

TOTAL PRODUCE PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

TOTAL PRODUCE INCREASES 2010 EARNINGS BY 5.7%

- Revenue up 7.0% to €2.6 billion ⁽ⁱ⁾
- Adjusted EBITDA ⁽ⁱⁱ⁾ up 6.7% to €60.9m
- Adjusted EBITA ⁽ⁱⁱ⁾ up 9.0% to €47.8m
- Adjusted profit before tax ⁽ⁱⁱ⁾ up 7.7% to €43.2m
- Adjusted EPS ⁽ⁱⁱⁱ⁾ up 5.7% to 6.84 cent per share
- Free cashflow up 20% to €32.6m
- Final dividend of 1.243 cent; total 2010 dividend of 1.783 cent up 5.5%

(i), (ii) and (iii) As defined overleaf

Commenting on the results, Carl McCann, Chairman, said:

“Total Produce delivered a good 2010 performance with a 5.7% increase in adjusted earnings per share to 6.84 cent per share. This result reflects the strength and broad base of the Group’s operations against a background of tougher economic conditions in certain locations.

The Group is targeting 2011 adjusted earnings per share in the range of 6.5 cent to 7.5 cent per share. It has a strong financial position and continues to actively pursue acquisition opportunities.”

3 March 2011

Any forward-looking statements made in this press release have been made in good faith based on the information available as of the date of this press release and are not guarantees of future performance. Actual results or developments may differ materially from the expectations expressed or implied in these statements, and the company undertakes no obligation to update any such statements whether as a result of new information, future events, or otherwise. Total Produce's Annual Report contains and identifies important factors that could cause these developments or the company's actual results to differ materially from those expressed or implied in these forward-looking statements.

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**TOTAL PRODUCE PLC PRELIMINARY RESULTS FOR THE
YEAR ENDED 31 DECEMBER 2010**

	2010	2009	
	€million	€million	% change
Revenue, including share of joint ventures and associates	2,600	2,431	+7.0%
Group revenue	2,343	2,186	+7.2%
Adjusted EBITDA ⁽ⁱⁱ⁾	60.9	57.1	+6.7%
Adjusted EBITA ⁽ⁱⁱ⁾	47.8	43.9	+9.0%
Adjusted profit before tax ⁽ⁱⁱ⁾	43.2	40.1	+7.7%
Operating profit	37.0	31.5	+17.5%
Profit before tax	33.6	28.4	+18.4%
	Euro cent	Euro cent	% change
Adjusted earnings per share ⁽ⁱⁱⁱ⁾	6.84	6.47	+5.7%
Basic and diluted earnings per share	5.25	3.70	+41.9%
Total dividend per share	1.783	1.690	+5.5%

(i) *includes the Group's share of revenue of joint ventures and associates*

(ii) *excludes exceptional items and amortisation of intangible assets*

(iii) *excludes exceptional items, amortisation of intangible assets and related tax*

Summary Results

Total Produce (the 'Group') has delivered a good performance for the year with adjusted earnings per share ⁽¹⁾ growth of 5.7% to 6.84 cent.

Revenue of €2.6 billion represents a 7.0% increase on the prior year with a strong performance in the Group's core Fresh Produce Division. The Group benefited from the strength of the Swedish Krona and Sterling in the year and revenue was up 3.8% on a constant currency basis ⁽²⁾. Adjusted EBITA ⁽³⁾ for the year was €47.8m, an increase of 9.0% due to increased earnings in the Fresh Produce Division and the positive impact of currency translation.

Exceptional items in the year relating to property impairments amounted to a net charge of €2.3m (2009: €4.8m). An analysis of these items is set out in Note 5 of the accompanying financial information. Operating profit for 2010 after exceptional items amounted to €37.0m (2009: €31.5m).

The Group continues to generate strong cashflow with both operating cashflows and free cashflows up almost 20% on prior year to €46.4m and €32.6m respectively. Net debt at 31 December 2010 was €47.9m and represents 0.8 times adjusted EBITDA.

In November 2010, the Group completed a buy back of 22 million of its own shares at a cost of €8.7m. This represented 6.3% of the shares in issue.

The Board recommends a final dividend of 1.243 cent per share which together with the interim dividend of €0.54 cent per share, brings the total dividend to €1.783 cent per share, an increase of 5.5% on the prior year.

Operating Review

The table below details a segmental breakdown of the Group's revenue and adjusted EBITA for the year. Segment performance is evaluated based on revenue and adjusted EBITA.

	2010		2009	
	Segmental revenue €000	Adjusted EBITA €000	Segmental revenue €000	Adjusted EBITA €000
Eurozone Fresh Produce	1,282,367	27,947	1,150,812	23,352
Scandinavian Fresh Produce	602,360	16,384	549,864	13,719
UK Fresh Produce	508,261	3,960	519,369	6,016
Other Fresh Produce	158,979	3,256	132,132	3,067
Inter – segment revenue	(33,416)	-	(26,927)	-
Total Fresh Produce	2,518,551	51,547	2,325,250	46,154
Consumer Goods and Healthfoods				
Distribution	81,909	(598)*	106,173	770
Unallocated costs	-	(3,118)	-	(3,044)
Third party revenue and adjusted EBITA	2,600,460	47,831	2,431,423	43,880

* Includes rationalisation costs of €0.5m.

Fresh Produce Division

The Group's core Fresh Produce division is split into four distinct reporting segments and recorded a good performance for the year helped by a strong second half which compensated for a slow start to the year due to abnormal weather conditions. Revenue increased by 8.3% to €2.52 billion assisted by the strength of Swedish Krona and Sterling in the year, which led to higher translation values of non-euro revenues. Revenue in the division increased 5.0% on a constant currency basis due to a mixture of volume and average price increases.

Adjusted EBITA in the division grew 11.7% due to increased revenues and the strength of non-euro currencies. Net adjusted EBITA margins in this division were 2.05% up from 1.98% in prior year, reflecting the Group's continued focus on operational efficiencies. Further information on each reporting segment follows.

Eurozone Fresh Produce

This division recorded a strong year with a particularly good performance in Continental Europe. Revenue grew by €132m (11.4%) to €1,282m with a mixture of both volume and average price increases. Adjusted EBITA grew by €4.6m to €7.9m on the back of increased revenue resulting in an increase in the net adjusted EBITA margin from 2.0% to 2.2%.

Scandinavian Fresh Produce

Reported revenue in the Group's Scandinavian division has increased by 9.6% to €602m assisted by a 10% strengthening of Swedish Krona in the year. Adjusted EBITA has increased by €2.7m due to both currency translation and an increase in the adjusted EBITA margins from 2.49% to 2.72%. The out-turn was helped by the ongoing integration of the Scandinavian businesses. During the year, this division invested in a capital project to expand its state of the art facilities in Sweden.

UK Fresh Produce

This division had a challenging year due to poor weather in the first quarter of the year and difficult trading conditions in the wholesale market. On the positive side the division continued to grow its key soft fruit business. Revenue in local currency was 7% down on prior year primarily due to volume decreases. Reported revenue when translated to Euro was down 2% to €508m with the benefit of the 5% strengthening of Sterling in the year. Adjusted EBITA in the division fell from €6.0m to €4.0m reflecting reduced revenue, lower margins and some rationalisation costs.

Other Fresh Produce

This division comprises a number of other fresh produce businesses in Eastern Europe, India and South Africa. Revenue increased by €7m to €159m due primarily to volume increases and to a lesser extent currency translation. Adjusted EBITA increased by €0.2m to €3.3m.

Consumer Goods and Healthfoods Distribution Division

Revenue in the Consumer Goods and Healthfoods Distribution division was €82m, down 23%, reflecting the continued difficult trading conditions in this sector. Inclusive of rationalisation costs of €0.5m, the division recorded a net adjusted EBITA loss of €0.6m in the year compared to a contribution of €0.8m in the prior year. Continued efforts are being made to utilise this division's flexible and low cost operating base to restore profitability.

Financial Review

Net financial expense

Net financial expense for the year was €3.4m compared to €3.2m in 2009. This increase was mainly due to the strength of SEK and Sterling which leads to a higher cost on translation to Euro and higher interest rates offset by lower average net debt balances. Net interest cover for the year was 13.9 times based on adjusted EBITA.

Profit before tax

Profit before tax amounted to €33.6m in 2010 (2009: €28.4m). Excluding exceptional items and amortisation, adjusted profit before tax ⁽⁴⁾ increased by 7.7% to €43.2m.

Exceptional items

Non cash exceptional items in 2010 amounted to a net charge of €2.4m before tax relating entirely to property impairments. An analysis of these items is set out in Note 5 of the accompanying financial information.

Non-controlling interest

The non-controlling interest's share of after tax profits was €6.9m for 2010, an increase of €0.7m on 2009. This increase is due to the increase in after tax profits in a number of the Group's non-wholly owned subsidiaries in Continental Europe.

Adjusted and basic earnings per share

Adjusted earnings per share of 6.84 cent in 2010 represents an increase of 5.7% on 2009. Basic earnings per share amounted to 5.25 cent (2009: 3.70 cent).

Net debt and cashflow

Net debt during the year decreased from €50.6m to €47.9m. Net debt to adjusted EBITDA is 0.8 times and interest is comfortably covered 13.9 times by adjusted EBITA.

As set out below, the Group generated €46.4m of operating cashflows during the year. Cash outflows on capital expenditure, net of disposals, were €10.7m representing an increase on the €8.4m net spend in 2009. The Group generated strong free cashflows of €32.6m in 2010 up almost 20% on the prior year. Free cashflow is the funds available after outflows relating to capital expenditure and dividends to non-controlling shareholders but before acquisition expenditure, share buy-backs and payment of dividends to equity shareholders.

The Group spent €8.7m on a share buy-back and €5.9m on dividends to equity shareholders. Expenditure on acquisitions and deferred consideration payments amounted to €7.7m. There was an adverse impact on net debt of €4.0m in the year on translation of Sterling, Swedish Krona and Czech Koruna net debt to Euro.

In addition, the Group concluded a new US\$100m multi-currency facility under which the Group may issue loan notes over a three year period with a maturity of up to ten years. During the year, the Group issued loan notes under this facility with a nominal value of €30m and a maturity of seven years. This extends the Group's net debt maturity profile and further increases the Group's capacity to finance future expansion.

	2010	2009
	€million	€million
Adjusted EBITDA	60.9	57.1
Deduct adjusted EBITA of joint ventures and associates	(5.0)	(4.1)
Net interest and tax paid	(13.2)	(10.5)
Other	(3.3)	(3.6)
Operating cashflows before working capital movements	39.4	38.9
Working capital movements	7.0	(0.1)
Operating cashflows	46.4	38.8
Capital expenditure net of disposal proceeds	(10.7)	(8.4)
Dividends received from joint ventures	1.9	1.8
Dividends paid to non-controlling interests	(5.0)	(5.0)
Free cashflow	32.6	27.2
Acquisition of subsidiaries, non-controlling interests, investment in joint ventures, net	(2.9)	(7.9)
Deferred consideration payments and other	(4.5)	(1.1)
Dividends paid to equity shareholders	(5.9)	(5.9)
Purchase of own shares	(8.7)	-
Total cashflow	10.6	12.3
Net debt at beginning of year	(50.6)	(60.2)
Increase in finance leases	(3.9)	(0.1)
Foreign currency translation	(4.0)	(2.6)
Net debt at end of year	(47.9)	(50.6)

Shareholders' equity

The balance sheet has strengthened in the year with shareholders' equity increasing by €3.4m to €168.6m. The increase was primarily due to earnings in the year of €18.3m attributable to equity shareholders, a gain on the translation of the net assets of foreign currency operations offset by actuarial losses on employee defined benefit pension schemes, share buy back and dividends paid to equity shareholders.

Defined benefit pension obligations

The net liability in the Group's defined benefit pension schemes (net of deferred tax) has increased to €8.8m at 31 December 2010 from €6.3m at 31 December 2009 but was significantly down on the reported net liability of €15.3m at 30 June 2010. The increase in the liability year on year was due to a decrease in discount rates in the Irish and UK schemes underlying the calculation of the present value of scheme obligations. These losses were offset by improved asset returns driven by the partial recovery of global equity markets in the last quarter of 2010. As outlined in the 2009 Annual Report, the Group changed the benefit structure of two of its defined benefit schemes which in 2009 reduced the Group's existing pension obligations going forward. Please refer to Note 8 of the accompanying financial information for more details.

Share buyback

Under the authority granted at the AGM in 2010, the Group was permitted to purchase up to 10% of its issued share capital in the market if the appropriate opportunity arose at a price which would not exceed 105% of the average price over the previous five trading days. In November 2010, the Group exercised this authority and completed a buy back of 22 million shares at a cost of €8.7m. This represented 6.3% of the shares in issue and the shares are held as treasury shares and not cancelled. This share buy-back will be earnings accretive.

The Group continues to consider exercising its authority should the opportunity arise. The Group will seek to renew this authority at the forthcoming AGM in May 2011.

Development activity

In the year, the Group invested €31m in the business including capital expenditure, the share buy-back, and investments in new and existing business interests. Net capital expenditure in the year, including leased assets, was €14.6m and includes expenditure on a project to expand the Group's state of the art facilities in Sweden.

During the year, the Group invested €2.9m in a number of new and existing business interests and paid €4.8m in respect of deferred consideration relating to previous acquisitions. The Group invested in a number of new businesses in Spain, Ireland and the UK which will complement existing business interests in these regions. The Group continues to actively pursue further investment opportunities in both new and existing markets.

Dividends

The Board is proposing a final dividend of 1.243 cent per share (2010: 1.15 cent), subject to approval at the forthcoming AGM. This dividend will be paid on the 26 May 2011 to shareholders on the register at 29 April 2011 subject to dividend withholding tax. In accordance with company law and IFRS, this dividend has not been provided for in the balance sheet at 31 December 2010. The total dividend for 2010 will amount to 1.783 cent and represents a 5.5% increase on the prior year.

Current trading and outlook

Total Produce delivered a good 2010 performance with a 5.7% increase in adjusted earnings per share to 6.84 cent per share. This result reflects the strength and broad base of the Group's operations against a background of tougher economic conditions in certain locations.

The Group is targeting 2011 adjusted earnings per share in the range of 6.5 cent to 7.5 cent per share. It has a strong financial position and continues to actively pursue acquisition opportunities.

Carl McCann, Chairman
On behalf of the Board
3 March 2011

- (1) Adjusted earnings per share exclude exceptional items, amortisation of intangible assets and related tax. This calculation is set out in Note 7 of the accompanying preliminary financial information*
- (2) Percentage changes in constant currency reflect the 2010 and 2009 reported numbers of foreign operations retranslated at 2009 average exchange rates*
- (3) Adjusted EBITA is operating profit excluding exceptional items, amortisation of intangible assets and excludes interest and tax (including the equivalent share of joint ventures). This calculation is set out in Note 4 of the accompanying preliminary financial information*
- (4) Adjusted profit before tax excludes exceptional items, amortisation of intangible assets and the Group's share of joint ventures tax which, under IFRS rules, is reflected in profit before tax. This calculation is set out in Note 4 of the accompanying preliminary financial information*

Copies of this announcement will be available from the Company's registered office at Charles McCann Building, Rampart Road, Dundalk, Co. Louth, Ireland and on our website at www.totalproduce.com.

Total Produce plc
Summary Group Income Statement
for the year ended 31 December 2010

	Before exceptional items 2010 €000	Exceptional items 2010 €000	Total 2010 €000	Before exceptional items 2009 €000	Exceptional items 2009 €000	Total 2009 €000
Revenue, including Group share of joint ventures and associates	2,600,460	–	2,600,460	2,431,423	–	2,431,423
Group revenue	2,343,124	–	2,343,124	2,186,442	–	2,186,442
Cost of sales	(2,019,550)	–	(2,019,550)	(1,881,831)	–	(1,881,831)
Gross profit	323,574	–	323,574	304,611	–	304,611
Operating expenses (net)	(285,930)	(2,119)	(288,049)	(269,921)	2,590	(267,331)
Share of profit/(loss) of joint ventures	1,743	(231)	1,512	1,575	(7,385)	(5,810)
Share of profit of associates	–	–	–	60	–	60
Operating profit	39,387	(2,350)	37,037	36,325	(4,795)	31,530
Financial income	1,823	–	1,823	1,892	–	1,892
Financial expense	(5,264)	–	(5,264)	(5,058)	–	(5,058)
Profit before tax	35,946	(2,350)	33,596	33,159	(4,795)	28,364
Income tax (expense)/credit	(8,991)	620	(8,371)	(8,352)	(805)	(9,157)
Profit for the year	26,955	(1,730)	25,225	24,807	(5,600)	19,207
<i>Attributable to:</i>						
Equity holders of the parent			18,337			13,018
Non-controlling interests			6,888			6,189
			<u>25,225</u>			<u>19,207</u>
Earnings per ordinary share						
Basic			5.25 cent			3.70 cent
Fully diluted			5.25 cent			3.70 cent
Adjusted fully diluted			6.84 cent			6.47 cent

Total Produce plc
Summary Group Statement of Comprehensive Income
for the year ended 31 December 2010

	2010	2009
	€000	€000
Profit for the year	25,225	19,207
Other comprehensive income:		
Foreign currency translation effects:		
- foreign currency net investments – subsidiaries	13,382	9,118
- foreign currency net investments – joint ventures	1,263	1,463
- foreign currency borrowings	(7,168)	(4,288)
Revaluation gains on property, plant and equipment, net	436	2,358
(Losses)/gains on re-measuring available-for-sale financial assets, net	(592)	2,619
Fair value adjustment on joint venture becoming a subsidiary	–	219
Actuarial (losses)/gains on defined benefit pension schemes	(6,857)	2,908
Effective portion of cash flow hedges, net	(16)	(748)
Deferred tax on items taken directly to other comprehensive income	1,133	153
Share of joint ventures’ actuarial loss on defined benefit pension scheme	(1,009)	(21)
Share of joint ventures’ loss on re-measuring available-for-sale financial assets	(8)	(10)
Share of joint ventures’ effective portion of cash flow hedges, net	30	9
Share of joint ventures’ deferred tax on items taken directly to other comprehensive income	266	3
Other comprehensive income for the year, net of tax	860	13,783
Total comprehensive income for the year, net of tax	26,085	32,990
<i>Attributable to:</i>		
Equity holders of the parent	18,804	25,852
Non-controlling interests	7,281	7,138
	26,085	32,990

Total Produce plc
Summary Group Balance Sheet

as at 31 December 2010

	2010 €000	2009 €000
<i>Assets</i>		
Non-current assets		
Property, plant and equipment	131,965	124,126
Investment property	13,331	12,949
Goodwill and intangible assets	140,641	127,232
Investments in joint ventures and associates	34,054	32,959
Other financial assets	9,704	10,343
Other receivables	3,590	3,960
Deferred tax assets	5,877	5,808
Employee benefits	1,231	2,524
Total non-current assets	340,393	319,901
Current assets		
Inventories	41,601	35,685
Trade and other receivables	264,163	245,751
Corporation tax receivables	697	1,084
Derivative financial instruments	61	55
Cash and cash equivalents	104,486	88,961
Total current assets	411,008	371,536
Total assets	751,401	691,437
<i>Equity</i>		
Called-up share capital	3,519	3,519
Share premium	252,574	252,574
Other reserves	(116,114)	(114,258)
Retained earnings	28,621	23,353
Total equity attributable to equity holders of the parent	168,600	165,188
Non-controlling interests	57,999	55,771
Total equity	226,599	220,959
<i>Liabilities</i>		
Non-current		
Interest-bearing loans and borrowings	129,326	122,768
Deferred government grants	1,460	1,783
Other payables	3,386	3,434
Provisions	4,469	11,010
Corporation tax payable	8,110	8,265
Deferred tax liabilities	17,577	18,891
Employee benefits	12,264	10,455
Total non-current liabilities	176,592	176,606
Current		
Interest-bearing loans and borrowings	23,095	16,753
Trade and other payables	306,341	268,087
Provisions	15,059	4,644
Derivative financial instruments	300	356
Corporation tax payable	3,415	4,032
Total current liabilities	348,210	293,872
Total liabilities	524,802	470,478
Total liabilities and equity	751,401	691,437

Total Produce plc
Summary Group Statement of Changes in Equity
for the year ended 31 December 2010

	Attributable to equity holders of the parent									Non-controlling interests €'000	Total equity €'000
	Share capital €'000	Share premium €'000	Currency translation reserve €'000	Revaluation reserve €'000	De-merger reserve €'000	Own shares reserve €'000	Other equity reserves €'000	Retained earnings €'000	Total €'000		
As at 1 January 2010	3,519	252,574	(13,171)	17,797	(122,521)	–	3,637	23,353	165,188	55,771	220,959
Comprehensive income											
Profit for the year	–	–	–	–	–	–	–	18,337	18,337	6,888	25,225
Other comprehensive income:											
Foreign currency translation effects	–	–	7,166	–	–	–	–	–	7,166	311	7,477
Revaluation gains on property, plant and equipment, net	–	–	–	283	–	–	–	–	283	153	436
Losses on re-measuring available-for-sale financial assets, net	–	–	–	–	–	–	(592)	–	(592)	–	(592)
Actuarial losses on defined benefit pension schemes, net	–	–	–	–	–	–	–	(6,770)	(6,770)	(87)	(6,857)
Effective portion of cash flow hedges, net	–	–	–	–	–	–	(19)	–	(19)	3	(16)
Deferred tax on items taken directly to other comprehensive income	–	–	–	(142)	–	–	6	1,256	1,120	13	1,133
Share of joint ventures' actuarial loss on defined benefit pension scheme	–	–	–	–	–	–	–	(1,009)	(1,009)	–	(1,009)
Share of joint ventures' loss on re-measuring available-for-sale financial assets	–	–	–	–	–	–	–	(8)	(8)	–	(8)
Share of joint ventures' effective portion of cash flow hedges, net	–	–	–	–	–	–	–	30	30	–	30
Share of joint ventures' deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	–	266	266	–	266
Total other comprehensive income	–	–	7,166	141	–	–	(605)	(6,235)	467	393	860
Total comprehensive income	–	–	7,166	141	–	–	(605)	12,102	18,804	7,281	26,085
Transactions with equity holders of the parent											
Non-controlling interests arising on acquisition	–	–	–	–	–	–	–	–	–	260	260
Buyout of non-controlling interests arising on acquisition	–	–	–	–	–	–	–	(780)	(780)	(326)	(1,106)
Contribution by non-controlling interest	–	–	–	–	–	–	–	–	–	51	51
Dividends	–	–	–	–	–	–	–	(5,947)	(5,947)	(5,038)	(10,985)
Own shares acquired	–	–	–	–	–	(8,580)	–	(107)	(8,687)	–	(8,687)
Share-based payment transactions	–	–	–	–	–	–	22	–	22	–	22
Total transactions with equity holders of the parent	–	–	–	–	–	(8,580)	22	(6,834)	(15,392)	(5,053)	(20,445)
As at 31 December 2010	3,519	252,574	(6,005)	17,938	(122,521)	(8,580)	3,054	28,621	168,600	57,999	226,599

Total Produce plc
Summary Group Statement of Cash Flows
for the year ended 31 December 2010

	2010	2009
	€000	€000
Net cashflows from operating activities before working capital movements (Note 11)	39,367	38,909
Decrease / (increase) in working capital	6,976	(104)
Net cash flows from operating activities	46,343	38,805
Investing activities		
Acquisition of subsidiaries, net of cash, cash equivalents and bank overdrafts acquired	(1,409)	(5,058)
Acquisition of, and investment in, joint ventures, including loans	(989)	(2,848)
Acquisition of other financial assets	–	(15)
Payments of deferred consideration	(4,807)	(1,142)
Acquisition of property, plant and equipment	(12,788)	(9,543)
Proceeds from disposal of property, plant and equipment	2,116	1,134
Dividends received from joint ventures and associates	1,948	1,779
Proceeds from disposal of joint ventures and associates	–	293
Proceeds from disposal of equity investments	823	–
Research and development expenditure capitalised	(782)	(348)
Government grants received	118	214
Net cash flows from investing activities	(15,770)	(15,534)
Financing activities		
Net decrease in borrowings	(360)	(6,624)
Capital element of finance lease repayments	(300)	(354)
Purchase of own shares	(8,687)	–
Dividends paid to shareholders of the parent	(5,947)	(5,947)
Acquisition of non-controlling interests	(470)	–
Capital contribution by non-controlling interests	51	–
Dividends paid to non-controlling interests	(5,038)	(4,997)
Net cash flows from financing activities	(20,751)	(17,922)
Net increase in cash and cash equivalents, including bank overdrafts	9,822	5,349
Cash and cash equivalents, including bank overdrafts at start of year	84,624	77,221
Effect of exchange rate fluctuations on cash held	3,470	2,054
Cash and cash equivalents, including bank overdrafts at end of year	97,916	84,624

Summary Group Reconciliation of Net Debt
for the year ended 31 December 2010

	2010	2009
	€000	€000
Net increase in cash, cash equivalents, and bank overdrafts	9,822	5,349
Net decrease in borrowings	360	6,624
Capital element of lease repayments	300	354
Other movements on finance leases	(3,879)	(128)
Foreign exchange movement	(3,978)	(2,559)
Movement in net debt	2,625	9,640
Net debt at beginning of year	(50,560)	(60,200)
Net debt at end of year	(47,935)	(50,560)

Total Produce plc

Notes to the Preliminary Results for the year ended 31 December 2010

1. Basis of preparation

The financial information included in this preliminary results statement has been extracted from the Group's Financial Statements for the year ended 31 December 2010 and is prepared based on the accounting policies set out therein, which are consistent with those applied in the prior year except as described below. As permitted by European Union (EU) law and in accordance with AIM/ESM 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.

A number of new IFRSs and interpretations of the International Financial Reporting Interpretations Committee became effective for, and have been applied in preparing, the Group Financial Statements. The main changes are described below.

IFRS 3 *Business Combinations* has been revised. The revised standard, which has been adopted by the Group with effect from 1 January 2010, introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill recognised, the reported results in a period that an acquisition occurs and future reported results. The change in accounting policy has been applied prospectively and did not have any significant impact on the Group Financial Statements as there were no material business combinations during the year ended 31 December 2010.

Amendments have also been made to IAS 27 *Consolidated and Separate Financial Statements* and this amended standard has been adopted by the Group with effect from 1 January 2010. IAS 27 (Amended) requires that a change in ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or a loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The financial information prepared in accordance with IFRSs as adopted by the EU included in this report do not comprise "full group accounts" within the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations 1992 of Ireland insofar as such group accounts would have to comply with the disclosure and other requirements of those Regulations. The information included has been derived from the Group Financial Statements which have been approved by the Board of Directors on 2 March 2011. The Financial Statements will be filed with the Irish Registrar of Companies and circulated to shareholders in due course. The financial information is presented in euro, rounded to the nearest thousand.

2. 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 period, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date.

Adjustments arising on the translation of the results of foreign currency denominated operations at average rates, and on restatement of the opening net assets at closing rates, are dealt with within 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 principal rates used in the translation of results and balance sheets into euro were as follows:

	Average rate			Closing rate		
	2010	2009	% change	2010	2009	% change
Pound sterling	0.8434	0.8885	5.1%	0.8568	0.8885	3.6%
Swedish krona	9.5425	10.6369	10.3%	9.0186	10.2445	12.0%
Czech koruna	25.3886	26.5547	4.4%	25.0889	26.4057	5.0%
Danish kroner	7.4471	7.4464	0.0%	7.4518	7.4411	(0.1%)
South African rand	9.7165	11.6967	16.9%	8.875	10.5654	16.0%

3. Segmental Analysis

IFRS 8 *Operating Segments* was applied to the Group's annual Financial Statements from 2009 onwards. IFRS 8 sets out the requirements for disclosure of financial and descriptive information about the Group's operating segments, products and the geographical areas in which it operates. In accordance with IFRS 8, the Group's reportable operating segments based on how performance is assessed and resources are allocated are as follows:

- *Eurozone Fresh Produce*: This segment is an aggregation of operating segments in the Eurozone involved in the procurement and distribution of fresh produce. These operating segments have been aggregated because they have similar economic characteristics
- *Scandinavian Fresh Produce*: This operating segment is involved in the procurement and distribution of fresh produce in Sweden and Denmark
- *UK Fresh Produce*: This operating segment includes the Group's UK business which is involved in the procurement and distribution of fresh produce
- *Consumer Goods and Healthfoods Distribution*: This operating segment includes the Group's consumer goods distribution business and its healthfoods distribution business

In addition, a number of other operating segments for which IFRS 8's quantitative reporting thresholds have not been met are combined below under 'Other Fresh Produce'. These segments are all involved in the fresh produce business.

Segment performance is evaluated based on revenue and adjusted EBITA. Management believes that adjusted EBITA, while not a defined term under IFRS, gives a fair reflection of the underlying trading performance of the Group. Adjusted EBITA excludes exceptional items, amortisation of intangible assets, share of joint ventures and associates tax and finance expense, and is therefore measured differently from operating profit in the Group Financial Statements as explained and reconciled in full detail below.

Finance costs, finance income, income taxes and certain corporate costs are managed on a centralised basis. These items are not allocated between operating segments for the purpose of the information presented to the Chief Operating Decision Maker and are accordingly omitted from the detailed segmental analysis below.

	2010			2009		
	Segmental revenue €000	Third party revenue €000	Adjusted EBITA €000	Segmental revenue €000	Third party revenue €000	Adjusted EBITA €000
Eurozone Fresh Produce	1,282,367	1,263,580	27,947	1,150,812	1,135,703	23,352
Scandinavian Fresh Produce	602,360	593,716	16,384	549,864	541,250	13,719
UK Fresh Produce	508,261	505,782	3,960	519,369	517,108	6,016
Other Fresh Produce	158,979	155,473	3,256	132,132	131,189	3,067
Inter – segment revenue	(33,416)	-	-	(26,927)	-	-
Total Fresh Produce	2,518,551	2,518,551	51,547	2,325,250	2,325,250	46,154
Consumer Goods and Healthfoods Distribution	81,909	81,909	(598)	106,173	106,173	770
Unallocated costs	-	-	(3,118)	-	-	(3,044)
Third party revenue and adjusted EBITA	2,600,460	2,600,460	47,831	2,431,423	2,431,423	43,880

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

Reconciliation of segmental profits to operating profit

Below is a reconciliation of adjusted EBITA per management reports to operating profit and profit before tax per the Group income statement.

	<i>Note</i>	2010 €000	2009 €000
Adjusted EBITA per management reporting		47,831	43,880
Amortisation of intangible assets within subsidiaries	(i)	(5,252)	(5,087)
Share of joint ventures and associates amortisation	(ii)	(489)	(579)
Share of joint ventures and associates interest	(ii)	(1,181)	(591)
Share of joint ventures and associates tax	(ii)	(1,522)	(1,298)
Operating profit before exceptional items		39,387	36,325
Exceptional items	(iii)	(2,350)	(4,795)
Operating profit after exceptional items		37,037	31,530
Net financial expense	(iv)	(3,441)	(3,166)
Profit before tax		33,596	28,364

- (i) Intangible asset amortisation is not allocated to operating segments in the Group management accounts
- (ii) Under IFRS, included within profit before tax is the share of joint ventures and associates profit after intangible asset amortisation charges, tax and interest. In the Group's management accounts, the Group share of these items is excluded from the adjusted EBITA calculation
- (iii) Exceptional items (Note 5) are not allocated to operating segments in the management reports
- (iv) Financial income and expense is primarily managed at Group level and not allocated to individual operating segments in the management reports

4. Adjusted profit before tax and adjusted EBITA

For the purpose of assessing the Group's performance, Total Produce management believe that adjusted EBITA, adjusted profit before tax and adjusted earnings per share (Note 7) are the most appropriate measures of the underlying performance of the Group.

	2010 €000	2009 €000
Profit before tax per income statement	33,596	28,364
<i>Adjustments</i>		
Exceptional items before share of joint venture tax (Note 5)	2,455	4,859
Group share of tax charge of joint ventures and associates	1,417	1,234
Amortisation of intangibles including share of joint ventures	5,741	5,666
Adjusted profit before tax	43,209	40,123
<i>Exclude</i>		
Net financial expense – Group	3,441	3,166
Net financial expense – share of joint ventures and associates	1,181	591
Adjusted EBITA	47,831	43,880

5. Exceptional items

	2010 €000	2009 €000
Revaluation of property (a)	(2,119)	(312)
Share of joint ventures' fair value losses on investment property (b)	(336)	(7,449)
Pension curtailment gain (c)	–	4,084
Profit on disposal of property, plant and equipment (d)	–	1,040
Impairment of property (e)	–	(1,197)
Impairment of goodwill (f)	–	(1,025)
Total exceptional items (before joint venture tax)	(2,455)	(4,859)
Share of joint ventures tax on fair value losses on property	105	64
Total exceptional items (after share of joint venture tax)	(2,350)	(4,795)
Tax on exceptional items	620	(805)
Total	(1,730)	(5,600)

(a) *Revaluation of property*

Fair value losses arising during the year amounting to €2,119,000 (2009: losses of €312,000) have been recognised in the income statement. A deferred tax credit of €620,000 (2009: credit of €6,000) was recognised in the income statement as a result of these revaluations.

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

The Group's share of the fair value losses in joint ventures' investment property of €336,000 (2009: loss of €7,449,000) has been recognised in the income statement. The 2009 losses primarily related to property owned by a joint venture in Dublin. A deferred tax credit of €105,000 (2009: credit of €64,000) was recognised in the income statement as a result.

(c) *Pension curtailment gain*

In 2009 an exceptional gain of €4,084,000 arose from the change in the benefit structure of two defined benefit pension schemes. The deferred tax charge on this exceptional gain amounted to €11,000.

(d) *Profit on disposal of property, plant and equipment*

A profit of €1,040,000 arose in 2009 on the disposal of an asset which, considering the materiality of the gain, the directors believed appropriate to regard as exceptional in order to distinguish it from income in the Group's core activities. The tax charge on this exceptional gain amounted to €30,000.

(e) *Impairment of property*

On revaluation of the Group's properties in 2009, in addition to the revaluation gain included in the statement of comprehensive income, properties where the carrying value exceeded market value were identified, resulting in an impairment charge in the amount of €1,197,000. No such impairment charge arose in 2010.

(f) *Impairment of goodwill*

On completion of the Group's annual goodwill impairment testing in 2009, a charge of €1,025,000 was recognised in relation to the goodwill associated with part of the Consumer Goods and Healthfoods Distribution division. No such impairment charge arose in 2010.

6. Income tax

	2010	2009
	€000	€000
Income tax expense	8,371	9,157
Group share of tax charge of its joint ventures and associates netted in profit before tax	1,417	1,234
Total tax charge	9,788	10,391
<i>Adjustments</i>		
Deferred tax on amortisation of intangible assets - subsidiaries	1,264	1,168
Share of joint ventures deferred tax credit on amortisation of intangible assets	48	37
Net deferred tax on fair value movement on properties - subsidiaries	620	36
Share of net deferred tax on fair value movements on properties within joint ventures	105	64
Tax impact of other exceptional items	–	(841)
Tax charge on underlying activities	11,825	10,855

Including the Group's share of the tax charge of its joint ventures and associates amounting to €1.4m (2009: €1.2m), which is netted in profit before tax in accordance with IFRS, the total tax charge for the year amounted to €9.8m (2009: €10.4m).

Excluding the impact of once-off tax credits, deferred tax credits related to the amortisation of intangibles and the tax effect of exceptional items, the underlying tax charge for the year was €1.8m (2009: €10.9m), equivalent to a rate of 27.4% (2009: 27.1%) when applied to the Group's adjusted profit before tax.

7. Earnings per share

	2010		2009
	€000		€000
Profit attributable to equity holders of the parent	18,337		13,018
Issued ordinary shares at start of the year	‘000		‘000
Effect of own shares held – Note (a)	351,887		351,887
Weighted average number of shares for basic and adjusted earnings per share calculation	(2,351)		–
Basic and diluted earnings per share - €cent		<u>5.25</u>	<u>3.70</u>
	2010	2010	2009
	€000	€cent	€cent
Adjusted fully diluted earnings per share		per share	per share
Profit attributable to equity holders of the parent	18,337	5.25	13,018
Adjustments:			
Amortisation of intangible assets (including share of joint ventures)	5,741	1.64	5,666
Exceptional items (Note 5)	2,350	0.67	4,795
Tax effect of exceptional items and amortisation charges	(1,932)	(0.55)	(400)
Non-controlling impact of exceptional items, intangible amortisation charges and related tax	(594)	(0.17)	(302)
Adjusted fully diluted earnings	<u>23,902</u>	<u>6.84</u>	<u>22,777</u>

Note (a)

On 23 November 2010, the Group purchased 22,000,000 of its own shares to be held as treasury shares. In respect of these treasury shares, all rights (including voting and dividend rights) are suspended until those shares are reissued and therefore they are not included in the earnings per share calculations.

Adjusted fully diluted earnings per share is calculated to adjust for exceptional items, intangible asset amortisation, related tax charges/credits and the impact of share options with a dilutive effect.

Share options outstanding at the end of 2010 were 7,310,000 (2009: 7,310,000) and were anti-dilutive in both years. Therefore the weighted average number of shares outstanding applied in the calculation of basic and adjusted earnings per share is the same.

8. Employee benefits

	2010 €000	2009 €000
Net liability at beginning of year	(7,931)	(16,678)
Current/past service cost less net finance income recognised in income statement	(1,642)	(2,314)
Curtailment gain recognised in the income statement	–	4,084
Contributions to schemes	5,527	4,090
Actuarial (losses)/gains recognised in other comprehensive income	(6,857)	2,908
Foreign exchange movement	(130)	(21)
Net liability at end of year	(11,033)	(7,931)
Related deferred tax asset, net	2,268	1,676
Net liability after tax	(8,765)	(6,255)

The table summarises the movements in the net liability on the Group's various defined benefit pension schemes in Ireland, the UK and Continental Europe. The balance sheet at 31 December 2010 reflects pension assets of €1.2m in respect of schemes in surplus and pension liabilities of €1.2m 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 (losses)/gains are recognised in other comprehensive income.

In determining the valuation of pension obligations, consultation with independent actuaries is required. The estimation of employee benefit obligations requires the determination of appropriate assumptions such as discount rates and expected future rates of return on assets. The key changes in assumptions for the year ended 31 December 2010 were as follows:

- The discount rate for schemes in Ireland and Continental Europe decreased from 6.0% at 31 December 2009 to 5.5% at December 2010
- The discount rate for schemes in the UK decreased from 5.7% at 31 December 2009 to 5.3% at 31 December 2010

The increase in the net deficit during the year was due to the decrease in the discount rates in the Irish and UK pension schemes which led to an increase in the net present value of the scheme's obligations. This was offset by strong asset returns due to a partial recovery of global equity markets in last quarter of 2010.

As outlined in the 2009 Annual Report, the Group changed the benefit structure of two of its defined benefit pension schemes, which reduced the Group's existing pension obligations.

Further, during 2010, as a result of an actuarial review of a number of the Group's schemes, employer contributions have increased by approximately €1.3m per annum.

9. Dividends

	2010	2009
	€000	€000
<i>Dividends paid on Ordinary €1 cent shares</i>		
Interim dividend for 2010 of 0.54 cent per share (2009: 0.54 cent)	1,900	1,900
Final dividend for 2009 of 1.15 cent per share (2008: 1.15 cent)	4,047	4,047
Total dividend	5,947	5,947
Total dividend per share	1.69	1.69

The directors have proposed a final dividend for 2010, subject to shareholder approval at the AGM, of 1.243 cent per share. This brings the total dividend in respect of 2010 to 1.783 cent per share, which is a 5.5% increase on the total 2009 dividend. This dividend has not been provided for in the balance sheet at 31 December 2010.

10. Businesses acquired and other developments

During the year, the Group invested €2.0m net of cash acquired and deferred consideration on a number of subsidiary interests in the Fresh Produce division in Ireland, Spain and the UK. These acquisitions will complement existing business interests in these regions. The cash spend in the year on these acquisitions, amounted to €1.4m net of cash acquired. The purchase method of accounting has been applied for these acquisitions. The provisional fair value of the identifiable assets and liabilities acquired amounts to €1.2m inclusive of €0.8m in intangible assets. Goodwill of €0.8m arose on these transactions.

During the year, the Group acquired additional shares in subsidiaries for cash consideration of €0.5m and consideration due to be paid post year end of €0.6m. These changes in the Group's ownership interest in existing subsidiaries were accounted for as equity transactions. The difference of €0.8m between the fair value of consideration, €1.1m, and the book value of the non-controlling interest acquired, €0.3m, was accounted for directly in retained earnings.

Revisions of €6.9m were also made during the year to deferred consideration amounts payable relating to previous acquisitions as actual performance in 2010 has exceeded previous expectations.

During the year, the Group also invested (including loans) €1.0m in existing joint ventures.

Other than the valuation of intangible assets, there are no material differences between the fair value of assets and liabilities acquired and the acquirees carrying value at acquisition date. The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of these acquisitions and will be finalised within twelve months from the acquisition date, as permitted by IFRS 3 (Revised) *Business Combinations*.

The Group continues to actively pursue further investment opportunities in both new and existing markets.

11. Cashflows generated from operations

	2010 €000	2009 €000
Operating activities		
Profit before tax	33,596	28,364
<i>Adjustments for non cash items:</i>		
Depreciation of property, plant and equipment	13,066	13,210
Goodwill impairment	–	1,025
Impairment of property, plant and equipment	–	1,197
Fair value movement on investment property	2,119	312
Loss on disposal of equity investment	65	–
Amortisation of intangible assets (excluding JV's)	5,252	5,087
Amortisation of research and development	227	287
Amortisation of grants	(441)	(363)
Movement on provisions	798	(1,943)
Share based payment expense	22	676
Contributions to defined benefit pension schemes	(5,527)	(4,090)
Defined benefit pension scheme expense	1,642	2,314
Curtailement gains in respect of defined benefit pension schemes	–	(4,084)
Net gain on disposal of property, plant and equipment	(679)	(1,316)
Net loss/(gain) on non-hedging derivative financial instruments	129	(151)
Net interest expense	3,441	3,166
Income from available-for-sale financial assets	411	352
Share of (profits)/losses of joint ventures and associates	(1,512)	5,750
Gain recycled to income statement on disposal of available-for-sale financial asset	–	(294)
Gain on disposal of joint ventures and associates	–	(106)
Income tax paid	(9,847)	(7,628)
Net interest paid	(3,395)	(2,856)
Cash flows from operations before working capital movements	39,367	38,909
Decrease/(increase) in working capital	6,976	(104)
Cash flows from operating activities	46,343	38,805

12. Analysis of movement in net debt in the year

	1 Jan 2010 €000	Cash flow €000	Non-cash €000	Acquisitions €000	Translation €000	31 Dec 2010 €000
Bank balances and deposits	88,961	11,608	-	414	3,503	104,486
Overdrafts	(4,337)	(2,200)	-	-	(33)	(6,570)
Cash, cash equivalents and bank overdrafts per cash flow statement	84,624	9,408	-	414	3,470	97,916
Bank loans - non current	(122,418)	(583)	4,453	-	(6,607)	(125,155)
Bank loans - current	(12,191)	943	(4,453)	-	(565)	(16,266)
Finance leases	(575)	300	(3,774)	(105)	(276)	(4,430)
Total interest bearing borrowings	(135,184)	660	(3,774)	(105)	(7,448)	(145,851)
Net debt	(50,560)	10,068	(3,774)	309	(3,978)	(47,935)

	1 Jan 2009 €000	Cash flow €000	Non-cash €000	Acquisitions €000	Translation €000	31 Dec 2009 €000
Bank balances and deposits	85,293	1,201	-	-	2,467	88,961
Overdrafts	(8,072)	4,148	-	-	(413)	(4,337)
Cash, cash equivalents and bank overdrafts per cash flow statement	77,221	5,349	-	-	2,054	84,624
Bank loans - non current	(79,112)	(656)	*(40,067)	-	(2,583)	(122,418)
Bank loans - current	(57,564)	7,280	*40,067	-	(1,974)	(12,191)
Finance leases	(745)	354	(128)	-	(56)	(575)
Total interest bearing borrowings	(137,421)	6,978	(128)	-	(4,613)	(135,184)
Net debt	(60,200)	12,327	(128)	-	(2,559)	(50,560)

* The movement from current to non-current bank loans reflects the extension in the maturity profile of the Group's debt.