 28 components *(2018: 10 of the 28 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.

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.

Other information

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. The financial statements and our auditor's report thereon do not comprise part of the other information. 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 report that;

- 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.

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 the Company's financial statements are in agreement with the accounting records.

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.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 81, 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

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

4 March 2020

Group Income Statement
for the year ended 31 December 2019

	Note	Before exceptional items 2019 €'000	Exceptional items (Note 7) 2019 €'000	Total 2019 €'000	Before exceptional items 2018 €'000	Exceptional items (Note 7) 2018 €'000	Total 2018 €'000
Revenue, including Group share of joint ventures and associates	1	**6,173,195**	**–**	**6,173,195**	5,043,490	–	5,043,490
Group revenue	1	**3,729,346**	**–**	**3,729,346**	3,727,591	–	3,727,591
Cost of sales		**(3,212,057)**	**–**	**(3,212,057)**	(3,220,805)	–	(3,220,805)
Gross profit		**517,289**	**–**	**517,289**	506,786	–	506,786
Operating expenses (net)	3	**(455,371)**	**(1,816)**	**(457,187)**	(432,618)	9,450	(423,168)
Share of profit/(loss) of joint ventures – Dole	4	**19,327**	**7,048**	**26,375**	(2,697)	(3,658)	(6,355)
Share of profit of joint ventures – Other	4	**10,658**	**–**	**10,658**	8,685	–	8,685
Share of profit of associates	4	**666**	**–**	**666**	2,183	–	2,183
Operating profit before acquisition-related intangible asset amortisation		**92,569**	**5,232**	**97,801**	82,339	5,792	88,131
Acquisition-related intangible asset amortisation	14	**(10,301)**	**–**	**(10,301)**	(10,281)	–	(10,281)
Operating profit after acquisition-related intangible asset amortisation		**82,268**	**5,232**	**87,500**	72,058	5,792	77,850
Financial income	5	**2,754**	**–**	**2,754**	2,484	1,220	3,704
Financial expense	5	**(13,721)**	**–**	**(13,721)**	(9,849)	(1,887)	(11,736)
Profit before tax		**71,301**	**5,232**	**76,533**	64,693	5,125	69,818
Income tax expense	8	**(10,282)**	**(47)**	**(10,329)**	(14,619)	(1,395)	(16,014)
Profit for the year		**61,019**	**5,185**	**66,204**	50,074	3,730	53,804
Attributable to:							
Equity holders of the parent				**53,302**			35,793
Non-controlling interests				**12,902**			18,011
				66,204			53,804
Earnings per ordinary share:							
Basic	10			**13.72 cent**			9.37 cent
Fully diluted	10			**13.69 cent**			9.34 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 2019

	Notes	2019 €'000	2018 €'000
Profit for the year		**66,204**	53,804
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation effects:			
– foreign currency net investments – subsidiaries		**5,664**	(6,416)
– foreign currency net investments – joint ventures and associates	15	**3,274**	3,236
– foreign currency recycled to income statement on joint venture/associate becoming a subsidiary		**–**	90
– foreign currency borrowings designated as net investment hedges		**(3,397)**	(4,387)
Effective portion of changes in fair value of cash flow hedges, net	35	**(149)**	340
Changes in fair value of cost of hedging, net of recycling	35	**137**	23
Deferred tax on items above	30	**(9)**	(97)
Share of joint ventures and associates effective portion of cash flow hedges		**(5,101)**	51
Share of joint ventures and associates deferred tax on items above		**497**	696
		916	(6,464)
Items that will not be reclassified to profit or loss:			
Remeasurement (loss)/gain on employee benefit schemes	32	**(3,009)**	6,677
Revaluation gain on property, plant and equipment, net	11	**2,095**	475
Deferred tax on items above	30	**(966)**	(1,172)
Share of joint ventures gain on revaluation of property, plant and equipment		**1,369**	–
Share of joint ventures loss on employee benefit schemes		**(2,601)**	(1,867)
Share of joint ventures deferred tax on items above		**(75)**	854
		(3,187)	4,967
Other comprehensive (expense)/income for the year		**(2,271)**	(1,497)
Total comprehensive income for the year		**63,933**	52,307
Attributable to:			
Equity holders of the parent		**49,417**	33,071
Non-controlling interests	22	**14,516**	19,236
		63,933	52,307

Group Balance Sheet
as at 31 December 2019

	Notes	2019 €'000	2018 €'000
Assets			
Non-current			
Property, plant and equipment	11	**175,485**	175,825
Right of use assets	12	**113,032**	–
Investment property	13	**11,843**	7,344
Goodwill and intangible assets	14	**268,462**	266,950
Investments in joint ventures and associates – Dole	15	**264,893**	245,881
Investments in joint ventures and associates – Other	15	**104,050**	105,172
Other investments	16	**2,743**	3,465
Other receivables	19	**19,796**	18,724
Deferred tax assets	30	**13,497**	12,393
Total non-current assets		**973,801**	835,754
Current			
Inventories	17	**98,031**	90,295
Biological assets	18	**3,965**	5,066
Trade and other receivables	19	**380,791**	392,786
Other investments	16	**2,306**	6,612
Corporation tax receivables		**2,439**	4,523
Derivative financial instruments	35	**4,489**	4,388
Cash and cash equivalents	20	**115,529**	102,299
Total current assets		**607,550**	605,969
Total assets		**1,581,351**	1,441,723
Equity			
Share capital	21	**4,105**	4,104
Share premium	21	**295,487**	295,421
Other reserves	21	**(131,309)**	(123,057)
Retained earnings		**282,816**	256,654
Total equity attributable to equity holders of the parent		**451,099**	433,122
Non-controlling interests	22	**98,768**	82,483
Total equity		**549,867**	515,605
Liabilities			
Non-current			
Interest-bearing loans and borrowings	23	**250,572**	263,356
Lease liabilities	24	**99,770**	–
Other payables	26	**2,904**	1,611
Contingent consideration and other provisions	27	**7,957**	12,931
Put option liability	28	**23,083**	34,975
Corporation tax payable		**6,541**	6,676
Deferred tax liabilities	30	**27,731**	31,140
Employee benefits	32	**16,736**	15,964
Total non-current liabilities		**435,294**	366,653
Current			
Interest-bearing loans and borrowings	23	**86,150**	58,686
Lease liabilities	24	**20,306**	–
Trade and other payables	26	**475,202**	482,934
Contingent consideration and other provisions	27	**8,534**	14,333
Put option liability	28	**3,529**	–
Derivative financial instruments	35	**305**	296
Corporation tax payable		**2,164**	3,216
Total current liabilities		**596,190**	559,465
Total liabilities		**1,031,484**	926,118
Total liabilities and equity		**1,581,351**	1,441,723

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 2019

	Attributable to equity holders of the parent										
	Share capital €'000	Share premium €'000	Undenominated capital €'000	Own shares reserve €'000	Currency translation reserve €'000	Revaluation reserve €'000	Other equity reserves (Note 21) €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balance as at 1 January 2019 as presented in the balance sheet	4,104	295,421	140	(8,580)	(22,721)	28,336	(120,232)	256,654	433,122	82,483	515,605
Adjust for impact of transition to IFRS 16 net of tax	–	–	–	–	159	–	–	(6,937)	(6,778)	(1,337)	(8,115)
As at 1 January 2019	4,104	295,421	140	(8,580)	(22,562)	28,336	(120,232)	249,717	426,344	81,146	507,490
Adjust for NCI subject to put option transferred for presentation purposes	–	–	–	–	–	–	(34,673)	–	(34,673)	34,673	–
As at 1 January 2019	4,104	295,421	140	(8,580)	(22,562)	28,336	(154,905)	249,717	391,671	115,819	507,490
Comprehensive income											
Profit for the year	–	–	–	–	–	–	–	53,302	53,302	12,902	66,204
Other comprehensive income											
Items that may be reclassified subsequently to profit or loss:											
Foreign currency translation effects, net	–	–	–	–	3,863	–	33	–	3,896	1,645	5,541
Effective portion of cash flow hedges, net of recycling	–	–	–	–	–	–	(148)	–	(148)	(1)	(149)
Changes in fair value of cost of hedging, net of recycling	–	–	–	–	–	–	155	–	155	(18)	137
Deferred tax on items above	–	–	–	–	–	–	–	–	–	(9)	(9)
Share of joint ventures and associates effective portion of cashflow hedges	–	–	–	–	–	–	(5,101)	–	(5,101)	–	(5,101)
Share of joint ventures and associates deferred tax on cashflow hedges	–	–	–	–	–	–	497	–	497	–	497
Items that will not be reclassified subsequently to profit or loss:											
Revaluation gain on property, plant and equipment, net	–	–	–	–	–	1,624	–	–	1,624	471	2,095
Remeasurement loss on employee benefit schemes	–	–	–	–	–	–	–	(2,955)	(2,955)	(54)	(3,009)
Deferred tax on items above	–	–	–	–	–	(520)	–	(26)	(546)	(420)	(966)
Share of joint ventures remeasurement loss on employee pension schemes	–	–	–	–	–	–	–	(2,601)	(2,601)	–	(2,601)
Share of joint ventures revaluation gains on property, plant and equipment	–	–	–	–	–	1,369	–	–	1,369	–	1,369
Share of joint ventures deferred tax on items above	–	–	–	–	–	–	–	(75)	(75)	–	(75)
Total other comprehensive income	–	–	–	–	3,863	2,473	(4,564)	(5,657)	(3,885)	1,614	(2,271)
Total comprehensive income	–	–	–	–	3,863	2,473	(4,564)	47,645	49,417	14,516	63,933
Transactions with equity holders of the parent											
New shares issued (Note 21)	1	66	–	–	–	–	(20)	20	67	–	67
Non-controlling interest arising on acquisition of subsidiaries (Note 22)	–	–	–	–	–	–	–	–	–	959	959
Put option liability extinguished (Note 28)	–	–	–	–	–	–	11,657	–	11,657	–	11,657
Fair value movement on put option liability (Note 28)	–	–	–	–	–	–	(3,294)	–	(3,294)	–	(3,294)
Acquisition of non-controlling interests (Note 22)	–	–	–	–	–	–	–	(1,102)	(1,102)	(554)	(1,656)
Acquisition of non-controlling interests by a joint venture (Note 15)	–	–	–	–	–	–	–	(151)	(151)	–	(151)
Disposal of subsidiary (Note 31)	–	–	–	–	–	–	–	–	–	121	121
Dividends paid (Notes 9 and 22)	–	–	–	–	–	–	–	(13,313)	(13,313)	(16,055)	(29,368)
Share-based payment transactions (Note 32)	–	–	–	–	–	–	109	–	109	–	109
Total transactions with equity holders of the parent	1	66	–	–	–	–	8,452	(14,546)	(6,027)	(15,529)	(21,556)
As at 31 December 2019	4,105	295,487	140	(8,580)	(18,699)	30,809	(151,017)	282,816	435,061	114,806	549,867
Transfer of NCI subject to put option for presentation purposes	–	–	–	–	–	–	16,038	–	16,038	(16,038)	–
As at 31 December 2019	4,105	295,487	140	(8,580)	(18,699)	30,809	(134,979)	282,816	451,099	98,768	549,867

	Attributable to equity holders of the parent											
	Share capital €'000	Share premium €'000	Undenominated capital €'000	Own shares reserve €'000	Currency translation reserve €'000	Revaluation reserve €'000	Other equity reserves (Note 21) €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
As at 1 January 2018 as presented in the balance sheet	3,468	150,763	140	(8,580)	(14,168)	28,035	(133,481)	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	(8,580)	(14,168)	28,035	(160,269)	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 of recycling	–	–	–	–	–	–	248	–	248	92	340
Changes in fair value of cost of hedging, net of recycling	–	–	–	–	–	–	(14)	–	(14)	37	23
Deferred tax on items above	–	–	–	–	–	–	(63)	–	(63)	(34)	(97)
Share of joint ventures and associates effective portion of cashflow hedges	–	–	–	–	–	–	51	–	51	–	51
Share of joint ventures and associates deferred tax on cashflow hedges	–	–	–	–	–	–	696	–	696	–	696
Items that will not be reclassified subsequently to profit or loss:											
Revaluation gain on property, plant and equipment, net	–	–	–	–	–	409	–	–	409	66	475
Remeasurement gain on employee benefit schemes	–	–	–	–	–	–	–	6,536	6,536	141	6,677
Deferred tax on items above	–	–	–	–	–	(108)	–	(1,065)	(1,173)	1	(1,172)
Share of joint ventures remeasurement loss on employee benefit schemes	–	–	–	–	–	–	–	(1,867)	(1,867)	–	(1,867)
Share of joint ventures and 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 21)	636	144,658	–	–	–	–	(97)	(3,790)	141,407	–	141,407
Non-controlling interest arising on acquisition of subsidiaries (Note 22)	–	–	–	–	–	–	–	–	–	2,314	2,314
Recognition of put option liability on acquisition (Note 28)	–	–	–	–	–	–	(896)	–	(896)	–	(896)
Fair value movement on put option liability (Note 28)	–	–	–	–	–	–	4,728	–	4,728	–	4,728
Acquisition of non-controlling interests (Note 22)	–	–	–	–	–	–	–	(388)	(388)	(723)	(1,111)
Disposal of shareholding to non-controlling interest (Note 22)	–	–	–	–	–	–	–	11	11	275	286
Contribution by non-controlling interest (Note 22)	–	–	–	–	–	–	–	–	–	130	130
Dividends paid (Notes 9 and 22)	–	–	–	–	–	–	–	(13,062)	(13,062)	(10,638)	(23,700)
Share-based payment transactions (Note 32)	–	–	–	–	–	–	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	(8,580)	(22,721)	28,336	(154,905)	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	(8,580)	(22,721)	28,336	(120,232)	256,654	433,122	82,483	515,605

Group Statement of Cash Flows
for the year ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Net cash flows from operating activities before working capital movements	36	**67,249**	65,208
Movements in working capital	36	**6,527**	(20,265)
Net cash flows from operating activities		**73,776**	44,943
Investing activities			
Acquisition of subsidiaries	31	**(6,683)**	(2,496)
Cash assumed on acquisition of subsidiaries, net	31	**2,308**	3,833
Acquisition of, and investment in joint ventures and associates (including acquisition fees and net of loans advanced/repaid)		**(7,145)**	(251,949)
Payments of contingent consideration	27	**(11,103)**	(7,009)
Acquisition of equity investments		**(150)**	–
Proceeds from disposal of investments for resale		**1,043**	–
Proceeds from disposal of joint ventures and associates		**48**	–
Disposal of investment in subsidiary to non-controlling interests	22	**–**	286
Cash/(bank overdraft) derecognised on disposal of subsidiaries		**(191)**	–
Acquisition of property, plant and equipment		**(19,518)**	(25,942)
Acquisition of intangible assets-computer software		**(4,621)**	(4,352)
Acquisition of intangible assets – brands	14	**–**	(19)
Development expenditure capitalised	14	**(62)**	(121)
Proceeds from disposal of property and plant and equipment – routine		**678**	797
Proceeds from exceptional items – from disposals of investments		**9,307**	5,876
Dividends received from joint ventures and associates	15	**10,652**	10,908
Government grants received		**106**	11
Net cash flows from investing activities		**(25,331)**	(270,177)
Financing activities			
Drawdown of borrowings	23	**345,764**	436,319
Repayment of borrowings	23	**(333,211)**	(329,766)
Lease payments	24	**(17,902)**	–
Proceeds from the issue of share capital, net	21	**67**	141,408
Capital element of finance lease repayments		**–**	(681)
Acquisition of non-controlling interests	22	**(1,656)**	(490)
Capital contribution by non-controlling interests	22	**–**	130
Dividends paid to non-controlling interests	22	**(16,055)**	(10,535)
Dividends paid to equity holders of the parent	9	**(13,313)**	(13,062)
Net cash flows from financing activities		**(36,306)**	223,323
Net increase/(decrease) in cash, cash equivalents and overdrafts		**12,139**	(1,911)
Cash, cash equivalents and bank overdrafts at start of period		**92,739**	88,979
Net foreign exchange difference		**1,149**	5,671
Cash, cash equivalents and bank overdrafts at 31 December	20	**106,027**	92,739

Group Reconciliation of Net Debt
for the year ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**12,139**	(1,911)
Drawdown of borrowings	23	**(345,764)**	(436,319)
Repayment of borrowings	23	**333,211**	329,766
Capital element of finance lease repayments		**–**	681
Other movements on finance leases		**–**	(500)
Foreign exchange movement		**(2,672)**	1,666
Movement in net debt		**(3,086)**	(106,617)
Finance lease reclassified from net debt on adoption of IFRS 16*		**1,636**	–
Net debt at 1 January		**(219,743)**	(113,126)
Net debt at 31 December	25	**(221,193)**	(219,743)

Net debt is a non-IFRS measure which comprises bank deposits, cash and cash equivalents and current and non-current borrowings. For 2019, it excludes lease liabilities. For 2018, it also includes finance leases liabilities. The calculation is outlined in Note 24.

* As described in accounting policy and disclosures changes on pages 94 to 96, the Group has initially adopted IFRS 16 *Leases* with effect from 1 January 2019.

IFRS 16 *Leases* 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 on the balance sheet. This will increase the Group's recognised assets and liabilities. 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. Lessor accounting remains similar to previous accounting policies. See pages 94 to 96 for further details.

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 2019 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 4 March 2020.

The accounting policies for the year ended 31 December 2019 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 2019.

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 37.

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:

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments* (no material impact on financial statements)
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (no material impact on financial statements)
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28 (no material impact on financial statements)
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19 (no material impact on financial statements)
- Annual improvements to IFRSs 2015 – 2017 Cycle – Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (no material impact on financial statements)

IFRS 16 *Leases*

The Group has initially adopted IFRS 16 *Leases* with effect from 1 January 2019.

IFRS 16 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 on the balance sheet. This will increase the Group's recognised assets and liabilities. 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. Lessor accounting remains similar to previous accounting policies.

The Group has applied IFRS 16 using the modified retrospective approach on transition, under which the cumulative effect of initial application is recognised in equity as an adjustment to the opening balance of retained earnings, non-controlling interest and currency translation reserve at 1 January 2019. The comparative information for prior periods has not been restated. It is presented as previously reported under IAS 17 and related interpretations.

The details of the changes in accounting policies are disclosed below.

Definition of a lease

Under IFRS 16 a contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. On transition to IFRS 16, the Group used the practical expedient to grandfather the assessment of which contracts were leases and therefore applied IFRS 16 on transition only to those contracts that had previously been identified as leases.

Changes as a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right of use assets and lease liabilities for most leases on its balance sheet. However, the Group has elected not to recognise right of use assets and lease liabilities for some short-term leases and leases of low-value assets. The Group recognises the lease payments for these leases as an expense on a straight-line basis over the lease term.

Transition

At transition, for leases previously classified as operating leases under IAS 17, lease liabilities were measured as the present value of the remaining lease payments, discounted at the incremental borrowing rate at 1 January 2019. Right of use assets were measured at either:
- their carrying amount if IFRS 16 had been applied since the commencement date, discounted using the incremental borrowing rate at 1 January 2019. The Group applied this approach for certain property leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group applied this approach to all other leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:
- Applied the exemption not to recognise right of use assets and lease liabilities for leases with less than 12 months of a lease term.
- Excluded initial direct costs from measuring the right of use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contained options to extend or terminate the lease.

At transition, for leases previously classified as finance leases under IAS 17, the carrying amount of the right of use asset and lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

Impact on the financial statements

Impact on transition

On transition to IFRS 16, the Group recognised additional right of use assets, lease liabilities and restoration provisions with the difference being recognised in reserves. The impact on transition is summarised below:

	1 January 2019 €'000
Right of use assets	**115,336**
Lease liabilities	**(121,101)**
Restoration provisions	**(905)**
Investment in joint ventures and associates – Dole	**(3,326)**
Prepayments/accruals (net)	**1,513**
Deferred tax asset	**368**
Retained earnings	**6,937**
Non-controlling interests	**1,337**
Currency translation reserve	**(159)**

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied was 2.6%.

The lease liabilities recognised at 1 January 2019 can be reconciled to the operating lease commitments as at 31 December 2018 as follows:

	€'000
Operating lease commitment at 31 December 2018	**86,583**
Extension options reasonably certain to be exercised	**59,416**
Non-lease components	**3,360**
Commitments relating to low-value and short-term leases	**(997)**
Lease contracts not commenced at 1 January 2019	**(5,635)**
Effect of discounting	**(21,626)**
Operating lease liabilities recognised at 1 January 2019	**121,101**
Finance lease liabilities recognised at 31 December 2018	**1,636**
Lease liabilities at 1 January 2019	**122,737**

Impact on the balance sheet at year end
As a result of initially applying IFRS 16, in relation to leases that were previously classified as operating leases, the Group recognised €111,193,000 of right of use assets and €118,568,000 of lease liabilities at 31 December 2019. See Note 12 and Note 24 for carrying amounts of right of use assets and lease liabilities.

Impact on the income statement in the year
For subsidiaries in relation to those leases previously classified as operating leases, under IFRS 16, the Group has recognised depreciation and interest costs instead of an operating lease expense. During the year to 31 December 2019 the Group recognised €18,576,000 of depreciation costs and €2,957,000 of interest costs from these leases. Under IAS 17, the operating lease cost associated with these leases would have been €19,777,000.

The Group's share of depreciation costs and of interest costs of joint ventures and associates from leases that would previously have been classified as operating leases amounted to €28,843,000 and €7,847,000 respectively. Under IAS 17 the Group's share of the operating lease cost associated with these leases would have been €34,482,000.

The net incremental impact on Group's profit after tax and non-controlling interests in the year was a decrease of €2,882,000.

The incremental impact of IFRS 16 on fully diluted and adjusted fully diluted earnings per share was a decrease of 0.74 cent for the year.

Impact on the cashflow statement in the year
As a result of initially applying IFRS 16, in relation to leases that were previously classified as operating leases, the net cashflows from operating activities decreased by €16,821,000 and net cashflows from financing activities increased by €16,821,000.

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).

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 option; 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 an 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 an 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.

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 advisors.

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;
- Plant and equipment: 5-15 years;
- IT equipment: 3-5 years;
- Motor vehicles: 5 years; and
- 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 13. 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 reporting 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.

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 cashflow 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 reporting date.

The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields at the reporting 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 or the obligation is curtailed or settled, the related income or expense is recognised in the income statement as a past service cost. Settlements, curtailments and past service cost changes trigger a remeasurement of the 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 reporting date, the Group revises its estimates of the number of options or awards that are expected to vest, based on non-market conditions 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

Taxation continued

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.

IFRIC 23 'Uncertainty over Income Tax Treatments' was issued in June 2017 and clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. The Group had previously accounted for uncertain tax positions in line with the principles of IFRIC 23 and therefore, there is no impact to the Group in 2019 in respect of IFRIC 23.

The Group considers each uncertain tax treatment separately or together with one or more uncertain tax treatments, based on which approach better predicts the resolution of the uncertainty. If the Group concludes that it is not probable that the relevant authority will accept an uncertain tax treatment, the Group reflects the effect of the uncertainty in determining the related taxable profit, tax bases, unused tax losses, unused tax credits or tax rate. The Group reflects the effect of uncertainty for each uncertain tax treatment using an expected value approach or a most likely approach, depending on which method the Group expects to better predict the resolution of the uncertainty. The unit of account for recognition purposes is the income tax/deferred tax assets or liabilities and the Group does not provide separately for uncertain tax positions.

Assets held under leases – *Accounting policy until 31 December 2018*

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.

Assets held under leases – *Accounting policy from 1 January 2019*

The Group recognises a right of use asset and a lease liability at the lease commencement date.

The right of use asset is initially measured at cost and subsequently at cost less accumulated depreciation and impairments, and adjusted for certain remeasurements of the lease liability. The cost of the right of use asset includes the lease liability recognised, any initial direct costs, restoration costs and payments made on or before the lease commencement date less any lease incentives received. The right of use asset is depreciated on a straight-line basis over the lower of the lease term and the useful life of the asset. Where the lease contains a purchase option and the lessee is reasonably certain to exercise the purchase option the asset is depreciated over the useful life of the asset. Right of use assets are subject to impairment testing.

The lease liability is initially measured as the present value of the lease payments to be made over the term of the lease, discounted using the rate implicit in the lease or, where this is not available, the Group's incremental borrowing rate. Lease payments include fixed and variable lease payments, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option where the Group is reasonably certain that they will exercise the option and also any termination costs associated with a lease where the lease term reflects the termination of the lease.

The lease liability is subsequently increased by the interest cost of the lease liability and decreased by lease payments made. The lease liability is remeasured when there is a change in future lease payments as a result of a change in an index or rate, a change in the amount expected to be paid under a residual value guarantee, or a change in the assessment of whether a purchase or termination option is reasonably expected to be exercised or not exercised. The Group has availed of the practical expedient not to separate lease components from any associated non-lease components for leases of plant and equipment and motor vehicles.

The Group has applied judgment in determining the lease term for leases where they are the lessee and the lease contract contains renewal and/or termination options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term which in turn impacts the right of use asset and lease liability to be recognised.

Lessor – *Accounting policy until 31 December 2018*
For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:
- Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset if one of the following was met:
  - The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying assets. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Lessor – *Accounting policy from 1 January 2019*
At inception or modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other operating income'.

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

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 twelve-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. Twelve-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.

Equity investments

In accordance with IFRS 9, equity 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. Either the change in the fair value of the spot element or the entire change in the fair value of the forward exchange contracts is designated as the hedging instrument in cash flow hedging relationships. Where only the change in the fair value of the spot element of the forward exchange contract is designated 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.

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 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, interest expense relating to IFRS 16 *Leases*, 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 that 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, costs of material product recalls, 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

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 2020 or later periods, but have not been early adopted:

Standard/Interpretation	Effective date – for accounting periods beginning on or after:
• Amendments to References to Conceptual Framework in IFRS Standards[1]	1 January 2020
• Definition of a Business (Amendments to IFRS 3)[1]	Not yet endorsed
• Definition of Material (Amendments to IAS 1 and IAS 8)[1]	1 January 2020
• IFRS 17 Insurance Contracts[1]	Not yet endorsed
• 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
• Interest Rate Benchmark Reform (Amendments to IFRS 9 and IFRS 7)[1]	1 January 2020

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

1. Revenue

	2019 €'000	2018 €'000
Group revenue	**3,729,346**	3,727,591
Plus:		
Share of revenue of joint ventures – Dole	**1,821,400**	692,239
Share of revenue of joint ventures – Other	**632,934**	622,295
Share of revenue of associates	**75,687**	74,447
Total share of revenue of joint ventures and associates	**2,530,021**	1,388,981
Less:		
Elimination of proportionate share of transactions between Group subsidiaries and joint ventures and associates[1]	**(86,172)**	(73,082)
Total revenue	**6,173,195**	5,043,490

1 For calculation of total revenue, which includes 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 – Non-Eurozone:* This operating segment is an aggregation of six operating segments in the Czech Republic, Poland, Scandinavia and the United Kingdom. These segments have been aggregated as they all are primarily involved in the procurement, marketing and distribution of fresh produce and share other similar economic characteristics in terms of sourcing and distribution arrangements, net margins earned and operate in similar regulatory environments. Up to the middle of 2018, it also included a small healthfoods business that has been discontinued.
- *Europe – Eurozone:* This reportable segment is an aggregation of thirteen operating segments principally in France, Ireland, Italy, the Netherlands and Spain. These segments have been aggregated as they all are primarily involved in the procurement, marketing and distribution of fresh produce and some healthfoods and consumer goods products, and share other similar economic characteristics in terms of sourcing and distributions arrangements, net margins earned, transact in Euro and operate in the same regulatory environment.
- *International:* This segment is an aggregation of five operating segments in North America, one in South America and one in India. These segments have been aggregated as they all are primarily involved in the procurement, marketing and distribution of fresh produce and share other similar economic characteristics in terms of sourcing and distribution arrangements, net margins earned and operate in similar regulatory environments. They also 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.

	2019 Segmental Revenue €'000	2019 Third Party Revenue €'000	2019 Adjusted EBITA €'000	2018 Segmental Revenue €'000	2018 Third Party Revenue €'000	2018 Adjusted EBITA €'000
Europe – Non-Eurozone	**1,502,653**	**1,477,276**	**40,610**	1,511,780	1,482,600	41,593
Europe – Eurozone	**1,638,341**	**1,614,081**	**21,780**	1,716,584	1,695,773	27,252
International	**1,271,566**	**1,271,566**	**22,284**	1,175,297	1,175,297	18,880
Dole	**1,821,400**	**1,810,272**	**65,440**	692,239	689,820	10,297
Inter-segment revenue	**(60,765)**	**–**	**–**	(52,410)	–	–
Total Group	**6,173,195**	**6,173,195**	**150,114**	5,043,490	5,043,490	98,022

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.

	Notes	2019 €'000	2018 €'000
Adjusted EBITA per management reporting		**150,114**	98,022
Acquisition related intangible asset amortisation for subsidiaries	(i)	**(10,301)**	(10,281)
Share of joint ventures and associates acquisition related intangible asset amortisation	(i)	**(2,696)**	(2,684)
Fair value movements on contingent consideration	(ii)	**204**	4,043
Acquisition related costs within subsidiaries	(iii)	**(177)**	(105)
Share of joint ventures and associates' net financial expense	(iv)	**(40,817)**	(13,784)
Share of joint ventures and associates' tax (before tax on exceptional items)	(iv)	**(14,059)**	(3,153)
Operating profit before exceptional items		**82,268**	72,058
Net financial expense before exceptional items	(v)	**(10,967)**	(7,365)
Profit before tax before exceptional items		**71,301**	64,693
Exceptional items (Note 7)	(vi)	**5,232**	5,125
Profit before tax		**76,533**	69,818

(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 2019 €'000	Investment in joint ventures and associates 2019 €'000	Total assets 2019 €'000	Total liabilities 2019 €'000
Europe – Non-Eurozone	**457,212**	**13,301**	**470,513**	**246,416**
Europe – Eurozone	**316,100**	**45,660**	**361,760**	**217,412**
International	**290,739**	**45,089**	**335,828**	**136,290**
Dole	**–**	**264,893**	**264,893**	**–**
Total Group	**1,064,051**	**368,943**	**1,432,994**	**600,118**
Unallocated assets and liabilities*			**148,357**	**431,366**
Total assets/liabilities			**1,581,351**	**1,031,484**

2. Segmental analysis continued

Business segment assets and liabilities continued

	Segment assets 2018 €'000	Investment in joint ventures and associates 2018 €'000	Total assets 2018 €'000	Total liabilities 2018 €'000
Europe – Non-Eurozone	407,614	12,026	419,640	187,585
Europe – Eurozone	271,770	47,435	319,205	180,482
International	274,650	45,711	320,361	119,521
Dole	–	245,881	245,881	–
Total Group	954,034	351,053	1,305,087	487,588
Unallocated assets and liabilities*			136,636	438,530
Total assets/liabilities			1,441,723	926,118

* 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, 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) 2019 €'000	**Acquisition of property, plant and equipment 2019 €'000**	**Depreciation of property, plant and equipment(ii) 2019 €'000**	**Depreciation of right of use assets(ii) 2019 €'000**	**Amortisation of intangible assets(iii) 2019 €'000**
Europe – Non-Eurozone	**2,821**	**8,264**	**11,512**	**10,485**	**2,973**
Europe – Eurozone	**7,678**	**6,337**	**8,383**	**8,706**	**2,100**
International	**9,285**	**4,654**	**2,339**	**4,164**	**7,924**
Dole	**68,441**	**–**	**28,409**	**25,014**	**–**
Total Group	**88,225**	**19,255**	**50,643**	**48,369**	**12,997**

	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	Depreciation of right of use assets(ii) 2018 €'000	Amortisation of intangible assets(iii) 2018 €'000
Europe – Non-Eurozone	3,399	12,850	10,727	–	3,135
Europe – Eurozone	7,511	9,328	8,063	–	2,264
International	6,585	2,757	2,467	–	7,566
Dole	10,297	–	12,616	–	–
Total Group	27,792	24,935	33,873	–	12,965

(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 and right of use assets.
(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 €383,394,000 (2018: €382,842,000), UK €589,451,000 (2018: €579,496,000), Rest of Europe €2,082,856,000 (2018: €2,181,372,000) and Rest of World €3,117,494,000 (2018: €1,899,780,000).

Non-current assets, excluding employee benefit assets and deferred tax assets, are held in Republic of Ireland €44,179,000 (2018: €34,330,000), UK €88,232,000 (2018: €76,345,000), Rest of Europe €334,777,000 (2018: €260,066,000) and Rest of World €493,116,000 (2018: €452,620,000).

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

3. Operating expenses, net

	Before exceptional items 2019 €'000	Exceptional items (Note 7) 2019 €'000	Total 2019 €'000	Before exceptional items 2018 €'000	Exceptional items (Note 7) 2018 €'000	Total 2018 €'000
Distribution expenses	**(391,480)**	**–**	**(391,480)**	(378,581)	–	(378,581)
Administrative expenses	**(66,933)**	**–**	**(66,933)**	(60,728)	–	(60,728)
Other operating expenses	**(2,477)**	**(1,816)**	**(4,293)**	(1,446)	(17,813)	(19,259)
Other operating income	**5,519**	**–**	**5,519**	8,137	27,263	35,400
Total	**(455,371)**	**(1,816)**	**(457,187)**	(432,618)	9,450	(423,168)

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

Other operating expenses

	2019 €'000	2018 €'000
Foreign exchange losses	**(1,445)**	(1,329)
Loss on disposal of property, plant and equipment	**(43)**	(3)
Loss on termination of IFRS 16 lease	**(146)**	–
Loss on disposal of intangible assets	**–**	(9)
Fair value movement on biological assets[a] (Note 18)	**(666)**	–
Acquisition related costs in subsidiaries[b]	**(177)**	(105)
	(2,477)	(1,446)
Exceptional items in other operating expenses (Note 7)		
Restructuring costs and costs associated with disposal/termination of businesses	**(1,816)**	(4,891)
Impairment of goodwill	**–**	(9,060)
Costs associated with the Dole transactions, net	**–**	(2,558)
Cost of GMP equalisation in UK defined benefit pension plans	**–**	(1,304)
Total	**(4,293)**	(19,259)

(a) In prior year, the fair value movements on biological assets were classified within cost of sales. The fair value gain for year ended 2018 was just €6,000 and given materiality the comparative financial statements have not been restated for this reclassification amount.
(b) 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

	2019 €'000	2018 €'000
Rental income	**2,033**	1,955
Amortisation of government grants	**63**	75
Grant income credited directly to income statement	**82**	68
Gain on disposal of property, plant and equipment	**356**	495
Foreign exchange gains	**1,235**	1,442
Gain on derivative financial instruments at fair value through the income statement	**115**	59
Movement on provisions	**489**	–
Fair value movements and gain on disposal of other investments	**942**	–
Fair value movements on contingent consideration (Note 27)	**204**	4,043
	5,519	8,137
Exceptional items in other operating income (Note 7)		
Gain on disposal of farming investment	**–**	14,728
Foreign currency gain relating to proceeds from share placing	**–**	12,535
Total	**5,519**	35,400

4. Share of profit of joint ventures and associates

The Group's share of the profit 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 2019 €'000	**Joint ventures – Other 2019 €'000**	**Associates 2019 €'000**	**Total 2019 €'000**
Group's share of:				
Revenue	**1,821,400**	**632,934**	**75,687**	**2,530,021**
Operating profit before exceptional items	**69,320**	**15,193**	**2,320**	**86,833**
Exceptional items (Note 7)	**5,523**	**–**	**–**	**5,523**
Operating profit after exceptional items	**74,843**	**15,193**	**2,320**	**92,356**
Financial expense	**(38,951)**	**(1,328)**	**(538)**	**(40,817)**
Profit before tax	**35,892**	**13,865**	**1,782**	**51,539**
Income tax expense	**(8,637)**	**(2,870)**	**(1,027)**	**(12,534)**
Profit after tax	**27,255**	**10,995**	**755**	**39,005**
Non-controlling interests	**(880)**	**(337)**	**(89)**	**(1,306)**
Attributable to equity shareholders	**26,375**	**10,658**	**666**	**37,699**

	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)
Profit before tax	(6,577)	11,614	2,359	7,396
Income tax (expense)/credit	603	(2,643)	(191)	(2,231)
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

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

	Joint ventures – Dole 2019 €'000	**Joint ventures – Other 2019 €'000**	**Associates 2019 €'000**	**Total 2019 €'000**
Group's share of:				
Depreciation of property, plant and equipment	**(28,409)**	**(3,638)**	**(823)**	**(32,870)**
Depreciation of right of use assets	**(25,014)**	**(4,043)**	**(58)**	**(29,115)**
Amortisation of acquisition related intangible assets	**–**	**(2,083)**	**(613)**	**(2,696)**
Deferred tax credit on amortisation of acquisition related intangible assets	**–**	**490**	**75**	**565**

	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

5. Financial income and financial expense

	Before exceptional items 2019 €'000	Exceptional items (Note 7) 2019 €'000	Total 2019 €'000	Before exceptional items 2018 €'000	Exceptional items (Note 7) 2018 €'000	Total 2018 €'000
Financial income	**2,754**	**–**	**2,754**	2,484	1,220	3,704
Financial expense	**(13,721)**	**–**	**(13,721)**	(9,849)	(1,887)	(11,736)
Total	**(10,967)**	**–**	**(10,967)**	(7,365)	(667)	(8,032)

	2019 €'000	2018 €'000
Recognised in the income statement:		
Interest income	**2,754**	2,484
Financial income before exceptional items	**2,754**	2,484
Interest expense on financial liabilities measured at amortised cost	**(9,391)**	(8,463)
Cash inflow from interest rate swap	**–**	11
Interest expense on finance leases	**–**	(110)
Interest expense on lease liabilities (Note 24)	**(2,995)**	–
Other interest expense	**(1,335)**	(1,287)
Financial expense before exceptional items	**(13,721)**	(9,849)
Net financial expense before exceptional items	**(10,967)**	(7,365)
Exceptional items in net financial expense (Note 7)		
Costs associated with the Dole transactions, net	**–**	(667)
Net financial expense after exceptional items	**(10,967)**	(8,032)
Analysed as follows:		
Amounts relating to items not at fair value through income statement	**(10,967)**	(8,032)
Net financial expense recognised in the income statement	**(10,967)**	(8,032)
Recognised in other comprehensive income:		
Foreign currency translation effects:		
– foreign currency net investments – subsidiaries	**5,664**	(6,416)
– foreign currency net investments – joint ventures and associates	**3,274**	3,236
– foreign currency losses/(gains) recycled to income statement on joint venture/associate becoming a subsidiary	**–**	90
– foreign currency borrowings designated as net investment hedges	**(3,397)**	(4,387)
Effective portion of changes in fair value of cash flow hedges	**88**	1,480
Fair value of cash flow hedges transferred to the income statement and recognised in cost of sales	**(237)**	(1,140)
Cost of hedging reserve – changes in fair value	**90**	(200)
Cost of hedging reserve – reclassified to profit or loss	**47**	223
Net financial expense recognised in other comprehensive income	**5,529**	(7,114)

6. Group operating profit

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

	2019 €'000	2018 €'000
Depreciation of property, plant and equipment within subsidiaries:		
– owned assets	**17,773**	16,694
– held under finance lease	**–**	500
Depreciation of right of use assets	**19,253**	–
Share of joint venture and associate's depreciation charges	**32,870**	16,679
Share of joint venture and associate's depreciation of right of use assets	**29,115**	–
Amortisation of intangible assets within subsidiaries		
– acquisition related intangible assets	**10,301**	10,281
– development costs	**238**	267
– computer software	**2,046**	1,397
Share of joint venture and associates intangible asset amortisation	**2,696**	2,684
Impairment losses:		
– goodwill and intangible assets	**–**	9,060
Operating lease rentals:*		
– land and buildings	**498**	14,890
– plant and equipment	**675**	2,434
– motor vehicles	**391**	2,440

* After transition to IFRS 16 *Leases* on 1 January 2019, the rental charge in 2019 relates to just short-term and low-value leases.

Fees paid to auditors (KPMG)

	2019 €'000	2018 €'000
Audit services[1]	**1,809**	1,703
Other assurance services[2]	**261**	238
Tax advisory services	**267**	310
Other non-audit services	**476**	652
	2,813	2,903

1 Includes €90,000 (2018: €98,000) relating to Group share of joint venture and associate fees.
2 Includes €9,000 (2018: €9,000) relating to Group share of joint venture and associate fees.

Included in the amounts above are the following fees paid to KPMG Dublin; Audit services €459,000, (2018: €477,000), other assurance services €100,000 (2018: €87,000), tax advisory services €123,000 (2018: €163,000) and other non-audit services €74,000 (2018: €575,000).

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 2019:

	2019 €'000	2018 €'000
(Loss)/gain on disposal of investment (a)	**(670)**	14,728
Restructuring costs and costs associated with disposal/termination of a business (b)	**(1,146)**	(4,891)
Share of joint ventures and associates exceptional items – Dole (c)	**5,523**	(4,580)
Foreign currency gains arising on foreign currency denominated intercompany borrowings relating to proceeds from share placing (d)	**–**	12,535
Impairment of goodwill (e)	**–**	(9,060)
Costs associated with the Dole transactions, net (f)	**–**	(3,225)
Charge on employee defined benefit obligations (g)	**–**	(1,304)
Total exceptional items (before share of joint ventures and associates' tax)	**3,707**	4,203
Share of joint ventures and associates' tax on exceptional items – Dole (c)	**1,525**	922
Exceptional items within profit before tax*	**5,232**	5,125
Net tax charge on exceptional items (h)	**(47)**	(1,395)
Total net of tax	**5,185**	3,730
Attributable as follows:		
Equity holders of the parent	**5,246**	560
Non-controlling interests	**(61)**	3,170
	5,185	3,730

* Of the €5,232,000 net exceptional credit in 2019, €1,816,000 has been recognised as net operating expense and €7,048,000 net exceptional gain has been recognised within profits of joint ventures and associates. Of the €5,125,000 net exceptional gain in 2018, €9,450,000 has been recognised as net exceptional operating expense, €3,658,000 has been recognised as a loss within joint ventures and associates and €667,000 recognised as an exceptional financial expense.

(a) (Loss)/Gain on disposal of farming/equity 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 was to be realised over a period of two to three years and could vary depending on certain circumstances. The exceptional loss of €0.7m in 2019 represents the gain on the equity investments sold in the year less the fair value movement on the remaining equity investment and associated costs. The exceptional gain of €14.7m in 2018 represented the gain on the disposal of the investments that were received at that date, the fair value movement on the investment held in escrow at 31 December 2018 and net of all associated costs.

(b) Restructuring costs and costs associated with disposal and termination of businesses

In the second half of 2019, the Group incurred losses of €0.6m on the disposal of and termination of two small businesses in the Non-Eurozone Division. Restructuring charges of €0.5m were incurred in the year on ongoing restructuring programmes in the Eurozone Division.

In the second half of 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 late 2018 with the €2.6m of costs associated with these programmes being recorded as an exceptional cost in the income statement.

(c) Share of joint ventures and associates exceptional items – Dole

The Group's share of the exceptional items in Dole in 2019 was a net gain of €5.5m (five-month period ended 29 December 2018 was a loss of €4.6m). The share of the associated tax credit was €1.5m (2018: €0.9m).

Included in these exceptional items are net gains of €11.8m (2018: €Nil) on disposals of businesses/assets, net gains of €0.1m (2018: €Nil) on mark to market of derivative financial instruments and foreign currency gains/losses on long-term foreign currency denominated intercompany borrowings, net restructuring charges of €4.1m (2018: €2.5m), transaction costs of €0.6m (2018: €0.6m) and costs of €1.7m (2018: €1.5m) associated with industry-wide product recalls.

(d) 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.

7. Exceptional items continued

(e) Impairment of goodwill

In December 2018, the Group recognised a non-cash impairment charge of €9.1m in relation to its fresh produce businesses in the Netherlands which have experienced a difficult trading environment resulting in a slower recovery than had been anticipated.

(f) 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 were €0.9m in the period to 30 June 2018 and totalled €3.2m in the year ended 31 December 2018.

(g) Charge on employee defined benefit obligations

As explained in further detail in Note 32, 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.

(h) Tax charge on exceptional items

The net tax effect of the items above was a net cash inflow of €5.8m in the year (2018: €3.0m) including cashflows relating to prior period exceptional items.

Effect of exceptional items on cash flow statement

The net effect of the items above was a cash inflow of €5.8m (2018: €3.0m), including cashflows relating to prior period exceptional items.

8. Income tax expense

Recognised in the income statement:

	2019 €'000	2018 €'000
Current tax expense		
Ireland		
Tax on profit/loss for the year	**47**	42
Adjustments in respect of prior years	**(168)**	(13)
	(121)	29
Overseas		
Tax on profit for the year	**15,491**	14,282
Adjustments in respect of prior years	**836**	(122)
	16,327	14,160
Total current tax	**16,206**	14,189
Deferred tax expense		
Origination and reversal of temporary differences	**(5,844)**	953
Reduction in rates	**23**	(4)
Adjustments in respect of prior years	**(56)**	876
Total deferred tax credit	**(5,877)**	1,825
Income tax expense	**10,329**	16,014

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 2019 or 2018.

Reconciliation of effective tax rate

	%	2019 €'000	%	2018 €'000
Profit before tax		**76,533**		69,818
Taxation based on Irish corporation tax rate	**12.50**	**9,567**	12.50	8,727
Effects of:				
Expenses not deductible for tax purposes	**1.29**	**988**	1.82	1,266
Tax effect of fair value adjustments	**0.19**	**146**	2.77	1,936
Tax effect on profits of joint ventures and associates	**(5.99)**	**(4,587)**	(0.82)	(570)
Differences in tax rates	**3.26**	**2,492**	7.58	5,295
Unrecognised deferred tax asset	**1.37**	**1,046**	0.57	395
Previously unrecognised deferred tax asset	**0.00**	**–**	(0.04)	(26)
Income not taxable	**0.00**	**–**	(2.24)	(1,567)
Other items	**0.09**	**66**	(0.26)	(183)
Adjustments in respect of prior years	**0.80**	**611**	1.06	741
Total income tax expense in the income statement	**13.51**	**10,329**	22.94	16,014

Deferred tax recognised directly in other comprehensive income

	2019 €'000	2018 €'000
Deferred tax on revaluation of property, plant and equipment, net	**932**	106
Deferred tax on remeasurement (loss)/gain on post-employment defined benefit schemes, net	**34**	1,066
Deferred tax on effective portion of cash flow hedges, net	**(15)**	90
Deferred tax on changes in fair value of cost of hedging, net	**24**	7
Total deferred tax charge recognised in other comprehensive income	**975**	1,269

9. Dividends paid and proposed

	2019 €'000	2018 €'000
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for the year ended 31 December 2018: 2.5140 cent (2017: 2.4527 cent)	**9,767**	9,517
Interim dividend for the year ended 31 December 2019: 0.9129 cent (2018: 0.9129 cent)	**3,546**	3,545
Total: 3.4269 cent per share (2018: 3.3656 cent)	**13,313**	13,062
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 2019: 2.5770 (2018: 2.5140 cent)	**10,012**	9,766

It is proposed that a final dividend of 2.5770 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 20 May 2020 to shareholders on the register at 14 April 2020, 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 in prior periods are outlined in Note 21.

	2019 €'000	2018 €'000
Profit for the financial year attributable to equity holders of the parent	**53,302**	35,793
	'000	'000
Shares in issue at beginning of year	**410,429**	346,829
New shares issued from exercise of share options (weighted average)	**51**	275
New shares issued from share placing (weighted average)	**–**	56,786
Shares repurchased by company (weighted average)*	**(2)**	–
Effect of treasury shares held	**(22,000)**	(22,000)
Weighted average number of shares	**388,478**	381,890
Basic earnings per share – cent	**13.72**	9.37

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.

	2019 €'000	2018 €'000
Profit for the financial year attributable to equity holders of the parent	**53,302**	35,793
	'000	'000
Weighted average number of shares	**388,478**	381,890
Effect of share options with a dilutive effect	**817**	1,257
Weighted average number of shares (diluted)	**389,295**	383,147
Diluted earnings per share – cent	**13.69**	9.34

The average market value of the Company's share 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.

* The Company purchased and cancelled 4,500 of its shares during 2019.

Adjusted basic earnings per share and adjusted fully diluted earnings per share
Management believes 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.

	2019 €'000	2018 €'000
Profit for the financial year attributable to ordinary equity holders of the parent	**53,302**	35,793
Adjustments		
Exceptional items – net of tax (Note 7)	**(5,185)**	(3,730)
Acquisition related intangible asset amortisation within subsidiaries (Note 14)	**10,301**	10,281
Share of joint ventures and associates acquisition related intangible asset amortisation (Note 4)	**2,696**	2,684
Acquisition related costs within subsidiaries (Note 3)	**177**	105
Fair value movements on contingent consideration (Note 3)	**(204)**	(4,043)
Tax effect of amortisation charges of goodwill, intangible assets and fair value movements on contingent consideration	**(3,188)**	(805)
Non-controlling interests share of the items above	**(2,915)**	1
Adjusted profit attributable to equity holders of the parent	**54,984**	40,286

	'000	'000
Weighted average number of shares	**388,478**	381,890
Weighted average number of shares (diluted)	**389,295**	383,147

Adjusted basic earnings per share – cent	**14.15**	10.55
Adjusted fully diluted earnings per share – cent	**14.12**	10.51
Adjusted fully diluted earnings per share (pre-IFRS 16 *Leases*) – cent	**14.86**	10.51

11. Property, plant and equipment

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Bearer plants €'000	Total €'000
Year ended 31 December 2019					
Opening carrying amount	**116,762**	**46,922**	**10,758**	**1,383**	**175,825**
Additions	**2,236**	**13,761**	**3,102**	**156**	**19,255**
Arising on acquisition of subsidiaries (Note 31)	**–**	**747**	**307**	**–**	**1,054**
Disposals	**(20)**	**(126)**	**(219)**	**–**	**(365)**
Reclassification to right of use (Note 12)	**–**	**(379)**	**(1,521)**	**–**	**(1,900)**
Reclassification to investment property (Note 13)	**(4,065)**	**–**	**–**	**–**	**(4,065)**
Reclassification	**25**	**53**	**(78)**	**–**	**–**
Depreciation charge	**(3,306)**	**(10,785)**	**(3,579)**	**(103)**	**(17,773)**
Revaluation gains	**2,555**	**–**	**–**	**–**	**2,555**
Revaluation losses	**(460)**	**–**	**–**	**–**	**(460)**
Foreign exchange movement	**681**	**414**	**288**	**(24)**	**1,359**
Closing carrying amount	**114,408**	**50,607**	**9,058**	**1,412**	**175,485**
At 31 December 2019					
Cost	**131,176**	**125,276**	**20,070**	**1,637**	**278,159**
Accumulated depreciation	**(16,768)**	**(74,669)**	**(11,012)**	**(225)**	**(102,674)**
Carrying amount	**114,408**	**50,607**	**9,058**	**1,412**	**175,485**
Year ended 31 December 2018					
Opening carrying amount	115,535	40,119	10,991	752	167,397
Additions	5,216	15,214	4,201	304	24,935
Arising on acquisition of subsidiaries (Note 31)	2,002	319	101	–	2,422
Arising on business disposals	–	(79)	(3)	–	(82)
Disposals	(6)	(94)	(483)	–	(583)
Reclassification	(1,826)	1,730	96	–	–
Reclassification to biological assets (Note 18)	–	–	–	501	501
Depreciation charge	(3,291)	(9,807)	(4,006)	(90)	(17,194)
Revaluation gains	2,549	–	–	–	2,549
Revaluation losses	(2,074)	–	–	–	(2,074)
Foreign exchange movement	(1,343)	(480)	(139)	(84)	(2,046)
Closing carrying amount	116,762	46,922	10,758	1,383	175,825
At 31 December 2018					
Cost	131,924	118,641	21,029	1,507	273,101
Accumulated depreciation	(15,162)	(71,719)	(10,271)	(124)	(97,276)
Carrying amount	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 €385,000 included in the carrying amount of property, plant and equipment at 31 December 2019 that relate to assets under construction (2018: €1,165,000).

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 was 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.

At 31 December 2019, 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 judgment after consultation with property advisors. The Directors are satisfied with the basis upon which these valuations have been prepared.

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 & Buildings 2019 €'000	**Comparable Market Transactions For Land 2019 €'000**	**Comparable Rental Yield 2019 €'000**	**Discounted Cash Flows 2019 €'000**	**Depreciated Historic Cost[1] 2019 €'000**	**Total 2019 €'000**
Europe – Eurozone	**24,208**	**–**	**5,846**	**–**	**6,594**	**36,648**
Europe – Non-Eurozone						
– Scandinavia	**–**	**2,008**	**–**	**22,999**	**14,388**	**39,395**
– Eastern Europe	**17,239**	**–**	**–**	**–**	**396**	**17,635**
– UK	**8,010**	**–**	**7,878**	**–**	**1,853**	**17,741**
International	**–**	**–**	**–**	**–**	**2,989**	**2,989**
	49,457	**2,008**	**13,724**	**22,999**	**26,220**	**114,408**

	Comparable Market Transactions for Land & 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

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:

	2019 €'000	2018 €'000
Balance at beginning of year	**116,762**	115,535
Arising on acquisition of subsidiaries	**–**	2,002
Arising from business disposals	**–**	–
Reclassification to/from plant and equipment	**25**	(1,826)
Reclassification to investment property	**(4,065)**	–
Additions in year	**2,236**	5,216
Depreciation charge in year	**(3,306)**	(3,291)
Disposals in year	**(20)**	(6)
Foreign exchange movement	**681**	(1,343)
Income/(expense) included in other comprehensive income:		
– Fair value gains	**2,555**	2,549
– Fair value losses	**(460)**	(2,074)
Balance at end of year	**114,408**	116,762

11. Property, plant and equipment continued

Measurement of fair value of land and buildings continued

Level 3 fair value for land and buildings continued

Fair value gains in 2019 amounting to €2,555,000 (2018: €2,549,000) and fair value losses in the same period of €460,000 (2018: €2,074,000) were recognised in the statement of other comprehensive income. Net deferred tax charge of €932,000 (2018: charge of €106,000) 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 €529,000 (2018: credit of €68,000).

The depreciated historic cost of land and buildings which were revalued amounted to €86,800,000 (2018: €90,753,000).

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 • 2019: €312 to €993 per square metre (weighted average of €649 per square metre) • 2018: €312 to €993 per square metre (weighted average of €645 per square metre) *Europe – Non-Eurozone* *Eastern Europe* Comparable market prices • 2019: €262 to €310 per square metre (weighted average of €269 per square metre) • 2018: €248 to €265 per square metre (weighted average of €251 per square metre) *UK* Comparable market prices • 2019: £57 to £568 per square metre (weighted average of £436 per square metre) • 2018: £57 to £629 per square metre (weighted average of £460 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 • 2019: €502,000 per hectare (weighted average of €502,000 per hectare) • 2018: €502,000 per hectare (weighted average of €502,000 per hectare)	The estimated fair value would increase/(decrease) if: • Comparable market prices were higher/(lower)

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 • 2019: Annual rent of €62 – €78 per square metre (weighted average of €75 per square metre) • 2018: Annual rent of €62 – €78 per square metre (weighted average of €75 per square metre) Capitalisation yield • 2019: 7.5% – 8.5% (weighted average of 7.64%) • 2018: 7.50% – 8.50% (weighted average of 7.65%) *Europe – Non-Eurozone* *UK* Annual rent • 2019: £59 – £61 per square metre (weighted average of £60 per square metre) • 2018: £62 – £65 per square metre (weighted average of £64 per square metre) Capitalisation yield • 2019: 8% – 8.4% (weighted average of 8.17%) • 2018: 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 • 2019: €61 – €66 per square metre (weighted average of €66 per square metre) • 2018: €62 – €66 per square metre (weighted average of €66 per square metre) Growth in annual rent • 2019: 1.50% – 2.00% (weighted average of 1.94%) • 2018: 1.50% – 2.00% (weighted average of 1.95%) Capitalisation yield • 2019: 6.50% – 9.00% (weighted average of 6.79%) • 2018: 6.50% – 9.00% (weighted average of 6.77%) Risk-adjusted discount rates • 2019: 8.40% – 8.50% (weighted average of 8.41%) • 2018: 8.40% – 8.50% (weighted average 8.41%)	The estimated fair value would increase/(decrease) if: • Expected market rental growth were 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.

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
At 31 December 2018	–	379	1,521	1,900

On 1 January 2019, on transition to IFRS 16 *Leases*, the carrying amount of leased assets included in property, plant and equipment of €1,900,000 was transferred to right of use assets.

12. Right of use assets

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Year Ended 31 December 2019				
Opening carrying amount	–	–	–	–
Arising on adoption of IFRS 16	105,372	5,920	4,044	115,336
Reclassification from PPE on adoption of IFRS 16 (Note 11)	–	379	1,521	1,900
Arising on acquisition of subsidiaries (Note 31)	3,256	245	63	3,564
Arising on disposal of a business (Note 31)	(645)	–	–	(645)
Additions	8,095	1,070	2,925	12,090
Terminations	(427)	–	(370)	(797)
Depreciation	(15,003)	(1,822)	(2,428)	(19,253)
Exchange adjustment	826	(43)	54	837
Closing carrying amount	101,474	5,749	5,809	113,032
At 31 December 2019				
Cost	116,532	7,827	8,862	133,221
Accumulated Depreciation	(15,058)	(2,078)	(3,053)	(20,189)
Carrying amount	101,474	5,749	5,809	113,032

As described in accounting policy and disclosures changes on pages 94 to 96, the Group has initially adopted IFRS 16 *Leases* with effect from 1 January 2019. Included in the carrying amount above, is €111,193,000 in relation to leases that would previously be classified as operating leases.

IFRS 16 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 on the balance sheet. This will increase the Group's recognised assets and liabilities. 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. Lessor accounting remains similar to previous accounting policies. See page 103 for further details.

13. Investment property

	2019 €'000	2018 €'000
Balance at beginning of year	7,344	7,203
Arising on acquisition of subsidiaries (Note 31)	–	223
Reclassification from property, plant and equipment (Note 11)	4,065	–
Foreign exchange movement	434	(82)
Balance at end of year	11,843	7,344

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 2019 are located in the UK and Ireland.

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'. In excess of sixty percent of the value of investment property was determined by registered independent appraisers within the past five years.

The fair value measurement for investment property of €11,843,000 (2018: €7,344,000) has been categorised as a Level 3 fair value based on the input to the valuation technique used (see Note 37).

(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 2019 (2018: €Nil) in relation to investment property.

Valuation technique and significant unobservable inputs for material properties were as follows:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Comparable market transactions for material investment properties: 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, (Fair Value €400,000)* Comparable market price • 2019: €588,000 per hectare (weighted average €588,000 per hectare) • 2018: €588,000 per hectare (weighted average €588,000 per hectare) *Europe – Non-Eurozone, (Fair Value £6,042,000)* *UK* *Comparable market price* • 2019: £2,227,000 per hectare (weighted average £2,227,000 per hectare) • 2018: £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)

14. Goodwill and intangible assets

	Customer relationships €'000	Other intangible assets €'000	Computer software €'000	Goodwill €'000	Total €'000
Year ended 31 December 2019					
Opening carrying amount	**51,879**	**24,103**	**8,127**	**182,841**	**266,950**
Arising on acquisition of subsidiaries (Note 31)	**2,392**	**189**	**434**	**3,567**	**6,582**
Arising on termination and disposal of businesses (Note 31)	**–**	**–**	**–**	**(691)**	**(691)**
Additions	**–**	**–**	**4,299**	**–**	**4,299**
Capitalisation of development expenditure	**–**	**62**	**–**	**–**	**62**
Disposals	**–**	**(13)**	**–**	**–**	**(13)**
Amortisation of acquisition related intangible assets	**(7,113)**	**(3,188)**	**–**	**–**	**(10,301)**
Development and software amortisation	**–**	**(238)**	**(2,046)**	**–**	**(2,284)**
Foreign exchange movement	**1,337**	**647**	**(86)**	**1,960**	**3,858**
Closing carrying amount	**48,495**	**21,562**	**10,728**	**187,677**	**268,462**
At 31 December 2019					
Cost	**122,216**	**41,013**	**18,204**	**208,254**	**389,687**
Accumulated amortisation and impairment	**(73,721)**	**(19,451)**	**(7,476)**	**(20,577)**	**(121,225)**
Closing carrying amount	**48,495**	**21,562**	**10,728**	**187,677**	**268,462**
Year ended 31 December 2018					
Opening carrying amount	57,655	27,376	5,170	190,880	281,081
Arising on acquisition of subsidiaries (Note 31)	811	93	–	1,749	2,653
Arising on termination and disposal of businesses	(47)	(358)	(124)	–	(529)
Additions	–	19	4,501	–	4,520
Capitalisation of development expenditure	–	121	–	–	121
Disposals	–	–	(9)	–	(9)
Amortisation of acquisition related intangible assets	(7,031)	(3,250)	–	–	(10,281)
Impairment	–	–	–	(9,060)	(9,060)
Development and software amortisation	–	(267)	(1,397)	–	(1,664)
Foreign exchange movement	491	369	(14)	(728)	118
Closing carrying amount	51,879	24,103	8,127	182,841	266,950
At 31 December 2018					
Cost	118,356	39,684	13,510	203,389	374,939
Accumulated amortisation and impairment	(66,477)	(15,581)	(5,383)	(20,548)	(107,989)
Closing carrying amount	51,879	24,103	8,127	182,841	266,950

14. Goodwill and intangible assets continued

Other intangible assets

Other intangible assets include brands of €7,115,000 (2018: €7,828,000), supplier relationships of €14,109,000 (2018: €15,771,000) and capitalised research and development €338,000 (2018: €504,000).

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;
- 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 31.

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 that 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.

	2019 Number of CGUs	2018 Number of CGUs	**2019 €'000**	2018 €'000
Europe – Eurozone	**9**	9	**24,508**	22,734
Europe – Non-Eurozone	**5**	5	**96,194**	94,829
International	**2**	2	**66,975**	65,278
	16	16	**187,677**	182,841

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 2020 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 8.8% to 18.1% (2018: 9.2% to 15.7%).

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 €Nil (2018: €9,060,000) relating to goodwill was recognised in the income statement in 2019. The impairment charges in 2018 related to the fresh produce businesses in the Netherlands, which had experienced a 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 result in an impairment of €1,567,000 arising. If the pre-tax discount rates applied to the cash flows had been 10% higher, an impairment of €357,000 would have arisen.

15. Investments in joint ventures and associates

	Joint Ventures - Dole €'000	Joint Ventures - Other €'000	Associates €'000	Total €'000
Year ended 31 December 2019				
Opening carrying amount	**245,881**	**87,335**	**17,837**	**351,053**
Arising on transition to IFRS 16 (a)	**(3,326)**	**–**	**–**	**(3,326)**
Share of profit after tax (Note 4)	**26,375**	**10,658**	**666**	**37,699**
Share of other comprehensive (expense)/income, net	**(5,947)**	**35**	**–**	**(5,912)**
Recognised directly in equity	**–**	**(151)**	**–**	**(151)**
Investment in joint ventures and associates – cash (b)	**–**	**1,672**	**–**	**1,672**
Repayment of long-term loans (net)	**–**	**(2,024)**	**–**	**(2,024)**
Associate becoming an investment (d)	**–**	**–**	**(2,200)**	**(2,200)**
Disposal	**–**	**(58)**	**–**	**(58)**
Dividends declared (e)	**–**	**(10,251)**	**(833)**	**(11,084)**
Foreign exchange movement	**1,910**	**1,021**	**343**	**3,274**
Closing carrying amount	**264,893**	**88,237**	**15,813**	**368,943**
Analysed as follows				
Equity investment	**264,893**	**87,737**	**15,813**	**368,443**
Long-term loans	**–**	**500**	**–**	**500**
Carrying amount	**264,893**	**88,237**	**15,813**	**368,943**
Year ended 31 December 2018				
Opening carrying amount	–	90,731	15,690	106,421
Share of profit/(loss) after tax (Note 4)	(6,355)	8,685	2,183	4,513
Share of other comprehensive expense, net	(234)	(32)	–	(266)
Investment in joint ventures and associates – cash (b)	249,853	1,099	594	251,546
Investment in joint ventures – contingent consideration (b)	–	(419)	–	(419)
Joint venture becoming a subsidiary (c) (Note 31)	–	(2,760)	–	(2,760)
Associate becoming an investment (d)	–	–	(26)	(26)
Dividends declared (e)	–	(10,294)	(898)	(11,192)
Foreign exchange movement	2,617	325	294	3,236
Closing carrying amount	245,881	87,335	17,837	351,053
Analysed as follows				
Equity investment	245,881	84,811	17,837	348,529
Long-term loans	–	2,524	–	2,524
Carrying amount	245,881	87,335	17,837	351,053

Details of the Group's principal joint ventures and associates are set out in Note 40.

(a) Adjustment arising on transition to IFRS 16

As explained on page 94 in Changes in accounting policy and disclosures, the Group has adopted IFRS 16 *Leases* using the modified retrospective approach, with the date of initial application of 1 January 2019. On transition to IFRS 16, the Group recognised additional right of use assets, leases liabilities and restoration provisions with the difference being recognised in reserves. The impact on retained earnings on transition of joint ventures and associates to IFRS 16 was €3,326,000.

(b) Investment in joint ventures and associates*

Investments in 2019

During 2019, the Group invested €1,672,000 in cash in a number of joint ventures in Europe.

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 127 to 131.

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 was not restated and the adjustment was recognised as a current year movement in 2018.

15. Investments in joint ventures and associates continued

(b) Investment in joint ventures and associates* continued

Investments in 2018 continued

* *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.*

(c) Joint ventures becoming a subsidiary

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.

(d) Associate becoming an investment

In 2019 and 2018, as a result of changes in shareholder arrangements and the Group no longer having significant influence in two associate investments, the Group ceased equity accounting for these two investments. The carrying value of these investments at the date that the arrangements changed was deemed to equate to fair value and the value was reclassed to other investments and accounted for as an other financial asset.

(e) Dividends declared by joint ventures and associates

Dividends of €11,084,000 (2018: €11,192,000) were declared by joint ventures and associates during the year. The cash received from dividends in 2019 was €10,652,000 (2018:€10,908,000).

Additional discloses on 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 2019 €'000	Joint Ventures -Other 2019 €'000	Associates 2019 €'000	Total 2019 €'000
Non-current assets	**724,882**	**90,716**	**11,713**	**827,311**
Other current assets	**346,093**	**87,560**	**20,162**	**453,815**
Cash and cash equivalents	**25,939**	**25,472**	**3,356**	**54,767**
Interest-bearing loans and borrowings	**(542,449)**	**(17,698)**	**(5,416)**	**(565,563)**
Non-current liabilities	**(165,985)**	**(13,585)**	**(753)**	**(180,323)**
Current liabilities	**(247,703)**	**(76,021)**	**(16,283)**	**(340,007)**
Lease liability	**(117,974)**	**(29,001)**	**(319)**	**(147,294)**
Non-controlling interests	**(3,679)**	**(932)**	**(391)**	**(5,002)**
Share of net assets	**19,124**	**66,511**	**12,069**	**97,704**
Goodwill	**245,769**	**21,726**	**3,744**	**271,239**
Balance at 31 December	**264,893**	**88,237**	**15,813**	**368,943**

	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)
Lease liability	–	–	–	–
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

Other transactions

During the year, a joint venture of the Group disposed of assets to a wholly owned subsidiary of Balmoral International Holdings plc, a related party of the Group under the AIM/Euronext Growth rules. The total consideration for the transaction (inclusive of deferred and contingent consideration) was €6,400,000.

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 $300 million (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 had 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'). In the event the Group exercises the right to acquire the additional 6% the total consideration for the 51% stake shall be $312 million.

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 $250 million or exceed $450 million (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 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 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 is the first full year reflecting this transaction.

The table on page 128 summarises the consideration paid and fair value of the net identifiable assets of Dole on acquisition, as prepared in accordance with IFRS. The initial assignment of fair values to net assets for this investment was performed on a provisional basis in respect of this acquisition, given the timing of completion of the transaction and could be finalised within twelve months from the acquisition date. A number of adjustments were identified and are presented in the table below. There was no income statement impact from these adjustments in the period from the date of acquisition to 31 December 2018. Given that the adjustments are all equity accounted for within investment in joint ventures and associates on the Balance Sheet, no adjustment was required in the Total Produce Group balance sheet.

15. Investments in joint ventures and associates continued

Material Joint Ventures continued

Consideration paid	Updated within 12-month period 2018 US$'000	Updated within 12-month period 2018 €'000	Provisional acquisition accounting 2018 US$'000	Provisional acquisition accounting 2018 €'000
Cash consideration	300,000	256,208	300,000	256,208
Acquisition fees (net of contribution from Dole)[a]	1,605	1,370	1,605	1,370
Fair value of Second Tranche Option[b]	(4,940)	(4,218)	(4,940)	(4,218)
Total cost of acquisition	**296,665**	**253,360**	**296,665**	**253,360**
Fair value of indemnification assets on acquisition[c]	(4,106)	(3,507)	(4,106)	(3,507)
Total deemed cost of acquisition	**292,559**	**249,853**	**292,559**	**249,853**
Fair value identifiable assets and liabilities on acquisition				
Intangible assets – Brand	287,033	245,135	287,033	245,135
Property, plant and equipment	1,007,623	860,539	1,007,623	860,539
Assets held for sale/Actively marketed property	185,178	158,148	185,178	158,148
Other non-current assets	104,541	89,281	104,541	89,281
Other current assets	868,558	741,774	868,558	741,774
Net debt	(1,342,601)	(1,146,621)	(1,342,601)	(1,146,621)
Employee benefit obligations	(183,532)	(156,742)	(183,532)	(156,742)
Other non-current liabilities	(282,197)	(241,005)	(286,085)	(244,325)
Other current liabilities	(599,132)	(511,676)	(599,132)	(511,676)
Non-controlling interests	(7,978)	(6,813)	(7,978)	(6,813)
Fair value of identifiable assets and liabilities on acquisition	37,493	32,020	33,605	28,700
Total Produce's 45% share of identifiable assets & liabilities on acquisition	**16,872**	**14,409**	**15,122**	**12,915**
Goodwill arising	**275,687**	**235,444**	**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 or at 31 December 2019.
(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 an asset on the Total Produce Group balance sheet with a corresponding reduction in the deemed cost of the acquisition.

Summary of Financial Information for Dole
Dole's financial calendar consists of thirteen periods of four weeks and the 2019 financial year began on 30 December 2018 and ended on 28 December 2019.

The following is the summarised financial information of Dole for the year ended 28 December 2019 and the 5-month period ended 29 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 (in USD'000)

	12 months ended 28 December 2019			5 months ended 29 December 2018		
	Pre-exceptional US$'000	**Exceptional Items US$'000**	**Total US$'000**	Pre-exceptional US$'000	Exceptional Items US$'000	Total US$'000
Revenue	**4,566,354**	**–**	**4,566,354**	1,766,625	–	1,766,625
Operating profit	**173,790**	**13,846**	**187,636**	27,252	(11,689)	15,563
Net financial expense	**(78,369)**	**–**	**(78,369)**	(32,349)	–	(32,349)
Leasing interest expense	**(19,284)**	**–**	**(19,284)**	–	–	–
Profit/(loss) before tax	**76,137**	**13,846**	**89,983**	(5,097)	(11,689)	(16,786)
Income tax	**(25,477)**	**3,823**	**(21,654)**	(812)	2,352	1,540
Profit/(loss) for period	**50,660**	**17,669**	**68,329**	(5,909)	(9,337)	(15,246)
Non-controlling interests	**(2,205)**	**–**	**(2,205)**	(974)	–	(974)
Profit/(loss) for period attributable to equity shareholders	**48,455**	**17,669**	**66,124**	(6,883)	(9,337)	(16,220)
Group's 45% share of profit/(loss) attributable to equity shareholders	**21,805**	**7,951**	**29,756**	(3,097)	(4,202)	(7,299)

Summary of other comprehensive income statement (in USD'000)

	12 months ended 28 December 2019 US$'000	5 months ended 29 December 2018 US$'000
Effective portion of cashflow hedges, net of recycling	**(12,753)**	239
Remeasurement loss on employee benefit schemes	**(6,459)**	(4,764)
Revaluation gain on property, plant and equipment	**3,411**	–
Deferred tax on items above	**1,048**	3,927
Foreign currency translation effects	**(8,015)**	(7,908)
Other comprehensive expense for the period (net of tax)	**(22,768)**	(8,506)
Non-controlling interests share	**–**	–
Attributable to equity shareholders	**(22,768)**	(8,506)
Group's 45% share of other comprehensive expense attributable to equity shareholders	**(10,246)**	(3,828)

Summary income statement (in €'000)

	12 months ended 28 December 2019			5 months ended 29 December 2018		
	Pre-exceptional €'000	Exceptional Items €'000	Total €'000	Pre-exceptional €'000	Exceptional items €'000	Total €'000
Revenue	**4,047,555**	**–**	**4,047,555**	1,538,309	–	1,538,309
Operating profit	**154,044**	**12,274**	**166,318**	23,730	(10,178)	13,552
Net financial expense	**(69,465)**	**–**	**(69,465)**	(28,168)	–	(28,168)
Leasing interest expense	**(17,093)**	**–**	**(17,093)**	–	–	–
Profit/(loss) before tax	**67,486**	**12,274**	**79,760**	(4,438)	(10,178)	(14,616)
Income tax	**(22,582)**	**3,388**	**(19,194)**	(707)	2,048	1,341
Profit/(loss) for period	**44,904**	**15,662**	**60,566**	(5,145)	(8,130)	(13,275)
Non-controlling interests	**(1,954)**	**–**	**(1,954)**	(848)	–	(848)
Profit/(loss) for period attributable to equity shareholders	**42,950**	**15,662**	**58,612**	(5,993)	(8,130)	(14,123)
Group's 45% share of profit/(loss) attributable to equity shareholders	**19,327**	**7,048**	**26,375**	(2,697)	(3,658)	(6,355)

Summary of other comprehensive income statement (in €'000)

	12 months ended 28 December 2019 €'000	5 months ended 29 December 2018 €'000
Effective portion of cashflow hedges, net of recycling	**(11,414)**	208
Remeasurement loss on employee benefit schemes	**(5,781)**	(4,148)
Revaluation gain on property, plant and equipment	**3,041**	–
Deferred tax on items above	**938**	3,419
Foreign currency translation effects	**(7,173)**	(6,885)
Other comprehensive expense for the period (net of tax)	**(20,389)**	(7,406)
Non-controlling interests share	**–**	–
Attributable to equity shareholders	**(20,389)**	(7,406)
Group's 45% share of other comprehensive expense attributable to equity shareholders	**(9,175)**	(3,333)

Key performance indicators

	12 months ended 28 December 2019 US$'000	5 months ended 29 December 2018 US'000	12 months ended 28 December 2019 €'000	5 months ended 29 December 2018 €'000
Adjusted EBITDA (adding back depreciation of right of use assets)	**307,724**	n/a	**272,762**	n/a
Adjusted EBITDA	**245,013**	59,449	**217,176**	51,675
Adjusted EBITA	**173,790**	27,252	**154,045**	23,730

15. Investments in joint ventures and associates continued

Impact of IFRS 16 on Dole

Impact on transition

As explained on pages 94 to 96 in changes in accounting policy and disclosures, the Group has adopted IFRS 16 *Leases* using the modified retrospective approach, with the date of initial application of 1 January 2019. On transition to IFRS 16, the Group recognised additional right of use assets, lease liabilities and restoration provisions with the difference being recognised in reserves. The impact on transition in Dole is summarised as follows, with numbers stated in USD$'000 at 100%:

	2019 US$'000
Right of use assets	**314,938**
Lease liabilities	**(324,660)**
Prepaid/Deferred rent (net)	**(1,558)**
Deferred tax asset	**2,820**
Retained earnings	**8,460**

Impact for the year ended 28 December 2019

As a result of applying IFRS 16 to leases that were previously classified as operating leases, the Group has recognised depreciation and interest costs instead of an operating lease expense. During the year ended 28 December 2019, Dole recognised $62,710,000 of depreciation costs and $17,984,000 of interest costs from these leases. Under IAS 17 the operating lease costs associated with these leases would have been $75,920,000.

Right of use assets

The following is a reconciliation of the total right of use lease assets in the year and does not represent Group share.

	2019 US$'000
Opening balance at 30 December 2018	**–**
Reclassification of assets held under finance leases from property, plant and equipment on adoption of IFRS 16	**21,062**
Arising on adoption of IFRS 16	**314,938**
Additions, disposals, foreign exchange (net)	**14,529**
Depreciation charge to income statement	**(62,461)**
Depreciation capitalised as crop growing costs	**(9,000)**
Closing value at 28 December 2019	**279,068**

Lease liabilities

The following is a reconciliation of the total lease liabilities in the year and does not represent Group share.

	2019 US$'000
Opening balance at 30 December 2018	**–**
Reclassification of finance leases on adoption of IFRS 16	**22,264**
Arising on adoption of IFRS 16	**324,660**
Payments during period	**(90,148)**
Interest charge to income statement	**20,057**
Interest expense capitalised as crop growing costs	**3,100**
Additions, disposals, foreign exchange (net)	**14,101**
Closing value at 28 December 2019	**294,034**

Summary Balance Sheet of Dole at 28 December 2019

	28 December 2019 US$'000	29 December 2018* US$'000	28 December 2019 €'000	29 December 2018* €'000
Intangible assets – Brand	**285,540**	286,299	**254,592**	250,155
Property, plant and equipment	**1,069,546**	1,045,465	**953,622**	913,477
Right of use assets	**279,068**	–	**248,821**	–
Assets held for sale/Actively marketed property	**64,760**	102,730	**57,741**	89,760
Other non-current assets	**107,753**	113,058	**96,074**	98,784
Other current assets	**862,588**	863,439	**769,096**	754,431
Net debt	**(1,287,328)**	(1,349,976)	**(1,147,800)**	(1,179,545)
Employee benefit obligations	**(175,059)**	(185,734)	**(156,085)**	(162,286)
Lease liabilities	**(294,034)**	–	**(262,165)**	–
Other non-current liabilities	**(238,636)**	(261,258)	**(212,771)**	(228,275)
Other current liabilities	**(617,365)**	(592,726)	**(550,452)**	(517,892)
Non-controlling interests	**(9,170)**	(8,531)	**(8,176)**	(7,454)
Fair value of net assets attributable to equity shareholders	**47,663**	12,766	**42,497**	11,155
Total Produce's 45% share of net assets	**21,448**	5,745	**19,124**	5,020
Goodwill	**275,687**	275,687	**245,769**	240,861
Total carrying value of 45% interest in Dole	**297,135**	281,432	**264,893**	245,881

* As explained on page 127, the fair value of the net identifiable assets of Dole were revised and finalised within twelve months from the acquisition date.

	2019 US$'000	2018 US$'000	2019 €'000	2018 €'000
Opening carrying value of 45% investment in Dole	**281,432**	–	**245,881**	–
Retained earnings adjustment on transition to IFRS 16	**(3,807)**	–	**(3,326)**	–
Arising on acquisition	**–**	292,559	**–**	249,853
Group share of profit/(loss) for period attributable to equity shareholders	**29,756**	(7,299)	**26,375**	(6,355)
Group share of other comprehensive expense for period attributable to equity shareholders	**(10,246)**	(3,828)	**(9,175)**	(3,333)
Foreign exchange movement	**–**	–	**5,138**	5,716
Closing carrying value of 45% interest in Dole	**297,135**	**281,432**	**264,893**	**245,881**

In 2018, Dole commissioned the building of two new refrigerated container vessels with a contractual price of $40.9m per vessel ($81.8m in total) 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 are to be made as construction milestones are achieved. The first progress payments of $12.3m were made in 2019, with further estimated payments of $45.0m due in 2020.

Goodwill impairment of Dole review

The Group tests goodwill (including goodwill in joint ventures and associates) annually for impairment on 31 December, or more frequently if there are indications that goodwill might be impaired. See Note 14 for further details on Goodwill impairment testing.

For the purposes of impairment testing of goodwill held by Total Produce relating to its investment in Dole, the total business of Dole is considered a cash-generating-unit ('CGU'). The goodwill balance within Dole is not allocated to individual divisions.

The recoverable amount of the Dole CGU has been determined based on a value-in-use calculation using cash flows derived from the approved 2020 budget with cash flows thereafter calculated using a terminal value methodology assuming 2.5% p.a. inflation. No other growth is assumed. The pre-tax discount rate applied to cash flow projections of the CGU was 8.9%.

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.

The discount rate reflects the current market assessment of the risk specific to the CGU. The discount rate was estimated by calculating a CGU-specific weighted average cost of capital to reflect the market assessment of risk specific to each CGU for which the cash flow projections have not been adjusted.

15. Investments in joint ventures and associates continued

Goodwill impairment of Dole review continued

The earnings of Dole 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, no impairment charge (2018: €Nil) relating to goodwill was recognised in the income statement in 2019.

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 result in an impairment. Similarly, if the pre-tax discount rates applied to the cashflows had been 10% higher, no impairment would result.

Non-material joint ventures

The following is summarised financial information for the Group's interest in non-material joint ventures, based on the amounts reported in the Group's consolidated financial statements:

Carrying value	2019 €'000	2018 €'000
Europe – Eurozone	**44,583**	46,354
Europe – Non-Eurozone	**9,660**	7,949
International	**33,994**	33,032
Carrying amount of interests in non-material joint ventures	**88,237**	87,335

Group's share of profit after tax	2019 €'000	2018 €'000
Europe – Eurozone	**5,137**	5,081
Europe – Non-Eurozone	**1,791**	1,919
International	**3,730**	1,685
Group's share of profit after tax in non-material joint ventures	**10,658**	8,685

Group's share of other comprehensive income	2019 €'000	2018 €'000
Europe – Eurozone	**35**	(32)
Group's share of other comprehensive income/(expense) in non-material joint ventures	**35**	(32)

Material associates

At 31 December 2019, 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 non-material associates, based on the amounts reported in the Group's consolidated financial statements:

Carrying value	2019 €'000	2018 €'000
Europe – Eurozone	**1,077**	1,082
Europe – Non-Eurozone	**3,643**	4,077
International	**11,093**	12,678
Carrying amount of interests in non-material associates	**15,813**	17,837

Group's share of profit after tax	2019 €'000	2018 €'000
Group's share of profit after tax		
Europe – Eurozone	**9**	(6)
Europe – Non-Eurozone	**(493)**	379
International	**1,150**	1,810
Group's share of profit after tax in non-material associates	**666**	2,183

Group's share of other comprehensive income

There is no other comprehensive income arising in non-material associates in the current or prior year.

16. Other investments

	2019 €'000	2018 €'000
Equity securities – mandatorily at FVTPL	**4,554**	9,550
Equity securities – designated at FVTPL	**495**	527
Balance at end of year	**5,049**	10,077

	2019 €'000	2018 €'000
Non-current	**2,743**	3,465
Current	**2,306**	6,612
Balance at end of year	**5,049**	10,077

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 35.

17. Inventories

	2019 €'000	2018 €'000
Goods for resale	**86,542**	77,540
Consumables	**11,489**	12,755
Total of lower of cost or net realisable value	**98,031**	90,295

18. Biological assets

	2019 €'000	2018 €'000
Balance at beginning of year	**5,066**	4,578
Additions	**20,951**	17,372
Harvested fruit transferred to inventory	**(21,481)**	(16,521)
Fair value adjustment	**(666)**	6
Reclassification to property, plant and equipment (Note 11)	**–**	(501)
Foreign exchange movement	**95**	132
Balance at end of year	**3,965**	5,066

	2019 €'000	2018 €'000
Non-current	**–**	–
Current	**3,965**	5,066
Balance at end of year	**3,965**	5,066

Biological assets consist of unharvested fruits growing on bearer plants 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 other operating income/expense. In the prior year, fair value movements on biological assets were classified within cost of sales. The fair value gain for year ended 2018 was just €6,000 and given materiality the comparative financial statements have not been restated for this reclassification amount. 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:

	2019 €'000	2018 €'000
Strawberries	**3,727**	4,780
Other	**238**	286
	3,965	5,066

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.

18. Biological assets continued

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 cash flows 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 (2018: 29 tonnes per acre). • estimated cash inflows based on forecast pricing (US$0.41 to US$6.45 per kg – weighted average US$2.77 per kg) (2018: US$0.33 to US$6.55 per kg – weighted average US$2.63 per kg). • estimated production, harvesting and transportation costs • risk-adjusted discount rates of 17.0% (2018: 27.0%).	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 which 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 to damage from climatic changes, unusual weather patterns, diseases, forest fires and other natural forces. The Group has processes in place to monitor and to mitigate risks where possible, including regular crop inspection and pest and disease surveys.

19. Trade and other receivables

	2019 €'000	2018 €'000
Non-current		
Non-trade receivables due from joint ventures and associates	**7,779**	8,707
Other receivables	**12,017**	10,017
	19,796	18,724
Current		
Trade receivables due from third parties	**304,360**	326,427
Trade receivables due from joint ventures and associates	**15,650**	10,460
Irish value added tax	**676**	826
Other tax	**6,817**	6,352
Other receivables	**36,993**	32,485
Prepayments	**11,818**	11,491
Non-trade receivables due from joint ventures and associates	**4,477**	4,745
	380,791	392,786
Total	**400,587**	411,510

Details of impairment provisions netted against the carrying value of trade and other receivables above are set out in Note 35.

Other receivables (both current and non-current) include loans and advances to suppliers.

See Note 35 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.

20. Cash and cash equivalents

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.

	2019 €'000	2018 €'000
Bank balances	**99,445**	91,099
Call deposits (demand balances)	**16,084**	11,200
Cash and cash equivalents per balance sheet	**115,529**	102,299
Bank overdrafts (Note 23)	**(9,502)**	(9,560)
Cash, cash equivalents and bank overdrafts per cash flow statement	**106,027**	92,739

21. Capital and reserves

Share capital

At 31 December 2019, the authorised share capital was €10,000,000 (2018: €10,000,000) divided into 1,000,000,000 ordinary shares of 1 cent each. The issued share capital at that date was 410,524,962 ordinary shares (2018: 410,429,462).

During the year, the Group received consideration of €67,000 (2018: €394,000) from the issue of 100,000 (2018: 600,000) shares that were issued to satisfy the exercise of 100,000 (2018: 600,000) share options.

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 €145 million or circa $180 million (before expenses) to finance the Dole transaction. Net of expenses, the proceeds were €141 million (circa $175 million). 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 Euronext Growth Market and AIM respectively on 5 February 2018.

At 31 December 2019, the Company held 22,000,000 treasury shares in the Company (2018: 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 2019 '000	Ordinary shares 2019 €'000	Ordinary shares 2018 '000	Ordinary shares 2018 €'000
Allotted, called-up and fully paid				
In issue at beginning of year	**410,429**	**4,104**	346,829	3,468
Shares issued by the Company in share placing	**–**	**–**	63,000	630
Shares repurchased by the Company	**(4)**	**–**	–	–
Shares issued on exercise of share options	**100**	**1**	600	6
In issue at end of year	**410,525**	**4,105**	410,429	4,104

Share premium

	2019 €'000	2018 €'000
At beginning of year	**295,421**	150,763
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	**66**	388
At end of year	**295,487**	295,421

Attributable Profit/(Loss) 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 2019 was €1,597,000 (2018: loss of €4,555,000). 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.

21. Capital and reserves continued

Other reserves

	2019 €'000	2018 €'000
Undenominated capital (a)	**140**	140
Own shares reserve (b)	**(8,580)**	(8,580)
Currency translation reserve (c)	**(18,699)**	(22,721)
Revaluation reserve (d)	**30,809**	28,336
Other equity reserves (e)	**(134,979)**	(120,232)
Total	**(131,309)**	(123,057)

(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 2019 and 2018.

(b) 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 2019, the Company held 22,000,000 (31 December 2018: 22,000,000) of the Company's shares as treasury shares.

(c) 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.

(d) 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.

(e) Other equity reserves

Other equity reserves comprise the de-merger reserve, share option reserve, cash flow hedge reserve, cost of hedging reserve and put option reserve.

	De-merger reserve (i) €'000	Share option reserve (ii) €'000	Cash flow hedge reserve (iii) €'000	Cost of hedging reserve (iv) €'000	Put option reserve (v) €'000	Other equity reserves Total €'000
Balance as at 1 January 2019 as presented in the balance sheet	**(122,521)**	**1,904**	**750**	**(63)**	**(302)**	**(120,232)**
Adjust for NCI subject to put option transferred for presentation purposes	–	–	–	–	**(34,673)**	**(34,673)**
Balance at 1 January 2019	**(122,521)**	**1,904**	**750**	**(63)**	**(34,975)**	**(154,905)**
Comprehensive income						
Profit for the year	–	–	–	–	–	–
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Currency translation	–	–	**33**	–	–	**33**
Effective portion of cash flow hedges, net	–	–	**(148)**	–	–	**(148)**
Changes in fair value of cost of hedging, net	–	–	–	**155**	–	**155**
Deferred tax on items taken directly to other comprehensive income	–	–	**30**	**(30)**	–	–
Share of joint ventures and associates effective portion of cashflow hedges	–	–	**(5,101)**	–	–	**(5,101)**
Share of joint ventures and associates deferred tax on items above	–	–	**497**	–	–	**497**
Total included in other comprehensive income	–	–	**(4,689)**	**125**	–	**(4,564)**
Total included in comprehensive income	–	–	**(4,689)**	**125**	–	**(4,564)**
Transactions with equity holders of the parent						
New shares issued	–	**(20)**	–	–	–	**(20)**
Put option liability extinguished (Note 28)	–	–	–	–	**11,657**	**11,657**
Fair value movements on put option liability (Note 28)	–	–	–	–	**(3,294)**	**(3,294)**
Share-based payment transactions (Note 32)	–	**109**	–	–	–	**109**
Total transactions with equity holders of the parent	–	**89**	–	–	**8,363**	**8,452**
Balance at 31 December 2019	**(122,521)**	**1,993**	**(3,939)**	**62**	**(26,612)**	**(151,017)**
Transfer of NCI subject to put options for presentation purposes (Note 22)	–	–	–	–	**16,038**	**16,038**
Balance at 31 December 2019 as presented in the balance sheet	**(122,521)**	**1,993**	**(3,939)**	**62**	**(10,574)**	**(134,979)**

	De-merger reserve (i) €'000	Share option reserve (ii) €'000	Cash flow hedge reserve (iii) €'000	Cost of hedging reserve (iv) €'000	Put option reserve (v) €'000	Other equity reserves Total €'000
Balance as at 1 January 2018 as presented in the balance sheet	(122,521)	1,444	(231)	–	(12,173)	(133,481)
Adjustment on adoption of IFRS 9 on 1 Jan 2018	–	–	51	(51)	–	–
Adjust for NCI subject to put option transferred for presentation purposes	–	–	–	–	(26,788)	(26,788)
Balance at 1 January 2018	(122,521)	1,444	(180)	(51)	(38,961)	(160,269)
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 taken directly to other comprehensive income	–	–	(65)	2	–	(63)
Share of joint ventures and associates effective portion of cashflow hedges	–	–	51	–	–	51
Share of joint ventures and associates deferred tax on items above	–	–	696	–	–	696
Total included in other comprehensive income	–	–	930	(12)	154	1,072
Total included in 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 28)	–	–	–	–	(896)	(896)
Fair value movements on put option liability (Note 28)	–	–	–	–	4,728	4,728
Share-based payment transactions (Note 32)	–	557	–	–	–	557
Total transactions with equity holders of the parent	–	460	–	–	3,832	4,292
Balance at 31 December 2018	(122,521)	1,904	750	(63)	(34,975)	(154,905)
Transfer of NCI subject to put options for presentation purposes (Note 22)	–	–	–	–	34,673	34,673
Balance at 31 December 2018 as presented in the balance sheet	(122,521)	1,904	750	(63)	(302)	(120,232)

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

21. 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 90). 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 shares 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 15 May 2020.

22. Non-controlling interests

	2019 €'000	2018 €'000
Balance at 1 January as presented in the balance sheet	**82,483**	79,774
Adjust for transition to IFRS 16	**(1,337)**	–
Balance at 1 January as presented in the balance sheet (restated)	**81,146**	79,774
Adjust for non-controlling interest subject to put option transferred for presentation purposes (Note 21)	**34,673**	26,788
As at 1 January	**115,819**	106,562
Share of profit after tax	**12,902**	18,011
Share of items recognised in other comprehensive income	**(31)**	303
Share of foreign exchange movement	**1,645**	922
Share of comprehensive income	**14,516**	19,236
Non-controlling interests arising on acquisition (Note 31)	**959**	2,314
Acquisition of non-controlling interests (a)	**(554)**	(723)
Disposal of subsidiary (b)	**121**	–
Disposal of shareholding to non-controlling interest (c)	**–**	275
Contribution by non-controlling interests (d)	**–**	130
Dividends paid to non-controlling interests (e)	**(16,055)**	(10,638)
Balance at end of year	**114,806**	117,156
Transfer of NCI subject to put options to the put option reserve for presentation purposes (Note 21)	**(16,038)**	(34,673)
Balance at end of year as presented in the balance sheet	**98,768**	82,483

(a) Acquisition of non-controlling interests

During 2019, the Group acquired additional shares in subsidiaries in North America and Scandinavia for consideration of €1,656,000. These changes in the Group's ownership interest in existing subsidiaries were accounted for as equity transactions. The difference of €1,102,000 between the fair value of the consideration of €1,656,000 and the book value of the non-controlling interest acquired of €554,000 was accounted for directly in retained earnings as a charge.

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 €1,110,000 and the book value of the non-controlling interest acquired of €723,000 was accounted for directly in retained earnings as a charge.

(b) Disposal of subsidiary

During 2019, the Group disposed of a small produce business in the Eurozone at a loss of €572,000. The non-controlling interest share of net identifiable assets and liabilities disposed of was €121,000 (Note 31).

(c) 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.

(d) Contribution by non-controlling interests
In 2018, non-controlling interests in subsidiaries made cash capital contributions of €130,000.

(e) Dividends paid to non-controlling interests
In 2019, dividends of €16,055,000 (2018: €10,638,000) were declared payable to non-controlling interests. The cash paid as dividend to non-controlling interests in 2019 were €16,055,000 (2018: €10,535,000).

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 a registered address of EurobananCanarias S.A. is Avda. de Anaga No 11, 38001 Santa Cruz de Tenerife, Spain.
- Grandview Ventures Limited. The Group owns 65% of Grandview Ventures Limited ('Oppy'), a Canadian fresh produce group, with a registered address of 2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7.

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 inter company eliminations with other companies in the Group.

	EurobananCanarias S.A.		Oppy Group	
	12 months ended 31 December 2019 €'000	12 months ended 31 December 2018 €'000	**12 months ended 31 December 2019 €'000**	12 months ended 31 December 2018 €'000
Total revenue (including share of joint ventures)	**438,583**	426,947	**739,161**	676,556
Group revenue	**413,401**	402,303	**701,517**	643,273
Profit after tax	**11,737**	11,806	**5,788**	20,356*
Profit after tax attributable to non-controlling interests	**7,104**	7,031	**2,248**	7,707
Other comprehensive (expense)/income	**(38)**	217	**2,008**	1,018
Total comprehensive (expense)/income	**11,699**	12,023	**7,796**	21,374
Total comprehensive income attributable to non-controlling interests	**7,059**	7,158	**2,911**	8,512
Current assets	**92,276**	88,737	**84,255**	96,621
Non-current assets	**54,569**	39,156	**60,007**	57,221
Current liabilities	**(59,195)**	(53,821)	**(73,860)**	(78,485)
Non-current liabilities	**(13,677)**	(2,597)	**(30,255)**	(27,319)
Net assets	**73,973**	71,475	**40,147**	48,038
Net assets attributable to non-controlling interests	**44,244**	42,400	**19,483**	22,813
Net increase in cash and cash equivalents	**(1,244)**	3,446	**2,753**	8,484
Dividends paid to non-controlling interests during the year	**4,905**	4,044	**6,013**	2,438
Impact on transition to IFRS 16 *Leases* on retained earnings				
Impact on net assets	**(976)**	–	**(362)**	–
Impact on net assets attributable to non-controlling interest	**(661)**	–	**(228)**	–

* Includes an exceptional profit after tax of €176,000 (2018: €12,754,000).

23. Interest-bearing loans and borrowings

	2019 €'000	2018 €'000
Non-current		
Bank borrowings	**250,572**	262,188
Finance lease liabilities	**–**	1,168
	250,572	263,356
Current		
Bank overdrafts	**9,502**	9,560
Bank borrowings	**76,648**	48,658
Finance lease liabilities	**–**	468
	86,150	58,686
Total	**336,722**	322,042

Borrowings are repayable as follows:

	2019 €'000	2018 €'000
Bank borrowings and overdrafts		
Within one year	**86,150**	58,218
After one year but within two years	**53,641**	122,191
After two years but within five years	**196,782**	127,764
After five years	**149**	12,233
	336,722	320,406
Finance lease liabilities		
Within one year	**–**	468
After one year but within five years	**–**	1,168
	–	1,636
Total	**336,722**	322,042

Further details in relation to the Group's borrowings are set out in Note 35.

Total future minimum lease payments on finance leases amounted to €1,698,000 at 31 December 2018. Total interest-bearing loans and borrowings include borrowings of €3,422,000 (2018: €3,666,000) 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 2019 €'000	Bank borrowings 2019 €'000	Lease liabilities 2019 €'000	Total 2019 €'000
Balance at 31 December 2018	**9,560**	**310,846**	**1,636**	**322,042**
Finance leases reclassified on adoption of IFRS 16	**–**	**–**	**(1,636)**	**(1,636)**
Balance at 1 January 2019	**9,560**	**310,846**	**–**	**320,406**
Changes from financing cash flows				
Drawdown of borrowings	**–**	**345,764**	**–**	**345,764**
Repayment of borrowings	**–**	**(333,211)**	**–**	**(333,211)**
Total changes from financing cash flows	**–**	**12,553**	**–**	**12,553**
Changes from cash flows	**(195)**	**–**	**–**	**(195)**
Net foreign exchange movement	**137**	**3,821**	**–**	**3,958**
Balance at 31 December 2019	**9,502**	**327,220**	**–**	**336,722**

Reconciliation of movements of interest-bearing loans and borrowings to cash flows arising from financing activities
continued

	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

24. Lease liability

	2019 €'000
Balance at 31 December 2018	**–**
Finance leases reclassified on adoption of IFRS 16	**1,636**
Balance at 1 January 2019	**1,636**
Arising on adoption of IFRS 16	**121,101**
New leases arising in period	**12,090**
Arising on acquisition of a business	**3,553**
Arising on business disposals	**(654)**
Leases terminated	**(610)**
Lease payments	**(20,897)**
Interest	**2,995**
Foreign exchange movement	**862**
Balance at 31 December 2019	**120,076**
Current lease liability	**20,306**
Non-current lease liability	**99,770**
	120,076

As described in changes in accounting policy and disclosures on pages 94 to 96, the Group has initially adopted IFRS 16 *Leases* with effect from 1 January 2019. Included in the balance above, is €118,568,000 in relation to leases that would previously have been classified as operating leases.

IFRS 16 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 on the balance sheet. This will increase the Group's recognised assets and liabilities. 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. Lessor accounting remains similar to previous accounting policies. See page 103 for further details.

See Note 35 for contractual cashflows relating to lease liabilities.

During the year, a subsidiary of Total Produce plc continued to lease a number of buildings from Balmoral International Holdings plc as part of its normal trading activities. Balmoral International Holdings plc is a related party of the Group under the AIM/Euronext Growth rules. The total lease payment for the year was €1,233,500.

25. Analysis of net debt

Net debt is a non-IFRS measure which comprises bank deposits, cash and cash equivalents and current and non-current borrowings. For 2019, it excludes lease liabilities. For 2018, it includes finance lease liabilities. The calculation of net debt at 31 December 2019 and 31 December 2018 is as follows:

	2019 €'000	2018 €'000
Current assets		
Bank balances (Note 20)	**99,445**	91,099
Call deposits (demand balances) (Note 20)	**16,084**	11,200
Current liabilities		
Bank overdrafts (Note 23)	**(9,502)**	(9,560)
Current bank borrowings (Note 23)	**(76,648)**	(48,658)
Finance leases (Note 23)	**–**	(468)
Non-current liabilities		
Non-current bank borrowings (Note 23)	**(250,572)**	(262,188)
Finance leases (Note 23)	**–**	(1,168)
Net debt at end of year	**(221,193)**	(219,743)

Average net debt for the year ended 31 December 2019 was €284,019,000 (2018: €217,114,000). 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, €46,409,000 (2018: €29,967,000) has been derecognised at year-end.

26. Trade and other payables

	2019 €'000	2018 €'000
Non-current		
Other payables	**2,904**	1,611
Current		
Trade payables	**361,832**	365,071
Trade payables due to joint ventures and associates	**9,523**	10,802
Non-trade payables due to joint ventures and associates	**25**	22
Accruals	**58,963**	71,438
Deferred consideration	**257**	137
Other payables	**27,526**	19,895
Irish payroll tax and social welfare	**2,748**	2,875
Irish value added tax	**837**	1,073
Other tax	**13,491**	11,621
	475,202	482,934
Total	**478,106**	484,545

For information on the Group's contractual maturity analysis of all liabilities, including trade and other payables, please refer to Note 35.

27. Contingent consideration and other provisions

Total contingent consideration amounts to €14,860,000 (2018: €24,517,000) 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 €620,000 (2018: €2,747,000) 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.

Restoration provisions of €1,011,000 represent costs that are expected to be incurred to return leasehold premises to their original condition when the lease expires.

	Contingent consideration 2019 €'000	Other provisions 2019 €'000	Restoration provision 2019 €'000	Total 2019 €'000
Balance at beginning of year	**24,517**	**2,747**	**–**	**27,264**
Paid during year	**(11,103)**	**(1,676)**	**–**	**(12,779)**
Fair value movements credited to income statement[1] (Note 3)	**(204)**	**–**	**–**	**(204)**
Release to income statement	**–**	**(489)**	**–**	**(489)**
Unwinding of interest charged to income statement	**–**	**–**	**24**	**24**
Arising on acquisition of subsidiaries (Note 31)	**1,461**	**–**	**–**	**1,461**
Arising on disposal of subsidiaries (Note 31)	**(189)**	**–**	**–**	**(189)**
Arising on transition to IFRS 16	**–**	**–**	**905**	**905**
Additions in the year	**–**	**–**	**64**	**64**
Foreign exchange movements	**378**	**38**	**18**	**434**
Balance at end of year	**14,860**	**620**	**1,011**	**16,491**
Non-current	**6,958**	**–**	**999**	**7,957**
Current	**7,902**	**620**	**12**	**8,534**
Balance at end of year	**14,860**	**620**	**1,011**	**16,491**

	Contingent consideration 2018 €'000	Other provisions 2018 €'000	Restoration provision 2018 €'000	Total 2018 €'000
Balance at beginning of year	34,465	–	–	34,465
Paid during year	(7,009)	–	–	(7,009)
Fair value movements credited to income statement[1] (Note 3)	(4,043)	–	–	(4,043)
Arising on acquisition of subsidiaries (Note 31)	1,126	–	–	1,126
Arising on acquisition of non-controlling interests (Note 22)	621	–	–	621
Arising during the year	–	3,265	–	3,265
Utilised in the year	–	(503)	–	(503)
Arising on acquisitions of joint ventures and associates (Note 15)	(419)	–	–	(419)
Foreign exchange movements	(224)	(15)	–	(239)
Balance at end of year	24,517	2,747	–	27,264
Non-current	12,931	–	–	12,931
Current	11,586	2,747	–	14,333
Balance at end of year	24,517	2,747	–	27,264

1 The impact of fair value movements of contingent consideration in respect of acquisitions of subsidiaries, joint ventures and associates to a decrease in the amount payable of €204,000 (2018: decrease of €4,043,000). The impact of these revisions is recognised in the Group income statement within other operating income and expenses (Note 3).

See Note 35 for contractual cash flows and fair value disclosures on the measurement of contingent consideration, restoration and other provisions at 31 December 2019.

28. 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 21).

As outlined in the Group accounting policies on page 98, 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.

	2019 €'000	2018 €'000
Balance at beginning of year	**34,975**	38,961
Arising on acquisition	**–**	896
Extinguished during the year[1]	**(11,657)**	–
Fair value movement on put option recognised directly within equity	**3,294**	(4,728)
Foreign exchange movements	**–**	(154)
Balance at end of year	**26,612**	34,975
Non-current	**23,083**	34,975
Current	**3,529**	–
Balance at end of year	**26,612**	34,975

1 During the year, and with the consent of the Group, a non-controlling shareholder sold their shares to other third parties (existing management). As a result, the put option between the Group and this non-controlling shareholder was extinguished.

See Note 35 for contractual cash flows and fair value disclosures on the measurement of put option liabilities over non-controlling interest shares.

29. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as set out below. For 2018, these amounts represented the minimum future lease payments, in aggregate, that the Group was required to make under existing lease agreements. For 2019, as a result of the adoption of IFRS 16 *Leases,* these amounts represent the minimum future lease payments for short-term and low-value leases, for which a right of use asset and lease liability are not recognised, as allowed in accordance with IFRS 16.

	2019 €'000	2018 €'000
Less than one year	**667**	19,094
Between one and five years	**15**	41,059
More than five years	**–**	26,430
Total	**682**	86,583

The Group leases certain items of property, plant and equipment under operating leases. During the financial year, €1,564,000 (2018: €19,764,000) 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.

	2019 €'000
Less than one year	1,106
One to two years	538
Two to three years	537
Three to four years	537
Four to five years	539
More than five years	1,365
Total	**4,622**

	2018 €'000
Less than one year	876
Between one and five years	1,805
More than five years	2,536
Total	5,217

In 2019, €2,033,000 (2018: €1,955,000) was recognised as rental income in the income statement.

30. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable as follows:

	Assets 2019 €'000	Liabilities 2019 €'000	Net 2019 €'000	Assets 2018 €'000	Liabilities 2018 €'000	Net 2018 €'000
Property, plant and equipment	824	(8,660)	(7,836)	1,076	(8,087)	(7,011)
Goodwill and intangible assets	–	(18,416)	(18,416)	–	(20,172)	(20,172)
Investment property	3	(663)	(660)	–	(628)	(628)
Net right of use asset	703	–	703	–	–	–
Derivative financial instruments	75	(14)	61	74	(9)	65
Employee benefits	1,743	–	1,743	2,139	–	2,139
Trade and other payables	5,337	(69)	5,268	4,784	(204)	4,580
Other items	857	(469)	388	808	(2,872)	(2,064)
Tax value of losses carried forward	4,515	–	4,515	4,344	–	4,344
Deferred tax assets/(liabilities)	**14,057**	**(28,291)**	**(14,234)**	13,225	(31,972)	(18,747)
Set-off of deferred tax	(560)	560	–	(832)	832	–
Net deferred tax assets/(liabilities)	**13,497**	**(27,731)**	**(14,234)**	12,393	(31,140)	(18,747)

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

	2019 €'000	2018 €'000
Tax losses	**9,369**	7,364

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 at 31 December 2019 is €3,910,000 (2018: €2,153,000).

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 at 31 December 2019 is €5,459,000 (2018: €5,211,000).

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.

30. Deferred tax assets and liabilities continued

	Balance at 1 January 2019 €'000	Recognised on adoption of IFRS 16 *Leases* 2019 €'000	Recognised in income statement 2019 €'000	Recognised in other comprehensive income 2019 €'000	Foreign exchange adjustment 2019 €'000	Arising on acquisition 2019 €'000	Reclassification 2019 €'000	Balance at 31 December 2019 €'000
Property, plant and equipment	**(7,011)**	**–**	**(94)**	**(932)**	**50**	**–**	**151**	**(7,836)**
Goodwill and intangible assets	**(20,172)**	**–**	**2,623**	**–**	**(469)**	**(398)**	**–**	**(18,416)**
Investment property	**(628)**	**–**	**3**	**–**	**(35)**	**–**	**–**	**(660)**
Derivative financial instruments	**65**	**–**	**9**	**(9)**	**(8)**	**–**	**4**	**61**
Employee benefits	**2,139**	**–**	**(440)**	**(34)**	**78**	**–**	**–**	**1,743**
Trade and other payables	**4,580**	**–**	**382**	**–**	**87**	**8**	**211**	**5,268**
Net right of use asset	**–**	**368**	**340**	**–**	**(5)**	**–**	**–**	**703**
Other items	**(2,064)**	**–**	**2,587**	**–**	**(135)**	**–**	**–**	**388**
Tax value of losses carried forward	**4,344**	**–**	**467**	**–**	**4**	**66**	**(366)**	**4,515**
Net deferred tax assets/(liabilities)	**(18,747)**	**368**	**5,877**	**(975)**	**(433)**	**(324)**	**–**	**(14,234)**

	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	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)

31. Acquisitions and disposals of subsidiaries

Summary of investments in 2019

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 2019, with initial cash spend of €6,683,000 (2018: €2,496,000), deferred consideration of €114,000 (2018: €Nil), with a further €1,461,000 (2018: €1,126,000) of contingent consideration payable dependent on the achievement of profit targets.

Summary of fair values of assets and liabilities acquired

The table below provides details on the total fair value of acquisitions of subsidiaries in 2019. 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.

	2019 Total €'000	2018 Total €'000
Consideration paid and payable		
Cash consideration	**6,683**	2,496
Contingent consideration (Note 27)	**1,461**	1,126
Deferred consideration	**114**	–
Total fair value of consideration	**8,258**	3,622
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment (Note 11)	**1,054**	2,422
Right of use assets (Note 12)	**3,564**	–
Investment property (Note 13)	**–**	223
Intangible assets – Customer relationships (Note 14)	**2,392**	811
Intangible assets – Software (Note 14)	**434**	–
Intangible assets – Supplier relationships, brand and other (Note 14)	**189**	93
Inventories	**590**	945
Trade and other receivables	**9,859**	9,794
Cash, and cash equivalents	**2,308**	3,833
Lease liabilities (Note 24)	**(3,553)**	–
Corporation tax	**58**	(92)
Trade and other payables	**(10,921)**	(11,007)
Deferred tax asset (Note 30)	**74**	55
Deferred tax liability (Note 30)	**(398)**	(130)
Fair value of net identifiable assets and liabilities acquired	**5,650**	6,947
Non-controlling interests arising on acquisition		
Non-controlling interests measured at fair value	**–**	157
Non-controlling interests measured at share of net assets	**959**	2,157
Total value of non-controlling interests arising on acquisition (Note 22)	**959**	2,314
Goodwill calculation		
Fair value of consideration	**8,258**	3,622
Fair value of pre-existing interest in acquiree (Note 15)	**–**	2,760
Fair value of net identifiable assets and liabilities acquired	**(5,650)**	(6,947)
Non-controlling interest arising on acquisition (Note 22)	**959**	2,314
Goodwill arising (Note 14)	**3,567**	1,749

Cash flows relating to acquisition of subsidiaries	2019 €'000	2018 €'000
Cash consideration for acquisition of subsidiary undertakings	**(6,683)**	(2,496)
Cash, cash equivalents and bank overdrafts acquired	**2,308**	3,833
Cash inflow/(outflow) per statement of cash flows	**(4,375)**	1,337

Cash consideration paid

The cash spend on acquisitions in 2019 was €6,683,000 (2018: €2,496,000). Net of cash, cash equivalents and bank overdrafts acquired the net cash outflow was €4,375,000 (2018: inflow €1,337,000).

31. Acquisitions and disposals of subsidiaries continued

Contingent consideration

The Group has agreed to pay selling shareholders additional consideration of €1,633,000 (2018: €1,134,000) 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 €1,461,000 (2018: €1,126,000) was calculated by using the expected present value technique.

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*.

Goodwill arising

The principal factor contributing to the recognition of goodwill of €3,567,000 (2018: €1,749,000) 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 €177,000 (2018: €105,000) 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 2019 contributed €32,098,000 to total revenue in the period and €441,000 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 2019, the estimated total revenue for the year ended 31 December 2019 would have been €6,225,834,000 and estimated operating profit after exceptional items would have been €87,751,000. These numbers exclude the contributions from any joint ventures and associates completed in the year.

Disposal of interest in subsidiary and trading assets

During 2019, the Group disposed of two small business produce business in Europe for nil consideration resulting in a net loss on disposal of €572,000.

	2019 Total €'000
Identifiable assets acquired and liabilities disposed of	
Right of use asset (Note 12)	**645**
Trade and other receivables	**219**
Cash and cash equivalents	**191**
Trade and other payables	**(452)**
Contingent consideration liability disposed (Note 27)	**(189)**
Lease liability (Note 24)	**(654)**
Book value of net assets/(liabilities) and liabilities disposed	**(240)**

Calculation of loss on disposal	
Fair value of consideration received	**–**
Less book value of net assets and liabilities disposed of	**240**
Less goodwill related to business disposed (Note 14)	**(691)**
Non-controlling interests share of net identifiable assets and liabilities disposed of (Note 22)	**(121)**
Loss on disposal of business (recognised within other operating expenses as an exceptional item)	**(572)**

32. Employee benefits

Remuneration

	2019 €'000	2018 €'000
Wages and salaries	**231,611**	222,272
Social security contributions	**39,502**	37,983
Employee post-employment obligations cost – defined contribution schemes	**9,014**	8,337
Employee post-employment obligations cost – defined benefit schemes	**1,677**	2,035
Employee post-employment obligations cost – other post-employment obligations	**547**	442
Termination benefits	**1,039**	1,228
Equity settled share-based compensation expense	**109**	557
Short term incentive payment plan	**546**	282
Recognised in the income statement	**284,045**	273,136
Charge on the Group's employee defined benefit obligations	**–**	1,304
Recognised in the income statement – exceptional item (Note 7)	**–**	1,304
Remeasurement loss/(gain) on post-employment defined benefit schemes	**2,683**	(6,323)
Remeasurement loss/(gain) on other post-employment benefit schemes	**326**	(354)
Recognised in the statement of other comprehensive income	**3,009**	(6,677)

Employee numbers – Group (Average)

	2019 Number	2018 Number
Production	**1,328**	1 189
Sales and distribution	**3,962**	3 881
Administration	**715**	685
	6,005	5,755

Post-employment benefit obligations at year-end

	2019 €'000	2018 €'000
Employee defined benefit pension schemes obligations	**10,828**	10,941
Other post-employment benefit obligations	**5,908**	5,023
	16,736	15,964

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 €1,677,000 (2018: €2,035,000).

In addition to this charge, in 2018 there was an exceptional income statement charge of €1,304,000). 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 was complex with each pension having to be equalised. The Group engaged the services of an actuary to perform an estimate of the impact of GMP and a charge of €1,304,000 was recognised as a past service cost in the income statement and classified as an exceptional item. There were no exceptional charges in 2019.

The charge in the income statement in respect of the Group's defined contribution schemes was €9,014,000 (2018: €8,337,000).

The Group operates six funded defined benefit pension schemes. Two of these schemes are based in Ireland, two are based in the United Kingdom 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.

32. Employee benefits continued

Employee defined benefit pension schemes obligations continued

Defined benefit pension schemes represent a 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. This programme has reduced the volatility of the Schemes going forward. Both of the UK schemes are also closed to new entrants and 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 2019. Full actuarial valuations were carried out on both of the Irish schemes at 1 January 2019, and on the two UK schemes at 31 December 2018 and 5 April 2018. 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 2019 and 31 December 2018 are as follows:

	Ireland		UK		Netherlands		North America	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
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	**0.70%-1.40%**	0.80%-1.60%	**1.95%-2.65%**	2.50%-3.20%	**0.00%**	0.00%	**2.00%**	2.00%
Inflation rate	**1.40%**	1.60%	**2.70%**	3.20%	**1.40%**	1.60%	**2.00%**	2.00%
Discount rate	**1.40%**	2.10%	**2.00%**	2.90%-3.00%	**1.40%**	2.10%	**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	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Male	**22.3**	22.4	**20.9**	21.8	**20.9**	20.8	**22.0**	22.0
Female	**24.1**	24.3	**23.2**	24.1	**23.3**	23.2	**24.0**	24.0

Life expectancy of a 45-year-old active employee at expected retirement age of 65:

	Ireland		UK		Netherlands		North America	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Male	**23.7**	24.1	**22.2**	23.6	**23.1**	23.0	**23.0**	23.0
Female	**25.7**	26.1	**24.6**	25.8	**25.3**	25.2	**25.0**	25.0

Analysis of net liability

	Ireland 2019 €'000	**UK 2019 €'000**	**Netherlands 2019 €'000**	**North America 2019 €'000**	**Total 2019 €'000**
Equities	**17,843**	**36,349**	**–**	**–**	**54,192**
Bonds	**38,842**	**47,420**	**–**	**1,080**	**87,342**
Property	**12,605**	**2,429**	**–**	**226**	**15,260**
Growth portfolio – other	**7,069**	**6,943**	**14,310**	**–**	**28,322**
Cash and cash equivalents	**6,875**	**186**	**–**	**50**	**7,111**
Fair value of scheme assets	**83,234**	**93,327**	**14,310**	**1,356**	**192,227**
Present value of scheme obligations	**(86,508)**	**(99,240)**	**(15,702)**	**(1,605)**	**(203,055)**
Net employee benefit liabilities	**(3,274)**	**(5,913)**	**(1,392)**	**(249)**	**(10,828)**
Analysed as follows					
Employee benefit assets	**–**	**–**	**–**	**–**	**–**
Employee benefit liability	**(3,274)**	**(5,913)**	**(1,392)**	**(249)**	**(10,828)**
Net employee benefit liabilities	**(3,274)**	**(5,913)**	**(1,392)**	**(249)**	**(10,828)**

	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 liability	(1,775)	(7,837)	(1,112)	(217)	(10,941)
Net employee benefit liabilities	(1,775)	(7,837)	(1,112)	(217)	(10,941)

32. Employee benefits continued

Employee defined benefit pension schemes obligations continued

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 2018	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**
Interest income on scheme assets	**1,630**	**2,390**	**252**	**56**	**4,328**
Remeasurement gain on scheme assets	**3,678**	**8,292**	**2,161**	**15**	**14,146**
Administration expenses paid from scheme	**–**	**–**	**(51)**	**–**	**(51)**
Employer contributions	**3,134**	**1,281**	**451**	**–**	**4,866**
Employee contributions	**68**	**–**	**57**	**–**	**125**
Benefit payments	**(2,378)**	**(2,162)**	**(81)**	**(144)**	**(4,765)**
Foreign exchange movements	**–**	**4,719**	**–**	**93**	**4,812**
Fair value of assets at 31 December 2019	**83,234**	**93,327**	**14,310**	**1,356**	**192,227**

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 2018	(81,763)	(96,270)	(12,365)	(1,652)	(192,050)
Current service cost	(1,140)	–	(465)	–	(1,605)
Past service credit	–	(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)**
Current service cost	**(985)**	**–**	**(389)**	**–**	**(1,374)**
Interest expense on scheme obligations	**(1,631)**	**(2,610)**	**(274)**	**(65)**	**(4,580)**
Employee contributions	**(68)**	**–**	**(57)**	**–**	**(125)**
Benefit payments	**2,378**	**2,162**	**81**	**144**	**4,765**
Remeasurements:					
– effect of changes in demographic assumptions	**775**	**1,695**	**–**	**–**	**2,470**
– effect of changes in financial assumptions	**(8,770)**	**(11,527)**	**(2,422)**	**(25)**	**(22,744)**
– effect of experience adjustments	**670**	**2,783**	**(8)**	**–**	**3,445**
Foreign exchange movements	**–**	**(5,099)**	**–**	**(106)**	**(5,205)**
Present value of obligations at 31 December 2019	**(86,508)**	**(99,240)**	**(15,702)**	**(1,605)**	**(203,055)**

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 2018	(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 gain/(loss) 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)**
Employer contributions	**3,134**	**1,281**	**451**	**–**	**4,866**
Expense recognised in the income statement	**(986)**	**(220)**	**(462)**	**(9)**	**(1,677)**
Remeasurement (loss)/gain recognised in other comprehensive income	**(3,647)**	**1,243**	**(269)**	**(10)**	**(2,683)**
Foreign exchange movement	**–**	**(380)**	**–**	**(13)**	**(393)**
Net liabilities in schemes at 31 December 2019	**(3,274)**	**(5,913)**	**(1,392)**	**(249)**	**(10,828)**

Defined benefit pension expense recognised in the income statement

	Ireland 2019 €'000	**UK 2019 €'000**	**Netherlands 2019 €'000**	**North America 2019 €'000**	**Total 2019 €'000**
Current service cost	**(985)**	**–**	**(389)**	**–**	**(1,374)**
Interest on scheme obligations	**(1,631)**	**(2,610)**	**(274)**	**(65)**	**(4,580)**
Interest on scheme assets	**1,630**	**2,390**	**252**	**56**	**4,328**
Administration expenses paid from plan	**–**	**–**	**(51)**	**–**	**(51)**
Recognised within distribution and administration expenses	**(986)**	**(220)**	**(462)**	**(9)**	**(1,677)**

	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)
Settlements – recognised as exceptional item	–	(1,304)	–	–	(1,304)
Defined benefit pension expense recognised in the income statement	(1,164)	(1,623)	(542)	(10)	(3,339)

Defined benefit pension remeasurement gain/(loss) recognised in other comprehensive income

	Ireland 2019 €'000	**UK 2019 €'000**	**Netherlands 2019 €'000**	**North America 2019 €'000**	**Total 2019 €'000**
Remeasurement gain on scheme assets	**3,678**	**8,292**	**2,161**	**15**	**14,146**
Remeasurement (loss)/gain on scheme liabilities:					
– effect of changes in demographic assumptions	**775**	**1,695**	**–**	**–**	**2,470**
– effect of changes in financial assumptions	**(8,770)**	**(11,527)**	**(2,422)**	**(25)**	**(22,744)**
– effect of experience adjustments	**670**	**2,783**	**(8)**	**–**	**3,445**
Remeasurement (loss)/gain recognised in other comprehensive income	**(3,647)**	**1,243**	**(269)**	**(10)**	**(2,683)**

32. Employee benefits continued

Employee defined benefit pension schemes obligations continued

Defined benefit pension remeasurement gain/(loss) recognised in other comprehensive income continued

	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 gain/(loss) recognised in other comprehensive income	716	5,524	114	(31)	6,323

Actual return on scheme assets

	Ireland 2019 €'000	UK 2019 €'000	Netherlands 2019 €'000	North America 2019 €'000	Total 2019 €'000
Total return on assets	**5,308**	**10,682**	**2,413**	**71**	**18,474**
	2018 €'000	2018 €'000	2018 €'000	2018 €'000	2018 €'000
Total return on assets	(458)	(2,880)	(97)	56	(3,379)

The cumulative remeasurement loss before deferred tax recognised in the statement of other comprehensive income is €66,884,000 (2018: €64,201,000).

The expected normal level of employer contributions for the year ended 31 December 2019 is €2,987,000.

The weighted average duration of the defined benefit obligation was 19.2 years at 31 December 2019 (31 December 2018: 20.5 years).

Sensitivity of pension liability to judgmental 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 2019. A sensitivity analysis was not performed on the North American scheme as the scheme is not material.

	Ireland 2019 €'000	UK 2019 €'000	Netherlands 2019 €'000	Total 2019 €'000
Discount rate				
– 0.25% increase in discount rate (reduces obligation)	**3,596**	**4,681**	**925**	**9,202**
– 0.25% decrease in discount rate (increases obligation)	**(3,840)**	**(5,102)**	**(1,013)**	**(9,955)**
Inflation rate				
– 0.50% increase in inflation rate (increases obligation)	**(2,786)**	**(9,014)**	**(28)**	**(11,828)**
– 0.50% decrease in inflation rate (reduces obligation)	**2,647**	**7,984**	**19**	**10,650**
Pensionable salary increase				
– additional 1.00% increase in pensionable salary (increases obligation)	**(1,252)**	**(2,662)**	**(281)**	**(4,195)**
– decrease of 1.00% in pensionable salary (reduces obligation)	**1,485**	**2,462**	**313**	**4,260**
Pension increase				
– additional 1.00% increase in pension (increases obligation)	**(11,603)**	**(10,616)**	**(2,277)**	**(24,496)**
– decrease of 1.00% in pension (reduces obligation)	**6,960**	**10,098**	**–**	**17,058**
Life expectancy				
– additional 1 year life expectancy (increases obligation)	**(2,958)**	**(3,442)**	**(482)**	**(6,882)**
– decrease of 1 year in life expectancy (reduces obligation)	**2,952**	**3,401**	**472**	**6,825**

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.

Other post-employment benefit obligations

The table below summarises the movements in the net liability of the Group's other post-employment benefit obligations.

	2019 €'000	2018 €'000
Net liability at beginning of year	**(5,023)**	(5,293)
Net expense recognised in the income statement	**(451)**	(442)
Remeasurement (loss)/gain recognised in other comprehensive income	**(326)**	354
Employee contributions to schemes	**(23)**	(12)
Benefits paid	**272**	180
Foreign exchange movements	**(357)**	190
Net liability at end of year	**(5,908)**	(5,023)

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% (2018:5%) discounted to net present value using a discount rate of 8.01% (2018:8.56%). Based on past experience, a forfeiture rate of zero is assumed.

Share-based payment

Income statement charge	**2019 €'000**	2018 €'000
Employee share option charge	**109**	557

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 €
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.

32. Employee benefits continued

Share-based payment continued

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:

	2019 Number of options	**2019 Weighted average exercise price €**	2018 Number of options	2018 Weighted average exercise price €
Outstanding options at beginning of year	**5,625,000**	**1.3151**	6,275,000	1.2541
Exercised during the year[1]	**(100,000)**	**(0.6690)**	(600,000)	(0.6575)
Forfeited during year	**–**	**–**	(50,000)	(1.5500)
Options outstanding at end of year	**5,525,000**	**1.3268**	5,625,000	1.3151

1 The weighted average share price at the date of exercise of these options was €1.52 (2018: €2.03).

Analysis of the closing balance – outstanding at end of year:

Date of grant	Date of expiry	**2019 Number of options**	**2019 Exercise price €**	2018 Number of options	2018 Exercise price €
26 March 2013	25 March 2023	**1,400,000**	**0.669**	1,500,000	0.669
10 March 2016	9 March 2026	**4,125,000**	**1.55**	4,125,000	1.55
		5,525,000		5,625,000	

The options outstanding at 31 December 2019 have an exercise price in the range of €0.669 to €1.55 (2018: €0.669 to €1.55) and have a weighted average contractual life of 5.4 (2018: 6.4 years).

Analysis of the closing balance – exercisable at the end of the year:

Date of grant	Date of expiry	**2019 Number of options**	**2019 Exercise price €**	2018 Number of options	2018 Exercise price €
26 March 2013	25 March 2023	**1,400,000**	**0.669**	1,500,000	0.669
		1,400,000		1,500,000	

The market price of the Company's shares at 31 December 2019 was €1.43 and the range during 2019 was €1.23 to €1.93.

33. Capital commitments and contingencies

Capital commitments

The Directors have authorised capital expenditure of €15,492,000 (2018: €21,969,000) at the reporting date. Capital expenditure contracted for at 31 December 2019 amounted to €1,347,000 (2018: €3,766,000).

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 2019 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 2019:

Bolanpass Limited
Total Produce C Holdings Limited
Total Produce International Limited
Total Produce International Holdings Limited
Total Produce Ireland 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 2019 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 €313,949,000 (2018: €312,864,000).
(ii) The Company has guaranteed bank borrowings of €4,285,000 (2018: €3,850,000) within joint venture and associate companies.
(iii) The Company has given guarantees in respect of other trading obligations arising in the ordinary course of business of €391,000 (2018: (€Nil).

Group

In addition to the Company guarantees above, certain Group subsidiaries have given guarantees totalling €7,826,000 (2018: €8,162,000) in respect of other trading obligations arising in the ordinary course of business and guarantees totalling €5,827,000 (2018: €Nil) in respect of bank borrowings within joint ventures and associates.

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.

34. 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

	2019 €'000	2018 €'000
Short term benefits (salary, bonus, incentives)	**8,146**	8,025
Post-employment benefits	**716**	697
Share-based payment expense	**28**	1,073
Remuneration	**8,890**	9,795
Short term incentive plan[(a)]	**546**	282
Total	**9,436**	10,077

(a) The Compensation Committee made an award of €546,000 (2018: €282,000) to the Executive Directors under the short-term incentive plan. See page 76 for details.

34. Related parties continued

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:

	2019 Revenue €'000	2019 Purchases €'000	2018 Revenue €'000	2018 Purchases €'000
Joint ventures	**73,975**	**93,907**	69,726	73,312
Associates	**20,360**	**15,938**	14,157	39,012
	94,335	**109,846**	83,883	112,324

The amounts due from and to joint ventures and associates at the year-end are disclosed, in aggregate, in Notes 19 and 26 respectively. The Group's significant joint ventures and associates are set out on page 174.

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.

	2019 €'000	2018 €'000
Purchases of goods	**213,206**	211,658
Sales of goods	**1,661**	1,638
Receipt of services	**2,401**	683
Rental and warehouse agreements	**1,557**	1,492
Net interest income	**(26)**	(29)

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:

	2019 €'000	2018 €'000
Amounts within other receivables – non-current	**88**	750
Amounts within trade receivables – current	**829**	359
Amounts within other receivables – current	**295**	580
Amounts within trade payables – current	**14,427**	14,755
Amounts within other payables – current	**1,124**	1,126

Related party transactions with companies that are provided with key management services

Up to 1 August 2018, the Group provided key management services to Balmoral International Land Holdings plc ('Balmoral') and therefore they were considered a related party up to this date for the purposes of IAS 24 *Related Party Disclosures*. From 1 August 2018 onwards, they were no longer a related party for the purposes of IAS 24 *Related Party Disclosures*. In 2018, the Group paid expenses (mainly rental expenses) of €1,340,000 and received income of €221,000. Income related to expenses recharged by the Group to Balmoral and related 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 €Nil (2018: €1,000) and the amount owed to Balmoral was €Nil (2018: €52,000).

The Group has an investment in a 50:50 joint venture company with Balmoral. Total Produce's investment in this joint venture company in 2019 was €Nil (2018: €44,000). The Group's share of operating losses of this joint venture in 2019 was €Nil (2018: €44,000). The carrying value of the investment in this joint venture at 31 December 2019 was €Nil (2018: €Nil).

35. Financial instruments and financial risk

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities:

	Cash flow hedges 2019 €'000	Fair value through equity 2019 €'000	Fair value through profit or loss 2019 €'000	Assets at amortised cost 2019 €'000	Liabilities at amortised cost 2019 €'000	Total carrying amount 2019 €'000	Fair value 2019 €'000
Other investments[1] (Note 16)	–	–	5,049	–	–	5,049	5,049
Trade and other receivables – current* (Note 19)	–	–	-	368,973	–	368,973	n/a
Trade and other receivables – non-current* (Note 19)	–	–	-	19,796	–	19,796	n/a
Derivative financial assets	51	–	4,438	–	–	4,489	4,489
Cash and cash equivalents[1] (Note 20)	–	–	-	115,529	–	115,529	n/a
	51	–	9,487	504,298	–	513,836	
Trade and other payables – current[1] (Note 26)	–	–	–	–	(475,202)	(475,202)	n/a
Trade and other payables – non-current[1] (Note 26)	–	–	–	–	(2,904)	(2,904)	n/a
Bank overdrafts[1] (Note 23)	–	–	–	–	(9,502)	(9,502)	n/a
Bank borrowings[1] (Note 23)	–	–	–	–	(327,220)	(327,220)	(328,397)
Lease liabilities[1] (Note 24)	–	–	–	–	(120,076)	(120,076)	(120,076)
Lease Dilapidations (Note 27)	–	–	–	–	(1,011)	(1,011)	(1,011)
Derivative financial liabilities	(289)	–	(16)	–	–	(305)	(305)
Contingent consideration (Note 27)	–	–	(14,860)	–	–	(14,860)	(14,860)
Other provisions (Note 27)	–	–	–	–	(620)	(620)	n/a
Put option liability (Note 28)	–	(26,612)	–	–	–	(26,612)	(26,612)
	(289)	(26,612)	(14,876)	–	(936,535)	(978,312)	

	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 16)	–	–	10,077	–	–	10,077	10,077
Trade and other receivables – current[1]* (Note 19)	–	–	–	381,295	–	381,295	n/a
Trade and other receivables – non-current[1]* (Note 19)	–	–	–	18,724	–	18,724	n/a
Derivative financial assets	70	–	4,318	–	–	4,388	4,388
Cash and cash equivalents[1] (Note 20)	–	–	–	102,299	–	102,299	n/a
	70	–	14,395	502,318	–	516,783	
Trade and other payables – current[1] (Note 26)	–	–	–	–	(482,934)	(482,934)	n/a
Trade and other payables – non-current[1] (Note 26)	–	–	–	–	(1,611)	(1,611)	n/a
Bank overdrafts[1] (Note 23)	–	–	–	–	(9,560)	(9,560)	n/a
Bank borrowings[1] (Note 23)	–	–	–	–	(310,846)	(310,846)	(310,817)
Lease liabilities[1] (Note 24)	–	–	–	–	(1,636)	(1,636)	(1,636)
Derivative financial liabilities	(276)	–	(20)	–	–	(296)	(296)
Contingent consideration (Note 27)	–	–	(24,517)	–	–	(24,517)	(24,517)
Other provisions ((Note 27)	–	–	–	–	(2,747)	(2,747)	n/a
Put option liability (Note 28)	–	(34,975)	–	–	–	(34,975)	(34,975)
	(276)	(34,975)	(24,537)	–	(809,334)	(869,122)	

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 to carrying value.

35. Financial instruments and financial risk continued

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.

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 reporting 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 shareholding 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 reporting date and adjusted for movements in credit spreads.

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).

At 31 December 2019 and 31 December 2018, the Group recognised and measured the following financial instruments at fair value:

	2019 Total €'000	2019 Level 1 €'000	2019 Level 2 €'000	2019 Level 3 €'000
Assets measured at fair value				
At fair value through profit or loss				
Other investments	**5,049**	**4,554**	**–**	**495**
Foreign exchange contracts	**33**	**–**	**33**	**–**
Options to acquire additional shares in subsidiaries, joint ventures and associates	**4,405**	**–**	**–**	**4,405**
Designated as hedging instruments				
Foreign exchange contracts	**51**	**–**	**51**	**–**
Liabilities measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	**(16)**	**–**	**(16)**	**–**
Interest rate swap	**–**	**–**	**–**	**–**
Contingent consideration	**(14,860)**	**–**	**–**	**(14,860)**
At fair value through equity				
Put option liability	**(26,612)**	**–**	**–**	**(26,612)**
Designated as hedging instruments				
Foreign exchange contracts	**(289)**	**–**	**(289)**	**–**
Interest rate swap	**–**	**–**	**–**	**–**

	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)	–

35. Financial instruments and financial risk continued

Fair value hierarchy continued

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 4% to 20% (weighted average 16%) • Risk-adjusted discount rates of 3.5% to 4% (weighted average 3.9%)	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 2.15% (weighted average 2.1%) • Risk-adjusted discount rates of 4% to 8.5% (weighted average 8.3%)	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 nine 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

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 27).

	2019 €'000	2018 €'000
Balance at beginning of year	**24,517**	34,465
Paid during year	**(11,103)**	(7,009)
Arising on acquisition of subsidiaries (Note 31)	**1,461**	1,126
Arising on acquisition of non-controlling interests (Note 22)	**–**	621
Released on disposal of subsidiaries (Note 31)	**(189)**	–
Arising on acquisition of joint ventures and associates (Note 15)	**–**	(419)
Foreign exchange movements	**378**	(224)
Included in the income statement		
– Fair value movements (credited)/charged to income statement (Note 3)	**(204)**	(4,043)
Balance at end of year	**14,860**	24,517

Put option liability
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 28).

	2019 €'000	2018 €'000
Balance at beginning of year	**34,975**	38,961
Arising on acquisitions of subsidiaries	**–**	896
Extinguished during the year[1]	**(11,657)**	–
Fair value movements on put option recognised directly within equity	**3,294**	(4,728)
Foreign exchange movements on put option recognised directly within equity	**–**	(154)
Balance at end of year	**26,612**	34,975

1 During the year, and with the consent of the Group, a non-controlling shareholder sold their shares to other third parties (existing management). As a result, the put option between the Group and this non-controlling shareholder was extinguished.

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 section on pages 14 to 19.

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 records 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.

35. Financial instruments and financial risk continued

Credit risk continued

Trade and other receivables continued

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. 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 three-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.

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 2019 €'000	Carrying amount 2018 €'000
Other investments (Note 16)	**5,049**	10,077
Cash and cash equivalents (Note 20)	**115,529**	102,299
Trade and other receivables* (Note 19)	**388,769**	400,019
Derivative financial instruments	**4,489**	4,388
Total	**513,836**	516,783

* 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 2019 €'000	Carrying amount 2018 €'000
Europe – Eurozone	**116,905**	118,017
Europe – Non-Eurozone	**135,641**	148,070
International	**67,464**	70,800
Total	**320,010**	336,887

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, €46,409,000 (2018: €29,967,000) 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:

	Gross 2019 €'000	Expected loss rate 2019 %	Loss Allowance 2019 €'000	Net 2019 €'000	Gross 2018 €'000	Expected loss rate 2018 %	Loss Allowance 2018 €'000	Net 2018 €'000
Not past due	**257,707**	**0.71%**	**(1,828)**	**255,879**	272,247	0.50%	(1,348)	270,899
Past due 0 – 30 days	**51,018**	**1.50%**	**(764)**	**50,254**	56,419	0.75%	(421)	55,998
Past due 31 – 90 days	**11,766**	**6.87%**	**(808)**	**10,958**	10,760	11.70%	(1,259)	9,501
Past due 91 – 180 days	**3,721**	**40.84%**	**(1,520)**	**2,201**	2,430	79.88%	(1,941)	489
Past due more than 180 days	**1,445**	**50.36%**	**(727)**	**718**	2,420	100.00%	(2,420)	–
Total	**325,657**	**1.73%**	**(5,647)**	**320,010**	344,276	2.15%	(7,389)	336,887

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:

	Gross 2019 €'000	Loss allowance 2019 €'000	Net 2019 €'000	Gross 2018 €'000	Loss allowance 2018 €'000	Net 2018 €'000
Not past due	**54,821**	**–**	**54,821**	47,586	–	47,586
Past due 0 – 30 days	**559**	**–**	**559**	3,686	(1,701)	1,985
Past due 31 – 90 days	**225**	**–**	**225**	113	(19)	94
Past due 91 – 180 days	**849**	**(375)**	**474**	464	(464)	–
Past due more than 180 days	**5,676**	**(5,253)**	**423**	2,889	(2,874)	15
Total	**62,131**	**(5,628)**	**56,503**	54,738	(5,058)	49,680

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 €12,256,000 (2018: €13,452,000).

Analysis of movement in impairment provisions

Trade receivables – impairment provision

	2019 €'000	2018 €'000
Balance at beginning of year	**(7,389)**	(6,603)
Arising on acquisition of subsidiaries	**(106)**	(811)
Utilised on write-off	**2,769**	1,329
Charge to income statement	**(863)**	(1,325)
Foreign exchange movement	**(58)**	21
Balance at end of year	**(5,647)**	(7,389)

35. Financial instruments and financial risk continued

Analysis of movement in impairment provisions continued

Other receivables – impairment provision

	2019 €'000	2018 €'000
Balance at beginning of year	**(5,058)**	(4,291)
Utilised on write-off	**512**	1,159
Charge to income statement	**(958)**	(1,867)
Foreign exchange movement	**(124)**	(59)
Balance at end of year	**(5,628)**	(5,058)

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 approved committed and uncommitted borrowing facilities of up to €623m (2018: €632m) in addition to approved overdrafts and working capital facilities of €109m (2018: €104m). 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.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Carrying amount 2019 €'000	Contractual cash flows 2019 €'000	6 months or less 2019 €'000	6-12 months 2019 €'000	1-2 years 2019 €'000	2-5 years 2019 €'000	More than 5 years 2019 €'000
Non-derivative financial liabilities							
Bank borrowings	**(327,220)**	**(341,500)**	**(42,351)**	**(40,486)**	**(58,902)**	**(199,612)**	**(149)**
Bank overdraft	**(9,502)**	**(9,502)**	**(9,502)**	**–**	**–**	**–**	**–**
Lease liabilities	**(120,076)**	**(138,351)**	**(11,495)**	**(11,346)**	**(18,360)**	**(39,757)**	**(57,393)**
Restoration provision	**(1,011)**	**(1,087)**	**(12)**	**(28)**	**(88)**	**(327)**	**(632)**
Trade and other payables	**(478,106)**	**(478,106)**	**(471,545)**	**(3,657)**	**(2,509)**	**–**	**(395)**
Contingent consideration	**(14,860)**	**(15,469)**	**(7,528)**	**(658)**	**(3,729)**	**(2,327)**	**(1,227)**
Put option liability	**(26,612)**	**(31,277)**	**–**	**(3,567)**	**(10,602)**	**(16,121)**	**(987)**
Other provisions	**(620)**	**(620)**	**(185)**	**(435)**	**–**	**–**	**–**
Derivative financial instruments							
Forward exchange contracts:							
– inflows	**–**	**35,523**	**32,385**	**3,138**	**–**	**–**	**–**
– outflows	**(305)**	**(35,828)**	**(32,632)**	**(3,196)**	**–**	**–**	**–**
Interest rate swaps	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	(978,312)	**(1,016,217)**	**(542,865)**	**(60,235)**	**(94,190)**	**(258,144)**	**(60,783)**

	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	(484,545)	(484,545)	(482,113)	(821)	(871)	(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)	–	–	–	–
	(869,122)	(894,488)	(528,981)	(34,519)	(150,985)	(164,459)	(15,544)

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: 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 Group's bank borrowings:

	2019 €'000	2018 €'000
Euro	**125,750**	91,324
US Dollar	**132,186**	155,243
Swedish Krona	**34,909**	24,913
Sterling	**26,205**	30,899
Other	**8,170**	8,467
	327,220	310,846
Disclosed as follows;		
Bank borrowings – current	**76,648**	48,658
Bank borrowings – non-current	**250,572**	262,188
	327,220	310,846

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 Danish krone, based on outstanding financial assets and liabilities at 31 December 2019 and 31 December 2018, 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 2019				
Sterling	**(75)**	**1,336**	**83**	**(1,477)**
Swedish Krona	**308**	**1,611**	**(341)**	**(1,781)**
Czech Koruna	**(203)**	**–**	**224**	**–**
US Dollar	**334**	**6,257**	**(369)**	**(6,915)**
Danish Krone	**(605)**	**319**	**669**	**(352)**
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)

35. Financial instruments and financial risk continued

Market risk continued

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.

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 2019, 10% (2018: 26.2%) 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 2019 €'000	Carrying amount 2018 €'000
Fixed rate instruments		
Bank borrowings	**(33,001)**	(81,482)
	(33,001)	(81,482)
Variable rate instruments		
Cash and cash equivalents	**115,529**	102,299
Bank overdrafts	**(9,502)**	(9,560)
Bank borrowings	**(294,219)**	(229,364)
Finance lease liabilities	**–**	(1,636)
	(188,192)	(138,261)
Net debt	**(221,193)**	(219,743)

Cash flow sensitivity analysis for variable rate instruments

At 31 December 2019, the average interest rate being earned on the Group's cash and cash equivalents was 0.0% (2018: 0.0%). At 31 December 2019, the average interest rate being paid on the Group's borrowings was 2.01% (2018: 2.31%). 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 2019				
Variable rate instruments	**(941)**	**–**	**941**	**–**
31 December 2018				
Variable rate instruments	(691)	–	691	–

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 2019		
Variable rate instruments	**228**	**(228)**
31 December 2018		
Variable rate instruments	478	(478)

Accounting for derivatives 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 2019 €'000	**Liabilities 2019 €'000**	Assets 2018 €'000	Liabilities 2018 €'000
Forward currency contracts	**84**	**305**	70	284
Interest rate swaps	**–**	**–**	1	12

Derivatives at the end of year are classified as follows:

	2019 €'000	2018 €'000
Cash flow hedges – assets	**51**	70
Cash flow hedges – liabilities	**(289)**	(276)
Fair value through income statement – assets	**33**	1
Fair value through income statement – liabilities	**(16)**	(20)
	(221)	(225)

The movement in cash flow hedges during the year was as follows:

	2019 €'000	2018 €'000
Effective portion of changes in fair value of cash flow hedges	**88**	1,480
Fair value of cash flow hedges transferred to the income statement and recognised in cost of sales	**(237)**	(1,140)
	(149)	340

The movement in cost of hedging during the year was as follows:

	2019 €'000	2018 €'000
Cost of hedging reserve – changes in fair value	**90**	(200)
Cost of hedging reserve – reclassified to profit or loss	**47**	223
	137	23

35. Financial instruments and financial risk continued

Accounting for derivatives and hedging activities continued

The Group is holding the following foreign exchange forward contracts:

	Maturity					
As at 31 December 2019	Less than 1 month €'000	1 to 3 months €'000	3 to 6 months €'000	6 to 9 months €'000	9 to 12 months €'000	Total €'000
Foreign exchange forward contracts (highly probable forecast sales)						
Notional amount (in €'000)	–	–	960	1,633	1,591	4,184
Average forward rate (EUR/GBP)	–	–	1.15	1.15	1.14	
Foreign exchange forward contracts (highly probable forecast purchases)						
Notional amount (in €'000)	18,222	11,253	1,012	446	444	31,377
Average forward rate (EUR/GBP)	1.16	1.17	1.16	–	–	
Average forward rate (USD/GBP)	1.31	1.31	1.28	–	–	
Average forward rate (EUR/USD)	–	0.88	–	0.84	0.89	
Average forward rate (EUR/SEK)	0.09	0.10	–	–	–	
Average forward rate (USD/BRL)	0.24	0.24	0.25	–	–	
Average forward rate (EUR/BRL)	0.22	0.22	0.22	–	–	
Average forward rate (GBP/BRL)	0.20	0.19	0.18	–	–	

The amounts at 31 December 2019 relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	Sales €'000	Purchases €'000
Notional amount (€'000)	4,184	31,377
Carrying amount – asset	0	38
Carrying amount – liability	(78)	195
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:	(82)	170
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:	(49)	139
Amount reclassified from hedging reserve to profit or loss	(15)	(222)
Amount reclassified from costs of hedging reserve to profit or loss	38	9
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 €172,513,000 (2018: €192,425,000). 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.

36. Cash generated from operations

	Notes	2019 €'000	2018 €'000
Operating activities			
Profit for the year		**66,204**	53,804
Non-cash adjustments to reconcile profit to net cash flows:			
Income tax expense	8	**10,329**	16,014
Income tax paid		**(15,154)**	(13,349)
Depreciation of property, plant and equipment	11	**17,773**	17,194
Depreciation on right of use assets	12	**19,253**	–
Exceptional items – operating expenses	12	**1,816**	(9,450)
Exceptional cash flows	12	**(3,489)**	(2,884)
Fair value movements on contingent consideration	27	**(204)**	(4,043)
Amortisation of intangible assets – acquisition related	14	**10,301**	10,281
Amortisation of intangible assets – development costs capitalised	14	**238**	267
Amortisation of intangible assets – computer software	14	**2,046**	1,397
Amortisation of government grants		**(63)**	(75)
Defined benefit pension scheme expense – normal	32	**1,677**	2,035
Contributions to defined benefit pension schemes – normal	32	**(4,866)**	(2,693)
Other post-employment benefit scheme expense	32	**451**	442
Net payments for other employee benefit scheme	32	**(249)**	(168)
Share-based payment expense	32	**109**	557
Net gain on disposal of property, plant and equipment		**(313)**	(492)
Currency recycled to income statement on joint venture becoming subsidiary		**–**	90
Movement in provisions		**(489)**	–
Fair value gain on other investments		**(854)**	–
Financial income	5	**(2,754)**	(3,704)
Financial expense	5	**13,721**	11,736
Financial income received excluding exceptional items		**2,005**	2,245
Financial expense paid excluding exceptional items		**(13,149)**	(9,418)
Gain on non-hedging derivative financial instruments	3	**(115)**	(59)
Loss on termination of IFRS 16 leased assets		**146**	–
Gain on disposal of joint venture		**(88)**	–
Fair value movements on biological assets	18	**666**	(6)
Share of profit of joint ventures	15	**(37,033)**	(2,330)
Share of profit of associates	15	**(666)**	(2,183)
Net cash flows from operating activities before working capital movements		**67,249**	65,208
Movements in working capital:			
Movements in inventories		**(6,091)**	1,179
Movements in biological assets		**530**	(851)
Movements in receivables		**27,342**	(23,571)
Movements in payables		**(15,254)**	2,978
Total movements in working capital		**6,527**	(20,265)
Net cash flows from operating activities		**73,776**	44,943

37. Accounting estimates and judgments

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgments, 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 that are subject to accounting estimates and judgments in these financial statements are as follows:

- Note 32 – measurement of defined benefit pension obligations requires the use of actuaries and determination of appropriate assumptions such as discount rates and mortality rates.
- Note 14 and Note 15 – 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 14 – 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.

37. Accounting estimates and judgments continued

- Note 27 and Note 28 – 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 30 – recognition of deferred tax assets requires assessment of availability of future taxable profit against which carry forward tax losses can be used.
- Note 35 – measurement for ECL allowance for trade receivables: key assumptions in determining the weighted average loss rate.
- Note 12 and Note 24 – measurement of right of use asset and lease liabilities require assumptions to be made regarding lease terms and incremental borrowing rates.

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 13 – Investment property
Note 18 – Biological assets
Note 27 – Contingent consideration
Note 28 – Put option liability
Note 32 – Employee benefits

38. 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		
	2019	2018	% change	**2019**	2018	% change
Brazilian Real	**4.4996**	4.4162	(1.9%)	**4.5157**	4.4440	(1.6%)
Canadian Dollar	**1.4864**	1.5288	2.8%	**1.4599**	1.5601	6.4%
Czech Koruna	**25.6150**	25.7000	0.3%	**25.4080**	25.7240	1.2%
Danish Kroner	**7.4647**	7.4530	(0.2%)	**7.4717**	7.4668	(0.1%)
Indian Rupee	**78.7716**	80.6220	2.3%	**79.9301**	79.5453	(0.5%)
Polish Zloty	**4.2969**	4.2601	(0.9%)	**4.2551**	4.2973	1.0%
Pound Sterling	**0.8743**	0.8849	1.2%	**0.8506**	0.8986	5.3%
Swedish Krona	**10.5858**	10.2695	(3.1%)	**10.4778**	10.2188	(2.5%)
US Dollar*	**1.1173**	1.1784	5.2%	**1.1216**	1.1445	2.0%

* The average rate used in translating the results of Dole to Euro in 2019 was 1.1282.

39. Post balance sheet events

There have been no other material events subsequent to 31 December 2019 which would require disclosure or adjustment in the financial statements.

40. 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	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	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	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	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Provenance Partners Limited	Fresh produce	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	72.5	Netherlands	Waalhaven Zuidzijde 21, 3089 JH Rotterdam
Haluco B.V.	Fresh produce	60	Netherlands	Klappolder 224, 2665 MR Bleiswijk
Nedalpac B.V.	Fresh produce	60	Netherlands	Venrayseweg 198, 5928 RH Venlo
Total Produce Exotics B.V.	Fresh produce	100	Netherlands	Handelsweg 150, 2988 DC Ridderkerk
ASF Holding B.V.	Fresh produce	100	Netherlands	Lage Brugweg 11a, 5759 PK Helenaveon
EurobananCanarias S.A.	Fresh produce	50	Spain	Avda. de Anaga Nº11, 38001 Santa Cruz de Tenerife
Hortim International s.r.o.	Fresh produce	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	100	Denmark	Sleipnersvej 3, DK- 4600, Koge
Total Produce Indigo S.A.S.	Fresh produce	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	65	USA	5790 Peachtree Street, Los Angeles, California 90040

40. Principal subsidiaries, joint ventures and associates continued

Subsidiaries	Principal activity	Group share %	Country of incorporation	Registered office
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	65	Canada	2800 Park Place, 666 Burrard Street Vancouver, BC V6C 2Z7
Argofruta Comercial Exportadora Limitada	Fresh produce	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	Fresh produce	45	USA	One Dole Drive, Westlake Village, California 91362
Dole Food Company, Inc.	Fresh produce	45	USA	One Dole Drive, Westlake Village, California 91362
The Fresh Connection LLC	Fresh produce	50	USA	3722 Mt. Diablo Blvd, Lafayette, CA 94549
Eco Farms Investments Holdings LLC	Fresh produce	55	USA	28790 Las Haciendas Street, Temecula, California 92590
Delica North America Inc.	Fresh produce	50	USA	1995 W 190th St. Suite 100, Torrance, CA 90504
2451487 Ontario Inc.	Fresh produce	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 BV	Fresh produce	50	Netherlands	Venrayseweg 126, 5928 RH Venlo
Anaco & Greeve International B.V.	Fresh produce	50	Netherlands	Postbus 31, 2685 ZG Poeldijk
OTC Organics B.V.	Fresh produce	60	Netherlands	Eskimolaan 11, 8252, AS Dronten
Peviani SpA	Fresh produce	50	Italy	Largo Augusto 8, 20122, Milan
Suri Agro Fresh Pvt. Limited	Fresh produce	50	India	C-129, New Subzi Mandi, Azadpur, Delhi – 110033
Frutas IRU S.A.	Fresh produce	50	Spain	Puestos 326-330, Mercabilbao, 48970 Basauri – Bilbao
African Blue Limited	Fresh produce	10	Morocco	Boite Postale No 1, Moula Bousselham, Kenitra
Exportadora y Servicios El Parque Limitada	Fresh produce	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.

41. Approval of financial statements

The Directors approved these financial statements on 4 March 2020.

Company Balance Sheet
as at 31 December 2019

	Notes	2019 €'000	2018 €'000
Assets			
Non-current			
Intangible assets	1	**–**	2
Investments in subsidiaries	2	**389,938**	389,843
Total non-current assets		**389,938**	389,845
Current			
Trade and other receivables	3	**10,682**	20,551
Cash and cash equivalents	4	**380**	181
Total current assets		**11,062**	20,732
Total assets		**401,000**	410,577
Equity			
Share capital		**4,105**	4,104
Share premium		**295,487**	295,421
Other reserves		**(6,447)**	(6,536)
Retained earnings		**99,685**	114,575
Total equity		**392,830**	407,564
Liabilities			
Current			
Trade and other payables	5	**8,170**	3,013
Total current liabilities		**8,170**	3,013
Total liabilities		**8,170**	3,013
Total liabilities and equity		**401,000**	410,577

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 2019

	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 2018	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**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(1,597)**	**(1,597)**
Other comprehensive income							
Other comprehensive income:	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(1,597)**	**(1,597)**
Transactions with equity holders							
New shares issued	**1**	**66**	**–**	**(20)**	**–**	**20**	**67**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(13,313)**	**(13,313)**
Share-based payment transactions	**–**	**–**	**–**	**109**	**–**	**–**	**109**
Total transactions with equity holders	**1**	**66**	**–**	**89**	**–**	**(13,293)**	**(13,137)**
As at 31 December 2019	**4,105**	**295,487**	**(8,580)**	**1,993**	**140**	**99,685**	**392,830**

Company Statement of Cash Flows
for the year ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Operating activities			
(Loss)/profit for the year		**(1,597)**	(4,555)
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Share-based payment expense		**10**	55
Amortisation of intangible assets – computer software	1	**2**	3
Loss/(gain) on disposal of subsidiary		**4**	–
Movement in trade and other receivables		**9,869**	14,877
Movement in trade and other payables		**5,157**	2,502
Net cash flows from operating activities		**13,445**	12,882
Investing activities			
Capital contribution repaid	2	**–**	14
Net cash flows from investing activities		**–**	14
Financing activities			
New shares issued		**67**	394
Costs incurred re issue of new shares		**–**	(264)
Dividends paid to equity holders		**(13,313)**	(13,062)
Net cash flows from financing activities		**(13,246)**	(12,932)
Net increase in cash, cash equivalents and bank overdrafts		**199**	(36)
Cash, cash equivalents and bank overdrafts at 1 January		**181**	217
Cash, cash equivalents and bank overdrafts at 31 December	4	**380**	181

1. Intangible assets

	Computer software €'000	Total €'000
Cost		
Balance at 1 January 2019	12	12
Disposals	(12)	(12)
Balance at 31 December 2019	**–**	**–**
Accumulated amortisation		
Balance at 1 January 2019	10	10
Software amortisation	2	2
Disposals	(12)	(12)
Balance at 31 December 2019	**–**	**–**
Carrying amount		
Balance at 31 December 2018	2	2
Balance at 31 December 2019	**–**	**–**

2. Investments in subsidiaries

	Investments in subsidiaries €'000	**Total €'000**
Balance at 1 January 2018	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**
Disposal of subsidiary	**(4)**	**(4)**
Investment in subsidiaries	**99**	**99**
Balance at 31 December 2019	**389,938**	**389,938**

Disposal of subsidiary relates to a liquidation during the year. The principal subsidiaries and joint ventures and associates are set out on pages 173 and 174.

3. Trade and other receivables

	2019 €'000	2018 €'000
Current		
Amounts due from subsidiaries	**10,654**	20,504
Other receivables	**28**	47
Prepayments	**–**	–
	10,682	20,551

Amounts due from subsidiary undertakings are repayable on demand and there are no impairment provisions against these balances at year end.

4. Cash and cash equivalents

	2019 €'000	2018 €'000
Bank balances	**380**	181

5. Trade and other payables

	2019 €'000	2018 €'000
Amounts due to group undertakings	**7,594**	2,344
Other payables	**–**	129
Accruals	**576**	540
	8,170	3,013

6. 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 73 to 78.

	2019 €'000	2018 €'000
Dividends received from Group undertakings	**1,668**	1,175

7. Employee benefits

The aggregate employee costs for the Company were as follows:

	2019 €'000	2018 €'000
Wages and salaries	**1,964**	4,553
Social security contributions	**139**	317
Pension costs – defined benefit schemes	**144**	170
Share-based payment transactions	**10**	55
	2,257	5,095

The average number of employees of the Company in 2019 was 9 (2018: 11).

8. Capital commitments and contingencies

The Company has no capital commitments at 31 December 2018 (2018: €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 33 of the Group Financial Statements on page 157.

9. Statutory and other information

Auditors' remuneration

	2019 €'000	2018 €'000
Audit services	**274**	256
Other non-audit services	**86**	96

10. 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 2019 €'000	Liabilities at amortised cost 2019 €'000	Total 2019 €'000	Fair value 2019 €'000
Trade and other receivables – current (Note 3)*	**10,682**	**–**	**10,682**	**n/a**
Cash and cash equivalents (Note 4)	**380**	**–**	**380**	**n/a**
	11,062	**–**	**11,062**	**n/a**
Trade and other payables – current (Note 5)	**–**	**(8,170)**	**(8,170)**	**n/a**
	–	**(8,170)**	**(8,170)**	**n/a**

	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 3)*	20,551	–	20,551	n/a
Cash and cash equivalents – (Note 4)	181	–	181	n/a
	20,732	–	20,732	
Trade and other payables – current (Note 5)	–	(3,013)	(3,013)	n/a
	–	(3,013)	(3,013)	

* For the purpose of this analysis, prepayments have not been included.

10. Financial instruments and financial risk continued

Accounting classifications and fair values continued

The Company has the same risk exposures as those of the Group, as outlined in Note 35.

The Company 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 €10,654,000 (2018: €20,504,000) due from subsidiary undertakings. All are repayable on demand and there were no impairment provisions against these balances at year end. The €380,000 (2018: €181,000) of cash and cash equivalents is managed in accordance with the overall Group credit risk policy as outlined in Note 35.

Liquidity risk

The €8,170,000 (2018: €3,013,000) 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.

11. Post balance sheet events

There have been no material events subsequent to 31 December 2019 that would require disclosure or adjustment in the financial statements.

12. Approval of financial statements

The Directors approved these financial statements on 4 March 2020.

Glossary
Alternative Performance Measures (APMs)

The Group uses a number of alternative performance measures ('APMs') that are not required under International Financial Reporting Standards ('IFRS'), which represent the generally accepted accounting principles ('GAAP') under which the Group reports. These measures are referred to throughout the discussion of our reported operating performance and financial position, and are measures which are regularly reviewed by Group management. The Group believes that the presentation of these APMs provides useful supplementary information which, when viewed with the IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group.

These APMs may not be uniformly defined by all companies and, accordingly, they may not be directly comparable with similarly titled measures and disclosures by other companies. These APMs should not be viewed in isolation or as an alternative to the equivalent GAAP measures. The principal APMs used by the Group, together with a reconciliation where the non-GAAP measures are not readily identifiable from the financial statements, are as follows:

Total revenue
Definition
Total revenue includes the Group's share of the revenue of its joint ventures and associates. The calculation is presented in Note 1 to the financial statements.

Adjusted EBITA
Definition
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. The calculation is presented in the table on page 182.

Adjusted EBITDA
Definition
Earnings before interest, tax, depreciation on property, plant and equipment, 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. The calculation is presented in the table on page 182.

Adjusted EBITDA (after adding back of right of use asset depreciation)
Definition
Earnings before interest, tax, depreciation on property, plant and equipment, depreciation on right of use assets, 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. The calculation is presented in the table on page 182.

Adjusted profit before tax

Definition

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. The calculation is presented in the table below.

Calculation	Reference in financial statements	2019 €'000	2018 €'000
Profit before tax per income statement	Income Statement	**76,533**	69,818
Adjustments			
Exceptional items	Note 7	**(5,232)**	(5,125)
Fair value movements on contingent consideration	Note 3/Note 27	**(204)**	(4,043)
Share of joint ventures and associates' tax (before tax on exceptional items)	Note 4/Note 7	**14,059**	3,153
Acquisition related intangible asset amortisation within subsidiaries	Note 14	**10,301**	10,281
Share of joint ventures and associates acquisition related intangible asset amortisation	Note 4	**2,696**	2,684
Acquisition related costs within subsidiaries	Note 3	**177**	105
Adjusted profit before tax		**98,330**	76,873
Exclude			
Net financial expense – subsidiaries before exceptional items	Note 5	**10,967**	7,365
Net financial expense – share of joint ventures and associates	Note 4	**40,817**	13,784
Adjusted EBITA		**150,114**	98,022
Exclude			
Amortisation of software costs	Note 14	**2,046**	1,397
Depreciation of property, plant and equipment – subsidiaries	Note 11	**17,773**	17,194
Depreciation of property, plant and equipment – share of joint ventures and associates	Note 4	**32,870**	16,679
Adjusted EBITDA		**202,803**	133,292
Exclude			
Depreciation of right of use assets – subsidiaries	Note 12	**19,253**	–
Depreciation of right of use assets – share of joint ventures and associates	Note 4	**29,115**	–
Adjusted EBITDA (before depreciation on right of use assets)		**251,171**	133,292

Adjusted fully diluted earnings per share

Definition

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. The calculation is outlined in Note 10.

Adjusted fully diluted earnings per share (pre-IFRS 16 *Leases*)

Definition

As noted in significant accounting policies on pages 94 to 96, the Group adopted IFRS 16 *Leases* with effect from 1 January 2019. The Group has applied IFRS 16 using the modified retrospective approach on transition, under which the cumulative effect of initial application is recognised in equity as an adjustment to the opening balance of retained earnings, non-controlling interest and currency translation reserve at 1 January 2019. The comparative information for prior periods has not been restated. It is presented as previously reported under IAS 17 and related interpretations. Therefore, to ensure comparability, the Group presents below the calculation of adjusted fully diluted earnings per share, as if IFRS 16 had not been applied for the current year.

Calculation	Reference in financial statements	2019 €'000	2018 €'000
Adjusted profit attributable to equity holders of the parent	Note 10	**54,984**	40,286
Effect of IFRS 16 *Leases* on adjusted profits on equity holders of the parent	Note (a)	**2,882**	–
Adjusted profit attributable to equity holders of the parent (pre-IFRS 16 *Leases*)		**57,866**	40,286
		'000	'000
Weighted average number of shares (diluted)	Note 10	**389,295**	383,147
Adjusted fully diluted earnings per share (pre-IFRS 16 *Leases*)		**14.86**	10.51

(a) See change in accounting policies on pages 94 to 96 for quantification of impact of application of IFRS 16 on the reported results in 2019.

Effective tax rate calculation

Definition

The Group's effective tax rate expresses the Group's income tax expense (including the share of joint ventures and associates) before tax impact of exceptional items and goodwill and intangible asset amortisation as a percentage of the Group's adjusted profit before tax.

Calculation	Reference in financial statements	2019 €'000	2018 €'000
Income tax expense	Income Statement	**10,329**	16,014
Group share of tax charge of joint ventures and associates	Note 4	**12,534**	2,231
Total tax charge		**22,863**	18,245
Adjustments			
Deferred tax credit on amortisation of intangible assets – subsidiaries	Note 30	**2,623**	(1,190)
Deferred tax credit on amortisation of intangible assets – share of joint ventures and associates	Note 4	**565**	460
Deferred tax charge on fair value movements on contingent consideration		**–**	1,535
Tax charge on exceptional items in subsidiaries	Note 7	**(47)**	(1,395)
Group share of tax charge on exceptional items within joint ventures and associates	Note 7	**1,525**	922
Tax charge on underlying activities		**27,529**	18,577
Adjusted profit before tax	As calculated earlier	**98,330**	76,873
Effective tax on underlying activities		**28.0%**	24.2%

Net debt

Definition

Net debt is a non-IFRS measure which comprises bank deposits, cash and cash equivalents and current and non-current borrowings. For 2019, it excludes lease liabilities. For 2018, it includes finance lease liabilities. The calculation is outlined in Note 25.

Routine capital expenditure and non-routine capital expenditure

Definition

Routine capital expenditure is cash spend on property, plant, and equipment and software (which, under IFRS, is classified within intangible assets) less proceeds on disposal of property, plant and equipment and any expenditure classified as non-routine or development capital expenditure.

Calculation	Reference in financial statements	2019 €'000	2018 €'000
Acquisition of property, plant and equipment	Cashflow statement	**19,518**	25,942
Acquisition of intangible assets – computer software	Cashflow statement	**4,621**	4,352
Proceeds on disposal of property, plant and equipment	Cashflow statement	**(678)**	(797)
Non-routine (development capital expenditure)	Note (a)	**(4,470)**	(7,376)
Routine capital expenditure		**18,991**	22,121

(a) Non-routine capital expenditure is expenditure on projects to grow the business and generally relates to the acquisition, the fit out of new facilities or extending the capacity of existing facilities.

Adjusted operating cashflow

Definition

Adjusted operating cashflow is the operating cashflow generated from operations as reported in the Group Cashflow Statement before cash outflows associated with exceptional items less lease liability payments and development loans provided to joint ventures and associates.

Calculation	Reference in financial statements	2019 €'000	2018 €'000
Net cashflow from operating activities per cashflow statement	Cashflow Statement	**73,776**	44,943
Cash impact of exceptional items in operating cashflows	Note 36	**3,489**	2,884
Loans to joint ventures and associates	Note (a)	**–**	5,111
Less lease liability payments	Cashflow Statement	**(17,902)**	–
Adjusted operating cashflow		**59,363**	52,938

Note (a) – in 2018, the Group provided a loan of €5,111,000 to a joint venture of the Group to fund a development project. In the statutory cashflow statement, this was recorded as a trade and other receivables outflow.

Free cash flow

Definition

Free cash flow is defined by the Group as the funds available after outflows relating to routine capital expenditure, dividends paid to non-controlling interests but before acquisition related expenditure (including loans advanced to joint ventures and associates), development capital expenditure and the payment of dividends to equity shareholders.

Calculation	Reference in financial statements	2019 €'000	2018 €'000
Net cashflow from operating activities per cashflow statement	Cashflow Statement	**73,776**	44,943
Cash impact of exceptional items in operating cashflows	Note 36	**3,489**	2,884
Loans to joint ventures and associates	See previous note	**–**	5,111
Less lease liability payments	Cashflow Statement	**(17,902)**	–
Dividends received from joint ventures and associates	Cashflow Statement	**10,652**	10,908
Dividends paid to non-controlling interests	Cashflow Statement	**(16,055)**	(10,535)
Routine capital expenditure	As calculated earlier	**(18,991)**	(22,121)
Free Cashflow		**34,969**	31,190

Free cash flow conversion rate

Definition

The cash conversion ratio expresses free cashflow (before dividends paid to equity shareholders and non-controlling interests) as a percentage of profit after tax (before exceptional items).

Calculation	Reference in financial statements	2019 €'000	2018 €'000
Free cashflow	As calculated earlier	**34,969**	31,190
Add back dividends paid to non-controlling interests	Cashflow Statement	**16,055**	10,535
Free cashflow before dividends		**51,024**	41,725
Profit after tax (before exceptional items)	Income Statement	**61,019**	50,074
Free cashflow conversion rate		**84%**	83%

Net Debt/Adjusted EBITDA

Definition

Net debt/adjusted EBITDA is a measure of the Group's leverage and is calculated by dividing net debt (as defined earlier) by adjusted EBITDA (as defined earlier).

Calculation	Reference in financial statements	2019 €'000
Net debt	Note 25	**221,193**
Adjusted EBITDA	As calculated earlier	**202,803**
Net debt/Adjusted EBITDA (times)		**1.1 x**

Interest cover: EBITA interest cover

Definition

Interest cover is a measure of the Group's ability to meet its interest payments and is calculated by dividing Adjusted EBITA (as defined earlier) by net financial expense.

Calculation	Reference in financial statements	2019 €'000
Adjusted EBITA	As calculated earlier	**150,114**
Net financial expense	Note 5	**10,967**
Adjusted EBITA/Net financial expense (times)		**13.7 x**

Acquisition related expenditure, net

Definition

Acquisition related expenditure is cash outflows in respect of acquisition and investment in subsidiaries, joint ventures and associates, non-controlling interests and is net of contributions from non-controlling interests and proceeds on disposal of shares to non-controlling interests.

Calculation	Reference in financial statements	**2019 €'000**	2018 €'000
Cash outflow relating to investment in joint ventures and associates	Cashflow Statement	**7,145**	251,949
Investment in subsidiaries	Note 31	**6,683**	2,496
Proceeds from disposal of joint venture	Cashflow Statement	**(48)**	–
Loans to joint ventures and associates	Note (a)	**–**	5,111
Disposal of investment in subsidiary to non-controlling interest	Cashflow Statement	**–**	(286)
Acquisition of non-controlling interests	Cashflow Statement	**1,656**	490
Capital contribution by non-controlling interests	Cashflow Statement	**–**	(130)
Proceeds on disposal of investments for resale	Cashflow Statement	**(1,043)**	–
Acquisition of equity investments	Cashflow Statement	**150**	–
Acquisition related expenditure		**14,543**	259,630

Note (a) – in 2018, the Group provided a loan of €5,111,000 to a joint venture of the Group to fund a development project. In the statutory cashflow statement this was recorded as a trade and other receivables outflow.

Directors and Other Information

Total Produce plc

Directors
C P McCann, *Chairman*
R P Byrne, *Chief Executive*
F J Davis
J F Gernon (retiring 31 March 2020)
R B Hynes
J J Kennedy (retiring 31 March 2020)
S J Taaffe
K E Toland
M J Meghan
E I Hurley (appointed 2 January 2019)
H Nolan (appointed 1 July 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
10 Molesworth Street
Dublin 2

Bank of Ireland
40 Mespil Road
Dublin 4

Bank of Montreal
115 S La Salle
25th Floor
Chicago, IL 60603

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 market on the Irish Stock Exchange and on the Alternative Investments Market ('AIM') on the London Stock Exchange.

Financial calendar

Record date for 2019 final dividend	14 April 2020
Annual General Meeting	15 May 2020
Payment date for 2019 final dividend	20 May 2020
2020 interim results announcement	August 2020
Interim dividend payment	October 2020
Financial year end	31 December 2020
2020 preliminary results announcement	March 2021

Share price (Euro cent)

Year	High	Low	31 December
2019	193	123	143

Investor relations

Frank Davis
Group Finance Director
Total Produce plc
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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 1 216 3100
Fax: +353 1 216 3151
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 15 May 2020 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 shareholders in April 2020.

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

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