Total Produce

ANNUAL REPORT & ACCOUNTS 2008

TotalProduce
Let's Grow Together

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Let's Grow Together

Financial Highlights

Revenue (including share of joint ventures and associates)	€2,516 million	+3.5% on prior year
Adjusted EBITDA[(1)]	€60.4 million	+5.4% on prior year
Adjusted EBITA[(1)]	€46.5 million	+6.6% on prior year
Adjusted earnings per share[(2)]	6.75 cent	+6.3% on prior year
Total dividend per share	1.69 cent	+2.4% on prior year

(1) Excludes exceptional items and fair value movement on investment properties.

(2) Adjusted earnings per share excludes exceptional items, fair value movements on investment property and amortisation of intangible assets and the related tax on such items.

Contents

Group Profile

A PROGRESSIVE, FOCUSED AND AMBITIOUS BUSINESS, TOTAL PRODUCE TODAY STANDS AT THE VERY FOREFRONT OF THE EUROPEAN FRESH PRODUCE INDUSTRY.

Diverse by way of an extensive, broad and sophisticated customer base, flexible in the application of a business model embracing both entrepreneurial drive and robust financial controls, market orientated by virtue of our regionalised infrastructure and an experienced, motivated workforce, Total Produce's competitive advantage is derived not solely from group size, stature and global reach but also by the disparate range of core competencies and skill sets interacting across our operations throughout Europe.

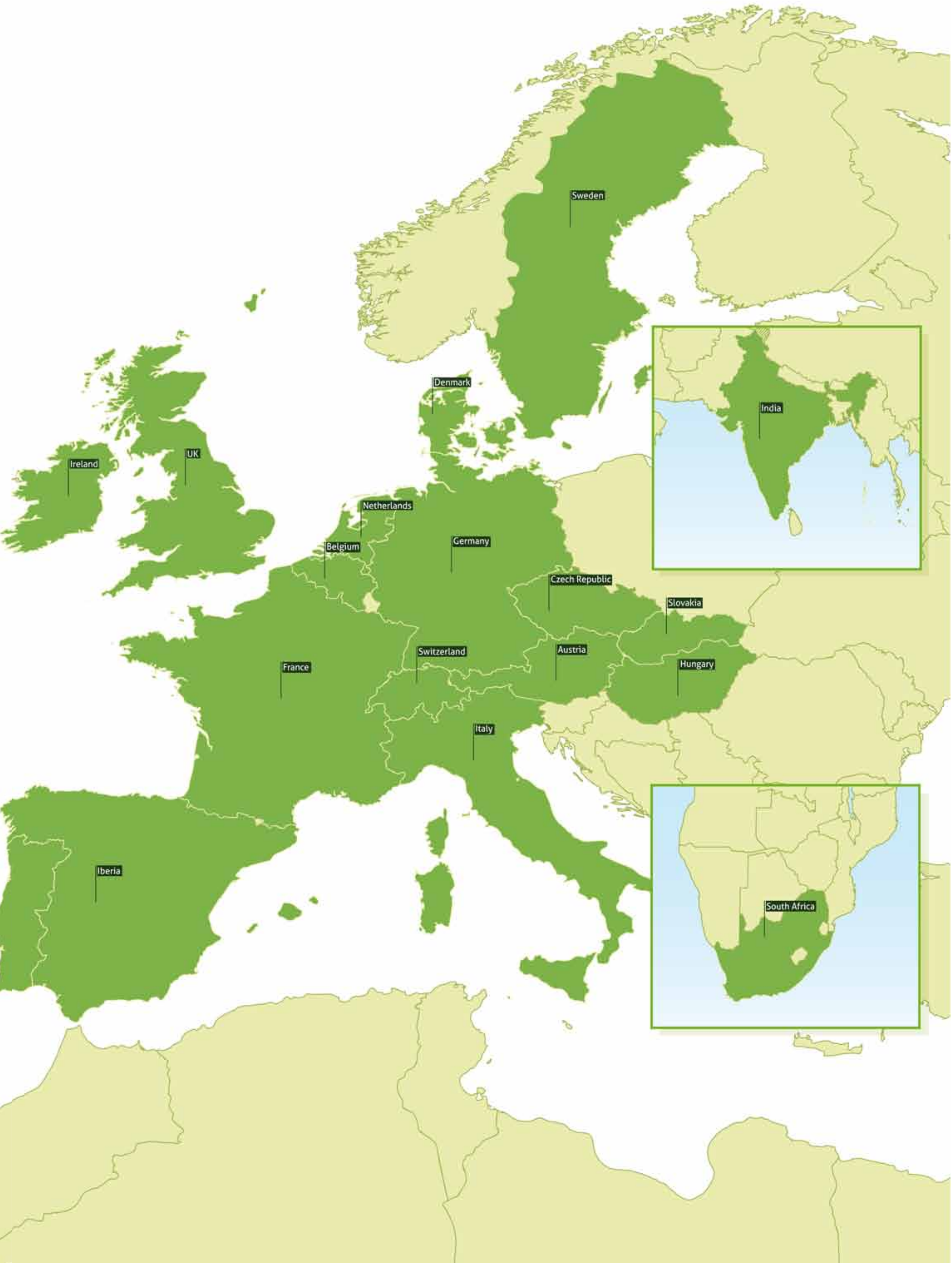
Growing, sourcing, transporting, processing, packaging, distributing and marketing over 200 lines of fresh fruits, vegetables and flowers, the Total Produce Group distributed some 250 million cartons of fresh produce to the retail, wholesale, foodservice and processing sectors in 2008.

A balanced business in terms of the sources, products, territories and market segments in which we operate, group operational focus remains firmly centred on optimisation of our supply chain; on the institution of the best commercial and horticultural practices from farm to fork, on the identification of efficiencies, the delivery of synergies and on adding value and assuring quality - differentiating both our produce and the service we provide.

A Group with a highly successful record in forging effective strategic partnerships, Total Produce today operates out of 86 facilities across some 17 countries, while serving many more. In addition to being the leading fresh produce provider in Ireland (Total Produce Ireland), Spain (Grupo Arc Eurobanan), Sweden & Denmark (Total Produce Nordic, Lembcke and Everfresh), the United Kingdom (Total Produce UK), and the Czech Republic (Hortim International), the Total Produce Group through its subsidiaries and joint ventures includes major operations in several key markets including South Africa (Capespan), Slovakia (Hortim International), India (Khet Se Distribution, Suri Agrofresh PVT), Italy (Peviani) and the Netherlands (Total Produce BV, Haluco BV, Nedalpac BV and Anaco & Greeve International BV).

The calibre and reach of this infrastructure distinguishes Total Produce. In integrating international operating companies we have successfully minimised costs, driven efficiencies and incorporated new disciplines across our operations - coupling the continental reach necessary to meet emerging pan-European distribution requirements with the capacity to customise our service to meet regional needs in local markets. As importantly, in channelling the collective strength and cumulative resources of the broader group to those best placed to apply it to the greatest effect, local management, Total Produce consistently generates the economies of scale necessary to responsibly leverage ever greater value for trade partners across each of our European markets - a compelling proposition for existing and prospective customers alike in challenging times.

Total Produce is consequently stronger positioned to pursue our stated strategy of extending group reach, increasing competitiveness and growing group turnover and profitability. Our commitment to supplying produce of superior quality with a superior service is undiminished as we remain secure in the conviction that, in delivering operational excellence in a market of considerable potential, we will succeed in delivering to our shareholders equitable returns and meet the expectations of our broader stakeholder set.


Sweden
Denmark
Ireland
UK
Netherlands
Belgium
Germany
Czech Republic
Slovakia
Switzerland
Austria
France
Hungary
Italy
Iberia
India
South Africa

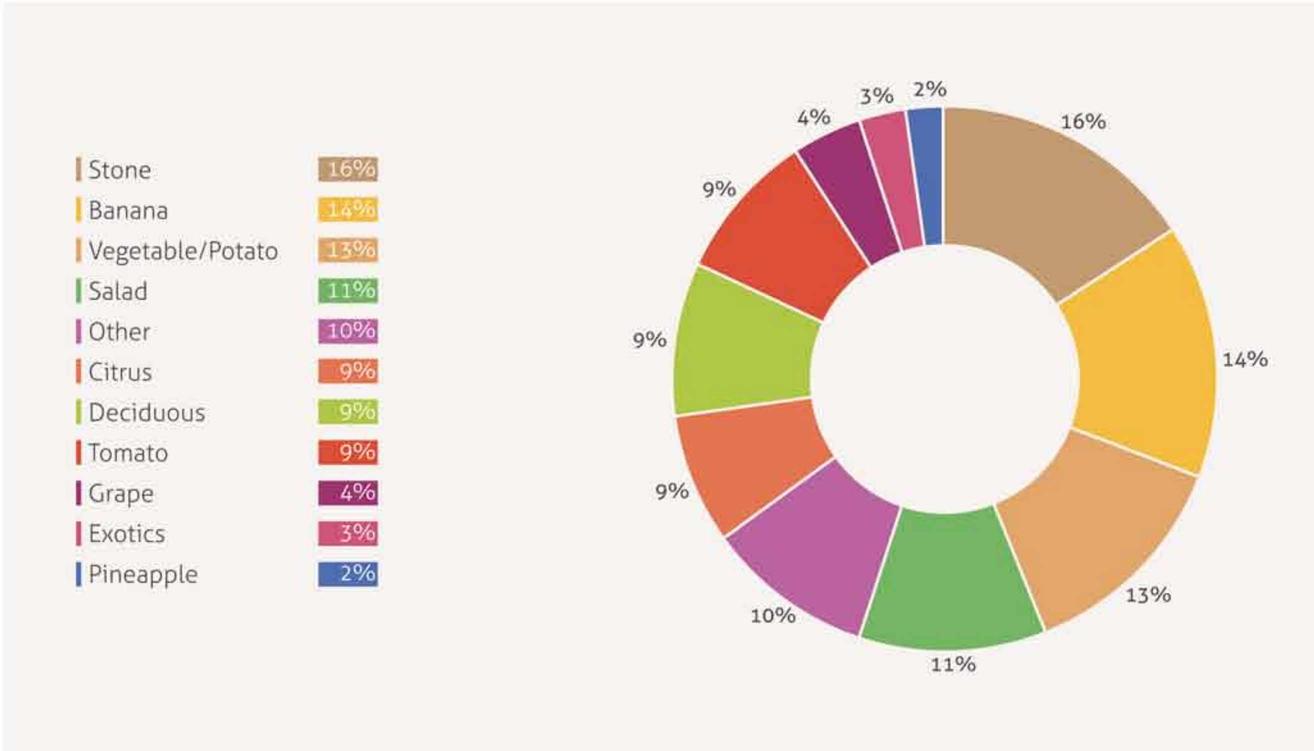
New Product Development

Irene Geoghegan – Soft Fruit Breeder controls cross-pollination by transferring pollen from one strawberry variety to another variety with a small paint brush. With this wholly natural breeding method, the berry develops and each individual seed from this ripened fruit, once germinated, will produce a new plant.

Total Produce UK is Britain's leading fresh produce provider. Across 19 wholesale and distribution centres nationwide, Total Produce UK serves the retail, wholesale and food service sectors with a complete range of superior fresh produce. Procurement division, Redbridge Worldfresh is an accomplished year round global procurement specialist, supplying an extensive customer base, while The Summerfruit Company and Redeva divisions concentrate on the development of soft fruit plant breeding and production.

Brand Portfolio

Produce Portfolio
(Expressed as a % of Group Revenue)



CAPESPAN

Production

Here, Rapiprop vines grown along the Orange River in South Africa are harvested. These grapes, introduced to the market in December 2008 were the first to be branded under the Total Produce TOP brand in Europe. Rapiprop is a joint venture between Total Produce plc, Capespan pty and the Cape Empowerment Trust.

Rapiprop operates nearly 1,300 hectares of farmland. It produces some 2.5 million cartons of black, red and white seedless grapes per year in the Aussenkekr, Norriskeep, Onseepkans and Blouputs Valley regions with production in the Kakamas and Upington regions focusing on organic produce. Farms across the Grabouw region of the Western Cape concentrate on apple, pear and plum production.

Shareholder Information

MARKET CAPITALISATION
The market capitalisation of Total Produce plc on 31 December 2008 was €91 million.

SHARE PRICE (EURO CENT)

Year	2008
High	67
Low	20
31 December	26

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 at the Radisson SAS Royal Hotel, Golden Lane, Dublin 8 on Thursday 28 May 2009 at 10.30 a.m. Notice of the meeting is set out on pages 122 to 126 and a personalised proxy form is included in the delivery to shareholders of this Annual Report.

AMALGAMATION OF ACCOUNTS
Shareholders receiving multiple copies of company mailings as a result of a number of accounts being maintained in their name should write to the Company's registrar, at the given address, to request that their accounts be amalgamated.

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, dividends are paid in Sterling unless requested otherwise.

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

Frank Gernon
Group Finance Director
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
Administrative 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

PACKAGING

Here, fresh Italian Fennel is prepared for packing in a Peviani facility in Ginosa. Employing state of the art packing technologies across the Total Produce Group we offer the complete range of customised packaging solutions to our customers, packing at source or on site in the marketplace, while placing ever increasing emphasis on environmentally friendly alternatives.

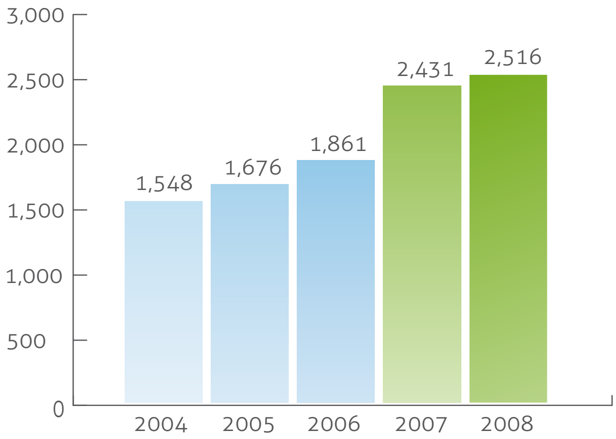
The Peviani Group is an accomplished marketer of Italian produce including carrots, cauliflowers, aubergines, potatoes, courgettes, radicchio alongside melons, grapes and cherries. Production is centred in Chioggia (Venice), Fiumicino (Rome), Trassacco (Aquila) and Ispica (Sicily). Exporting across Europe, Peviani complements local crops with produce procured across the globe to provide Italian wholesale and retail customers with the complete fresh produce basket 52 weeks of the year.

Five Year Summary

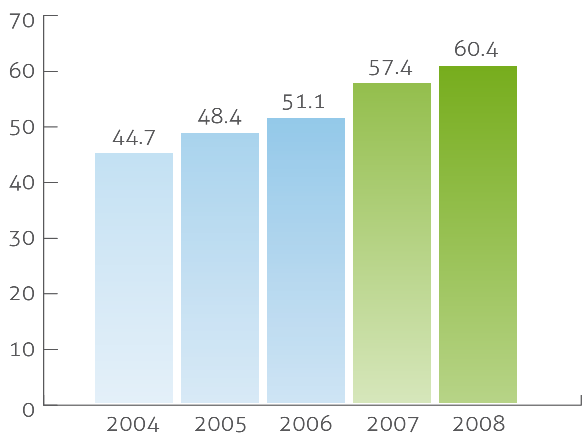
FIVE YEAR SUMMARY	*2008* €	*2007* €	*2006* €	*2005* €	*2004* €
Revenue (including share of joint ventures/associates)	**2,516m**	2,431m	1,861m	1,676m	1,548m
Group revenue	**2,251m**	2,151m	1,577m	1,356m	1,187m
Adjusted EBITDA (1)	**60.4m**	57.4m	51.1m	48.4m	44.7m
Adjusted EBITA (1)	**46.5m**	43.7m	38.8m	37.8m	34.8m
Adjusted profit before tax (2)	**40.8m**	38.9m	36.1m	35.0m	31.8m
Profit before tax	**29.8m**	33.2m	18.9m	29.7m	27.2m
Adjusted fully diluted earnings per share (3)	**6.75 cent**	6.35 cent	5.70 cent	4.76 cent	4.76 cent
Basic earnings per share	**4.36 cent**	5.43 cent	2.02 cent	3.83 cent	3.95 cent

(1) Excludes exceptional items and fair value movement on investment properties.
(2) Adjusted profit before tax excludes exceptional items, fair value movement on investment properties and amortisation of intangible assets and the Group's share of joint ventures tax which under IFRS rules is reflected in profit before tax.
(3) Adjusted earnings per share excludes exceptional items, fair value movements on investment property and amortisation of intangible assets and the related tax on these.

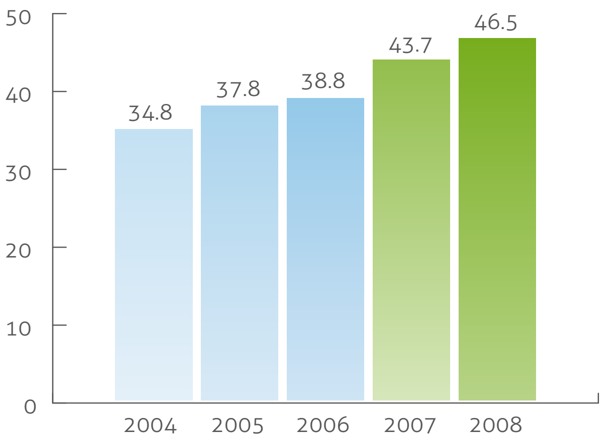
Revenue (€m)



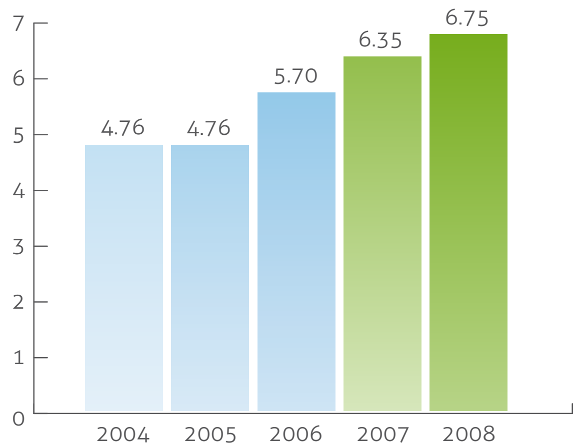
Adjusted EBITDA (€m)



Adjusted EBITA (€m)



Adjusted EPS (€ cent)



Directors and Secretary

Carl McCann (55),
Chairman, BBS, MA, FCA

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

Rory Byrne (48),
Chief Executive, B Comm, FCA

Rory Byrne was appointed as Chief Executive of Total Produce on 30 December 2006. Prior to this, Rory was appointed to the position of Managing Director of the Fyffes General Produce Division in 2002 and to the position of Executive Director in 2006. Rory has extensive experience in the fresh produce industry having joined Fyffes in 1988 and has 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 is also a Non-Executive Director of the South African company Capespan Group Limited since 2000.

Frank Gernon (55),
Finance Director, FCCA

Frank Gernon was appointed Finance Director of Total Produce on 30 December 2006. Prior to this, Frank was the Finance Director of Fyffes plc from 1998 to 2006. Frank joined Fyffes in 1973 and held various senior accounting and financial positions, including Company Secretary and Chief Financial Officer before his appointment as Group Finance Director and to the board of Directors of Fyffes in 1998.

Rose Hynes (51),
Non-Executive, BCL, AITI

Rose Hynes was appointed to the Board in 2006. She is a member of the Audit and Nomination Committees, Chairman of the Compensation Committee and the nominated senior independent Non-Executive Director. A lawyer by profession, she is a member of the Court of Bank of Ireland and a director of Bank of Ireland Mortgage Bank plc, Bord Gais Eireann and a number of other companies. Rose previously held senior management positions in GPA Group plc and is also a former Non-Executive Director of Fyffes plc.

Jerome Kennedy (60),
Non-Executive, FCA

Jerome Kennedy was appointed to the Board in 2006 and is a member of the Compensation and Nomination Committees and Chairman of the Audit Committee. He is a member of the Court of Bank of Ireland and a Non-Executive Director of New Ireland Assurance Company plc and a number of other companies. Jerome was managing partner of KPMG Ireland for three terms between 1995 and 2004 and 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.

Frank Davis (49),
Company Secretary/Chief Financial Officer, LL.B, MA, FCCA

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

Quality Assurance

Juan Carlos Sierra, National Product Coordinator with Grupo Eurobanan in Alicante inspects the progress of ripening grapefruit on a citrus grove in the Murcia region of Spain. Total Produce retains an important on-the-ground presence across the continents most important growing regions by virtue of our pan-European infrastructure.

Grupo Arc Eurobanan is the market leader in the Spanish fresh produce market. Distributing the complete range of fresh fruits & vegetables, the group has 7 distribution centres and 3 associated companies situated throughout the Iberian Peninsula, Baleares, and the Canary Islands.

Chairman's Statement

We are pleased that Total Produce has delivered satisfactory earnings growth in line with expectations for 2008. Total revenue for 2008 grew by 3.5% to €2,516 million and the Group's adjusted earnings per share increased by 6.3% to 6.75 cent. These results reflect the full year contribution of acquisitions made in 2007 and the acquisitions made in The Netherlands in 2008 offset by the lower value of non-euro results due to the strengthening of the euro.

Successful acquisitions are a key driver of the development of the Total Produce business and during 2008 the Group spent €23.3 million on acquisitions including investments in and long term advances to joint ventures and deferred consideration payments. We believe that continuing to acquire attractive businesses greatly enhances shareholder value and we remain committed to this process. The Group is focused on expanding the business both organically and by acquisition.

The Board is proposing a final dividend of 1.15 cent per share which combined with the interim dividend of 0.54 cent paid in November 2008 brings the total dividend in respect of 2008 to 1.69 cent per share up 2.4% from last years' dividend of 1.65 cent per share. This represents a 6.5% yield based on the year end share price of 26 cent.

The Group is considering exercising its authority to buy its own shares in the market if the appropriate opportunities arise. This authority permits the Group to buy up to 10% of the issued share capital at a price which may not exceed 105% of the average price over the previous 5 days trading. Any shares which may be purchased will be held as treasury shares and will not be cancelled. Any purchases should have a positive effect on earnings per share.

Following the trend noted in the second half of 2008, consumer demand is less certain and in view of the tougher economic climate, it is prudent to take a more cautious view of the prospects for 2009. The results may also be affected by movements in non-euro currencies against the euro, our reporting currency. However, Total Produce remains positive regarding the fundamentals in its markets and its position as one of the leading fresh produce companies in Europe. The Group's activities and income are geographically spread across Europe. Total Produce is cash-generative and its strong balance sheet supports its strategy of growing the business, both organically and by acquisition. The Group is targeting a very solid earnings performance for 2009 with adjusted earnings per share in the range of 5.5 to 6.5 cent per share on 2009 target revenues of €2.6 billion.

We would like to thank all of our people for their contribution to Total Produce's good results in 2008. The Group is very proud to have excellent and dedicated people and its success is due to their ability and hard work.

Carl McCann
Chairman
4 March 2009

Haluco bv

Operations

Frank Heintjes, Logistics Manager supervises the assembly line in Haluco BV's and Best Growers Benelux's Bleiswijk Logistics Centre. The state of the art warehouse management system was the recipient of the AGF Innovation Prize 2009. AGF emphasised 'enterprise, daring and perseverance' as being the key considerations in awarding the prize to Haluco & BGB.

Haluco BV, together with Nedalpac BV joined the Total Produce Group on 31 August 2008. One of the leading commercial supply organisations in the exportation and importation of fresh vegetables in The Netherlands, Haluco specialises in the complete range of premium hothouse vegetables 52 weeks of the year, marketing the Perfekt and Ideal brands across much of Central Europe, Scandinavia and the UK. Haluco & Nedalpac operate alongside sister group companies Total Produce BV and Anaco Greeve International BV in the Dutch market.

Operating Review

REVENUE

Total revenue for 2008 grew to €2,516 million, an increase year-on-year of 3.5% due primarily to contributions from the acquisitions in The Netherlands completed on 31 August 2008, and contributions from bolt-on acquisitions made during the second half of 2007 and the first half of 2008. This increase was offset by the lower translation value of non-euro revenues due to the strengthening of the euro during 2008. On a constant currency basis, revenues for the period have grown by 7.8% year-on-year. On a divisional basis, revenue in the Group's General Produce Division grew by 3.5% and by 2.5% in its Consumer Goods and Healthfoods Division.

OPERATING PROFIT AND ADJUSTED EBITA

One of the Group's key performance measures for its overall business is adjusted EBITA as defined below. Adjusted EBITA increased by €2.9 million or 6.6% year on year to €46.5 million. The full-year outcome for the Group was satisfactory given the less favourable trading conditions experienced in the second half of the year and the relative strengthening of the euro which had an impact on the translation of the non-euro results. Excluding the impact of the translation of profits from non-euro currencies at the average exchange rates for 2008 compared to 2007, the growth in adjusted EBITA was 10.7%. The Group benefited from the restructuring programme implemented in the UK in 2007 and the continued focus on costs and efficiencies during 2008. Net adjusted EBITA margins were 1.85% compared to 1.80% last year.

On a divisional basis, adjusted EBITA in the Produce Division grew from €41.1 million to €42.4 million in 2008 and in the Consumer Goods and Healthfoods Division the full year contribution from 2007 acquisitions contributed to a €1.5 million increase in adjusted EBITA to €4.1 million in 2008.

Operating profit for the Group (before exceptional items) amounted to €39.9 million compared to €37.6 million in 2007. Operating profit for the Group amounted to €35.3 million in 2008 compared to €37.6 million in 2007 due to exceptional items of €4.6 million which are analysed in further detail in the Financial Review.

ACQUISITIONS AND DEVELOPMENTS

The Group completed the acquisition of a 60% interest in Haluco and Nedalpac on 31 August 2008, two companies based in The Netherlands and specialising in Dutch Produce. It is expected that these companies will add approximately €275 million per annum to Group revenue. The acquisition will enhance the Group's spread of business as approximately 50% of Haluco's revenues are into Germany. The acquisition will offer an increased produce offering for our customers and will offer procurement synergies with our existing operations. The acquisition was earnings enhancing in 2008.

Also during the year, the Group completed a number of bolt-on acquisitions in the General Produce Division, primarily in the UK. The Group's investment of €3.7 million in joint ventures was in existing operations and primarily related to increased investment in the Group's South African farming activities and one of the Group's Indian joint ventures.

Post year-end, Total Produce increased its effective shareholding in its South African investment in Capespan Group Limited to just over 15%. This group is one of the world's leading marketers and exporters of fresh produce.

The Group's success is largely attributable to our people, their experience and knowledge of produce and relationships they have forged. We are very fortunate in Total Produce to have one of the most accomplished and loyal teams in the fresh produce sector and I would like to thank each and every one of them for their constant hard work and commitment.

Rory Byrne
Chief Executive
4 March 2009

	*Revenue **		*Adjusted EBITA ***	
	2008 €'m	*2007 €'m*	***2008 €'m***	*2007 €'m*
General Produce division	**2,369.4**	2,288.3	**42.4**	41.1
Consumer Goods & Healthfoods division	**146.3**	142.8	**4.1**	2.6
Total	**2,515.7**	2,431.1	**46.5**	43.7

* Including the Group's share of joint ventures and associates
** Adjusted EBITA excludes exceptional items and fair value movement on investment properties

Consolidation

Niall Quinn, Sales Executive with Total Produce Dublin in conversation with Derek Leonard, long established wholesaler in the Dublin fruit market. Total Produce consolidates supply to the Irish market; securing volumes, assuring quality and customising packaging before distributing the freshest fruits and vegetables from nine strategically positioned hubs across the island to a multitude of retailers, wholesalers and foodservice operators nationwide.

Total Produce is Ireland's largest fresh produce provider offering a comprehensive menu of services to customers ranging from simple service provision to complete category management. Supplying the complete range of fresh fruits and vegetables to the retail, wholesale and foodservice sectors, Total Produce Ireland operations complement those of sister group companies Uniplumo ltd (flowers) and Allegro ltd (Consumer Goods and Healthfoods Division) in the Irish market.

Financial Review

Summary of Results

	2008 €'m	*2007 €'m*	*Change %*
Revenue including share of joint ventures/associates	**2,515.7**	2,431.1	+3.5
Share of joint ventures/associates	**(264.7)**	(280.5)	
Group revenue	**2,251.0**	2,150.6	+4.7
Adjusted EBITDA (1)	**60.4**	57.4	+5.4
Depreciation	**(13.9)**	(13.7)	
Adjusted EBITA (1)	**46.5**	43.7	+6.6
Net financial expense – Group	**(5.5)**	(4.5)	
Net financial expense – Joint ventures/associates	**(0.2)**	(0.3)	
Adjusted profit before tax (2)	**40.8**	38.9	+4.9
Exceptional items(before joint ventures' tax)	**(4.5)**	–	
Amortisation charge	**(5.1)**	(5.1)	
Fair value gains on investment properties	**–**	0.6	
Tax charge of joint ventures/associates	**(1.5)**	(1.3)	
Profit before tax	**29.8**	33.2	-10.1
Group tax charge	**(8.5)**	(9.0)	
Minority interests	**(6.0)**	(5.1)	
Profit attributable to equity shareholders	**15.4**	19.1	-19.4

	2008 Cent	*2007 Cent*	*Change %*
Adjusted fully diluted EPS (3)	**6.75**	6.35	+6.3
Basic and fully diluted EPS	**4.36**	5.43	-19.7

(1) Adjusted EBITDA and EBITA exclude exceptional items and fair value movement on investment properties.

(2) Adjusted profit before tax excludes exceptional items, fair value movement on investment properties, amortisation of intangible assets and the Group's share of joint ventures tax which under IFRS rules is reflected in profit before tax.

(3) Adjusted earnings per share excludes exceptional items, fair value movements on investment property and amortisation of intangible assets and the related tax on such items.

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 15.

TRANSLATION OF FOREIGN CURRENCIES

The financial information of the Group is presented in euro. Results and cashflows of foreign currency denominated operations have been translated into euro at the average exchange rates for the year, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. Adjustments arising on translation of the results of foreign currency denominated operations at average rates, and on restatement of the opening net assets at closing rates, are dealt with in a separate translation reserve within equity, net of differences on related foreign currency borrowings. All other translation differences are taken to the income statement.

The following is an analysis of the significant exchange rates used for translation of results and balance sheets into euro;

	Average Rate		*Closing Rate*	
	2008	*2007*	***2008***	*2007*
Pound Sterling	**0.7986**	0.6810	**0.9667**	0.7378
Swedish Krona	**9.5946**	9.2415	**10.9916**	9.4524
Czech Koruna	**25.4075**	27.6424	**26.8428**	26.6130
Danish Kroner	**7.4561**	7.4507	**7.4427**	7.4575
South African Rand	**12.0105**	9.6710	**12.8500**	10.0145

NET FINANCIAL EXPENSE

Net financial expense for the year is €5.5 million compared to €4.5 million for the prior year. The increase arises from the full year interest charge on borrowings to finance 2007 acquisitions and deferred consideration payments together with borrowings to finance acquisitions in 2008. While the acquisition activity over the past two years has increased the net finance costs, EBITA /net interest cover remains very comfortable at 8.2 times in 2008 (2007: 9.2 times).

AMORTISATION OF INTANGIBLE ASSETS

The Group's intangible assets mainly represent the value of customer relationships arising on acquisitions. Intangible assets are amortised over their estimated useful economic lives ranging from three to fifteen years. The amortisation charge in the year on these assets was €5.1 million (2007: €5.1 million).

ADJUSTED PROFIT BEFORE TAX AND ADJUSTED EBITA

Total Produce believes that adjusted profit before tax and adjusted fully diluted earnings per share (as defined in the previous page) are the appropriate measures of the underlying performance of the Group. The summary below sets out the details of the adjusted profit before tax and adjusted EBITA for the Group in respect of 2008 and 2007.

	2008 €'m	*2007 €'m*
Profit before tax per income statement	**29.8**	33.2
Adjustments:		
Exceptional items (before joint venture's tax)	**4.5**	-
Fair value gains on investment properties – Group[1]	**-**	(0.3)
Fair value gains on investment properties – Joint ventures[1]	**-**	(0.3)
Group share of tax charge of joint ventures/associates	**1.5**	1.3
Amortisation of intangible assets including share of joint ventures and associates	**5.1**	5.1
Adjusted profit before tax	**40.8**	38.9
Exclude:		
Financial expense including share of joint venture's and associates	**5.7**	4.8
Adjusted EBITA	**46.5**	43.7

(1) *On materiality grounds, these items were not classified as exceptional in 2007. In 2008, the comparable items are included within exceptional items as analysed on the opposite page.*

Financial Review *(Continued)*

EXCEPTIONAL ITEMS	*2008* *€'m*
Cost associated with termination of activities (note a)	(2.1)
Impact of revaluation of investment property and impairment of property, plant, and equipment within subsidiaries (note b)	0.3
Share of joint ventures fair value movements in investment properties (note b)	(1.5)
Impairment of available for sale equity investments (note c)	(1.2)
Total exceptional items (before joint ventures tax)	**(4.5)**
Share of joint ventures deferred tax on movement in investment property	(0.1)
Total exceptional items (after joint ventures tax)	(4.6)
Tax on exceptional items – subsidiaries	(0.2)
Total exceptional items (net of tax)	**(4.8)**

(a) Costs associated with termination of activities

During the year the Group terminated an operation in its Consumer Goods and Healthfoods Division and also closed a number of smaller operations in its General Produce Division in the UK. The total cost of these closures amounted to €2,148,000. Please see Note 5 of accompanying financial statements for further details.

(b) Revaluation of property

During the year, the Group revalued land and buildings, including investment property, which resulted in a net credit of €321,000 in the Group income statement. This net credit consists of a €2,176,000 impairment charge arising on property, plant and equipment, and fair value gains on investment property in the amount of €2,497,000.

Also, during the year the Group revalued investment properties held within the Group's joint ventures resulting in a reduction in fair value of €1,458,000 being charged to the Group income statement.

Please see Note 9 and 10 of accompanying financial statements for detailed analysis of revaluation of land and buildings and investment properties.

(c) Impairment of available for sale equity investments

This represents a €1,107,000 reduction in the carrying value of an equity investment together with the elimination of a €62,000 fair value deficit recognised in equity in the prior year. The fair value of the investment was measured in the foreign currency in which it is denominated resulting in an underlying fair value uplift. However, on translation to euro using the closing exchange rate, a foreign exchange loss resulted in an overall fair value decline. Please see Note 13 of accompanying financial statements for further details.

TAX CHARGE

Including the Group's share of the tax charge of its joint ventures and associates amounting to €1.5 million (2007: €1.3 million), which is netted in operating profit in accordance with IFRS, the total tax charge for the year amounted to €10.0 million (2007: €10.3 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 and fair value gains on investment properties, the underlying tax charge for the year was €10.7 million (2007: €11.5 million), equivalent to a rate of 26.3% (2007: 29.4%) when applied to the Group's adjusted profit before tax.

Financial Review *(Continued)*

MINORITY INTERESTS SHARE OF PROFITS

The minority share of profits was €6.0 million for 2008, an increase of €0.9 million on 2007. This increase is due primarily to the 40% minority interest share of profits on the 2008 acquisitions in The Netherlands and the full year effect of bolt on acquisitions with minority interests made in 2007.

EARNINGS PER SHARE

Adjusted earnings per share amounted to 6.75 cent for 2008, a 6.3% increase year-on-year in line with expectations. Excluding the impact of the translation of profits from non-euro currencies at the average exchange rates for 2008 compared to 2007, the growth in adjusted EPS was 12%. Basic earnings per share amounted to 4.36 cent compared to 5.43 cent in 2007.

COMPOUNDED AVERAGE GROWTH RATES

During the period 2004 – 2008, the Group has shown strong growth in revenue and earnings as highlighted below:

Revenue	12.9%
Adjusted EBITA (1)	7.5%
Adjusted EPS (1)	9.1%

(1) Excluding exceptional items, fair value movements on investment property and amortisation of intangible assets, in EBITA on a pre-tax basis; in EPS on an after tax basis.

DIVIDEND

The Board is proposing to pay a final dividend for 2008 of 1.15 cent per share, subject to shareholder approval at the forthcoming AGM. This dividend, which will be subject to Irish witholding tax rules, will be paid on 3 June 2009 to shareholders on the register on 1 May 2009. In accordance with company law and IFRS, this dividend has not been provided for in the balance sheet at 31 December 2008. Total dividends for 2008 will amount to 1.69 cent per share and represent an increase of 2.4% on the 2007 dividend.

SUMMARY BALANCE SHEET

The following is a summary of the Group Balance Sheet at 31 December 2008:

	2008 €'m	*2007* €'m
Property, plant and equipment and investment property	134.0	136.4
Goodwill and intangible assets	119.1	123.6
Investments in joint ventures and associates	35.9	41.5
Equity investments	8.2	9.5
Working capital	14.1	8.2
Provisions (mainly deferred consideration)	(11.4)	(11.6)
Other	(2.2)	(2.8)
Employee benefit liabilities (net of deferred tax)	(14.5)	(0.6)
Taxation (excluding deferred tax on employee benefit liabilities)	(24.9)	(22.5)
Net debt	(60.2)	(72.0)
Net assets	198.1	209.7
Shareholders equity	144.6	163.7
Minority interests	53.5	46.0
	198.1	209.7

Logistics

Assistant trader Tomáš Látal based in Hortim's main depot in Brno inspects a consignment of fresh produce before final dispatch to a retail customer. Ongoing investment in modern facilities and an efficient, extensive logistical infrastructure enables Hortim International to consistently meet the most exacting customer service level requirements while assuring product quality.

With headquarters in Brno, Hortim's reach extends across the Czech Republic and Slovakia. Hortim's Prague facility opened in 1997 and the company now also operates facilities out of Ostrava in the Czech Republic and Bratislava in Slovakia. Hortim operates out of state of the art facilities including modern banana ripening rooms, temperature controlled transportation, advanced packing equipment and some 33,000m² of warehousing.

Financial Review *(Continued)*

EMPLOYEE BENEFITS

In compliance with IFRS, the net assets and actuarial liabilities of the defined benefit pension schemes computed in accordance with IAS 19 *Employee Benefits* have been included in the Group Balance Sheet. The table below summarises the movements in the net liability on the Group's various defined benefit pension schemes in Ireland, the UK and Continental Europe. The Group's balance sheet at 31 December 2008 reflects pension assets of €3.2 million in respect of schemes in surplus and pension liabilities of €19.9 million in respect of schemes in deficit.

The current/past service cost is charged in the income statement, net of the finance income on scheme assets and liabilities. Actuarial gains/(losses) are recognised in the statement of recognised income and expense.

The increase in the scheme's deficit during the year arose primarily because of the diminution in the pensions' schemes assets due to negative stock market returns as a result of the ongoing financial crisis. The fall in the value of the assets was partly offset by the effect of increased discount rates which reduced the present value of the schemes obligations.

	2008 *€'m*	*2007* *€'m*
Net liability at beginning of year	(1.4)	(0.2)
Employment benefit liability acquired as part of acquisition of subsidiary	–	(7.5)
Current/past service cost less net finance income recognised in income statement	(1.7)	(2.2)
Contributions to schemes	4.4	4.6
Actuarial (loss)/gain recognised in statement of recognised income and expense	(18.4)	3.4
Foreign exchange movement	0.4	0.5
Net liability at end of year	(16.7)	(1.4)
Related deferred tax asset	2.2	0.8
Net liability	(14.5)	(0.6)

Financial Review *(Continued)*

SHAREHOLDERS EQUITY

Shareholders' equity at 31 December 2008 amounted to €144.6 million compared to €163.7 million in 2007. The primary reason for the movement is due to the actuarial losses on the Group's defined benefit pension schemes and translation losses on foreign currency operations. During the year the Group experienced an actuarial loss of €16.4 million (net of deferred tax) on the Group's defined benefit pension schemes. The Group has significant investment in non-euro companies and given the strength of the euro in 2008 this has resulted in an adverse exchange adjustment on translation of the net assets of foreign currency operations which has been taken directly to reserves, thereby reducing shareholders equity by €15.8 million. This annual translation adjustment can be positive or negative depending on the movement between the opening and the closing exchange rates. During the year, dividends of €5.9 million were recognised and paid to the equity shareholders of the Company.

The movements within shareholders equity are summarised in the following table:

	2008 €'m	*2007 €'m*
Total shareholders' equity at the beginning of the year	163.7	147.4
Actuarial (loss)/gain - defined benefit pension schemes (net of deferred tax)	(16.4)	2.0
Loss on translation of net assets of foreign operations	(15.8)	(5.4)
Other movements recognised directly in equity	2.9	1.7
Net expense recognised directly in equity attributed to equity shareholders	(29.3)	(1.7)
Profit for year attributed to equity shareholders	15.4	19.1
Total recognised income and expense attributable to equity shareholders	(13.9)	17.4
Shares issued	–	0.6
Share based payment expense	0.3	0.1
Dividends paid to equity shareholders	(5.9)	(1.8)
Gain on acquisitions of interests of minority shareholders recognised directly in equity	0.5	–
Total shareholders' equity at the end of the year	144.6	163.7

Category Management

Paulina Luedtke , "Quality & Environment" Adviser in Helsingborg demonstrates to a retail customer On-Lime, a streamlined electronic produce ordering system pioneered by Total Produce Nordic. Additional value-added services offered to trade partners include staff training programmes, range management, store design consultation, IT ordering solutions and innovative packaging, promotional and advertising support.

Total Produce Nordic is comprised of the Everfresh Group in Sweden and Lembke bdr in Denmark. With logistics centres operating in Helsingborg, Stockholm, Copenhagen and Aarhus, Total Produce Nordic is the market leader in both countries. A complete fresh produce solution provider, Total Produce Nordic markets the complete range of fresh fruits & vegetables to retailers, wholesalers and food service operators.

Financial Review *(Continued)*

SUMMARY OF MOVEMENT IN NET FUNDS

Net debt, comprising cash plus short term deposits less debt, at the end of the year was €60.2 million (2007: €72.0 million) reflecting in part the positive foreign exchange translation adjustment of €6.3 million. Total Produce generated operating cashflows during the year before working capital movements of €40.4 million and funded capital expenditure, bolt on acquisitions and dividend payments leaving a significant surplus. This is representative of the strong cash generating ability of the Group. The cash outflow on acquisitions during the year was €23.3 million which comprised €17.9 million on acquisition of subsidiaries, €3.7 million for investments in joint ventures and deferred consideration payments of €1.7 million. Cash outflow on capital expenditure, net of disposals, was €14.7 million. Dividend payments to ordinary shareholders amounted to €5.9 million during the year. Dividends of €5.3 million were also paid during 2008 to minority shareholders within a number of the Group's non-wholly owned subsidiaries.

	2008 €'m	*2007 €'m*
Adjusted profit before tax	40.8	38.9
Depreciation	13.9	13.7
R&D amortisation	0.4	0.5
Share of joint ventures/associates profit before tax	(2.6)	(2.0)
Income tax paid	(7.1)	(11.7)
Other	(5.0)	(1.8)
Cash generated from operations before working capital movements	40.4	37.6
Decrease in working capital	12.1	12.6
Cash generated from operations after working capital movements	52.5	50.2
Acquisition of subsidiaries, net of cash/bank overdraft acquired	(17.9)	(32.9)
Acquisition of joint ventures and trade investments	(3.7)	(7.3)
Capital expenditure net of disposals	(14.7)	(14.5)
Payment of deferred consideration	(1.7)	(43.6)
Subsidiary becoming a joint venture	-	(8.6)
Dividends to equity shareholders	(5.9)	(1.8)
Dividends received from joint ventures/associates	2.0	2.2
Dividends paid to minority interests	(5.3)	(4.5)
Other	0.2	(3.2)
Cash flow movements	5.5	(64.0)
Translation adjustment	6.3	2.0
Net debt at the beginning of year	(72.0)	(10.0)
Net debt at end of year	(60.2)	(72.0)

Frank Gernon
Finance Director
4 March 2009

Promoting Healthy Diet

Paula Mee, leading Irish Food Nutritionist and Spokesperson for the "Incredible Edibles" programme in Ireland with a student from St.Raphael's NS, Dublin. Designed to promote healthy eating, Total Produce is a primary sponsor of the Incredible Edibles scheme which encourages children across Ireland to grow five fruits and vegetables in the classroom. Growing kits including growing trays, compost, seeds and instructional DVD's, leaflets and wall-charts have been distributed to 4,000 schools nationwide.

Total Produce is wholly committed to the promotion of a healthy diet across Europe. The Incredible Edibles programme is representative of a variety of similar innovative programmes focused on increasing the consumption of fresh fruits and vegetables as part of a balanced diet of which Total Produce operating companies and partners across the continent are enthusiastic sponsors.

Corporate Social Responsibility

Few industries can contend with the certainty of the fresh produce sector, that their core business - in this instance increasing fresh fruit and vegetable consumption, makes so positive a contribution to public diet and general well being. The fresh produce industry is an industry of worth.

In Total Produce, we recognise that for those of us at the forefront of this sector ours is a position of both privilege and responsibility. Trust in fresh fruits & vegetables remains ever contingent on a confidence in the supply chain through which produce is procured and in the integrity of those from whom it is sourced. Total Produce's commercial reputation- a reputation cultivated across a century of trading is already one of a progressive corporate citizen, accomplished at practically embracing our responsibilities and uncompromising in the pursuit of best practice. This is a reputation we are determined to maintain.

As a customer orientated organisation, the delivery of premium quality, safe, traceable produce to the consumer must always remain a priority for us. We recognise also, though the obligations inherent in the pursuit of this goal, most notably to the nations from which we source, and more specifically to our partners in production- the local and global growers who supply us. This obligation extends beyond the growers and their people to the environment in which they operate, of course while as an organisation whose operations transcend borders and cultures, we recognise also our wider obligations to the communities we serve across the European marketplace- to our employees, our customers, our shareholders and of course, the consumer.

Total Produce is committed to engaging with stakeholders, implementing responsible trading practices and contributing positively to the environments in which we operate. We believe in responding to consumer concerns and are enthusiastic, innovative promoters of healthier diets among consumers.

Policies and protocols engrained in our day to day operations illustrate our on going commitment to the adherence to principled trading practices in our delivery of operational excellence and superior produce;

Codes of Best Practice

Total Produce has established Codes of Best Practice with which it 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 generally monitored on a regular basis and our internal review procedures are subject to continual independent evaluation.

GLOBALGAP Membership

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

Total Produce is also an active participant 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. We do so convinced that a commercially responsible Total Produce will continue to be a commercially successful Total Produce and that the dividends of a progressive Total Produce are rewards that can be shared by all.

Engaging the Industry

Floris Nagtegaal, Total Produce BV and Joanna Lutkin, Total Produce UK in conversation on the Total Produce stand at Fruit Logistica '09 in the Messe Berlin. Fruit Logistica provides a unique opportunity not only for the constituent elements of the Total Produce Group to come together but also for our traders and Category Managers to renew long standing relationships with suppliers and to introduce the many customers who join them to the people behind our produce from around the world.

Fruit Logistica is the global fresh produce industry's foremost trade event. For the second time, Total Produce Ireland, UK, the Netherlands and Nordic came together alongside Everfresh, Lembcke, Hortim International, Peviani, Redbridge and Grupo Eurobanan to exhibit under the Total Produce Group banner in February 2009.

Financial Statements

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Directors and Other Information

TOTAL PRODUCE PLC DIRECTORS

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

COMPANY 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

SOLICITOR

Arthur Cox
Arthur Cox Building
Earlsfort Terrace
Dublin 2

STOCKBROKER AND NOMINATED ADVISOR

Davy
49 Dawson Street
Dublin 2

REGISTRARS

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

BANKERS

Allied Irish Banks plc
Bankcentre
Ballsbridge
Dublin 4

Bank of Ireland
Lower Baggot Street
Dublin 2

BNP Paribas
5 George's Dock
IFSC
Dublin 1

Danske Bank A/S
3 Harbourmaster Place
IFSC
Dublin 1

Ulster Bank
George's Quay
Dublin 2

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Dublin 2

BNP Paribas
5 George's Dock
IFSC
Dublin 1

Danske Bank A/S
3 Harbourmaster Place
IFSC
Dublin 1

Ulster Bank
George's Quay
Dublin 2

Directors' Report

The directors present their report to the shareholders, together with the audited financial statements of the Group and Company, for the year ended 31 December 2008.

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 15 and in the Financial Review on pages 17 to 25, including an analysis of the key performance indicators used to measure performance of the Group. These are defined as revenue, margin, volume, price and adjusted EBITA.

PROFIT

Details of the profit for the year are set out in the income statement for the year ended 31 December 2008 on page 50.

DIVIDEND

An interim dividend of €0.54 cent (2007: €0.50 cent) per share was paid on 3 November 2008. The directors have proposed, subject to shareholder approval at the Annual General Meeting (AGM), the payment of a final dividend for 2008 of €1.15 cent per share. This total dividend of €1.69 cent per share compares with a total dividend of €1.65 cent per share for 2007, an increase of 2.4%.

FUTURE DEVELOPMENTS

A review of future developments of the business is included in the Chairman's Statement on page 13.

DIRECTORS AND SECRETARY

In accordance with the Articles of Association of the Company, C P McCann and J J Kennedy retire from the Board and, being eligible, offer themselves for re-election at the AGM. None of these directors has a service contract with any Group company.

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 42 to 46.

SUBSTANTIAL HOLDINGS

The directors have been notified of the following significant interests in the issued ordinary share capital of the Company at 4 March 2009:

	Number of ordinary shares	*%*
Balkan Investment Company and related parties *(including Arnsberg Investment Company)*	37,238,334	10.58
AXA S.A.	22,905,306	6.51
Allied Irish Banks plc	22,420,354	6.37
Marathon Asset Management	20,548,083	5.84
Gartmore Investment Management Limited	17,768,826	5.05
Sparinvest Holdings	17,616,849	5.01
Irish Life Investment Managers	14,366,432	4.08
Pineapple Offshore Fund/Pineapple Partners LP	11,097,049	3.15

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

Directors' Report *(Continued)*

DIRECTORS' INTERESTS IN CONTRACTS

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

One of the directors has an indirect interest in the Group's investment in a joint venture and this is noted in Note 28 of the accompanying financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Under Irish company law, the Group and Company are required to give a description of the principal risks and uncertainties which they face. These principal risks are set out below:

- The Group's earnings are largely dependent on the volume of produce and other goods sold and the selling prices obtained in the market. 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.
- 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, from time to time may enter into short term seasonal purchase agreements, committing it to purchase fixed quantities of produce at fixed prices. The Group is exposed to the risk of losses arising from any inability to sell on these committed quantities and/or achieve the committed price.
- 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.
- The Group's customer base in both the General Produce and the Consumer Goods and Healthfoods Divisions consists primarily of major retailers and wholesalers. The increasing concentration of customers can increase credit risk. Changes in the trading relationships with major customers, or of their procurement policies, could positively or adversely affect the operations and profitability of the Group.
- The Group is exposed to fluctuations in credit markets which could impact the availability and cost of financing for the Group. The Group manages this risk by maintaining a sufficient level of committed funding facilities, with a phased maturity profile.
- Many of the Group's subsidiaries operate in currencies other than the euro, and adverse changes in foreign exchange rates relative to the euro could adversely affect Group reported earnings and cash flows.
- 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.
- The Group primarily procures its bananas and pineapples from Fyffes plc ("Fyffes") and consequently is exposed to the future performance of Fyffes' bananas and pineapples.

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

FINANCIAL RISK MANAGEMENT

The Group's multinational operations expose it to different financial risks that include foreign exchange risk, credit risk, liquidity risk, interest rate risk, and equity price risk. 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 of 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 Charles McCann Building, Rampart Road, Dundalk, Co. Louth, Ireland.

POLITICAL DONATIONS

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

POST BALANCE SHEET EVENTS

There have been no significant events since the year end which would require disclosure or adjustment in the financial statements.

AUDITOR

The auditor, KPMG, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Information on the Group's significant subsidiaries, joint ventures and associates is included in Note 32 of the financial statements.

SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING

Notice of the 2009 Annual General Meeting with details of the special business to be considered at the meeting is enclosed within the Annual Report on page 122. In addition to the usual business to be transacted at the AGM (as set out in resolutions 1 to 4 in the notice of the meeting) there are six items of special business which are described further below.

The first four items of special business (i.e. Resolutions 5, 6, 7 and 8) all relate to the share capital of the Company and concern matters which are now routine for most public companies. The remaining two items of special business relate to the implementation of the Shareholders Rights Directive and proposed changes in the Memorandum and Articles of Association of the Company to take account of this directive.

Under the first item of special business (Resolution 5), shareholders are being asked to renew, until the date of the Annual General Meeting to be held in 2010 or 28 August 2010 (whichever is the earlier), the authority of the directors to allot new shares. This authority will be limited to the allotment of up to an aggregate amount of €1,161,226 in nominal value of ordinary shares (being 33% of the nominal value of the Company's issued share capital as at 24 April 2009).

Under the second item of special business (Resolution 6), shareholders are being asked to renew the authority to disapply the strict statutory pre-emption provisions in the event of a rights issue or in any other issue up to an aggregate amount of €351,887 in nominal value of ordinary shares, representing 10% of the nominal value of the Company's issued ordinary share capital for the time being. If adopted, this authority will expire on the earlier of the close of business on 28 August 2010 or the date of the Annual General Meeting of the Company in 2010.

Under the third item of special business (Resolution 7), shareholders are being asked to extend the authority granted at the last AGM to give the Company, or any of its subsidiaries, the authority to purchase up to 10% of its own shares. If adopted, this authority will expire on the earlier of the close of business on 28 August 2010 or the date of the Annual General Meeting of the Company in 2010. The directors are currently considering exercising this power, if an appropriate opportunity arises. Any such purchases would be made only at price levels which the directors considered to be in the best interests of the shareholders generally, after taking into account the Company's overall financial position. Any shares which may be purchased will be acquired either directly by the Company or through a subsidiary of the Company and will be held as treasury shares and will not be cancelled. In addition, the authority being sought from shareholders will provide that the minimum price which may be paid for such shares shall not be less than the nominal value of the shares and the maximum price will be 105% of the then market price of such shares.

Shareholders are also being asked under the fourth item of special business (Resolution 8) to pass a resolution authorising the Company to reissue such shares purchased by it and not cancelled as treasury shares. If granted, the minimum and maximum prices at which treasury shares may be reissued shall be set at 95% and 120%, respectively, of the then market price of such shares. This authority will expire on the earlier of the close of business on 28 August 2010 or the date of the Annual General Meeting of the Company in 2010.

Directors' Report *(Continued)*

SPECIAL BUSINESS AT ANNUAL GENERAL MEETING *(Continued)*

Proposed changes in anticipation of the Shareholder Rights Directive

In anticipation of some of the changes that will be introduced when the Shareholder Rights Directive is implemented into Irish law, your Board is proposing two special resolutions under the fifth and sixth items of special business (i.e. Resolutions 9 and 10). If adopted, Resolution 9 will maintain the existing authority in the Articles of Association which permits the Company to convene an extraordinary general meeting on 14 days notice in writing where the purpose of the meeting is to consider an ordinary resolution. If adopted, Resolution 10 will amend the Company's Articles of Association so as to update the provisions regarding the appointment of proxies and corporate representatives. In addition to approving the procedures for the appointment of proxies electronically, these changes will:

(a) permit shareholders to appoint more than one proxy or corporate representative and, in doing so, to designate the shares which relate to such an appointment, and
(b) require that all proxy instructions allow for the three way voting on substantive resolutions and require any proxy to vote as directed in the proxy instruction.

A copy of the Articles of Association is available on the Company's website (www.totalproduce.com) and can be inspected during normal business hours on any weekday (Saturdays and public holidays excepted) at the Company's registered office up to and including 28 May 2009 and at the Radisson SAS Royal Hotel, Golden Lane, Dublin 8 for a period of 15 minutes before the AGM scheduled for 28 May 2009 at 10.30 a.m.

Further Action

A Form of Proxy for use at the AGM is enclosed. You are requested to complete, sign and return the Form of Proxy as soon as possible whether or not you propose to attend the meeting in person. To be valid, the Form of Proxy should be returned by hand or by post to the Registrar of the Company, Computershare Services (Ireland) Limited, P.O. Box 954, Sandyford, Dublin 18, or by facsimile transmission to the facsimile number printed on the Form of Proxy, to arrive not less than 48 hours before the time appointed for the holding of the meeting. The completion and return of a Form of Proxy will not preclude you from attending and voting at the meeting should you so wish.

Recommendation

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

On behalf of the Board

C P McCann	**J F Gernon**	
Chairman	*Finance Director*	*4 March 2009*

Corporate Governance Report

CORPORATE GOVERNANCE STATEMENT

The board of Total Produce plc is firmly committed to business integrity, high ethical values and professionalism in all its activities and operations. It is therefore committed to maintaining high standards of corporate governance.

As an AIM/IEX listed Company, Total Produce plc, is not required to comply with the principles and provisions of the Combined Code on Corporate Governance as issued by the Financial Reporting Council in July 2006. However, the Board has undertaken to comply with the Combined Code, as far as is practical, having regard to the size and nature of the Group.

The following statement, together with the Audit and Compensation Committees' Reports on pages 40 to 46, describe how the principles and provisions of the Combined Code have been applied.

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:

C P McCann	*Executive Chairman*
R P Byrne	*Chief Executive*
J F Gernon	*Finance Director*

Non-Executive:

R B Hynes	*Senior Independent Non-Executive Director, Chairman of the Compensation Committee*
J J Kennedy	*Chairman of the Audit Committee*

All of the directors have fiduciary responsibilities to shareholders. In addition, the executive directors are responsible for the operation of the business while the non-executive directors bring independent objective judgement to bear on Board decisions by constructively challenging management and helping to develop and execute the Group's strategic objectives.

Each of the executive directors has extensive knowledge of the fresh produce industry, in addition to wide-ranging business skills and commercial acumen. All of the directors bring an objective judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct.

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

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Board has determined both of the non-executive directors to be independent. In arriving at its conclusion, the Board considered many factors including, inter alia, whether any of the non-executive directors:

- have been an employee of the Group within the last five years;
- have, 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.

Each of the non-executive directors brings considerable business experience and independent challenge to the Board's deliberations and an unfettered perspective to their advisory and monitoring roles. The terms and conditions relating to the appointment of the non-executive directors are available for inspection at the Company's registered office during normal office hours and at the Annual General Meeting of the Company.

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

R B Hynes is the Senior Independent Non-Executive Director.

Board members are selected (See Nomination Committee terms of reference below) because of their relevant experience and appropriate training is available to them whenever necessary. Arrangements exist for 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.

OPERATION OF THE BOARD

The Board met regularly throughout the financial year with six scheduled Board meetings, in addition to which meetings are called as and when warranted by issues arising.

Attendance at scheduled Board and Committee meetings during the year was as follows:

	Full Board	*Audit Committee*	*Compensation Committee*	*Nomination Committee*
Number of scheduled meetings	**6**	**4**	**4**	**1**
C P McCann	6	–	–	1
R P Byrne	6	–	–	1
J F Gernon	4	*4	*4	–
R B Hynes	6	4	4	1
J J Kennedy	6	4	4	1

** in attendance only*

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

The Chairman held meetings with the non-executive directors without the executives present. There is interaction, as necessary, between senior executive management and Board members.

The Board has identified and formally adopted a schedule of key matters that are reserved for its decision, including the annual budgets, half-yearly and preliminary results announcements, the Annual Report, interim and final dividends, the appointment or removal of directors and the Company Secretary, circulars to shareholders, Group treasury policies, capital expenditures and acquisitions in excess of €20 million. Certain other matters are delegated to board committees, the details of which are set out on the opposite page.

OPERATION OF THE BOARD *(Continued)*

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 appointment and removal of the Company Secretary is a matter for the Board as a whole. The Company has put in place a directors' and officers' liability insurance policy.

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

EVALUATION OF PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

On an annual basis the Board evaluates its own performance and that of its committees and of each individual director. In assessing the performance of the Board in 2008, the directors considered such matters as the appropriateness of its composition, its effectiveness in developing Group strategy, its contribution to managing the Group's business and operational risks, its response to developing issues and its communications with the Group's stakeholders. In assessing the performance of the committees of the Board, the directors considered the appropriateness of their composition and terms of reference, their effectiveness in fulfilling their roles and their interaction with the Board. The assessment of the performance of individual directors included consideration of their contribution to the effective functioning of the Board, the appropriateness of their knowledge, skill and experience levels and their commitment to their roles. The Chairman summarised the outcome of these evaluation processes and reported them to the Board. The Board concluded that the Board, the directors and its Committees were effective in the performance of their duties. In addition, the non-executive directors meet without the Chairman annually to appraise the effectiveness of the Chairman.

BOARD COMMITTEES

There are three principal Board committees, the Audit, the Compensation and the 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 pages 40 and 41.

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 42 to 46.

NOMINATION COMMITTEE

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

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

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

Risk management within Total Produce plc is co-ordinated by an Executive Risk Committee which directs the implementation of the process consistently throughout the Group and reviews the relevant findings. The members of the Committee include the Chief Executive, the Group Finance Director, the Head of Internal Audit, the Company Secretary and a number of senior operational managers.

INTERNAL CONTROLS AND THE MANAGEMENT OF RISK *(Continued)*

Risk evaluation and recommendations for strategic change are reviewed by the Executive Risk Committee which reports its findings to the Audit Committee for its consideration. The Audit Committee, in turn, reports these findings to the Board, enabling corrective initiatives to be undertaken where appropriate.

Both the internal audit and risk management functions facilitate each other and, together with divisional management, provide the Board with distinct sources of reasonable assurance as to the effectiveness of the system of internal controls that underlies the Group's control environment. The Board conducts its own risk identification and assessment so that it is sufficiently aware of the principal threats to which the Group may be exposed. The Board's review includes financial, operational and compliance controls and risk management systems.

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

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

COMMUNICATION WITH SHAREHOLDERS AND ANNUAL GENERAL MEETING (AGM)

Communication with shareholders is given a high priority by Total Produce plc. The Group recognises the importance of maintaining regular dialogue and meetings with shareholders to ensure the Group's strategy and performance is understood.

Apart from the AGM, the Group communicates with its shareholders by way of the Annual Report and financial statements. The Group publishes its preliminary and interim results presentations on the Group's website (www.totalproduce.com). Stock Exchange announcements in respect of trading updates and corporate activity are similarly published on the website.

In addition, the Group communicates with its institutional shareholders through analysts' briefings throughout the year but particularly at the announcement of half-yearly and full year results.

The directors are kept informed on investor issues and the outcome of meetings with shareholders through reports and regular updates. The Chairman is available to discuss strategy and governance with major shareholders. The Chairman and the Senior Independent Non-Executive Director are available to address concerns with shareholders which cannot be addressed through normal channels.

A business presentation is provided at the Group's AGM followed by a question and answer forum which offers the 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 are announced in respect of each resolution considered at the AGM or any EGM. The Company will arrange for the Notice of the 2009 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 Review and Financial Review, the Directors' Report and financial statements (in addition to official Company press releases, Stock Exchange announcements and interim results) have been reviewed in order to ensure a balanced presentation, so that the Group's position and results may be properly appreciated by shareholders.

A summary of directors' responsibilities in respect of the financial statements is given on page 47. The system of internal controls and risk management established to safeguard the Company's assets is set out above. The Audit Committee, whose composition and functions are described on pages 40 and 41, 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.

Corporate Governance Report *(Continued)*

ENVIRONMENTAL MANAGEMENT, CORPORATE RESPONSIBILITY AND ETHICAL TRADING INITIATIVES

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

The Group actively promotes best business practices and standards that seek to enhance the health, education and conditions of workers and their families and to universally encourage the use of sustainable farming methods by its suppliers.

GOING CONCERN

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

Audit Committee Report

MEMBERSHIP AND RESPONSIBILITIES

The members of the Audit Committee ("the 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 Combined Code that at least one member of the Audit Committee should have recent relevant financial experience and that both are 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, which are available on request from the Company Secretary. They are summarised below:

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

Audit Committee Report *(Continued)*

INDEPENDENCE OF EXTERNAL AUDITOR

As part of the approval of the appointment of the external auditor, the Committee sought confirmation from the external auditor that it is, in its professional judgement, independent of Total Produce plc. The Committee monitors the nature, extent and scope of the non-audit services provided by the external auditor 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 and non-audit services are disclosed on page 69.

The Committee also reviewed the Group's practices in respect of the hiring of former employees of the external auditor in order to assess whether such appointments might affect, or appear to affect, the external auditor's independence. The Committee is 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 ("the Committee"), both of whom are independent non-executive directors, are R B Hynes (Chairman) and J J Kennedy. These directors have no financial interest and no potential conflicts of interest, other than as shareholders, in the matters to be decided, arising from cross-directorships and no day to day involvement in the running of the business.

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

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

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

The remuneration of the non-executive directors is 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 shareholders.

The recurring elements of the remuneration package for executive directors are basic pensionable salary and benefits, annual bonus, short term incentive plan (STIP), pensions and participation in the Company's share option scheme and profit sharing scheme. It is the policy of the Company to grant options to senior executives to encourage identification with shareholders' interests.

EXECUTIVE DIRECTORS' BASIC SALARY AND BENEFITS

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

PERFORMANCE RELATED BONUS

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

Compensation Committee Report *(Continued)*

PENSIONS

Pensions for executive directors are calculated on basic pensionable salary only and provide for two-thirds of salary for full service (40 years) at retirement. The Irish Finance Act 2006 effectively established a cap on pension provision by introducing a penalty tax charge on pension assets in excess of the higher of €5 million or the value of individual prospective pension entitlements as at 7 December 2005. As a result of these legislative changes, the Compensation Committee has approved an arrangement which involves a director capping his pension in line with the provisions of the Finance Act and receiving a supplementary taxable non-pensionable cash allowance in lieu of the prospective pension benefits foregone. This allowance is similar in value to the reduction in the Company's liability represented by the pension benefits foregone and was calculated based on actuarial advice as the equivalent of the reduction in the Company's liability to the director and spread over the term to retirement as an annual allowance. The actual allowances for 2008 and 2007 are detailed in note (i) on page 44.

SHORT TERM INCENTIVE PLAN

For the year ended 31 December 2008, the executive directors and the Company Secretary may earn a stretch bonus if an increase in adjusted earnings per share over prior year of between 10% and 30% is achieved. The potential award for the Chief Executive is from 12.5% to 100% of basic salary for performance within the above range. The Awards may be payable in the form of ordinary shares in the Company or cash (subject to PAYE) or a combination of both. The increase in adjusted earnings per share for 2008 over 2007 was 6.3% and accordingly no bonuses were paid. The increase in adjusted earnings per share for 2007 over 2006 was 11.4% and accordingly bonuses totalling €206,000 were awarded in 2007. The non-executive directors are not eligible to participate in this scheme.

EMPLOYEE SHARE OPTION SCHEME

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

At 31 December 2008, options had been granted but not yet exercised or vested over 7,485,000 (2007: 5,085,000) ordinary shares at prices ranging from €0.60 to €0.815 or 2.13% (2007: 1.45%) of the issued ordinary share capital. These included 1,540,000 (2007: 750,000) options granted to executive directors and 300,000 (2007: 160,000) options granted to the Company Secretary, further details of which are included on page 46.

EMPLOYEE PROFIT SHARING SCHEME

The Company has an employee profit sharing scheme which purchased shares in the market for executive directors and other employees of the Group during the year. In December 2008, 175,686 and 58,562 ordinary 1 euro cent shares were purchased by the trust at market value on behalf of the executive directors and Company Secretary respectively under this scheme in respect of 2008 as part of the settlement of annual bonus awards.

Non-executive directors do not participate in this scheme. The shares appropriated to the executive directors and Company Secretary are included in the directors' share interests disclosed on page 45.

SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had a beneficial interest in any material contract to which the Company, or any subsidiary was a party during the current financial year. One of the directors has an indirect interest in the Company's investment in a joint venture company and this is disclosed in Note 28 of the financial statements.

Compensation Committee Report *(Continued)*

DIRECTORS' REMUNERATION

Aggregate directors' remuneration for the year was as follows:

	Executive directors		Non-executive directors		Total	
	2008 €'000	2007 €'000	**2008 €'000**	2007 €'000	**2008 €'000**	2007 €'000
Basic salaries	**1,120**	1,071	**–**	–	**1,120**	1,071
Fees	**–**	–	**140**	130	**140**	130
Performance bonuses	**524**	616	**–**	–	**524**	616
Short term incentive plan	**–**	172	**–**	–	**–**	172
Benefits	**33**	32	**–**	–	**33**	32
Pension contributions/related payments	**359**	265	**–**	–	**359**	265
Total remuneration	**2,036**	2,156	**140**	130	**2,176**	2,286
Number of directors (average)	*3*	*3*	*2*	*2*	*5*	*5*

In accordance with IFRS 2 *Share-based Payment*, a further expense of €58,000 (2007: €8,000) has been recognised in the income statement in respect of share options granted to executive directors.

In accordance with IAS 19 *Employee Benefits*, the pension expense recognised in the income statement for executive directors amounted to €128,000 (2007: €69,000) compared with cash contributions of €359,000 (2007: €265,000). Actuarial losses recognised in the statement of recognised income and expense, in respect of pension benefits of executive directors, amounted to €1,560,000 (2007: actuarial gains of €105,000).

Executives	*Salary or fees €'000*	*Bonus €'000*	*Other benefits €'000*	*Pension contributions or related payments €'000*	***Total 2008 €'000***	*Total 2007 €'000*
C P McCann (i), (ii)	361	144	15	85	**605**	636
R P Byrne	418	209	–	188	**815**	836
J F Gernon	341	171	18	86	**616**	684
	1,120	524	33	359	**2,036**	2,156
Non-executives						
R B Hynes	70	–	–	–	**70**	65
J J Kennedy	70	–	–	–	**70**	65
	140	–	–	–	**140**	130
Total	**1,260**	**524**	**33**	**359**	**2,176**	**2,286**

Other benefits for executive directors relate entirely to motor expenses.

(i) No pension contributions to the Group's defined benefit pension scheme were made during 2007 or 2008 on behalf of C P McCann as his benefits under this scheme are now limited under Irish tax legislation for reasons explained on page 43. As a result, the Compensation Committee approved a payment of €85,000 (2007: €74,400) which was calculated in accordance with actuarial advice and net of the portion attributable to Blackrock to compensate him for the value of his pension contributions foregone, net of employers' social insurance contributions.

(ii) C P McCann is Executive Chairman of Blackrock International Land plc ("Blackrock"). In accordance with the terms of an agreement between Total Produce plc and Blackrock, Total Produce plc recharged an agreed portion of his employment costs (excluding bonus) to Blackrock to reflect the allocation of his time between these two roles. All amounts reflected above represent the portion of his remuneration attributable to Total Produce plc, net of agreed recharge to Blackrock.

Compensation Committee Report *(Continued)*

PENSION ENTITLEMENTS OF EXECUTIVE DIRECTORS

The pension benefits attributable to the executive directors during the year, and the total accrued pensions at the end of the year, were as follows:

Executive Directors	***Increase in accrued pension during 2008 (a) €'000***	***Transfer value of increase during 2008 (b) €'000***	***Total accrued pension at 31/12/2008 (c) €'000***
C P McCann	**–**	**–**	**227**
R P Byrne	**7**	**83**	**115**
J F Gernon	**6**	**102**	**198**
Total	**13**	**185**	**540**

Executive Directors	*Increase in accrued pension during 2007 (a) €'000*	*Transfer value of increase during 2007 (b) €'000*	*Total accrued pension at 31/12/2007 (c) €'000*
C P McCann	–	–	218
R P Byrne	6	69	105
J F Gernon	5	90	184
Total	11	159	507

(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 and the Company Secretary in the issued share capital of the Company are shown below:

Directors	***At 31/12/2008 beneficial number of Total Produce plc ordinary shares of €1 cent***	*At 31/12/2007 beneficial number of Total Produce plc ordinary shares of €1 cent*
C P McCann	**1,716,676**	1,553,195
R P Byrne	**414,373**	250,893
J F Gernon	**509,639**	378,945
R B Hynes	**50,000**	50,000
J J Kennedy	**50,000**	–
Company Secretary		
F J Davis	**253,213**	138,914

Compensation Committee Report *(Continued)*

DIRECTORS' AND COMPANY SECRETARY'S INTERESTS IN SHARE OPTIONS

Information on directors' and Company Secretary's share options to subscribe for ordinary shares of the Company at year end is set out below.

	Options held at 31/12/07	*Granted*	*Exercised*	*Options held at 31/12/08*	*Exercise price*	*Earliest date from which exercisable (if vested)*	*Expiry date*
C P McCann	275,000	–	–	275,000	€0.65	20/09/2010	19/09/2017
	–	300,000	–	300,000	€0.60	05/03/2011	04/03/2018
R P Byrne	275,000	–	–	275,000	€0.65	20/09/2010	19/09/2017
	–	300,000	–	300,000	€0.60	05/03/2011	04/03/2018
J F Gernon	200,000	–	–	200,000	€0.65	20/09/2010	19/09/2017
	–	190,000	–	190,000	€0.60	05/03/2011	04/03/2018
F J Davis*	160,000	–	–	160,000	€0.65	20/09/2010	19/09/2017
	–	140,000	–	140,000	€0.60	05/03/2011	04/03/2018

** Company Secretary*

The market price of the Company's shares at 31 December 2008 was €0.26 and the range during 2008 was €0.20 to €0.67. Other than as described above, there have been no movements in the share interests and interests in share options of the directors or Company Secretary between the year end and 4 March 2009. Options granted are only exercisable when the earnings per share figure, in respect of the third or any subsequent accounting period after the end of the base year (i.e. accounting period preceding the date of the grant), is greater than the earnings per share figure for the base year by a percentage which is not less than (on a year on year basis) the annual percentage increase in the consumer price index plus 5% compounded during that period.

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

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law and in accordance with AIM/IEX Rules, 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 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 AIM/IEX Rules issued by the Irish and London Stock Exchanges, the directors are also responsible for preparing a Directors' Report and reports relating to directors' remuneration that comply with that law and those rules. The directors have also elected to prepare a report on Corporate Governance. 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 31 December 2008 which comprise the Group Income Statement, the Group and Company Statements of Recognised Income and Expense, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements 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 47.

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. 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's 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 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 Auditor's 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 31 December 2008 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 31 December 2008; and
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

Other matters:

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 31 to 34 is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet on page 116 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 31 December 2008 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
Registered Auditor

Dublin, 4 March 2009

Group Income Statement

for the year ended 31 December 2008

	Notes	*Before exceptional items 2008 €'000*	*Exceptional items (Note 5) 2008 €'000*	***Total 2008 €'000***	*2007 €'000*
Revenue, including Group share of joint ventures and associates	1	2,515,694	–	2,515,694	2,431,147
Group revenue	1	2,250,964	–	2,250,964	2,150,621
Cost of sales		(1,951,218)	–	(1,951,218)	(1,859,871)
Gross profit		299,746	–	299,746	290,750
Operating costs, net	2	(262,412)	(2,996)	(265,408)	(255,097)
Share of profit of joint ventures	12	2,616	(1,593)	1,023	2,158
Share of loss of associates	12	(41)	–	(41)	(172)
Operating profit		39,909	(4,589)	35,320	37,639
Financial income	3	2,826	–	2,826	3,880
Financial expense	3	(8,335)	–	(8,335)	(8,361)
Profit before tax		34,400	(4,589)	29,811	33,158
Income tax expense	6	(8,285)	(185)	(8,470)	(8,979)
Profit for the financial year		26,115	(4,774)	21,341	24,179
Attributable as follows:					
Equity shareholders of the Company				15,357	19,055
Minority interests				5,984	5,124
				21,341	24,179
Earnings per ordinary share					
Basic	8			4.36 cent	5.43 cent
Fully diluted	8			4.36 cent	5.43 cent

On behalf of the Board

C P McCann
Chairman

J F Gernon
Finance Director

Group Statement of Recognised Income and Expense

for the year ended 31 December 2008

	Notes	2008 €'000	2007 €'000
Foreign currency translation effects:			
– foreign currency net investments – subsidiaries		(23,659)	(7,996)
– foreign currency net investments – joint ventures	12	(2,985)	(905)
– foreign currency borrowings		10,678	3,641
Revaluation gain on property, plant and equipment, net	9	3,929	1,706
Fair value adjustment on available for sale financial assets	13	62	(62)
Actuarial (loss)/gain on defined benefit pension schemes	26	(18,403)	3,401
Effective portion of cashflow hedges, net	3	668	–
Deferred tax on items taken directly to equity	6	1,389	(1,209)
Share of joint ventures' revaluation (loss)/gain on property, plant and equipment	12	(660)	294
Share of joint ventures' actuarial (loss)/gain on defined benefit pension schemes	12	(105)	189
Share of joint ventures' fair value adjustment on available for sale financial assets	12	(3)	25
Share of joint ventures' effective portion of cashflow hedges	12	(9)	–
Share of joint ventures' deferred tax on items taken directly to equity	12	262	(107)
Total income and expense recognised directly in equity		(28,836)	(1,023)
Profit for the financial year		21,341	24,179
Total recognised income and expense		(7,495)	23,156
Attributable as follows:			
Equity shareholders of the Company	17	(13,923)	17,354
Minority interests	18	6,428	5,802
Total recognised income and expense		(7,495)	23,156

Group Balance Sheet

as at 31 December 2008

Assets		2008	2007
Non-current	Notes	€'000	€'000
Property, plant and equipment	9	**121,679**	124,226
Investment property	10	**12,339**	12,194
Goodwill and intangible assets	11	**119,096**	123,586
Investments in joint ventures and associates	12	**35,913**	41,453
Equity investments	13	**8,180**	9,462
Other receivables	15	**3,286**	1,609
Deferred tax assets	24	**6,168**	5,231
Employee benefits	26	**3,237**	7,235
Total non-current assets		**309,898**	324,996
Current			
Inventories	14	**39,628**	37,351
Trade and other receivables	15	**271,327**	267,177
Corporation tax receivable		**1,577**	1,803
Derivative financial instruments	29	**1,370**	171
Cash and cash equivalents	16	**85,293**	87,104
Total current assets		**399,195**	393,606
Total assets		**709,093**	718,602
Equity			
Called-up share capital	17	**3,519**	3,519
Share premium	17	**252,574**	252,574
Other reserves	17	**(124,491)**	(111,745)
Retained earnings	17	**13,005**	19,366
Total equity attributable to equity holders of the Parent		**144,607**	163,714
Minority interests	18	**53,528**	45,997
Total equity		**198,135**	209,711
Liabilities			
Non-current			
Interest-bearing loans and borrowings	19	**79,512**	109,946
Deferred government grants	21	**1,932**	2,385
Other payables	20	**3,118**	2,612
Provisions	22	**8,366**	8,380
Corporation tax payable		**8,185**	7,772
Deferred tax liabilities	24	**20,820**	20,151
Employee benefits	26	**19,915**	8,675
Total non-current liabilities		**141,848**	159,921
Current			
Interest-bearing loans and borrowings	19	**65,981**	49,171
Trade and other payables	20	**298,496**	296,282
Provisions	22	**3,024**	3,226
Derivative financial instruments	29	**174**	291
Corporation tax payable		**1,435**	–
Total current liabilities		**369,110**	348,970
Total liabilities		**510,958**	508,891
Total equity and liabilities		**709,093**	718,602

On behalf of the Board

C P McCann
Chairman

J F Gernon
Finance Director

Group Cash Flow Statement

for the year ended 31 December 2008

Operating activities	Notes	2008 €'000	2007 €'000
Profit for the financial year		21,341	24,179
Adjustments for:			
Income tax expense	6	8,470	8,979
Depreciation of property, plant and equipment	9	13,911	13,687
Impairment of property, plant and equipment	9	2,176	113
Fair value movement on investment property	10	(2,497)	(360)
Impairment of available for sale financial assets	13	1,169	–
Amortisation of intangible assets	11	4,776	5,024
Goodwill written off on termination of a business	11	396	–
Amortisation of research and development	11	382	518
Amortisation of government grants	21	(508)	(521)
Movement on provisions	22	1,943	–
Defined benefit pension scheme expense	26	1,677	2,243
Contributions to defined benefit pension schemes	26	(4,439)	(4,563)
Share-based payment expense	26	281	93
Net gain on disposal of property, plant and equipment		109	69
Finance income	3	(2,556)	(3,584)
Finance expense	3	8,335	8,361
Loss on non-hedging derivative financial instruments	2	199	214
Gain on non-hedging derivative financial instruments	2	(641)	(120)
Share of profits of joint ventures	12	(1,023)	(2,158)
Share of losses of associates	12	41	172
Movement in trade and other receivables		13,357	5,228
Movement in trade and other payables		(115)	7,910
Movement in inventories		(1,199)	(540)
Income tax paid		(7,071)	(11,627)
Interest received		2,788	3,472
Interest paid		(8,820)	(6,617)
Cash flows from operating activities		52,482	50,172
Investing activities			
Acquisition of subsidiaries, net of cash acquired	25	(17,922)	(32,994)
Acquisition of and investment in joint ventures	12	(2,802)	(1,794)
Loans advanced to joint ventures	12	(877)	(12,256)
Loans repaid from joint ventures	12	–	6,750
Dividends received from joint ventures	12	2,017	2,152
Payments of deferred consideration	22	(1,677)	(43,556)
Acquisition of property, plant and equipment		(16,380)	(15,609)
Acquisition of investment property	10	–	(22)
Proceeds from disposal of property, plant and equipment		1,704	1,128
Acquisition of trade investment	13	(47)	(40)
Cash derecognised on subsidiary becoming a joint venture		–	(8,589)
Research and development expenditure capitalised	11	(347)	(303)
Government grants received	21	55	746
Cash flows from investing activities		(36,276)	(104,387)

Group Cash Flow Statement

for the year ended 31 December 2008 (Continued)

Financing activities	*Notes*	***2008 €'000***	*2007 €'000*
Proceeds from the issue of share capital	17	–	585
Proceeds from borrowings		29,686	86,411
Repayment of borrowings		(26,109)	(18,385)
Net cash movement in balance with Fyffes plc		–	(15,665)
Capital element of lease repayments		(679)	(1,270)
Capital contribution by minority interests		750	–
Dividends paid to minority interests	18	(5,347)	(4,543)
Dividends paid to equity shareholders	7	(5,947)	(1,755)
Cash flows from financing activities		(7,646)	45,378
Net increase/(decrease) in cash and cash equivalents		8,560	(8,837)
Cash and cash equivalents, including bank overdrafts at beginning of year		74,111	85,042
Effect of exchange rate fluctuations on cash and cash equivalents		(5,450)	(2,094)
Cash and cash equivalents, including bank overdrafts at end of year	16	77,221	74,111

Group Reconciliation of Net Debt

	Notes	***2008 €'000***	*2007 €'000*
Net increase/(decrease) in cash and cash equivalents		8,560	(8,837)
Proceeds from new borrowings		(29,686)	(86,411)
Repayment of borrowings		26,109	18,385
Interest bearing loans and borrowings arising on acquisition	25	–	(2,943)
Debt due to Fyffes plc arising on demerger		–	15,665
Capital element of lease repayments		679	1,270
Other movements on finance leases		(107)	(556)
Finance leases arising on acquisition	25	–	(552)
Foreign exchange movement		6,258	1,966
Movement in net debt		11,813	(62,013)
Net debt at beginning of year		(72,013)	(10,000)
Net debt at end of year	16	(60,200)	(72,013)

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 31 December 2008 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as "the Group") and show the Group's interest in its joint ventures and 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 4 March 2009.

The accounting policies applied in the preparation of the financial statements for the financial year ended 31 December 2008 are set out below.

STATEMENT OF COMPLIANCE

As permitted by European Union (EU) law and in accordance with AIM/IEX rules, 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 31 December 2008.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- available-for-sale financial assets are measured at fair value
- biological assets are measured at fair value less estimated point-of-sale costs
- investment property is measured at fair value

The methods used to measure fair values are discussed further in Note 29.

The operations of the Company were demerged from Fyffes plc on 30 December 2006 and acquired on that date by the Company. The operations had always constituted a separate business segment within Fyffes plc and, consequently, in the Group financial statements of Total Produce plc after the demerger, the financial position was presented to shareholders on the basis of the carrying value of the assets previously reported to them.

In accordance with Section 62 of the Companies Act 1963, the ordinary shares issued by the Company were recorded at their fair value on the date of issue. The difference between the fair value of the consideration received by the Company and the carrying values at which the net assets were previously reported has been recognised in the Group financial statements as a demerger reserve.

These consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest thousand.

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 the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key estimates and assumptions used in applying the Group's accounting policies and in measuring its assets and liabilities are set out in Note 30.

Significant Accounting Policies *(Continued)*

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. Associates are those entities in which the Group has significant influence, but not control of the financial and operating policies. Investments in joint ventures and associates are accounted for by using the equity method of accounting. Under the equity method of accounting, the Group's share of the post-acquisition profits or losses of its joint ventures and associates are recognised in the Group income statement. The income statement reflects in 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 and goodwill arising on the Group's investment. The amounts included in these financial statements in respect of the post acquisition income and expenses of joint ventures and associates are taken from 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. All joint ventures and associates have either coterminous financial year ends, or accounting year ends within three months of that of the Group. In the case of the latter, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the Group's financial statements. Where 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, joint ventures and associates are carried at cost less impairment. Dividend income is recognised when the right to receive payment is established.

PROPERTY, PLANT AND EQUIPMENT

Property is recognised at estimated fair value with the changes in the value of the property reflected in revaluation gains in the statement of recognised income and expense, except impairment losses, which are recognised in the income statement. The fair value is based on estimated market value at the valuation date, being the estimated amount for which a property could be exchanged in an arms length transaction. Such valuations are determined based on benchmarking against comparable transactions for similar properties in the same locations as those of the Group or on the use of valuation techniques including the use of market yield on comparable properties. Information on the basis on which such valuations were undertaken in the year is set out in Note 9.

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.

Significant Accounting Policies *(Continued)*

PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation is calculated to write off the carrying amount of property, plant and equipment, other than freehold land, on a straight line basis, by reference to the following estimated useful lives:

- Freehold buildings: 30-50 years.
- Leasehold improvements: Over the lesser of 40 years or the unexpired portion of the lease.
- Plant and equipment: 5-15 years.
- Motor vehicles: 5 years.

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

GOVERNMENT GRANTS

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

INVESTMENT PROPERTY

Investment property, principally comprising land, office buildings and warehouses, is property (including separate, self contained parts of such buildings) which is held for rental income or capital appreciation and is not occupied by the Group. Investment property is stated at estimated 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. Such valuations are determined based on benchmarking against comparable transactions for similar properties in the same locations as those of the Group or on the use of valuation techniques including the use of market yield on comparable properties. Information on the basis on which such valuations were undertaken in the year is set out in Note 10. All gains or losses arising from a change in fair value are recognised in the income statement. When property is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the property 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.

BIOLOGICAL ASSETS

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

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.

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.

Significant Accounting Policies *(Continued)*

FOREIGN CURRENCY *(Continued)*

The income 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 currency translation reserve.

The portion of exchange gains or losses on foreign currency borrowings used to provide a hedge against a net investment in a foreign operation that is designated as a hedge of those investments is recognised directly in equity to the extent that they are determined to be effective. 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 arose 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 businesses, 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 at net present value.

The assets, liabilities and contingent liabilities of businesses acquired 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 subsequent adjustments to the provisional values allocated to the identifiable assets, liabilities and contingent liabilities are made within twelve months of the acquisition date and presented as adjustments to the original acquisition accounting.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised, excluding goodwill, together with the share of income and expenses attributable to the interests they hold. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

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.

Significant Accounting Policies *(Continued)*

GOODWILL *(Continued)*

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

Research and development

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

Development activities involve a plan or design for the production of new and substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Capitalised expenditure is measured at cost less accumulated amortisation.

Customer relationships, supplier relationships and brands

Intangible assets acquired as part of a business combination are valued at their fair value at the date of acquisition. These include customer relationships, supplier relationships and brands. Intangible assets are amortised to the income statement on a straight line basis over the period of their expected useful lives as follows;

- Customer relationships 3-10 years
- Supplier relationships 7-8 years
- Brands 10-15 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 an expense as the related employee service is received.

Retirement benefit obligations - Group financial statements

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

The defined benefit pension asset or liability in the Group balance sheet comprises the total for each plan of the present value of the defined benefit obligation less 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 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 is not the sponsoring employer for any of the Group's defined benefit pension schemes. There is no stated policy within the Group in relation to the obligations of Group companies to contribute to scheme deficits. Group companies make contributions to the schemes as requested by the sponsoring employers.

EMPLOYEE SHARE-BASED PAYMENT TRANSACTIONS

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

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

TAXATION

Taxation on the profit or loss for the financial year comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in 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 substantively 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.

ASSETS HELD UNDER LEASES

Finance leases

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

Operating leases

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

BORROWING COSTS

Borrowing costs incurred in the construction of major assets which take a substantial period of time to complete are capitalised in the financial period in which they are incurred.

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.

Significant Accounting Policies *(Continued)*

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.

FINANCIAL INSTRUMENTS

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.

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. To the extent such investments represent strategic investments, the Group classifies income and expense arising as other operating income and expense.

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. 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.

Significant Accounting Policies *(Continued)*

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 FINANCE EXPENSE

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues using the effective interest method.

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

EXCEPTIONAL ITEMS

The Group has adopted an accounting policy which seeks to highlight significant items within the Group results. 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 significant 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 Group's financial statements in the period in which they are declared by the Company. In the case of interim dividends, these are considered to be declared when they are paid. In the case of final dividends, these are declared when authorised by the shareholders at the AGM.

Significant Accounting Policies *(Continued)*

NEW STANDARDS AND INTERPRETATIONS NOT APPLIED

The IASB and the International Financial Reporting Interpretations Committee (IFRIC) has issued the following standards and interpretations with an effective date after the date of these financial statements, which the Group has not early adopted:

New/revised International Financial Reporting Standards		*Effective Date periods beginning on or after*
IFRS 2	Share-based Payments – Amendment relating to vesting conditions and cancellations	1 January 2009
IFRS 3	Business Combinations – Comprehensive revision on applying the acquisition method*	1 July 2009
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations – amendments	1 July 2009
IFRS 8	Operating Segments	1 January 2009
IAS 1	Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income and additional amendments	1 January 2009
IAS 16	Property, Plant and Equipment – amendments	1 January 2009
IAS 19	Employee Benefits – amendments	1 January 2009
IAS 20	Government Grants and Disclosure of Government Assistance – amendments	1 January 2009
IAS 23	Borrowing Costs – Revision to prohibit immediate expensing and additional amendments	1 January 2009
IAS 27	Consolidated and Separate Financial Statements – amendments	1 July 2009
IAS 27	Consolidated and Separate Financial Statements – amendments	1 January 2009
IAS 28	Investments in Associates – amendments	1 July 2009
IAS 28	Investments in Associates – amendments	1 January 2009
IAS 31	Investments in Joint Ventures – amendments	1 July 2009
IAS 31	Investments in Joint Ventures – amendments	1 January 2009
IAS 32	Financial Instruments: Presentation – amendments	1 January 2009
IAS 36	Impairment of Assets – amendments	1 January 2009
IAS 38	Intangible Assets – amendments	1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement – amendments	1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement – amendments	1 July 2009
IAS 40	Investment Property – amendments	1 January 2009

New/Revised International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 15	Agreements for the Construction of Real Estate*	1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation*	1 October 2008
IFRIC 17	Distributions of Non-cash Assets to Owners*	1 July 2009

* Not yet endorsed by the European Union

The Directors anticipate that the adoption of these standards and interpretations will not have a material impact on the Group financial statements in the period of initial application except for the additional disclosures on operating segments when the relevant standards come into effect. Whilst the application of IFRS 8 may result in amendments to the segment information note accompanying the Group financial statements, these amendments will not be of a recognition and measurement nature given the disclosure focus of the standard.

Notes to Group Financial Statements

31 December 2008

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:

- General Produce Division: 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.

- Consumer Goods and Healthfoods Division: This segment includes the Group's consumer goods distribution business and its healthfoods 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's subsidiaries. Segment assets are based on the geographical location of the assets.

	General Produce 2008 €'000	*Consumer Goods & Healthfoods 2008 €'000*	*Group Total 2008 €'000*
Revenue, including Group share of joint ventures and associates	2,369,437	146,257	2,515,694
Less share of joint ventures and associates	(264,730)	–	(264,730)
Group revenue	2,104,707	146,257	2,250,964
Operating profit			
– Subsidiaries	33,484	3,850	37,334
– Joint ventures and associates	2,575	–	2,575
	36,059	3,850	39,909
Exceptional items (Note 5)	(3,673)	(916)	(4,589)
Operating profit	32,386	2,934	35,320

	General Produce 2007 €'000	*Consumer Goods & Healthfoods 2007 €'000*	*Group Total 2007 €'000*
Revenue, including Group share of joint ventures and associates	2,288,370	142,777	2,431,147
Less share of joint ventures and associates	(280,526)	–	(280,526)
Group revenue	2,007,844	142,777	2,150,621
Operating profit			
– Subsidiaries	32,791	2,862	35,653
– Joint ventures and associates	1,986	–	1,986
Operating profit	34,777	2,862	37,639

Notes to Group Financial Statements

31 December 2008 (Continued)

1 SEGMENT REPORTING *(Continued)*

	General Produce 2008 €'000	Consumer Goods & Healthfoods 2008 €'000	Group Total 2008 €'000
Segment assets	532,069	44,836	576,905
Investment in joint ventures and associates	35,913	–	35,913
	567,982	44,836	612,818
Unallocated assets			96,275
Total assets			709,093

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

	General Produce 2008 €'000	Consumer Goods & Healthfoods 2008 €'000	Group Total 2008 €'000
Segment liabilities	285,191	29,919	315,110
Unallocated liabilities			195,848
Total liabilities			510,958

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

	General Produce 2007 €'000	Consumer Goods & Healthfoods 2007 €'000	Group Total 2007 €'000
Segment assets	525,922	49,854	575,776
Investment in joint ventures and associates	41,453	–	41,453
	567,375	49,854	617,229
Unallocated assets			101,373
Total assets			718,602

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

	General Produce 2007 €'000	Consumer Goods & Healthfoods 2007 €'000	Group Total 2007 €'000
Segment liabilities	271,878	41,298	313,176
Unallocated liabilities			195,715
Total liabilities			508,891

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

Notes to Group Financial Statements

31 December 2008 (Continued)

1 SEGMENT REPORTING *(Continued)*

	General Produce 2008 €'000	*Consumer Goods & Healthfoods 2008 €'000*	*Group Total 2008 €'000*
Depreciation	13,318	593	13,911
Capital expenditure*	17,400	1,123	18,523
Amortisation of intangible assets	4,463	313	4,776
Fair value gains on investment property, net	2,497	–	2,497
Impairment losses (Note 5)	3,345	–	3,345

	General Produce 2007 €'000	*Consumer Goods & Healthfoods 2007 €'000*	*Group Total 2007 €'000*
Depreciation	13,060	627	13,687
Capital expenditure*	15,712	1,514	17,226
Amortisation of intangible assets	4,876	148	5,024
Fair value gains on investment property	360	–	360

	Eurozone 2008 €'000	*UK 2008 €'000*	*Scandinavia 2008 €'000*	*Other 2008 €'000*	*Total 2008 €'000*
Revenue, including Group share of joint ventures and associates	1,207,385	594,925	574,289	139,095	2,515,694
Group revenue	1,061,160	508,119	550,000	131,685	2,250,964
Segment assets	274,595	98,430	141,539	62,341	576,905
Capital expenditure*	10,944	2,586	4,042	951	18,523

	Eurozone 2007 €'000	*UK 2007 €'000*	*Scandinavia 2007 €'000*	*Other 2007 €'000*	*Total 2007 €'000*
Revenue, including Group share of joint ventures and associates	1,046,137	663,179	586,981	134,850	2,431,147
Group revenue	881,562	579,227	560,748	129,084	2,150,621
Segment assets	244,611	120,273	148,362	62,530	575,776
Capital expenditure*	5,151	6,693	1,879	3,503	17,226

**Capital expenditure comprises amounts expended during the year on property, plant and equipment, investment property and intangible assets outside of business combinations.*

Notes to Group Financial Statements

31 December 2008 (Continued)

2 OPERATING COSTS, NET

	Before exceptional items 2008 €'000	Exceptional items (Note 5) 2008 €'000	Total 2008 €'000	Total 2007 €'000
Distribution expenses	(222,510)	(2,148)	(224,658)	(212,739)
Administration expenses	(44,186)	–	(44,186)	(44,395)
Other operating expenses (analysed below)	(746)	(3,345)	(4,091)	(840)
Other operating income (analysed below)	5,030	2,497	7,527	2,877
Total	(262,412)	(2,996)	(265,408)	(255,097)

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

Other operating expenses	2008 €'000	2007 €'000
Foreign exchange losses	(547)	(557)
Loss on disposal of property, plant and equipment	–	(69)
Loss on non-hedging derivative financial instruments*	(199)	(214)
	(746)	(840)
Exceptional items in operating expenses (Note 5)		
Impairment of equity investment (including recycling of fair value deficit from the fair value reserve)	(1,169)	–
Impairment of property, plant and equipment	(2,176)	–
Total	(4,091)	(840)

Other operating income	2008 €'000	2007 €'000
Rental income from investment property	2,009	1,631
Amortisation of government grants	508	521
Revenue grants	–	2
Gain on disposal of property, plant and equipment	504	–
Foreign exchange gain	1,368	243
Fair value movements on investment property	–	360
Gain on non-hedging derivative financial instruments*	641	120
	5,030	2,877
Exceptional items in operating income (Note 5)		
Fair value movements on investment property	2,497	–
Total	7,527	2,877

* In 2007, these amounts were included in financial income and financial expense, and have been reclassified to operating costs, net, to conform with the current year presentation.

Notes to Group Financial Statements

31 December 2008 (Continued)

3 FINANCIAL INCOME AND FINANCIAL EXPENSE

	2008 €'000	2007 €'000
Dividend income from equity investments	270	296
Interest income	2,556	3,584
Financial income	2,826	3,880
Interest expense on financial liabilities measured at amortised cost	(7,765)	(7,669)
Interest expense on borrowings	(160)	(188)
Cash inflow from interest rate swap	188	213
Interest expense on finance leases	(68)	(115)
Other interest expense	(530)	(602)
Financial expense	(8,335)	(8,361)
Net financial expense recognised in the income statement	(5,509)	(4,481)
Analysed as follows:		
Amounts relating to items not at fair value through income statement	(5,509)	(4,481)
Amounts relating to items at fair value through income statement	–	–
Net financial expense recognised in the income statement	(5,509)	(4,481)
Foreign currency translation effects:		
- Foreign currency on net investments – subsidiaries	(23,659)	(7,996)
- Foreign currency on net investments – joint ventures	(2,985)	(905)
- Foreign currency borrowings	10,678	3,641
Effective portion of changes in fair value of cashflow hedges	4,442	–
Fair value of cashflow hedges transferred to income statement	(3,774)	–
Fair value adjustment recycled from/(recognised in) equity on available for sale financial assets	62	(62)
Net financial expense recognised in equity	(15,236)	(5,322)

4 GROUP OPERATING PROFIT

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

	2008 €'000	2007 €'000
Depreciation of property, plant and equipment:		
- Owned assets	13,371	12,619
- Held under finance lease	540	1,068
Amortisation of intangible assets (including share of joint ventures)	5,082	5,096
Auditor's remuneration	1,125	982
Auditor's remuneration for non-audit services	424	513
Operating lease rentals:		
- Plant and equipment	1,860	1,938
- Other	8,701	7,889

5 EXCEPTIONAL ITEMS

	2008 €'000	2007 €'000
Costs associated with termination of activities (a)	(2,148)	–
Impairment of equity investment (including recycling of fair value deficit from the fair value reserve) (b)	(1,169)	–
Impairment of property, plant and equipment (c)	(2,176)	–
Fair value movements on investment property (d)	2,497	–
Share of joint venture's fair value losses on investment property (e)	(1,593)	–
	(4,589)	–
Tax on exceptional items	(185)	–
Total exceptional losses	(4,774)	–

(a) Costs associated with termination of activities

During the year, the Group terminated an operation in its Consumer Goods and Heathfoods Division and also closed a number of smaller operations in its General Produce Division in the UK. The total cost of these closures amounted to €2,148,000, and is analysed in further detail below. Tax credits on these exceptional items amounted to €483,000.

Assets disposed of, and other costs incurred, on termination:	**2008 €'000**
Property, plant and equipment (Note 9)	(1,299)
Goodwill and intangible assets (Note 11)	(396)
Inventory	(250)
Net assets disposed of on termination of activities	(1,945)
Redundancy costs	(1,188)
Other costs	(654)
	(3,787)
Proceeds on disposal of property, plant and equipment, and inventories	1,639
Net charge associated with termination of activities before tax	(2,148)

(b) Impairment of equity investments (including recycling of fair value deficit from the fair value reserve)

This represents a €1,107,000 reduction in 2008 in the carrying value of an equity investment, together with the elimination of a €62,000 fair value deficit recognised in the fair value reserve in 2007. Please refer to Note 13 for further details.

(c) Impairment of property, plant and equipment

On revaluation of the Group's properties in 2008, in addition to the revaluation gain included in the statement of recognised income and expense, properties where the carrying value exceeded market value were identified, resulting in an impairment charge in the amount of €2,176,000. Please refer to Note 9 for analysis of property revaluations.

(d) Fair value movements on investment property

Fair value gains arising during the financial year amounting to €2,497,000 have been recognised in the income statement. A deferred tax charge of €668,000 was recognised in the income statement as a result of these revaluations. Considering the materiality of the fair value gains in the current year, the directors believe it is appropriate to regard the gains as exceptional in order to distinguish them from income in the Group's core activities. Please refer to Note 10 for analysis of investment property revaluations.

(e) Share of joint ventures' fair value losses on investment property

The Group's share of joint ventures' fair value losses of €1,593,000 (net of deferred tax) has been recognised in the income statement. Considering the materiality of the fair value losses in the current year, the directors believe it is appropriate to regard the losses as exceptional in order to distinguish them from income in the Group's core activities. Please refer to Note 10 for analysis of investment property revaluations.

Notes to Group Financial Statements

31 December 2008 (Continued)

6 INCOME TAX EXPENSE

Recognised in the income statement	*2008 €'000*	*2007 €'000*
Current tax expense		
Ireland		
Corporation tax on profit for the financial year	1,082	1,469
Adjustment in respect of prior year	(43)	(400)
	1,039	1,069
Overseas		
Current tax on profit for the financial year	7,375	7,156
Adjustment in respect of prior year	(109)	(574)
	7,266	6,582
Total current tax	8,305	7,651
Deferred tax expense		
Origination and reversal of temporary differences	314	759
Adjustment in respect of prior year	(149)	569
Total deferred tax	165	1,328
Income tax expense	8,470	8,979

Reconciliation of effective tax rate	%	*2008 €'000*	%	*2007 €'000*
Profit before tax		29,811		33,158
Taxation based on Irish corporation tax rate	*12.50*	3,726	*12.50*	4,145
Effects of:				
Expenses not deductible for tax purposes	*2.10*	625	*3.97*	1,318
Tax effect on profits of joint ventures and associates	*(0.41)*	(123)	*(0.75)*	(249)
Differences in tax rates	*10.96*	3,268	*12.74*	4,224
Unrecognised deferred tax asset	*4.47*	1,334	–	–
Utilisation of tax losses	–	–	*(0.18)*	(59)
Previously unrecognised deferred tax asset	*(1.32)*	(393)	*(1.23)*	(409)
Other items	*1.14*	339	*1.25*	414
Adjustments to prior years	*(1.03)*	(306)	*(1.22)*	(405)
Total income tax expense in the income statement	*28.4*	8,470	*27.08*	8,979

Deferred tax recognised directly in equity	*2008 €'000*	2007 €'000
Deferred tax on revaluation of property, plant and equipment	447	(204)
Deferred tax on actuarial movements on defined benefit pension schemes	(2,027)	1,413
Deferred tax on effective portion of cashflow hedges	191	–
Total deferred tax (credit)/expense recognised in equity	(1,389)	1,209

Notes to Group Financial Statements

31 December 2008 (Continued)

7 DIVIDENDS TO EQUITY SHAREHOLDERS

Dividends paid	***2008 €'000***	*2007 €'000*
Interim dividend of €0.54 cent (2007: €0.50 cent) per ordinary share	1,900	1,755
2007 final dividend of €1.15 cent per ordinary share	4,047	–
Total dividends paid to equity shareholders	5,947	1,755

Proposed dividends

It is proposed that a final dividend of €1.15 cent per ordinary share be paid to ordinary shareholders. These proposed dividends have not been provided for in the Company or Group balance sheet in accordance with accounting convention. The final dividend is subject to approval by the Group's shareholders at the Annual General Meeting.

8 EARNINGS PER SHARE

The calculation of basic earnings per share for the financial year ended 31 December 2008 is based on the profit for the financial year attributable to ordinary shareholders of €15,357,000 (2007: €19,055,000) divided by the weighted average number of ordinary shares outstanding during the financial year ended 31 December 2008 of 351,887,000 (2007: 351,003,000).

	2008 €'000	*2007 €'000*
Profit for the financial year attributable to equity shareholders of the Company	15,357	19,055
Weighted average number of ordinary shares ('000)	351,887	351,003
Basic earnings per share - € cent	4.36	5.43
Fully diluted earnings per share - € cent	4.36	5.43

Share options outstanding as set out in Note 26 have no dilutive impact on earnings per share at 31 December 2008.

Adjusted fully diluted earnings per share	***Earnings 2008 €'000***	***Per share 2008 €'cent***	*Earnings 2007 €'000*	*Per share 2007 €'cent*
Profit for the financial year attributable to equity shareholders	15,357	4.36	19,055	5.43
Adjustments:				
Fair value movement on investment properties (including share of joint ventures)	(904)	(0.25)	(615)	(0.17)
Impairment of property, plant and equipment	2,176	0.62	–	–
Costs associated with closure of activities	2,148	0.61	–	–
Impairment of equity investments	1,169	0.33	–	–
Amortisation of intangible assets (including share of joint ventures)	5,082	1.44	5,096	1.45
Tax effect of exceptional items and amortisation charges	(907)	(0.26)	(1,191)	(0.34)
Minority impact of exceptional items and amortisation and related tax	(368)	(0.10)	(63)	(0.02)
Adjusted fully diluted earnings	23,753	6.75	22,282	6.35

Notes to Group Financial Statements

31 December 2008 (Continued)

9 PROPERTY, PLANT AND EQUIPMENT

Cost or valuation	*Land and buildings €'000*	*Plant and equipment €'000*	*Motor vehicles €'000*	***Total €'000***
Balance at 1 January 2007	79,140	75,436	14,544	**169,120**
Additions	4,256	7,727	4,918	**16,901**
Arising from business combinations (Note 25)	9,645	6,240	985	**16,870**
Subsidiary becoming a joint venture (Note 25)	(211)	(3,844)	(535)	**(4,590)**
Transferred to investment property (Note 10)	(4,130)	–	–	**(4,130)**
Disposals	(50)	(9,597)	(3,203)	**(12,850)**
Revaluation gains	1,706	–	–	**1,706**
Foreign exchange movement	(1,835)	(1,421)	(40)	**(3,296)**
Balance at 31 December 2007	88,521	74,541	16,669	**179,731**
Additions	8,237	6,211	3,728	**18,176**
Arising from business combinations (Note 25)	25	1,141	630	**1,796**
Arising on the termination of a business (Note 5)	(370)	(3,521)	–	**(3,891)**
Transferred to investment property (Note 10)	(755)	–	–	**(755)**
Disposals	(5)	(1,908)	(3,434)	**(5,347)**
Revaluation gains	4,523	–	–	**4,523**
Revaluation losses	(594)	–	–	**(594)**
Reclassification	(424)	478	(54)	**–**
Foreign exchange movement	(6,517)	(4,104)	(1,225)	**(11,846)**
Balance at 31 December 2008	**92,641**	**72,838**	**16,314**	**181,793**
Depreciation and impairment losses				
Balance at 1 January 2007	1,171	51,181	4,719	**57,071**
Depreciation charge for the year	2,130	8,231	3,326	**13,687**
Impairment during year	–	113	–	**113**
Subsidiary becoming a joint venture (Note 25)	(211)	(2,065)	(412)	**(2,688)**
Transferred to investment property (Note 10)	(452)	–	–	**(452)**
Disposals	(43)	(8,891)	(2,459)	**(11,393)**
Foreign exchange movement	(7)	(798)	(28)	**(833)**
Balance at 31 December 2007	2,588	47,771	5,146	**55,505**
Depreciation charge for the year	2,322	7,531	4,058	**13,911**
Impairment during year	2,176	–	–	**2,176**
Arising on the termination of a business (Note 5)	(359)	(2,233)	–	**(2,592)**
Transferred to investment property (Note 10)	(345)	–	–	**(345)**
Disposals	(2)	(1,855)	(2,654)	**(4,511)**
Reclassification	(9)	14	(5)	**–**
Foreign exchange movement	(702)	(2,670)	(658)	**(4,030)**
Balance at 31 December 2008	**5,669**	**48,558**	**5,887**	**60,114**
Carrying amount				
At 31 December 2007	85,933	26,770	11,523	**124,226**
At 31 December 2008	**86,972**	**24,280**	**10,427**	**121,679**

Notes to Group Financial Statements

31 December 2008 (Continued)

9 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

During the year, property which was previously used in the ordinary course of the trade of the business was sub let under a short term lease to a third party. The fair value of this property at the date of transfer was €410,000 and this was transferred from property, plant and equipment to investment property (Note 10).

At 31 December 2008, the Group undertook an exercise to revalue its properties. Properties occupied by the Group included in land and buildings above comprise industrial and office buildings in a number of locations across Europe, the largest of which are in Scandinavia, the Czech Republic, Spain, The Netherlands and the UK. The Group has very limited property assets in Ireland. The Group engaged the services of external independent property valuers to value approximately 80% of these assets in value terms and the methodologies used by such valuers were consistent with the guidelines of the Royal Institute of Chartered Surveyors. Where available, such valuations took account of recent market transactions for comparable properties. However, the reduced level of property transactions in the economies in which the Group operates necessitated the use of valuation techniques in many cases. Where valuation techniques were applied, valuations were based to the extent possible on observable market yields in the range of 7.8% to 9.8%.

The directors undertook an internal exercise to assess the values of certain recently constructed facilities. For this purpose, the original site costs were compared to comparable sites in the current market together with an adjustment to the construction costs capitalised to take account of inflation or deflation in construction costs in the local economies.

Not withstanding the increased level of uncertainty in property markets generally at present, the directors are satisfied with the basis upon which these valuations have been prepared.

Revaluation gains in 2008 amounted to €4,523,000 (2007: €1,706,000) and revaluation losses in the same period amounted to €594,000 (2007: nil). A deferred tax charge of €447,000 (2007: credit of €204,000) was recognised during the year on revaluation of land and buildings as a result of both revaluation movements and changes in tax rates. These amounts have been reflected in the statement of recognised income and expense for the year as they are reversing gains that were reflected in the statement of recognised income and expense in previous years. The minority interest share of revaluation gains, net of deferred taxes was €703,000 (2007: €468,000).

As part of this revaluation process, the Group identified two properties in the UK in which the market value was below cost at 31 December 2008 due to the deterioration of the UK property market in 2008. Accordingly, an impairment charge of €2,176,000 was recognised in the 2008 income statement as an exceptional cost (see Note 5).

The historic cost of land and buildings which was revalued amounted to €65,322,000 (2007: €61,487,000). At 31 December 2008, properties with a carrying value of €5,980,000 (2007: €6,278,000) are subject to a registered debenture to bank loans.

Leased property, plant and equipment

The Group leases items of property, plant and equipment under a number of finance lease agreements. At 31 December 2008, the carrying amount of leased assets included in property, plant and equipment was €967,000 (2007: €1,738,000).

	Land and buildings €'000	*Plant and equipment €'000*	*Motor vehicles €'000*	***Total €'000***
At 31 December 2007	–	1,260	478	**1,738**
At 31 December 2008	–	429	538	**967**

Notes to Group Financial Statements

31 December 2008 (Continued)

10 INVESTMENT PROPERTY

	2008 €'000	2007 €'000
Balance at beginning of financial year	12,194	9,009
Transfer from property, plant and equipment (Note 9)	410	3,678
Fair value adjustments	2,497	360
Additions	–	22
Foreign exchange movement	(2,762)	(875)
Balance at end of financial year	12,339	12,194

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

The carrying amount of investment property within the Group's subsidiaries is the fair value of the property as determined by the directors. In preparing the property valuations, the directors consulted with registered independent appraisers having an appropriate recognised professional qualification and recent experience in the location and category being valued. The directors are of the opinion that the fair value which they have applied in their valuations is the amount at which the property should exchange between a willing buyer and a willing seller in an arms length transaction which is consistent with market value as defined, inter alia, by the Royal Institute of Chartered Surveyors.

The carrying amount of the principal investment properties held within the Group's joint ventures was valued by registered independent appraisers and the methodologies used by such valuers were consistent with the guidelines of the Royal Institute of Chartered Surveyors. Where available such valuations took account of recent market transactions for comparable properties.

Attention is drawn to the risks associated with the valuation of investment properties, particularly at the current time. The property valuations have been prepared in a period of considerable market uncertainty due to the current difficulties being experienced in the world's financial markets. This has resulted in a reduced quantity of properties being sold and little market activity in some areas. The lack of market activity has meant that valuations have not had as high a degree of certainty as would be the case in a more stable market with a good level of market evidence. Not withstanding the increased level of uncertainty in property markets generally at present, the directors are satisfied with the basis upon which these valuations have been prepared.

Fair value gains arising during the year on investment properties held within the Groups' subsidiaries, amounting to €2,497,000 (2007: €360,000) have been reflected in the income statement as an exceptional item within other operating income (see Note 2). A deferred tax charge of €668,000 (2007: €79,000) was recognised during the year on investment property as result of changes in the valuations and changes in tax rates.

The Group's share of revaluation losses within its joint ventures amounted to €1,593,000, net of deferred tax (2007: gain of €255,000). These losses have been recognised in the income statement within the Group's share of the after tax profits of its joint ventures and, given their materiality in the current year, have been classified as exceptional items (see Note 5).

Notes to Group Financial Statements

31 December 2008 (Continued)

11 GOODWILL AND INTANGIBLE ASSETS

Cost	Customer relationships €'000	Other intangible assets €'000	Research & development €'000	Goodwill €'000	**Total €'000**
Balance at 1 January 2007	27,207	–	–	83,029	**110,236**
Arising from business combinations	14,636	4,073	1,612	17,912	**38,233**
Capitalisation of R&D	–	–	303	–	**303**
Revisions to deferred consideration estimates	–	–	–	245	**245**
Foreign exchange movement	(2,103)	(219)	(166)	(3,945)	**(6,433)**
Balance at 31 December 2007	39,740	3,854	1,749	97,241	**142,584**
Arising from business combinations	7,314	1,800	–	5,076	**14,190**
Revisions to deferred consideration estimates	–	–	–	74	**74**
Capitalisation of R&D	–	–	347	–	**347**
Arising on the termination of a business	–	–	–	(396)	**(396)**
Foreign exchange movement	(6,168)	(545)	(474)	(9,816)	**(17,003)**
Balance at 31 December 2008	**40,886**	**5,109**	**1,622**	**92,179**	**139,796**
Accumulated amortisation and impairments					
Balance at 1 January 2007	14,341	–	–	–	**14,341**
Amortisation for the year	4,412	612	–	–	**5,024**
R&D amortisation for the year	–	–	518	–	**518**
Foreign exchange movement	(806)	(40)	(39)	–	**(885)**
Balance at 31 December 2007	17,947	572	479	–	**18,998**
Amortisation for the year	4,220	556	–	–	**4,776**
R&D amortisation for the year	–	–	382	–	**382**
Foreign exchange movement	(3,113)	(163)	(180)	–	**(3,456)**
Balance at 31 December 2008	**19,054**	**965**	**681**	**–**	**20,700**
Carrying amount					
Balance at 31 December 2007	21,793	3,282	1,270	97,241	123,586
Balance at 31 December 2008	**21,832**	**4,144**	**941**	**92,179**	**119,096**

Other intangible assets include brands of €2,020,000 (2007: €2,056,000) and supplier relationships of €2,124,000 (2007: €1,226,000).

Intangible assets are amortised over their estimated useful lives as follows;

Customer relationships	3 to 10 years
Supplier relationships	7 to 8 years
Brands	10 to 15 years
Research and development	5 to 7 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, are set out in Note 25. Amortisation charges are included within distribution expenses in the income statement.

Notes to Group Financial Statements

31 December 2008 (Continued)

11 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 the business combination. The carrying amount of goodwill, allocated to cash generating units across the Group is summarised as follows:

	2008 *€'000*	*2007* *€'000*
General Produce		
- Eurozone	10,167	6,207
- UK	12,541	15,203
- Scandinavia	51,106	58,192
- Other	13,869	12,747
	87,683	92,349
Consumer Goods and Healthfoods Division	4,496	4,892
	92,179	97,241
Goodwill arising on investment in joint ventures	7,199	9,436

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 budgeted performance. For the purposes of the calculation of value in use, the cash flows are projected over a five year period, with additional cashflows in subsequent years calculated using a terminal value methodology. No inflation or other growth has been assumed. The cash flows are discounted using risk adjusted pre-tax discount rates ranging from 10.3% to 12.0% (2007: 12.7%), reflecting the risk associated with the individual future cash flows and the risk free rate. Applying these techniques, no impairment arose in either 2008 or 2007.

Included in investments in joint ventures and associates is goodwill with a carrying value of €7,199,000 (2007: €9,436,000). This goodwill is subject to annual impairment testing on a similar basis to the goodwill arising in the Group's subsidiaries.

Key assumptions include management estimates of future profitability, replacement capital expenditure requirements, and working capital investment. The values applied to the key assumptions are derived from a combination of external and internal factors based on historical experience.

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.

Any adverse change in the expected future operational result 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, given the magnitude of the excess of value in use over carrying amount in the impairment testing undertaken at 31 December 2008, no reasonable realistic movement in any of the underlying assumptions would give rise to an impairment charge, as follows:

- If the estimated pre-tax discount rate applied to the cash flows had been 10% higher than management's estimates, there would have been no requirement on the Group to recognise an impairment charge against goodwill.
- If the estimated cash flow forecasts used in the value in use computations had been 10% lower than management's estimates, again there would have been no requirement on the Group to recognise any impairment charge against goodwill.

12 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The movement in the Group's interests in its joint ventures and associate during the year was as follows:

	Joint ventures €'000	*Associate €'000*	*Total €'000*
Balance at 1 January 2007	26,612	247	26,859
Increased investment in year – cash	1,794	–	1,794
Increased investment in year – deferred consideration	309	–	309
Loans advanced during the year	12,256	–	12,256
Loans repaid during the year	(6,750)	–	(6,750)
Subsidiary becoming a joint venture (Note 25)	5,705	–	5,705
Equity investment becoming a joint venture	1,950	–	1,950
Share of profit after tax	2,158	(172)	1,986
Share of other recognised income and expense	401	–	401
Dividends received	(2,152)	–	(2,152)
Foreign exchange movement	(905)	–	(905)
Balance at 31 December 2007	41,378	75	41,453
Increased investment in year – cash (Note 25)	**2,802**	**–**	**2,802**
Loans advanced during the year (Note 25)	**877**	**–**	**877**
Disposal of joint venture	**(4,684)**	**–**	**(4,684)**
Share of profit after tax	**1,023**	**(41)**	**982**
Share of other recognised income and expense	**(515)**	**–**	**(515)**
Dividends received	**(2,017)**	**–**	**(2,017)**
Foreign exchange movement	**(2,985)**	**–**	**(2,985)**
Balance at 31 December 2008	**35,879**	**34**	**35,913**

The investment in joint ventures and associates as stated above is comprised of equity investments of €29,530,000 (2007: €35,947,000) and loans to joint ventures of €6,383,000 (2007: €5,506,000).

As outlined in Note 9, the Group undertook an exercise to revalue its land and buildings. As a result of this exercise, the Group's share of its joint ventures' revaluation losses amounted to €431,000, net of deferred tax (2007: €253,000). These losses have been recognised in the statement of recognised income and expense as they are reversing gains that were recognised in the statement of recognised income and expense in previous years.

As outlined in Note 10, the Group also undertook an exercise to revalue its investment properties. As a result of this exercise, the Group's share of its joint ventures' revaluation losses amounted to €1,593,000, net of deferred tax (2007: Gain of €255,000). These losses have been recognised in the income statement within the Group's share of joint ventures profit after tax and, given their materiality in the current year, have been classified as exceptional items (please refer to Note 5).

Notes to Group Financial Statements

31 December 2008 (Continued)

12 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 2008 €'000	*Associate 2008 €'000*	*Total 2008 €'000*
Non-current assets	32,894	51	32,945
Employee benefit assets	968	–	968
Cash and cash equivalents	9,934	–	9,934
Other current assets	29,247	2,239	31,486
Non-current liabilities	(2,429)	(27)	(2,456)
Employee benefit liabilities	(1,099)	–	(1,099)
Current liabilities	(28,188)	(1,810)	(29,998)
Interest-bearing loans and borrowings	(12,647)	(419)	(13,066)
Share of net assets	28,680	34	28,714
Goodwill	7,199	–	7,199
Balance at 31 December 2008	35,879	34	35,913
Group share of revenue	256,499	8,231	264,730

	Joint ventures 2007 €'000	*Associate 2007 €'000*	*Total 2007 €'000*
Non-current assets	37,909	35	37,944
Employee benefit assets	813	–	813
Cash and cash equivalents	10,185	–	10,185
Other current assets	34,451	526	34,977
Non-current liabilities	(1,382)	(22)	(1,404)
Employee benefit liabilities	(909)	–	(909)
Current liabilities	(34,071)	(10)	(34,081)
Interest-bearing loans and borrowings	(15,054)	(454)	(15,508)
Share of net assets	31,942	75	32,017
Goodwill	9,436	–	9,436
Balance at 31 December 2007	41,378	75	41,453
Group share of revenue	272,144	8,382	280,526

Notes to Group Financial Statements

31 December 2008 (Continued)

13 EQUITY INVESTMENTS

	2008 *€'000*	*2007* *€'000*
Balance at beginning of year	9,462	11,011
Impairment loss (i)	(1,169)	–
Fair value movement through fair value reserve	62	(62)
Fair value movement through income statement	(5)	–
Additions	47	40
Arising on acquisition of subsidiary (Note 25)	–	472
Trade investment becoming a joint venture (ii)	–	(1,950)
Foreign exchange movement	(217)	(49)
Balance at end of year	8,180	9,462

(i) The fair value of one of the Group's unquoted equity investments was reviewed, giving rise to an impairment charge of €1,169,000 recognised in the income statement, which includes the recycling of a fair value deficit of €62,000 previously recognised in equity in 2007.

The fair value of the investment was measured in the foreign currency in which it is denominated resulting in an underlying fair value uplift. However, on retranslation to the entity's functional currency using the closing rate, a foreign exchange loss resulted in an overall fair value decline of €1,107,000. As an impairment charge was previously recognised on the investment in 2006, this further decline in fair value below the original cost has been regarded as significant, and recognised as a further impairment.

The impairment charge was calculated as the difference between the carrying value and fair value of the investment. Fair value was measured using a methodology reflective of the nature, facts and circumstances of the investment. Given uncertainties inherent in estimating fair value, a degree of caution was applied in exercising judgements and making the necessary estimates.

The investment was measured by deriving an enterprise value using an earnings multiple consistent with recent market transactions. The enterprise value was then adjusted for the net cash of the investee company, and a discount factor to reflect the minority interest nature of the investment. The foreign currency denominated fair value was then retranslated to euro at the closing rate.

(ii) In 2007, due to a change in the shareholders agreement, the Group obtained the ability to exercise joint control over an investment previously included within equity investments.

Notes to Group Financial Statements

31 December 2008 (Continued)

14 INVENTORIES

	2008 *€'000*	*2007* *€'000*
Goods for resale	36,429	35,218
Consumable stores	3,199	2,133
Total at lower of cost or net realisable value	39,628	37,351

15 TRADE AND OTHER RECEIVABLES

	2008 *€'000*	*2007* *€'000*
Non-Current		
Other receivables	3,286	1,609
Current		
Trade receivables	235,766	242,831
Trade receivables due from joint ventures	5,069	2,091
Other receivables	23,877	16,213
Prepayments	4,848	4,216
Non-trade receivables due from joint ventures	1,767	1,826
	271,327	267,177
Total	274,613	268,786

16 CASH AND CASH EQUIVALENTS, SHORT TERM BANK DEPOSITS AND NET DEBT

	2008 *€'000*	*2007* *€'000*
Bank balances	66,726	59,280
Call deposits (demand balances)	18,567	27,824
Cash and cash equivalents per balance sheet	85,293	87,104
Bank overdrafts	(8,072)	(12,993)
Cash and cash equivalents per cashflow statement	77,221	74,111
Non-current bank borrowings	(79,112)	(109,153)
Current bank borrowings	(57,564)	(35,478)
Finance leases	(745)	(1,493)
Net debt at end of financial year	(60,200)	(72,013)

Notes to Group Financial Statements

31 December 2008 (Continued)

17 CAPITAL AND RESERVES

	Share capital €'000	Share premium €'000	Currency translation reserve €'000	Revaluation reserve €'000	Demerger reserve €'000	Other equity reserves €'000	Retained earnings €'000	Shareholders funds €'000	Minority interests €'000	Total equity €'000
Balance at 1 January 2007	3,510	251,998	1,993	12,457	(122,521)	–	–	147,437	48,501	195,938
Total recognised income and expense	–	–	(5,400)	1,695	–	(62)	21,121	17,354	5,802	23,156
Shares issued	9	576	–	–	–	–	–	585	–	585
Minority arising on acquisition (Note 25)	–	–	–	–	–	–	–	–	2,239	2,239
Buyout of minority shareholders arising on acquisition (Note 25)	–	–	–	–	–	–	–	–	(297)	(297)
Dividends paid	–	–	–	–	–	–	(1,755)	(1,755)	(4,543)	(6,298)
Share-based payments	–	–	–	–	–	93	–	93	–	93
Subsidiary becoming a joint venture	–	–	–	–	–	–	–	–	(5,705)	(5,705)
Balance at 31 December 2007	3,519	252,574	(3,407)	14,152	(122,521)	31	19,366	163,714	45,997	209,711
Total recognised income and expense	–	–	(15,947)	2,416	–	504	(896)	(13,923)	6,428	(7,495)
Minority arising on acquisition (Note 25)	–	–	–	–	–	–	–	–	7,154	7,154
Buyout of minority shareholders arising on acquisition (Note 25)	–	–	–	–	–	–	482	482	(2,474)	(1,992)
Contribution by minority interests	–	–	–	–	–	–	–	–	1,770	1,770
Dividends paid	–	–	–	–	–	–	(5,947)	(5,947)	(5,347)	(11,294)
Share-based payments	–	–	–	–	–	281	–	281	–	281
Balance at 31 December 2008	3,519	252,574	(19,354)	16,568	(122,521)	816	13,005	144,607	53,528	198,135

17 CAPITAL AND RESERVES *(Continued)*

Share capital and share premium

Allotted, called up and fully paid	***2008 Ordinary shares '000***	***2008 Ordinary shares €'000***	*2007 Ordinary shares '000*	*2007 Ordinary shares €'000*
In issue at beginning of year	**351,887**	**3,519**	350,972	3,510
Shares issued during the year	**–**	**–**	915	9
At 31 December 2008	**351,887**	**3,519**	351,887	3,519

At 31 December 2008, the authorised share capital was €10,000,000 (2007: €10,000,000) divided into 1,000,000,000 ordinary shares of €0.01 cent each. The issued share capital at this date was 351,886,732 ordinary shares (2007: 351,886,732).

On 14 December 2007, the Company issued 914,287 ordinary shares of €0.01 each in the share capital of the Company to Computershare Trustees (Ireland) Limited under the terms of the Total Produce profit sharing scheme (APSS), at a price of €0.64 per share.

Attributable profit of the Company

The profit attributable to Group shareholders dealt with in the financial statements of the Company for the year ended 31 December 2008 was €10,629,000 (2007: €6,279,000). 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.

Other reserves

	2008 €'000	*2007 €'000*
Currency translation reserve (a)	**(19,354)**	(3,407)
Revaluation reserve (b)	**16,568**	14,152
Demerger reserve (c)	**(122,521)**	(122,521)
Other equity reserves (d)	**816**	31
	(124,491)	(111,745)

(a) 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.

(b) Revaluation reserve
The revaluation reserve relates to revaluation surpluses arising on revaluations of property occupied by the Group. As explained in Note 9, land and buildings were revalued during the year in subsidiaries and joint venture companies. The result of this was an increase in the revaluation reserve in 2008 of €2,416,000 (2007: increase of €1,695,000). This reserve is not distributable to shareholders under Irish Company Law.

(c) 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.

17 CAPITAL AND RESERVES *(Continued)*

(d) Other equity reserves

Other equity reserves comprise the share option reserve, fair value reserve, and cashflow hedge reserve as detailed below:

	Share option reserve €'000	*Fair value reserve €'000*	*Cash flow hedge reserve €'000*	*Total other equity reserves €'000*
Balance at 1 January 2007	–	–	–	–
Total recognised income and expense	–	(62)	–	(62)
Share-based payments	93	–	–	93
Balance at 31 December 2007	93	(62)	–	31
Total recognised income and expense	–	62	442	504
Share-based payments	281	–	–	281
Balance at 31 December 2008	374	–	442	816

Share option reserve

The share option reserve comprises the amounts expensed in the income statement in connection with share-based payments.

Fair value reserve

The fair value reserve includes net changes in the fair value of investments recognised in equity. During the year, the fair value decrease recognised in 2007 was recycled to the income statement on impairment of the investment. Refer to Note 13.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Capital management

The Board regularly reviews and monitors the Group's capital structure with a view to maintaining a strong capital base in order to sustain market confidence in the business. This involves considering dividends paid to shareholders, the amount of liquid assets on the balance sheet and return on capital (based on shareholder's funds the composition of which is set out on page 82). The Group operates a share option scheme and an employee profit sharing scheme which allows employees to use part of their profit sharing awards to acquire shares in the Company. The Group has the authority to purchase its own shares. This authority permits the Group to buy up to 10 per cent of the issued share capital at a price which may not exceed 105% of the average price over the previous five trading days. Any shares which may be purchased will be acquired either directly by the Company or through a subsidiary of the Company and will be held as treasury shares. Any purchases should have a positive effect on earnings per share.

18 MINORITY INTERESTS

	2008 *€'000*	*2007* *€'000*
Balance at beginning of year	45,997	48,501
Share of profit after tax for year	5,984	5,124
Share of foreign exchange movement	(20)	140
Share of other movements in recognised income and expense	464	538
Share of recognised income and expense	6,428	5,802
Minority arising on acquisition (Note 25)	7,154	2,239
Buyout of minority shareholders (Note 25)	(2,636)	(297)
Contribution by minority shareholders	1,770	–
Dividends paid	(5,347)	(4,543)
Share of other reserves	162	–
Subsidiary becoming a joint venture (Note 25)	–	(5,705)
Balance at end of financial year	53,528	45,997

19 BORROWINGS

	2008 *€'000*	*2007* *€'000*
Non-current		
Borrowings	79,112	109,153
Finance lease liabilities	400	793
	79,512	109,946
Current		
Overdrafts	8,072	12,993
Borrowings	57,564	35,478
Finance lease liabilities	345	700
	65,981	49,171
Borrowings are repayable as follows:		
Bank borrowings and overdrafts		
Within one year	65,636	48,471
After one but within two years	1,169	77,790
After two but within five years	75,307	27,752
After five years	2,636	3,611
Finance lease liabilities		
Within one year	345	700
After one but within five years	400	793
	145,493	159,117

Further details in relation to the Group's borrowings are set out in Note 29.

Total future minimum lease payments on finance leases amount to €797,000 (2007: €830,000). Total interest bearing loans and borrowings include borrowings of €2,195,000 (2007: €2,703,000) secured on property, plant and equipment.

Notes to Group Financial Statements

31 December 2008 (Continued)

20 TRADE AND OTHER PAYABLES

Non-current	*2008 €'000*	*2007 €'000*
Other creditors	3,118	2,612
	3,118	2,612
Current		
Trade payables	237,920	234,298
Trade payables due to joint ventures and associates	1,329	3,838
Non trade payables due to joint ventures and associates	547	453
Accruals	30,932	30,894
Other payables	19,297	18,094
Irish payroll tax and social welfare	1,869	1,443
Irish value added tax	1,588	1,611
Other tax	5,014	5,651
	298,496	296,282
Total	301,614	298,894

21 DEFERRED GOVERNMENT GRANTS

	2008 €'000	*2007 €'000*
Balance at beginning of year	2,385	2,081
Arising on acquisition of business (Note 25)	–	91
Subsidiary becoming a joint venture (Note 25)	–	(12)
Amortised to income statement	(508)	(521)
Grants received	55	746
Balance at end of year	1,932	2,385

22 PROVISIONS

	Deferred consideration 2008 €'000	Other provisions 2008 €'000	**Total 2008 €'000**	2007 €'000
Balance at beginning of year	11,606	–	**11,606**	50,790
Discounting charge	357	–	**357**	409
Payments	(1,677)	–	**(1,677)**	(43,556)
Revisions to previous estimates	(5)	–	**(5)**	245
Arising on acquisitions of subsidiaries	4,736	–	**4,736**	4,234
Arising on acquisitions of joint ventures	–	–	**–**	309
Deferred consideration within subsidiaries acquired	–	–	**–**	371
Created during year	–	1,943	**1,943**	–
Exit of a joint venture arrangement	(4,684)	–	**(4,684)**	–
Foreign exchange movements	(886)	–	**(886)**	(1,196)
Balance at end of year	9,447	1,943	**11,390**	11,606
Non-current	8,366	–	**8,366**	8,380
Current	1,081	1,943	**3,024**	3,226
Balance at end of year	9,447	1,943	**11,390**	11,606

Deferred consideration

Total deferred consideration amounts to €9,447,000 (2007: €11,606,000) 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, joint ventures and minority interests during the financial year amounted to €4,736,000 (2007: €4,914,000). The impact of revisions to previous estimates in respect of previous acquisitions of subsidiaries and joint ventures amounts to €5,000 (2007: €245,000). Total payments of deferred consideration during the financial year amounted to €1,677,000 (2007: €43,556,000).

The Group intends to exit a joint venture arrangement in 2009, and has released from deferred consideration an amount of €4,684,000 which is no longer payable. The Group has no material exposure in respect of this joint venture.

Other provisions

This represents the estimated costs of fulfilment of certain contractual arrangements which have become onerous.

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.

	2008 €'000	2007 €'000
Less than one year	**7,088**	7,090
Between one and five years	**13,640**	18,149
More than five years	**5,619**	7,329
Total	**26,347**	32,568

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 lease at market rates after the initial period.

23 OPERATING LEASES *(Continued)*

During the financial year, €10,561,000 (2007: €9,827,000) was recognised as an expense in the income statement in respect of operating leases.

Leases as lessor

The Group leases investment property under both cancellable and non-cancellable operating leases. Non-cancellable operating lease rental receivables are set out below. These amounts represent the minimum future lease payments, in aggregate, that the Group will receive under existing lease agreements.

	2008 €'000	2007 €'000
Less than one year	1,236	605
Between one and five years	2,245	1,843
More than five years	421	809
Total	3,902	3,257

In 2008, €2,091,000 (2007: €1,631,000) was recognised as rental income in the income statement.

24 DEFERRED TAX ASSETS AND LIABILITIES

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

	Assets 2008 €'000	Liabilities 2008 €'000	Net 2008 €'000	Assets 2007 €'000	Liabilities 2007 €'000	Net 2007 €'000
Property, plant and equipment	178	(8,791)	(8,613)	259	(8,758)	(8,499)
Investment property	–	(2,444)	(2,444)	–	(2,270)	(2,270)
Intangible assets	–	(6,891)	(6,891)	450	(6,916)	(6,466)
Employee benefits	2,207	–	2,207	833	–	833
Derivative financial instruments	–	(356)	(356)	–	–	–
Trade and other payables	1,979	(380)	1,599	1,781	(117)	1,664
Provisions	520	–	520	–	–	–
Other items	1,008	(1,958)	(950)	1,568	(2,090)	(522)
Tax value of losses carried forward	276	–	276	340	–	340
Tax assets/(liabilities)	6,168	(20,820)	(14,652)	5,231	(20,151)	(14,920)
Deferred tax assets have not been recognised in respect of the following:						
Tax losses			4,367			2,802

No deferred tax asset is recognised in relation to certain income tax losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future these assets may be recovered. The estimated unrecognised deferred tax asset at 31 December 2008 is €1,061,000 (2007: €829,000).

No deferred tax asset is recognised in relation to certain capital losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. The estimated unrecognised deferred tax asset at 31 December 2008 is €3,306,000 (2007: €1,973,000).

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.

Notes to Group Financial Statements

31 December 2008 (Continued)

24 DEFERRED TAX ASSETS AND LIABILITIES *(Continued)*

	Balance 01/01/08 €'000	*Recognised in income 2008 €'000*	*Recognised in equity 2008 €'000*	*Foreign exchange adjustment 2008 €'000*	*Arising on acquisition 2008 €'000*	*Reclass 2008 €'000*	*Balance 31/12/08 €'000*
Property, plant and equipment	(8,499)	233	(447)	100	–	–	**(8,613)**
Intangible assets	(6,466)	644	–	965	(2,034)	–	**(6,891)**
Investment property	(2,270)	(645)	–	471	–	–	**(2,444)**
Derivative financial instruments	–	(165)	(191)	–	–	–	**(356)**
Employee benefits	833	(540)	2,027	(113)	–	–	**2,207**
Trade and other payables	1,664	362	–	(37)	(390)	–	**1,599**
Provisions	–	520	–	–	–	–	**520**
Other items	(522)	(541)	–	78	35	–	**(950)**
Tax value of losses carried forward	340	(33)	–	(31)	–	–	**276**
	(14,920)	**(165)**	**1,389**	**1,433**	**(2,389)**	**–**	**(14,652)**

	Balance 01/01/07 €'000	*Recognised in income 2007 €'000*	*Recognised in equity 2007 €'000*	*Foreign exchange adjustment 2007 €'000*	*Arising on acquisition 2007 €'000*	*Reclass 2007 €'000*	*Balance 31/12/07 €'000*
Property, plant and equipment	(7,771)	(134)	204	37	(1,210)	375	(8,499)
Intangible assets	(3,304)	1,048	–	413	(4,535)	(88)	(6,466)
Investment property	(2,194)	102	–	197	–	(375)	(2,270)
Employee benefits	591	(528)	(1,413)	(118)	2,301	–	833
Trade and other payables	1,321	(779)	–	(13)	1,135	–	1,664
Other items	776	(1,342)	–	(57)	101	–	(522)
Tax value of losses carried forward	36	305	–	(1)	–	–	340
	(10,545)	(1,328)	(1,209)	458	(2,208)	(88)	(14,920)

Notes to Group Financial Statements

31 December 2008 (Continued)

25 ACQUISITIONS AND DISPOSALS

(a) Acquisitions of subsidiaries

The table in this note summarises the net assets and liabilities, the consideration payable and the goodwill and intangible assets arising in subsidiaries and businesses acquired during the year.

The principal acquisition in 2008 was the acquisition completed on 31 August 2008 of 60% of Haluco B.V. and Nedalpac B.V. ("Haluco") in The Netherlands for initial cash consideration of €9.5 million together with a deferred consideration element if certain profit targets are met by the acquiree for the three years ended 31 December 2010. Haluco is a leading provider of fresh produce specialising in Dutch salad products; mainly tomatoes, capsicums and cucumbers which it supplies to customers across Europe. This transaction has been considered to be sufficiently material to warrant separate disclosure of the fair value attributable to this acquisition.

Also during the year, in line with its stated strategy to expand, the Group made a number of bolt-on acquisitions in the fresh produce sector in the UK.

During 2007, the Group acquired 100% of Redbridge Holdings Limited ("Redbridge") in the UK, a leading fresh produce group that holds strong market positions in the wholesale and retail sectors across the UK, and the Group also acquired a number of small businesses, mainly in Ireland, the UK and Spain. Also during 2007, the Group acquired 92% of Wholefoods Wholesale Limited, the leading distributor to independent health food stores in Ireland of high quality health products.

(b) Acquisitions of minority interests

During the year, the Group acquired the remaining voting shares of two subsidiaries for cash consideration of €1,322,000 and deferred consideration of €670,000. These changes in the Group's ownership interest in existing subsidiaries have been accounted for as equity transactions. The difference of €644,000 between the fair value of consideration paid, €1,922,000 and the book value of the minority interest acquired, €2,636,000 has been recognised directly in equity, with €482,000 accounted for directly in retained earnings. The remaining €162,000 has been allocated to minority interests.

(c) Acquisition and investment in joint ventures

In 2008, the Group has invested €3,679,000 in its existing joint ventures primarily in South Africa, India and Ireland. During 2008, the Group increased its investment in its South African farming activities with its share of the financing of the purchase of a 490 hectare apple, pear and plum farm. In India, the Group continued its investment in a joint venture formed with Tata Chemicals in 2007 with the objective of creating state-of-the-art facilities for the distribution of fresh fruit and vegetables by leveraging the individual strengths of both partners. Also in 2008, the Group continued with its plans to develop land purchased in its 50/50 joint venture with Blackrock International Land plc. This joint venture which was formed in August 2007 purchased 135 acres of land in Dublin. Just over 36 acres of the land are zoned for agri business use, 20 acres of which have been targeted for the initial development of new facilities for Total Produce and replacement premises for its existing operations in Dublin. Under this joint venture arrangement, Total Produce has an option to acquire these 20 acres at cost, such option to be exercised during a maximum period of ten years from completion of the transaction.

25 ACQUISITIONS AND DISPOSALS *(Continued)*

Identifiable assets and liabilities	*2008 Haluco €'000*	*2008 Other €'000*	*2008 Total €'000*	*2007 Total €'000*
Property, plant and equipment (Note 9)	1,748	48	**1,796**	16,870
Intangible assets:				
- customer relationships (Note 11)	5,200	2,114	**7,314**	14,636
- brands (Note 11)	400	–	**400**	2,336
- supplier relationships (Note 11)	1,400	–	**1,400**	1,737
- research & development (Note 11)	–	–	**–**	1,612
Equity investments (Note 13)	–	–	**–**	472
Deferred tax assets (Note 24)	–	–	**–**	3,968
Inventories	2,752	612	**3,364**	7,416
Trade and other receivables	33,189	8,326	**41,515**	64,670
Derivative financial instruments	–	–	**–**	75
Cash and cash equivalents	202	2,965	**3,167**	6,221
Overdrafts	(6,854)	–	**(6,854)**	(8,148)
Borrowings	–	–	**–**	(2,943)
Finance lease liabilities	–	–	**–**	(552)
Trade and other payables	(17,895)	(11,774)	**(29,669)**	(72,885)
Deferred government grants (Note 21)	–	–	**–**	(91)
Other non-current liabilities	(558)	–	**(558)**	(1,847)
Corporation tax payable	(410)	(98)	**(508)**	(202)
Employee benefits (Note 26)	–	–	**–**	(7,467)
Deferred tax liabilities (Note 24)	(2,140)	(249)	**(2,389)**	(6,176)
Deferred consideration within subsidiaries acquired (Note 22)	–	–	**–**	(371)
Purchase of minority interests (Note 18)	–	2,636	**2,636**	297
Minority interests (Note 18)	(6,814)	(340)	**(7,154)**	(2,239)
Net identifiable assets and liabilities acquired	10,220	4,240	**14,460**	**17,389**
Goodwill arising (Note 11)	3,948	1,128	**5,076**	17,912
Goodwill arising from adjustments to prior year acquisitions (Note 11)	–	74	**74**	245
Excess of book value of minority interests acquired over consideration	–	(644)	**(644)**	–
	14,168	4,798	**18,966**	**35,546**
Satisfied by:				
Cash consideration, including fees	10,102	4,133	**14,235**	31,067
Deferred consideration in current year acquisitions (Note 22)	4,066	670	**4,736**	4,234
Revisions to prior year deferred consideration estimates (Note 22)	–	(5)	**(5)**	245
Total consideration	14,168	4,798	**18,966**	**35,546**

25 ACQUISITIONS AND DISPOSALS *(Continued)*

The acquisition of Haluco has been deemed to be a substantial transaction and separate disclosure of the fair values of the identifiable assets and liabilities has therefore been made. None of the remaining business combinations was considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

Other than liabilities for deferred consideration, no contingent liabilities were recognised on the business combinations completed during the financial period. The acquisition method of accounting has been used to consolidate the business acquired. The accounting treatment for some of the business acquisitions is provisional. If any fair values need to be adjusted they will be reflected in the acquisition accounting within one year of the acquisition date.

The principal factor contributing to the recognition of goodwill is the realisation of cost savings and synergies with existing entities in the Group and the value of the assembled workforce in the acquired entities.

The carrying amounts of the assets and liabilities acquired determined in accordance with IFRS before the combination together with the adjustments made to those carrying values to arrive at the fair values disclosed above were as follows:

Haluco	*Book values €'000*	*Fair value adjustments €'000*	*Fair value €'000*
Non-current assets (excluding goodwill)	1,748	7,000	**8,748**
Current assets	35,941	–	**35,941**
Non-current liabilities	(558)	–	**(558)**
Current liabilities	(18,305)	–	**(18,305)**
Cash and cash equivalents, including bank overdrafts	(6,652)	–	**(6,652)**
Deferred tax liabilities	(355)	(1,785)	**(2,140)**
Minority interests	(4,727)	(2,087)	**(6,814)**
Identifiable net assets acquired (excluding goodwill)	7,092	3,128	**10,220**
Goodwill arising on acquisition			**3,948**
Consideration – Haluco			**14,168**

Other acquisitions	*Book values €'000*	*Fair value adjustments €'000*	*Fair value €'000*
Non-current assets (excluding goodwill)	48	2,114	**2,162**
Current assets	8,938	–	**8,938**
Current liabilities	(11,872)	–	**(11,872)**
Cash and cash equivalents, including bank overdrafts	2,965	–	**2,965**
Deferred tax liabilities	–	(249)	**(249)**
Purchase of minority interests	2,636	–	**2,636**
Minority interests	(20)	(320)	**(340)**
Identifiable net assets acquired (excluding goodwill)	2,695	1,545	**4,240**
Goodwill arising on acquisition			**1,128**
Goodwill on revisions to previous estimates			**74**
Excess of book value of minority interests acquired over consideration			**(644)**
Consideration – other acquisitions			**4,798**
Total consideration on 2008 acquisitions			**18,966**

Notes to Group Financial Statements

31 December 2008 (Continued)

25 ACQUISITIONS AND DISPOSALS *(Continued)*

Cash flows relating to acquisitions of subsidiaries

	2008 *€'000*	*2007* *€'000*
Cash consideration	(14,235)	(31,067)
Cash and cash equivalents acquired, including overdrafts	(3,687)	(1,927)
Cash outflow per cash flow statement	(17,922)	(32,994)
Bank borrowings acquired on acquisition	–	(2,943)
Finance leases acquired on acquisition	–	(552)
Decrease in net funds arising from acquisitions	(17,922)	(36,489)

The post acquisition revenues and operating profits of all business combinations made in 2008 were €97,210,000 and €636,000 respectively.

The revenue and operating profit after exceptional items of the Group for the financial period determined as though the acquisition date for the business combinations effected during the period had been 1 January 2008 would be €2,740,194,000 and €44,242,000 respectively.

Subsidiary becoming a joint venture

In January 2007, a company that was previously treated as a subsidiary became a joint venture due to a change in the nature of the shareholder arrangement. This did not change the net asset value of the Group. The following are the changes that arose in 2007 due to the change in status:-

	€'000
Property, plant and equipment (Note 9)	(1,902)
Cash and cash equivalents	(8,589)
Inventories	(383)
Trade and other receivables	(6,720)
Trade and other payables	5,723
Grants (Note 21)	12
Corporation tax payable	537
Deferred tax assets	(88)
Minority interest (Note 18)	5,705
Net assets derecognised	**(5,705)**
Investment included within joint ventures (Note 12)	5,705
	–

Notes to Group Financial Statements

31 December 2008 (Continued)

26 EMPLOYEE BENEFITS

Remuneration	*2008 €'000*	*2007 €'000*
Wages and salaries	124,215	121,766
Social security contributions	18,082	17,003
Pension costs – defined contribution schemes	2,692	3,060
Pension costs – defined benefit schemes	1,677	2,243
Termination benefits	1,788	1,842
Equity settled share-based compensation expense	281	93
Recognised in the income statement	148,735	146,007
Actuarial loss/(gain) on defined benefit schemes	18,403	(3,401)
Total employee benefit costs	167,138	142,606

Employee numbers – subsidiaries	*2008 number*	*2007 number*
Production	362	337
Sales and distribution	2,709	2,619
Administration	614	573
	3,685	3,529

A further 941 (2007: 938) personnel are employed in the Group's joint venture and associates.

The Group operates a number of 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 €1,677,000 (2007: €2,243,000) and €2,692,000 (2007: €3,060,000) in respect of the Group's defined contribution schemes.

PENSION DISCLOSURES

The Group operates five externally funded defined benefit pension schemes. Two of these schemes are based in Ireland, two are based in the United Kingdom and one is based in the Netherlands. The pension benefits payable on retirement in the UK and Ireland are determined based on years of service and the final three years salary. The scheme in The Netherlands provides career average salary benefits to its members.

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 31 December 2008. Full actuarial valuations were carried out on the Irish schemes at 1 January 2007 and 1 January 2008 and on the two UK schemes at 6 April 2006 and 31 December 2006. The last actuarial valuation in The Netherlands scheme was 1 January 2008.

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 to Group Financial Statements

31 December 2008 (Continued)

26 EMPLOYEE BENEFITS *(Continued)*

Assumptions

The financial assumptions that have the most significant impact on the results of the actuarial valuations are those relating to the long term rate of return on investments, the rate of increase in salaries and pensions and the discount rate used to convert future pension liabilities to current values. The assumptions used are set out below.

Scheme liabilities

The principal long-term financial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on pension schemes at 31 December 2008 and 31 December 2007 are as follows;

	Ireland		*UK*		*Europe*	
	2008	*2007*	***2008***	*2007*	***2008***	*2007*
Rate of increase in salaries	**3.55%**	4.00%	**3.75%**	4.00%	**3.55%**	4.00%
Rate of increase in pensions	**1.80%**	2.25%	**2.75%**	3.00%	**0.00%**	0.00%
Inflation rate	**1.80%**	2.25%	**2.75%**	3.00%	**1.80%**	2.00%
Discount rate	**5.80%**	5.50%	**6.25%**	5.50%	**5.80%**	5.50%

Scheme assets

The long term rates of return expected at 31 December 2008 and 31 December 2007, determined in conjunction with the Group's actuaries, analysed by the class of investments in which the schemes assets are invested, are as follows;

	Ireland		*UK*		*Europe*	
	2008	*2007*	***2008***	*2007*	***2008***	*2007*
Equities	**9.00%**	8.00%	**9.00%**	8.00%	**n/a**	n/a
Bonds	**4.25%**	4.50%	**4.50%**	4.50%	**n/a**	n/a
Property	**6.00%**	6.00%	**6.50%**	6.50%	**n/a**	n/a
Other	**2.50%**	4.00%	**2.50%**	5.00%	**5.80%**	4.00%

Future life expectancy assumptions

The Group uses certain mortality rate assumptions when determining the net present value of scheme liabilities under IAS 19. These assumptions conform to best practice and based on these assumptions the assumed life expectations were as follows:

Life expectancy of current employee aged 65:

	Ireland	*UK*
Male	20.7	20.1
Female	23.8	22.7

Life expectancy of 40 year old active employee at the age 65:

	Ireland	*UK*
Male	21.8	21.9
Female	24.8	24.0

26 EMPLOYEE BENEFITS *(Continued)*

Analysis of net liability

	Ireland 2008 €'000	*UK 2008 €'000*	*Europe 2008 €'000*	*Total 2008 €'000*
Equities	30,729	16,292	–	47,021
Bonds	7,395	11,624	–	19,019
Property	4,190	903	–	5,093
Other	4,602	2,336	2,062	9,000
Fair value of scheme assets	46,916	31,155	2,062	80,133
Present value of scheme obligations	(62,701)	(31,408)	(2,702)	(96,811)
Net employee benefits liabilities	**(15,785)**	**(253)**	**(640)**	**(16,678)**
Analysed as follows;				
Employee benefit assets	–	3,237	–	3,237
Employee benefit liability	(15,785)	(3,490)	(640)	(19,915)
Net employee benefits liabilities	**(15,785)**	**(253)**	**(640)**	**(16,678)**

	Ireland 2007 €'000	*UK 2007 €'000*	*Europe 2007 €'000*	*Total 2007 €'000*
Equities	52,931	27,308	–	80,239
Bonds	6,068	15,043	–	21,111
Property	6,332	–	–	6,332
Other	1,947	2,453	2,907	7,307
Fair value of scheme assets	67,278	44,804	2,907	114,989
Present value of scheme obligations	(64,576)	(49,390)	(2,463)	(116,429)
Net employee benefits asset/(liabilities)	2,702	(4,586)	444	(1,440)
Analysed as follows;				
Employee benefit assets	5,029	1,762	444	7,235
Employee benefit liability	(2,327)	(6,348)	–	(8,675)
Net employee benefits asset/(liabilities)	2,702	(4,586)	444	(1,440)

Notes to Group Financial Statements

31 December 2008 (Continued)

26 EMPLOYEE BENEFITS *(Continued)*

Movements in the fair value of scheme assets in the balance sheet

	Ireland €'000	*UK €'000*	*Europe €'000*	*Total €'000*
Fair value of assets at 1 January 2007	69,070	22,262	2,546	**93,878**
Arising on acquisitions	–	21,343	–	**21,343**
Expected return on scheme assets	4,811	2,751	107	**7,669**
Employer contributions	1,895	2,404	264	**4,563**
Employee contributions	203	441	–	**644**
Benefit payments	(1,411)	(808)	(10)	**(2,229)**
Experience adjustments on scheme assets	(7,290)	609	–	**(6,681)**
Foreign exchange movements	–	(4,198)	–	**(4,198)**
Fair value of assets at 31 December 2007	67,278	44,804	2,907	**114,989**
Expected return on scheme assets	5,068	2,726	123	**7,917**
Employer contributions	2,252	1,858	329	**4,439**
Employee contributions	224	468	–	**692**
Benefit payments	(1,807)	(2,681)	(18)	**(4,506)**
Experience adjustments on scheme assets	(26,099)	(6,052)	(1,279)	**(33,430)**
Foreign exchange movements	–	(9,968)	–	**(9,968)**
Fair value of assets at 31 December 2008	**46,916**	**31,155**	**2,062**	**80,133**

Movements in the present value of scheme obligations in the balance sheet

	Ireland €'000	*UK €'000*	*Europe €'000*	*Total €'000*
Value of obligations at 1 January 2007	(66,023)	(25,379)	(2,666)	**(94,068)**
Arising on acquisitions	–	(28,810)	–	**(28,810)**
Current service cost	(2,303)	(1,322)	(179)	**(3,804)**
Past service cost	(115)	–	–	**(115)**
Interest on scheme obligations	(3,132)	(2,735)	(126)	**(5,993)**
Employee contributions	(203)	(441)	–	**(644)**
Benefit payments	1,411	808	10	**2,229**
Experience adjustments on scheme liabilities	(456)	1,089	–	**633**
Effect of changes in actuarial assumptions	6,245	2,706	498	**9,449**
Foreign exchange movements	–	4,694	–	**4,694**
Value of obligations at 31 December 2007	(64,576)	(49,390)	(2,463)	**(116,429)**
Current service cost	(2,141)	(977)	(167)	**(3,285)**
Interest on scheme obligations	(3,699)	(2,474)	(136)	**(6,309)**
Employee contributions	(224)	(468)	–	**(692)**
Benefit payments	1,807	2,681	18	**4,506**
Experience adjustments on scheme liabilities	(1,962)	(237)	–	**(2,199)**
Effect of changes in actuarial assumptions	8,094	9,086	46	**17,226**
Foreign exchange movements	–	10,371	–	**10,371**
Value of obligations at 31 December 2008	**(62,701)**	**(31,408)**	**(2,702)**	**(96,811)**

26 EMPLOYEE BENEFITS *(Continued)*

Movements in the net liability recognised in the balance sheet

	Ireland €'000	UK €'000	Europe €'000	Total €'000
Net assets/(liabilities) in schemes at 1 January 2007	3,047	(3,117)	(120)	(190)
Arising on acquisitions	–	(7,467)	–	(7,467)
Employer contributions	1,895	2,404	264	4,563
Expense recognised in income statement	(739)	(1,306)	(198)	(2,243)
Actuarial gains/(losses) recognised in equity	(1,501)	4,404	498	3,401
Foreign exchange movement	–	496	–	496
Net asset/(liabilities) in schemes at 31 December 2007	2,702	(4,586)	444	(1,440)
Employer contributions	2,252	1,858	329	4,439
Expense recognised in income statement	(772)	(725)	(180)	(1,677)
Actuarial gains/(losses) recognised in equity	(19,967)	2,797	(1,233)	(18,403)
Foreign exchange movement	–	403	–	403
Net liabilities in schemes at 31 December 2008	**(15,785)**	**(253)**	**(640)**	**(16,678)**

Defined benefit pension expense recognised in the income statement

	Ireland 2008 €'000	UK 2008 €'000	Europe 2008 €'000	Total 2008 €'000
Current service costs	**(2,141)**	**(977)**	**(167)**	**(3,285)**
Interest on scheme obligations	**(3,699)**	**(2,474)**	**(136)**	**(6,309)**
Expected return on scheme assets	**5,068**	**2,726**	**123**	**7,917**
	(772)	**(725)**	**(180)**	**(1,677)**
Actual return on scheme assets	**(21,031)**	**(3,326)**	**(1,156)**	**(25,513)**

	Ireland 2007 €'000	UK 2007 €'000	Europe 2007 €'000	Total 2007 €'000
Current service costs	(2,303)	(1,322)	(179)	(3,804)
Past service costs	(115)	–	–	(115)
Interest on scheme obligations	(3,132)	(2,735)	(126)	(5,993)
Expected return on scheme assets	4,811	2,751	107	7,669
	(739)	(1,306)	(198)	(2,243)
Actual return on scheme assets	(2,479)	3,360	107	988

26 EMPLOYEE BENEFITS *(Continued)*

Defined benefit pension scheme recognised in the income statement

	2008 €'000	2007 €'000
Distribution expenses	1,016	1,054
Administration expenses	661	1,189
	1,677	2,243

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

	Ireland 2008 €'000	**UK 2008 €'000**	**Europe 2008 €'000**	**Total 2008 €'000**
Experience adjustments on scheme assets	(26,099)	(6,052)	(1,279)	(33,430)
Experience adjustments on scheme liabilities	(1,962)	(237)	–	(2,199)
Effect of changes in actuarial assumptions	8,094	9,086	46	17,226
	(19,967)	**2,797**	**(1,233)**	**(18,403)**

	Ireland 2007 €'000	UK 2007 €'000	Europe 2007 €'000	Total 2007 €'000
Experience adjustments on scheme assets	(7,290)	609	–	(6,681)
Experience adjustments on scheme liabilities	(456)	1,089	–	633
Effect of changes in actuarial assumptions	6,245	2,706	498	9,449
	(1,501)	**4,404**	**498**	**3,401**

The cumulative actuarial loss before deferred tax recognised in the statement of recognised income and expense is €19,456,000 (2007: €1,053,000).

History of scheme assets, liabilities and actuarial gains and losses

	2008 €'000	2007 €'000	2006 €'000
Fair value of scheme assets	**80,133**	114,989	93,878
Present value of scheme obligations	**(96,811)**	(116,429)	(94,068)
Net liabilities in schemes	**(16,678)**	**(1,440)**	**(190)**

	2008	2007	2006
Difference between expected return and actual return on scheme assets (€'000)	**(33,430)**	(6,681)	3,036
As a percentage of scheme assets	**(41.7%)**	(5.8%)	3.2%

	2008	2007	2006
Experience (loss)/gain on scheme liabilities (€'000)	**(2,199)**	633	(1,736)
As a percentage of present value of scheme liabilities	**(2.3%)**	0.5%	(1.9%)

Notes to Group Financial Statements

31 December 2008 (Continued)

26 EMPLOYEE BENEFITS *(Continued)*

Share based payment

The Group established a share option scheme in December 2006, which entitles certain employees to purchase shares in Total Produce plc. During March 2008 a further 2,400,000 share options were awarded to employees under this scheme (2007: 5,085,000). In accordance with the terms of the scheme, the options are exercisable at the market price prevailing at the date of the grant of the option.

The share options granted only vest when the earnings per share figure, in respect of the third or any subsequent accounting period after the end of the basis year (i.e. accounting period preceding the date of the grant), is greater than the earnings per share figure for the basis year by a percentage which is not less than (on a year on year basis) the annual percentage increase in the consumer price index plus 5% compounded during that period. Subject to the achievement of the performance condition above, the options vest three years after grant. The contractual life of the options is 10 years. Details of options granted under these schemes are as follows;-

	*Vesting period**	*Number of options*	*Grant price €*	*Average fair value €*	***Income statement expense 2008 €'000***	*Income statement expense 2007 €'000*
9 May 2007	3 years	3,975,000	0.815	0.3236	**180**	84
20 September 2007	3 years	1,110,000	0.65	0.2604	**42**	9
5 March 2008	3 years	2,400,000	0.60	0.2039	**59**	–
					281	93

** As explained above, the date at which employees may exercise their options is based on a non market-related performance condition. We have assumed that the performance condition will be met on 31 December 2012 for options issued in 2007 and on 31 December 2013 for options issued in 2008.*

A summary of the activity during the year under the Group's share option schemes together with the weighted average exercise price of the share options is as follows:-

	2008 Number of options	***2008 Weighted average exercise price***	*2007 Number of options*	*2007 Weighted average exercise price*
Outstanding options at beginning of year	**5,085,000**	**0.779**	–	–
Options granted during year	**2,400,000**	**0.60**	5,085,000	0.779
Lapsed during year	**–**	**–**	–	–
Options outstanding at end of year	**7,485,000**	**0.722**	**5,085,000**	**0.779**

Analysis of options – outstanding at end of year

Date of grant	*Date of expiry*	*Exercise price*	*2008 Number of options*	*Exercise price*	*2007 Number of options*
9 May 2007	8 May 2017	0.815	3,975,000	0.815	3,975,000
20 September 2007	19 September 2017	0.65	1,110,000	0.65	1,110,000
5 March 2008	4 March 2018	0.60	2,400,000	–	–
			7,485,000		5,085,000

The options outstanding at 31 December 2008 have a remaining weighted average contractual life of 8.7 years (2007: 9.5 years). The market price of the Company's shares at 31 December 2008 was €0.26 and the range during 2007 was €0.20 to €0.67.

Notes to Group Financial Statements

31 December 2008 (Continued)

26 EMPLOYEE BENEFITS *(Continued)*

Share based payment (Continued)

The fair value of services received in return for share options granted are measured by reference the fair value of the share options granted. The estimated cost of options granted during the year was measured based on a binomial lattice model. The contractual life of the options, which is 10 years, is used as an input in this model. Expectations of early exercise are incorporated into the binominal lattice model and are reflected in the assumptions.

The calculated fair value of share options granted and assumptions used in the binominal model, for the share options granted in 2008 are as follows:

	Options granted in 2008	*Options granted in 2007*
Weighted average exercise price	**0.60**	0.779
Expected volatility	**40%**	35%
Option life	**9.65 years**	9.94 years
Expected dividend yield	**3.5%**	2.00%
Risk-free interest rate	**4.01%**	4.41%

The expected volatility and option life are expressed as weighted averages used in modelling in the binominal lattice model. The expected volatility is based on the historic volatility of the share price and the historical volatility of similar quoted companies in Total Produce's sector following a comparable period in their life as listed entities.

Share options are granted under a service condition and a non-market related performance condition, which is the achievement of growth in earnings per share as set out earlier. The total expense for share options recognised in the income statement was €281,000 (2007: €93,000).

Notes to Group Financial Statements

31 December 2008 (Continued)

27 CAPITAL COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

The directors have authorised capital expenditure of €8,900,000 (2007: €14,117,000) at the balance sheet date. Capital expenditure contracted for at 31 December 2008 amounted to €nil (2007: €nil).

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

(c) Guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies or joint ventures within the Group, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contracts as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. The following are details of contracts made by the Company at 31 December 2008 to guarantee the indebtedness of other companies or joint ventures within the Group;

(i) The Company has guaranteed the current bank borrowings of subsidiaries in the amount of €127,217,000 (2007: €133,482,000).

(ii) The Company, together with Blackrock International Land plc, has guaranteed its share of the interest shortfall on bank borrowings of the joint venture company in which both companies are partners subject to a maximum of €1,250,000. See Note 28 for further details.

(iii) The Company has guaranteed the bank borrowings of €550,000 within a joint venture company.

(iv) The Company has guaranteed the liabilities, subject to a maximum of €300,000, due to a supplier who supplies a number of subsidiaries of the Company.

(d) Contingencies

From time to time, the Group is involved in claims and legal actions, which arise in the normal course of business. Based on information currently available to the Group, and legal advice, the directors believe such litigation will not, individually or in aggregate, have a material adverse effect on the financial statements and that the Group is adequately positioned to deal with the outcome of any such litigation.

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, non-executive directors, Company Secretary and other senior personnel within the Group.

Remuneration of key management personnel

	2008 €'000	2007 €'000
Short term benefits (salary, bonus, incentives)	4,430	4,504
Post employment benefits (pension contributions)	622	523
Share-based payment expense	109	24
	5,161	5,051

In accordance with IAS 19 *Employee Benefits*, the pension expense recognised in the Group's income statement for these key management personnel amounted to €243,000 (2007: €196,000) compared to the cash contributions above of €622,000 (2007: €523,000). The actuarial losses recognised in the statement of recognised income and expense in respect of the pension benefits of these key management personnel for 2008 amounted to €2,368,000 (2007: actuarial gains of €297,000).

Related party transactions with joint ventures and associates

The Group trades in the normal course of its business, in some situations under supply contracts, with its joint ventures a nd associates. A summary of transactions with these related parties during the financial year ended 31 December 2008 is as follows:-

	2008 Revenue €'000	2008 Purchases €'000	2007 Revenue €'000	2007 Purchases €'000
Joint ventures	39,921	20,819	29,964	36,820
Associates	92	550	439	1,166
	40,013	21,369	30,403	37,986

The amounts due from and to joint ventures and associates at the financial year end are disclosed, in aggregate, in Notes 15 and 20 respectively. The Group's significant joint ventures and associates are set out on page 115.

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 31 December 2008, the net amount due to Coplaca by EurobananCanarias SA was €5,658,000 (2007: €7,854,000).

Related party transactions with shareholders in Group companies

The Group continues to be involved in a 50:50 joint venture company with Blackrock International Land plc (chaired by Mr C P McCann). This company was formed in 2007. Total Produce's investment in the joint venture company consisted of loan capital including fees of €6,545,000 (2007: €5,700,000) together with a guarantee of the Company's share of any interest shortfall on bank borrowings, subject to a maximum of €1,250,000.

In 2007, the joint venture company acquired the shares of companies that owned 135 acres of land in Dublin for a total outlay including costs of €24,500,000. The vendor of the shares was a subsidiary of Balkan Investment Company, a company controlled by Mr N V McCann. Mr. C P McCann is also director of Balkan Investment Company as well as having a minority equity interest in the company. The joint venture agreement and the agreements for the purchase of shares were negotiated at arms length. Mr. C P McCann did not participate in any of the decisions of the Company regarding this matter. Each of the parties engaged their own separate advisors during the negotiation and execution of the transaction.

Notes to Group Financial Statements

31 December 2008 (Continued)

29 FINANCIAL INSTRUMENTS AND FINANCIAL RISK

	Cashflow hedges 2008 €'000	Fair value through income statement 2008 €'000	Loans and receivables 2008 €'000	Available for sale 2008 €'000	Liabilities at amortised cost 2008 €'000	Total carrying amount 2008 €'000	Fair value 2008 €'000
Equity investments (Note 13)	–	–	–	8,180	–	8,180	8,180
Loans to joint ventures (Note 12)	–	–	6,383	–	–	6,383	6,383
Trade and other receivables (Note 15)	–	–	269,765	–	–	269,765	269,765
Derivative financial assets (Note 29)	668	702	–	–	–	1,370	1,370
Cash and cash equivalents (Note 16)	–	–	85,293	–	–	85,293	85,293
	668	702	361,441	8,180	–	370,991	370,991
Trade and other payables (Note 20)	–	–	–	–	(301,614)	(301,614)	(301,614)
Bank overdrafts (Note 19)	–	–	–	–	(8,072)	(8,072)	(8,072)
Bank borrowings (Note 19)	–	–	–	–	(136,676)	(136,676)	(136,710)
Finance lease liabilities (Note 19)	–	–	–	–	(745)	(745)	(751)
Derivative financial liabilities (Note 29)	–	(174)	–	–	–	(174)	(174)
Deferred consideration (Note 22)	–	–	–	–	(9,447)	(9,447)	(9,447)
Other provisions (Note 22)	–	–	–	–	(1,943)	(1,943)	(1,943)
	–	(174)	–	–	(458,497)	(458,671)	(458,711)

	Fair value through income statement 2007 €'000	Loans and receivables 2007 €'000	Available for sale 2007 €'000	Liabilities at amortised cost 2007 €'000	Total carrying amount 2007 €'000	Fair value 2007 €'000
Equity investments (Note 13)	–	–	9,462	–	9,462	9,462
Loans to joint ventures (Note 12)	–	5,506	–	–	5,506	5,506
Trade and other receivables (Note 15)	–	264,570	–	–	264,570	264,570
Derivative financial assets (Note 29)	171	–	–	–	171	171
Cash and cash equivalents (Note 16)	–	87,104	–	–	87,104	87,104
	171	357,180	9,462	–	366,813	366,813
Trade and other payables (Note 20)	–	–	–	(298,894)	(298,894)	(298,894)
Bank overdrafts (Note 19)	–	–	–	(12,993)	(12,993)	(12,993)
Bank borrowings (Note 19)	–	–	–	(144,631)	(144,631)	(144,610)
Finance lease liabilities (Note 19)	–	–	–	(1,493)	(1,493)	(1,479)
Derivative financial liabilities (Note 29)	(291)	–	–	–	(291)	(291)
Deferred consideration obligations (Note 22)	–	–	–	(11,606)	(11,606)	(11,606)
	(291)	–	–	(469,617)	(469,908)	(469,873)

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

As market values for the Group's equity investments are not available, the investment is measured by deriving an enterprise value using an earnings multiple consistent with recent market transactions. The enterprise value is then adjusted for the net cash of the investee company, and a discount factor to reflect the minority interest nature of the investment.

29 FINANCIAL INSTRUMENTS AND FINANCIAL RISK *(Continued)*

Cash and cash equivalents including short-term bank deposits
For short term bank deposits and cash and cash equivalents, all of which have a remaining maturity of less than three months, the nominal amount is deemed to reflect fair value.

Trade and other receivables/payables
For receivables and payables with a remaining life of less than six months or demand balances, the carrying value less impairment provision, where appropriate, is deemed to reflect fair value. All other receivables and payables are discounted to fair value on initial recognition and in relation to subsequent fair value.

Derivatives (forward currency contracts and interest rate swaps)
Forward currency contracts are marked to market using quoted forward exchange rates at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

Interest bearing loans and borrowings
For floating rate interest bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at interest rates effective at the balance sheet date and adjusted for movements in credit spreads.

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

Risk exposures
The Group's multinational operations expose it to various financial risks that include credit risk, liquidity risk, currency risk and interest rate risk. The Group has a risk management programme in place which seeks to limit the impact of these risks on the financial performance of the Group and it is the policy to manage these risks in a non-speculative manner.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- currency risk
- interest rate risk
- equity price risk

This note presents information about the Group's exposure to each of the above risks, the Groups' objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout this note.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Executive Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The members of this committee include the Chief Executive, the Group Finance Director, the Head of Internal Audit, the Company Secretary and a number of senior operational managers. Risk evaluation and recommendations for strategic change are reviewed by the Executive Risk Committee who report their findings to the Audit Committee for its consideration. The Audit Committee, in turn, report these findings to the Board enabling corrective initiatives to be undertaken where appropriate.

The Group has established a strong internal audit function under the direction of the Audit Committee. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes to Group Financial Statements

31 December 2008 (Continued)

29 FINANCIAL INSTRUMENTS AND FINANCIAL RISK *(Continued)*

The Board, through its 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.

CREDIT RISK

Exposure to credit risk

Credit risk arises from credit to customers and joint ventures arising on outstanding receivables and outstanding transactions as well as cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, customer's track record and historic default rates. Individual risk limits are generally set by customer and risk is only accepted above such limits in defined circumstances. The utilisation of credit limits is regularly monitored. The impairment provisions accounts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible, at that point the amount is considered irrecoverable and is written off directly against the trade receivable

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Cash and short term bank deposits

Cash and short term bank deposits are invested with institutions with the highest credit rating with limits on amounts held with individual banks or institutions at any one time. For banks and financial institutions, only independently rated banks with a minimum rating of "A" are accepted.

Available for sale equity investments

The Group has investments in companies with a strategic interest to the Group and limits its exposure by ensuring that such investments are of a non speculative nature.

Loans to joint ventures

The Group has advanced loans to certain joint ventures. The Group limits its exposure through active participation in the execution of joint control, through regular reviews of the business plans and results of its ventures, and by ensuring such funds are used in a non-speculative manner by its joint ventures.

29 FINANCIAL INSTRUMENTS AND FINANCIAL RISK *(Continued)*

CREDIT RISK *(Continued)*

The carrying amount of financial assets, net of impairment provisions represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end was as follows:

	Note	*Carrying amount 2008 €'000*	*Carrying amount 2007 €'000*
Equity investments	13	8,180	9,462
Cash and cash equivalents	16	85,293	87,104
Trade and other receivables (excluding prepayments)	15	269,765	264,570
Derivative financial instruments	29	1,370	171
Loans advanced to joint ventures	12	6,383	5,506
		370,991	366,813

Trade receivables

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables. Trade receivables are monitored by geographic region and by largest customers. The maximum exposure to credit risk for trade receivables at the reporting date by geographic region based on location of customers was as follows:

	Carrying amount 2008 €'000	*Carrying amount 2007 €'000*
Eurozone	131,736	128,784
United Kingdom	38,168	47,061
Scandinavia	51,213	49,666
Other	19,718	19,411
	240,835	244,922

The following table details the ageing of gross trade receivables including equivalent amounts due from joint ventures, and the related impairment provisions in respect of specific amounts expected to be irrecoverable:

	Gross 2008 €'000	*Impairment 2008 €'000*	*Gross 2007 €'000*	*Impairment 2007 €'000*
Not past due	195,063	(271)	186,495	(327)
Past due 0 – 30 days	33,837	(346)	44,578	(348)
Past due 31 – 90 days	9,561	(511)	11,981	(434)
Past due 91 – 180 days	2,750	(568)	2,909	(692)
Past due more than 180 days	2,270	(950)	2,041	(1,281)
	243,481	(2,646)	248,004	(3,082)

Notes to Group Financial Statements

31 December 2008 (Continued)

29 FINANCIAL INSTRUMENTS AND FINANCIAL RISK *(Continued)*

CREDIT RISK *(Continued)*

Other receivables

The following table details the ageing of other receivables (non current and current) which includes loans and advances to suppliers and related impairment provisions in respect of specific amounts expected to be irrecoverable:

	Gross 2008 €'000	*Impairment 2008 €'000*	*Gross 2007 €'000*	*Impairment 2007 €'000*
Not past due	28,260	(1,385)	17,267	(969)
Past due 0 – 30 days	477	(189)	1,403	(15)
Past due 31 – 90 days	–	–	103	(19)
Past due 91 – 180 days	–	–	–	–
Past due more than 180 days	33	(33)	236	(184)
	28,770	(1,607)	19,009	(1,187)

Non trade receivables due from joint ventures

At year end, the Group has non trade receivable balances due from its joint ventures of €1,767,000 (2007: €1,826,000). These amounts are repayable on demand and are not past due. There is no impairment provision against these balances.

Analysis of movement in impairment provisions:

Trade receivables – impairment provision	*2008 €'000*	*2007 €'000*
Balance at beginning of year	(3,082)	(1,543)
Arising on acquisition	(201)	(867)
Utilised on write off	1,225	489
Charge to income statement	(838)	(1,220)
Foreign exchange movement	250	59
	(2,646)	(3,082)

Other receivables – impairment provision	*2008 €'000*	*2007 €'000*
Balance at beginning of year	(1,187)	(962)
Arising on acquisition	–	(651)
Utilised on write off	4	40
(Charge)/release to income statement	(506)	408
Foreign exchange movement	82	(22)
	(1,607)	(1,187)

29 FINANCIAL INSTRUMENTS AND FINANCIAL RISK *(Continued)*

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

The Group operates a prudent approach to liquidity management using a combination of long and short term debt and cash and cash equivalents to meet its liabilities when due. This is in addition to the Group's high level of operating cash flow generation.

It is the policy of the Group to have adequate committed undrawn facilities available at all times to cover unanticipated financing requirements. The Group has approval of term borrowings of up to €235 million in addition to approved overdrafts of €122 million. The directors believe that, as a result, the Group is well placed to refinance or repay all borrowings due for repayment as they fall due.

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

31 December 2008	*Carrying amount €'000*	*Contractual cash flows €'000*	*6 months or less €'000*	*6-12 months €'000*	*1-2 years €'000*	*2-5 years €'000*	*More than 5 years €'000*
Non-derivative financial liabilities							
Bank loans	136,676	(149,613)	(7,491)	(55,824)	(4,293)	(79,140)	(2,865)
Bank overdraft	8,072	(8,072)	(8,072)	–	–	–	–
Finance lease liabilities	745	(796)	(212)	(156)	(217)	(211)	–
Trade and other payables	301,614	(301,791)	(298,090)	(424)	(832)	(1,957)	(488)
Deferred consideration	9,447	(10,083)	(634)	(447)	(4,402)	(4,600)	–
Other provisions	1,943	(1,943)	(1,943)	–	–	–	–
Derivative financial instruments							
Forward exchange contracts							
- Inflows	(1,211)	43,107	42,717	390	–	–	–
- Outflows	–	(41,896)	(41,496)	(400)	–	–	–
Interest rate swaps	15	(15)	(9)	(6)	–	–	–
	457,301	**(471,102)**	**(315,230)**	**(56,867)**	**(9,744)**	**(85,908)**	**(3,353)**
31 December 2007							
Non-derivative financial liabilities							
Bank loans	144,631	(159,580)	(34,931)	(6,541)	(83,433)	(30,674)	(4,001)
Bank overdraft	12,993	(12,993)	(12,993)	–	–	–	–
Finance lease liabilities	1,493	(1,605)	(480)	(287)	(736)	(102)	–
Trade and other payables	298,894	(299,116)	(296,051)	(333)	(257)	(1,975)	(500)
Deferred consideration	11,606	(12,452)	(926)	(2,506)	(2,560)	(6,460)	–
Derivative financial instruments							
Forward exchange contracts							
- Inflows	–	50,648	48,683	1,593	372	–	–
- Outflows	162	(50,810)	(48,764)	(1,646)	(400)	–	–
Interest rate swaps	(42)	44	14	15	15	–	–
	469,737	(485,864)	(345,448)	(9,705)	(86,999)	(39,211)	(4,501)

Notes to Group Financial Statements

31 December 2008 (Continued)

29 FINANCIAL INSTRUMENTS AND FINANCIAL RISK *(Continued)*

MARKET RISK

Market risk is the risk that changes in market prices and indices, such as foreign exchange rates, and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's risk management strategy is to manage and control market risk exposures within acceptable parameters, while optimising the return earned by the Group. The Group has three types of market risk being currency risk, interest rate risk and other market price risk, each of which are dealt with as follows.

CURRENCY RISK

Structural currency rick

While many of the Group's operations are carried out in Eurozone economies, it also has significant operations in the UK, Sweden, Denmark and the Czech Republic. As a result, the Group is exposed to structural currency fluctuations including, in particular, Sterling and Swedish Krona. The Group generally finances initial overseas investments through foreign currency borrowings which hedge the foreign currency investment. Interest on borrowings is therefore denominated in currencies that match the cashflows generated by the underlying operations of the Group which provides an economic hedge. Post initial acquisition, these businesses generally fund their operations locally. To the extent that the net assets of foreign operations increase, the Group is exposed on the additional net assets. Such movements are dealt with in the statement of recognised income and expense.

Transactional currency risk

Foreign exchange risk also arises from foreign currency transactions, assets and liabilities. Management requires all Group operations to manage their foreign exchange risk against their functional currency. These currency risks are monitored on a daily basis and managed by utilising spot and forward foreign currency contracts. The vast majority of transactions entered into by Group entities are denominated in their functional currencies.

The Group's exposure to transactional foreign currency risk is as follows:

31 December 2008	*Euro €'000*	*Sterling €'000*	*SEK €'000*	*CZK €'000*	*DKK €'000*	*US Dollar €'000*	*Other €'000*
Trade and other receivables	23,576	3,388	1,008	–	5,794	760	2,783
Derivative financial assets	498	–	138	–	–	–	–
Cash and cash equivalents	11,446	695	–	–	863	6,228	979
Bank overdrafts	(696)	–	–	–	–	–	–
Bank borrowings (note a)	–	(12,693)	(42,267)	(10,624)	(15,105)	–	–
Trade and other payables	(71,202)	(3,782)	(233)	–	(1,631)	(3,091)	(615)
Derivative financial liabilities	(48)	(113)	–	–	–	–	–
Deferred consideration obligations	–	–	–	–	(1,840)	–	–
	(36,426)	**(12,505)**	**(41,354)**	**(10,624)**	**(11,919)**	**3,897**	**3,147**
31 December 2007							
Trade and other receivables	4,873	4,079	1,059	–	987	354	1,786
Derivative financial assets	100	42	–	–	–	29	–
Cash and cash equivalents	711	2,353	603	–	–	209	671
Bank overdrafts	(88)	(41)	–	–	–	(193)	–
Bank borrowings (note a)	–	(16,717)	(68,437)	(13,530)	(15,075)	–	–
Trade and other payables	(61,457)	(7,467)	(1,507)	(98)	(1,278)	(1,744)	(899)
Derivative financial liabilities	–	(113)	–	–	–	(178)	–
Deferred consideration obligations	–	–	–	–	(2,674)	–	–
	(55,861)	(17,864)	(68,282)	(13,628)	(18,040)	(1,523)	1,558

Note (a)

All of these borrowings are designated as hedges of the Group's net investments in foreign operations with matching functional currencies. Gains and losses arising on translation are therefore taken to the foreign currency translation reserve.

Notes to Group Financial Statements

31 December 2008 (Continued)

29 FINANCIAL INSTRUMENTS AND FINANCIAL RISK *(Continued)*

CURRENCY RISK *(Continued)*

Sensitivity analysis

A 5% strengthening or weakening in the Euro against Sterling, the US Dollar, Swedish Krona or Czech Koruna, based on outstanding financial assets and liabilities at 31 December 2008 and 31 December 2007, would have increased/(decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	5% strengthening		*5% weakening*	
31 December 2008	*Income statement €'000*	*Equity €'000*	*Income statement €'000*	*Equity €'000*
Sterling	(1)	651	1	(719)
Swedish Krona	(107)	2,012	118	(2,225)
Czech Koruna	(177)	506	196	(559)
US Dollar	(195)	(569)	216	538
31 December 2007				
Sterling	(89)	796	59	(880)
Swedish Krona	(859)	3,259	1,194	(3,602)
Czech Koruna	132	644	(123)	(712)
US Dollar	(63)	–	75	–

INTEREST RATE RISK

The Group holds both interest bearing assets and interest bearing liabilities. In general, the approach employed by the Group to manage its interest exposure is to maintain 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 movement in longer term rates. In limited instances, the Group uses floating-to-fixed interest rate swaps which have the economic effect of converting borrowings from floating to fixed rates. At year-end, the interest rate profile of interest-bearing financial instruments was:

	Carrying amount 2008 €'000	*Carrying amount 2007 €'000*
Fixed rate instruments		
Bank borrowings	**(1,980)**	(6,877)
Finance lease liabilities	**(304)**	(741)
	(2,284)	(7,618)
Variable rate instruments		
Cash and cash equivalents	**85,293**	87,104
Bank overdrafts	**(8,072)**	(12,993)
Bank borrowings	**(134,696)**	(137,754)
Finance lease liabilities	**(441)**	(752)
	(57,916)	(64,395)

29 FINANCIAL INSTRUMENTS AND FINANCIAL RISK *(Continued)*

INTEREST RATE RISK

Cash flow sensitivity analysis for variable rate instruments

At 31 December 2008, the average interest rate being earned on the Group's cash and cash equivalents was 2.56% (2007: 3.92%). At 31 December 2008, the average interest being paid on the Group's borrowings was 4.32% (2007: 5.06%).

An increase or decrease of 50 basis points in interest rates at the reporting date would have had the following effect on the income statement and equity. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	50 basis point increase		*50 basis point decrease*	
31 December 2008	*Income statement €'000*	*Equity €'000*	*Income statement €'000*	*Equity €'000*
Variable rate instrument	(279)	–	279	–
31 December 2007				
Variable rate instrument	(308)	–	308	–

Other market price risk

Equity price risk arises from the available-for-sale equity securities which are held for strategic reasons of the Group. The primary goal of the Group's investment strategy is to maximise investment returns in order to meet the specific strategic objectives of the Group and it is the policy of the Group not to invest in speculative equity securities.

ACCOUNTING FOR DERIVATIVES AND HEDGING ACTIVITIES

Derivative financial instruments are measured at fair value at inception and at each reporting date, with the movement recognised in the income statement unless they are designated as cash flow hedges under IAS 39. Where instruments are classified as cash flow hedges, they are accounted for under hedge accounting rules with gains or losses arising on the effective portion of the derivative instrument recognised in the cash flow hedge 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. The fair value of derivatives at the balance sheet date is set out in the following table:

	Assets 2008 €'000	***Liabilities 2008 €'000***	*Assets 2007 €'000*	*Liabilities 2007 €'000*
Forward currency contracts	**1,370**	**(159)**	129	(291)
Interest rate swaps	**–**	**(15)**	42	–
	1,370	**(174)**	171	(291)

Derivatives at the end of year are classified as follows:	***2008 €'000***	*2007 €'000*
Cashflow hedges – assets	**668**	–
Fair value through income statement – assets	**702**	171
Fair value through income statement – liabilities	**(174)**	(291)
	1,196	(120)

The movement in cashflow hedges during the year was as follows:	***2008 €'000***	*2007 €'000*
Effective portion of changes in fair value of cashflow hedges	**4,442**	–
Fair value of cashflow hedges transferred to income statement	**(3,774)**	–
	668	–

29 FINANCIAL INSTRUMENTS AND FINANCIAL RISK *(Continued)*

ACCOUNTING FOR DERIVATIVES AND HEDGING ACTIVITIES *(Continued)*

The Group uses foreign currency borrowings to hedge the net investment in foreign entities. The carrying value of borrowings designated as net investment hedges at the year end amounts to €80,689,000 (2007: €113,759,000). The gains or losses on the effective portions of such borrowings are recognised in equity. Ineffective portions of the gains and losses on such borrowings are recognised in the income statement although no ineffectiveness has been recognised in the current or prior period. Gains and losses accumulated in equity are included in the income statement on disposal of a foreign entity.

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 measurement of judgemental provisions and accruals, particularly those relating to deferred consideration obligations based on earn out arrangements, and other contractual arrangements.

Impairment testing, 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 determination of appropriate assumptions such as discount rates and expected future rates of return as set out in Note 26. Accounting for share-based payment transactions involves use of an appropriate valuation model dependant on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

31 POST BALANCE SHEET EVENTS

There have been no significant events since the year end which would require disclosure or adjustment in the financial statements.

32 SIGNIFICANT SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

Subsidiaries	*Principal activity*	*Group share %*	*Country of incorporation*	*Registered office*
Total Produce Ireland Limited*	Fresh produce company	100	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth
Uniplumo (Ireland) Limited *	Cultivation and distribution of houseplants	90	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth
Allegro Limited *	Consumer goods company	90	Ireland	1 Beresford Street, Dublin 7
Total Produce Belfast Limited	Fresh produce company	100	United Kingdom	231 City Business Park, Dunmurry, Belfast, BT17 BHY
R Group Holdings Limited	Investment holding company	100	United Kingdom	1st Floor, Sundance House, Staniland Way, Werrington, Peterborough, PE4 6FN
Redbridge Holdings Limited	Fresh produce company	100	United Kingdom	1st Floor, Sundance House, Staniland Way, Werrington, Peterborough, PE4 6FN
TPH (UK) Limited	Investment holding company	100	United Kingdom	1st Floor, Sundance House, Staniland Way, Werrington, Peterborough, PE4 6FN
Total Produce Holdings (UK) Limited	Investment holding company	100	United Kingdom	1st Floor, Sundance House, Staniland Way, Werrington, Peterborough, PE4 6FN
Total Produce Limited	Fresh produce company	100	United Kingdom	1st Floor, Sundance House, Staniland Way, Werrington, Peterborough, PE4 6FN
Total Produce Holdings B.V.*	Investment holding company	100	The Netherlands	Marconistraat 19, 3029 AE Rotterdam
Total Produce B.V.	Fresh produce company	100	The Netherlands	Marconistraat 19, 3029 AE Rotterdam
EurobananCanaries S.A.	Fresh produce company	50	Spain	Mercamadrid, Nave D, Puestos 47 y 49, 28053 Madrid
Peviani SpA	Fresh produce company	50	Italy	Via Maspero, 20, 1 – 20137, Milan
Hortim International s.r.o.	Fresh produce company	75.1	Czech Republic	Breclao, ZIP 690 02, Haskova 18, ICO 47915528
Everfresh AB	Fresh produce company	100	Sweden	Långebergavägen 190, 256 69 Helsingborg, Sweden
Lembcke Holdings A.S. *	Investment holding company	100	Denmark	Gronttorvet 220, Copenhagen, Denmark
Brdr Lembcke A.S.	Fresh produce company	100	Denmark	Gronttorvet 220, Copenhagen, Denmark
Haluco B.V.	Fresh produce company	60	The Netherlands	Klappolder 224, 2665 MR Bleiswijk, The Netherlands
Nedalpac B.V.	Fresh produce company	60	The Netherlands	Venrayseweg 128b, 5928 RH Venlo, The Netherlands

* Subsidiaries owned directly by Total Produce Plc

Notes to Group Financial Statements

31 December 2008 (Continued)

32 SIGNIFICANT SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES *(Continued)*

Joint Ventures	*Principal activity*	*Group share %*	*Country of incorporation*	*Registered office*
Capespan International Holdings Limited	Fresh produce company	50	United Kingdom	Lapell Bank, Port of Sheerness, Sheerness, Kent ME12 IRS
Anaco & Greeve International B.V.	Fresh produce company	50	The Netherlands	Postbus 31, 2685 ZG Poeldijk
Suri Agro Fresh Pvt. Limited	Fresh produce company	50	India	C-129, New Subzi Mandi, Azadpur, Delhi – 110033, India
Khet Se Agriproduce India Pvt Limited	Fresh produce company	50	India	C-1/9, Corporation Bank Building, 1st Floor, Sector 31, Noida 201 301, India
Frutas IRU S.A.	Fresh produce company	50	Spain	Puestos 326-328, Mercabilbao, 48970 Basauri, Vizcaya
Rapiprop 159 (Proprietary) Limited	Fresh produce company	40	South Africa	Parc du Cap, Building No 1 Mispel Road, Bellville 7530 South Africa

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

Company Financial Statements

31 December 2008

COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Notes	2008 €'000	2007 €'000
Fair value adjustment on equity investments	33	62	(62)
Net loss recognised directly in equity		62	(62)
Profit for the financial year		10,629	6,279
Total recognised income and expense attributable to equity shareholders		10,691	6,217

COMPANY BALANCE SHEET

	Notes	2008 €'000	2007 €'000
Non-current assets			
Equity investments	33	254,682	255,529
Current assets			
Trade and other receivables	34	12,473	8,360
Total assets		267,155	263,889
Equity			
Called-up share capital	36	3,519	3,519
Share premium	36	252,574	252,574
Other reserves	36	374	31
Retained earnings	36	9,206	4,524
Total equity		265,673	260,648
Current liabilities			
Interest-bearing loans and borrowings	35	19	360
Trade and other payables	37	1,463	2,881
Total liabilities		1,482	3,241
Total equity and liabilities		267,155	263,889

On behalf of the Board

C P McCann	**J F Gernon**
Chairman	Finance Director

Company Financial Statements

31 December 2008 (Continued)

COMPANY CASHFLOW STATEMENT

Operating activities	*Notes*	*2008 €'000*	*2007 €'000*
Profit for financial year		10,629	6,279
Adjustments for:			
Impairment of available for sale investments		1,169	–
Taxation		(13)	(109)
Equity settled compensation		34	10
Interest income		–	(3)
Interest expense		–	6
Movement in trade receivables and other receivables		(4,116)	(8,360)
Movement in trade payables and other payables		(1,418)	2,881
Corporation tax /refunded		13	109
Interest received		–	3
Interest paid		–	(6)
Cash flows from operating activities		6,298	810
Financing activities			
Proceeds from the issuance of share capital		–	585
Investment in subsidiary		(10)	–
Dividends to Company equity shareholders		(5,947)	(1,755)
Cash flows from financing activities		(5,957)	(1,170)
Net increase/decrease in cash and cash equivalents		341	(360)
Cash and cash equivalents, including bank overdrafts at the beginning of the year		(360)	–
Cash and cash equivalents, including bank overdrafts at the end of the year	35	(19)	(360)

Notes to the Company Financial Statements

31 December 2008

33 EQUITY INVESTMENTS

	Investment in subsidiary €'000	*Investment in joint ventures €'000*	*Investments €'000*	*Total €'000*
Balance at 30 December 2006	245,208	2,000	8,300	255,508
Capital contribution to subsidiaries	83	–	–	83
Fair value movement	–	–	(62)	(62)
Balance at 31 December 2007	245,291	2,000	8,238	255,529
Investment in subsidiary	10	–	–	10
Capital contribution to subsidiaries	250	–	–	250
Impairment loss	–	–	(1,107)	(1,107)
Balance at 31 December 2008	245,551	2,000	7,131	254,682

The principal subsidiaries, joint ventures and associates are set out on pages 114 and 115.

The fair value of the Company's equity investment was reviewed giving rise to an impairment charge of €1,169,000 which has been recognised in the income statement, including a fair value deficit of €62,000 previously recognised in equity in 2007. See Note 13.

34 TRADE AND OTHER RECEIVABLES

Current	***2008* €'000**	*2007 €'000*
Amounts due from subsidiaries	**12,473**	8,352
Prepayments	**–**	8
	12,473	8,360

35 CASH AND CASH EQUIVALENTS

	***2008* €'000**	*2007 €'000*
Bank overdrafts	**(19)**	(360)
Cash and cash equivalents in the cash flow statement	**(19)**	(360)

Notes to the Company Financial Statements

31 December 2008 (Continued)

36 CAPITAL AND RESERVES

	Share capital €'000	Share premium €'000	Fair value reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000
Balance at 30 December 2006	3,510	251,998	–	–	–	**255,508**
Total recognised gains and losses	–	–	(62)	–	6,279	**6,217**
Equity settled transactions	–	–	–	93	–	**93**
Dividends to shareholders	–	–	–	–	(1,755)	**(1,755)**
Shares issued	9	576	–	–	–	**585**
Balance at 31 December 2007	3,519	252,574	(62)	93	4,524	**260,648**
Total recognised gains and losses	–	–	62	–	10,629	**10,691**
Equity settled transactions	–	–	–	281	–	**281**
Dividends to shareholders	–	–	–	–	(5,947)	**(5,947)**
Balance at 31 December 2008	3,519	252,574	–	374	9,206	**265,673**

On 14 December 2007 the Company issued 914,287 ordinary shares of €0.01 each in the capital of the company to Computershare Trustees (Ireland) Limited under the terms of the Total Produce profit sharing scheme (APSS), at a price of €0.64 per share.

Other reserves	**2008 €'000**	2007 €'000
Share option reserve	**374**	93
Fair value reserve	**–**	(62)
Balance at end of year	**374**	31

37 TRADE AND OTHER PAYABLES

	2008 €'000	2007 €'000
Amounts due to group undertakings	**1,123**	2,232
Accruals and deferred income	**340**	621
Other payables	**–**	28
	1,463	2,881

38 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 42 to 46.

	2008 €'000	2007 €'000
Dividends received from group undertakings	**14,359**	9,000
Net income from subsidiaries	**–**	(3)

Notes to the Company Financial Statements

31 December 2008 (Continued)

39 EMPLOYEE BENEFITS

The aggregate employee costs for the company were as follows;-

Remuneration	2008 €'000	2007 €'000
Wages and salaries	1,435	1,735
Social security contributions	154	142
Pension costs – defined contribution schemes	100	60
Pension costs – defined benefit schemes	146	135
Equity settled compensation	34	10
	1,869	2,082

The average number of employees of the Company in 2008 was 8 (2007: 7).

40 FINANCIAL INSTRUMENTS AND FINANCIAL RISK

At 31 December 2008	Loans and receivables €'000	Available for sale €'000	Liabilities at amortised cost €'000	Total €'000	Fair value €'000
Equity investments	–	7,131	–	7,131	7,131
Trade and other receivables	12,473	–	–	12,473	12,473
	12,473	7,131	–	19,604	19,604
Trade and other payables	–	–	(1,463)	(1,463)	(1,463)
Bank overdrafts	–	–	(19)	(19)	(19)
	–	–	(1,482)	(1,482)	(1,482)

At 31 December 2007	Loans and receivables €'000	Available for sale €'000	Liabilities at amortised cost €'000	Total €'000	Fair value €'000
Equity investments	–	8,238	–	8,238	8,238
Trade and other receivables	8,352	–	–	8,352	8,352
	8,352	8,238	–	16,590	16,590
Trade and other payables	–	–	(2,881)	(2,881)	(2,881)
Bank overdrafts	–	–	(360)	(360)	(360)
	–	–	(3,241)	(3,241)	(3,241)

The Company has the same risk exposures as those of the Group as outlined in Note 29.

Credit risk

The €12,473,000 (€8,352,000) within trade and other receivables above relates entirely to amounts due from subsidiary undertakings. All are repayable on demand and there were no impairment provisions against these balances at year end.

Liquidity risk

The €1,463,000 within trade and other payables and the bank overdraft of €19,000 at 31 December 2008 are all due for repayment within six months. Similarly the €2,881,000 within trade and after payables and the bank overdraft of €360,000 at 31 December 2007 were all due for payment within 6 months.

Currency risk

All financial assets and liabilities at 31 December 2008 and 2007 above are denominated in Euro (the functional currency of the Company) and hence no currency risk is present at year end.

Other market price risk

Equity price risk arises from the available-for-sale equity securities which are held for strategic reasons of the Group.

Notice of the Annual General Meeting

TOTAL PRODUCE PLC
Year ended 31 December 2008

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Total Produce plc will be held at the Radisson SAS Royal Hotel, Golden Lane, Dublin 8, on Thursday 28th May 2009 at 10.30 a.m. for the following purposes:

1. To receive and consider Statements of Account for the year ended 31 December 2008 and the reports of the Directors and auditor thereon.

2. To confirm the interim dividends and declare a final dividend of 1.15 cent per share on the ordinary shares for the year ended 31 December 2008.

3. By separate resolutions to re-elect as Directors the following who retire in accordance with the Articles of Association and/or the Combined Code on Corporate Governance and, being eligible, offer themselves for re-election:

   (A) C P McCann
   (B) J J Kennedy

4. To authorise the directors to fix the remuneration of the auditor for the year ending 31 December 2009.

As special business to consider and, if thought fit, pass the following resolutions:-

5. AS AN ORDINARY RESOLUTION:
   "That the Directors are hereby unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 20 of the Companies (Amendment) Act, 1983) up to an aggregate nominal amount of € 1,161,226 (116,122,621 shares, representing 33% of the nominal value of the issued share capital) provided that this authority shall expire at the earlier of the close of business on the date of the next AGM after the passing of this resolution or 28th August 2010 provided however that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired."

6. AS A SPECIAL RESOLUTION:
   "That pursuant to Article 8(d) of the Articles of Association and Section 24 of the Companies (Amendment) Act, 1983 the Directors are hereby empowered to allot equity securities (as defined by Section 23 of that Act) for cash pursuant to the authority to allot relevant securities conferred on the Directors by resolution 5 above in the notice of this meeting as if sub-section (1) of the said Section 23 did not apply to any such allotment provided that this power shall be limited to the matters provided for in Article 8(d)(i) and (ii) of the Articles of Association and provided further that the aggregate nominal value of any shares which may be allotted pursuant to Article 8(d)(ii) may not exceed €351,887 (35,188,673 shares) representing 10% of the nominal value of the issued share capital."

7. AS A SPECIAL RESOLUTION
   "That the Company and/or any subsidiary (as defined by Section 155 of the Companies Act, 1963) of the Company is hereby generally authorised to make market purchases (as defined by Section 212 of the Companies Act, 1990) of shares of any class in the Company ("shares") on such terms and conditions and in such manner as the Directors may determine from time to time but subject to the provisions of the Companies Act, 1990 and to the following restrictions and provisions:-
   (a) The maximum number of ordinary shares (as defined in the Articles of Association of the Company) authorised to be acquired pursuant to this resolution shall not exceed 35,188,673 (representing 10% of the issued share capital);

   (b) the minimum price which may be paid for any share shall be an amount equal to the nominal value thereof;

   (c) the maximum price which may be paid for any share (a "relevant share") shall be an amount equal to 105% of the average of the five amounts resulting from determining whichever of the following (i), (ii) or (iii) specified below in relation to the shares of the same class as the relevant share shall be appropriate for each of the five

Notice of the Annual General Meeting

7. AS A SPECIAL RESOLUTION *(Continued)*

business days immediately preceding the day on which the relevant share is purchased, as determined from the information published in the Irish Stock Exchange Daily Official List reporting the business done on each of those five business days:

(i) if there shall be more than one dealing reported for the day, the average of the prices at which such dealings took place; or
(ii) if there shall be only one dealing reported for the day, the price at which such dealing took place; or
(iii) if there shall not be any dealing reported for the day, the average of the high and low market guide prices for that day;

and if there shall be only a high (but not a low) or a low (but not a high) market guide price reported, or if there shall not be any market guide price reported, for any particular day then that day shall not count as one of the said five business days for the purposes of determining the maximum price. If the means of providing the foregoing information as to dealings and prices by reference to which the maximum price is to be determined is altered or is replaced by some other means, then a maximum price shall be determined on the basis of the equivalent information published by the relevant authority in relation to dealings on the Irish Stock Exchange or its equivalent;

(d) the authority hereby granted shall expire at the close of business on the date of the next AGM of the company or 28th August 2010, whichever is the earlier, unless previously varied, revoked or renewed by special resolution in accordance with the provisions of Section 215 of the Companies Act, 1990. The Company or any such subsidiary may, before such expiry, enter into a contract for the purchase of shares which would or might be executed wholly or partly after such expiry and may complete any such contract as if the authority conferred hereby had not expired."

8. AS A SPECIAL RESOLUTION:

"That, subject to the passing of resolution 7, for the purposes of Section 209 of the Companies Act, 1990, the reissue price range at which any treasury shares (as defined by the said Section 209) for the time being held by the Company may be reissued off-market shall be as follows:-

(a) The maximum price at which a treasury share may be reissued off-market shall be an amount equal to 120 per cent of the "appropriate price"; and

(b) the minimum price at which a treasury share may be re-issued off-market shall be the nominal value of the share where such a share is required to satisfy an obligation under an employee share scheme (as defined in the Companies (Amendment) Act 1983) operated by the Company or, in all other cases, an amount equal to 95% of the appropriate price.

For the purposes of this resolution the expression "appropriate price" shall mean the average of the five amounts resulting from determining whichever of the following (i), (ii) or (iii) specified below in relation to shares of the class of which such treasury share is to be reissued shall be appropriate in respect of each of the five business days immediately preceding the day on which the treasury share is reissued, as determined from information published in the Irish Stock Exchange Daily Official List reporting the business done in each of those five business days:-

(i) if there shall be more than one dealing reported for the day, the average of the prices at which such dealings took place; or
(ii) if there shall be only one dealing reported for the day, the price at which such dealing took place; or
(iii) if there shall not be any dealing reported for the day, the average of the high or low market guide prices for the day;

and if there shall be only a high (but not a low) or a low (but not a high) market guide price reported, or if there shall not be any market guide price reported, for any particular day then that day shall not count as one of the said five business days for the purposes of determining the appropriate price. If the means of providing the foregoing information as to dealings and prices by reference to which the appropriate price is to be determined is altered or is replaced by some other means, then the appropriate price shall be determined on the basis of the equivalent information published by the relevant authority in relation to dealings on the Irish Stock Exchange or its equivalent.

The authority hereby conferred shall expire at the close of business on the day of the next AGM of the company or 28th August 2010, whichever is the earlier, unless previously varied or renewed in accordance with the provisions of Section 209 of the Companies Act, 1990."

9. AS A SPECIAL RESOLUTION:
"That it is hereby resolved, with effect from the implementation into Irish Law of Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders and listed companies, the provision in Article 55(a) allowing for the convening of an Extraordinary General Meeting by at least 14 Clear Days' notice (where such meetings are not convened for the passing of a special resolution) shall continue to be effective."

10 AS A SPECIAL RESOLUTION:
"That the Articles of Association of the Company be and are hereby amended by:

(a) the addition of the following definitions to Article 1(b) of the Articles of Association of the Company:-

"**relevant system**" the meaning given in the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (SI No. 68/1996);

"**properly authenticated dematerialised instruction**" the meaning given in the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (SI No. 68/1996);";

(b) the deletion of Article 72(a) and the substitution in its place of the following new subparagraph:

"(a) Every member entitled to attend and vote at a general meeting may appoint a proxy or proxies to attend, speak and vote on his behalf provided that, where a shareholder appoints more than one proxy in relation to a general meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by him. The appointment of a proxy shall be in writing in any usual form or in any other form which the Directors may approve and shall be signed by or on behalf of the appointer. The signature on such appointment need not be witnessed. A body corporate may sign a form of proxy under its common seal, under the hand of a duly authorised officer thereof or in such manner as the Directors may approve. A proxy need not be a member of the Company. The appointment of a proxy in electronic form shall only be effective in such manner as the Directors may approve."

(c) the deletion of Articles 73 to 76 (inclusive) and the substitution in their place of the following new articles:

"73. The directors may send, at the expense of the Company, by post, electronic mail or otherwise, to the members forms for the appointment of a proxy (in such form as the Directors may approve and with or without stamped envelope for their return) for use at any general meeting or at any class meeting either in blank or nominating any one or more of the directors or any other persons in the alternative. The proxy form must make provision for three-way voting on all resolutions intended to be proposed, other than resolutions which are merely procedural. If for the purpose of any meeting invitations to appoint as proxy a person or one of the number of persons specified in the invitations are issued at the expense of the company, such invitations shall be issued to all (and not to some only) of the members entitled to be sent a notice of the meeting and to vote thereat by proxy but the accidental omission to issue such invitation to, or the non-receipt to such invitations by, any member shall not invalidate the proceedings at any such meeting.

74. **Bodies corporate acting by representatives at meetings**

Any body corporate which is a member of the Company may, by resolution of its directors or other governing body, authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or any class of members of the Company, and any person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual member of the company. Where a member appoints more than one representative in relation to a general meeting, each representative must be appointed to exercise rights attached to a different share or shares held by the member.

75. **Receipt of proxy appointment**

Where the appointment of a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of that power or authority or any other proof or confirmation of that power or authority acceptable to the Directors is to be received by the Company:-

(a) in physical form it shall be deposited at the office or (at the option of the member) at such other place or places (if any) in Ireland as is specified for that purpose in, or by way or note to, the notice convening the meeting, or

(b) in electronic form, it may be so received where an address has been specified by the Company for the purpose of receiving electronic communications:-

(i) in the notice convening the meeting; or

(ii) in any appointment of proxy sent out by the Company in relation to the meeting; or

(iii) in any invitation contained in an electronic communication to appoint a proxy issued by the Company in relation to the meeting;

provided it is so received by the Company not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid PROVIDED THAT in the case of a meeting which is adjourned to, or a poll which is to be taken on, a date which is less than seven days after the date of the meeting which was adjourned or at which the poll was demanded, it shall be sufficient if the appointment of proxy and any other authority and certification thereof as aforesaid is so received by the Company at the commencement of the adjourned meeting or the taking of the poll and an appointment of proxy relating to more than one meeting (including any adjournment thereof) having once been so received for the purposes of any meeting shall not require to be delivered, deposited or received again for the purposes of any subsequent meeting to which it relates.

76. **Effect of proxy appointment**

A proxy shall have the right to exercise all or any of the rights of his appointer, or (where more than one proxy is appointed) all or any of the rights attached to the shares in respect of which he has appointed to the proxy to attend, to demand or join in demanding a poll and to speak and vote at a general meeting of the Company. Unless his appointment provides otherwise, a proxy may vote or abstain in his discretion on any resolution put to the vote.

76A. **Effect of revocation of proxy or of authorisation**

A vote given or poll demanded in accordance with the terms of an appointment of a proxy or a resolution authorising a representative to act on behalf of a body corporate shall be valid notwithstanding the previous death, insanity or winding up of the principal or revocation of the proxy or of the authority under which the proxy or authority was executed or the transfer of the share in respect of which the proxy or authority is given, if no intimation in writing (whether in electronic form or otherwise) of such death, insanity, winding

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up, revocation or transfer as aforesaid is received by the Company at the Office, at least one hour before the commencement of the meeting or adjourned meeting at which the proxy is used or the representative acts PROVIDED HOWEVER that where such intimation is given in electronic form it shall have been received by the Company at least 24 hours (or such lesser time as the Directors may specify) before the commencement of the meeting."

F J Davis
Secretary
Charles McCann Building,
Rampart Road, Dundalk, Co Louth, Ireland

24 April 2009

Notice of the Annual General Meeting

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote in his/her place. Completion of a form of proxy will not affect the right of a member to attend, speak and vote at the meeting in person.

2. To be valid, forms of proxy duly signed together with the power of attorney or such other authority (if any) under which they are signed (or a certified copy of such power or authority) must be lodged with the Company's registrar, Computershare Services (Ireland) Limited, P.O. Box 954, Sandyford, Dublin 18 by not later than 10.30 a.m. on Tuesday, 26th May 2009.

3. The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertified Securities) Regulations, 1996, specifies that only those shareholders registered in the register of members of the Company as at 6.00pm on Tuesday, 26th May 2009 (or in the case of an adjournment as at 48 hours before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at the time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Services (Ireland) Limited (ID 3RA50) by 10.30 a.m. on Tuesday, 26th May 2009. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare Services (Ireland) Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

5. As of 24 April 2009 (being the latest practicable date prior to the publication of this notice), the outstanding share options issued by the Company would result in the issue of 7,485,000 new ordinary shares if such share options were to be exercised. Further the issue of all of these shares would represent approximately 2.08 % of the enlarged equity or 2.10 %, if the Company were to exercise in full the proposed authority being sought in resolution 7 above to purchase its own shares.

6. Biographical details for the Directors standing for re-election at the AGM are set out in the accompanying Annual Report. Each of the Directors has been subject to the evaluation process recommended by the 2006 FRC Combined Code. On this basis, the Chairman and Board are pleased to recommend the re-election of those Directors.

TotalProduce™

Let's Grow Together

Total Produce plc
Charles McCann Building
Rampart Road
Dundalk, Co Louth

T: +353 42 933 5451
F: +353 42 933 9470
W: www.totalproduce.com
E: info@totalproduce.com