Total Produce

Let's Grow Together

Annual Report 2006

TotalProduce™
Let's Grow Together

A strong vibrant and ambitious business, Total Produce is Europe's largest and most accomplished fresh produce provider. Total Produce grows, sources, imports, packages, distributes and markets the complete fresh produce basket to its customers.

A responsible corporate citizen, adhering to best practice in all that we do, our produce portfolio extends to over 200 different lines of both fruit and vegetables, from the more familiar to the truly exotic. It is delivered via an unrivalled pan-European infrastructure encompassing over 80 depots strategically positioned across the continent and operating in some 13 countries.

Our mission is to strive to translate our competitive advantages: our people, our products, our infrastructure and our relationships into value to our customers; delivering to them a superior service and to their consumers produce which exceeds expectations. We will do this secure in the conviction that, through ever evolving excellence we will continue to grow and deliver appropriate returns to our investors.

Contents **Page**

Shareholder Information

Market capitalisation

The market capitalisation of Total Produce plc on 2 January 2007, the date of admission to the IEX market of the Irish Stock Exchange was €267 million. The ordinary share price at close of business on 15 May 2007 was €0.83, giving a market capitalisation at that date of €291 million.

Investor relations

Investors requiring further information on the Group are invited to contact:

Frank Gernon
Total Produce plc
Charles McCann Building
Rampart Road
Dundalk, Co Louth, Ireland
Telephone: +353 42 933 5451
Fax: +353 42 933 9470
Email: fgernon@totalproduce.com

Registrar

Adminstrative queries about holdings of Total Produce plc shares can be directed to the company's registrar:

Computershare Services (Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18, Ireland
Telephone: +353 1 216 3100
Fax: +353 1 216 3151
Email: web.queries@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 later in 2007. The Notice of the meeting and a personalised proxy form will be sent to shareholders at least 20 working days before the meeting.

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 above address, to request that their accounts be amalgamated.

Payment of Dividends

Shareholders may elect to have future dividends paid directly into 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 ordinarily paid in euro; however, for the convenience of shareholders with addresses in the United Kingdom, such dividends are paid in Sterling unless requested otherwise.

Financial Highlights

	2006 €	2005 €	Change %
Group revenue	1,577m	1,356m	+ 16.3
Revenue incl. share of joint ventures/associates	1,861m	1,676m	+ 11.0
Adjusted EBITA *	38.9m	37.8m	+ 2.6
Profit before tax	18.9m	29.7m	- 36.4
Adjusted fully diluted earnings per share **	5.70 cent	4.76 cent	+ 19.7
Basic earnings per share	2.02 cent	3.83 cent	- 47.3

* Operating profit before exceptional items, amortisation, interest and tax including the equivalent share of joint ventures and associates operating profit. The 2006 result includes first time cost of rent payable to Blackrock International Land plc of €1.5m, excluding this, the increase in 2006 over 2005 was 6.7%.

** Before exceptional items and amortisation of intangibles. As of 30 December 2006, Total Produce plc had not issued any share options or other instruments with a dilutive impact on earnings.

Three Year Summary

	2006 €	2005 €	2004 €
Group revenue	1,577m	1,356m	1,187m
Revenue incl. share of joint ventures/associates	1,861m	1,676m	1,548m
Adjusted EBITA *	38.9m	37.8m	34.8m
Profit before tax	18.9m	29.7m	27.2m
Profit after tax	13.6m	20.4m	19.9m
Adjusted fully diluted earnings per share **	5.70 cent	4.76 cent	4.76 cent
Basic earnings per share	2.02 cent	3.83 cent	3.95 cent

* Operating profit before exceptional items, amortisation, interest and tax including the equivalent share of joint ventures and associates operating profit. The 2006 result includes first time cost of rent payable to Blackrock International Land plc of €1.5m, excluding this, the increase in 2006 over 2005 was 6.7%.

** Before exceptional items and amortisation of intangibles. As of 30 December 2006, Total Produce plc had not issued any share options or other instruments with a dilutive impact on earnings.

The financial information above is presented as if Total Produce had existed as a separate group for all periods presented and which is further explained in the Basis of Preparation note set out in the financial statements.

Chairman's Statement

Overview

Total Produce plc is pleased to present its first annual report following the successful completion of the demerger of the General Produce and Distribution Business from Fyffes plc on 30 December 2006. The Company was admitted to the IEX and AIM markets of the Dublin and London Stock Exchanges and the shares have traded actively since 2 January 2007.

Total Produce is involved in the growing, procurement, marketing and distribution of a broad range of fresh produce to the retail, wholesale and food service sectors throughout Europe. The Group sources its products worldwide. Total Produce is one of the leading operators within the European General Produce Sector and operates through its network of international subsidiaries, joint ventures and associates from a total of over 80 facilities in Ireland, the United Kingdom, Sweden, Spain, Italy, Holland, Denmark, Belgium, France, the Czech Republic, Poland and Slovakia. The Group is one of the largest ripeners of bananas in Europe.

Reasons for Demerger

The General Produce and Distribution Business operated as a distinct business along with the Tropical Produce Business within Fyffes plc, whose Board believed its market valuation did not reflect the value of its component parts, and that incremental shareholder value would be created through separation. The General Produce Business operates in a different segment of the industry from that of the Tropical Produce Business and has a lower risk profile. The demerger enables Total Produce to pursue a more focused and independent growth strategy to maximise performance and in turn shareholder value.

Summary of Results

The financial statements for the year ended 30 December 2006 have been prepared as if the Group had, in substance, been in existence in its current form since 1 January 2005. We are pleased to report total revenue including share of joint ventures and associates at €1,861 million which is 11% higher than 2005. Adjusted EBITA at €38.9 million which compares favourably with €37.9 million for 2005. The adjusted fully diluted earnings per share, excluding exceptional items, non recurring tax credits and the amortisation of intangible assets amounted to €5.70 cent in 2006 compared to €4.76 cent in 2005, an increase of 19.7%

Strategy and Outlook

Total Produce is ambitious and committed to grow the business by pursuing a focused strategy to expand organically and by acquisitions, joint ventures and alliances. The Group will target medium and larger sized acquisitions to expand its existing operations and to enter new markets mainly in Europe. The Group has the resources and people to achieve its objectives. The Group has the capacity to adapt to meet changing market conditions and customer demands. Our five year goal is to double current turnover to €4 billion. The target EPS growth for 2007 is in the mid-single digit range.

The success of Total Produce would not be possible without the experience, commitment and skills of the people who work in the organisation and who currently number in excess of 4,000. It is through the hard work of our people that the Group achieves consistently good results. On behalf of the Board of Total Produce, I would like to thank all of our dedicated people in the Company for all their efforts.

Carl McCann
Chairman
15 May 2007

Directors and Secretary

C.P. McCann (53), Chairman, BBS, MA, FCA

Carl McCann was appointed Executive Chairman of Total Produce on 30 December 2006. He previously held the role of Executive Chairman of Fyffes plc having been appointed as Chairman in 2003 after having been Vice Chairman since 1988. He joined Fyffes from KPMG in 1980. He is Executive Chairman of Blackrock International Land plc and is an Irish Government nominee to Inter*Trade*Ireland, the Trade and Development Body established by the North-South Ministerial Council of Ireland. He is a director of a number of other companies. Carl McCann resigned as an executive director of Fyffes plc on 30 December 2006.

R.P. Byrne (46), Chief Executive, B Comm, FCA

Rory Byrne was appointed as Chief Executive of Total Produce on 30 December 2006. Prior to the formation of Total Produce, he was an executive director of Fyffes plc and was appointed to the position of Managing Director of the Fyffes General Produce division in 2002. He joined Fyffes in 1988 from KPMG. He held a number of senior positions within Fyffes including Finance Director of the Group's UK business and Managing Director of its Spanish operations. He was appointed to the board of directors of Fyffes plc on 1 January 2006 and resigned from this position on 30 December 2006.

J.F. Gernon (53), Finance Director, FCCA

Frank Gernon was appointed as Finance Director of Total Produce on 30 December 2006. Prior to the formation of Total Produce, he was the Finance Director of Fyffes plc. He joined Fyffes in 1973 and held various senior accounting and financial positions in Fyffes, including Company Secretary and Chief Financial Officer. He was appointed Group Finance Director and to the board of directors of Fyffes in 1998. Frank Gernon resigned as an executive director of Fyffes plc on 30 December 2006.

R.B. Hynes (49), Non-Executive, BCL, AITI

Rose Hynes was a non-executive director of Aer Lingus Group plc from 1997 to 2002 and previously held a number of senior executive positions with GPA Group plc and Debis AirFinance. She is a non-executive director of Bord Gáis Éireann, Bank of Ireland Mortgage Bank, Northern Ireland Water Service, Shannon Airport Authority plc, Blade Engine Securitization Ltd and a number of other companies. Rose Hynes resigned as a non-executive director of Fyffes plc on 30 April 2007.

J.J. Kennedy (58), Non-Executive, FCA

Jerome Kennedy was managing partner of KPMG Ireland from 1995 to 2004. During that time, he was a board member of KPMG Europe. He was a member of the board of KPMG Worldwide from 2002 to 2004. He led the successful integration of the Andersen Ireland firm into KPMG Ireland. He is currently a non-executive director on the boards of Bank of Ireland Life, New Ireland Assurance Company plc and a number of other companies. He resigned as a non-executive director of Blackrock International Land plc on 31 December 2006.

F.J. Davis (47), Company Secretary/Chief Financial Officer, LL.B, MA, FCCA

Frank Davis was appointed Company Secretary and Chief Financial Officer of Total Produce on 13 December 2006.
Prior to the formation of Total Produce, he was appointed to the position of Finance Director of the General Produce division of Fyffes plc in 2002. He joined Fyffes in 1983 having previously worked in practice and industry. He held a number of senior accounting and financial positions in Fyffes, including that of Finance Director of its Irish and UK produce operations.

Corporate Social Responsibility

Codes of Best Practice

The Group has established Codes of Best Practice with which it is requires its direct suppliers 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. Compliance with the codes is monitored on a regular basis and our internal review procedures are subject to continual independent evaluation.

EUREP Membership

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

Total Produce is determined to be pro-active and constructive in addressing all Corporate Social Responsibility matters and to actively participate in industry forums on social, ethical, health and safety and environmental issues. In addition, 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. Through these and other social responsibility measures, Total Produce aims to provide the finest quality produce, produced under safe working conditions, following fair labour practices with the minimum environmental impact.

Operating Review

Revenue

Total revenue for the year ended 30 December 2006 amounted to €1,861 million, up 11% on the previous year. Group revenue, excluding the Group's share of its joint ventures and associates was €1,577 million compared to €1,356 million in 2005, an increase of 16.3%. The increase in revenue reflects the impact of the acquisition during the year of the second half of two joint venture operations in Denmark and the United Kingdom combined with strong organic growth in a number of key markets.

Operating profit

Operating profit before exceptional items and amortisation of intangible assets and excluding the Group's share of the tax charge in its joint ventures and associates, amounted to €38.9 million in 2006 compared to €37.9 million in 2005. The 2006 result includes for the first time cost of rent payable to Blackrock International Land plc of €1.5 million, for eight months to December, in respect of properties previously owned by Total Produce. Excluding this rental charge, the like-for-like increase in 2006 was 6.7%. This result reflects the impact of the organic growth in certain key markets and the acquisitions noted above, although these factors were partly offset by more difficult trading conditions in a number of locations in Europe. The table below summarises the divisional analysis of turnover and operating profit.

	Revenue *		Operating profit **	
	2006	**2005**	**2006**	**2005**
	€'m	**€'m**	**€'m**	**€'m**
General Produce division	1,736.7	1,528.5	36.2	35.2
Other activities	124.2	147.7	2.7	2.6
Total	**1,860.9**	**1,676.2**	**38.9**	**37.8**

* *Including the Group's share of joint ventures and associates*

** *Before exceptional items, intangibles amortisation and Group's share of tax of joint venture and associates*

Operating profit amounted to €21.8 million, compared to €32.3 million in 2005 and is stated in accordance with IFRS, after the Group's share of the taxation charge in its joint ventures and associates of €0.9 million (€2.2 million in 2005), net exceptional items amounting to €13.2 million (€0.1 million in 2005) and amortisation of intangible assets of €3.1 million (€3.1 million in 2005).

Acquisitions and Developments

During 2006 Total Produce entered into a 50:50 joint venture with the Suri family in India. The Group also entered into a joint venture with Medi-citrus S.L in Spain, and acquired the second half of two existing joint ventures in Denmark and the United Kingdom. Total Produce announced in January 2007 the acquisition of Redbridge Holdings, a UK Fresh Produce Company, for a consideration of €23 million, including deferred consideration of €4.5 million and assumed pension liabilities of €5.5 million. Redbridge is a leading fresh produce company in the UK with annual turnover of Stg £236 million (€352 million). In February 2007, the Group entered into a 50:50 joint venture alliance with Tata with the objective of creating state-of-the-art facilities for fresh produce across India. The initial investment by Total Produce will be €2.25 million. The Group has recently opened a customised state-of-the-art fresh produce distribution facility in Edinburgh. The building extends to 34,000 sq. ft and was completed at a cost of c. €7 million. The facility is designed to maximise operating efficiencies in an environmentally friendly manner, with the energy requirement being minimised by the utilisation of the latest energy efficient electrical and cooling systems. Extensive use was made of the highest grade of 100% recyclable materials in its construction.

Operating Review *(continued)*

Medium term strategy

Total Produce's medium term strategy is to pursue a focused strategy to double revenue within five years to €4.0 billion across its key produce categories through a combination of organic growth and acquisitions and alliances in new markets and in other countries, mainly in Europe.

Finally, the excellent performance of the Group in 2006 is, in no small way due to the skill and dedication of our staff and I would like to thank them for their constant hard work and commitment.

Rory Byrne
Chief Executive
15 May 2007

Financial Review

Summary of results

	2006 €'m	2005 €'m	Change %
Revenue incl. share of joint ventures/associates	1,860.9	1,676.2	+11.0
Share of joint ventures/associates	(283.8)	(320.2)	
Group Revenue	**1,577.1**	**1,356.0**	**+16.3**
Operating profit*	38.9	37.8	+2.9
Net financial expense	(2.9)	(2.7)	
Adjusted profit before tax	**36.0**	**35.1**	**+2.6**
Exceptional items	(13.2)	(0.1)	
Amortisation charge	(3.1)	(3.1)	
Tax charge of joint ventures/associates	(0.9)	(2.2)	
Profit before tax	**18.9**	**29.7**	**-36.4**
Group tax charge	(5.4)	(9.3)	
Minority interest	(6.5)	(7.0)	
Profit attributable to equity shareholders	**7.0**	**13.4**	**-47.8**

	2006 Cent	2005 Cent	Change %
Adjusted fully diluted EPS	**5.70**	**4.76**	**+19.7**
Basic EPS	**2.02**	**3.83**	**- 47.3**

** Before exceptional items, intangibles amortisation and the Group's share of tax in its joint ventures and associates.*

Financial Review *(continued)*

Revenue and operating profit

An analysis of the factors influencing the changes in revenue and operating profit is provided in the Operating Review on page 7.

Net financial expense

The net financial expense for the year was €2.9m compared to €2.7m in 2005. The financial expense in 2006 and 2005 should not be regarded as indicative of the future financial expense of Total Produce, as it does not reflect the agreed initial capital structure following its demerger from Fyffes plc on 30 December 2006 ("the demerger").

Amortisation of intangible assets

The Group's intangible assets mainly represent the value of customer relationships arising on acquisitions. These are amortised over their estimated useful economic lives ranging from one to ten years. The amortisation charge in the year on these assets amounted to €3.1m in both 2006 and 2005.

Exceptional items

	2006 €'m	2005 €'m
Impairment losses	(22.7)	-
Gain on disposal of leasehold interest in property	3.4	-
Fair value gain on investment properties	6.1	1.1
Share of fair value gain on joint ventures/associates investment properties (net of tax)	-	0.7
Loss on disposal of investment property to Fyffes plc		(1.6)
Impairment of property, plant and equipment	-	(0.3)
Total	(13.2)	(0.1)

During the year, the Group recognised impairment losses arising from changes in a number of the businesses giving rise to an aggregate non cash charge in the income statement of €22.7 million. This comprises a €6.3 million reduction in the carrying value of intangible assets, a €7.4 million reduction in the carrying value of joint ventures and a €9.1 million charge in relation to the value of other equity investments including a €1.4 million fair value deficit recognised in the prior year but now written off in the income statement. Exceptional operating income comprises the gain on disposal of a leasehold interest on a property occupied in Ireland giving rise to a gain of €3.4 million and a fair value gain of €6.1 million on an investment property in the United Kingdom.

Financial Review *(continued)*

Adjusted profit before tax, EBITA and minority interests

Total Produce believes that adjusted profit before tax and adjusted fully diluted earnings per share are the appropriate measures of the underlying performance of the Group, excluding exceptional items and amortisation charges. Similarly, adjusted earnings before interest, tax, exceptional items and amortisation ("adjusted EBITA") are a more indicative reflection of the underlying operations particularly given changes in the capital structure of the Group following the demerger. The summary below sets out the details of the adjusted profit before tax and adjusted EBITA for the Group in respect of 2006 and 2005.

	2006 €'m	2005 €'m
Profit before tax per Income Statement	18.9	29.7
Adjustments:		
Exceptional items	13.2	0.1
Group share of tax charge of joint ventures/associates	0.9	2.2
Amortisation of intangible assets incl. share of joint ventures and associates	3.1	3.1
Adjusted profit before tax	36.0	35.1
Exclude:		
Financial expense – Incl. share of joint ventures and associates	2.9	2.7
Adjusted EBITA	38.9	37.8

Tax charge

Including the Group's share of the tax charge of its joint ventures and associates amounting to €0.9 million (2005: €2.2 million), which is netted in operating profit in accordance with IFRS, the total tax charge for the year amounted to €6.3 million (2005: €11.5 million). Excluding the impact of once-off tax credits, deferred tax credits related to the amortisation of intangibles and the tax effect of exceptional items, the underlying tax charge for the year was €9.7 million (2005: €11.2 million), equivalent to a rate of 26.8% (2005: 32.0%) when applied to the Group's adjusted profit before tax.

Minority interest share of profits

The minority share of profits amounted to €6.5 million in the year compared to €7.0 million in 2005, reflecting slightly lower profits in certain non-wholly owned businesses in Europe.

Earnings per share

Adjusted fully diluted earnings per share, excluding exceptional items, non-recurring tax credits and the amortisation of intangible assets, amounted to €5.70 cent for the Group in 2006, compared to €4.76 cent in the previous year. Basic earnings per share for the year, before such adjustments, amounted to €2.02 cent, compared to €3.83 cent in 2005. Fully diluted earnings per share, before such adjustments, amounted to €2.00 cent compared to €3.78 cent in the previous year.

Financial Review *(continued)*

Summary of net assets

The following table summarises the carrying value of net assets in the businesses which were transferred to the Group arising from the demerger by Fyffes plc of its General Produce and Distribution Business.

Carrying value of assets transferred from Fyffes plc	**€'m**
Property, plant, equipment and investment property	121.0
Investment in joint ventures and associates	26.9
Other equity investments	11.0
Net working capital	23.0
Net funds	5.7
Net amount due to Fyffes in connection with demerger	(15.7)
Corporation tax liabilities – current and non-current	(10.4)
Deferred tax liabilities (net)	(10.5)
Net liability on defined benefit pension schemes	(0.2)
Provisions – current and non-current (mainly deferred consideration)	(50.8)
Minority interests	(48.5)
Aggregate net assets transferred, excluding goodwill and intangibles	51.5
Goodwill and intangible assets on business demerged	95.9
Aggregate carrying value of net assets transferred	147.4

In accordance with the terms of the demerger, the agreed initial net debt of the Group, defined as cash and cash equivalents less current and non-current bank debt and finance lease obligations, amounts to €10 million. Such net cash balances in the Group at 30 December 2006 amounted to €5.7 million. In connection with the demerger, the Group has provided for a net amount of €15.7 million due to Fyffes which leaves the Group with the agreed €10 million initial net debt.

Financial Review *(continued)*

Employee post employment benefits

As a consequence of the demerger, separate defined benefit pension schemes now exist for Total Produce employees. The table below summarises the movements in the net deficit on the Group's various defined benefit pension schemes in Ireland, the UK and Continental Europe. The figures below reflect the pension assets and liabilities in respect of the employees who have transferred to Total Produce.

The current/past service cost is charged in the Income Statement, net of the finance income on scheme assets and including the interest cost on scheme liabilities. Actuarial gains/(losses) are recognised in the Statement of Recognised Income and Expense. The reduction in the scheme's deficit during the year arose mainly as a result of the increase in long term international bond rates and the improved performance of equities in the year.

	2006 €'m	2005 €'m
Deficit at beginning of year	(6.6)	(3.9)
Current/past service cost less net finance income recognised in income statement	(2.6)	(1.7)
Actuarial gain/(loss) recognised in statement of recognised gains and losses	6.3	(3.3)
Contributions to schemes	2.7	2.3
Deficit at end of year	(0.2)	(6.6)
Related deferred tax asset	0.6	0.8
Net asset/(deficit)	**0.4**	**(5.8)**

Shareholder's equity

Shareholders' equity at 30 December 2006 amounted to €147.4 million compared to €165.7 million in 2005. During the year, dividends of €4.5 million were recognised (2005: €21.5 million) and paid to Fyffes plc, the legal parent at the date of such distributions. As part of the distribution by Fyffes plc of its property undertakings to Blackrock International Land plc, fair value gains of €39.3 million recognised in respect of properties held by entities in its General Produce and Distribution Business were distributed to Fyffes plc. The movements are summarised in the following table:

	2006 €'m	2005 €'m
Total shareholders' equity at beginning of year	165.7	157.7
Total recognised income and expense	17.8	17.1
Dividends paid to Fyffes plc and subsidiaries	(4.5)	(21.5)
Distribution in specie arising from property demerger	(39.3)	-
Movement in funding balance with Fyffes	7.8	12.4
Total shareholders' equity at end of year	147.4	165.7

Financial Review *(continued)*

Summary of movement in net funds

Net funds, comprising cash plus short term deposits less debt, amounted to €5.7 million at 30 December 2006 compared to net debt of €13.8 million at 31 December 2005. As analysed in the following table, cash generated by the Group's operations during the year amounted to €51.0 million. Significant outflows in the year included dividend and tax payments of €20.2 million and capital expenditure of €27.5 million.

	2006 €'m	2005 €'m
Inflows		
Adjusted profit before tax	36.0	35.1
Cash impact of exceptional items	3.4	-
Depreciation	12.3	10.6
Share of joint ventures/associates profit before tax	(4.3)	(6.3)
Working capital/other	3.6	2.5
Net cash inflow from operations	51.0	41.9
Dividends received from joint ventures/associates	0.1	0.7
Proceeds on disposal of property, plant and equipment	1.5	2.1
Other	0.2	-
Net cash movement in balance with Fyffes	34.3	26.7
Total inflows	**87.1**	**71.4**
Outflows		
Tax paid	(12.3)	(10.7)
Dividends paid to equity shareholders	(4.5)	(21.5)
Capital expenditure	(27.5)	(11.0)
Acquisition of subsidiary, net of cash acquired	(10.3)	(0.7)
Acquisitions of other equity investments	(2.0)	-
Payments of deferred consideration	(5.1)	(2.7)
Investments in and advances to joint ventures	(2.5)	(0.1)
Dividends paid to minority interest	(3.6)	(5.5)
Other	(0.2)	(0.2)
Total outflows	**(68.0)**	**(52.4)**
Net inflows/(outflows)	19.1	19.0
Debt due to Fyffes plc arising on demerger	(15.7)	
Translation of non-euro denominated funds	0.4	-
Net funds at beginning of year	(13.8)	(32.8)
Net funds at end of year	**(10.0)**	**(13.8)**

Frank Gernon
Finance Director
15 May 2007

Financial Statements **Page**

Directors and other information

Total Produce plc

C. P. McCann *Chairman*
R. P. Byrne *Chief Executive*
J. F. Gernon
R. B. Hynes
J. J. Kennedy

Secretary and registered office

F J Davis
Charles McCann Building
Rampart Road
Dundalk
Co. Louth

Auditor

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

Solicitors

Arthur Cox
Arthur Cox Building
Earlsfort Terrace
Dublin 2

Bankers

Allied Irish Banks plc
Bankcentre
Ballsbridge
Dublin 4

Ulster Bank
George's Quay
Dublin 2

BNP Paribas
5 George's Dock
IFSC
Dublin 1

Bank of Ireland
Lower Baggot Street
Dublin 2

IEX Advisor, Nominated Advisor and Stockbroker

Davy
49 Dawson Street
Dublin 2

Registrars

Computershare Services (Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18

Directors' report

The directors present their report to the shareholders, together with the audited financial statements of the Group and Company, for the year ended 30 December 2006.

Demerger

We are pleased to report that the demerger of the Fyffes General Produce and Distribution Businesses to Total Produce plc was successfully completed on 30 December 2006. Fyffes' shareholders received one ordinary share in Total Produce for each Fyffes plc ordinary share owned. Total Produce shares were admitted to the IEX and AIM markets of the Dublin and London Stock Exchanges and have traded actively since 2 January 2007. The carrying value of the assets of the businesses transferred to Total Produce amounted to €147.4m. These financial statements have been prepared as if the Total Produce Group had, in substance, been in existence in its current form since 1 January 2005, as further explained in the basis of preparation on page 38.

Principal activities and business review

Total Produce plc is one of the largest fresh produce distributors in Europe. A detailed business review is included in the Operating Review on page 7 and in the Financial Review on pages 9 to 14. The key performance indicators used to measure performance are revenue, margin, volume and price.

Profit

Details of the profit for the year are set out in the income statement for the year ended 30 December 2006 on page 33.

Dividend

The board envisages a likely dividend payment of between €1.50 cent and €1.75 cent in respect of 2007 subject to operating cash flows, capital and acquisition commitments.

Future developments

A review of future developments of the business is included in the Executive Chairman's statement on page 4.

Directors and secretary

As more fully explained in the Corporate Governance report on pages 20 to 23, the Board of the Company was constituted following the demerger by Fyffes of its General Produce and Distribution Businesses to Total Produce plc on 30 December 2006.

On formation of the company on 6 October 2006, F.J. Davis and S.P. Power were appointed as Directors and both resigned on 28 November 2006.

On 26 October 2006, C.P. McCann, R.P. Byrne and J.F. Gernon were elected by a Shareholder Resolution to the Board. On 28 November 2006, R.B. Hynes and J.J. Kennedy were appointed by Shareholder Resolution to the Board. Both R.P. Byrne and J.J. Kennedy offer themselves for re-election at the AGM.

None of these directors has a service contract with any Group company.

On 6 October 2006, Bradwell Limited were appointed as Company Secretary. On 13 December 2006, Bradwell Limited resigned as Company Secretary and on the same date F.J. Davis was appointed Company Secretary.

Directors' report *(continued)*

Directors' and Company Secretary's interests

Details of the directors' and Company Secretary's share interests and interests in share options of the Company and Group companies are set out in the Compensation Committee report on page 29.

Substantial holdings

The directors have been notified of the following significant interests in the issued ordinary share capital of the Company at 30 December 2006.

	Number of Ordinary Share	*Percentage*
Balkan Investment Company and related parties	37,238,334	10.6%

Arnsberg Company, which is a related party of Balkan Investment Company, owns 5.6% of the issued share capital of the Company. Bank of Ireland Nominees Limited, Marathon Asset Management Limited have notified the directors that they each hold between 5% and 10% of the issued share capital of the Company. Bank of Ireland Nominees Limited and Marathon Asset Management Limited state that these shares are not beneficially owned by them. The Board has not been notified of any other holdings of 3% or more of the issued ordinary share capital of the Company.

Directors' interests in contracts

None of the directors had a beneficial interest in any material contract to which the Company or any subsidiaries was a party during the year.

Principal risks and uncertainties

Under Irish company law (Statutory Instrument 116.2005 European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005), the Group and Company are required to give a description of the principal risks and uncertainties which they face.

These principal risks as identified by the directors are set out below:-

- The Group's earnings are dependent on the volume of produce sold and the selling prices obtained in the market for produce sold. These, in turn are largely determined by market supply and demand. Excess supplies of fresh produce leading to reduced selling prices could have an adverse affect on the Group's profitability.
- The Group faces strong competition in its various markets and if it fails to compete effectively, its business, results of operations and financial condition could be adversely affected.
- The Group's customer base consists primarily of major retailers and wholesalers. The increasing concentration of customers also increases credit risk. Any consolidation of the customer base of the Group which results in a change of the procurement policies of individual customers could positively or adversely affect the operations and profitability of the Group.
- 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.
- Profitability in the fresh produce sector is dependent on high quality 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 sales revenue.
- The Group's growth strategy is partly focused on acquisitions and alliances and continuing growth could be adversely affected if the Group is unable to source and execute suitable acquisitions in the future.
- Total Produce primarily procures its bananas and pineapples from Fyffes and consequently Total Produce will be exposed to the future availability of supply and performance of Fyffes' bananas and pineapples.

The management team has long experience in managing all of these risks, while delivering profit growth.

Directors' report *(continued)*

Financial risk management
The Group's multinational operations expose it to different financial risks that include foreign exchange risks, credit risks, liquidity risks and interest rate 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 policy to manage these risks in a non-speculative manner. Details of the policies and control procedures to manage the financial risks involved, including hedging strategies, are set out in Note 29 to the financial statements.

Accounting records
The directors believe that they have complied with the requirements of section 202 of the Companies Act, 1990, with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at Rampart Road, Dundalk, Co Louth, Ireland.

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

Auditor
KPMG, Chartered Accountants, were appointed as auditor during the year and, in accordance with Section 160(2) of the Companies Act, 1963, continue in office.

Subsidiaries, joint ventures and associates
Information on the Group's significant subsidiaries, joint ventures and associates is included on pages 95 to 96.

On behalf of the Board

C. P. McCann	**J. F. Gernon**	
Chairman	***Finance Director***	**15 May 2007**

Corporate Governance report

Application of the Combined Code principles

Total Produce plc is firmly committed to business integrity, high ethical values and professionalism in all its activities and operations. As an essential part of this commitment, the Board endorses the highest standards in corporate governance. This report describes how Total Produce plc applies the principles and provisions of the Revised Combined Code on Corporate Governance which forms part of the Listing Rules of the Irish and London Stock Exchanges ("the 2003 FRC Combined Code") as applicable to an IEX/AIM listing.

The Board of Directors

Total Produce plc is led by a strong and effective Board of Directors.

The directors of the company comprise the following individuals:

Executive	Non-Executive
C. P. McCann *Executive Chairman*	R. B. Hynes
R. P. Byrne *Chief Executive*	J. J. Kennedy
J. F. Gernon	

The Board of the Company was constituted following the demerger by Fyffes plc of its General Produce and Distribution Businesses to Total Produce plc on 30 December 2006 which was approved at an Extraordinary General Meeting (EGM) of Fyffes plc on 5 December 2006. C. P. McCann, R. P. Byrne and J. F. Gernon resigned from the Board of Fyffes plc with effect from 30 December 2006 and were appointed to the roles of Executive Chairman, Chief Executive and Finance Director of Total Produce plc respectively on that date.

C. P. McCann would not have been deemed to be independent on appointment under the criteria of the 2003 FRC Combined Code. The Board believes his appointment is in the best interests of the Company and its shareholders.

The Board consists of five directors - the Executive Chairman, two other executive directors and two non-executive directors. The Board has determined all of the non-executive directors to be independent. In addition to being Executive Chairman of Total Produce plc, C. P. McCann is also Executive Chairman of Blackrock International Land plc ("Blackrock"). Total Produce plc leases a number of properties in Ireland, which are owned by Blackrock.

All of the directors have fiduciary responsibilities to the shareholders. In addition, the executive directors are responsible for the operation of the business while the non-executive directors bring independent objective judgement to bear on Board decisions by constructively challenging management and helping to develop 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. All of the directors bring an objective judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct. Board members are selected because of their pertinent experience and appropriate training is available to them whenever necessary. Arrangements will be made for any new directors to receive a full, formal and tailored induction into the Group's activities and into the operation and procedures of the Board on their appointment.

Corporate Governance report *(continued)*

The Board of Directors *(continued)*

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 ensuring that the Group achieves a satisfactory return on investment for shareholders; he oversees the orderly operation 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 is accountable for its overall performance and day to day management.

Independence of non-executive directors

In arriving at its conclusion, the Board considered many factors including, inter alia, whether any of the non-executive directors:

- has been an employee of the Group within the last five years;
- has, or had within the last three years, a material business relationship with the Group;
- receives remuneration from the Group other than a director's fee;
- has close family ties with any of the Group's advisers, directors or senior employees;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies; or
- represents a significant shareholder.

Both of the non-executive directors bring an unfettered perspective to their advisory and monitoring roles. The terms and conditions relating to the appointment of the non-executive directors are available from the Company Secretary.

Operation of the Board

The Board intends to meet regularly throughout each financial year with six routinely scheduled Board meetings to be held annually, in addition to which meetings will be called as and when warranted by issues arising.

The Board has identified and formally adopted a schedule of key matters that are reserved for its decision, including the annual fiscal and capital budgets, interim and preliminary results announcements, 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 €20 million. Certain other matters are delegated to Board committees, the details of which are set out below.

There is an agreed Board procedure enabling 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 Company has put in place a directors' and officers' liability insurance policy.

The Memorandum and Articles of Association of the Company require that one third of the Board must, by rotation, seek re-election at the Annual General Meeting (AGM) each year.

There is open communication between senior executive management and Board members.

Corporate Governance report *(continued)*

Board Committees

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

Audit Committee

Full details of the composition, terms of reference and activities of the Audit Committee are set out in the Audit Committee report on page 24.

Compensation Committee

Details of the composition and terms of reference of the Compensation Committee, which has responsibility for the remuneration of the executive directors and senior management, are set out in the Compensation Committee report on pages 26 to 29.

Nomination Committee

The Board established a Nomination Committee on 15 May 2007 the members of which are C.P. McCann (Chairman), R.P. Byrne, R.B. Hynes and J.J. Kennedy. The terms of reference of the committee 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.

Internal controls and the management of risk

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. The Group has established a system designed to manage risks that may impede the achievement of the Group's business objectives rather than to eliminate these risks. The internal controls system is designed to provide reasonable assurance (but not absolute assurance) against material misstatement or loss.

Total Produce plc has established a strong internal audit function under the direction of the Audit Committee. Both the internal audit and risk management functions will facilitate each other and, together with divisional management, will 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.

Within Fyffes plc, the key risks that might impair the business from achieving its objectives were identified and assessed by conducting detailed reviews with executive managers at divisional level. Divisional management were thereafter charged with the cost efficient mitigation of the risks within their areas of responsibility. This process continues post demerger within Total Produce plc. Risk management within Total Produce plc will be co-ordinated by an Executive Risk Committee which will direct the implementation of the process consistently throughout the Group and review the relevant findings. The members of the committee include the Group Finance Director, the head of internal audit, the Company Secretary and a number of other senior personnel. Risk evaluation and recommendations for strategic change will continue to be reviewed by the Executive Risk Committee who will report its findings to the Audit Committee for its consideration. The Audit Committee will, in turn, report these findings to the Board at least annually enabling corrective initiatives to be undertaken where appropriate.

The Board will conduct its own risk identification and assessment so that it itself is sufficiently aware of the principal threats to which the Group may be exposed.

The Board, through the Audit and Executive Risk Committees, 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.

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 judgement, while simultaneously making the organisation alert to best management practices.

Corporate Governance report *(continued)*

Communication with shareholders and Annual General Meeting (AGM)

Communication with shareholders is given a high priority by Total Produce plc. There is regular dialogue and meetings with institutional shareholders. Feedback from contact with shareholders will be given to the Board at regular intervals. The Group publishes its preliminary and interim results presentations on the Company's website (www.totalproduce.com). Stock exchange announcements in respect of trading updates and corporate activity are similarly published on the website.

A business presentation will be provided at the Group's AGM followed by a question and answer forum which will offer shareholders the opportunity to question 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 will be announced in respect of each resolution considered at the AGM or any EGM. The Company will arrange for the Notice of the 2007 AGM and related papers to be sent to shareholders at least 20 working days before the meeting.

Accountability and audit

The contents of the Operating and Financial Reviews, the Directors' Report and financial statements (in addition to official Company press releases, Stock Exchange announcements and interim results issued during the period) have been reviewed in order to ensure a balanced presentation, so that the Group's position and prospects may be properly appreciated by shareholders. A summary of directors' responsibilities in respect of the financial statements is given on page 30. The system of internal controls and risk management established to safeguard shareholders' investment and the Company's assets is set out above. The Audit Committee, whose composition and functions are described on pages 24 to 25, has considered, in conjunction with the external auditor, the accounting policies adopted in the financial statements and has evaluated the internal controls that have been established within the Group.

Environmental management, corporate responsibility and ethical trading initiatives

The European Commission has previously 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 Total Produce plc in the conduct of its business, the Group recognises its social responsibility and endorses the growing trend towards environmental accountability.

The Group will actively promote 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.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company, and the Group as a whole, has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopt the going concern basis in preparing the financial statements.

Audit Committee report

Membership and responsibilities
The members of the Audit Committee, both of whom are independent non-executive directors are J.J. Kennedy (Chairman) and R. B. Hynes.

The Board believes that both J. J. Kennedy and R. B. Hynes satisfy the recommendation in the 2003 FRC Combined Code that at least one member of the Audit Committee should have recent relevant financial experience and are both sufficiently knowledgeable in relevant financial matters to enable them to fulfil their responsibilities on the committee.

These responsibilities are set out in the terms of reference of the Audit Committee. They are summarised below:

1. to approve the terms of engagement of the external auditor and their remuneration 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 the audit as set out in their audit plan;

3. to review the Group's preliminary and interim financial information and full year financial statements and to report to the Board on the outcome of this review. As part of this process, the committee considers:

    - the appropriateness of the Group's accounting policies, including any changes in these policies;
    - any significant judgemental matters;
    - any significant audit adjustments;
    - the continuing appropriateness of the going concern assumption;
    - the contents of the Operating and Financial Reviews and the Directors' Report as set out in the annual report;
    - compliance with relevant financial reporting standards; and
    - compliance with legal and Stock Exchange requirements;

4. to review any issues raised by the external auditor during the conduct of the 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 any representation letters required by the external auditor as part of the audit, prior to their endorsement by the Board. As appropriate, the committee also meets the external auditor independently of management at least annually;

5. 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. In addition, the committee has agreed with the Board a policy on the employment by the Group of former employees of the external auditor, which it monitors on an ongoing basis;

6. to meet regularly with the Group's head of internal audit (including, as appropriate, independently of management) in order to review the internal audit programme and to consider his findings on completed audits. The committee also reviews the adequacy of the resources of the internal audit team and the co-ordination between the internal and external auditor. The committee is responsible, in consultation with the Executive Chairman of the Board, for the appointment or removal of the head of internal audit;

7. to review and report to the Board on the effectiveness of the Group's risk management systems, including meeting the Executive Risk Committee at least annually. In this regard, the committee shall also review the Company's statement, in the annual report, on internal control systems and its risk management framework, prior to its endorsement by the Board;

Audit Committee report *(continued)*

Membership and responsibilities *(continued)*

8. to address any other topics as requested by the Board, including to consider the findings of any internal investigations and the response of management;

9. 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

10. 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.

Independence of external auditor

As part of the approval of the appointment of the external auditor, the Audit Committee has sought confirmation from the external auditor that it is, in its professional judgement, independent of Total Produce plc. The committee will monitor the nature, extent and scope of the non-audit services provided by the external auditors on an annual 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 services is disclosed on page 52.

The committee will also review 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. The committee must be advised in advance of any such proposed appointments.

Compensation Committee report

Composition and terms of reference of Compensation Committee

The members of the Compensation Committee, both of whom are independent non-executive directors are R. B. Hynes (Chairman) and J. J. Kennedy. These directors have no financial interest other than as shareholders in the matters to be decided, no potential conflicts of interest other than as shareholders in the matters to be decided, no potential conflicts of interest arising from cross-directorships and no day to day involvement in the running of the business.

The terms of reference of the Compensation Committee are:

- to establish the Company's policy on executive directors' and senior management remuneration;
- to establish the terms of service agreements, remuneration packages and employment conditions of executive directors;
- to approve the grant of share options to executive directors and employees and to determine whether the conditions as set out in the 2007 share option scheme have been met and approving certain changes in such grants arising from changes in the Group's structure necessary to mitigate any dilution in the value of options granted (if any);
- 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 grants of awards under such schemes;
- if necessary, to establish the amount and constituents of termination payments to be made to executive directors;
- to report to shareholders on directors remuneration in accordance with the requirements of the Irish Stock Exchange and Company Law.

The Executive Chairman of Total Produce plc will be consulted about the remuneration of other executive directors and the Compensation Committee is authorised to obtain access to professional advice, if deemed appropriate.

The remuneration of the non-executive directors will be approved by the Board.

Remuneration policy

The Group's policy on executive directors' remuneration recognises that employment and remuneration conditions for senior executives must properly reward and motivate them to perform in the best interests of the shareholders.

The planned recurring elements of the remuneration package for executive directors are basic salary and benefits, annual bonus and pensions. The Company may grant options to senior executives to encourage identification with shareholders' interests where deemed appropriate. No options have been awarded to executive directors to date. The Compensation Committee is currently considering longer term incentive packages for executive directors.

Executive directors' basic salary and benefits

Basic salaries of executive directors will be reviewed annually with regard to personal performance, Group performance and competitive market practice.

Performance related bonus

The Group will pay performance related annual bonuses to executive directors. The level earned in any one year will depend on an assessment of individual performance and the overall performance of the Group.

Pensions

Pensions for executive directors are calculated on basic salary only and provide for two-thirds of salary for full service (40 years) at retirement. Credit for prior service with Fyffes plc will be given to all employees transferring on foot of the demerger.

Compensation Committee report *(continued)*

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 by shareholders at the Fyffes EGM in December 2006. The percentage of share capital which can be issued under the employee share option scheme and individual limits comply with institutional guidelines. Since year end 3,975,000 options have been issued to senior management at an excercise price of €81.5 cent per share.

Service contracts

No service contracts exist between the Company or any of the Group's subsidiaries and any executive or non-executive directors.

Directors' interests in contracts

None of the directors had a beneficial interest in any material contract to which the Company or any subsidiaries were a party to during the current or preceding financial year.

Compensation Committee report *(continued)*

Directors' remuneration

The current Board was established following the demerger by Fyffes plc of its General Produce and Distribution Businesses. During the year, the executive directors and some of the non-executive directors were remunerated in their capacity as directors of Fyffes plc and details of such remuneration are set out in the published annual report of Fyffes plc. No remuneration was paid to the directors in their capacity as directors of Total Produce plc.

The following are the details of the remuneration of the Executive Directors in their capacity as directors of Fyffes plc which included duties within the General Produce Division as well as the Tropical Division and other divisions of Fyffes plc.

2006	Salary or fees €'000	Bonus €'000	Other benefits & consultancy €'000	Pension contributions or related payments €'000	**Total 2006 €'000**
Executives					
C. P. McCann */**/***	409	149	16	94	**668**
R. P. Byrne *	325	100	-	156	**581**
J. F. Gernon *	312	176	17	66	**571**
Total	1,046	425	33	316	**1,820**

* *Resigned as executive director of Fyffes plc on 30 December 2006.*

** *No pension contributions to the Group's defined benefit pension scheme were made during 2006 on behalf of C. P. McCann as his benefits under this scheme are now limited under Irish pension legislation. As a result, the Fyffes plc Compensation Committee approved a cash payment of €93,654 (calculated in accordance with actuarial advice and net of the portion attributable to Blackrock) to C. P. McCann to compensate him for the value of his pension contributions foregone, net of employers' social insurance contributions.*

*** *C. P. McCann was elected Executive Chairman of Blackrock following its demerger from Fyffes plc in May 2006, while also retaining his position as Executive Chairman of Fyffes throughout the year until his resignation on 30 December 2006. In accordance with the terms of the Business Transfer Agreement between Fyffes and Blackrock, Fyffes recharged a portion of C. P. McCann's employment costs to Blackrock to reflect the approximate allocation of his time between these two roles. All amounts reflected above represent the portion of his remuneration from Fyffes plc.*

2005	Salary or fees €'000	Bonus €'000	Short term incentive plan €'000	Other benefits & consultancy €'000	Pension contributions or related payments €'000	**Total 2005 €'000**
Executives						
C. P. McCann	460	200	230	21	594	**1,505**
J. F. Gernon	300	155	150	17	311	**933**
Total	760	355	380	38	905	**2,438**

Other benefits and consultancy for executive directors relate entirely to motor expenses.

Compensation Committee report *(continued)*

Pension entitlements of executive directors

The pension benefits attributable to the executive directors during the year in their capacity as Directors of Fyffes plc and the total accrued pensions at the end of the year were as follows:

	Increase in accrued pension during 2006 (a) €'000	Transfer value of increase during 2006 (b) €'000	**Total accrued pension at 31 Dec 2006 (c) €'000**	Increase in accrued pension during 2005 (a) €'000	Transfer rate of increase during 2005 (b) €'000	**Total accrued pension at 31 Dec 2005 (c) €'000**
C. P. McCann *	-	-	**210**	9	130	**202**
J. F. Gernon *	5	78	**172**	6	87	**161**
R. P. Byrne *	6	68	**95**	-	-	**-**
Total	11	146	**477**	**15**	**217**	**363**

* *Resigned 30 December 2006, from board of Fyffes plc.*

(a) The increase in accrued pension during the year excluding inflation.
(b) The transfer value of the increase in accrued pension has been calculated based on actuarial advice. These transfer values do not represent sums paid or due, but are the amounts that the pension scheme would transfer to another pension scheme in relation to the benefits accrued in the year, in the event of a member of the scheme leaving service.
(c) This represents the pension which would be paid annually, on normal retirement date, based on service to the end of this accounting period.

Directors' and Company Secretary's share interests

The interests of the directors in the issued share capital of the Company are shown below:

	At 30 December 2006 Beneficial number Total Produce plc Ordinary shares of €1 cent
C. P. McCann	1,533,353
J. F. Gernon	359,103
R. P. Byrne	231,051
R. B. Hynes	50,000
J. J. Kennedy	-

At 30 December 2006, the Company Secretary, F J Davis, held 119,072 Total Produce plc ordinary €1 cent shares.

Statement of directors' responsibilities in respect of Annual Report and the financial statements

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law, the directors have elected to prepare the Group financial statements in accordance with IFRSs as adopted by the EU 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 Acts, 1963 to 2006.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group and Company; the Companies Acts, 1963 to 2006 provide in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Acts, 1963 to 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and the requirements of the Listing Rules issued by the Irish Stock Exchange regulations, the directors are also responsible for preparing a Directors' Report and reports relating to directors' remuneration and corporate goverance that comply with that law and those rules. 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

J. F. Gernon
Finance Director

Independent auditor's report to the Members of Total Produce plc

We have audited the Group and Company financial statements (the "financial statements") of Total Produce plc for the financial year ended 30 December 2006 which comprise the Group income statement, the Group and Company balance sheets, the Group and Company cash flow statements, the Group and Company statements of recognised income and expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 30.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with IFRSs as adopted by the EU and, in the case of the Company as applied in accordance with the provisions of the Companies Acts, 1963 to 2006, and have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulation. We also report to you whether, in our opinion: proper books of account have been kept by the Company; at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Company balance sheet is in agreement with the books of account.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Executive Chairman's Statement, the Operating Review and the Financial Review, the Corporate Governance Report, the Audit Committee Report and the Compensation Committee Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors report to the Members of Total Produce plc *(continued)*

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 30 December 2006 and of its profit for the financial year then ended;
- the Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Acts, 1963 to 2006, of the state of the Company's affairs as at 30 December 2006; and
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulation.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The Company balance sheet is in agreement with the books of account.

In our opinion, the information given in the Directors' Report on pages 17 to 19 is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet on page 90 are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 30 December 2006 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

KPMG

Chartered Accountants 15 May 2007
Registered Auditor
Dublin

Group income statement

for the year ended 30 December 2006

	Notes	Pre-exceptional 2006 €'000	Exceptional items 2006 €'000	Post exceptional 2006 €'000	Pre-exceptional 2005 €'000	Exceptional items 2005 €'000	Post exceptional 2005 €'000
Revenue including Group share of joint ventures and associates	1	**1,860,892**	**-**	**1,860,892**	1,676,206	-	1,676,206
Group revenue	1	**1,577,056**	**-**	**1,577,056**	1,355,973	-	1,355,973
Cost of sales		**(1,353,820)**	**-**	**(1,353,820)**	(1,173,309)	-	(1,173,309)
Gross profit		**223,236**	**-**	**223,236**	182,664	-	182,664
Distribution expenses		**(150,685)**	**-**	**(150,685)**	(130,439)	(316)	(130,755)
Administrative expenses		**(42,784)**	**-**	**(42,784)**	(26,167)	-	(26,167)
Other operating expenses	3	**(166)**	**(22,749)**	**(22,915)**	(201)	(1,566)	(1,767)
Other operating income	2	**2,065**	**9,550**	**11,615**	3,086	1,136	4,222
Share of profit of joint ventures (after tax)	13	**3,316**	**-**	**3,316**	3,409	688	4,097
Share of profit of associates (after tax)	13	**65**	**-**	**65**	55	-	55
Operating profit		**35,047**	**(13,199)**	**21,848**	32,407	(58)	32,349
Financial income	4	**1,894**	**-**	**1,894**	1,060	**-**	1,060
Financial expense	4	**(4,826)**	**-**	**(4,826)**	(3,754)	-	(3,754)
Profit before tax		**32,115**	**(13,199)**	**18,916**	29,713	(58)	29,655
Income tax expense	7	**(8,773)**	**3,417**	**(5,356)**	(9,016)	(286)	(9,302)
Profit for the financial year		**23,342**	**(9,782)**	**13,560**	20,697	(344)	20,353
Attributable as follows							
Equity shareholders of the company				**7,060**			13,356
Minority interests				**6,500**			6,997
				13,560			20,353
Earnings per ordinary share							
Basic	9			**€2.02 cent**			€3.83 cent
Fully diluted	9			**€2.00 cent**			€3.78 cent

C. P. McCann
Chairman

J. F. Gernon
Finance Director

15 May 2007

Group statement of recognised income and expense

as at 30 December 2006

	Notes	**2006** **€'000**	2005 €'000
Foreign currency translation effects			
- foreign currency net investments		**4,263**	(604)
- foreign currency borrowings		**(624)**	(363)
Revaluation gains on property, plant and equipment	*10*	**-**	12,742
Deferred tax on revaluation gains		**-**	(3,077)
Revisions to deferred tax provision on revaluation reserve		**585**	-
Share of joint ventures revaluation gains on property, plant and equipment	*13*	**-**	722
Share of joint ventures deferred tax on revaluation gains on property, plant and equipment	*13*	-	(12)
Fair value adjustment on investments		**1,400**	(1,400)
Effective portion of cash flow hedges, net of recycling		**(61)**	61
Deferred tax relating to cash flow hedges, net of recycling	*24*	**9**	(9)
Actuarial gain/(loss) recognised on defined benefit pension schemes	*26*	**6,315**	(3,282)
Deferred tax on actuarial loss on defined benefit schemes	*24*	**(236)**	410
Share of joint ventures actuarial loss recognised on defined benefit pension schemes	*13*	**(609)**	(585)
Share of joint ventures deferred tax on actuarial movements on defined benefit schemes	*13*	**149**	135
Total income and expense recognised directly in equity		**11,191**	4,738
Profit for the financial year		**13,560**	20,353
Total recognised income and expense		**24,751**	25,091
Attributable as follows:			
Equity shareholders	*18*	**17,838**	17,087
Minority interest	*19*	**6,913**	8,004
Total recognised income and expense		**24,751**	25,091

Group balance sheet

as at 30 December 2006

	Notes	**2006**	2005
Assets		**€'000**	€'000
Non-Current			
Property, plant and equipment	*10*	**112,049**	134,766
Investment property	*11*	**9,009**	10,543
Goodwill and intangible assets	*12*	**95,895**	79,941
Other receivables	*16*	**1,627**	1,116
Investments in joint ventures and associates	*13*	**26,859**	42,057
Equity investments	*14*	**11,011**	16,524
Deferred tax assets	*24*	**4,502**	4,070
Employee benefits	*26*	**3,047**	-
Total non-current assets		**263,999**	289,017
Current			
Inventories	*15*	**30,342**	28,206
Trade and other receivables	*16*	**221,351**	163,258
Non trade receivables due from Fyffes plc and subsidiaries	*16*	**-**	226,655
Derivative financial instruments	*29*	**17**	-
Cash and cash equivalents	*17*	**87,909**	55,043
Total current assets		**339,619**	473,162
Total assets		**603,618**	762,179
Equity			
Called-up share capital	*18*	**3,510**	3,426
Share premium	*18*	**251,998**	251,087
Other reserves	*18*	**(108,071)**	(88,835)
Total equity attributable to equity shareholders of parent		**147,437**	165,678
Minority interest	*19*	**48,501**	46,004
Total equity		**195,938**	211,682
Liabilities			
Non-Current			
Interest-bearing loans and borrowings	*20*	**60,066**	29,133
Deferred government grants		**2,081**	2,248
Other payables	*21*	**538**	520
Provisions	*22*	**4,384**	28,151
Corporation tax payable		**7,785**	8,085
Deferred tax liabilities	*24*	**15,047**	21,121
Employee benefits	*26*	**3,237**	6,623
Total non-current liabilities		**93,138**	95,881
Current			
Interest-bearing loans and borrowings	*20*	**22,178**	39,686
Debt due to Fyffes plc arising on demerger	*20*	**15,665**	-
Trade and other payables	*21*	**227,630**	169,413
Non-trade payables to Fyffes and subsidiaries	*21*	**-**	234,340
Provisions	*22*	**46,406**	5,930
Derivative financial instruments	*29*	**3**	69
Corporation tax payable		**2,660**	5,178
Total current liabilities		**314,542**	454,616
Total liabilities		**407,680**	550,497
Total equity and liabilities		**603,618**	762,179

C. P. McCann — ***Chairman***

J. F. Gernon — ***Finance Director***

15 May 2007

Group cash flow statement

for the year ended 30 December 2006

	Notes	2006 €'000	2005 €'000
Operating activities			
Profit for financial year		**13,560**	20,353
Adjustments for:			
Income tax expense		**5,356**	9,302
Depreciation on property, plant and equipment	*10*	**12,294**	10,582
Fair value movement on investment property	*11*	**(6,120)**	(1,136)
Impairment of trade investments	*6*	**9,072**	-
Impairment of goodwill in joint venture	*6*	**7,403**	-
Impairment of intangible assets	*6*	**6,274**	-
Impairment of property, plant and equipment	*10*	**-**	316
Amortisation of intangible assets	*12*	**3,021**	3,110
Amortisation of grants		**(323)**	(305)
Defined benefit pension scheme expense	*26*	**2,642**	1,686
Contributions to defined benefit pension schemes	*26*	**(2,760)**	(2,316)
Net gain on disposal of property, plant and equipment		**(610)**	-
Net gain on disposal of investment properties		**-**	1,566
Interest income	*4*	**(1,894)**	(1,060)
Interest expense	*4*	**4,826**	3,754
Share of profits of joint ventures	*13*	**(3,316)**	(4,097)
Share of profits of associates	*13*	**(65)**	(55)
Movement in trade and other receivables		**(18,829)**	2,259
Movement in trade and other payables		**20,143**	3,791
Movement in inventories		**2,399**	(4,233)
Income tax paid		**(12,255)**	(10,695)
Interest received		**1,656**	991
Interest paid		**(3,663)**	(2,591)
Cash flows from operating activities		**38,811**	31,222
Investing activities			
Acquisition of subsidiaries, net of cash acquired	*25*	**(10,255)**	(668)
Acquisition, investment and loans to joint ventures	*13*	**(2,497)**	(86)
Dividends received from joint ventures	*13*	**-**	681
Dividends received from associates	*13*	**80**	41
Payments of deferred consideration	*22*	**(5,077)**	(2,701)
Acquisition of property, plant and equipment		**(27,477)**	(10,991)
Proceeds from disposal of property, plant and equipment		**1,480**	1,465
Acquisition of trade investment	*14*	**(1,991)**	(36)
Proceeds from disposal of minority share		**100**	-
Proceeds from disposal of trade investments		**-**	87
Proceeds from disposal of investment property		**-**	582
Government grants received		**156**	-
Cash (outflows) from investing activities		**(45,481)**	(11,626)

Group cash flow statement *(continued)*

for the year ended 30 December 2006

	Notes	2006 €'000	2005 €'000
Financing activities			
Proceeds from borrowings		**97,765**	6,134
Repayment of borrowings		**(75,130)**	(12,196)
Net cash movement in balance with Fyffes plc		**34,299**	26,694
Capital element of lease payments		**(1,084)**	(1,394)
Dividends paid to Fyffes plc	*18*	**(4,534)**	(21,503)
Capital contribution from minority interest		**116**	-
Dividends to minority interest	*19*	**(3,620)**	(5,305)
Investment repaid to minority	*19*	**-**	(146)
Cash flows from financing activities		**47,812**	(7,716)
Net increase in cash and cash equivalents		**41,142**	11,880
Cash and cash equivalents, including bank overdrafts at 1 January		**42,882**	30,893
Effect of exchange rate fluctuations on cash and cash equivalents		**1,018**	109
Cash and cash equivalents, including bank overdrafts at end of year	*17*	**85,042**	42,882

Group Reconcilation of net debt

		2006 €'000	2005 €'000
Net increase in cash and cash equivalents		**41,142**	11,880
Proceeds from new borrowings		**(97,765)**	(6,134)
Repayment of borrowings		**75,130**	12,196
Capital element of lease payments		**1,084**	1,394
Other movements on finance leases		**(516)**	(346)
Debt due to Fyffes plc arising on demerger		**(15,665)**	-
Foreign exchange movement		**366**	18
Movement in net debt		**3,776**	19,008
Net debt at 1 January		**(13,776)**	(32,784)
Net debt at end of year	*17*	**(10,000)**	(13,776)

Significant accounting policies

Total Produce plc (the "Company") is a company tax resident and incorporated in Ireland. The Group's financial statements for the financial year ended 30 December 2006 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as "the Group") and show the Group's interest in associates using the equity method of accounting as set out below.

The individual and Group financial statements of the Company were authorised for issue by the directors on 15 May 2007.

The accounting policies applied in the preparation of the financial statements for the financial year ended 30 December 2006 are set out below.

Statement of compliance
As required by European Union (EU) law, the Group 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' Acts, 1963 to 2006 which permits a company that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 148(8) of the Companies Act, 1963, from presenting to its members its Company income statement and related notes that form part of the approved Company financial statements.

The IFRSs adopted by the EU applied by the Company and Group in the preparation of these financial statements are those that were effective at 30 December 2006.

Basis of preparation
The Company was incorporated on 6 October 2006 for the purposes of the demerger by Fyffes plc of its General Produce and Distribution Businesses. The demerger was approved by Fyffes plc shareholders at an EGM on 5 December 2006. The demerger was effected on 30 December 2006 by Fyffes plc transferring companies and businesses, the net assets of which had a carrying value of €147.4 million to the Company in exchange for the issuance of Ordinary Shares in the Company to Fyffes plc shareholders on the basis of one share in the Company for one share held in Fyffes plc.

The businesses demerged to the Company were a separate segment in the Fyffes plc consolidated financial statements and were distinguishable both operationally and for financial reporting purposes from the other operations of Fyffes plc. These financial statements of Total Produce plc and subsidiaries ("the Total Produce Group") have been derived from the consolidated financial statements of Fyffes plc for the financial year ended 30 December 2006 and have been prepared in accordance with IFRS as endorsed by the EU Commission on the basis set out below.

The consolidated financial statements for the Group have been prepared as if the Group had always existed separately from Fyffes plc and consequently reflect;

- in the Group balance sheet, the net assets of the businesses transferred to the Company on 30 December 2006 and the comparative amounts reflect the net assets of those same businesses as they were included in the consolidated financial statements of Fyffes plc at 31 December 2005;
- in the Group income statement, Group statement of recognised income and expenses and Group cash flow statement, the results, performance and cashflows of those businesses for the financial year to 30 December 2006 and 31 December 2005, as they were recorded in the consolidated financial statements of Fyffes plc for those years;

In accordance with Section 62 of the Companies Act, 1963, the ordinary shares issued by the Company have been recorded at fair value of €255.5 million, based on the average market capitalisation of the Company over the first five days post demerger.

The difference between the carrying value of the investment recorded in the Company balance sheet at fair value and the pre-existing carrying value of the assets and liabilities transferred has been recognised as a demerger deficit in other reserves within equity together with the currency translation reserve and the revaluation reserve. The amounts shown for these reserves are the amounts which would have been recorded if the Group had always existed as a separate group.

Significant accounting policies *(continued)*

Basis of Preparation *(continued)*
The comparative amounts shown for share capital in issue reflects the actual shares in issue in Fyffes plc that ranked for dividend, as on the date of demerger each holder of a Fyffes share that ranked for dividend received one share in the Company. Consequently, the weighted average number of shares in issue used in calculating earnings per share reflects the movements that occurred in the share capital of Fyffes plc over the period.

Accounting for subsidiaries, joint ventures and associates

Group financial statements

Subsidiaries
Subsidiaries are those entities over which the Group has the power to control the operating and financial policy so as to obtain economic benefit from its activities. Subsidiaries are consolidated 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 period end, where necessary, although all significant subsidiaries have coterminous financial year ends. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the Group financial statements, except to the extent they provide evidence of impairment.

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. Investments in joint ventures are accounted for under the equity method of accounting. Associates are those entities in which the Group has significant influence over, but not control of the financial and operating policies. Investments in associates are accounted for by 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 profit before tax, the Group's share of profit after tax of its joint ventures and associates in accordance with IAS 31 *Interests in Joint Ventures* and IAS 28 *Investments in Associates*. The Group's interest in their net assets is included as investments in joint ventures and associates in the Group 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. The Group's investment in joint ventures and associates includes goodwill on acquisition. The amounts included in these financial statements in respect of the post acquisition income and expenses of joint ventures and associates are taken from their latest financial statements prepared up to their respective financial year ends together with management accounts for the intervening periods to the period end, where necessary, although all significant joint ventures and associates have coterminous financial year ends. Where necessary, 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 jointly controlled entities 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 are not evidence of impairment.

Company financial statements
Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment. Dividend income is recognised when the right to receive payment is established.

Significant accounting policies *(continued)*

Property, plant and equipment

Property is recognised at fair value with the increase in the value of the property reflected in revaluation gains in the statement of recognised income and expense. The fair value is based on market value, being the estimated amount for which a property could be exchanged in an arms length transaction.

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 expenditures including repairs and maintenance costs are recognised in the income statement as an expense is 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 properties: 30-50 years.
- Leasehold improvements: Over the lesser of 40 years or the unexpired portion of the lease.
- Plant and equipment: 5-20 years.
- Motor vehicles: 5 years.

The residual value of assets, if not insignificant, and the useful life of assets is reassessed annually.

Gains and disposals of property, plant and equipment are recognised on the ultimate 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 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 at fair value. The fair value is based on market value, being the estimated amount for which a property could be exchanged in an arms length transaction. Any gain or loss arising from a change in fair value is 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 immediately prior to transfer and its fair value is recognised in equity 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 immediately in the income statement.

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.

Significant accounting policies *(continued)*

Foreign currency

Transactions in foreign currencies are translated into the functional currency of the entity at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets carried at historic cost are not subsequently retranslated. Non-monetary assets carried at fair value are subsequently remeasured at the exchange rate at the date of valuation. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into functional currencies at the foreign exchange rate ruling at that date. Foreign exchange movements arising on translation are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at the average exchange rate for the financial period. 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 equity, in the 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 are determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately 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 recycled through the income statement on disposal of the related business. Translation differences that rose before the date of transition to IFRS in respect of all non-euro denominated operations are not presented separately.

Business combinations

The purchase method of accounting is employed in accounting for the acquisition of subsidiaries, joint ventures and associates by the Group.

The cost of a business combination is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control together with any directly attributable costs. Where a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of the estimated adjustment is included in the cost at the acquisition date if the adjustment can be reliably measured. Any changes to this estimate in subsequent periods are reflected in goodwill. Deferred consideration is included in the acquisition balance sheet on a discounted basis.

The assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. In the case of a business combination which is completed in stages, the fair values of the identifiable assets, liabilities and contingent liabilities are determined at the date of each exchange transaction. When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated to the identifiable assets, liabilities and contingent liabilities are made within twelve months of the acquisition date.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

Significant accounting policies *(continued)*

Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries, joint ventures and associates. In respect of business acquisitions initiated since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost in the Fyffes plc consolidated balance sheet, i.e. original cost less accumulated amortisation since acquisition up to 31 December 2003, which represents the amount recorded under Irish GAAP. As permitted by IFRS 1, *First Time Adoption of International Financial Reporting Standards*, IFRS 3 *Business Combinations* was not applied to previous transactions and therefore the reclassification and accounting treatment of business combinations that occurred prior to 1 January 2004 was not reconsidered. 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 now stated at cost or deemed cost 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.

Goodwill which arose on acquisitions prior to 1 November 1998 was eliminated against reserves on acquisition as a matter of accounting policy. In preparing the Group's IFRS balance sheet at 1 January 2004, this goodwill was considered to have been permanently offset against retained earnings and, on any subsequent disposal, will not form part of the gain or loss on the disposal of the business.

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

Identifiable intangible assets that are acquired by the Group are stated at cost except for those arising on a business combination which are measured at fair value on initial recognition less accumulated amortisation and impairment losses, when separable or arising from contractual or other legal rights and reliably measurable.

Amortisation is expensed in the income statement on a straight line basis over the estimated useful lives of intangible assets from the date they are available for use. Intangible assets reflecting the value of customer relationships, which arise on acquisitions, are amortised over their useful lives ranging from one to ten years.

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), certain financial assets (which are carried at fair value) and deferred tax assets (which are recognised based on recoverability), are assessed for impairment when an event or transaction indicates that an impairment may have occurred except for goodwill and indefinite lived intangibles, which are assessed 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 net selling price 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 each balance sheet date. 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.

Significant accounting policies *(continued)*

Employee benefits

Short term employee benefits
Short term employee benefits are recognised as expenses 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 a cash refund or a reduction in the future payments is available.

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 any past service cost not yet recognised and less the fair value of plan assets (measured at bid value) out of which the obligations are to be settled directly.

The liabilities and costs associated with the Group's defined benefit pension schemes are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the balance sheet date. The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields at the balance sheet date on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. The expected increase in the present value of scheme liabilities arising from employee service in the current or prior periods is recognised in arriving at operating profit or loss together with the expected returns 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 expected and the actual return on plan assets, together with the effect of changes in the current or prior year assumptions underlying the liabilities are recognised in the statement of total recognised income and expense.

When the benefits of a defined benefit scheme are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the Income Statement on a straight-line basis over the average period until the benefits become vested. To the extent that the enhanced benefits vest immediately, the related expense is recognised immediately in the Income Statement.

Settlements and curtailments trigger immediate recognition of the consequent change in obligations and related assets in the income statement together with any previously unrecognised past service costs that relate to the obligations being settled or curtailed.

Retirement benefit obligations – Company financial statements
The Company has no employees and 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.

Significant accounting policies *(continued)*

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 equity, in which case the related tax is recognised in equity. 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 substantially enacted at the balance sheet 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 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 nor taxable profit or loss, it is not recognised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future or where no taxation is expected to arise on any ultimate remittance. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet 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.

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, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

Trade and other receivables
Trade 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 receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

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.

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.

Where any Group company purchases the Company’s equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (after taxes), is deducted from equity attributable to the Company’s equity holders until the shares are cancelled or reissued.

Significant accounting policies *(continued)*

Financial instruments

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

Equity investments
Equity investments held by the Group and Company are classified as being available for sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When a devaluation of these assets is significant or prolonged, it is removed from the fair value reserve and shown as an impairment loss in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

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. The Group does not enter into speculative transactions. 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 IAS 39 *Financial Instruments: Recognition and Measurement*. 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 under hedge accounting rules. In such cases, any gain or loss arising on the effective portion of the derivative instrument is recognised in the hedging reserve, as a separate component of equity. Gains or losses on any ineffective portion of the derivative are recognised in the income statement. When the hedged transaction matures, the related gains or losses in the hedging reserve are transferred to the income statement.

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 comprises the fair value of the sale of goods, excluding value added tax, delivered to or collected by third party customers during the accounting period and after eliminating sales within the Group. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer.

Finance income and costs
Finance income comprises interest income on funds invested, foreign currency gains and gains on disposals of financial assets. Interest income is recognised as it accrues using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding the discount on provisions, foreign currency losses and borrowing extinguishment costs. All finance costs are recognised in profit or loss using the effective interest method.

Significant accounting policies *(continued)*

Exceptional items

The Group has adopted an Income Statement format which seeks to highlight significant items within Group results for the financial year. The Group believes that this presentation provides a more helpful analysis as it highlights one off items. Such items may include significant restructuring costs, profit or loss on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments and significant impairment of assets together with fair value gains recognised in respect of investment properties. Judgement 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 Groups 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 and in the case of final dividends, these are declared when authorised by the shareholders at the AGM.

Forthcoming requirements

The following provides a brief outline of the likely impact on future financial statements of relevant IFRSs adopted by the EU which are not yet effective and have not been early adopted in these financial statements:

- Amendment to IAS 1 *Capital disclosures:* This amendment will require additional disclosures regarding the capital structure of the Company and Group.

- IFRS 7 *Financial Instruments: Disclosures:* This standard updates and extends the existing disclosure requirements of IAS 32 and will require significant additional disclosures relating to risk management policies and processes.

- IFRS 8 *Operating Segments*, which is effective for annual periods beginning on or after 1 January 2009, sets out the requirements for disclosure of financial and descriptive information about an entity's operating segments, its products and services, the geographical areas in which it operates, and its major customers and will replace IAS 14 *Segment Reporting*.

- IFRIC 11, *IFRS 2—Group and Treasury Share Transactions,* which is effective for annual periods beginning on or after 1 March 2007, addresses how share-based payment arrangements that affect more than one company in a group are accounted for in each company's financial statements and is not expected to have an impact on the Group's or Company's financial statements.

- IFRIC 12 *Service Concession Arrangements* will be effective for annual periods beginning on or after 1 January 2008, addresses how service concession operators should apply existing International Financial Reporting Standards (IFRSs) and is not expected to have an impact on the Group's or Company's financial statements.

Notes to Group financial statements

for the financial year ended 30 December 2006

1 Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format for segmental reporting is business segments being the dominant source of the Group's risk and rewards.
The secondary format for reporting segmental information is geographical.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period other than through business combinations.

Business segments

The Group analyses its business into the following segments as follows:

- *General Produce.* This segment includes the procurement and distribution of fresh produce. The business of this segment is operated in some instances on the basis of a fee or commission for the services provided.
- *Ambient Goods Distribution*. This segment includes the Group's non-perishable consumer goods distribution business.

Geographical segments

The Group operates in three principal geographical regions being the UK, the Eurozone and Scandinavia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the Group subsidiary. Segment assets are based on the geographical location of the assets.

Notes *(continued)*

1 Segment reporting *(continued)*

	General Produce 2006 €'000	Distribution Activities 2006 €'000	Group Total 2006 €'000
Revenue including Group share of joint ventures and associates	1,736,657	124,235	**1,860,892**
Less share of joint ventures and associates	(283,836)	-	**(283,836)**
Revenue excluding Group share of joint ventures and associates	1,452,821	124,235	**1,577,056**
Operating profit before exceptional items			
- Subsidiaries	28,967	2,699	**31,666**
- Joint ventures and associates	3,381	-	**3,381**
	32,348	2,699	**35,047**
Exceptional items (Note 6)	(16,629)	3,430	**(13,199)**
Operating Profit	**15,719**	**6,129**	**21,848**

	General Produce 2005 €'000	Distribution Activities 2005 €'000	Group Total 2005 €'000
Revenue including Group share of joint ventures and associates	1,528,544	147,662	**1,676,206**
Less share of joint ventures and associates	(320,233)	-	**(320,233)**
Revenue excluding Group share of joint ventures and associates	1,208,311	147,662	**1,355,973**
Operating profit before exceptional items			
- Subsidiaries	26,384	2,559	**28,943**
- Joint ventures and associates	3,464	-	**3,464**
	29,848	2,559	**32,407**
Exceptional items (Note 6)	(58)	-	**(58)**
Operating profit	**29,790**	**2,559**	**32,349**

Notes *(continued)*

1 Segment reporting *(continued)*

	General Produce 2006 €'000	Distribution Activities 2006 €'000	Group Total 2006 €'000
Segment assets	439,854	41,447	**481,301**
Investment in joint ventures and associates	26,859	-	**26,859**
	466,713	41,447	**508,160**
Unallocated assets			**95,458**
Total assets			**603,618**

Unallocated assets comprise of deferred tax assets, employee benefit assets and cash and cash equivalents

	General Produce 2006 €'000	Distribution Activities 2006 €'000	Group Total 2006 €'000
Segment liabilities	248,904	32,218	**281,222**
Unallocated liabilities			**126,638**
Total liabilities			**407,860**

Unallocated liabilities comprise interest bearing loans and borrowings, employee benefit liabilities, corporation tax payable, deferred tax liabilities and non trade payables due to Fyffes plc and subsidiaries.

	General Produce 2005 €'000	Distribution Activities 2005 €'000	Group Total 2005 €'000
Segment assets	620,443	40,566	**661,009**
Investment in joint ventures and associates	42,057	-	**42,057**
	662,500	40,566	**703,066**
Unallocated assets			**59,113**
Total assets			**762,179**

Unallocated assets comprise of deferred tax assets and cash and cash equivalents.

	General Produce 2005 €'000	Distribution Activities 2005 €'000	Group Total 2005 €'000
Segment liabilities	399,529	41,142	**440,671**
Unallocated liabilities			**109,826**
Total liabilities			**550,497**

Unallocated liabilities comprise interest bearing loans and borrowings, employee benefit liabilities, corporation tax payable and deferred tax liabilities.

Notes *(continued)*

1 Segment reporting *(continued)*

	General Produce 2006 €'000	Distribution Activities 2006 €'000	Total 2006 €'000
Depreciation	11,753	541	**12,294**
Capital expenditure	27,489	531	**28,020**
Amortisation expense	3,021	-	**3,021**
Impairment losses (note 6)	22,749	-	**22,749**
Fair value gains on investment property (note 6)	6,120	-	**6,120**

	2005 €'000	2005 €'000	2005 €'000
Depreciation	10,083	499	**10,582**
Capital expenditure	10,590	747	**11,337**
Amortisation expense	3,110	-	**3,110**
Fair value gains on investment property (note 6)	1,136	-	**1,136**

Geographical analysis

	Eurozone 2006 €'000	UK 2006 €'000	Scandinavia 2006 €'000	Other 2006 €'000	Total 2006 €'000
Revenue including Group share of joint ventures and associates	910,304	277,442	561,705	111,441	**1,860,892**
Less share of joint ventures and associates	(135,396)	(78,347)	(69,549)	(544)	**(283,836)**
Group revenue	774,908	199,095	492,156	110,897	**1,577,056**
Segment assets	193,897	67,946	171,024	48,434	**481,301**
Capital expenditure	6,425	9,818	2,026	9,751	**28,020**

	2005 €'000	2005 €'000	2005 €'000	2005 €'000	2005 €'000
Revenue including Group share of joint ventures and associates	931,116	253,803	381,467	109,820	**1,676,206**
Less share of joint ventures and associates	(124,965)	(106,231)	(89,037)	-	**(320,233)**
Group revenue	806,151	147,572	292,430	109,820	**1,355,973**
Segment assets	431,286	84,391	115,817	29,515	**661,009**
Capital expenditure	4,135	4,889	882	1,431	**11,337**

Notes *(continued)*

2 Other operating income

	2006	2005
	€'000	€'000
Rental income from investment property	**1,085**	2,712
Amortisation of government grants	**313**	305
Revenue grants	**57**	69
Gain on disposal of property, plant and equipment	**610**	-
	2,065	3,086
Exceptional items in operating income (note 6)		
Fair value movements on investment property	**6,120**	1,136
Profit on disposal of leasehold interest	**3,430**	-
	11,615	4,222

3 Other operating expenses

	2006	2005
	€'000	€'000
Maintenance costs of investment property	**(75)**	(144)
Foreign exchange losses	**(91)**	(57)
	(166)	(201)
Exceptional Items included in other operating expenses (note 6)		
Impairment of investment in joint ventures	**(7,403)**	-
Impairment of other investments (including prior fair value deficit)	**(9,072)**	-
Impairment of intangible assets	**(6,274)**	-
Loss on disposal of investment property to Fyffes plc	**-**	(1,566)
	(22,915)	(1,767)

Notes *(continued)*

4 Net financial income and expense	2006 €'000	2005 €'000
Interest income	**1,827**	973
Gain on disposal of investments	**67**	87
Financial income	**1,894**	1,060
Interest expense on interest bearing borrowings	**(2,631)**	(2,423)
Interest expense on finance leases	**(107)**	(161)
Other interest expense	**(2,088)**	(1,170)
Financial expense	**(4,826)**	(3,754)
Net financial (expense)	**(2,932)**	(2,694)

5 Statutory and other information	2006 €'000	2005 €'000
Profit for the financial year is stated after:		
Depreciation of property, plant and equipment		
- owned assets	**11,261**	9,306
- under finance lease	**1,033**	1,276
Amortisation of intangible assets (including share of joint ventures)	**3,063**	3,110
Auditor's remuneration	**583**	591
Auditor's remuneration for non-audit services	-	-
Operating lease rentals:		
- Plant and equipment	**2,043**	1,709
- Other	**5,431**	2,111

These amounts reflect remuneration for the statutory audit of the Group and its subsidiaries. During both years, the auditors were remunerated for certain non-audit services by Fyffes plc and a split of such fees are not available on a divisional basis.

6 Exceptional items	2006 €'000	2005 €'000
Impairment of businesses prior to demerger to Total Produce plc	**(22,749)**	-
Gain arising on disposal of leasehold interest	**3,430**	-
Fair value movements on investment properties	**6,120**	1,136
Share of joint ventures fair value movement on investment properties	**-**	688
Impairment of property, plant and equipment	**-**	(316)
Loss on disposal of investment property to Fyffes plc	**-**	(1,566)
	(13,199)	(58)

Notes *(continued)*

6 Exceptional items *(continued)*

Impairments of businesses
During the financial year, the Group recognised impairments in relation to a number of the businesses giving rise to an aggregate charge in the income statement of €22,749,000 and a corresponding €1,787,000 tax credit. These losses are reflected in the balance sheet as follows;

- a €7,672,000 reduction in the carrying value of an equity investment together with the elimination of a €1,400,000 fair value deficit recognised in the prior year. The impairment charge was calculated as being the difference between the carrying value of the business and its recoverable amount calculated by reference to expected future cashflows of the entity. The impairment is included within the General Produce reporting segment in note 1, segment reporting.

- a €7,403,000 reduction in the carrying value of a joint venture investment in the UK. This arose from a review of projected volumes and profitability forecasts. The impairment charge was calculated as being the difference between the carrying value of the business and its recoverable amount based on expected future cashflows. The impairment is included within the General Produce reporting segment in note 1, segment reporting.

- a €6,274,000 reduction in the value of intangible assets arising from a review of the carrying value. This impairment is included within the General Produce reporting segment in note 1, segment reporting. A related deferred tax liability €1,787,000 has been released to the income statement.

Other exceptional gains
The disposal of a leasehold interest held by the Group on a property it leases in Ireland gave rise to a gain of €3,430,000. A tax charge of €616,000 has been recognised in the income statement in this regard.

Fair value gains on investment property
Fair value gains arising during the financial year amounting to €6,120,000 *(2005: €1,136,000)*, together with the Group's share of similar gains in its joint ventures and associate (net of tax) amounting to €Nil *(2005: €688,000)*, have been recognised in the income statement. Such gains are not expected to recur with regularity and the directors therefore believe it is appropriate to regard them as exceptional in nature.

Impairment of property, plant and equipment
Arising from the revaluation of the Group's properties in 2005, in addition to the substantial revaluation gains included in the statement of recognised income and expense, this process identified a property where the depreciated historic cost exceeded market value, giving rise to an impairment charge in that year amounting to €316,000. During 2005, the Group disposed of an investment property to Fyffes plc incurring a loss of €1,566,000.

7 Income tax expense

	2006	2005
	€'000	€'000
Recognised in the income statement		
Ireland		
Corporation tax on profit for the financial year	**462**	905
Adjustment in respect of prior year	**(125)**	2,022
	337	2,927
Overseas		
Current tax on profit for the financial year	**7,868**	8,680
Adjustment in respect of prior years	**(429)**	119
	7,439	8,799
Total current tax	**7,776**	11,726
Deferred tax expense		
Origination and reversal of temporary differences	**(2,420)**	(2,424)
Total deferred tax	**(2,420)**	(2,424)
Income tax expense	**5,356**	9,302

Notes *(continued)*

7 Income tax expense *(continued)*

	2006 %	2006 €'000	2005 %	2005 €'000
Reconciliation of effective tax rate				
Profit on ordinary activities before tax		**18,916**		29,655
Taxation based on Irish Corporation tax rate of 12.5%	**12.50**	**2,365**	12.50	3,707
Effects of:				
Expenses not deductible for tax purposes	**6.75**	**1,278**	8.90	2,639
Tax effect on profits of associates and joint ventures	**(2.23)**	**(422)**	(1.75)	(519)
Differences in tax rates	**28.84**	**5,456**	8.26	2,452
Adjustments to prior years	**(2.93)**	**(554)**	7.23	2,141
Utilisation of tax losses	**(6.02)**	**(1,140)**	(2.07)	(613)
Previously unrecognised deferred tax asset	**(0.91)**	**(172)**	(0.75)	(222)
Deferred tax releases in relation to demerged assets	**(6.97)**	**(1,318)**	-	-
Other items	**(0.72)**	**(137)**	(0.95)	(283)
Total income tax expense in income statement	**28.31**	**5,356**	31.37	9,302

	2006 €'000	2005 €'000
Deferred tax recognised directly in equity		
Employee benefit scheme	**236**	(410)
Revaluation of property	**(340)**	3,077
Derivative financial instruments	**9**	(9)
Other	**455**	-
Total deferred tax in equity	**360**	2,658

Notes *(continued)*

8 Dividends to equity shareholders

During the financial year, dividends of €4,534,000 (2005: €21,503,000) were recognised and paid to Fyffes plc, the legal parent at the date of such distributions. No dividends are proposed by the directors at 30 December 2006.

9 Earnings per share

As set out in the basis of preparation note, for all earnings per share calculations, the numbers of shares in issue reflect the actual shares in issue in Fyffes plc. Consequently, the weighted average number of shares in issue used in calculating earnings per share reflects the movements that occurred in the share capital of Fyffes plc for both periods presented.

Basic earnings per share

The calculations of basic earnings per share for the financial year ended 30 December 2006 is based on the profit for the financial year attributable to ordinary shareholders of €7,060,000 *(2005: €13,356,000)* divided by the weighted average number of ordinary shares outstanding during the financial year ended 30 December 2006 of 349,951,000 *(2005: 348,971,000)*.

Profit attributable to ordinary shareholders	**2006** **€'000**	2005 €'000
Profit for financial year attributable to equity shareholders	**7,060**	13,356
	'000	'000
Weighted average number of ordinary shares for the financial year	**349,951**	348,971
Basic earnings per share - € cent	**2.02**	3.83

9 **Earnings per share** *(continued)*

Diluted earnings per share

For the purpose of comparability with Fyffes plc, since the businesses which form part of Total Produce plc were in fact part of Fyffes plc for both periods presented, the calculation of diluted earnings per share for the financial year ended 30 December 2006 is based on profits attributable to ordinary shareholders of €7,060,000 *(2005: €13,356,000)* divided by the weighted average number of ordinary shares and options with a dilutive effect in Fyffes plc outstanding during the financial year of 353,808,000 *(2005: 353,512,000)*. At 30 December 2006, Total Produce plc had not issued any share options or other instruments with a dilutive impact on earnings.

Net profit to ordinary shareholders (diluted)	**2006**	2005
	€'000	€'000
Profit for financial year attributable to equity shareholders	**7,060**	13,356
	'000	'000
Weighted average number of ordinary shares (diluted) for the financial year	**353,808**	353,512
Diluted earnings per share - € cent	**2.00**	3.78

Adjusted fully diluted earnings per share

	Earnings 2006 €'000	**Per share 2006 €'000**	Earnings 2005 €'000	Per share 2005 € cent
Profit for financial year attributable to equity shareholders	**7,060**	**2.02**	13,356	3.83
Adjustments:				
Impairment of businesses and investments	**22,749**	**6.50**	-	-
Profit on disposal of leasehold interest	**(3,430)**	**(0.98)**		
Fair value movement on investment properties	**(6,120)**	**(1.75)**	(1,136)	(0.32)
Share of joint ventures fair value movement on investment properties	**-**	**-**	(688)	(0.20)
Impairment of property, plant and equipment	**-**	**-**	316	0.09
Amortisation of intangible assets	**3,063**	**0.88**	3,110	0.89
Tax effect of exceptional items and amortisation charges	**(3,417)**	**(0.98)**	286	0.08
Minority impact of exceptional items	**282**	**0.08**	-	-
Loss on disposal of investment property		-	1,566	0.45
Impact on earnings of dilutive share options	**-**	**(0.07)**	-	(0.06)
Adjusted fully diluted earnings	**20,187**	**5.70**	16,810	4.76

Notes *(continued)*

10 Property, plant and equipment

	Land and Buildings €'000	Plant and Equipment €'000	Motor Vehicles €'000	Total €'000
Cost or valuation				
Balance at 1 January 2005	93,430	67,633	7,193	168,256
Additions	4,951	3,873	2,513	11,337
Arising from business combinations	-	20	71	91
Disposals	(516)	(1,517)	(2,376)	(4,409)
Transfers to investment property	(49)	-	-	(49)
Foreign exchange movement	257	138	266	661
Reclassification	(822)	154	668	-
Revaluation	10,529	-	-	10,529
Balance at 31 December 2005	107,780	70,301	8,335	186,416
Additions	14,562	6,694	6,764	28,020
Arising from business combinations	10,754	3,817	2,434	17,005
Disposals	(684)	(5,546)	(2,918)	(9,148)
Transfer arising from property demerger	(54,857)	-	-	(54,857)
Transfers to Fyffes plc	-	(1,078)	(506)	(1,584)
Foreign exchange movement	1,519	1,258	491	3,268
Reclassifications	66	(10)	(56)	-
Balance at 30 December 2006	**79,140**	**75,436**	**14,544**	**169,120**
Depreciation and impairment losses				
Balance at 1 January 2005	-	41,942	3,538	45,480
Depreciation charge for the year	2,213	6,518	1,851	10,582
Impairment charge for the year	316	-	-	316
Disposals	-	(1,237)	(1,707)	(2,944)
Foreign exchange movement	-	247	182	429
Reclassification	-	(129)	129	-
Revaluation	(2,213)	-	-	(2,213)
Balance at 31 December 2005	316	47,341	3,993	51,650
Depreciation charge for the year	1,672	7,931	2,691	12,294
Disposals	(844)	(5,226)	(2,208)	(8,278)
Foreign exchange movement	152	962	291	1,405
Reclassification	(125)	173	(48)	-
Balance at 30 December 2006	**1,171**	**51,181**	**4,719**	**57,071**
Carrying amount				
At 31 December 2005	107,464	22,960	4,342	134,766
At 30 December 2006	**77,969**	**24,255**	**9,825**	**112,049**

Land and buildings are stated at fair value and plant and equipment and motor vehicles are stated at depreciated historic cost.

Notes *(continued)*

10 Property, plant and equipment *(continued)*

At 31 December 2005, the Group undertook a revaluation of its properties and revaluation gains amounting to €12,742,000 and related deferred tax and minority interests of €3,077,000 and €915,000 respectively were recognised in 2005. The Group's share of the equivalent gains in its joint ventures amounted to €722,000 in 2005, before deferred tax of €12,000. These amounts were reflected in the statement of recognised income and expense for 2005. During 2006, land and buildings with a net book value of €54,857,000 were transferred to Fyffes plc as part of the demerger of its property undertakings to Blackrock International Land plc.

The historic cost of property which was revalued amounted to €55,819,000 (2005: €44,619,000).

Leased property, plant and equipment

The Group leases items of property, plant and equipment under a number of finance lease agreements. At 30 December 2006, the carrying amount of leased assets included in property, plant and equipment was €1,843,000 *(2005: €2,486,000)*.

	Land €'000	**Plant and Equipment €'000**	**Motor Vehicles €'000**	**Total €'000**
At 31 December 2005	-	2,045	441	2,486
At 30 December 2006	**32**	**1,275**	**536**	**1,843**

11 Investment property

	2006 €'000	2005 €'000
Balance at beginning of financial year	**10,543**	15,420
Transfer from property, plant and equipment (note 10)	**-**	49
Fair value adjustments	**6,120**	1,136
Disposals	**-**	(582)
Disposals arising from property demerger	**(7,657)**	-
Disposals to Fyffes plc	**-**	(4,084)
Foreign exchange movement	**3**	170
Loss on disposal to Fyffes plc	**-**	(1,566)
Balance at end of financial year	**9,009**	10,543

Investment property, comprising land and buildings located mainly in Ireland and the UK, is held for rental income or capital appreciation and is not occupied by the Group.

The fair value of the Group's investment property is the amount at which the property should exchange between a willing buyer and a willing seller in an arms length transaction.

Fair value gains arising in 2006 on investment properties held in the Group's subsidiaries, amounting to €6,120,000 *(2005: €1,136,000)* have been reflected in the income statement, included in exceptional items. In 2005 the Group incurred a loss of €1,566,000 on disposal of an investment property to Fyffes plc. During 2006, investment property with a net book value of €7,657,000 were transferred to Fyffes plc as part of the demerger of its property undertakings to Blackrock International Land plc.

12 Goodwill and intangible assets

	Customer Relationships €'000	Goodwill €'000	Total €'000
Cost			
Balance at 1 January 2005	25,861	55,023	80,884
Arising from business combinations	722	-	722
Revisions to deferred consideration estimates	-	5,013	5,013
Reclassifications	115	(115)	-
Foreign exchange movement	(765)	(1,091)	(1,856)
Balance at 31 December 2005	25,933	58,830	84,763
Arising from business combinations	371	8,656	9,027
Revisions to deferred consideration estimates	-	14,050	14,050
Foreign exchange movement	903	1,493	2,396
Balance at 30 December 2006	**27,207**	**83,029**	**110,236**
Accumulated amortisation and impairment			
Balance at 1 January 2005	1,713	-	1,713
Amortisation for the year	3,110	-	3,110
Foreign exchange movement	(1)	-	(1)
Balance at 31 December 2005	4,822	-	4,822
Amortisation for the year	3,021	-	3,021
Impairment expense for the year	6,274	-	6,274
Foreign exchange movement	224	-	224
Balance at 30 December 2006	**14,341**	**-**	**14,341**
Carrying amount			
At 31 December 2005	21,111	58,830	79,941
At 30 December 2006	**12,866**	**83,029**	**95,895**

Customer relationships are amortised over their estimated useful lives, ranging from one to ten years. Goodwill and intangible assets arising in connection with acquisitions, including revisions of estimates of deferred consideration payable in respect of acquisitions in previous years, as set out in note 25.

During the financial year, the Group wrote down the carrying value of its customer relationships in respect of a prior year acquisition giving rise to a charge in the income statement of €6,274,000 (note 6).

Notes *(continued)*

12 Goodwill and intangible assets *(continued)*

Impairment testing on goodwill

Goodwill acquired through business combinations has been allocated at acquisition to the appropriate cash-generating units (CGU's) that are expected to benefit from business combination. The carrying amount of goodwill has been allocated as follows:

		2006	2005
		€'000	€'000
General produce	- Eurozone	**4,508**	4,106
	- UK	**2,021**	1,160
	- Scandinavia	**60,998**	37,207
	- Other	**12,777**	13,632
		80,304	56,105
Ambient Goods Distribution		**2,725**	2,725
		83,029	58,830
Goodwill arising on investment in joint ventures		**9,521**	15,842

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of cash-generating units are based on value in use calculations. These calculations use cash flow projections based on expected future operating results and cash flows. The cash flow projections are based on current operating results of the individual cash-generating units and a conservative assumption regarding future organic growth. For the purposes of the calculation of value in use, the cash flows are projected over a twenty year period, unless a shorter period is appropriate to the circumstances of a particular cash generating unit. The cash flows are discounted using appropriate risk adjusted discount rates averaging 8.0% *(2005: 7.2%)*, reflecting the risk associated with the individual future cash flows and the risk free rate. Any significant adverse change in the expected future operational results and cash flows may result in the value in use being less than the carrying value of a business unit and would require that the carrying value of the business unit be impaired and stated at the greater of the value in use or the recoverable amount of the business unit. However, the results of impairment testing undertaken at 30 December 2006 provide sufficient headroom such that any reasonable realistic movement in any of the underlying assumptions would not give rise to an impairment charge.

Included in investment in joint ventures and associates is goodwill with a carrying amount €9,521,000 *(2005: €15,842,000).* This goodwill is subject to annual impairment testing on a similar basis to the goodwill arising in the Group's subsidiaries. As a result of this impairment testing the carrying value of a joint venture investment was written down to its recoverable amount which resulted in an impairment charge of €7,403,000. See detailed explanation at note 6. This impairment charge was written off in full against the carrying value of goodwill of the joint venture (note 13).

Group earnings are significantly dependent on the selling prices 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 and competing products and climatic and other general conditions in the marketplace. Excess supplies of fresh 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.

Notes *(continued)*

13 Investments in joint ventures and associates

The Group's interests in its joint ventures and associates are set out below.

	Joint Ventures €'000	Associates €'000	Total €'000
Balance at 1 January 2005	38,071	248	38,319
Increased investment in year	86	-	86
Share of profit after tax	4,097	55	4,152
Share of other recognised income and expense	260	-	260
Dividends received	(681)	(41)	(722)
Foreign exchange movement	(38)	-	(38)
Balance at 31 December 2005	41,795	262	42,057
Increased investment in year	2,497	-	2,497
Increased investment in year - deferred consideration	4,930	-	4,930
Joint ventures acquired with subsidiaries	1,098	-	1,098
Share of profit after tax before impairments	3,316	65	3,381
Impairment during year	(7,403)	-	(7,403)
Share of other recognised income and expense	(460)	-	(460)
Dividends received	-	(80)	(80)
Joint ventures becoming subsidiaries	(19,063)	-	(19,063)
Foreign exchange movement	(98)	-	(98)
Balance at 30 December 2006	**26,612**	**247**	**26,859**

The investment in joint ventures and associates as stated above is comprised all of equity investments of €26,859,000 *(2005: €42,057,000)*.

Investments in joint ventures and associates include the Group's share of fair value gains arising from the revaluation of property, plant and equipment (see note 10) and revaluation of investment property (see note 11).

Notes *(continued)*

13 Investments in joint ventures and associates *(continued)*

The following additional disclosures are set out in respect of the Group's share of joint ventures and associates:

	Joint Ventures 2006 €'000	Associates 2006 €'000	Total 2006 €'000
Non-current assets	19,799	45	19,844
Employee benefit assets	789	-	789
Cash and cash equivalents	5,852	2	5,854
Other current assets	31,008	2,066	33,074
Non-current liabilities	(2,286)	-	(2,286)
Employee benefit liabilities	(1,079)	-	(1,079)
Current liabilities	(27,907)	(1,619)	(29,526)
Interest bearing loans and borrowings	(9,085)	(247)	(9,332)
Share of net assets	17,091	247	17,338
Goodwill	9,521	-	9,521
Balance at 30 December 2006	**26,612**	**247**	**26,859**

	Joint Ventures 2005 €'000	Associates 2005 €'000	Total 2005 €'000
Non-current assets	22,022	58	22,080
Employee benefit assets	405	-	405
Cash and cash equivalents	10,605	11	10,616
Other current assets	34,829	2,111	36,940
Non-current liabilities	(2,262)	(43)	(2,305)
Employee benefit liabilities	(418)	-	(418)
Current liabilities	(33,091)	(1,597)	(34,688)
Interest bearing loans and borrowings	(6,137)	(278)	(6,415)
Share of net assets	25,953	262	26,215
Goodwill	15,842	-	15,842
Balance at 31 December 2005	41,795	262	42,057

	Joint Ventures 2006 €'000	Associates 2006 €'000	Total 2006 €'000
Group share of revenue	**275,154**	**8,682**	**283,836**

	2005 €'000	2005 €'000	2005 €'000
Group share of revenue	311,997	8,236	320,233

Notes *(continued)*

14 Equity investments

	2006 €'000	2005 €'000
Balance at beginning of year	**16,524**	17,963
Fair value adjustment	**-**	(1,400)
Impairment loss	**(7,672)**	-
Additions	**1,991**	36
Arising on acquisition of subsidiary	**146**	-
Reclassifications	**-**	(52)
Foreign exchange movement	**22**	(23)
Balance at end of year	**11,011**	16,524

The fair value of one of the Group's equity investments was reviewed giving rise to an impairment charge of €9,072,000 which has been recognised in the income statement including a fair value deficit of €1,400,000 previously recognised in equity in 2005 in this regard (note 6).

15 Inventories

	2006 €'000	2005 €'000
Goods for resale	**28,218**	26,292
Consumable stores	**2,124**	1,914
	30,342	28,206

Notes *(continued)*

16 Trade and other receivables

	2006 €'000	2005 €'000
Non-Current		
Other receivables	**1,627**	1,116
Current		
Trade receivables	**199,142**	147,174
Trade receivables due from joint ventures	**2,816**	917
Other receivables	**13,618**	11,760
Prepayments and accrued income	**3,214**	3,035
Non-trade receivables due from joint ventures	**2,561**	372
	221,351	163,258
Non-trade receivables due from Fyffes plc and subsidiaries	**-**	226,655

A total expense of €165,000 *(2005: €589,000)* was recognised in the income statement arising from impairment of trade receivables.

Non-trade receivables due from Fyffes plc and subsidiaries relate to both interest bearing and non interest bearing intra group loans between entities which now form part of Total Produce plc and Fyffes plc and its subsidiaries. All such balances were settled as part of the preparation for the demerger.

17 Cash and cash equivalents and short term bank deposits

	2006 €'000	2005 €'000
Bank Balances	**46,098**	42,377
Call Deposits (demand balances)	**41,811**	12,666
Cash and cash equivalents per balance sheet	**87,909**	55,043
Bank overdrafts	**(2,867)**	(12,161)
Cash and cash equivalents per cashflow statement	**85,042**	42,882
Non current bank borrowings	**(18,323)**	(27,726)
Current bank borrowings	**(59,232)**	(26,543)
Finance leases	**(1,822)**	(2,389)
Debt due to Fyffes plc arising on demerger	**(15,665)**	-
Net debt at end of financial year	**(10,000)**	(13,776)

Notes *(continued)*

18 Capital and reserves

	Share capital €'000	Share premium €'000	Currency translation reserve €'000	Revaluation reserve €'000	Fair value reserve €'000	Hedging reserve €'000	Demerger reserve €'000	Retained earnings €'000	Shareholders funds €'000	Minority interests €'000	Total €'000
Balance at 1 January 2005	3,336	249,633	(72)	38,074	-	-	(119,982)	(13,323)	157,666	43,451	201,117
Total recognised income and expense	-	-	(1,180)	9,460	(1,400)	52	-	10,155	17,087	8,004	25,091
Shares issued by Fyffes plc	90	1,454	-	-	-	-	(1,544)	-	-	-	-
Movement in funding balance with Fyffes plc	-	-	-	-	-	-	-	12,428	12,428	-	12,428
Dividends paid	-	-	-	-	-	-	-	(21,503)	(21,503)	(5,305)	(26,808)
Investment returned to minority	-	-	-	-	-	-	-	-	-	(146)	(146)
Balance at 31 December 2005	3,426	251,087	(1,252)	47,534	(1,400)	52	(121,526)	(12,243)	165,678	46,004	211,682
Total recognised income and expense	-	-	3,245	585	1,400	(52)	-	12,660	17,838	6,913	24,751
Shares issued by Fyffes plc	84	911	-	-	-	-	(995)	-	-	-	-
Movement in funding balance with Fyffes plc	-	-	-	-	-	-	-	7,801	7,801	-	7,801
Dividends paid	-	-	-	-	-	-	-	(4,534)	(4,534)	(3,620)	(8,154)
Disposal of revalued property	-	-	-	(168)	-	-	-	168	-	-	-
Release of revaluation reserve on disposal of PPE to Fyffes plc	-	-	-	(35,494)	-	-	-	35,494	-	-	-
Distribution arising on transfer of property to Fyffes plc	-	-	-	-	-	-	-	(39,346)	(39,346)	-	(39,346)
Disposal of share in subsidiary to minority	-	-	-	-	-	-	-	-	-	136	136
Capital contribution by minority shareholder	-	-	-	-	-	-	-	-	-	116	116
Arising on acquisition (note 25)	-	-	-	-	-	-	-	-	-	(1,048)	(1,048)
Balance at 30 December 2006	**3,510**	**251,998**	**1,993**	**12,457**	**-**	**-**	**(122,521)**	**-**	**147,437**	**48,501**	**195,938**

Notes *(continued)*

18 Capital and reserves *(continued)*

Share capital and share premium Allotted, called up and fully paid	2006 Ordinary Shares '000	2005 Ordinary Shares '000
In issue at beginning of financial year	**349,576**	348,084
Shares issued during the financial year	**1,396**	1,492
In issue at end of financial year	**350,972**	349,576

The amount shown for share capital reflects the actual shares in issue in Fyffes plc that ranked for dividend. The actual movement in the share capital of the Company is set out in note 31.

At 30 December 2006, the authorised share capital was €10,000,000 divided into 1,000,000,000 ordinary shares of €.01 shares each. The issued share capital at this date was 350,972,455 ordinary shares.

Other reserves	2006 €'000	2005 €'000
Currency translation reserve	**1,993**	(1,252)
Revaluation reserve	**12,457**	47,534
Fair value reserve	**-**	(1,400)
Hedging reserve	**-**	52
Retained earnings	**-**	(12,243)
Demerger reserve	**(122,521)**	(121,526)
At end of year	**(108,071)**	(88,835)

18 Capital and reserves *(continued)*

Attributable profit of Company

The profit attributable to Group shareholders dealt with in the financial statements of the Company for the period from the date of incorporation of 6 October 2006 to 30 December 2006 was €nil. As permitted by Section 148(8) of the Companies Act, 1963, the income statement of the Company has not been separately presented in these financial statements.

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 of such operations from the average exchange rate for the year to the exchange rate at the balance sheet date, as well as from the translation of liabilities that hedge those net assets.

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of investments until the investment is derecognised. In 2005, the fair value of an equity investment of the Group was written down by €1,400,000 and it was charged directly to equity via the statement of recognised gains and losses as it was deemed a temporary loss in value. However as explained in note 6 this investment has been impaired in 2006. As a result of this the €1,400,000 temporary difference charged to equity in 2005 has been released and charged to the income statement in 2006.

Hedging reserve

The hedging reserve in 2005 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. Cashflow hedge accounting has not been availed of at 30 December 2006 as the Group had no material outstanding derivatives or other hedging arrangements.

Revaluation reserve

The revaluation reserve relates to revaluation surpluses arising on revaluations of property, plant and equipment. During 2006, €35,494,000 of this reserve relating to property which was transferred to Fyffes plc as part of the demerger of its property undertakings to Blackrock International Land plc is deemed to have crystallised and has been transferred to retained earnings. Also during 2006, the reserve was increased by €585,000 reflecting reduction in deferred tax rates. As a result of sale of revalued property, €168,000 of this reserve was also realised during the 2006.

Demerger reserve

As explained in the basis of preparation note, the difference between the carrying value of the investment recorded in the Company balance sheet and the pre-existing carrying value of the assets and liabilities transferred on demerger by Fyffes plc has been recognised within equity in this demerger reserve, offset by the currency translation reserve and the revaluation reserve at the date of the demerger.

Distribution arising on transfer of properties to Fyffes plc

As part of Fyffes plc's demerger of its property undertaking to Blackrock International Land plc in May 2006, properties which were previously owned within the General Produce and Distribution Businesses of Fyffes were transferred to Fyffes plc. Arising from this, a distribution of €39,346,000 was made to Fyffes plc comprising revaluation and fair value gains on the related properties.

Notes *(continued)*

19 Minority Interests

	2006 €'000	2005 €'000
Balance at beginning of year	**46,004**	43,451
Share of profit after tax for year	**6,500**	6,997
Share of revaluation gains on property, plant and equipment	**-**	915
Share of foreign exchange movement	**394**	213
Share of other movements in recognised income and expense	**19**	(121)
Share of total recognised income and expense	**6,913**	8,004
Arising on acquisition including buyout of minority shareholders	**(1,048)**	-
Disposal of share in subsidiary to minority	**136**	-
Dividends paid	**(3,620)**	(5,305)
Capital contribution by minority shareholder	**116**	-
Investment repaid to minority	**-**	(146)
Balance at end of financial year	**48,501**	46,004

Notes *(continued)*

20 Borrowings

	2006	2005
	€'000	€'000
Non-current		
Bank borrowings	**59,232**	27,726
Finance lease liabilities	**834**	1,407
	60,066	29,133
Current		
Overdrafts	**2,867**	12,161
Bank borrowings	**18,323**	26,543
Finance lease liabilities	**988**	982
Amounts due to Fyffes plc arising on demerger	**15,665**	-
	37,843	39,686
Borrowings are repayable as follows:		
Bank borrowings and overdrafts		
Within one year	**21,190**	38,704
After one but within two years	**202**	4,033
After two but within five years	**57,590**	22,073
After five years	**1,440**	1,620
Finance lease liabilities		
Within one year	**988**	982
After one but within five years	**834**	1,407
Amounts due to Fyffes plc arising from demerger	**15,665**	-
	97,909	68,819

Amounts due to Fyffes plc arising from the demerger are non-interest bearing and are due to be settled in 2007. All other amounts are interest bearing.

Total future minimum lease payments on finance leases amounts to €1,916,000 *(2005: €2,531,000)*. Total interest bearing loans and borrowings include borrowings of €2,340,000 (*2005:€3,548,000)* secured on land and buildings of certain non-wholly owned subsidiaries.

21 Trade and other payables

	2006 €'000	2005 €'000
Non-Current		
Other creditors	**538**	520
Current		
Trade payables	**178,382**	132,852
Trade payables due to joint ventures	**1,981**	2,143
Accruals and deferred income	**22,524**	15,262
Other payables	**15,482**	12,469
Irish income tax and social welfare	**732**	632
Irish value added tax	**2,173**	1,924
Other tax	**5,890**	3,388
Non-trade payables due to joint ventures	**466**	743
	227,630	169,413
Non-trade payables due to Fyffes plc and subsidiaries	**-**	234,340

Non-trade payables due to Fyffes plc and subsidiaries relate to both interest bearing and non interest bearing intra group loans between entities which now form part of Total Produce plc and Fyffes plc and its subsidiaries. All such balances were settled as part of the preparation for the demerger.

22 Provisions

	Deferred consideration €'000
Balance at 31 December 2005	34,081
Discounting	1,586
Payments	(5,077)
Revisions to previous estimates	14,050
Arising on acquisitions	4,980
Foreign exchange	1,170
Balance at 30 December 2006	**50,790**
Non-current	4,384
Current	46,406
Balance at 30 December 2006	**50,790**

Deferred consideration

Total deferred acquisition consideration amounts to €50,790,000 *(2005: €34,081,000)* 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.

Deferred consideration arising on acquisitions of subsidiaries and joint ventures during the financial year amounts to €4,980,000. Deferred consideration arising from impact of revisions to previous estimates in respect of previous acquisitions of subsidiaries and joint ventures amounts to €14,050,000. Other movements during the financial year in this liability include payments, currency movements and the discounting charge. Total payments of deferred consideration during the financial year amounted to €5,077,000.

23 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as set out below. These amounts represent the minimum future lease payments, in aggregate, that the Group is required to make under existing lease agreements.

	2006 €'000	2005 €'000
Less than one year	**6,722**	2,293
Between one and five years	**17,294**	4,936
More than five years	**5,783**	2,033
	29,799	9,262

The Group leases certain property, plant and equipment under operating leases. The leases typically run for an initial lease period with the potential to renew the leases at market rates after the initial period.

During the financial year, €7,474,000 *(2005: €3,820,000)* was recognised as an expense in the income statement in respect of operating leases.

Leases as lessor

The Group leases out some of its investment property under operating leases. Non-cancellable operating lease rentals receivable are set out below. These amounts represent the minimum future lease payments, in aggregate, that the Group will receive under existing lease agreements.

	2006 €'000	2005 €'000
Less than one year	**415**	922
Between one and five years	**2,053**	2,534
	2,468	3,456

During the financial year, €1,084,000 *(2005: €2,712,000)* was recognised as rental income in the income statement and €75,000 *(2005: €144,000)* was recognised as an expense for the operating costs of investment property.

24 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets 2006 €'000	**Liabilities 2006 €'000**	**Net 2006 €'000**	Assets 2005 €'000	Liabilities 2005 €'000	Net 2005 €'000
Property, plant and equipment	**261**	**(8,032)**	**(7,771)**	270	(12,863)	(12,593)
Investment property	**-**	**(2,194)**	**(2,194)**	-	(1,796)	(1,796)
Intangible assets	**271**	**(3,575)**	**(3,304)**	389	(5,995)	(5,606)
Employee benefits	**591**	**-**	**591**	828	-	828
Derivative financial instruments	**-**	**-**	**-**	9	-	9
Trade and other payables	**1,494**	**(173)**	**1,321**	1,017	(268)	749
Other items	**2,213**	**(1,437)**	**776**	-	(386)	(386)
Tax value of loss carry-forwards	**36**	**-**	**36**	1,744	-	1,744
Tax assets/(liabilities)	**4,866**	**(15,411)**	**(10,545)**	4,257	(21,308)	(17,051)
Reclassification	**(364)**	**364**	**-**	(187)	187	-
Net tax assets/(liabilities)	**4,502**	**(15,047)**	**(10,545)**	4,070	(21,121)	(17,051)

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

	2006	2005
Tax losses	**3,563**	3,539

No deferred tax asset is recognised in relation to certain 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 30 December 2006 is €1,631,000 *(2005: €1,695,000)*.

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 30 December 2006 is €1,932,000 *(2005: €1,844,000)*.

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.

24 Deferred tax assets and liabilities *(continued)*

Movement in temporary differences during the financial year

	Balance 1 January 2006 €'000	Recognised in income 2006 €'000	Recognised in equity 2006 €'000	Foreign exchange adjustment 2006 €'000	Arising on acquisitions 2006 €'000	Blackrock distribution 2006 €'000	Balance 30 December 2006 €'000
Property, plant and equipment	(12,593)	195	585	2	(1,621)	5,661	(7,771)
Intangible assets	(5,606)	2,290	-	(78)	90	-	(3,304)
Investment property	(1,796)	(521)	(245)	(1)	-	369	(2,194)
Derivatives	9	-	(9)	-	-	-	-
Employee benefit	828	-	(236)	(1)	-	-	591
Trade and other payables	749	559	-	13	-	-	1,321
Other items	(386)	1,608	(455)	(25)	34	-	776
Tax value of losses carried forward	1,744	(1,711)	-	3	-	-	36
	(17,051)	2,420	(360)	(87)	(1,497)	6,030	(10,545)

	2005 €'000	2005 €'000	2005 €'000	2005 €'000	2005 €'000	2005 €'000	2005 €'000
Property, plant and equipment	(11,103)	1,600	(3,077)	(13)	-	-	(12,593)
Intangible assets	(4,458)	(1,148)	-	-	-	-	(5,606)
Investment property	(1,698)	(98)	-	-	-	-	(1,796)
Derivatives	-	-	9	-	-	-	9
Employee benefit	479	(61)	410	-	-	-	828
Trade and other payables	502	243	-	4	-	-	749
Other items	(576)	194	-	(4)	-	-	(386)
Tax value of losses carried forward	21	1,694	-	29	-	-	1,744
	(16,833)	2,424	(2,658)	16	-	-	(17,051)

25 Acquisitions, disposals and terminations

(i) Acquisitions

(a) Subsidiaries

The table on the next page summarises the net assets and liabilities, the consideration payable and the goodwill and intangibles arising in subsidiaries acquired during the year.

In January 2006, the Group bought the 50% it did not already own of a general produce distribution business in the UK. Up to this date, the Group's existing 50% interest in this company was treated as a joint venture. The total consideration for this transaction was €5,891,000, including fees, and goodwill of €830,000 arose on this transaction.

In August 2006, the Group bought out the 50% it did not already own of Brdr. Lembcke A/S ("Lembcke"), a fresh produce company in Denmark. Up to this date, the Group's existing 50% interest in Lembcke was treated as a joint venture. The total consideration for this transaction was €22,880,000 including fees, and goodwill of €7,457,000 arose on this transaction.

Also during the financial year, the Group acquired a number of small businesses, mainly in Ireland, the UK and Spain. Including deferred consideration payable of €50,000, the total consideration for these transactions was €1,901,000. Goodwill arising amounted to €369,000 and the value attributed to the customer relationships acquired, included in intangible assets is €371,000.

The Group has reviewed its estimate of the deferred consideration payable in respect of prior year acquisitions. Arising from this, there has been a net increase in deferred consideration liabilities and a related increase in goodwill of €14,050,000.

During the prior year, the Group acquired a number of small businesses in Ireland and the UK. Including estimated deferred consideration payable of €239,000, the total consideration for these transactions was €907,000. Goodwill arising amounted to €14,000 and the value attributed to the customer relationships acquired, included in intangible assets, amounted to €722,000.

(b) Joint ventures

In July 2006, Total Produce plc invested €6,417,208, inclusive of fees and deferred consideration of €5,000,000 to acquire a 70% interest in a company based in Spain specialising in the production and packaging of Spanish citrus fruit. Goodwill of €80,000 arose on this transaction. The shareholders agreement requires that until June 2008, all key decisions require a majority vote equivalent to at least 75% of the share capital. The investment is therefore treated as a joint venture since Total Produce does not currently have the power to control as defined by IAS 27.

The Group also acquired interests in a number of other joint ventures during the financial year which mainly included a joint venture with a leading distributor of high altitude fruits in India. Including deferred consideration payables of €641,000, the total consideration for these transactions was €1,544,000. Goodwill arising on these transactions' amounted to €1,287,000.

25 **Acquisitions, disposals and terminations** *(continued)*

	Acquiree's carrying amount 2006 €'000	Fair value adjustments 2006 €'000	Provisional fair value 2006 €'000	Adjustments to prior year acquisitions 2006 €'000	Total 2006 €'000
Identifiable assets and liabilities					
Property, plant and equipment (note 10)	17,005	-	17,005	-	17,005
Investment in joint ventures (note 13)	1,098	-	1,098	-	1,098
Investments (note 14)	146	-	146	-	146
Inventories	4,179	-	4,179	-	4,179
Trade and other receivables	36,217	-	36,217	-	36,217
Trade and other payables	(36,395)	-	(36,395)	-	(36,395)
Cash and cash equivalent acquired	20,417	-	20,417	-	20,417
Corporation tax	(1,353)	-	(1,353)	-	(1,353)
Deferred tax asset	55	-	55	-	55
Intangible assets - customer relationships (note 12)	-	371	371	-	371
Deferred tax liability	(1,552)	-	(1,552)	-	(1,552)
Minority interest (note 19)	1,048	-	1,048	-	1,048
Net identifiable assets and liabilities	40,865	371	41,236	-	41,236
Goodwill (note 12)			8,656	14,050	22,706
Negative goodwill recognised in the income statement			(107)	-	(107)
			49,785	**14,050**	**63,835**
Consideration:					
Cash consideration including fees			30,672	-	30,672
Joint ventures becoming subsidiaries (note 13)			19,063	-	19,063
Deferred consideration			50	14,050	14,100
			49,785	**14,050**	**63,835**

Notes *(continued)*

25 Acquisitions, disposals and terminations *(continued)*

	Acquiree's carrying amount 2005 €'000	Fair value adjustments 2005 €'000	Provisional fair value 2005 €'000	Adjustments to prior acq 2005 €'000	Total 2005 €'000
Identifiable assets and liabilities					
Property, plant and equipment (note 10)	91	-	91	-	91
Intangible assets - customer relationships (note 12)	-	722	722	-	722
Inventories	80	-	80	-	80
Net identifiable assets and liabilities	171	722	893	-	893
Goodwill (note 12)			7	5,006	5,013
			900	5,006	5,906
Consideration:					
Cash consideration			654	-	654
Fees in connection with acquisitions			7	-	7
Deferred consideration			239	5,006	5,245
			900	5,006	5,906

Cash flows relating to acquisitions of subsidiaries

	2006 €'000	2005 €'000
Cash consideration	**(30,672)**	(668)
Cash and cash equivalents acquired, including overdrafts	**20,417**	-
Cash outflow per cash flow statement	**(10,255)**	(668)
Interest bearing loans and finance leases acquired,excluding overdrafts	**-**	-
(Decrease) in net funds arising from acquisitions	**(10,255)**	(668)

On 12 January 2007, the Group completed the purchase of 100% of the share capital of Redbridge Holdings Limited, a UK fresh produce company, for a maximum cash consideration of €17,500,000. The consideration comprised of an initial cash payment of €13,000,000 plus a further cash payment of up to €4,500,000 payable in 2010, if certain minimum profit targets are reached during the three years ended 31 December 2009. Redbridge Holdings had net assets of €7,025,000 at date of completion exclusive of a defined benefit pension scheme deficit of €5,500,000 (net of deferred tax). An exercise is underway to establish the fair value of the assets and liabilities acquired including intangible assets and goodwill.

Notes *(continued)*

26 Employee benefits

	2006	2005
	€'000	€'000
Remuneration		
Wages and salaries	**88,143**	62,238
Social security contributions	**14,235**	11,325
Pension costs -defined contribution schemes	**1,769**	2,326
Pension costs - defined benefit schemes	**2,642**	1,686
Recognised in the income statement	**106,789**	77,575
Actuarial (gains)/losses on defined benefit schemes	**(6,315)**	3,282
Total employee benefit costs	**100,474**	80,857

	2006	2005
	number	number
Employee numbers – subsidiaries		
Production	**200**	212
Sales and distribution	**2,119**	1,562
Administration	**366**	279
	2,685	2,053

A further 541 *(2005: 918)* personnel are employed in the Group's joint ventures and associates.

The Group operates a number of externally funded 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 cost expensed in the income statement for the financial year in respect of the Group's defined benefit schemes was €2,642,000 *(2005: €1,686,000)* and €1,769,000 *(2005: €2,326,000)* in respect of the Group's defined contribution schemes.

As a consequence of the demerger by Fyffes plc ("Fyffes") of its General Produce and Distribution Businesses to Total Produce, there were changes to the arrangements in three of the existing Fyffes defined benefit schemes as outlined below. The relevant portion of the assets and liabilities in the Group's schemes in respect of the employees transferring which has been calculated in accordance with actuarial advice, has been transferred to the new pension schemes.

Fyffes Group Ireland Limited pension scheme

On completion of the demerger, the active members of the Fyffes Group Ireland Limited pension scheme which has now been renamed the Total Produce Group Ireland pension scheme, who continue to be employed by Fyffes were transferred out of the pension scheme to a new defined benefit scheme managed by trustees on behalf of Fyffes. This involved a bulk transfer payment being made by the trustees of the Fyffes pension scheme to the new scheme, in discharge of the accrued benefits of the relevant Fyffes employees in respect of service up to completion of the demerger. Following the demerger, the renamed Total Produce Group Ireland pension scheme will continue to be operated in the same way as at present for the benefit of its members that are transferring to Total Produce.

26 Employee benefits *(continued)*

UK pension scheme

The demerger resulted in the ownership of a number of companies within the Total Produce Group, which were previously part of the General Produce and Distribution Businesses and which were adhered to the Fyffes Group Pension Scheme transferring to Total Produce plc and also a number of employees of Fyffes transferring to Total Produce. A new defined benefit pension scheme was established by Total Produce to provide retirement benefits to employees whose employment transferred to Total Produce. This new scheme accepted a bulk transfer from the Fyffes Group Pension Scheme and was registered with HM Revenue and Customs.

Agreement has been reached with Fyffes Group Nominee Holdings Limited and the scheme actuary as regards the terms of the bulk transfer to the new scheme in relation to the past service assets and liabilities of the members transferring.

Fyffes BV pension scheme

Fyffes BV operated a defined benefit scheme which provides career average salary benefits to members. The assets of the scheme are held by National Nederland separately from Fyffes BV. Contributions to the scheme are determined annually by National Nederland.

The demerger resulted in a number of active members of the Fyffes BV pension scheme, whose employment transferred to Total Produce, transferring to a new defined benefit scheme to be managed by National Nederland on behalf of Total Produce. This involved the transfer of the past service assets and liabilities of the transferring active members. The benefits provided under the new scheme will be the same as those available under the current Fyffes BV scheme and the scheme name will be the Total Produce B.V. pension scheme.

Pension disclosures

As set out in the basis of preparation note, the consolidated financial information for the Total Produce Group has been prepared as if the Total Produce Group had always existed separately from Fyffes plc. Consequently the pension disclosures below reflect the assets and liabilities and movements thereon of the Total Produce pension schemes that were established as part of the demerger. The assets and liabilities of the pension schemes operated on a combined basis by Fyffes have been split for all years presented to attribute those assets and liabilities relating to the demerged business on a consistent basis.

The accompanying disclosures relate to all of the Group's defined benefit retirement schemes in Ireland, the UK and Continental Europe. The previous full actuarial valuations of these schemes, for the purposes of these disclosures, were updated to 30 December 2006. Full actuarial valuations were carried out on the main Irish scheme at 31 December 2004 and on the UK scheme at 31 October 2003. 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.

Notes *(continued)*

26 Employee benefits *(continued)*

The principal assumptions used by the actuaries were:

	Ireland		**UK**		**Europe**	
	2006	2005	**2006**	2005	**2006**	2005
Rate of increase in salaries	**4.00%**	4.00%	**4.00%**	4.00%	**4.00%**	4.00%
Rate of increase in pensions	**2.25%**	2.00%	**2.75%**	2.70%	**0.00%**	2.00%
Inflation rate	**2.25%**	2.00%	**2.75%**	2.70%	**2.00%**	2.00%
Discount rate	**4.75%**	4.25%	**5.00%**	4.75%	**4.75%**	4.25%

The expected rates of return were:

	Ireland		**UK**		**Europe**	
	2006	2005	**2006**	2005	**2006**	2005
Equities	**7.50%**	7.75%	**7.75%**	7.50%	**n/a**	n/a
Bonds	**4.00%**	3.50%	**4.25%**	4.00%	**n/a**	n/a
Property	**6.00%**	6.00%	**6.50%**	6.50%	**n/a**	n/a
Other	**3.50%**	2.00%	**5.00%**	3.50%	**4.00%**	4.00%

The Group uses certain mortality rate assumptions when calculating scheme obligations. The current assumptions for all major schemes retain an allowance for future improvements in longevity. The Irish schemes use the PMA92 (2020) mortality table for current employees and PMA92 (2000) for retired members, while the UK schemes use PMA92 (2025) table for current employees and PMA92 (2010) for retired members.

Analysis of the net liability

	Ireland 2006 €'000	**UK 2006 €'000**	**Europe 2006 €'000**	**Total 2006 €'000**	Total 2005 €'000
Equities	55,108	14,344	-	69,452	54,374
Bonds	6,237	6,502	-	12,739	8,094
Property	5,882	1,138	-	7,020	6,159
Other	1,843	278	2,546	4,667	1,624
Fair value of scheme assets	69,070	22,262	2,546	93,878	70,251
Present value of scheme obligations	(66,023)	(25,379)	(2,666)	(94,068)	(76,874)
Net employee benefits asset/(liabilities)	3,047	(3,117)	(120)	(190)	(6,623)
Deferred tax (liabilities)/assets	(381)	935	38	592	828
Net asset/(liability)	**2,666**	**(2,182)**	**(82)**	**(402)**	(5,795)

26 Employee benefits *(continued)*

Movements in the net liability recognised in the balance sheet

	2006 €'000	2005 €'000
Net liability in schemes at beginning of financial year	**(6,623)**	(3,971)
Employer contributions	**2,760**	2,316
Expense recognised in income statement		
- current and past service costs	**(3,881)**	(2,582)
- interest on scheme obligations	**(3,993)**	(3,044)
- expected return on scheme assets	**5,232**	3,940
Actuarial loss recognised in statement of total recognised income and expense	**6,315**	(3,282)
Net liability in schemes at end of financial year	**(190)**	(6,623)

Defined benefit pension expense recognised in the income statement

	Ireland 2006 €'000	**UK 2006 €'000**	**Europe 2006 €'000**	**Total 2006 €'000**	Total 2005 €'000
Current service costs	(2,291)	(1,317)	(196)	(3,804)	(2,582)
Interest on scheme obligations	(2,704)	(1,171)	(118)	(3,993)	(3,044)
Past service costs	(77)	-	-	(77)	-
Expected return on schemes assets	3,959	1,171	102	5,232	3,940
	(1,113)	**(1,317)**	**(212)**	**(2,642)**	(1,686)
Actual return on scheme assets	7,472	570	227	8,269	12,458

The expense is recognised in the following line items in the income statement:

	2006 €'000	2005 €'000
Distribution expenses	**1,236**	792
Administrative expenses	**1,406**	894
	2,642	1,686

Notes *(continued)*

26 Employee benefits *(continued)*

Defined benefit pension expense recognised in statement of recognised income and expense

	Ireland 2006 €'000	UK 2006 €'000	Europe 2006 €'000	Total 2006 €'000	Total 2005 €'000
Experience adjustments on scheme assets	3,513	(601)	124	3,036	8,518
Experience adjustments on scheme liabilities	(1,248)	(488)	-	(1,736)	(819)
Effect of changes in actuarial assumptions	2,120	2,342	553	5,015	(10,981)
	4,385	1,253	677	6,315	(3,282)

The cumulative loss before deferred tax, recognised in the statement of recognised income and expense is €4,454,000 *(2005: €10,769,000)*

27 Capital commitments and contingencies

(a) *Capital commitments*
The directors have authorised capital expenditure of €13,000,000 *(2005: €20,300,000)* at the balance sheet date. Capital expenditure contracted for at 30 December 2006 amounted to €350,000 *(2005: €2,378,000).*

(b) *Subsidiaries*
In order to avail of the exemption under Section 17 of the Companies (Amendment) Act, 1986 the Company has guaranteed the liabilities of certain of its subsidiaries registered in Ireland. As a result, the following subsidiaries have been exempted from the provisions of Section 7 of the Companies (Amendment) Act, 1986:

Allegro Limited
Bolanpass Limited
Everfresh Limited
Fiacla Limited
Fyffes Group Procurement Limited
Givejoy Limited
Green Ace Producer Group Limited
McCann Nurseries Limited
Negev Limited
Quantum Personal Care Limited
Total Produce Ireland Limited
Total Produce Management Services Limited
Total Produce International Limited
TP Secretarial Services Limited
TP Personnel Services Limited
Uniplumo (Ireland) Limited
Waddell Limited
XS Sales & Merchandising Limited

The Company has guaranteed the borrowings of subsidiaries in the amount of €74,876,000

Notes *(continued)*

27 Capital commitments and contingencies *(continued)*

(c) *Contingencies*
From time to time, the Group is involved in other claims and legal actions, which arise in the normal course of business. Based on information currently available to the Company, 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.

28 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 and non-executive directors.

Remuneration of key management personnel

	2006 €'000	2005 €'000
Short term benefits (salary, bonus, incentives)	**1,504**	1,533
Post employment benefits (pension contribution)	**316**	905
	1,820	2,438

In accordance with IAS 19 *Employee Benefits,* the pension expense recognised in the Group's income statement for these key management personnel amounted to €331,000 *(2005: €970,000)* compared to the cash contributions above of €316,000 *(2005:€905,000).* The actuarial gain recognised in the statement of recognised income and expense in respect of the pension benefits of these key management personnel for 2006 amounted to €310,000 *(2005: loss of €171,000).*

Related party transactions with joint ventures and associates
The Group trades in the normal course of its business, in some situations under long term supply contracts, with its joint ventures and associates. A summary of transactions with these related parties during the financial year ended 30 December 2006 is as follows:-

Group	**2006 Revenue €'000**	**2006 Purchases €'000**	2005 Revenue €'000	2005 Purchases €'000
Joint Ventures	**12,015**	**21,213**	16,437	25,180
Associates	**705**	**1,709**	1,351	2,076
	12,720	**22,922**	17,788	27,256

The amounts due from and to joint ventures and associates at the financial year end are disclosed, in aggregate, in notes 16 and 21 respectively. The Group's significant joint ventures and associates are set out on page 94.

Notes *(continued)*

28 Related parties *(continued)*

Related party transactions with shareholders in Group companies

Coplaca is a co-operative of banana growers in the Canary Islands and owns 50% of the share capital of EurobananCanarias SA, the other 50% being owned by the Group. During the financial year, EurobananCanarias SA purchased goods and services from Coplaca in the normal course of its business which are not material in relation to the sales and purchases of the Group. At 30 December 2006, the net amount due to Coplaca from EurobananCanarias SA was € 5,904,000 *(2005: €8,824,000)*.

29 Derivatives and other financial instruments

Risk exposures

The Group's multinational operations expose it to various financial risks that include foreign exchange rate risks, credit risks, liquidity risks and interest rate risks. The Group has a risk management program 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.

Foreign exchange risk

While many of the Group's operations are carried out in euro-zone economies, it also has significant operations in the UK, Sweden, Denmark and the Czech and Slovak Republics. As a result, the Group balance sheet is exposed to currency fluctuations. The Group generally finances initial overseas investments through foreign currency borrowings which hedge the foreign currency investment. Thereafter, these businesses generally fund their operations locally. These currency risks are monitored on an ongoing basis and managed as deemed appropriate by utilising spot and forward foreign currency contracts.

Credit and liquidity risk

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables. Cash and short term bank deposits are invested with institutions of the highest credit rating with limits on amounts held with individual banks or institutions at any one time. It is also the policy of the Group to have adequate committed undrawn facilities available at all times to cover unanticipated financing requirements. The maximum exposure to credit risk is represented by the carrying amount of the financial assets in the balance sheet.

Interest rate risk

The Group's balance sheet contains both interest bearing assets and interest bearing liabilities. In general, the approach employed by the Group to manage its interest rate exposure is to maintain the majority of its cash, short term bank deposits and interest bearing borrowings on floating rates. Rates are generally fixed for relatively short periods in order to match funding requirements while being able to benefit from opportunities due to movements in longer term rates. The Group has no derivatives in place at 30 December 2006 in relation to its interest rate risk.

Notes *(continued)*

29 Derivatives and other financial instruments *(continued)*

Accounting for derivatives and hedging activities

All derivatives are initially recorded at fair value on the date the contract is entered into and subsequently, at reporting dates remeasured to fair value. The gain or loss arising on remeasurement is recognised in the income statement.

The fair value of derivatives at the balance sheet date is set out in the following table:

	Assets 2006 €'000	Liabilities 2006 €'000
Forward currency contracts	17	3

	Assets 2005 €'000	Liabilities 2005 €'000
Forward currency contracts	-	69

The Group uses foreign currency borrowings to hedge the net investment in foreign entities. The gains or losses on the effective portions of such borrowings are recognised in equity. Ineffective portions of the gains or losses on such borrowings are recognised in the income statement. Gains and losses accumulated in equity are included in the income statement on disposal of the foreign entity.

	2006 €'000	2005 €'000
Czech Crowns	**14,071**	9,299
Danish Kron	**30,585**	8,714
Swedish Krona	**29,321**	27,961
	73,977	45,974

Notes *(continued)*

29 Derivatives and other financial instruments *(continued)*

Effective interest rates and contractual repricing analysis

In respect of income-earning financial assets and interest bearing financial liabilities, the following table sets out the effective interest rates at the balance sheet date and the period in which they reprice.

	Carrying amount 2006 €'000	Effective interest rate 2006 %	Less than 1 year 2006 €'000	Greater than 1 year 2006 €'000
Short term bank deposits	41,811	3.38%	41,810	-
Cash and cash equivalents	46,098	3.39%	46,099	-
Interest bearing borrowings	(77,555)	3.56%	(18,323)	(59,232)
Bank overdrafts	(2,867)	3.71%	(2,867)	-
Finance lease liabilities	(1,822)	2.57%	(988)	(834)
Current payables	(400)	2.95%	(400)	-
	5,265		65,331	(60,066)

	Carrying amount 2005 €'000	Effective interest rate 2005 %	Less than 1 year 2005 €'000	Greater than 1 year 2005 €'000
Cash and cash equivalents	55,043	2.31%	55,043	-
Interest bearing borrowings	(54,269)	3.10%	(26,543)	(27,726)
Bank overdrafts	(12,161)	2.68%	(12,161)	-
Finance lease liabilities	(2,389)	3.48%	(982)	(1,407)
Current payables	(727)	2.95%	(727)	-
	(14,503)		14,630	(29,133)

Notes *(continued)*

29 Derivatives and other financial instruments *(continued)*

Fair values of financial assets and liabilities

In respect of the following financial assets and liabilities, the following table sets out the carrying amount in the consolidated balance sheet and their respective fair values:

	Carrying amount 2006 €'000	Fair value 2006 €'000
Equity investments	11,011	11,011
Trade and other receivables	222,978	222,978
Forward currency contracts		
- Assets	17	17
- Liabilities	(3)	(3)
Short term bank deposits	46,098	46,098
Cash and cash equivalents	41,811	41,811
Interest bearing borrowings	(80,422)	(80,422)
Finance lease liabilities	(1,822)	(1,822)
Trade and other payables	(228,168)	(228,168)
	11,500	**11,500**
Unrecognised gain/(loss)		-

	2005 €'000	2005 €'000
Equity investments	16,524	16,524
Trade and other receivables	164,374	163,374
Forward currency contracts		
- Assets	-	-
- Liabilities	(69)	(69)
Cash and cash equivalents	55,043	55,043
Interest bearing borrowings	(66,430)	(66,430)
Finance lease liabilities	(2,389)	(2,389)
Trade and other payables	(169,933)	(169,933)
	(2,880)	**(2,880)**
Unrecognised gain/(loss)		-

Notes *(continued)*

29 Derivatives and other financial instruments *(continued)*

Estimation 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.

Equity Investments
When market values are available, fair values are determined by reference to the bid market price for such investments without any deduction for transactions costs. When market values are not available, the fair values have been determined based on expected future cash flows at current interest rates and exchange rates.

Short term bank deposits and cash and cash equivalents
For short term bank deposits and cash and cash equivalents with a remaining maturity of less than one year the nominal amount is deemed to reflect fair value.

Trade and other receivables/payables
For receivables and payables with a remaining life of less than one year or demand balances, the nominal amount is deemed to reflect fair value. All other receivables and payables are discounted to fair value in the balance sheet.

Derivatives (forward currency contracts)
Forward currency contracts are either marked to market using market prices or by discounting the contractual forward price and deducting the current spot rate.

Interest bearing loans and borrowings
For interest bearing loans and borrowings with a contractual repricing date of less than one year the nominal amount is deemed to reflect fair value. For loans with a repricing date of greater than one year the fair value is calculated based on the expected future principal and interest cash flows.

Finance lease liabilities
Fair value is based on the present value of future cash flows discounted at market rates.

30 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

Management discussed with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Particular areas which are subject to accounting estimates and judgements in these financial statements are areas such as impairment testing, post employment benefits, fair values of properties, fair value of equity investments and in relation to judgemental provisions and accruals particularly those relating to deferred consideration obligations based on earn out arrangements.

Impairment testing assets, particularly of goodwill, involves estimating the future cash flows for a cash generating unit and an appropriate discount rate to determine a recoverable value. The estimation of employee benefit costs requires the use of actuaries and the determination of appropriate assumptions such as discount rates and expected future rates of return as set out in note 26.

Company balance sheet

as at 30 December 2006

Assets	*Notes*	**2006** **€'000**
Non-Current		
Equity investments	*31*	255,508
Total assets		255,508
Equity		
Called-up share capital	*32*	3,510
Share premium	32	251,998
Total equity		255,508

C. P. McCann
Chairman

J. F. Gernon
Finance Director

15 May 2007

Company income statement

for the period ended 30 December 2006

From the date of incorporation, 6 October 2006 to the financial year end, the company did not trade and received no income and incurred no expenditure. Consequently, during this period, the company has made neither a profit nor a loss. The closing balance on the income statement accordingly remains at €Nil. Additionally, the company had no other gains and losses during this period and accordingly no statement of total recognised income and expense or cash flow statement is prepared.

C. P. McCann
Chairman

J. F. Gernon
Finance Director

15 May 2007

Notes to Company financial statements

for the financial year ended 30 December 2006

31 Equity investments

	Investment in Subsidiaries €'000
Businesses acquired from Fyffes plc on demerger	255,508
Balance at 30 December 2006	**255,508**

The principal subsidiaries, joint ventures and associates are set out on pages, 93 to 94.

As set out in the basis of preparation note, in accordance with Section 62 of the Companies Act 1963, the ordinary shares issued by Total Produce plc have been recorded at fair value of €255.5 million, based on the average market capitalisation of Total Produce plc over the first five days post demerger.

32 Capital and reserves

	Share Capital €'000	Share Premium €'000	Total €'000
Shares issued	39	-	39
Shares redeemed by company	(39)	-	(39)
Shares issued on 30 December pursuant to demerger	3,510	251,998	255,508
Balance at 30 December 2006	3,510	251,998	255,508

Notes *(continued)*

32 Capital reserves *(continued)*

On date of incorporation of the Company on 6 October 2006, the authorised share capital was €10,000,000 divided into 1,000,000,000 ordinary shares of €0.01 each, of which 2 ordinary shares of €0.01 were issued as fully paid at par on incorporation. On 13 October 2006, a further 3,899,998 ordinary shares were issued, of which, 4 were paid up as to their par value and 3,899,993 were paid up to one quarter of nominal value. From the date of incorporation up 30 December 2006, there were the following changes in the authorised and issued share capital of the Company.

(a) On 14 November 2006, the shareholders of the Company, as of that date, resolved at an extraordinary general meeting of the Company to give the Board general authority to allot ordinary shares with an aggregate nominal amount of €4,788,200 (478,820,000 ordinary shares of €0.01 each) pursuant to Section 20 of the Companies (Amendment) Act, 1983; to disapply the statutory pre-emption provisions on the issuance of shares of the Company set out in Section 23 of the Companies (Amendment) Act, 1983; and to give the Board authority to buy back and make market purchases of the Company's shares (such authority to expire on the date of the next Annual General Meeting of the Company, or 15 months from the date of the passing of this resolution, whichever comes first). The Board has no current intention of exercising the authority to make market purchases of the Company's shares and will only do so at price levels which it considered to be in the best interests of the shareholders generally after taking account the Company's overall financial position.

(b) On 30 December 2006, 350,972,445 ordinary shares were allotted to Fyffes shareholders in consideration for the transfer to Total Produce of the General Produce and Distribution Business.

(c) On 30 December 2006, the Company bought back 3,900,000 ordinary shares for €nil consideration pursuant to the terms of section 41(2) of the Companies (Amendment) Act, 1983 of Ireland from the shareholders of the Company.

33 Related party transactions

The Company has a related party relationship with its subsidiaries, joint ventures, 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 26 to 29.

Notes *(continued)*

34 Significant subsidiaries, joint ventures and associates

The list of significant subsidiaries, joint ventures and associates forms part of the notes to financial statements. The principal areas operations are the countries of incorporation.

Subsidiaries	Principal activity	Group Share %	Country of Incorporation	Registered Office
Total Produce Ireland Limited *	Fresh produce distributor	100	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth
Uniplumo (Ireland) Limited *	Cultivation and distribution of houseplants	90	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth
Allegro Limited *	Consumer goods distributor	90	Ireland	1 Beresford Street, Dublin 7
Frank E Benner Limited	Fresh produce distributor	100	United Kingdom	Balmoral Market, Balmoral Road, Belfast BT12.
Daniel P Hale and Co Limited	Fresh produce distributor	100	United Kingdom	Balmoral Market, Balmoral Road, Belfast BT12.
TPH (UK) Limited	Investment holding company	100	United Kingdom	Unit 6, Lansdowne Road, Fifers Lane Trading Estate, Norwich NR6 6NF
Total Produce Limited	Fresh produce distributor	100	United Kingdom	Unit 6, Lansdowne Road, Fifers Lane Trading Estate, Norwich NR6 6NF
Total Produce B.V.	Fresh produce distributor	100	The Netherlands	Marconistraat 19, 3029 AE Rotterdam.
Total Produce Holdings B.V.*	Investment holding company	100	The Netherlands	Marconistraat 19, 3029 AE Rotterdam.
Arc Eurobanan S.L **	Fresh produce distributor	85	Spain	Mercamadrid, Nave D, Puestos 47 y 49, 28053 Madrid.
Frutas IRU S.A. ***	Fresh produce distributor	50	Spain	Puestos 326-328, Mercabilbao, 48970 Basauri, Vizcaya.
Peviani SpA	Fresh produce distributor	50	Italy	Via Maspero, 20, 1 – 20137, Milan.
Hortim International s.r.o.	Fresh produce distributor	70	Czech Republic	Breclao, ZIP 690 02, Haskova 18, ICO 47915528
Everfresh Group AB	Fresh produce distributor	100 (i)	Sweden	Långebergavägen 190, 256 69 Helsingborg, Sweden.
Lembcke Holdings AIS *	Investment holding company	100	Denmark	Gronttorvet 220, Copenhagen.
Brdr Lembcke A.S.	Fresh produce distributor	100	Denmark	Gronttorvet 220, Copenhagen.

* Subsidiaries owned directly by Total Produce plc
** Owned by EurobananCanarias S.A.
*** Owned by Arc Eurobanan S.L.

(i) Total Produce has acquired an initial 60% of Everfresh Group AB and has entered a binding agreement to acquire the remaining 40% in May 2007.

Notes *(continued)*

34 Significant subsidiaries, joint ventures and associates *(continued)*

Joint Ventures	Principal activity	Group Share %	Country of Incorporation	Registered Office
Capespan International Holdings Limited	Fresh produce distributor	50	United Kingdom	Moorebridge Court, 29-31 Moorebridge Road, Maidenhead, Berkshire, SL6 8LT.
Anaco & Greeve International B.V.	Fresh produce distributor	50	The Netherlands	Postbus 31, 2685 ZG Poeldijk.
Fyffes Citrus S.L.	Fresh produce distributor	70	Spain	Chilches (Castellón – Spain), at Camino de Moncofar.
Suri Agro Fresh Pvt. Limited	Fresh produce distributor	50	India	C-129, New Subzi Mandi, Azadpur, Delhi – 110033, India.

A full list of subsidiaries, joint ventures and associates is included with the company's Annual Return filed with the Companies Registration Office.

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