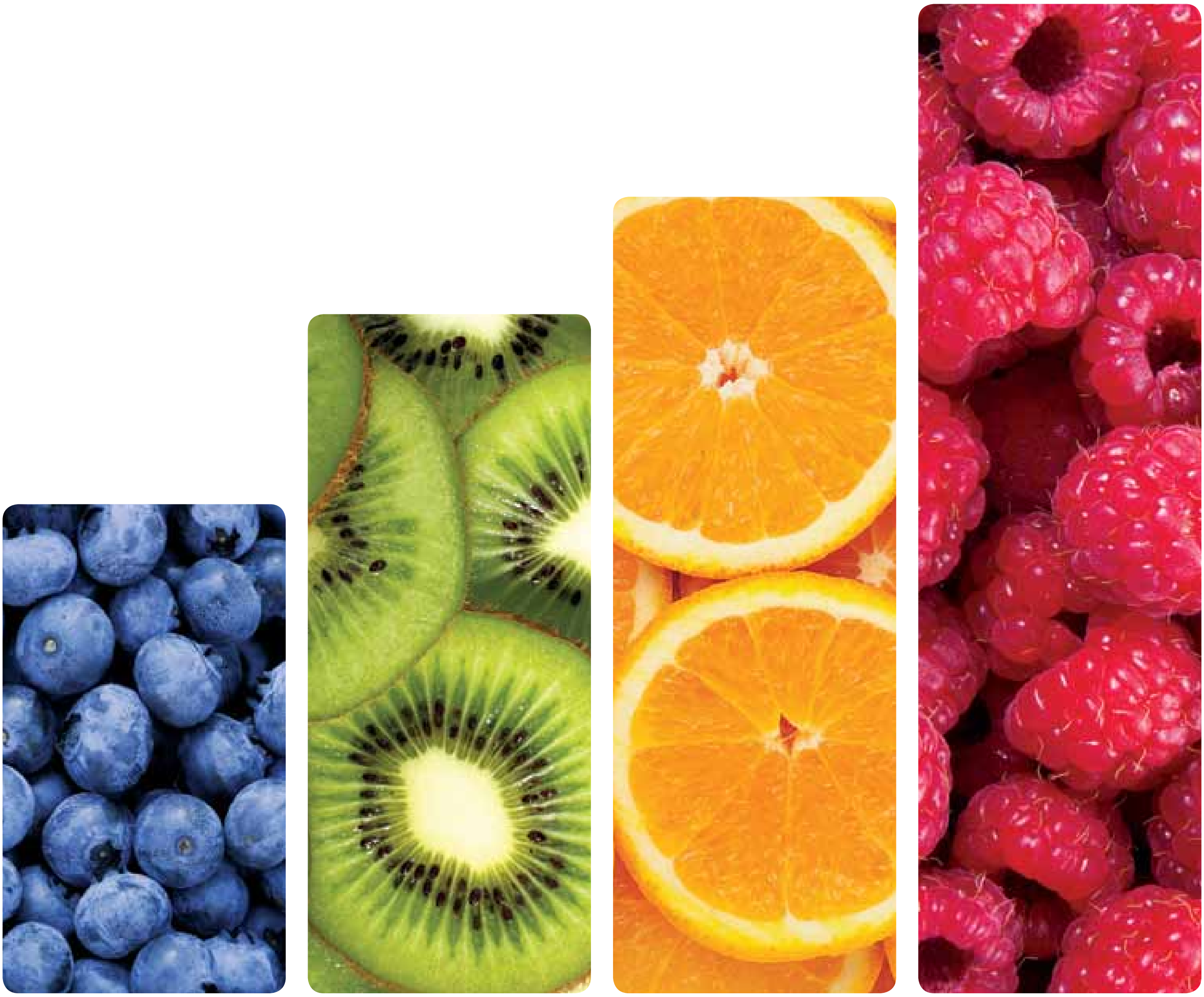
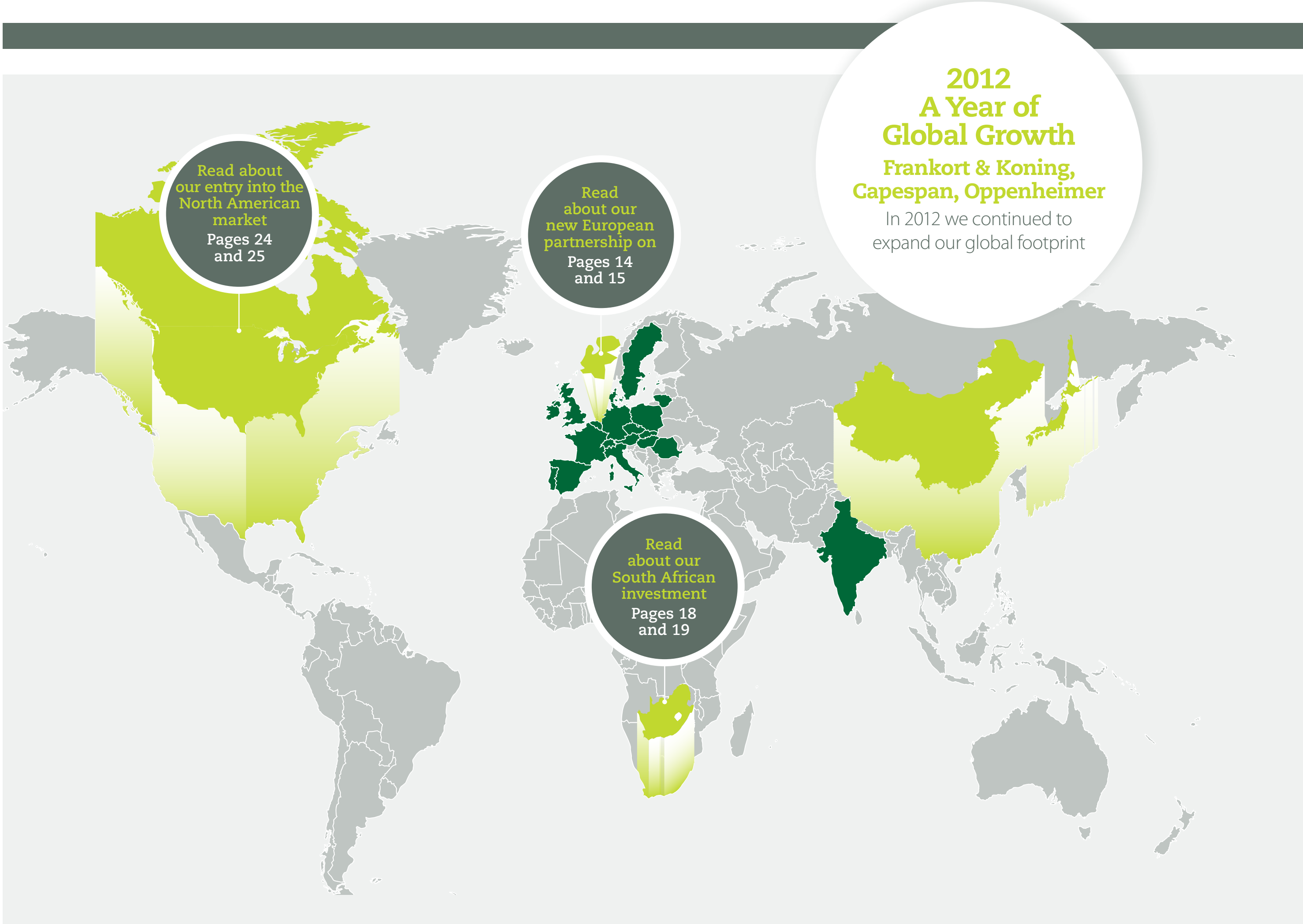
Let's Grow Together



Investment for Growth

Total Produce plc Annual Report & Accounts 2012

A Strong & Sustainable Business



Our Produce: **Page 6**

Strategy: **Page 4**

We are Europe's leading fresh produce provider involved in the growing, sourcing, importing, packaging, marketing and distribution of hundreds of lines of fresh fruits, vegetables and flowers.

STRONG & SUSTAINABLE

Investment: **Page 8**

Supply Chain: **Page 2**

Partner Profiles: **Page 14**

Highlights: **Page 3**

Growth: **Page 12**

Contents

Our Supply Chain

In a global industry, the route to market is all important. Total Produce's influence across the fresh produce supply chain sets us apart; adding value, extracting cost, differentiating our produce and the service we provide.

Supply Chain Videos

Scan the QR code below to take a three minute tour of the Total Produce Group.

Scan here to see how innovations in logistics are reaping environmental and quality rewards in Total Produce Rotterdam.

The above videos can be viewed on: www.totalproduce.com. Search 'Total Produce' on the App Store or the Android Market to download our QR code reader.

Download on the App Store

Get it on Google play

Distribution

300m+

Cartons distributed

Highlights of the Year

Revenue[1]

€2,811m

↑11.2% on prior year

Adjusted EBITDA[1]

€70.4m

↑17.8% on prior year

Adjusted EBITA[1]

€54.6m

↑21.4% on prior year

Adjusted EPS[1]

8.11 cent

↑12.0% on prior year

[1] Key performance indicators are defined on page 10

Shareholders' Equity

€187.8m

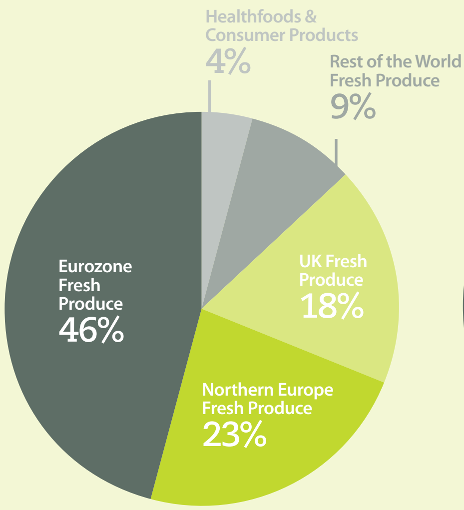
↑6.3% on prior year

Dividend per Share (total)

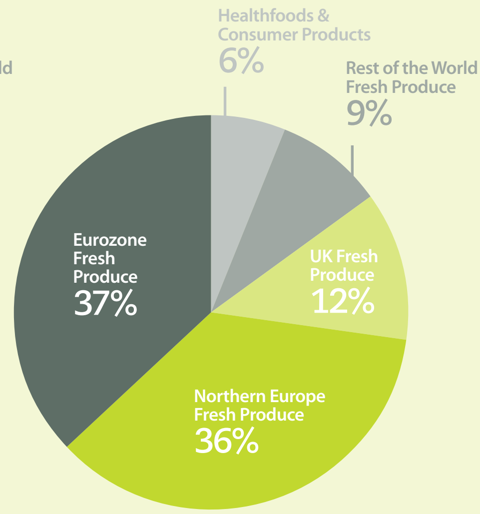
2.079 cent

↑10.0% on prior year

2012 Revenue by Division



2012 Adjusted EBITA by Division



Forward-looking statements

Any forward-looking statements made in the annual report have been made in good faith based on the information available as of the date of the report and are not guarantees of future performance. Actual results or developments may differ materially from the expectations expressed or implied in this report, and the company undertakes no obligation to update any such statements whether as a result of new information, future events or otherwise. Outlined on page 38 of this report are 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.

STRONG & SUSTAINABLE

Strategy

Our strategy is to grow the Group by capitalising on organic growth opportunities and by augmenting this organic growth with acquisitions:

Acquisitions

1 Acquisition of a 50% interest in Frankort & Koning

In March 2012, the Group completed the acquisition of a 50% interest in the Frankort & Koning Group (F&K) for a consideration of up to €15.0m. Headquartered in Venlo, the Netherlands, F&K increases the Group's presence in the Netherlands, Germany and Poland. See pages 14 to 15 for further details.

2 Completion of the reorganisation of our investment in Capespan South Africa

In January 2012, the Group increased its shareholding in the leading South African Produce Company, Capespan Group Limited to 25.3%. See pages 18 to 19 for further details.

3 Acquisition of up to 65% of the Oppenheimer Group in Canada

Representing an important first step into the North American market, on 7 January 2013, the Group announced the completion of an agreement to acquire 65% of a leading North American fresh produce company, the Oppenheimer Group over a 5 year period. See pages 24 to 25 for further details.

4 Acquisition of 70% of Total Produce Indigo

In 2012, the Group acquired 70% of a French company that was renamed Total Produce Indigo. This company, based in the South of France, distributes fresh produce to the retail sector.

Over the past number of years the Group entered a joint venture arrangement in the Netherlands, which operates a state of the art facility for the procurement, packaging and distribution of blueberries, strawberries, blackberries and raspberries.

New Product Development and Innovation – Key Core Competencies in Differentiating our Produce Portfolio

1 The 'Incentive' blackberry developed by Total Berry in association with Plant Sciences Inc. – berries are larger, present well for picking and offer an excellent sweet flavour.

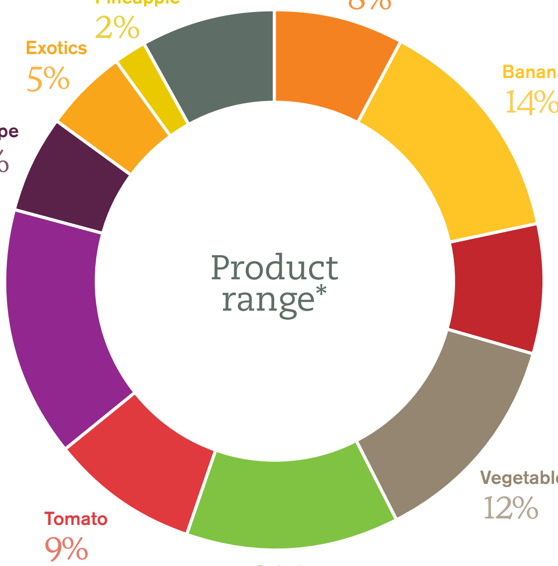
2 Some of the best ideas are the simplest. St. Valentine's themed, heart-shaped strawberry punnets launched in the UK in February 2013.


1


2


3

We market all major fruit categories including tropical fruit, deciduous, citrus, exotics alongside an equally extensive range of salads and vegetables.



* Expressed as a percentage of Group Revenue.

1 New Product Development in Berries & Cherries

Though new product development is not always associated with fresh produce, Total Berry's partnership with Plant Sciences Inc. has positioned Total Produce at the very forefront of innovation in modern plant cultivation. The berry sector is one of the most dynamic in the fresh produce category and Total Berry is an industry leader. In 2012 the Total Produce UK specialist unit introduced a number of new commercial raspberry varieties including 'Radiance' and 'Grandeur' and a very popular new blackberry variety 'Incentive'. In developing new varieties, Total Berry is succeeding not only in customising produce for local palates but also in extending seasons and facilitating 'local' procurement for longer periods.

A sister company, Total Cherry has pursued a similar path to differentiating product and service. In 2012 it entered into an exclusive agreement with Canada's Okanagan Plant Improvement Corporation for the sole licence and production of Staccato Cherries in the UK & Ireland. This enables Total Cherry to offer superior growers, retail partners and indeed the consumers the latest producing cherry that can be grown in the UK, extending the British season.

3 Total Berry Cranberry 'Dry Harvesting System' production in situ at the Mockbeggar trial site in Kent (UK).

4 Stocked TOP branded Smoothie Pack display unit. TOP Smoothie preparation videos can be viewed on the Total Produce consumer website, topfruit.com.

5 A TOP branded prepared salad pack destined for the Swedish retail market.

5

6

6 Freshly picked lettuce works its way along a conveyor belt in the Vidinge Grönt salad preparation facility.

7 Our own 'Chef's Cut' branded peeled potatoes destined for the Swedish retail market.

4

7

New product development also affords opportunities to extend the range of locally grown products. By pioneering a new dry harvesting system in Kent (UK) whereby cranberry plants are grown in pots, much like strawberries, Total Berry has halved the typical time taken to establish the crop. After initial trials in 2012, hopes of developing a commercially sustainable, indigenous UK cranberry crop are high.

Not all innovations, of course are inspired by technological advances. The pictured heart shaped strawberry punnets launched to coincide with Valentine's Day in February 2013 proved particularly popular with consumers across the UK.

2 Total Produce Smoothie Packs

TOP Smoothie Saver packs were added to the Total Produce Smartpack range of products in the Summer of 2012. The packs included the ingredients for 5 fruit smoothies and were merchandised in TOP displayed units in Ireland. Each pack featured QR codes linking to five specially commissioned smoothie preparation videos by chef Rozanne Stevens.

3 Chef's Cut Prepared Produce in Scandinavia

Following our investment in automated order assembly in Helsingborg in 2011, Total Produce Nordic opened a potato and vegetable preparation facility on site. Catering for the food service sector throughout Sweden and Denmark, the state of the art facility prepares and packs potatoes and vegetables under the newly developed 'Chef's Cut' brand.

Total Produce Nordic has also invested in Vidinge Grönt AB, a bagged salad preparation facility located less than 15km from our Helsingborg plant. Vidinge Grönt AB packs a wide selection of prepared salad varieties under the 'Chef's Cut' and TOP brands. When in season, the lettuce is picked from the farm on which the facility is located and immediately packed for overnight delivery. Outside of the domestic season, imported lettuce is washed, prepared and packed on site to ensure 52 week availability.

Scan the QR code for a 90 second video tour of the Vidinge Grönt salad facility.

Where We Source

Vegetables

Sourced in Ireland, Spain, France, Italy, UK, Mexico, South Africa, Egypt, Holland, Belgium, Morocco, Portugal, Israel, Kenya, Sweden, Denmark, Germany, Guatemala, Lithuania, Estonia, Peru and Poland.

Deciduous

Sourced in France, Italy, UK, Holland, Belgium, China, South Africa, Chile, Argentina, Brazil, New Zealand, the United States and India.

Citrus

Sourced in Chile, Peru, Argentina, Brazil, South Africa, Morocco, Egypt, Greece, Spain, Israel and the United States.

Salad

Sourced in Ireland, Spain, Holland, Belgium, Italy, Mexico, Israel, UK, Sweden, Poland, Denmark and Germany.

Tropical

Sourced in Colombia, Costa Rica, Honduras, Spain, Guatemala, Belize, Ecuador, Panama, Dominican Republic, Brazil and Spain.

Stone Fruit

Sourced in Spain, Israel, Morocco, South Africa, Argentina, Chile, Australia and New Zealand.

STRONG & SUSTAINABLE

Investment

In the past two years, the Group has continued to invest in technology, distribution and new product offerings to consumers. Here are some examples:

Developments

1 Investment in robotic technology in Helsingborg

In 2010 and 2011, the Group completed an extension to its warehouse facility in Helsingborg, Sweden. Incorporating robotic picking technologies, this is one of the most efficient warehouse facilities in Europe.

2 Investment in potato peeling facility in Sweden

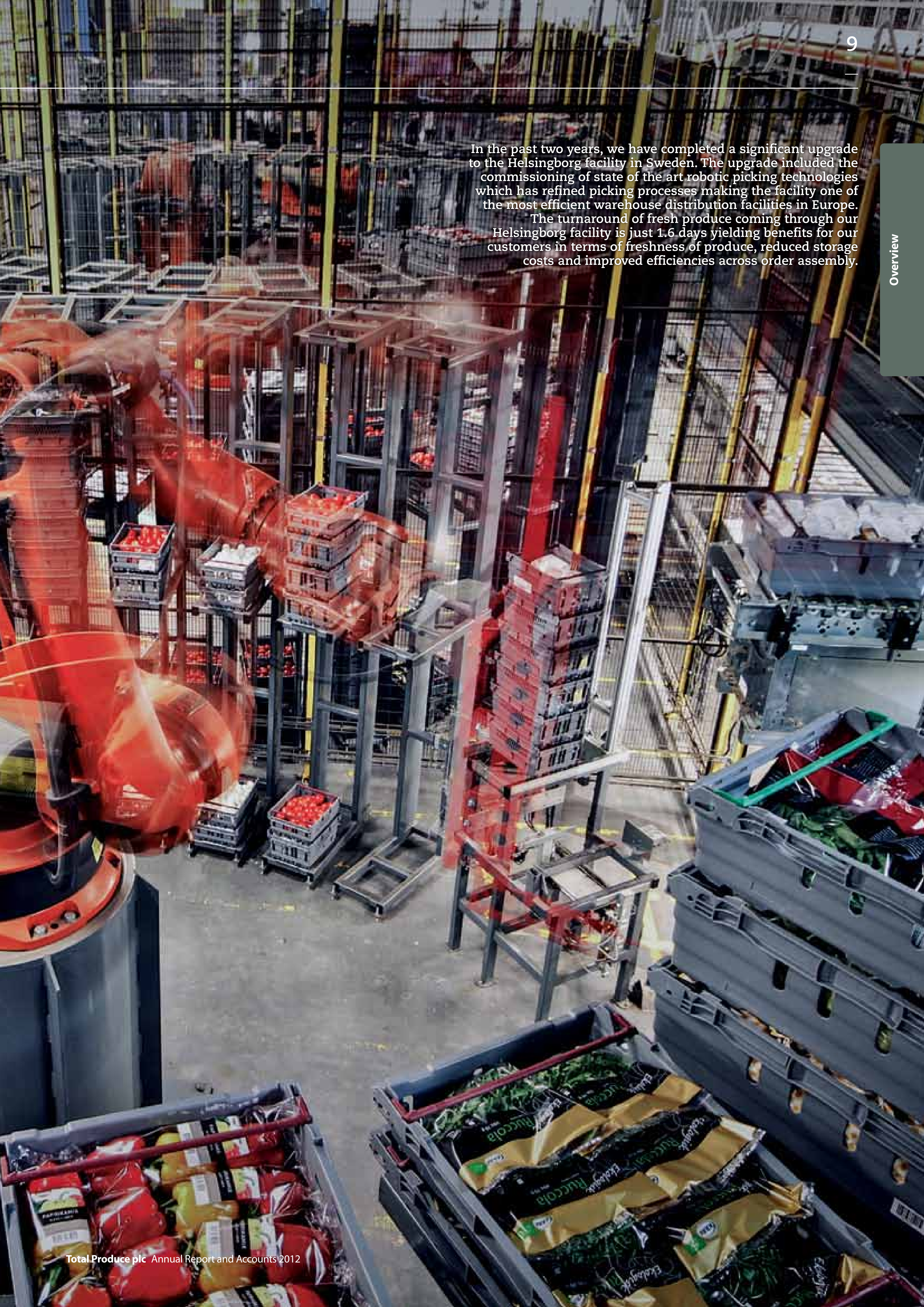
In 2012, the Group invested in a state of the art potato peeling facility in Scandinavia which provides customers, particularly in the food service and convenience sectors, with a premium product offering.

3 Investment in fresh cut salad facility in Sweden

In 2011 and 2012, the Group invested in a joint venture in Scandinavia specialising in packaged fresh cut salads. This premium product has proved attractive with the retail, food service and convenience sectors.

4 Investment in Irish logistics business

In 2012, the Group became a 50% shareholder in a company which acquired the trade and assets of a logistics business in Ireland. This new company, Pulse Logistics, operates from a purpose built facility using a modern fleet of vehicles and sophisticated computer and handling systems.



In the past two years, we have completed a significant upgrade to the Helsingborg facility in Sweden. The upgrade included the commissioning of state of the art robotic picking technologies which has refined picking processes making the facility one of the most efficient warehouse distribution facilities in Europe. The turnaround of fresh produce coming through our Helsingborg facility is just 1.6 days yielding benefits for our customers in terms of freshness of produce, reduced storage costs and improved efficiencies across order assembly.

Financial Summary 2006-2012

2012 was a successful year for the Group with strong growth in all key performance metrics. In the six year period from 1 January 2007, total revenue has grown 51% to €2.8 billion and adjusted EBITA by 41% to €54.6m.

	2012 €	2011 €	2010 €	2009 €	2008 €	2007 €	2006 €
Revenue (including share of joint ventures and associates)	**2,811m**	2,527m	2,600m	2,431m	2,516m	2,431m	1,861m
Group revenue	**2,432m**	2,284m	2,343m	2,186m	2,251m	2,151m	1,577m
Adjusted EBITDA[1]	**70.4m**	59.7m	62.4m	58.3m	61.5m	58.5m	51.9m
Adjusted EBITA[1]	**54.6m**	45.0m	47.8m	43.9m	46.5m	43.7m	38.8m
Adjusted profit before tax[1]	**47.3m**	39.7m	43.2m	40.1m	40.8m	38.9m	36.1m
Profit before tax[1]	**37.1m**	34.4m	33.6m	28.4m	29.8m	33.2m	18.9m
Adjusted fully diluted Earnings Per Share[1]	**8.11 cent**	7.24 cent	6.84 cent	6.47 cent	6.75 cent	6.35 cent	5.70 cent
Basic Earnings Per Share	**6.58 cent**	7.11 cent	5.25 cent	3.70 cent	4.36 cent	5.43 cent	2.02 cent

Adjusted EBITDA
€70.4m
+17.8%
on prior year

Adjusted EPS
8.11cent
+12.0%
on prior year

[1]Key Performance Indicators Defined

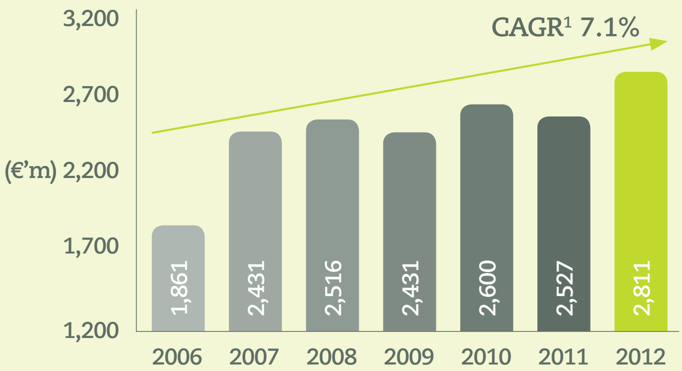
- *Total revenue* includes the Group's share of the revenue of its joint ventures and associates.
- *Adjusted EBITDA* is earnings before interest, tax, depreciation, acquisition related intangible asset amortisation charges and costs and exceptional items. It also excludes the Group's share of these items within its joint ventures and associates.
- *Adjusted EBITA* is earnings before interest, tax, acquisition related intangible asset amortisation charges and costs and exceptional items. It also excludes the Group's share of these items within its joint ventures and associates.
- *Adjusted profit before tax* excludes acquisition related intangible asset amortisation charges and costs and exceptional items. It also excludes the Group's share of these items within its joint ventures and associates.
- *Adjusted earnings per share* excludes acquisition related intangible asset amortisation charges and costs, exceptional items and related tax on such items. It also excludes the Group's share of these items within its joint ventures and associates.

STRONG & SUSTAINABLE

Revenue

€2,811m

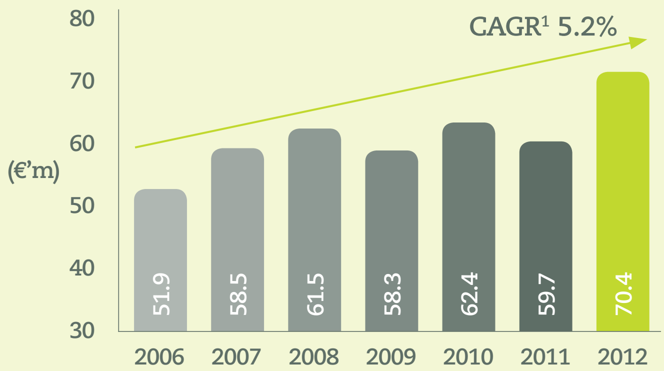
↑11.2% on prior year



Adjusted EBITDA

€70.4m

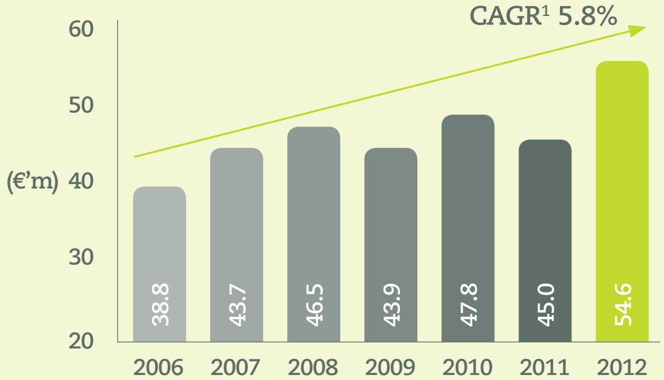
↑17.8% on prior year



Adjusted EBITA

€54.6m

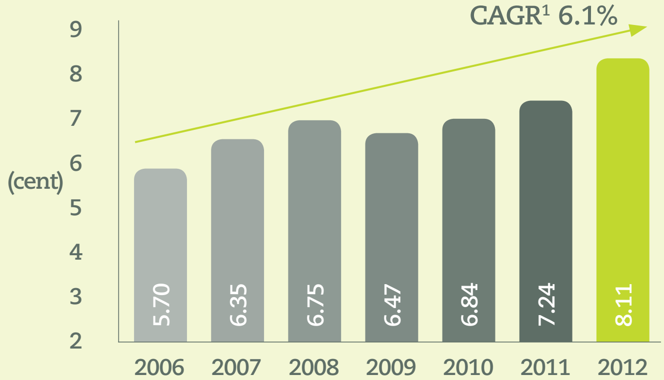
↑21.4% on prior year



Adjusted EPS

8.11 cent

↑12.0% on prior year



[1]Compounded Annual Growth Rate.

In 2011 and 2012, the Group invested in a joint venture in Sweden specialising in packaged fresh cut salads. This premium product has proved attractive with retail customers and also customers in the fast growing food service and convenience sectors.

STRONG & SUSTAINABLE

Growth

Since 2006, the Total Produce Group has seen significant growth against the background of a difficult worldwide economic environment. At the end of 2012, the Group has:

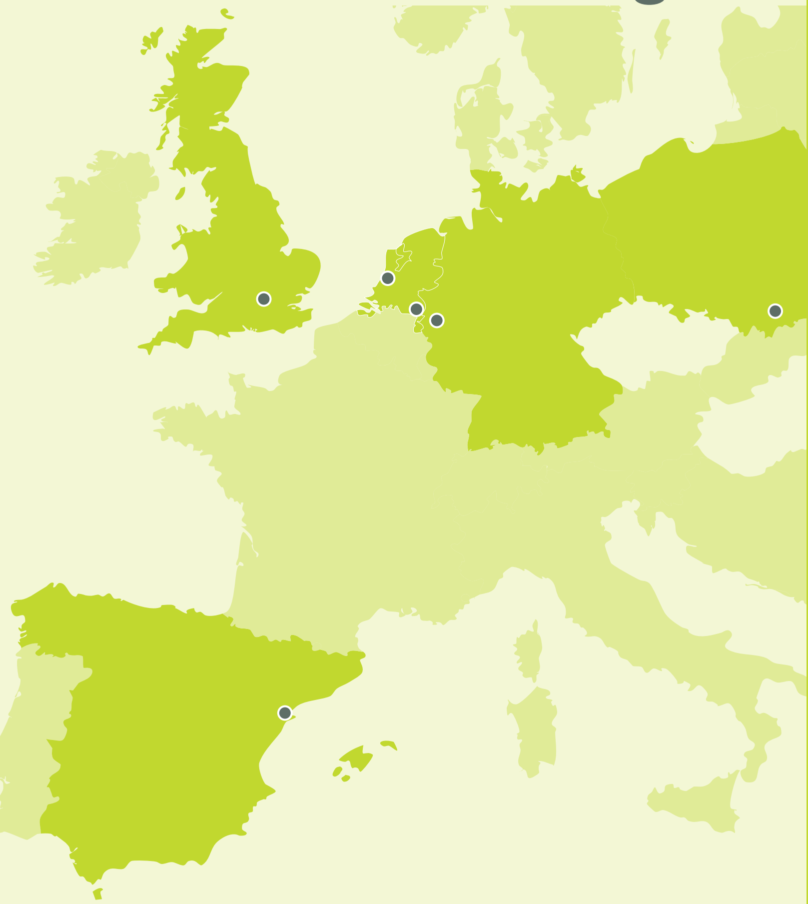
Headcount
4,200+
Employees worldwide

Revenue
€2.8bn+
↑51% on 2006

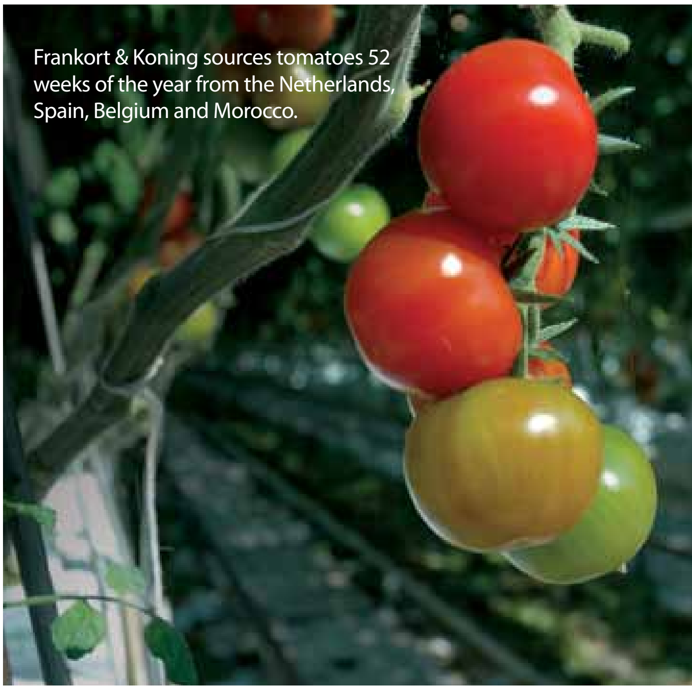
Alliances with
2,000+
Producers worldwide

Facilities
100+
In over 24 countries

Frankort & Koning



Frankort & Koning
the fresh professionals



Frankort & Koning sources tomatoes 52 weeks of the year from the Netherlands, Spain, Belgium and Morocco.

Since 1985, Frankort & Koning has been operating as the reliable link between producers/suppliers and the retail sector.

Total Produce invested in a 50% share of Frankort & Koning in March 2012.

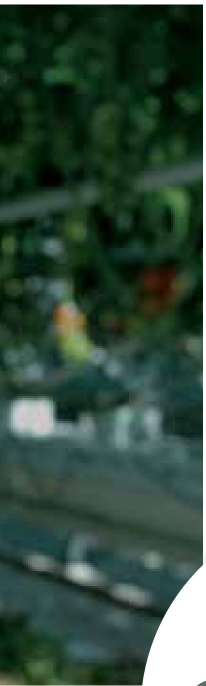
Employing 165 people, Frankort & Koning is an international organisation headquartered in Venlo, the Netherlands, that trades in fruits and vegetables. It has operations in the Netherlands, Germany, Poland, UK and Spain.

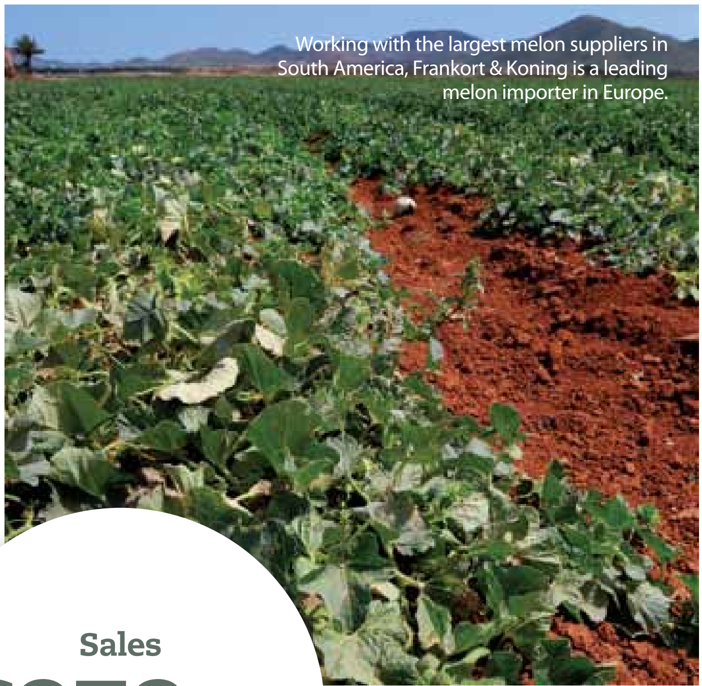
Since 1985, Frankort & Koning has been operating as a trustworthy conduit between superior global producers and European retailers. Passion for produce, a thorough understanding of the marketplace and a deep commitment to both the customer and the supplier differentiates Frankort & Koning.

A customer orientated organisation, food safety is a primary concern. Satisfying the consumer's requirement for safe fresh produce, delivered at a competitive price, is what motivates Frankort & Koning's professional staff day in, day out. Frankort & Koning's capacity to bring together the right growers with the right buyers facilitates win:win scenarios across the supply chain. Frankort & Koning's core values are to be energetic, reliable, independent and exhibit passion and courage in everything they do.

Securing the supply chain

Europe





Working with the largest melon suppliers in South America, Frankort & Koning is a leading melon importer in Europe.

With offices around Europe, Frankort & Koning, headquartered in Venlo, the Netherlands, is one of the most respected exporters of produce to the German, Scandinavian, French, Italian and Polish markets.

Sales
€272m
(FY 2012)

Headcount
165
employees in Europe

Strong Performance

The Group has recorded strong results for the year ended 31 December 2012 with double digit growth in all its key performance indicators.

The results reflect good trading across all operating divisions and contributions from recent corporate development activity.

Total Produce today is one of the largest fresh produce companies in Europe with operations in North America, Africa and Asia. The fresh produce business is a significant global industry supplying the largest grocery category. Our medium to long term goal is to increase our scale by a multiple of our current size through organic growth, innovation and acquisitions in fresh produce and related areas. Scale creates efficiencies allowing for increased shareholder returns.

Successful acquisitions are a key part of our strategy and the Group was active with corporate development in 2012, investing almost €24m in acquired business interests. The primary investment was the acquisition of a 50% interest in Frankort & Koning Beheer Venlo BV and subsidiaries (‘Frankort & Koning’), a leading European fresh produce distributor with principal operations in the Netherlands, Germany and Poland. As part of the Group’s divestment of its 50% interest in Capespan International Holdings Limited (‘Capespan Europe’), the Group has increased its effective shareholding in Capespan Group Limited (‘Capespan South Africa’), the leading South African produce company, to 25.3%.

> Successful acquisitions are a key part of our strategy and the Group was active with corporate development in 2012, investing almost €24m in acquired business interests.

Post the year-end, on 7 January 2013, the Group completed an agreement to acquire a 65% majority shareholding in the Oppenheimer group in two stages over five years. This development represents the Group's first step into the North American market. The Oppenheimer group is a leading North American fresh produce, marketing and distribution company headquartered in Canada with thirteen sales offices, three in Canada, nine in the USA and one in Chile.

The Board recommends an increase of 12% in the final dividend to 1.512 cent per share. This together with the interim dividend of 0.567 cent per share brings the total 2012 dividend to 2.079 cent per share, an increase of 10% on 2011.

Trading conditions to date for 2013 have been satisfactory. The Group's activities are well diversified across Europe and, more recently in North America and Africa. With the benefit of recent corporate development activity the Group is targeting adjusted EPS for 2013 in the range of 8.0 to 8.8 cent per share.

The Group's excellent performance in 2012 is due to the hard work, dedication and talent of our tremendous people. Total Produce has over 4,200 people throughout the Group in 24 countries. On behalf of the Board, I would like to thank all of them for their valued contribution to the performance in 2012.

C P McCann
Chairman
4 March 2013

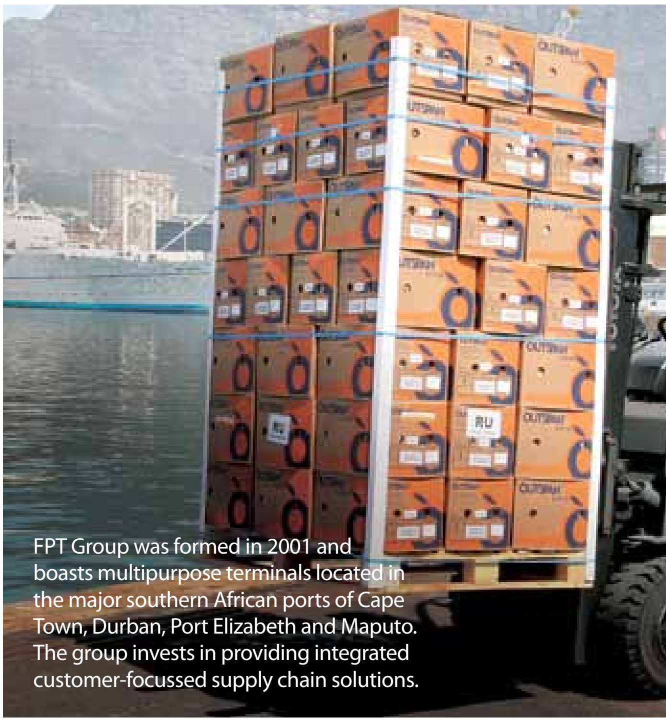
South Africa

Distinctive brands with a rich heritage support Capespan's expertise. The names Outspan, Cape, Goldland and Capespan Gold are synonymous with meeting the quality fruit brand promise.

Fruit Distribution
44m
Cartons
over 60 countries globally

Total Produce has streamlined its investment in Capespan Group Limited ('Capespan') over the past 2 years resulting in an increase in the shareholding from an effective 15.6% interest in 2010 to 25.3% at 31 December 2012.

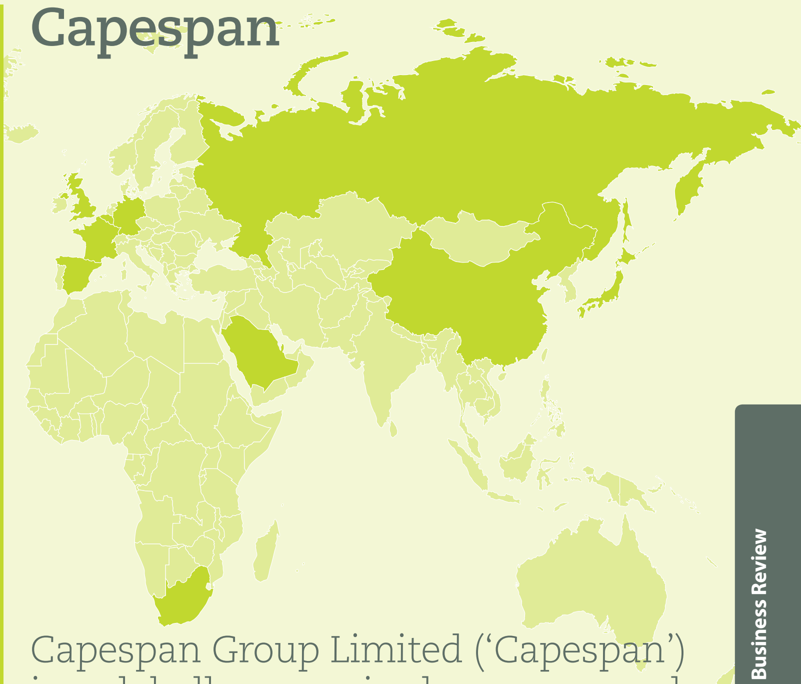
Capespan group headcount
1,096
employees in South Africa



FPT Group was formed in 2001 and boasts multipurpose terminals located in the major southern African ports of Cape Town, Durban, Port Elizabeth and Maputo. The group invests in providing integrated customer-focussed supply chain solutions.

Revenue
R2.75 billion (€275m)
FY 2011

Capespan



Capespan Group Limited ('Capespan') is a globally recognised company and brand which markets and distributes products to over 60 countries in five continents throughout the year.

Capespan markets and distributes a diverse range of quality, value-added products and related services in the fresh produce and logistics industries. The Capespan Group posted revenue of R2.75 billion (€275m) in 2011.

Having both significant and diverse industry skills, the Capespan Group is well equipped to identify appropriate opportunities in the fresh produce and logistics industries to deliver products and services which meet our customers' needs globally.

The Capespan fruit business is a major player in the northern hemisphere and selected African markets with recognisable brands such as Cape, Outspan and Goldland. The Capespan fruit brand focuses on the needs of retailers, wholesalers and food service companies across the globe and markets 44 million cartons of fresh fruit to more than 60 countries on five continents throughout the year.

The Capespan group owns a number of fruit farms and farm management contracts operating under the Capespan farms umbrella in South Africa and Namibia. Excellence in procurement and product sourcing is complemented by the development of sought after cultivars for leading retailers.

The Capespan logistics business, known as FPT, offers regional integrated logistical solutions for customers requiring dry bulk, break bulk and containerised services in southern Africa. These services are provided by FPT's port and inland terminal facilities. In Mozambique, Matola Cargo Terminal (MCT), is an established logistics service brand with more than 15 years' experience in storage and goods handling.

R P Byrne
Chief Executive

Potential for Further Growth

Total Produce has recorded strong results in 2012 assisted by the contribution of acquisitions completed in the past eighteen months.

Summary

Total revenue grew 11.2% to €2.8 billion (2011: €2.5 billion) with adjusted EBITA up 21.4% to €54.6m (2011: €45.0m). The strong growth in the year was assisted by contributions from acquisitions completed in the past eighteen months. This was offset in part by the divestment of the Group's 50% interest in Capespan International Holdings Limited ('Capespan Europe'). Trading conditions in all operating divisions improved vis-a-vis 2011 with a strong performance in both the Fresh Produce Division and the Healthfoods and Consumer Products Distribution Division.

The effect of currency translation had a marginally positive impact on the reported results due to the strength of both Sterling and the Swedish Krona in 2012.

Operating profit before exceptional items increased 18.7% to €43.2m (2011: €36.4m). The Group recognised an exceptional gain in the year of €0.3m relating to the divestment of the Group's 50% joint venture in Capespan Europe. Net exceptional gains in 2011 amounted to €2.7m. An analysis of these exceptional gains is set out in Note 6 of the accompanying financial statements. Operating profit after these exceptional gains was €43.5m (2011: €39.1m), an increase of 11.2%.

Fresh Produce Division

The activities of the Group's Fresh Produce division are the growing, sourcing, importing, packaging, marketing and distribution of hundreds of lines of fresh fruits, vegetables and flowers. This division is split into four reporting segments.

This division recorded good growth in 2012 with an 11.6 % increase in revenue to €2,708m (2011: €2,427m) and a 17.3% increase in adjusted EBITA to €51.3m (2011: €43.7m). Net EBITA margins in the Fresh Produce division increased in 2012 to 1.9% (2011: 1.8%). The results were assisted by the positive contribution of acquisitions completed in the past eighteen months offset in part by the divestment of the Group's 50% interest in Capespan Europe.

Trading conditions overall in 2012 were stronger with each division reporting increased revenues and profits. The performance in the second half of 2012 was improved vis-à-vis 2011. The comparative period in 2011 was affected by more challenging trading conditions particularly in Continental Europe due primarily to the EHEC scare which had a negative impact on the European fresh produce industry from late May 2011 onwards affecting both consumption and prices. The effect of currency translation had a marginally positive impact overall on the reported results due to the strength of both the Swedish Krona and Sterling relative to the Euro. On a like-for-like basis, excluding the impact of acquisitions, divestments and currency translation, revenue increased 4% in 2012 due primarily to volume increases.

Further information on each reporting segment follows.

Eurozone Fresh Produce
Revenue in the Eurozone Division increased 8.1% to €1,303m (2011: €1,205m) with a 10.8% increase in adjusted EBITA to €20.4m (2011: €18.4m). The increase was due to improved trading conditions, the contribution of acquisitions (primarily the Frankort & Koning acquisition which was completed in March 2012), offset by the divestment of the Continental European division of Capespan Europe in January 2012.

Excluding the effect of acquisitions and divestments, revenue was up 3% on the prior year primarily due to an increase in volume. Trading improved in the second half of the year in certain Continental European locations which had been adversely affected by the EHEC crisis which impacted the fresh produce industry in the second half of 2011.

Northern Europe Fresh Produce
Revenue in the Group's Northern European Division increased by 11.6% to €665m (2011: €595m). Revenue growth was assisted by increased volumes, the contribution of new product lines and the strength of the Swedish Krona in the year which led to higher translated Euro revenue.

Adjusted EBITA increased 24.0% to €19.5m (2011: €15.7m) due to increased revenue, lower costs and to a lesser extent the positive impact of currency translation. In the prior year the Group incurred reorganisation costs in completing the extension to the state of the art distribution facility in Sweden.

UK Fresh Produce
Revenue in the UK Division increased by 6.1% to €515m (2011: €485m). The results reflected the positive impact of bolt-on acquisitions completed in the past eighteen months and the impact of the strengthening of Sterling in the year which led to higher Euro revenue on translation. This was offset by the divestment of the UK division of Capespan Europe in January 2012. Revenue on a like-for-like basis excluding the effect of acquisitions, divestments and currency translation was up 4% in the year due to an increase in volume and price.

Adjusted EBITA increased by 20.5% to €6.4m (2011: €5.3m) with the benefit of currency translation, contributions from bolt-on acquisitions and lower rationalisation costs year-on-year, offset in part by the divestment of the UK division of Capespan Europe.

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.

	2012		2011	
	Segmental revenue €'000	**Adjusted EBITA €'000**	Segmental revenue €'000	Adjusted EBITA* €'000
Eurozone Fresh Produce	**1,302,685**	**20,408**	1,205,234	18,421
Northern Europe Fresh Produce	**664,655**	**19,523**	595,340	15,742
UK Fresh Produce	**515,040**	**6,378**	485,414	5,294
Rest of the World Fresh Produce	**261,258**	**5,020**	170,989	4,289
Inter-segment revenue	**(35,829)**	**–**	(29,729)	–
Total Fresh Produce	**2,707,809**	**51,329**	2,427,248	43,746
Healthfoods and Consumer Products	**102,762**	**3,235**	99,329	1,213
Third party revenue and adjusted EBITA	**2,810,571**	**54,564**	2,526,577	44,959

* Comparative balances have been reclassified in the current year to ensure conformity with the current year presentation.

> During 2012, the Group invested almost €24m in a number of business interests.

Rest of the World Fresh Produce

The Rest of the World Division includes a number of fresh produce businesses in Eastern Europe, Asia and South Africa. The Group increased its shareholding in Capespan South Africa from a 15.6% to 20.2% interest in the second half of 2011. The Group has accounted for the investment as an associate from July 2011 onwards, recording its share of revenues and after tax profits. As referred to earlier, in January 2012 the Group increased its investment in Capespan South Africa to 25.3% as part of a transaction to divest the Group's shareholding in Capespan Europe.

Revenue increased 52.8% to €261m (2011: €171m) and adjusted EBITA increased 17.0% to €5.0m (2011: €4.3m) due to the full year effect of equity accounting for Capespan South Africa offset in part by lower profits in other jurisdictions.

Healthfoods and Consumer Products Distribution Division

This division is a full service marketing and distribution partner to the healthfoods, pharmacy, grocery and domestic consumer products sectors. It distributes to retail and wholesale outlets in Ireland and in the United Kingdom.

Revenue increased 3.5% to €103m (2011: €99m). The division recorded an EBITA of €3.2m (2011: €1.2m). The increase in profits in the year was due to the full year effect of acquisitions completed in the second half of 2011.

Acquisitions and Developments

During 2012, the Group invested almost €24m in a number of business interests including €20m on joint venture and associate interests and almost €4m on subsidiary interests.

On 9 January 2012, the Group announced the completion of a transaction to sell its 50% shareholding in Capespan Europe to Capespan South Africa for a total consideration of €13.0m, satisfied by the exchange of an additional 20 million shares in Capespan South Africa (valued at €4.5m) and €8.5m in cash. The transaction increased the Group's effective interest in its associate Capespan South Africa to 25.3% from 20.2% at 31 December 2011. Capespan South Africa and Total Produce had previously owned 50% each of Capespan Europe. As outlined in Note 6 to the accompanying financial information a profit of €0.3m was recognised on the sale of Capespan Europe and is disclosed as an exceptional item in the income statement.

The Group invested €15.5m in a number of new and existing joint venture interests in the Fresh Produce Division including €5.8m contingent consideration payable (discounted to net present value) on the achievement of future profit targets. The main investment was the acquisition of a 50% shareholding in Frankort & Koning on 13 March 2012. Headquartered in Venlo, the Netherlands, Frankort & Koning have operations principally in the Netherlands, Germany and Poland. An initial consideration of €6.0m was paid on completion with additional consideration of up to €9.0m payable in several tranches over the next number of years if certain profit targets are achieved. The fair value of the contingent consideration recognised at the date of acquisition of €5.6m was arrived at by discounting the expected amounts payable to present value.

In 2012, the Group invested €3.6m including debt acquired and estimated contingent consideration, payable on the achievement of future profit targets in subsidiary interests. The acquisitions include a 70% interest in a Fresh Produce company in Europe and a number of bolt-on acquisitions in both the Fresh Produce Division and the Healthfoods and Consumer Products Distribution Division which complement our existing interests.

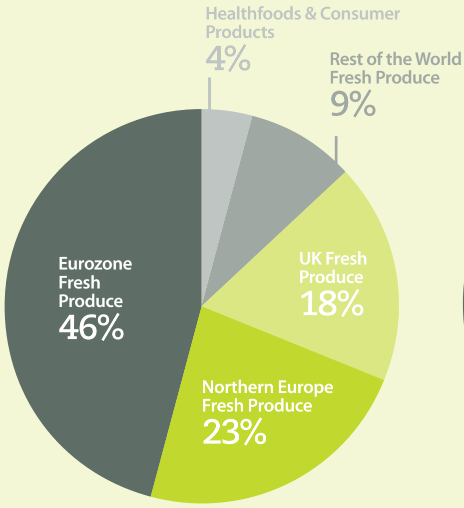
Post the year-end, on 7 January 2013, the Group announced the completion of an agreement to acquire a 65% majority shareholding in the Oppenheimer group in two stages over five years. The acquisition of an initial 35% of Oppenheimer's shares was completed on this date for an initial cash payment of CAD $15.0m (€11.4m) with additional consideration payable on these shares if certain profit targets are met. A further 30% shareholding will be purchased in 2017 for a price to be determined based on the achievement of future profits. The total consideration payable for the 65% shareholding is estimated not to exceed CAD $40m (€30m) at completion.

The Oppenheimer group is a leading North American fresh produce marketing and distribution company with thirteen sales offices, three in Canada, nine in the USA and one in Chile. The group recorded sales of €410m in 2011.

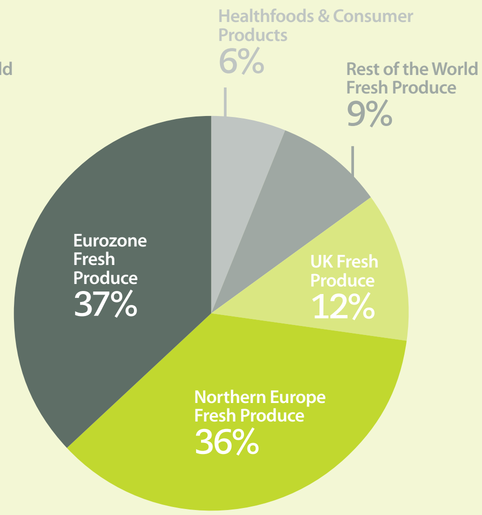
The Group continues to actively pursue further investment opportunities in both new and existing markets.

R P Byrne
Chief Executive
4 March 2013

2012 Revenue by Division



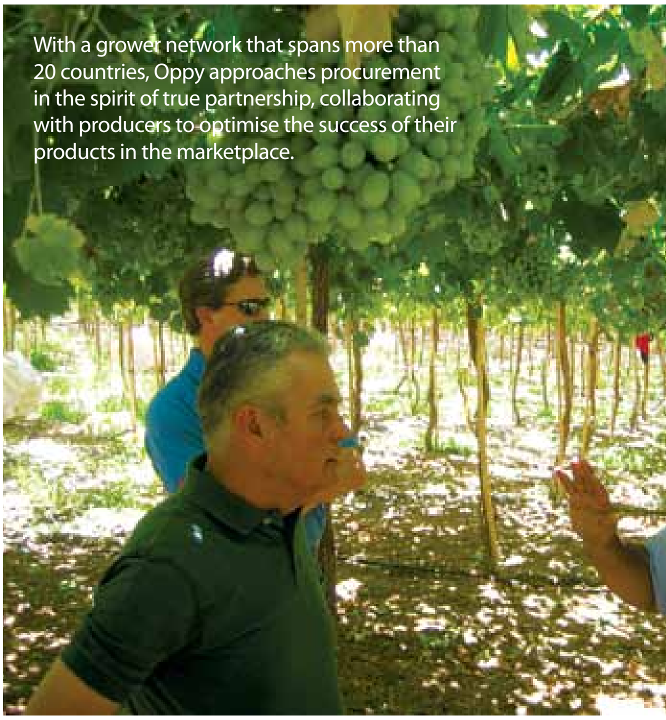
2012 Adjusted EBITA by Division



North America

The acquisition of an initial 35% of Oppenheimer's shares has now been completed. A further 30% shareholding will be acquired in 2017 at a price to be determined based on future profits.

Oppy is known in the international produce community for delivering on the 'expect the world from us' promise that lives at the heart of its business.



With a grower network that spans more than 20 countries, Oppy approaches procurement in the spirit of true partnership, collaborating with producers to optimise the success of their products in the marketplace.

Headcount

252

employees in USA & Canada

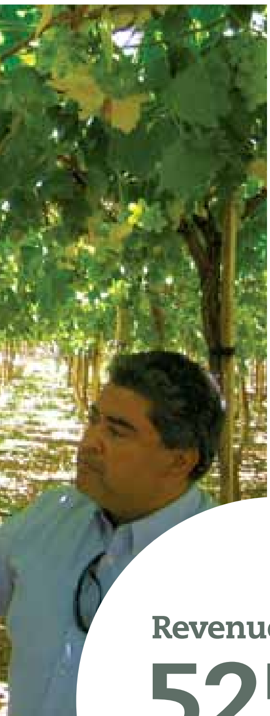
Flavour. Quality. Safety. Sustainability. Customers trust Oppy for the best tasting fruits and vegetables, grown to the highest standards and delivered in peak condition. Rainforest Alliance and Fair Trade Certified™ programmes enable retailers to differentiate while making a positive difference in grower communities.

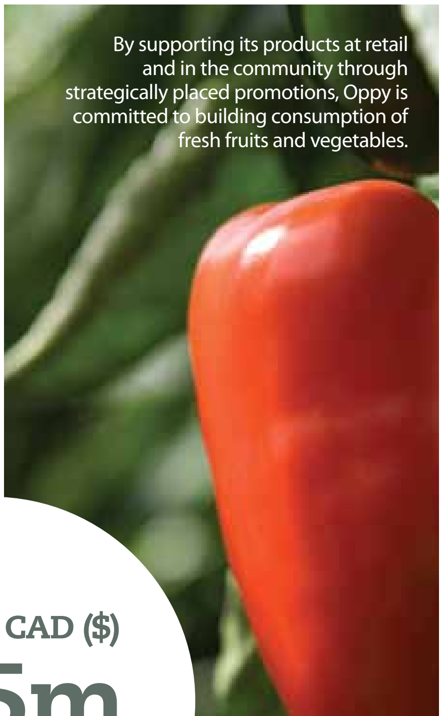
Distribution

40m

Cartons distributed annually

Oppy
Expect the world from us



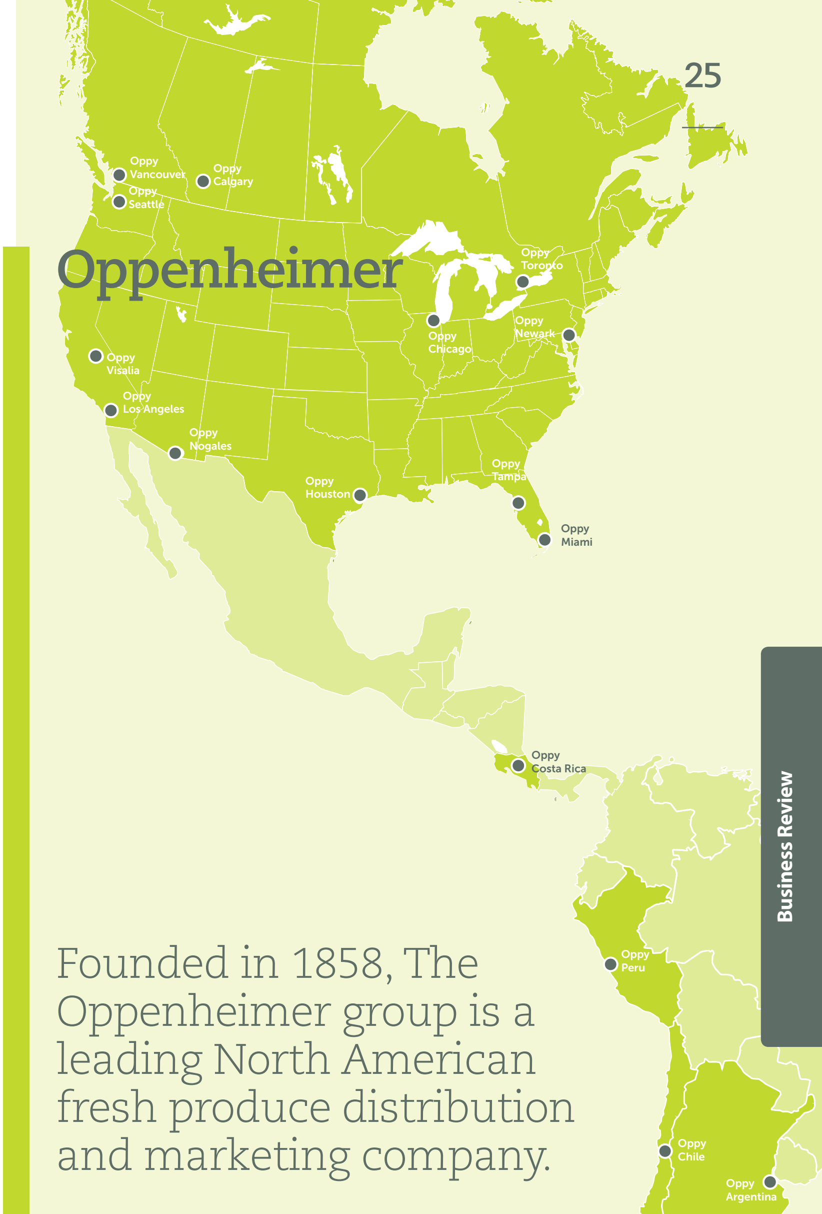


By supporting its products at retail and in the community through strategically placed promotions, Oppy is committed to building consumption of fresh fruits and vegetables.

Revenue CAD ($)
525m
(FY 2011)

A sophisticated supply chain, designed to move a high volume of products swiftly and safely, gives over 1,300 customers access to fresh fruits and vegetables produced by Oppy growers throughout the world. Engaging at every level – on the ground, and via Optimo, its industry-leading enterprise resource planning system – Oppy manages logistics, storage, and ultimate delivery by its in-house transportation company, David Oppenheimer Transport.

Oppenheimer



Founded in 1858, The Oppenheimer group is a leading North American fresh produce distribution and marketing company.

Known in the industry as 'Oppy', The Oppenheimer Group sources and delivers over 100 varieties of fresh produce from 25+ countries through its industry-leading supply chain each year. The Group sells nearly 40 million boxes of fresh produce across North America and beyond, and recorded revenue of CAD $525m in 2011.

Oppy became a member of the Total Produce family in January, 2013. John Anderson, the current Chairman, President, CEO and majority shareholder, continues to lead the organisation. He currently holds 65% of the company's shares, and will own 35% after the 2017 transaction. ENZA has maintained its long-standing 15% ownership of Oppy's U.S. business.

John Anderson joined the company in 1975, and has been pivotal in driving the expansion of the business – which in 2012 entailed the establishment of a sales office in Toronto to better serve the Eastern Canadian marketplace. The Group currently has 13 offices, three in Canada, 9 in the U.S., and one in Santiago, Chile, as well as grower relations services located in Argentina, Costa Rica and Peru.

This produce industry leader has been designated as one of Canada's '50 Best Managed Companies' by Deloitte & Touche, the Canadian Imperial Bank of Commerce, the Queen's School of Business and the National Post each year since 2001 and for the past six years has the added distinction of being a Platinum member, an honour reserved for consistently top-performing organisations.

Strong Results

The Group delivered strong results for the year ended 31 December 2012. Total revenue increased by 11.2% to €2.8 billion with adjusted EBITA increasing 21.4% to €54.6m. Adjusted Earnings Per Share of 8.11 cent represented a growth of 12.0%.

The Group continues to generate positive cash flows with operating and free cash flows up significantly on the prior year due to increased earnings and working capital inflows.

Summary of Income Statement

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

	2012 €'000	2011 €'000
Revenue including share of joint ventures & associates	**2,810,571**	2,526,577
Adjusted EBITDA[1]	**70,359**	59,738
Depreciation charge (includes Group's share of depreciation within joint ventures and associates)	**(15,795)**	(14,779)
Adjusted EBITA[1]	**54,564**	44,959
Acquisition related intangible asset amortisation charges (includes Group's share of charges within joint ventures and associates)	**(7,821)**	(6,036)
Acquisition related costs (including Group's share of charges within joint ventures and associates)	**(416)**	(615)
Share of joint ventures and associates interest charge	**(861)**	(507)
Share of joint ventures and associates tax charge	**(2,258)**	(1,389)
Operating profit before exceptional items	**43,208**	36,412
Exceptional items	**303**	2,712
Operating profit after exceptional items	**43,511**	39,124
Net financial expense	**(6,410)**	(4,748)
Profit before tax	**37,101**	34,376
Group income tax expense	**(8,319)**	(6,635)
Profit after tax	**28,782**	27,741
Attributable to:		
Equity holders of the parent	**21,697**	23,466
Non-controlling interests	**7,085**	4,275
	28,782	27,741

	2012 cent	2011 cent
Adjusted fully diluted earnings per share[1]	**8.11**	7.24
Basic earnings per share	**6.58**	7.11

[1]Key performance indicators are defined on page 10.

Key Performance Indicators

	2012	2011
Revenue growth	**+11.2%**	(2.8%)
Adjusted EPS growth	**+12.0%**	+5.8%
Adjusted EBITDA growth	**+17.8%**	(4.2%)
Adjusted EBITA growth	**+21.4%**	(6.0%)
Adjusted EBITA margin	**+1.94%**	1.78%
Interest cover (adjusted EBITA: net interest charge)	**8.5 times**	9.5 times
Net debt/adjusted EBITDA	**0.8 times**	1.3 times
Free cash flow	**€41.2m**	€12.9m

Revenue, Adjusted EBITA and Operating Profit

An analysis of the factors influencing the changes in revenue, adjusted EBITA and operating profit is provided in the Operating Review on pages 20 to 23.

Translation of Foreign Currencies

The presentation currency of the Group is Euro which is the functional currency of the parent. Results and cash flows 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 the translation of the results of foreign currency denominated operations at the average rates, and on the restatement of the opening net assets at closing rates, are accounted for within a separate translation reserve within equity, net of differences on related foreign currency borrowings. All other translation differences are recorded in the income statement. The principal rates used in the translation of the results and balance sheets into Euro were as follows:

	Average rate			Closing rate		
	2012	2011	% change	**2012**	2011	% change
Pound Sterling	**0.8086**	0.8757	7.7%	**0.8110**	0.8353	2.9%
Swedish Krona	**8.7277**	9.0086	3.1%	**8.5763**	8.8990	3.6%
Czech Koruna	**25.1879**	24.7335	(1.8%)	**25.0942**	25.5018	1.6%
Danish Kroner	**7.4438**	7.4507	0.1%	**7.4606**	7.4322	(0.4%)
South African Rand	**10.5503**	10.0826	(4.6%)	**11.1852**	10.4802	(6.7%)

In 2012 there were movements in some of the major currencies against the Euro. In particular the average Pound Sterling and Swedish Krona rates increased by 7.7% and 3.1% respectively against the Euro with the South African Rand and the Czech Koruna both weakening by 4.6% and 1.8% respectively against the Euro. The various movements in currency led to a net favourable impact on retranslation of 2012 revenues and earnings of foreign currency denominated operations into Euro, the Group's reporting currency, with the benefit of the stronger average Pound Sterling and Swedish Krona rates partly offset by the weaker average South African Rand and Czech Koruna exchanges rates. At 31 December 2012, the closing exchange rates for all principal currencies within the Group excluding the South African Rand had strengthened against the Euro with the closing Pound Sterling strengthening by 2.9%, the Swedish Krona by 3.6%, the Czech Koruna by 1.6% but the South African Rand weakened by 6.7% compared to the exchange rates that prevailed at 31 December 2011. This led to a positive translation gain on retranslation of the opening net assets to the closing rate. This positive translation adjustment was recorded in a separate translation reserve within equity.

Net Financial Expense

Net financial expense for the year was €6.4m compared to €4.7m in 2011. It should be noted that included within finance income in 2011 was €0.4m of dividend income from Capespan South Africa. From July 2011 onwards, as a result of equity accounting for the investment in Capespan South Africa, this dividend income is no longer recognised as finance income in the Group income statement. Non-cash interest on contingent consideration increased during the year to €0.7m (2011: €0.4m). Excluding the dividend income and non-cash contingent consideration,
the net financial expense increased by €1.0m in the year due primarily to higher costs of funds. In addition, the strength of the Swedish Krona and Pound Sterling in the year led to higher reported interest costs on the translation to Euro.

In addition the Group's share of the net financial expense in its joint ventures and associates was €0.9m compared to €0.5m in 2011. Net interest cover for the year was 8.5 times based on adjusted EBITA.

Amortisation of Acquisition Related Intangible Assets

The Group's intangible assets mainly represent the value of customer and supplier relationships arising on acquisitions. These are amortised over their estimated useful economic lives ranging from three to fifteen years. The amortisation charge, inclusive of the Group's share of joint ventures' and associates' charges increased by €1.8m to €7.8m (2011: €6.0m) due to acquisitions completed in the past eighteen months.

Exceptional Items

Exceptional items in the year amounted to a net gain before tax of €0.3m (2011: net gain of €2.7m). In 2012 this exceptional gain related to the disposal of Capespan Europe. In 2011 the net gain included gains on the disposal of a joint venture, pension curtailments and revaluation gains reclassified to the income statement arising on the reclassification of a financial asset to an associate investment. Please refer to Note 6 in the accompanying financial statements for further information in respect of these items.

Profit before Tax and Adjusted Profit before Tax

Statutory profit before tax in 2012 was €37.1m (2011: €34.4m). Adjusted profit before tax increased by 19.1% to €47.3m (2011: €39.7m). Adjusted profit before tax excludes exceptional gains, acquisition related intangible asset amortisation charges and costs and the Group's share of the tax charge of joint ventures and associates which is recognised in profit before tax under IFRS.

Taxation

	2012 €'000	2011 €'000
Income tax expense	**8,319**	6,635
Group share of the tax charge of its joint ventures and associates netted in profit before tax	**2,258**	1,389
Total tax charge	**10,577**	8,024
Adjustments		
Deferred tax credit on amortisation of intangible assets – subsidiaries	**1,887**	1,649
Deferred tax credit on amortisation of intangible assets – Group share of joint ventures and associates	**176**	55
Net deferred tax on fair value movement on properties – subsidiaries	**43**	779
Net deferred tax on pension curtailment – subsidiaries	**–**	(116)
Tax charge on underlying activities	**12,683**	10,391

The total tax charge for the year amounted to €10.6m (2011: €8.0m), including the Group's share of the tax charge of its joint ventures and associates amounting to €2.3m (2011: €1.4m), which was netted in profit before tax in accordance with IFRS.

Excluding deferred tax credits related to the amortisation of intangibles and the tax effect of exceptional items, the underlying tax charge for the year was €12.7m (2011: €10.4m), equivalent to a rate of 26.8% (2011: 26.2%) when applied to the Group's adjusted profit before tax.

Non-Controlling Interests Share of Profits

The non-controlling interest's share of after tax profits was €7.1m (2011: €4.3m). Included in the 2011 charge was the non-controlling interests' €0.5m share of property impairment charge. Excluding this exceptional item, the charge has increased €2.3m in the year due to the full year effect of the non-controlling interests share of the after tax profits of subsidiaries acquired in the second half of 2011 and higher after tax profits in a number of the Group's non-wholly owned subsidiaries in Continental Europe.

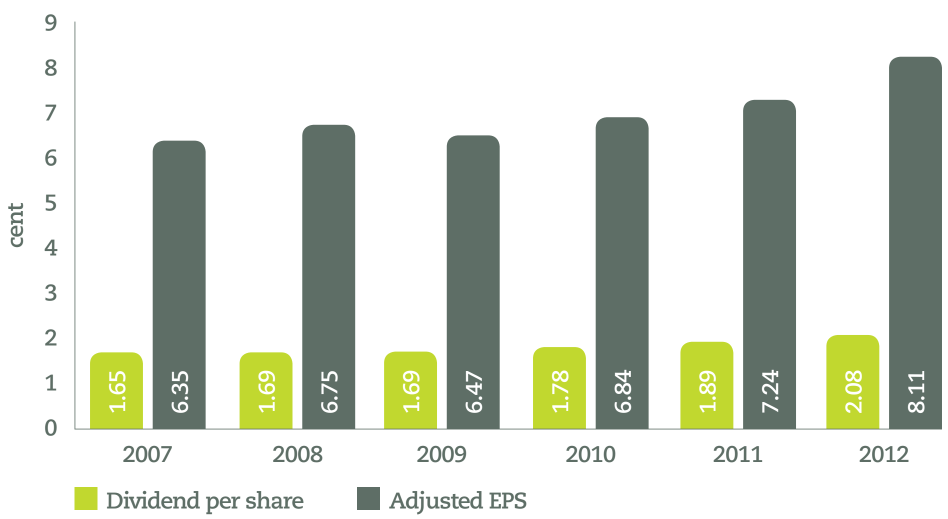
Earnings Per Share

Adjusted earnings per share increased 12.0% to 8.11 cent (2011: 7.24 cent). Management believe that adjusted Earnings Per Share excluding exceptional items, acquisition related intangible asset amortisation charges and costs and related tax on these items provides a fair reflection of the underlying trading performance of the Group. Basic earnings per share after these non-trading items amounted to 6.58 cent (2011: 7.11 cent) with the decrease due to lower exceptional gains and higher non-cash acquisition related intangible asset amortisation charges in 2012.

Dividend

The Board is proposing a 12.0% increase in the final dividend to 1.512 cent per share (2011: 1.350 cent), subject to the approval of shareholders at the forthcoming AGM. If approved, this dividend will be paid on 23 May 2013 to shareholders on the register at 3 May 2013 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 2012. The total dividend for 2012 will amount to 2.079 cent per share and represents an increase of 10% on the 2011 dividend.

Adjusted EPS and Dividend per Share



Summary Balance Sheet

	2012 €'m	2011 €'m
Property, plant & equipment and investment property	**149.8**	146.5
Goodwill and intangible assets	**152.1**	152.5
Investments in joint ventures and associates	**62.1**	40.2
Other financial assets and non-current assets held for resale	**0.6**	11.7
Other (including working capital)	**0.4**	11.4
Provisions (mainly contingent consideration)	**(17.1)**	(12.4)
Employee benefit liabilities (net of deferred tax)	**(23.7)**	(14.8)
Taxation (excluding deferred tax on employee benefit liabilities)	**(19.2)**	(22.8)
Net debt	**(53.0)**	(75.6)
Net assets	**252.0**	236.7
Shareholders' equity	**187.8**	176.7
Non-controlling interests	**64.2**	60.0
Shareholders' equity and non-controlling interests	**252.0**	236.7

The balance sheet has strengthened in 2012 with shareholders' equity increasing by 6.3% to €187.8m.

Shareholders' Equity

Shareholders' equity increased by 6.3% to €187.8m with profits of €21.7m in the year attributable to equity shareholders offset mainly by losses of €4.7m attributable to equity shareholders recognised directly in the statement of other comprehensive income, and dividends paid to equity shareholders of €6.3m.

	2012 €'m	2011 €'m
Total shareholders' equity at the beginning of the year	**176.7**	168.6
Actuarial losses arising on defined benefit pension schemes (net of deferred tax)	**(10.4)**	(9.2)
Gains reclassified to the income statement upon available-for-sale financial asset becoming an investment in associate	**–**	(4.1)
Fair value gain on available-for-sale financial assets	**–**	2.0
Revaluation gains on property, plant and equipment (net of deferred tax)	**1.6**	1.5
Gain on the translation of net assets of foreign currency denominated operations	**4.3**	0.2
Share of joint ventures and associates actuarial (loss)/gain arising on defined benefit pension schemes (net of deferred tax)	**(0.2)**	0.1
Other movements recognised directly in equity	**–**	(0.1)
Total other comprehensive income directly attributable to equity shareholders	**(4.7)**	(9.6)
Profit for year attributed to equity shareholders	**21.7**	23.5
Total comprehensive income for the year, net of tax	**17.0**	13.9
Share based payment expense	**0.5**	0.1
Dividends paid to equity shareholders	**(6.3)**	(5.9)
Acquisition of non-controlling interests recognised directly in equity	**(0.1)**	–
Total shareholders' equity at end of year	**187.8**	176.7

As set out above, the losses recognised directly in reserves through the statement of other comprehensive income include actuarial losses on employee benefit pension schemes offset in part by revaluation gains on own use property, plant and equipment and currency gains on the translation of the net assets of foreign currency denominated operations.

During the year, the Group experienced an actuarial loss of €10.4m (net of deferred tax) on the Group's defined benefit pension schemes as explained in further detail below. As part of the Group's annual revaluation of its own use land and buildings, the share of property revaluations gains, net of tax attributable to equity shareholders for the year was €1.6m. Refer to Note 10 of the accompanying financial information for more details.

The Sterling, Swedish Krona and the Czech Koruna exchange rates at 31 December 2012 strengthened compared to the rates which prevailed at 31 December 2011 resulting in a foreign currency gain of €4.3m on the retranslation of the foreign currency denominated net assets into Euro. This movement included translation movements on foreign currency loans designated as net investment hedges of foreign currency denominated operations. This annual translation adjustment can be positive or negative depending on the movement between the opening and the closing exchange rates.

Employee Benefits

	2012 €'m	2011 €'m
Net liability at the beginning of year	**(18.0)**	(11.0)
Current & past service cost less net finance income recognised in the income statement	**(2.8)**	(1.7)
Curtailment gain recognised in the income statement	**–**	0.9
Employer contributions to the schemes	**5.0**	4.8
Actuarial losses recognised in other comprehensive income	**(12.3)**	(10.8)
Foreign exchange movement	**(0.2)**	(0.2)
Net liability at the end of year	**(28.3)**	(18.0)
Related deferred tax asset	**4.6**	3.2
Net liability at the end of year after tax	**(23.7)**	(14.8)

This table summarises the movements in the net liability of the Group's various defined benefit pension schemes in Ireland, the UK and Continental Europe. The pension liability at 31 December 2012 was €23.7m (net of deferred tax).

The balance sheet at 31 December 2012 reflects pension liabilities of €28.3m (2011: €18.0m) in respect of the schemes in deficit. While pension scheme assets increased in excess of 15% to €132.4m at 31 December 2012 (2011: €114.6m), pension obligations increased to €160.7m (2011: €132.7m).

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 increase in the net liability at 31 December 2012 was primarily due to the decrease in the discount rates in the Irish and UK pension schemes which has led to an increase in the net present value of the schemes' obligations. The discount rate used for the schemes in the Eurozone was 4.15% (2011: 5.30%) and for the schemes in the UK was 4.30% (2011: 4.80%). This increase in the liability was partly offset by higher than expected returns on the scheme assets in 2012.

The pension curtailment gain of €0.9m in 2011 represents the net present value of a reduction in the prospective pension entitlement foregone in respect of a number of employees. The reduction in the Group scheme obligations was recognised in the income statement for the year ended 31 December 2011 as an exceptional gain.

Funds Flow

Net debt at 31 December 2012 was €53.0m (2011: €75.6m). Post year-end, the Group had a cash outflow of €11.4m representing the payment for the initial acquisition of the 35% shareholding in the Oppenheimer Group based in North America.

The Group generated operating cash flows of €38.0m in 2012 (2011: €31.2m) before working capital movements with the increase due to higher profits. There were €12.1m of working capital inflows in the year compared to a net €7.7m outflow in 2011. Cash outflows on routine capital expenditure, net of disposals, were €7.9m (2011: €7.5m). Dividend payments to non-controlling interests were €3.9m (2011: €4.9m).

Primarily as a result of higher profits and working capital movements, free cash flow generated by the Group increased to €41.2m (2011: €12.9m). Free cash flow is the funds available after outflows relating to business sustaining capital expenditure and dividends to non-controlling shareholders but before acquisition related expenditure, development capital expenditure, share buy-backs and the payment of dividends to equity shareholders.

Cash outflows on acquisitions and contingent consideration payments amounted to €14.8m (2011: €29.2m). Development capital expenditure of €3.8m was down on the €7.3m in the comparative period which primarily related to the construction of the enlarged distribution facility in Sweden. As highlighted earlier, the Group sold its investment in Capespan Europe in the year and received cash proceeds of €8.5m. The Group distributed €6.3m (2011: €5.9m) in dividends to equity shareholders. There was an adverse net impact on net debt of €2.1m (2011: €1.2m) on the translation of foreign currency denominated net debt to Euro due to the strong Swedish Krona and Sterling exchange rates at the end of 2012 when compared to the end of 2011.

	2012 €'m	2011 €'m
Adjusted EBITDA	**70.4**	59.7
Deduct adjusted EBITDA of joint ventures and associates	**(11.4)**	(7.5)
Net interest and tax paid	**(17.6)**	(16.5)
Other	**(3.4)**	(4.5)
Operating cash flows before working capital movements	**38.0**	31.2
Working capital and other movements	**12.1**	(7.7)
Operating cash flows	**50.1**	23.5
Routine capital expenditure net of disposal proceeds	**(7.9)**	(7.5)
Dividends received from joint ventures and associates	**2.9**	1.8
Dividends paid to non-controlling interests	**(3.9)**	(4.9)
Free cash flow	**41.2**	12.9
Acquisition expenditure (including contingent consideration payments)	**(14.8)**	(29.2)
Development capital expenditure	**(3.8)**	(7.3)
Disposal of a joint venture interest	**8.5**	4.2
Dividends paid to equity shareholders	**(6.3)**	(5.9)
Other	**(0.1)**	(1.2)
Total cash flow	**24.7**	(26.5)
Net debt at the beginning of the year	**(75.6)**	(47.9)
Foreign currency translation	**(2.1)**	(1.2)
Net debt at the end of the year	**(53.0)**	(75.6)

Net Debt and Group Financing

As outlined above, net debt during the year decreased from €75.6m to €53.0m. At 31 December 2012, the Group had available cash balances of €105.7m, bank deposits of €3.8m and interest-bearing borrowings (including overdrafts) of €162.5m. Net debt to adjusted EBITDA is 0.8 times and interest is covered 8.5 times by adjusted EBITA, both comfortably within existing bank covenants.

The Group concluded a new US$50m multi-currency facility under which the Group may issue loan notes over a three year period with a maturity of up to ten years. In addition the Group has renewed a number of its term borrowing facilities extending the Group's net debt maturity profile. This further increases the Group's capacity to finance future expansion.

F J Davis
Finance Director
4 March 2013

Quality, Safe & Traceable Produce.

At Total Produce, the delivery of premium quality, safe, traceable produce to the consumer is of paramount priority.

We recognise the responsibilities associated with the pursuit of this goal, most notably to our partners in production – the local and global growers who supply us, their people and the environment in which they operate. We recognise too, our wider obligations to the communities we serve across the European marketplace and to our shareholders, our customers and our own employees.

In Total Produce, principled trading practices which are embedded in our everyday operations are an integral element of our strategy for delivering operational excellence and superior produce. Total Produce is committed to engaging with stakeholders, implementing responsible production processes, contributing positively to the environments in which we operate, constructively responding to consumer concerns and pro-actively promoting better diet throughout the markets in which we operate.

Codes of Best Practice

Total Produce, through its subsidiaries, 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.

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. All Total Produce TOP branded product is GLOBALGAP accredited.

Total Produce is further determined to be pro-active and constructive in addressing all corporate social responsibility matters and to actively participate in industry forums on social, ethical, health and safety and environmental issues.

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.

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1. Carl McCann (59)

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 Balmoral International Land plc and is a Director of a number of other companies.

2. Rory Byrne (52)

Chief Executive, B Comm, FCA

Rory Byrne was appointed as Chief Executive of Total Produce on 30 December 2006. Prior to this, Rory was the Managing Director of the Fyffes General Produce division from 2002 and was appointed 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.

3. Frank Gernon (59)

Director, Financial Strategy and Development, FCCA

Frank Gernon was appointed Director, Financial Strategy and Development of Total Produce on 1 August 2009 having previously held the role of Finance Director from 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.

4. Frank Davis (53)

Finance Director, LL.B, MA, FCCA, BL

Frank Davis was appointed to the position of Finance Director and to the Board of Total Produce on 1 August 2009 having previously held the roles of Company Secretary/CFO from 30 December 2006. Prior to this, Frank was the Finance Director of the General Produce division of Fyffes plc from 2002 to 2006. Frank joined Fyffes in 1983 having previously worked in practice and in 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. An accountant by profession, he is also a qualified barrister-at-law.

5. Rose Hynes (55)

Non-Executive, BCL, AITI

Rose Hynes was appointed to the Board on 28 November 2006. Since her appointment she has been a member of the Audit and Nomination Committees, Chairman of the Group Compensation Committee and the nominated Senior Independent Non-Executive Director. Rose, a lawyer, was appointed Chairman of Bord Gais in 2009 and Chairman of Shannon Airport Authority in 2013. She is also Director of a number of other companies. Rose previously held senior executive positions with GPA Group plc.

6. Jerome Kennedy (64)

Non-Executive, FCA

Jerome Kennedy was appointed to the Board on 28 November 2006 and since his appointment has been Chairman of the Audit Committee and a member of the Compensation and Nomination Committees. He was appointed to the board of Independent News & Media in August 2012. He is also a Non-Executive Director of a number of other private companies. Previously, Jerome was managing partner of KPMG Ireland and a board member of KPMG Europe from 1995 to 2004.

7. Seamus Taaffe (61)

Non-Executive, B Comm, FCA

Seamus Taaffe was appointed to the Board on 12 October 2012 and on 25 October 2012 was appointed to the Audit Committee. Previously, Seamus was a senior partner in KPMG where he was responsible for the audit of and advising a wide range of listed and mid-market companies. Seamus is also a Non-Executive Director of a number of private Irish companies and organisations.

8. Marie Reid (40)

Company Secretary, B Comm, MAcc, FCA

Marie Reid was appointed to the position of Company Secretary on 1 August 2009 having previously held the role of Assistant Company Secretary. Prior to the formation of Total Produce, Marie joined Fyffes in 2004 and during this time held a number of senior financial positions. Previously Marie worked with Élan Corporation and KPMG.

Directors and Other Information

Total Produce plc

Directors
C P McCann, Chairman
R P Byrne, Chief Executive
J F Gernon
F J Davis
R B Hynes
J J Kennedy
S J Taaffe

Company Secretary
M T Reid

Registered Office
Charles McCann Building
Rampart Road
Dundalk
Co Louth

Auditor

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

Registrar

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

Solicitor

Arthur Cox
Arthur Cox Building
Earlsfort Terrace
Dublin 2

Stockbroker and Nominated Adviser

Davy
49 Dawson Street
Dublin 2

Principal Bankers

Allied Irish Banks plc
Bankcentre
Ballsbridge
Dublin 4

Bank of Ireland
Lower Baggot Street
Dublin 2

BNP Paribas
5 George's Dock
IFSC
Dublin 1

Danske Bank A/S
3 Harbourmaster Place
IFSC
Dublin 1

HSBC Ireland
1 Grand Canal Square
Grand Canal Harbour
Dublin 2

Rabobank Ireland plc
Charlemont Place
Dublin 2

Ulster Bank
George's Quay
Dublin 2

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 2012.

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 pages 20 to 23 and in the Financial Review on pages 26 to 32, including an analysis of the key performance indicators used to measure performance. These are defined as revenue, margin, volume, average price and adjusted EBITA. Page 38 of this report details the key business and financial risks faced by the Group.

Profit

Details of the profit for the year are set out in the income statement for the year ended 31 December 2012 on page 52.

Dividend

An interim dividend of 0.567 cent (2011: 0.540 cent) per share was paid on 19 October 2012. The Directors have proposed, subject to shareholder approval at the Annual General Meeting (AGM), the payment of a final dividend for 2012 of 1.512 cent (2011: 1.350 cent) per share. This total dividend of 2.079 cent per share is an increase of 10% on the total dividend of 1.890 cent per share for 2011.

Future Developments

A review of future developments of the business is included in the Chairman's Statement on pages 16 and 17.

Directors and Company Secretary

S J Taaffe was appointed a Non-Executive Director on 12 October 2012. In accordance with the Articles of Association of the Company, S J Taaffe will retire at the 2013 AGM and, being eligible, offers himself for election. There were no other changes to Directors and Company Secretary during the year.

In accordance with the Articles of Association of the Company F J Davis and R B Hynes retire from the Board by rotation and, being eligible, offer themselves for re-election at the AGM.

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 pages 45 to 49.

Substantial Holdings

The issued share capital of Total Produce plc consists of 351,886,732 ordinary shares (including 22,000,000 treasury shares). Each share has a nominal value of 1 cent. All shares, other than treasury shares, have equal voting and dividend rights. The Directors have been notified of the following significant interests in the issued ordinary share capital of the Company at 4 March 2013:

	Number of ordinary shares	%
Balkan Investment Company and related parties (including Arnsberg Investment Company)	37,238,334	11.29%
Farringdon Capital Management (Switzerland) SA	14,476,655	4.39%
Sparinvest A/S	14,357,927	4.35%
State Street Global Advisers Ireland Limited	13,963,702	4.23%
Davy Asset Management	11,368,294	3.45%
Pineapple Offshore Fund/Pineapple Partners LP	10,767,387	3.26%
FMR LLC	10,000,000	3.03%

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 issued share capital (excluding treasury shares) of the Company, nor is it aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Group.

Directors' Interests in Contracts

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

One of the Directors had an indirect interest in the Group's investment in a joint venture and this is noted in Note 31 of the accompanying financial statements.

Treasury Shares

At 31 December 2012, the total number of treasury shares amounted to 22,000,000 ordinary 1 cent shares at a cost of €8,580,000 (2011: 22,000,000 1 cent shares at a cost of €8,580,000). These shares represent 6.25% (2011: 6.25%) of the ordinary shares in issue at 31 December 2012. In respect of these treasury shares all rights (including voting and dividend rights) are suspended until those shares are reissued and therefore are not included in the earnings per share calculations.

Principal Risks and Uncertainties

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 price obtained in each of the markets it operates in. 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 revenue.
- The Group from time to time may enter into seasonal purchase agreements committing it to purchase fixed quantities of produce at fixed prices. The Group is exposed to the risk of losses arising from any inability to sell on these committed quantities and/or achieve the committed price.
- 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 consists primarily of retailers and wholesalers. The increasing concentration of customers can increase credit risk. Changes in the trading relationships with major customers, or of their procurement policies, could positively or adversely affect the operations and profitability of the Group.
- The Group is exposed to fluctuations in credit markets which could impact the availability and cost of financing for the Group. The Group manages these risks by maintaining a sufficient level of committed funding facilities, with a phased maturity profile.
- Some 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 performance of Fyffes.

The management team has considerable 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 32 of the accompanying 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 29 North Anne Street, Dublin 7, 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

On 7 January 2013, the Group announced the completion of an agreement to acquire a 65% majority shareholding in Oppenheimer Group in two stages over five years. The acquisition of an initial 35% of Oppenheimer's shares was completed on this date with an agreement to acquire a further 30% shareholding at a price to be determined based on future profits. Refer to Note 36 of the accompanying financial statements for additional information.

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 37 of the accompanying financial statements.

Special Business at the Annual General Meeting
Notice of the 2013 Annual General Meeting ('AGM') with details of the special business to be considered at the meeting is enclosed within this Annual Report on pages 117 to 118. 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 four items of special business which are described further below. The 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.

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 2014 or 22 August 2014 (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 €1,172,956 in nominal value of ordinary shares (being approximately 33.3% of the nominal value of the Company's issued share capital as at 16 April 2013).

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 €175,944 in nominal value of ordinary shares, representing 5% 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 22 August 2014 or the date of the Annual General Meeting of the Company in 2014.

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 22 August 2014 or the date of the Annual General Meeting of the Company in 2014. 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 unless 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 the greater of (i) 105% of the average market price of such shares for the previous 5 days and (ii) the higher of the price quoted for the last independent trade and the highest current independent bid or offer for such shares.

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 22 August 2014 or the date of the Annual General Meeting of the Company in 2014.

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 meetings 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	**F J Davis**
Chairman	*Finance Director*
4 March 2013	*4 March 2013*

Corporate Governance Statement

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

As an AIM/ESM listed company, Total Produce plc is not required to comply with the principles and provisions of the UK Corporate Governance Code ('the UK Code') as issued by the Financial Reporting Council in June 2010. However, the Board has undertaken to comply with the UK 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 44 to 49, describe how the principles and provisions of the UK 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	Director of Financial Strategy and Development
F J Davis	Finance Director

Non-Executive:

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

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

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

Effective governance is fostered by the separation of the roles of the Executive Chairman and the Chief Executive, as this division of responsibilities at the head of the Group ensures a balance of power and authority. The Executive Chairman has overall responsibility for Group strategy and to see that the Group achieves a satisfactory return on investment for shareholders. 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, along with the Finance Director, 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 all of the Non-Executive Directors to be independent. In arriving at its conclusion, the Board considered many factors including, inter alia, whether any of the Non-Executive Directors:

- has been an employee of the Group within the last five years;
- has, or had within the last three years, a material business relationship with the Group;
- receives remuneration from the Group other than a director's fee;
- has close family ties with any of the Group's 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 Board considers that the three independent Non-Executive Directors are sufficient to maintain the balance between Executive Directors and Non-Executive Directors on the Board.

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

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 on page 42) 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:

	Board	Audit Committee	Compensation Committee	Nomination Committee
Number of scheduled meetings	6	4	7	2
C P McCann	6	–	–	2
R P Byrne	6	–	–	2
J F Gernon	6	4*	7	–
F J Davis	6	4*	–	–
R B Hynes	6	4	7	2
J J Kennedy	6	4	7	2
S J Taaffe**	2**	1**	–	–

* In attendance only
** S J Taaffe was appointed to the Board as a Non-Executive Director on 12 October 2012

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 and capital expenditures and acquisitions in excess of €20 million. Certain other matters are delegated to Board committees, the details of which are set out below.

There is an agreed Board procedure enabling Directors to take independent professional advice, in the furtherance of their duties, at the Company's expense. Each Board member has access to the impartial advice and services of the Company Secretary, who is responsible to the Board for ensuring that appropriate procedures are followed. The 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 2012, 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. In addition, the Non-Executive Directors meet without the Chairman annually to appraise the effectiveness of the Chairman.

The Chairman summarised the outcome of these evaluation processes and reported them to the Board. The Board concluded that the Board, the Directors and its Committees were effective in the performance of their duties and composition.

Corporate Governance Report (Continued)

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 page 44.

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 45 to 49.

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 (UK Code provision). However, considering the size of the Board, a 50:50 split is considered appropriate by the Board. The terms of reference of the Committee, which are available on request from the Company Secretary, are to evaluate the balance of skills, knowledge and experience of the Board, to consider the need for any new or additional appointments, where necessary to prepare a list of potential candidates and forward the names of potential candidates to the Board for its consideration and, if appropriate, approval.

The Committee regularly assesses the Board composition, the Board members and the various Board roles, and concluded that no additional appointments are required at this time. The Committee has further examined the Group succession plans and concluded they are appropriate.

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 (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 ('ERC' or the 'Committee') which directs the implementation of the process consistently throughout the Group. Responsibility for the identification and evaluation of financial, operational and compliance risks is delegated to senior management, which reports back to the Committee. The Committee meets during the year as required to review the relevant findings, and make recommendations. The Committee reports its findings to the Audit Committee, which in turn reports to the Board.

The members of the Committee include the Chief Executive (Chairman), the Director of Financial Strategy and Development, the Finance Director, the Company Secretary, the Head of Internal Audit and a representative of senior management.

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

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

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

Communication with Shareholders and the 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 its 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 time of announcement of the preliminary and interim results.

The Executive Directors and Non-Executive Directors are kept informed on investor issues and the outcome of meetings with shareholders 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 Company's AGM followed by a question and answer forum which offers 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 at any EGM. The Company will arrange for the Notice of the 2013 AGM and related papers to be sent to shareholders at least 20 clear working days in advance of 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, Preliminary Results Announcements, and Interim Results Announcements) have been reviewed by the Board 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 50. The system of internal controls and risk management established to safeguard the Company's assets is set out on page 42. The Audit Committee, whose composition and functions are described on page 44, has considered, in conjunction with the external auditor, the accounting policies adopted in the financial statements and has evaluated the internal controls that have been established within the Group.

Environmental Management, Corporate Responsibility and Ethical Trading Initiatives

The European Commission has 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.

Membership and Responsibilities

The members of the Audit Committee (the 'Committee'), all of whom are independent Non-Executive Directors, are J J Kennedy (Chairman), R B Hynes and S J Taaffe. S J Taaffe was appointed to the Committee on 25 October 2012.

The Board believes that all Committee members satisfy the recommendation in the UK Code that at least one member of the Audit Committee should have recent relevant financial experience. All members are sufficiently knowledgeable in relevant financial matters to enable them to fulfil their responsibilities of 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 interim results and preliminary results announcements, financial information and full year consolidated financial statements and to report to the Board on the outcome of these reviews. As part of this process, the Committee considers:
    - the appropriateness of the Group's accounting policies, including any changes in these policies;
    - any significant judgmental matters;
    - any significant adjusted and unadjusted audit differences;
    - the continuing appropriateness of the going concern assumption;
    - the contents of the Operating and Financial Reviews as set out in the Annual Report;
    - compliance with relevant financial reporting standards, and related legislative requirements; and
    - compliance with legal and Stock Exchange requirements.
6. to review any issues raised by the external auditor during the conduct of their audit. As part of this review, the Committee considers any report from the external auditor on their findings in relation to the Group's financial systems and controls, together with any management responses. In addition, the Committee reviews the representation letters required by the external auditor as part of the audit, prior to their endorsement by the Board. The Committee also meets the external auditor independently of management at least annually;
7. to review the Group's statement on internal control systems and the risk management framework, prior to endorsement by the Board;
8. to review and to report to the Board on the effectiveness of the Group's internal controls including co-ordination between the internal and external auditors and the adequacy of the internal audit function;
9. to approve, in consultation with the Chairman of the Board, the appointment and removal of the Head of Internal Audit;
10. to consider any major findings from internal investigations and the Company's response;
11. to review the Group's arrangements for employees to raise concerns, in confidence, about possible impropriety in financial reporting or other matters and to ensure there is provision for a proportionate investigation and follow-up of such matters; and
12. to review, at least annually, the Committee's own performance and terms of reference and to recommend any changes it considers necessary to the Board for approval.

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 judgment, independent of Total Produce plc. The Committee monitors the nature, extent and scope of non-audit services provided by the external auditor on an 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 70.

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.

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

The terms of reference, which are available on request from the Company Secretary, of the Committee are 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 to determine the total individual remuneration package of each Executive Director including bonuses, incentive payments and share options or other share awards;
- where appropriate to recommend to shareholders the establishment of long term incentive schemes, to set appropriate performance targets for such schemes, to define the basis of participation in such schemes and to determine the grant of awards under such schemes;
- to approve the granting of share options to Executive Directors and employees and to determine whether the conditions as set out in Clause 7 of the December 2006 share option scheme have been achieved;
- to ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the UK Code and the Listing Rules of the AIM/ESM 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. The Committee can recommend changes to the remuneration structure for senior management.

Remuneration Policy
Total Produce is an international group of companies with activities in 24 countries. The Group's policy on Executive Directors' remuneration is designed to ensure that employment and remuneration conditions for senior executives reward, retain and motivate them to perform in the best interests of shareholders.

The recurring elements of the remuneration package for Executive Directors are basic pensionable salary and benefits, annual bonuses, short term incentive plan and pensions. It is the policy of the Company that at least 70% of the awards to Executive Directors under the short term incentive plan are receivable in Total Produce shares, which together with the grant of options to Executive Directors encourages 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.

Annual Bonus Awards
The Group provides annual bonus awards, excluding the short term incentive plan, to Executive Directors. The level of these bonus awards in any one year will depend on an assessment of individual performance and the overall performance of the Group. The bonus awards, save in exceptional circumstances, are limited to 150% of the Directors' basic salary. The bonus awards are subject to the approval of the Committee.

Short Term Incentive Plan

The Committee approved a short term incentive plan (the 'Total Produce plc short term incentive plan') for Executive Directors effective for the year ending 31 December 2012 based on achievement of separately agreed performance measures for the Group for the year ending 31 December 2012. A similar plan is in place for the year ending 31 December 2013.

Performance Measure	Minimum Award	Maximum Award
Growth in adjusted earnings per share over previous year	5% of basic salary for EPS growth of 5%	33% of basic salary for EPS growth of 15%
Growth in average share price for the year over the average share price for the previous year	5% of basic salary for growth in average share price of 5%	33% of basic salary for growth in average share price of 25%
Total shareholder return 'TSR' benchmarked against a comparator group of 16 other companies	10% of basic salary for achievement of median TSR	34% of basic salary for achievement of 75th percentile TSR

Under this plan, a minimum of 70% and up to a maximum of 100% of the award each year is payable in Total Produce shares. The Committee awarded €958,000 in payments for the year ended 31 December 2012 (2011: €549,000), payable in shares which are to be purchased and held by an employee benefit trust for the benefit of the individual participants and cannot normally be disposed of for a period of at least five years from date of purchase. In March 2012, 1,147,062 ordinary shares of 1 cent each were purchased by the Total Produce plc Employee Benefit Trust at market value on behalf of the Executive Directors in respect of the 2011 award of €549,000.

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

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

Pensions

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

In 2006, the Chairman, C P McCann, agreed to cap his pension in line with the provisions of the Finance Act, 2006 and receive a supplementary, taxable, non-pensionable cash allowance in lieu of the prospective pension entitlements foregone. No amounts were paid in either 2011 or 2012.

In 2011, new arrangements were entered into with the other Executive Directors whereby they have agreed to cap their pension entitlements on a similar basis. The actual cash allowances or contributions to a defined contribution scheme in lieu of the prospective pension entitlements foregone for 2012 are detailed in Note 2 on page 47.

In the case of all Directors whose pension entitlements have been capped, pensions are calculated to provide for two thirds of basic pensionable salary to the date of opt out with benefits in respect of dependants continuing to accrue. The supplementary cash allowances have been reduced to allow for increases in dependants' benefits that accrued during the year.

Employee Share Option Scheme

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

At 31 December 2012, options had been granted but not yet exercised or vested over 7,060,000 (2011: 7,260,000) ordinary shares at prices ranging from €0.60 to €0.815 or 2.01% (2011: 2.06%) of the issued ordinary share capital. These included 1,840,000 options granted to Executive Directors and 175,000 options granted to the Company Secretary, further details of which are included in the Directors' share interests disclosed on pages 48 and 49. No new options were granted in 2012.

Employee Profit Sharing Scheme

The Company has an employee profit sharing scheme under which the trustees of this scheme purchase shares in the market on behalf of employees of the Group. In December 2012, 88,461 and 15,890 ordinary 1 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 2012.

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 48 and 49.

Service Contracts

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

Directors' Interests in Contracts

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

Directors' Remuneration

The Directors' remuneration for the year was as follows:

	Executive Directors		Non-Executive Directors		Total	
	2012 €'000	2011 €'000	**2012 €'000**	2011 €'000	**2012 €'000**	2011 €'000
Basic salaries	**1,501**	1,501	**–**	–	**1,501**	1,501
Fees	**–**	–	**159**	144	**159**	144
Annual bonus awards	**820**	686	**–**	–	**820**	686
Other benefits	**51**	51	**–**	–	**51**	51
Pension contributions/related payments	**304**	436	**–**	–	**304**	436
Remuneration	**2,676**	2,674	**159**	144	**2,835**	2,818
Number of Directors (average)	**4**	4	**2***	2	**6**	6

* S J Taaffe was appointed to the Board as a Non-Executive Director on 12 October 2012

In addition, under the short term incentive plan a €958,000 (2011: €549,000) award was made to Executive Directors. This award is to be applied in the purchase of shares in Total Produce plc which will be held by a Trustee for the benefit of the individual Directors and cannot normally be disposed of for a period of at least five years from date of purchase. See pages 45 and 46 for further details.

In accordance with IFRS 2 *Share-based Payments*, an expense of €120,000 (2011: €30,000) has been recognised in the income statement in respect of share options granted to Executive Directors.

	Salary or fees €'000	**Annual bonus awards €'000**	**Other Benefits[4] €'000**	**Pension contributions or related payment €'000**	**Total 2012 €'000**	Total 2011 €'000
Executives						
C P McCann [1,2]	**433**	**173**	**17**	**–**	**623**	623
R P Byrne [2,3]	**431**	**324**	**–**	**151**	**906**	897
J F Gernon [2]	**351**	**130**	**15**	**63**	**559**	591
F J Davis [2]	**286**	**193**	**19**	**90**	**588**	563
	1,501	**820**	**51**	**304**	**2,676**	2,674
Non-Executives						
R B Hynes	**72**	**–**	**–**	**–**	**72**	72
J J Kennedy	**72**	**–**	**–**	**–**	**72**	72
S J Taaffe [5]	**15**	**–**	**–**	**–**	**15**	–
	159	**–**	**–**	**–**	**159**	144
	1,660	**820**	**51**	**304**	**2,835**	2,818

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

2 No benefits accrued under the Group's defined benefit pension scheme during 2011 or 2012 and no pension contributions were made on behalf of the Executive Directors to the scheme as their benefits under this scheme are now limited for reasons explained on page 46. As a result, the Compensation Committee approved cash payments or contributions to a defined contribution pension of €151,000, €63,000, and €90,000 (2011: €151,000, €95,000 and €90,000) respectively to R P Byrne, J F Gernon and F J Davis to compensate each of the Directors for the value of their defined benefit pension entitlements foregone, net of employer's social insurance contributions. No payments were made to C P McCann.

3 €300,000 of the annual bonus awarded to R P Byrne for this performance in 2012 was paid into a defined contribution pension scheme on his behalf.

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

5 The remuneration for S J Taaffe is in respect of the period from his appointment as Non-Executive Director on 12 October 2012.

Short Term Incentive Plan

As explained on page 46, the Committee awarded €958,000 in payments to Executive Directors for the year ended 31 December 2012, payable in shares which are to be purchased and held by the trustees of the Total Produce plc short term incentive plan for the benefit of the individual participants and cannot normally be disposed of for a period of at least five years from the date of purchase. The awards to individual Executive Directors were as follows – C P McCann (€310,000), R P Byrne (€300,000), J F Gernon (€143,000) and F J Davis (€205,000).

The Committee awarded €549,000 in payments to Executive Directors for the year ended 31 December 2011, which were paid in shares. On 13 March 2012 the trustees of the Total Produce plc short term incentive plan purchased a total number of 1,147,062 ordinary shares of Total Produce plc. The ordinary shares are held by the Trust on behalf of the Directors, and cannot normally be disposed of for a period of at least five years from the date of purchase. The details of shares allotted to individual Directors are as follows – C P McCann (367,909 shares), R P Byrne (366,210 shares), J F Gernon (169,935 shares) and F J Davis (243,008 shares).

Pension Entitlements of Executive Directors

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

	Increase in accrued pension during 2012 (a) €'000	**Transfer value of increase during 2012 (b) €'000**	**Total accrued pension at 31 Dec 2012 (c) €'000**	Increase in accrued pension during 2011 (a) €'000	Transfer value of increase during 2011 (b) €'000	Total accrued pension at 31 Dec 2011 (c) €'000
Executive Directors						
C P McCann	**–**	**–**	**227**	–	–	227
R P Byrne	**–**	**–**	**143**	–	–	143
J F Gernon	**–**	**–**	**221**	–	–	221
F J Davis	**–**	**–**	**116**	–	–	116
	–	**–**	**707**	–	–	707

(a) The increase in accrued pension during the year excludes inflation. No net increase accrued in the year to any Director as the inflationary increase each Director would have received reduced the value of the pension benefits by more than the increase in value of dependants' pension benefits accrued.
(b) The transfer value of the increase in accrued pension has been calculated based on actuarial advice. These transfer values do not represent sums paid or due, but are the amounts that the pension scheme would transfer to another pension scheme in relation to the benefits accrued in the year, in the event of a member of the scheme leaving service.
(c) This represents the pension 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 Total Produce plc at 31 December 2012 together with their interests at 31 December 2011 are shown below:

	No of Ordinary shares at 31 Dec 2012	No of Ordinary shares at 31 Dec 2011
Directors		
C P McCann	**2,429,154**	2,038,821
R P Byrne	**1,088,775**	701,376
J F Gernon	**903,803**	711,444
F J Davis	**764,867**	499,435
R B Hynes	**50,000**	50,000
J J Kennedy	**50,000**	50,000
S J Taaffe	**–**	–
Company Secretary		
M T Reid	**146,142**	130,252

All of the above interests were beneficially owned.

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 31/12/11	Granted	Exercised	**Options held at 31/12/12**	Exercise price	Earliest date from which exercisable (if vested)	Expiry date
Executive Directors							
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							
M T Reid	100,000	–	–	**100,000**	0.815	09/05/2010	08/05/2017
	75,000	–	–	**75,000**	0.60	05/03/2011	04/03/2018

The market price of the Company's shares at 31 December 2012 was €0.60 and the range during 2012 was €0.375 to €0.60. There have been no movements in the share interests and interest in share options of the Directors or Company Secretary between the year end and 4 March 2013. Options granted are only exercisable when the adjusted earnings per share figure, in respect of the third or any subsequent accounting period after the end of the base year (i.e. accounting period preceding the date of the grant), is greater than the adjusted earnings per share figure for the base year by a percentage which is not less than (on a year-on-year basis) the annual percentage increase in the consumer price index plus 5% compounded during that period.

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/ESM Rules, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (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 2012.

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 2012, 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 2012. 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/ESM 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

F J Davis
Finance Director

We have audited the group and parent company financial statements ('financial statements') of Total Produce plc for the year ended 31 December 2012 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Changes in Equity, the Group and Company Balance Sheets, the Group and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Acts 1963 to 2012.

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

As explained more fully in the Directors' Responsibilities Statement set out on page 50 the Directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2012 and of its profit for the year then ended;
- the parent company balance sheet gives a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Acts 1963 to 2012, of the state of the parent company's affairs as at 31 December 2012; and
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2012 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Matters on which we are required to report by the Companies Acts 1963 to 2012

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

The parent company balance sheet is in agreement with the books of account and, in our opinion, proper books of account have been kept by the Company.

In our opinion the information given in the directors' report is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the group financial statements is consistent with the group financial statements.

The net assets of the Company, as stated in the company balance sheet 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 2012 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Acts 1963 to 2012 we are required to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Under the terms of our engagement, we have agreed to review the parts of the voluntary Corporate Governance Statement on pages 40 to 43 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code and the two provisions of the Irish Corporate Governance Annex specified under the Listing Rules of the Irish Stock Exchange for review by the auditor.

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

4 March 2013

Group Income Statement
for the year ended 31 December 2012

	Notes	Before exceptional items 2012 €'000	Exceptional items (Note 6) 2012 €'000	Total 2012 €'000	Before exceptional items 2011 €'000	Exceptional items (Note 6) 2011 €'000	Total 2011 €'000
Revenue, including Group share of joint ventures and associates	1	**2,810,571**	**–**	**2,810,571**	2,526,577	–	2,526,577
Group revenue		**2,431,826**	**–**	**2,431,826**	2,284,478	–	2,284,478
Cost of sales		**(2,092,874)**	**–**	**(2,092,874)**	(1,964,162)	–	(1,964,162)
Gross profit		**338,952**	**–**	**338,952**	320,316	–	320,316
Operating expenses (net)	2	**(300,316)**	**303**	**(300,013)**	(287,346)	2,712	(284,634)
Share of profit of joint ventures	3	**2,553**	**–**	**2,553**	2,402	–	2,402
Share of profit of associates	3	**2,019**	**–**	**2,019**	1,040	–	1,040
Operating profit		**43,208**	**303**	**43,511**	36,412	2,712	39,124
Financial income	4	**1,851**	**–**	**1,851**	2,097	–	2,097
Financial expense	4	**(8,261)**	**–**	**(8,261)**	(6,845)	–	(6,845)
Profit before tax		**36,798**	**303**	**37,101**	31,664	2,712	34,376
Income tax expense	7	**(8,362)**	**43**	**(8,319)**	(7,298)	663	(6,635)
Profit for the year		**28,436**	**346**	**28,782**	24,366	3,375	27,741
Attributable to:							
Equity holders of the parent				**21,697**			23,466
Non-controlling interests				**7,085**			4,275
				28,782			27,741
Earnings per ordinary share:							
Basic	9			**6.58 cent**			7.11 cent
Fully diluted	9			**6.58 cent**			7.11 cent

On behalf of the Board

C P McCann
Chairman

F J Davis
Finance Director

Group Statement of Comprehensive Income
for the year ended 31 December 2012

	Notes	2012 €'000	2011 €'000
Profit for the year		**28,782**	27,741
Other comprehensive income:			
Foreign currency translation effects:			
– foreign currency net investments – subsidiaries		**5,282**	2,196
– foreign currency net investments – joint ventures and associates	13	**367**	14
– foreign currency losses/(gains) reclassified to the income statement on disposal of joint venture investment		**1,489**	(528)
– foreign currency borrowings designated as net investment hedges		**(2,606)**	(1,380)
Revaluation gains on property, plant and equipment, net	10	**1,771**	1,350
Gains on re-measuring available-for-sale financial assets	14	**–**	2,028
Reclassification of revaluation gains to the income statement upon available-for-sale financial asset becoming an associate	14	**–**	(4,055)
Actuarial losses on defined benefit pension schemes	29	**(12,258)**	(10,883)
Effective portion of cash flow hedges, net	4	**2**	25
Deferred tax on items taken directly to other comprehensive income	7	**1,875**	1,654
Share of joint ventures and associates other comprehensive income:			
– actuarial (losses)/gains on defined benefit pension scheme	13	**(331)**	80
– effective portion of cash flow hedges, net	13	**–**	9
– deferred tax on items taken directly to other comprehensive income	13	**116**	23
Other comprehensive income for the year, net of tax		**(4,293)**	(9,467)
Total comprehensive income for the year, net of tax		**24,489**	18,274
Attributable to:			
Equity holders of the parent		**17,022**	13,926
Non-controlling interests	20	**7,467**	4,348
		24,489	18,274

Group Balance Sheet
as at 31 December 2012

	Notes	2012 €'000	2011 €'000
Assets			
Non-current			
Property, plant and equipment	10	**138,753**	135,644
Investment property	11	**11,067**	10,881
Goodwill and intangible assets	12	**152,098**	152,493
Investments in joint ventures and associates	13	**62,086**	40,212
Other financial assets	14	**636**	647
Other receivables	16	**6,505**	4,290
Deferred tax assets	27	**9,473**	6,903
Total non-current assets		**380,618**	351,070
Current			
Inventories	15	**45,565**	39,098
Trade and other receivables	16	**279,263**	268,126
Corporation tax receivables		**1,971**	2,075
Derivative financial instruments	32	**–**	57
Bank deposits	17	**3,799**	–
Cash and cash equivalents	17	**105,692**	90,087
Total current assets (excluding non-current assets classified as held for sale)		**436,290**	399,443
Non-current assets classified as held for sale	18	**–**	11,064
Total current assets		**436,290**	410,507
Total assets		**816,908**	761,577
Equity			
Share capital	19	**3,519**	3,519
Share premium	19	**252,574**	252,574
Other reserves	19	**(110,043)**	(116,460)
Retained earnings		**41,752**	37,066
Total equity attributable to equity holders of the parent		**187,802**	176,699
Non-controlling interests	20	**64,162**	60,041
Total equity		**251,964**	236,740
Liabilities			
Non-current			
Interest-bearing loans and borrowings	21	**154,797**	140,586
Deferred government grants	24	**1,876**	1,569
Other payables	23	**1,881**	2,582
Provisions	25	**15,336**	10,809
Corporation tax payable		**7,569**	7,754
Deferred tax liabilities	27	**16,100**	17,100
Employee benefits	29	**28,324**	18,058
Total non-current liabilities		**225,883**	198,458
Current			
Interest-bearing loans and borrowings	21	**7,721**	25,054
Trade and other payables	23	**326,805**	295,728
Provisions	25	**1,785**	1,634
Derivative financial instruments	32	**341**	309
Corporation tax payable		**2,409**	3,654
Total current liabilities		**339,061**	326,379
Total liabilities		**564,944**	524,837
Total liabilities and equity		**816,908**	761,577

On behalf of the Board

C P McCann
Chairman

F J Davis
Finance Director

Group Statement of Changes in Equity
for the year ended 31 December 2012

	Attributable to equity holders of the parent										
	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**	Non-controlling interests €'000	**Total equity €'000**
As at 1 January 2012	**3,519**	**252,574**	**(5,808)**	**19,296**	**(122,521)**	**(8,580)**	**1,153**	**37,066**	**176,699**	**60,041**	**236,740**
Comprehensive income											
Profit for the year	–	–	–	–	–	–	–	**21,697**	**21,697**	**7,085**	**28,782**
Other comprehensive income:											
Foreign currency translation effects, net	–	–	**4,325**	–	–	–	–	–	**4,325**	**207**	**4,532**
Revaluation gains on property, plant and equipment, net	–	–	–	**1,422**	–	–	–	–	**1,422**	**349**	**1,771**
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	–	–	**(12,080)**	**(12,080)**	**(178)**	**(12,258)**
Effective portion of cash flow hedges, net	–	–	–	–	–	–	**2**	–	**2**	–	**2**
Deferred tax on items taken directly to other comprehensive income	–	–	–	**196**	–	–	**(1)**	**1,676**	**1,871**	**4**	**1,875**
Share of associates other comprehensive income:											
– actuarial loss on defined benefit pension scheme	–	–	–	–	–	–	–	**(331)**	**(331)**	–	**(331)**
– deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	–	**116**	**116**	–	**116**
Total other comprehensive income	–	–	**4,325**	**1,618**	–	–	**1**	**(10,619)**	**(4,675)**	**382**	**(4,293)**
Total comprehensive income	–	–	**4,325**	**1,618**	–	–	**1**	**11,078**	**17,022**	**7,467**	**24,489**
Transactions with equity holders of the parent											
Non-controlling interests arising on acquisition (Note 28)	–	–	–	–	–	–	–	–	–	**481**	**481**
Acquisition of non-controlling interests (Note 28)	–	–	–	–	–	–	–	**(68)**	**(68)**	–	**(68)**
Contribution by non-controlling interests (Note 20)	–	–	–	–	–	–	–	–	–	**59**	**59**
Dividends (Notes 8 and 20)	–	–	–	–	–	–	–	**(6,324)**	**(6,324)**	**(3,886)**	**(10,210)**
Share-based payment transactions (Note 29)	–	–	–	–	–	–	**473**	–	**473**	–	**473**
Total transactions with equity holders of the parent	–	–	–	–	–	–	**473**	**(6,392)**	**(5,919)**	**(3,346)**	**(9,265)**
As at 31 December 2012	**3,519**	**252,574**	**(1,483)**	**20,914**	**(122,521)**	**(8,580)**	**1,627**	**41,752**	**187,802**	**64,162**	**251,964**

Group Statement of Changes in Equity
for the year ended 31 December 2012 (Continued)

	Attributable to equity holders of the parent										
	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	Non-controlling interests €'000	Total equity €'000
As at 1 January 2011	3,519	252,574	(6,005)	17,938	(122,521)	(8,580)	3,054	28,621	168,600	57,999	226,599
Comprehensive income											
Profit for the year	–	–	–	–	–	–	–	23,466	23,466	4,275	27,741
Other comprehensive income:											
Foreign currency translation effects, net	–	–	197	–	–	–	–	–	197	105	302
Revaluation gains on property, plant and equipment, net	–	–	–	1,398	–	–	–	–	1,398	(48)	1,350
Gains on measuring available-for-sale financial assets	–	–	–	–	–	–	2,028	–	2,028	–	2,028
Reclassification of revaluation gains to the income statement upon available-for-sale financial asset becoming an associate	–		–	–	–	–	(4,055)	–	(4,055)	–	(4,055)
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	–	–	(10,745)	(10,745)	(138)	(10,883)
Effective portion of cash flow hedges, net	–	–	–	–	–	–	14	–	14	11	25
Deferred tax on items taken directly to other comprehensive income	–	–	–	(40)	–	–	(6)	1,557	1,511	143	1,654
Share of joint ventures other comprehensive income:											
– actuarial gain on defined benefit pension scheme	–	–	–	–	–	–	–	80	80	–	80
– effective portion of cash flow hedges, net	–	–	–	–	–	–	–	9	9	–	9
– deferred tax on items taken directly to other comprehensive income	–	–	–	–	–	–	–	23	23	–	23
Total other comprehensive income	–	–	197	1,358	–	–	(2,019)	(9,076)	(9,540)	73	(9,467)
Total comprehensive income	–	–	197	1,358	–	–	(2,019)	14,390	13,926	4,348	18,274
Transactions with equity holders of the parent											
Non-controlling interests arising on acquisition (Note 28)	–	–	–	–	–	–	–	–	–	2,715	2,715
Buyout of non-controlling interests arising on acquisition (Note 28)	–	–	–	–	–	–	–	(63)	(63)	(141)	(204)
Dividends (Notes 8 and 20)	–	–	–	–	–	–	–	(5,882)	(5,882)	(4,880)	(10,762)
Share-based payment transactions (Note 29)	–	–	–	–	–	–	118	–	118	–	118
Total transactions with equity holders of the parent	–	–	–	–	–	–	118	(5,945)	(5,827)	(2,306)	(8,133)
As at 31 December 2011	3,519	252,574	(5,808)	19,296	(122,521)	(8,580)	1,153	37,066	176,699	60,041	236,740

Group Statement of Cash Flows
for the year ended 31 December 2012

	Notes	2012 €'000	2011 €'000
Net cash flows from operating activities before working capital movements	33	**37,992**	31,228
Movements in working capital	33	**12,066**	(7,747)
Net cash flows from operating activities		**50,058**	23,481
Investing activities			
Acquisition of subsidiaries, net of cash acquired	28	**(3,307)**	(7,973)
Acquisition of, and investment in, joint ventures and associates	13	**(9,392)**	(5,898)
Loans advanced to joint ventures and associates	13	**(256)**	(294)
Dividends received from joint ventures and associates	13	**2,909**	1,760
Payments of contingent consideration	25	**(1,855)**	(14,086)
Acquisition of property, plant and equipment		**(11,892)**	(15,531)
Acquisition of computer software	12	**(649)**	–
Development expenditure capitalised	12	**(146)**	(156)
Proceeds from disposal of property, plant and equipment		**874**	725
Proceeds from disposal of joint ventures and associates	6	**8,456**	4,172
Acquisition of other financial assets	14	**(2)**	(30)
Government grants received	24	**599**	296
Net cash flows from investing activities		**(14,661)**	(37,015)
Financing activities			
Drawdown of borrowings		**32,647**	27,553
Repayment of borrowings		**(39,268)**	(14,769)
Increase in bank deposits	17	**(3,799)**	–
Increase in cash held in escrow	17	**(11,580)**	–
Capital element of lease repayments		**(1,135)**	(274)
Acquisition of non-controlling interests	28	**(68)**	(841)
Contribution by non-controlling interests	20	**59**	–
Dividends paid to non-controlling interests	20	**(3,886)**	(4,880)
Dividends paid to equity holders of the parent	8	**(6,324)**	(5,882)
Net cash flows from financing activities		**(33,354)**	907
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**2,043**	(12,627)
Net foreign exchange difference		**1,104**	524
Cash, cash equivalents and bank overdrafts at 1 January		**85,813**	97,916
Cash, cash equivalents and bank overdrafts at 31 December	17	**88,960**	85,813

Group Reconciliation of Net Debt
for the year ended 31 December 2012

	Notes	2012 €'000	2011 €'000
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		**2,043**	(12,627)
Drawdown of borrowings		**(32,647)**	(27,553)
Repayment of borrowings		**39,268**	14,769
Increase in bank deposits		**3,799**	–
Increase in cash held in escrow		**11,580**	–
Capital element of lease repayments		**1,135**	274
Other movements on finance leases		**(535)**	(1,327)
Foreign exchange movement		**(2,117)**	(1,154)
Movement in net debt		**22,526**	(27,618)
Net debt at 1 January		**(75,553)**	(47,935)
Net debt at 31 December	22	**(53,027)**	(75,553)

Reporting entity

Total Produce plc (the 'Company') is a company tax resident and incorporated in Ireland. The consolidated financial statements as at, and for the year ended, 31 December 2012 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and jointly controlled entities.

The individual and Group financial statements of the Company were authorised for issue by the Directors on 4 March 2013.

The accounting policies for the year ended 31 December 2012 are set out below.

Statement of compliance

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

The individual financial statements of the Company ('Company financial statements') have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Acts, 1963 to 2012, 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 and applied by the Company and Group in the preparation of these financial statements are those that were effective for the accounting period ending 31 December 2012.

Basis of preparation

The consolidated financial statements, which are presented in Euro, the Company's functional currency, rounded to the nearest thousand (unless otherwise stated), have been prepared under the historical cost convention, except for the following material items:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- biological assets are measured at fair value less estimated point of sale costs;
- land and buildings and investment property are measured at fair value.

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

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key estimates and assumptions used in applying the Group's accounting policies and in measuring its assets and liabilities are set out in Note 34.

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous year except for the following new and amended IFRS and IFRIC interpretations adopted by the Group and Company as of 1 January 2012:

- Amendment to IFRS 7 *Financial Instruments: Disclosures*
- Amendment to IAS 24 *Related Party Disclosures*
- Amendment to IFRIC 14, IAS 19 *Limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- IFRIC 19 *Extinguishing Financial Liabilities and Equity Instruments*
- Amendments resulting from 2011 Annual Improvements to IFRSs

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. All significant subsidiaries have coterminous financial year ends. Where appropriate, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

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

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 appropriate. 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 appropriate, the accounting policies of joint ventures and associates have been changed to ensure consistency with the policies adopted by the Group.

Unrealised gains and income and expenses arising from transactions with associates and 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.

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

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

Property, plant and equipment

Land and buildings are measured at fair value with changes in value reflected in revaluation gains in the statement of comprehensive income, 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 between knowledgeable, willing parties in an arm's length transaction. Such valuations are determined taking into consideration values of comparable transactions for similar properties in the same locations as those of the Group where they are available or on the use of valuation techniques including the use of market yield on comparable properties. Information on the basis on which such valuations were undertaken in the year is set out in Note 10.

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

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

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

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

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

Investment property

Investment property, principally comprising land, office buildings and warehouses, is property (including separate, self contained parts of such buildings) which is held for rental income or capital appreciation and is not occupied by the Group. Investment property is stated 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 arm's length transaction between a willing buyer and a willing seller. Such valuations are determined by benchmarking against comparable transactions for similar properties in the same locations as those of the Group or on the use of valuation techniques including the use of market yield on comparable properties. Information on the basis on which such valuations were undertaken in the year is set out in Note 11. All gains or losses arising from a change in fair value are recognised in the income statement. When property is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the property prior to transfer and its fair value is recognised in 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 in the income statement.

Biological assets

Certain of the Group's joint ventures and associates, involved in the production of fresh produce, hold biological assets which include agricultural produce due for harvest on plantations. Biological assets are measured at fair value less estimated 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.

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

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

The assets and liabilities of foreign currency denominated operations, including goodwill and fair value adjustments arising on consolidation, are translated to Euro at the foreign exchange rates ruling at the balance sheet date. The income and expenses of foreign currency denominated operations are translated to Euro at the average exchange rate for the year. Foreign exchange movements arising on translation of the net investment in a foreign operation, including those arising on long term intra-Group loans deemed to be quasi equity in nature, are recognised directly in other comprehensive income, in the currency translation reserve. The portion of exchange gains or losses on foreign currency borrowings used to provide a hedge against a net investment in a foreign operation that is designated as a hedge of those investments is recognised directly in other comprehensive income to the extent that they are determined to be effective. The ineffective portion is recognised 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 reclassified through the income statement on disposal of the related business. Translation differences that arose before the date of transition to IFRS in respect of all non-Euro denominated operations are not presented separately.

Business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, the Group takes into account potential voting rights that are currently exercisable.

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts relating to the settlement of pre-existing relationships, which are generally recognised in profit or loss. Costs associated with the acquisition, except those relating to the issue of debt or equity securities, are expensed as incurred.

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

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

Acquisitions before 1 January 2010
For acquisitions prior to 1 January 2010, goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

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

Acquisitions of non-controlling interests
Under IAS 27 *Consolidated and Separate Financial Statements (2008)*, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of these transactions. The adjustment to non-controlling interests is based on a proportionate amount of the net assets of the subsidiary.

For transactions completed prior to 1 January 2010, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

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

Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries, joint ventures and associates as a result of the fair value of consideration transferred exceeding net identifiable assets and liabilities acquired. In respect of business acquisitions initiated since 1 January 2004, goodwill is measured as set out in the business combinations note above. In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost in the consolidated balance sheet, i.e. original cost less accumulated amortisation since acquisition up to 31 December 2003, which represents the amount recorded under Irish GAAP. As permitted by IFRS 1 *First Time Adoption of International Financial Reporting Standards*, IFRS 3 *Business Combinations* was not applied to previous transactions and therefore the reclassification and accounting treatment of business combinations that occurred prior to 1 January 2004 was not reconsidered. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment at a consistent time each financial year. Goodwill is now stated at cost or deemed cost less any accumulated impairment losses. In respect of joint ventures and associates, the carrying amount of goodwill is included in the carrying amount of the investment.

Goodwill which arose on acquisitions prior to 1 November 1998 was eliminated against reserves on acquisition as a matter of the accounting policy applicable at the time. 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. Capitalised development expenditure is amortised to the income statement on a straight line basis over its expected useful life of between five and seven years.

Customer relationships, supplier relationships and brands

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

- Customer relationships: 3-15 years;
- Supplier relationships: 3-15 years;
- Brands: 10-15 years.

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 tested for impairment when an event or transaction indicates that an impairment may have occurred except for goodwill and indefinite lived intangibles which are tested annually for impairment. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount as appropriate.

The recoverable amount of an asset is the greater of its 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 31 October each year. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

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

Inventories

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

Cash and cash equivalents

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

Employee benefits

Short term employee benefits

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

Retirement benefit obligations – Group financial statements

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

The defined benefit pension asset or liability in the Group balance sheet comprises the total for each plan of the present value of the defined benefit obligation less 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 other comprehensive income.

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 other comprehensive income, in which case the related tax is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates and laws that have been enacted or substantively enacted at the 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.

Government grants

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

Provisions

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

Share capital

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

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 on acquisition that do not meet the definition of cash and cash equivalents are classified 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 available-for-sale financial assets and are stated at fair value, with any resultant gain or loss being recognised directly in other comprehensive income (in the available-for-sale reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When a devaluation of these assets is significant or prolonged, it is removed from the available-for-sale 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 other comprehensive income 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 in accordance with hedge accounting rules. In such cases, any gain or loss arising on the effective portion of the derivative instrument is recognised in the other comprehensive income hedging reserve, as a separate component of equity. Gains or losses on any ineffective portion of the derivative are recognised in the income statement. When the hedged transaction matures, the related gains or losses in the hedging reserve are transferred to the income statement.

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

Interest-bearing borrowings

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

Significant Accounting Policies
for the year ended 31 December 2012 (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 and dividends received from available-for-sale financial assets. Interest income is recognised as it accrues using the effective interest method. Dividends are recognised when received.

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

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

Exceptional items
The Group has adopted an accounting policy which seeks to highlight significant items within the Group 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 or losses recognised in respect of investment properties. Judgment is used by the Group in assessing the particular items which by virtue of their scale and nature, should be disclosed in the income statement and related notes as exceptional items.

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

New standards and interpretations not applied
The following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2013 or later periods, but have not been early adopted:

Standard/Interpretation	Effective date – for accounting periods beginning on or after
IFRS 7 *Financial Instruments: Disclosures*	1 January 2013
IFRS 9 *Financial Instruments: Recognition and Measurement*	1 January 2015
IFRS 10 *Consolidated Financial Statements*	1 January 2014
IFRS 11 *Joint Arrangements*	1 January 2014
IFRS 12 *Disclosure of Interests in Other Entities*	1 January 2014
IFRS 13 *Fair Value Measurement*	1 January 2013
IAS 1 *Presentation of Financial Statements*	1 January 2013
IAS 12 *Income Taxes*	1 January 2013
IAS 16 *Property, Plant and Equipment*	1 January 2013
IAS 19 *Employee Benefits*	1 January 2013
IAS 27 *Separate Financial Statements*	1 January 2014
IAS 28 *Investments in Joint Ventures and Associates*	1 January 2014
IAS 32 *Financial Instruments: Presentation*	1 January 2013
IAS 34 *Interim Financial Reporting*	1 January 2013

Based on a preliminary analysis carried out, the Directors consider the adoption of the above standards and interpretations issued by the IASB and the IFRIC will not have a material effect on the Group's earnings per share, with the exception of IAS 19 which will result in an increased charge to the income statement in respect of the Group's defined benefit pension arrangements. Please refer to Note 29 for details of the effect of the revision to IAS 19.

1. Segmental Analysis

IFRS 8 *Operating Segments* ('IFRS 8') sets out the requirements for disclosure of financial and descriptive information about the operating segments, products, the geographical areas in which the Group operates, as well as information on major customers. In accordance with IFRS 8, the Group's reportable operating segments based on how performance is assessed and resources are allocated are as follows:

- *Eurozone Fresh Produce:* This segment is an aggregation of operating segments in the Eurozone involved in the procurement, marketing and distribution of fresh produce. These operating segments have been aggregated because they have similar economic characteristics.
- *Northern Europe Fresh Produce:* This operating segment is involved in the procurement, marketing and distribution of fresh produce in Northern Europe.
- *UK Fresh Produce:* This operating segment is involved in the procurement, marketing and distribution of fresh produce in the UK.
- *Healthfoods and Consumer Products Distribution:* This segment is a full service marketing and distributor partner to the healthfoods, pharmacy, grocery and domestic consumer products sectors. This segment distributes to retail and wholesale outlets in Ireland and the United Kingdom.

A further three operating segments, involved in the procurement, marketing and distribution of fresh produce, have been identified which are combined and presented together as '*Rest of World Fresh Produce*' as they are not individually material.

Segmental performance is evaluated based on revenue and adjusted EBITA. Management believe that adjusted EBITA, while not defined under IFRS, provides a fair reflection of the underlying trading performance of the Group. Adjusted EBITA represents earnings before interest, tax, acquisition related intangible asset amortisation charges and costs, and exceptional items. It also excludes the Group's share of these items within joint ventures and associates. Adjusted EBITA is therefore measured differently from operating profit in the Group financial statements as explained and reconciled in full detail overleaf.

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

Segmental operating performance

	2012			2011		
	Segmental revenue €'000	**Third party revenue €'000**	**Adjusted EBITA €'000**	Segmental revenue €'000	Third party revenue €'000	Adjusted EBITA* €'000
Eurozone Fresh Produce	**1,302,685**	**1,282,299**	**20,408**	1,205,234	1,189,058	18,421
Northern Europe Fresh Produce	**664,655**	**651,326**	**19,523**	595,340	584,318	15,742
UK Fresh Produce	**515,040**	**513,023**	**6,378**	485,414	483,411	5,294
Rest of the World Fresh Produce	**261,258**	**261,161**	**5,020**	170,989	170,461	4,289
Inter-segment revenue	**(35,829)**	**–**	**–**	(29,729)	–	–
Total Fresh Produce	**2,707,809**	**2,707,809**	**51,329**	2,427,248	2,427,248	43,746
Healthfoods and Consumer Products	**102,762**	**102,762**	**3,235**	99,329	99,329	1,213
Third party revenue and adjusted EBITA	**2,810,571**	**2,810,571**	**54,564**	2,526,577	2,526,577	44,959

* Comparative balances have been reclassified in the current year to ensure conformity with the current year presentation.

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

Financial Statements

1. Segmental Analysis (Continued)

Reconciliation of segmental profits to operating profit

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

	Notes	2012 €'000	2011 €'000
Adjusted EBITA per management reporting		**54,564**	44,959
Acquisition related intangible asset amortisation in subsidiaries	(i)	**(6,732)**	(5,501)
Share of joint ventures and associates acquisition related intangible asset amortisation	(i)	**(1,089)**	(535)
Acquisition related costs within subsidiaries	(ii)	**(227)**	(615)
Acquisition related costs within joint ventures and associates	(ii)	**(189)**	–
Share of joint ventures and associates net financial expense	(iii)	**(861)**	(507)
Share of joint ventures and associates income tax	(iii)	**(2,258)**	(1,389)
Operating profit before exceptional items		**43,208**	36,412
Exceptional items	(iv)	**303**	2,712
Operating profit per the Group income statement		**43,511**	39,124
Net financial expense	(v)	**(6,410)**	(4,748)
Profit before tax		**37,101**	34,376

(i) Acquisition related intangible asset amortisation charges are not allocated to operating segments in the Group management accounts.
(ii) Acquisition related costs are transaction costs directly related to acquisitions of subsidiaries completed in 2012 and are not allocated to operating segments in the Group management accounts.
(iii) Under IFRS, included within profit before tax is the Group's share of joint ventures' and associates' profit after acquisition related intangible asset amortisation charges, tax and interest. In the Group's management reporting these items are excluded from the adjusted EBITA calculation.
(iv) Exceptional items (Note 6) are not allocated to operating segments in the management reports.
(v) Financial income and expense is primarily managed at Group level, and is therefore not allocated to individual operating segments in the management reports.

Business segment assets and liabilities

	Segment assets 2012 €'000	Joint ventures and associates 2012 €'000	Total assets 2012 €'000	Total liabilities 2012 €'000
Eurozone Fresh Produce	**244,883**	**29,118**	**274,001**	**139,430**
Northern Europe Fresh Produce	**173,445**	**4,779**	**178,224**	**93,121**
UK Fresh Produce	**98,674**	**5,661**	**104,335**	**56,639**
Rest of the World Fresh Produce	**56,207**	**22,528**	**78,735**	**24,093**
Total Fresh Produce	**573,209**	**62,086**	**635,295**	**313,283**
Healthfoods and Consumer Products Distribution	**48,975**	**–**	**48,975**	**17,620**
Total	**622,184**	**62,086**	**684,270**	**330,903**
Unallocated assets and liabilities*			**132,638**	**234,041**
Total assets			**816,908**	**564,944**

	Segment assets 2011 €'000	Joint ventures and associates 2011 €'000	Total assets 2011 €'000	Total liabilities 2011 €'000
Eurozone Fresh Produce	239,409	14,069	253,478	121,256
Northern Europe Fresh Produce	160,762	4,418	165,180	78,955
UK Fresh Produce	99,896	5,031	104,927	51,316
Rest of the World Fresh Produce	54,127	16,694	70,821	24,357
Total Fresh Produce	554,194	40,212	594,406	275,884
Healthfoods and Consumer Products Distribution	56,578	–	56,578	24,304
Total	610,772	40,212	650,984	300,188
Unallocated assets and liabilities*			110,593	224,649
Total assets			761,577	524,837

* Unallocated assets consist of investment property, other financial assets, cash and cash equivalents, bank deposits, deferred tax assets, and corporation tax receivable. Unallocated liabilities consist of interest-bearing loans and borrowings, provisions, corporation tax payable, deferred tax liabilities and employee benefit liabilities.

Other segmental disclosures

	Share of joint ventures and associates adjusted EBITA 2012 €'000	Acquisition of property, plant and equipment 2012 €'000	Depreciation of property, plant and equipment (i) 2012 €'000	Amortisation of intangible assets (ii) 2012 €'000
Eurozone Fresh Produce	**4,464**	**4,526**	**6,654**	**2,323**
Northern Europe Fresh Produce	**1,289**	**5,238**	**3,628**	**1,886**
UK Fresh Produce	**390**	**1,406**	**2,180**	**1,221**
Rest of the World Fresh Produce	**2,826**	**1,229**	**2,915**	**346**
Healthfoods and Consumer Products Distribution	**–**	**605**	**418**	**2,045**
Total	**8,969**	**13,004**	**15,795**	**7,821**

	Share of joint ventures and associates adjusted EBITA 2011 €'000	Acquisition of property, plant and equipment 2011 €'000	Depreciation of property, plant and equipment (i) 2011 €'000	Amortisation of intangible assets (ii) 2011 €'000
Eurozone Fresh Produce	2,453	5,426	6,557	1,673
Northern Europe Fresh Produce	1,043	7,841	2,752	1,743
UK Fresh Produce	547	1,380	2,173	1,443
Rest of the World Fresh Produce	1,830	1,402	2,841	307
Healthfoods and Consumer Products Distribution	–	258	456	870
Total	5,873	16,307	14,779	6,036

(i) Includes joint ventures and associates share of depreciation of property, plant and equipment.
(ii) Includes joint ventures and associates share of acquisition related intangible asset amortisation.

Irish Revenue and Non-current Assets
The Group headquarters are domiciled in Ireland and revenues generated by the Group's businesses in Ireland are €345,233,000 (2011: €333,159,000). Non-current assets excluding employee benefit assets and deferred tax assets of €22,825,000 (2011: €18,574,000) are held by the Group's businesses in Ireland.

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

2. Operating Expenses, Net

	Before exceptional items 2012 €'000	Exceptional items (Note 6) 2012 €'000	Total 2012 €'000	Before exceptional items 2011 €'000	Exceptional items (Note 6) 2011 €'000	Total 2011 €'000
Distribution expenses	**(259,587)**	**–**	**(259,587)**	(247,929)	–	(247,929)
Administrative expenses	**(43,579)**	**–**	**(43,579)**	(42,341)	–	(42,341)
Other operating expenses	**(1,152)**	**–**	**(1,152)**	(1,071)	(3,881)	(4,952)
Other operating income	**4,002**	**303**	**4,305**	3,995	6,593	10,588
Total	**(300,316)**	**303**	**(300,013)**	(287,346)	2,712	(284,634)

Other operating expenses

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

	2012 €'000	2011 €'000
Foreign exchange losses	**(847)**	(130)
Loss on disposal of property, plant and equipment	**(78)**	(44)
Loss on derivative financial instruments at fair value through income statement	**–**	(168)
Acquisition related costs in subsidiaries*	**(227)**	(615)
Impairment of goodwill (Note 12)	**–**	(114)
	(1,152)	(1,071)
Exceptional items in other operating expenses (Note 6)		
Change in fair value of investment property	**–**	(2,550)
Impairment of property, plant and equipment	**–**	(1,331)
	–	(3,881)
Total	**(1,152)**	(4,952)

*Acquisition related costs include transaction costs directly related to the acquisitions of subsidiaries completed. These costs include legal fees and other professional service fees.

Other operating income

	2012 €'000	2011 €'000
Rental income	**1,721**	1,948
Amortisation of government grants (Note 24)	**292**	187
Gain on disposal of property, plant and equipment	**645**	358
Foreign exchange gains	**850**	478
Revisions to contingent consideration estimates (Note 25)	**190**	273
Gain on derivative financial instruments at fair value through the income statement	**304**	751
	4,002	3,995
Exceptional items in other operating income (Note 6)		
Gain reclassified from other comprehensive income on an available-for-sale financial asset becoming an associate	**–**	4,055
Gain on disposal of investment in joint venture undertakings	**303**	1,612
Pension curtailment gain	**–**	926
	303	6,593
Total	**4,305**	10,588

3. Share of Profit of Joint Ventures and Associates

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

	Joint ventures 2012 €'000	**Associates 2012 €'000**	**Total 2012 €'000**	Joint ventures 2011 €'000	Associates 2011 €'000	Total 2011 €'000
Group share of:						
Revenue	**259,529**	**119,216**	**378,745**	213,484	28,615	242,099
Operating profit	**4,546**	**3,145**	**7,691**	3,746	1,592	5,338
Financial income/(expense) – net	**(823)**	**(38)**	**(861)**	(583)	76	(507)
Profit before tax	**3,723**	**3,107**	**6,830**	3,163	1,668	4,831
Income tax expense	**(1,170)**	**(1,088)**	**(2,258)**	(761)	(628)	(1,389)
Profit after tax	**2,553**	**2,019**	**4,572**	2,402	1,040	3,442

Profit after tax above includes the following items:

	Joint ventures 2012 €'000	**Associates 2012 €'000**	**Total 2012 €'000**	Joint ventures 2011 €'000	Associates 2011 €'000	Total 2011 €'000
Group share of:						
Depreciation of property, plant and equipment	**1,544**	**881**	**2,425**	1,312	314	1,626
Amortisation of acquisition related intangible assets	**989**	**100**	**1,089**	500	35	535
Deferred tax credit on amortisation of acquisition related intangible assets	**176**	**–**	**176**	55	–	55
Acquisition related costs	**189**	**–**	**189**	–	–	–

4. Financial Income and Financial Expense

	2012 €'000	2011 €'000
Recognised in the income statement:		
Dividend income from available-for-sale financial assets	**–**	406
Interest income	**1,851**	1,691
Financial income	**1,851**	2,097
Interest expense on financial liabilities measured at amortised cost	**(5,888)**	(5,401)
Cash inflow from interest rate swap	**5**	26
Interest expense on finance leases	**(231)**	(34)
Unwinding of discounts on provisions (Note 25)	**(657)**	(414)
Other interest expense	**(1,490)**	(1,022)
Financial expense	**(8,261)**	(6,845)
Net financial expense recognised in the income statement	**(6,410)**	(4,748)
Analysed as follows:		
Amounts relating to items not at fair value through income statement	**(6,410)**	(4,748)
Net financial expense recognised in the income statement	**(6,410)**	(4,748)
Recognised in other comprehensive income:		
Foreign currency translation effects:		
– foreign currency on net investments – subsidiaries	**5,282**	2,196
– foreign currency on net investments – joint ventures and associates	**367**	14
– foreign currency borrowings	**(2,606)**	(1,380)
Effective portion of changes in fair value of cash flow hedges	**(928)**	45
Fair value of cash flow hedges transferred to the income statement	**930**	(20)
Gains on re-measuring available-for-sale financial assets	**–**	2,028
Gains on available-for-sale financial assets reclassified from other comprehensive income to income statement	**–**	(4,055)
Net financial income recognised in other comprehensive income	**3,045**	(1,172)

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5. Group Operating Profit

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

	2012 €'000	2011 €'000
Depreciation of property, plant and equipment:		
– owned assets	**12,173**	12,865
– held under finance lease	**1,197**	288
Amortisation of intangible assets (including share of joint ventures and associates)	**7,821**	6,036
Impairment losses:		
– property	**–**	1,331
– goodwill	**–**	114
Operating lease rentals:		
– plant and equipment	**1,796**	1,575
– other	**9,608**	8,586

Auditors' remuneration

	2012 €'000	2011 €'000
Audit services[1]	**422**	447
Other assurance services[2]	**81**	77
Tax advisory services	**104**	81
Other non-audit services	**68**	150
	675	755

1 Includes €10,000 (2011: €66,000) relating to Group share of joint venture and associate fees
2 Includes €2,000 (2011:€11,000) relating to Group share of joint venture and associate fees

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

	2012 €'000	2011 €'000
Audit services[3]	**1,081**	779
Other assurance services[4]	**114**	99
Tax advisory services[5]	**107**	103
Other non-audit services[6]	**257**	214
	1,559	1,195

3 Includes €194,000 (2011: €59,000) relating to Group share of joint venture and associate fees
4 Includes €2,000 (2011: €9,000) relating to Group share of joint venture and associate fees
5 Includes €3,000 (2011: €Nil) relating to Group share of joint venture and associate fees
6 Includes €8,000 (2011: €Nil) relating to Group share of joint venture and associate fees

6. Exceptional Items

	2012 €'000	2011 €'000
Gain on disposal of joint venture undertakings [a]	**303**	1,612
Gains on available-for-sale financial assets reclassified from other comprehensive income to income statement [b]	**–**	4,055
Pension curtailment gain [c]	**–**	926
Impairment of property, plant and equipment [d]	**–**	(1,331)
Change in fair value of investment property [e]	**–**	(2,550)
	303	2,712
Net tax credit on exceptional items [f]	**43**	663
Total	**346**	3,375

(a) Gain on disposal of joint venture undertakings
As explained further in Note 13, on 9 January 2012, the Group announced the completion of a transaction to sell its 50% shareholding in Capespan International Holdings Limited ('Capespan Europe') to Capespan Group Limited ('Capespan South Africa') for a total consideration of €13,030,000 satisfied by the exchange of an additional 20 million shares in Capespan South Africa (valued at €4,574,000) and €8,456,000 in cash. A profit of €303,000 was recognised on this sale comprising the €1,792,000 difference between the sales proceeds and the joint venture's carrying value of €11,238,000 together with the reclassification of €1,489,000 of currency translation differences from equity to the income statement.

In May 2011, the Group sold its 40% joint venture interest in a South African farm investment company to Capespan South Africa for cash proceeds of €4,172,000. A profit of €1,612,000 was recognised in 2011 on this sale comprising the €1,084,000 difference between the sales proceeds and the joint venture's carrying value of €3,088,000 together with the reclassification of €528,000 of currency translation differences from equity to the income statement.

(b) Gains on available-for-sale financial assets reclassified from other comprehensive income to the income statement
In July 2011, as a result of increasing its shareholding, the Group commenced equity accounting for its investment in Capespan South Africa. As part of this exercise, the previously held shareholding was fair valued at this date resulting in an uplift of €2,028,000. This uplift, together with previously recognised fair value gains in the available-for-sale reserve of €2,027,000 relating to Capespan South Africa, were reclassified to the income statement resulting in an exceptional gain of €4,055,000 in 2011. Refer to Note 13 for further details.

(c) Pension curtailment gain
This curtailment gain of €926,000 represents the net present value of a reduction in prospective pension entitlements foregone in respect of a number of employees. The reduction in the Group scheme obligations was recognised in the income statement for the year ended 31 December 2011. The deferred tax charge on this exceptional gain amounted to €116,000. Refer to Note 29 for further details.

(d) Impairment of property, plant and equipment
On revaluation of the Group's properties in 2011, in addition to the net revaluation gain included in other comprehensive income, properties where the carrying value exceeded market value were identified, resulting in an impairment charge of €1,331,000 in the 2011 income statement. No such impairments were identified in 2012. Refer to Note 10 for further details.

(e) Change in fair value of investment property
In 2012, there were no fair value movements arising from the fair value of investment properties. However, a net deferred tax credit of €43,000 arose in the year as a result of changes in underlying tax rates that were previously used in calculating deferred tax liabilities on prior year fair value gains. In 2011, fair value losses of €2,550,000 were recognised in the income statement along with a net deferred tax credit of €779,000 as a result of the exercise to fair value investment properties. Refer to Note 11 for further details.

(f) Net tax credit on exceptional items
As outlined in the notes above, net deferred tax credits totalling €43,000 (2011: €779,000) were recognised in the income statement in 2012 in respect of exceptional items.

7. Income Tax Expense

Recognised in the income statement

	2012 €'000	2011 €'000
Current tax expense		
Ireland		
Tax on profit for the year	**395**	269
Adjustments in respect of prior years	**103**	(145)
	498	124
Overseas		
Tax on profit for the year	**9,757**	8,838
Adjustments in respect of prior years	**21**	(138)
	9,778	8,700
Total current tax	**10,276**	8,824
Deferred tax expense		
Origination and reversal of temporary differences	**(1,937)**	(2,087)
Adjustments in respect of prior years	**(20)**	(102)
Total deferred tax	**(1,957)**	(2,189)
Income tax expense	**8,319**	6,635

In the UK, the Finance Act 2012, which was substantively enacted on 17 July 2012, amended the main rate of corporation tax to 24% effective from 1 April 2012 and to 23% effective from 1 April 2013. This will reduce the Group's future current tax charge accordingly. UK deferred tax balances have been calculated based on the rate of 23% substantively enacted at the reporting date.

The Swedish Budget in 2012 announced that the Swedish rate of corporation tax was to reduce from 26.3% in 2012 to 22.0% from 1 January 2013. This will reduce the Group's future current tax charge accordingly. Swedish deferred tax balances have been calculated based on the rate of 22% substantively enacted at the reporting date.

Reconciliation of effective tax rate

	%	2012 €'000	%	2011 €'000
Profit before tax		**37,101**		34,376
Taxation based on Irish corporation tax rate	**12.50**	**4,638**	12.50	4,297
Effects of:				
Expenses not deductible for tax purposes	**1.64**	**610**	1.25	431
Tax effect of fair value adjustments	**(0.12)**	**(43)**	(2.22)	(764)
Tax effect on profits of joint ventures and associates	**(1.54)**	**(572)**	(1.25)	(430)
Differences in tax rates	**9.99**	**3,705**	10.06	3,457
Unrecognised deferred tax asset	**0.21**	**79**	–	–
Previously unrecognised deferred tax asset	**(0.60)**	**(223)**	–	–
Other items	**0.06**	**22**	0.08	29
Adjustments in respect of prior years	**0.28**	**103**	(1.12)	(385)
Total income tax expense in the income statement	**22.42**	**8,319**	19.30	6,635

Deferred tax recognised directly in other comprehensive income

	2012 €'000	2011 €'000
Deferred tax on revaluation of property, plant and equipment, net	**(178)**	(88)
Deferred tax on actuarial losses on defined benefit pension schemes, net	**(1,698)**	(1,574)
Deferred tax on effective portion of cash flow hedges, net	**1**	8
Total deferred tax credit recognised in other comprehensive income	**(1,875)**	(1,654)

8. Dividends Paid and Proposed

	2012 €'000	2011 €'000
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for the year ended 31 December 2011: 1.350 cents (2010: 1.243 cents)	**4,453**	4,101
Interim dividend for the year ended 31 December 2012: 0.567 cents (2011: 0.540 cents)	**1,871**	1,781
Total: 1.917 cents per share (2011: 1.783 cents)	**6,324**	5,882
Proposed for approval at AGM (not recognised as a liability as at 31 December)		
Equity dividends on ordinary shares:		
Final dividend for the year ended 31 December 2012: 1.512 cents (2011: 1.350 cents)	**4,988**	4,453

It is proposed that a final dividend of 1.512 cents 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.

9. Earnings per Share

Basic and diluted earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent of €21,697,000 (2011: €23,466,000) by the weighted average number of ordinary shares outstanding during the year of 329,886,732 (2011: 329,886,732). In November 2010 the Group purchased 22,000,000 of its own shares which are held as treasury shares. In respect of the shares that are held by the Group (treasury shares), all rights (including voting and dividend rights) are suspended until those shares are reissued and therefore they are not included in earnings per share calculations. Details relating to the purchase of the Group's own shares are outlined in Note 19.

Share options outstanding, as set out in Note 29, have no dilutive impact on earnings per share at 31 December 2012 or at 31 December 2011.

	2012	2011
Profit for the financial year attributable to equity holders of the parent (€'000)	**21,697**	23,466
Number of ordinary shares for the year for basic and adjusted earnings per share calculation ('000)	**329,887**	329,887
Basic earnings per share – cent	**6.58**	7.11
Fully diluted earnings per share – cent	**6.58**	7.11

Management believe that adjusted fully diluted earnings per share as set out below provides a fair reflection of the underlying trading performance of the Group after eliminating the impact of acquisition related intangible asset amortisation charges and costs, exceptional items, property revaluations and the related tax on these items.

Adjusted fully diluted earnings per share

	Earnings 2012 €'000	Per share 2012 €'cent	Earnings 2011 €'000	Per share 2011 €'cent
Profit attributable to equity holders of the parent	**21,697**	**6.58**	23,466	7.11
Adjustments				
Amortisation of acquisition related intangible assets within subsidiaries (Note 12)	**6,732**	**2.04**	5,501	1.67
Group share of joint ventures and associates acquisition related intangible assets amortisation (Note 3)	**1,089**	**0.33**	535	0.16
Exceptional items – net of tax (Note 6)	**(346)**	**(0.11)**	(3,375)	(1.02)
Acquisition related costs within subsidiaries (Note 2)	**227**	**0.07**	615	0.19
Acquisition related costs within joint ventures and associates (Note 3)	**189**	**0.06**	–	–
Tax effect of amortisation charge of intangible assets	**(2,063)**	**(0.63)**	(1,704)	(0.52)
Non-controlling interests' impact of exceptional items, amortisation and related tax	**(769)**	**(0.23)**	(1,148)	(0.35)
Adjusted fully diluted earnings	**26,756**	**8.11**	23,890	7.24

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10. Property, Plant and Equipment

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
Balance at 1 January 2011	109,731	85,678	16,140	211,549
Additions	4,684	8,921	2,702	16,307
Arising from business combinations (Note 28)	111	225	13	349
Disposals	(34)	(2,405)	(3,495)	(5,934)
Revaluation gains	2,591	–	–	2,591
Revaluation losses	(1,241)	–	–	(1,241)
Reclassifications	(719)	732	(13)	–
Foreign exchange movement	423	449	(34)	838
Balance at 31 December 2011	**115,546**	**93,600**	**15,313**	**224,459**
Additions	**1,419**	**8,233**	**3,352**	**13,004**
Arising from business combinations (Note 28)	**–**	**105**	**71**	**176**
Disposals	**(8)**	**(6,820)**	**(3,695)**	**(10,523)**
Revaluation gains	**464**	**–**	**–**	**464**
Revaluation losses	**–**	**–**	**–**	**–**
Reclassifications	**–**	**–**	**–**	**–**
Foreign exchange movement	**1,822**	**1,154**	**297**	**3,273**
Balance at 31 December 2012	**119,243**	**96,272**	**15,338**	**230,853**
Depreciation and impairment losses				
Balance at 1 January 2011	12,785	57,775	9,024	79,584
Depreciation charge	2,973	6,949	3,231	13,153
Impairment charge	1,331	–	–	1,331
Disposals	(5)	(2,285)	(3,145)	(5,435)
Foreign exchange movement	(35)	262	(45)	182
Balance at 31 December 2011	**17,049**	**62,701**	**9,065**	**88,815**
Depreciation charge	**2,915**	**7,702**	**2,753**	**13,370**
Disposals	**(8)**	**(6,745)**	**(3,306)**	**(10,059)**
Revaluation gain	**(1,307)**	**–**	**–**	**(1,307)**
Foreign exchange movement	**401**	**664**	**216**	**1,281**
Balance at 31 December 2012	**19,050**	**64,322**	**8,728**	**92,100**
Carrying amount				
At 31 December 2011	98,497	30,899	6,248	135,644
At 31 December 2012	**100,193**	**31,950**	**6,610**	**138,753**

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

There are no items included in the carrying amount of property, plant and equipment at 31 December 2012 that relate to assets under construction (2011: €Nil).

Fair value is defined as the amount at which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Valuations are reviewed each year by the Directors in order to ensure that the fair value of a revalued asset is not materially at variance from its carrying amount. Where appropriate, registered independent appraisers having relevant recognised professional qualifications and recent experience in the locations and category of properties being valued prepare the valuations every three to five years, with valuations updated annually in the interim by Directors, having due regard to advice of professionally qualified consultants, where it is deemed appropriate.

At 31 December 2012, the Group undertook an exercise to revalue its properties. Properties occupied by the Group included in land and buildings 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 limited property assets in Ireland. In excess of seventy five per cent of the value of land and buildings was determined by registered independent appraisers within the past four years. Such valuations took account of recent market transactions for comparable properties in an active market where these were available. Where comparable market transactions were not available, valuation techniques were applied, with valuations based, to the extent possible, on observable market yields in the range of 7.7% to 8.9%. Due to the absence of or reduced level of transactions for properties of a similar nature, particularly in Ireland and the UK the valuation of a number of properties were determined by the Directors with reference to local knowledge, valuation techniques and judgment after consultation with property advisers. Notwithstanding the level of uncertainty in property markets at present, the Directors are satisfied with the basis upon which these valuations have been prepared.

Revaluation gains in 2012 amounting to €1,771,000 (2011: €2,591,000) and revaluation losses in the same period of €Nil (2011: €1,241,000) were recognised in the statement of other comprehensive income. Net deferred tax credits of €178,000 (2011: net credit of €88,000) on revaluation of land and buildings were also recognised in the statement of other comprehensive income for the year as a result of both revaluation movements and changes in tax rates. The non-controlling interests' share of net revaluation gains, net of deferred taxes, was €331,000 (2011: €80,000). In 2011, the Group identified three properties in Ireland and the UK in which the estimated fair value had fallen below cost, resulting in an impairment charge of €1,331,000 in the 2011 income statement and given the materiality these were classified as exceptional items (Note 6). The non-controlling interests' share of such impairment losses was €525,000. No such impairments were identified in 2012.

The historic cost of land and buildings which were revalued amounted to €74,381,000 (2011: €74,663,000). At 31 December 2012, property, plant and equipment with a carrying value of €3,014,000 (2011: €2,282,000) is 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 2012, the carrying amount of leased assets included in property, plant and equipment was €5,679,000 (2011: €7,169,000).

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
At 31 December 2011	–	6,014	1,155	7,169
At 31 December 2012	**–**	**4,544**	**1,135**	**5,679**

11. Investment Property

	2012 €'000	2011 €'000
Balance at beginning of year	**10,881**	13,331
Fair value adjustments	**–**	(2,550)
Foreign exchange movement	**186**	100
Balance at end of year	**11,067**	10,881

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 with recent experience in the location and category being valued. In general, valuations have been undertaken having regard to comparable market transactions between a willing buyer and a willing seller. The Directors are of the opinion that the fair value which they have applied in their valuations is the amount at which, at the balance sheet date, the property would be exchanged between a willing buyer and a willing seller in an arm's length transaction which is consistent with the market value as defined, inter alia, by the Royal Institute of Chartered Surveyors.

The property valuations have been prepared in a period of considerable market uncertainty due to the continuing difficulties being experienced in the world's financial markets. This has resulted in a reduced number of properties being sold and little market activity in some locations. Notwithstanding the level of uncertainty in property markets generally at present, the Directors are satisfied with the basis upon which these valuations have been prepared.

There were no fair value movements identified in 2012. In 2011, fair value losses of €2,550,000 were recognised in the income statement relating to investment properties held within the Group's subsidiaries, along with deferred tax credits of €779,000. These amounts were reflected in the 2011 income statement as exceptional items in accordance with the Group accounting policy (Note 6).

12. Goodwill and Intangible Assets

	Customer relationships €'000	Other intangible assets €'000	Capitalised Development Costs €'000	Computer Software €'000	Goodwill €'000	Total €'000
Cost						
Balance at 1 January 2011	49,460	5,335	2,961	–	119,527	177,283
Arising from business combinations (Note 28)	2,824	6,096	–	–	5,671	14,591
Revisions of contingent consideration (Note 25)	–	–	–	–	1,093	1,093
Capitalisation of development expenditure	–	–	156	–	–	156
Foreign exchange movement	806	418	84	–	1,243	2,551
Balance at 31 December 2011	**53,090**	**11,849**	**3,201**	**–**	**127,534**	**195,674**
Arising from business combinations (Note 28)	**1,820**	**350**	**–**	**–**	**28**	**2,198**
Revisions of contingent consideration (Note 25)	**–**	**–**	**–**	**–**	**327**	**327**
Additions	**–**	**–**	**–**	**649**	**–**	**649**
Capitalisation of development expenditure	**–**	**–**	**146**	**–**	**–**	**146**
Foreign exchange movement	**1,426**	**255**	**95**	**–**	**2,892**	**4,668**
Balance at 31 December 2012	**56,336**	**12,454**	**3,442**	**649**	**130,781**	**203,662**
Accumulated amortisation and Impairments						
Balance at 1 January 2011	31,926	2,402	1,289	–	1,025	36,642
Amortisation	4,620	881	–	–	–	5,501
Impairment loss	–	–	–	–	114	114
Development & software amortisation	–	–	281	–	–	281
Foreign exchange movement	536	55	47	–	5	643
Balance at 31 December 2011	**37,082**	**3,338**	**1,617**	**–**	**1,144**	**43,181**
Amortisation	**4,980**	**1,752**	**–**	**–**	**–**	**6,732**
Development & software amortisation	**–**	**–**	**395**	**25**	**–**	**420**
Foreign exchange movement	**1,131**	**49**	**47**	**–**	**4**	**1,231**
Balance at 31 December 2012	**43,193**	**5,139**	**2,059**	**25**	**1,148**	**51,564**
Carrying amount						
Balance at 31 December 2011	16,008	8,511	1,584	–	126,390	152,493
Balance at 31 December 2012	**13,143**	**7,315**	**1,383**	**624**	**129,633**	**152,098**

Other intangible assets include brands of €2,652,000 (2011: €2,901,000) and supplier relationships of €4,663,000 (2011: €5,610,000).

Intangible assets are amortised to the income statement over their estimated useful lives as follows:

- Customer relationships: 3 to 15 years;
- Brands: 10 to 15 years;
- Supplier relationships: 3 to 15 years;
- Capitalised development costs: 5 to 7 years;
- Software: 3 to 5 years.

Goodwill and intangible assets arising in connection with acquisitions are set out in Note 28.

Revisions to estimates of contingent consideration in respect of acquisitions completed prior to 1 January 2010 are set out in Note 25.

Amortisation and impairment losses are allocated to distribution expenses in the income statement.

Impairment testing on goodwill

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

	2012 €'000	2011 €'000
Eurozone Fresh Produce	**24,752**	25,169
Northern Europe Fresh Produce	**63,277**	61,382
UK Fresh Produce	**17,062**	15,738
Rest of the World Fresh Produce	**14,836**	14,598
Healthfoods and Consumer Products Distribution	**9,706**	9,503
	129,633	126,390

The recoverable amount of each Cash-Generating Unit (CGU) has been determined based on a value-in-use calculation using cash flows derived from financial projections over a five year period, with cash flows thereafter calculated using a terminal value methodology. No inflation or growth is assumed. The pre-tax discount rates applied to cash flow projections of the CGUs range from 8.9% to 11.6% (2011: 10.1% to 12.9%).

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

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

Group earnings are significantly dependent on the selling prices and margins obtained for products sold. These, in turn, are largely determined by market supply and demand. Fresh produce supplies in individual markets are affected by the geography of production, growing conditions (including climate), seasonality and perishability. Market demand is a function of population size, per capita consumption, the availability and quality of individual products, competing products, climatic 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.

During 2011, an impairment charge of €114,000 arose within a CGU within the Group's UK Fresh Produce division, resulting in the carrying value of that CGU being written down to its recoverable amount. The impairment resulted from a revision downwards of the estimated contingent consideration payable for a subsidiary within this CGU as a result of a decline in expected future cash flows from this subsidiary. No such impairments were identified in 2012.

Sensitivity analysis

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

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

13. Investments In Joint Ventures and Associates

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

	Joint ventures €'000	Associates €'000	Total €'000
Balance at 1 January 2011	34,054	–	34,054
Share of profit after tax (Note 3)	2,402	1,040	3,442
Share of other comprehensive income, net	112	–	112
Investment in associates – cash (a)	–	3,336	3,336
Investment in joint ventures – cash (b)	2,562	–	2,562
Investment in joint ventures – contingent consideration	1,124	–	1,124
Loans advanced to joint ventures (b)	294	–	294
Dividends received	(1,760)	–	(1,760)
Available-for-sale financial asset becoming an associate (a) (Note 14)	–	11,186	11,186
Joint venture investment reclassified as associate investment (d)	(1,242)	1,242	–
Disposal of joint venture (c)	(3,088)	–	(3,088)
Joint venture reclassified as non-current asset held for sale (a) (Note 18)	(11,064)	–	(11,064)
Foreign exchange movement	(117)	131	14
Balance at 31 December 2011	**23,277**	**16,935**	**40,212**
Share of profit after tax (Note 3)	**2,553**	**2,019**	**4,572**
Share of other comprehensive income, net	**–**	**(215)**	**(215)**
Investment in associates (a)	**–**	**4,574**	**4,574**
Investment in joint ventures – cash (b)	**9,392**	**–**	**9,392**
Investment in joint ventures – contingent consideration (b)	**5,805**	**–**	**5,805**
Loans advanced to joint ventures (b)	**256**	**–**	**256**
Dividends received	**(2,116)**	**(793)**	**(2,909)**
Financial asset becoming an associate (f) (Note 14)	**–**	**32**	**32**
Foreign exchange movement	**112**	**255**	**367**
Balance at 31 December 2012	**39,279**	**22,807**	**62,086**

Details of the Group's principal joint ventures and associates are set out in Note 37.

(a) Investments in associates

The investments in associates in 2011 and 2012 relate to the strategic reorganisation of the Group's shareholdings in Capespan Group Limited ('Capespan South Africa') and Capespan International Holdings Limited ('Capespan Europe').

Investments in 2011

At 31 December 2010, the Group held an effective interest of 15.6% in Capespan South Africa which was classified as an available-for-sale financial asset. From July 2011 onwards, the Group invested €3,336,000 which increased the Group's shareholding in Capespan South Africa to an effective interest of 20.2% at 31 December 2011. From July 2011 onwards the investment in Capespan South Africa has been treated as an associate undertaking of the Group in accordance with IAS 28 *Investment in Associates*. On this date the Group's existing 15.6% effective interest in Capespan South Africa was fair valued to €11,186,000 and reclassified from an available-for-sale financial asset to an investment in an associate. The total fair value gain of €4,055,000 (which included the reclassification of €2,027,000 of previously recognised fair value gains in the fair value reserve within equity) was reclassified to the income statement resulting in a gain of €4,055,000 which was disclosed in the financial statements as an exceptional item in 2011 (refer to Note 6).

Investments in 2012

On 9 January 2012, the Group announced the completion of a transaction to sell its 50% shareholding in Capespan Europe to Capespan South Africa for a total consideration of €13,030,000 satisfied by the exchange of an additional 20 million shares in Capespan South Africa (valued at €4,574,000) and €8,456,000 in cash. The transaction resulted in the Group increasing its effective interest in Capespan South Africa to 25.3% from 20.2% at 31 December 2011.

The Group's 50% shareholding in Capespan Europe with a carrying value of €11,064,000 was classified as a non-current asset held for sale at 31 December 2011 following the agreement to dispose of this investment. Refer to Note 18.

(b) Investment in joint ventures

Investments in 2012

In 2012, the Group invested €15,453,000 in a number of new and existing joint venture interests in its Fresh Produce Division including €5,805,000 contingent consideration payable (discounted to net present value) on achievement of future profit targets.

The main acquisition in the year was the completion of the acquisition of a 50% shareholding in Frankort & Koning Beheer Venlo BV and subsidiaries ('Frankort & Koning') on 13 March 2012. An initial consideration of €6,000,000 was paid on completion with additional consideration of up to €9,000,000 payable in several tranches over the next number of years if certain profit targets are made. The fair value of the contingent consideration recognised at the date of acquisition of €5,581,000 was arrived at by discounting the expected payment to present value.

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

Investments in 2011
Primarily in the second half of 2011, the Group in its Fresh Produce Division invested €3,980,000, including €1,124,000 contingent consideration (discounted to net present value) payable on achievement of future profit targets. The new investments were in the UK and Scandinavia along with further investments in certain joint venture interests.

(c) Disposal of joint venture
In May 2011, the Group sold its 40% joint venture interest in a South African farm investment company to Capespan South Africa for cash consideration of €4,172,000. A profit of €1,612,000 was recognised on this sale comprising the €1,084,000 difference between the sales proceeds and the joint venture's carrying value of €3,088,000 together with the reclassification of €528,000 of currency translation differences from equity to the income statement. This profit on disposal has been classified as an exceptional item in the Group income statement for the year ended 31 December 2011. Refer to Note 6.

(d) Joint venture investment reclassified as associate investment
In January 2011, it was determined that the Group had significant influence rather than joint control over an investment previously accounted for as a joint venture and as a result this investment with a carrying value of €1,242,000 was reclassified as an associate.

(e) Cessation of joint venture activities
During 2012, the Group ceased its joint venture activities in India with its partner company Tata Chemicals. At this date, the investment was carried in the consolidated accounts of the Group at a zero carrying value, hence no gain or loss arose on the cessation of these activities.

(f) Financial asset becoming an associate
During 2012, as a result of obtaining significant influence, the Group's investment in a Fresh Produce company was reclassified from other financial assets to investment in associates in accordance with IAS 28 *Investments in Associates*.

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

	Joint ventures 2012 €'000	**Associates 2012 €'000**	**Total 2012 €'000**	Joint ventures 2011 €'000	Associates 2011 €'000	Total 2011 €'000
Non-current assets	**24,674**	**18,118**	**42,792**	17,748	13,908	31,656
Cash and cash equivalents	**8,983**	**11,106**	**20,089**	7,254	7,545	14,799
Other current assets	**46,132**	**18,990**	**65,122**	19,669	12,629	32,298
Non-current liabilities	**(4,109)**	**(522)**	**(4,631)**	(2,290)	(2,066)	(4,356)
Employee benefit liabilities	**(177)**	**(2,188)**	**(2,365)**	(14)	(584)	(598)
Current liabilities	**(31,685)**	**(12,020)**	**(43,705)**	(15,321)	(6,210)	(21,531)
Interest-bearing loans and borrowings	**(15,538)**	**(11,678)**	**(27,216)**	(7,514)	(8,287)	(15,801)
Share of net assets	**28,280**	**21,806**	**50,086**	19,532	16,935	36,467
Goodwill	**10,999**	**1,001**	**12,000**	3,745	–	3,745
Balance at 31 December 2012	**39,279**	**22,807**	**62,086**	23,277	16,935	40,212

The carrying values of investments in joint ventures and associates are assessed for impairment when an event or transaction indicates that impairment may have occurred. No impairment has arisen in 2011 or 2012.

14. Other Financial Assets

	2012 €'000	2011 €'000
Balance at beginning of year	**647**	9,704
Fair value movement through available-for-sale reserve (a)	**–**	2,028
Investments in the year	**2**	30
Other receivables capitalised as other financial assets	**–**	69
Available-for-sale financial asset becoming an associate (a) (Note 13)	**–**	(11,186)
Financial asset becoming an associate (b) (Note 13)	**(32)**	–
Foreign exchange movement	**19**	2
Balance at end of year	**636**	647
Available-for-sale financial assets measured at cost less provision for impairment (c)	**636**	647
Balance at end of year	**636**	647

The investments included above predominantly represent investments in unlisted equity securities. While these investments are classified as available-for-sale financial assets in accordance with IFRS, it is not currently the intention of management to sell these assets.

(a) At 31 December 2010, the Group held an effective interest of 15.6% in Capespan Group Limited ('Capespan South Africa') which was classified as an available-for-sale financial asset. From July 2011 onwards the Group invested €3,336,000 which increased the Group's shareholding in Capespan South Africa to an effective interest of 20.2% at 31 December 2011. Accordingly, the investment in Capespan South Africa was treated as an associate undertaking of the Group from July 2011 in accordance with IAS 28 *Investment in Associates*. On this date the Group's existing 15.6% effective interest in Capespan South Africa was fair valued to €11,186,000 and reclassified from an available-for-sale financial asset to an investment in an associate. The total fair value gain of €4,055,000 (which included the reclassification of €2,027,000 of previously recognised fair value gains in the fair value reserve within equity) was reclassified to the income statement resulting in a gain of €4,055,000 which was disclosed in the financial statements as an exceptional item in 2011 (refer to Note 6 and Note 13).

The fair value at July 2011 was measured using an analysis of recent shares traded in that period as the share price in an active market was deemed to approximate fair value. The foreign currency denominated fair value was then translated to Euro at the closing exchange rate at the date the investment was reclassified as an investment in associate.

(b) During 2012, as a result of obtaining significant influence, the Group's investment in a Fresh Produce company was reclassified from other financial assets to Investment in Associates in accordance with IAS 28 *Investment in Associates*.

(c) Certain of the Group's available-for-sale financial assets are comprised of investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Such investments are measured at cost, less provision for impairment where required. The carrying value of such investments amounts to €636,000 (2011: €647,000).

15. Inventories

	2012 €'000	2011 €'000
Goods for resale	**41,692**	35,865
Consumables	**3,873**	3,233
Total of lower of cost or net realisable value	**45,565**	39,098

16. Trade and Other Receivables

	2012 €'000	2011 €'000
Non-current		
Non-trade receivables due from joint ventures and associates	**2,517**	589
Other receivables	**3,988**	3,701
	6,505	4,290
Current		
Trade receivables	**243,027**	233,072
Trade receivables due from joint ventures and associates	**5,554**	2,650
Other receivables	**21,577**	23,658
Prepayments	**7,140**	7,258
Non-trade receivables due from joint ventures and associates	**1,965**	1,488
	279,263	268,126
Total	**285,768**	272,416

Details of impairment provisions netted against the carrying value of trade and other receivables above are set out in Note 32.

See Note 32 for an analysis of credit risk on trade and other receivables to understand how the Group manages and measures credit quality of trade and other receivables.

17. Bank Deposits and Cash and Cash Equivalents

Bank deposits

The original maturity of these deposits fall outside the three month timeframe for classification as cash and cash equivalents under IAS 7 *Statements of Cash Flows,* and accordingly, the related balances have been separately reported in the consolidated balance sheet and have been categorised as 'held-for-trading' in accordance with IAS 39 *Financial Instruments: Recognition and Measurement.*

	2012 €'000	2011 €'000
Bank deposits	**3,799**	–

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and call deposits which are readily convertible to a known amount of cash within a short time frame of between one day and three months on acquisition.

	2012 €'000	2011 €'000
Bank balances	**88,656**	77,471
Call deposits (demand balances)	**17,036**	12,616
Cash and cash equivalents per balance sheet	**105,692**	90,087
Bank overdrafts (Note 21)	**(5,372)**	(4,274)
Less cash held in escrow [(a)]	**(11,360)**	–
Cash, cash equivalents and bank overdrafts per cash flow statement	**88,960**	85,813

(a) On 13 December 2012, the Group drew down a Canadian Dollar loan of CAD $14,912,000 (€11,580,000) the proceeds of which were placed in escrow and were payable contingent on completion of the acquisition of the initial 35% of the share capital of the Oppenheimer Group. At 31 December 2012, the translated Euro value of the CAD $14,912,000 was €11,360,000. The transaction completed on 7 January 2013 and the proceeds of CAD $14,912,000 were remitted to the vendor on this date. Refer to Note 36.

In accordance with IAS 7 *Statements of Cash Flows* this falls outside the classification of cash and cash equivalents and accordingly has been omitted from cash and cash equivalents in the Group cash flow statement.

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18. Non-Current Assets Classified as Held for Sale

	2012 €'000	2011 €'000
Non-current assets classified as held for sale	–	11,064

The Group's investment in Capespan International Holdings Limited was classified as held for sale at 31 December 2011 following the agreement to dispose of this investment in December 2011 which completed on 9 January 2012. Refer to Note 13 for further details and Note 6 for calculation of gain.

19. Capital and Reserves

Share capital and share premium

	Ordinary shares 2012 '000	Ordinary shares 2012 €'000	Ordinary shares 2011 '000	Ordinary shares 2011 €'000
Allotted, called-up and fully paid				
In issue at beginning and end of year	**351,887**	**3,519**	351,887	3,519

At 31 December 2012, the authorised share capital was €10,000,000 (2011: €10,000,000) divided into 1,000,000,000 ordinary shares of 1 cent each. The issued share capital at that date was 351,886,732 ordinary shares (2011: 351,886,732).

At 31 December 2012, the Company held 22,000,000 treasury shares in the Company (31 December 2011: 22,000,000). In respect of the Company's shares that are held by the Company (treasury shares), all rights (including voting and dividend rights) are suspended until these shares are reissued.

Share premium amounts to €252,574,000 at both the beginning and end of each year.

Attributable Profit of the Company

The profit attributable to equity holders of the parent recorded within the financial statements of the Company for the year ended 31 December 2012 was €9,746,000 (2011: €15,508,000). As permitted by Section 148(8) of the Companies Act, 1963, the statement of comprehensive income of the Company has not been separately presented in these financial statements.

Other reserves

	2012 €'000	2011 €'000
Currency translation reserve (a)	**(1,483)**	(5,808)
Revaluation reserve (b)	**20,914**	19,296
De-merger reserve (c)	**(122,521)**	(122,521)
Own shares reserve (d)	**(8,580)**	(8,580)
Other equity reserves (e)	**1,627**	1,153
Total	**(110,043)**	(116,460)

(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 and losses 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 borrowings designated as a hedge of those net assets.

(b) Revaluation reserve
The revaluation reserve relates to revaluation surpluses arising on revaluations of property occupied by the Group. This reserve is not distributable to shareholders under Irish Company Law.

(c) De-merger reserve
The operations of the Company were de-merged from Fyffes plc on 30 December 2006 and acquired on that date by the Company. The operations had always constituted a separate business segment within Fyffes plc and, consequently, in the Group financial statements of Total Produce plc after the de-merger, the financial position was presented to shareholders on the basis of the carrying value of the assets previously reported to them. In accordance with Section 62 of the Companies Act 1963, the ordinary shares issued by the Company were recorded at their fair value on the date of issue. The difference between the fair value of the consideration received by the Company and the carrying values at which the net assets were previously reported has been recognised in the Group financial statements as a de-merger reserve.

(d) Own shares reserve
The reserve for the Company's own shares comprises the cost of the Company's shares held by the Company. On 23 November 2010, having regard to the share price at that time and the positive effect of purchasing shares on earnings per share, the Board believed that it would be in the best interests of the Company to exercise its buy-back authority. The Company acquired 22,000,000 (6.25%) of its own shares in the market at an aggregate cost of €8,580,000 plus costs of €107,000. At 31 December 2012, the Company held 22,000,000 (31 December 2011: 22,000,000) of the Company's shares.

(e) Other equity reserves

Other equity reserves comprise the share option reserve, available-for-sale reserve, and cash flow hedge reserve, as detailed in the table below.

	Share option reserve (i) €'000	Available-for-sale reserve (ii) €'000	Cash flow hedge reserve (iii) €'000	Other equity reserves Total €'000
Balance at 1 January 2011	1,072	2,027	(45)	3,054
Comprehensive income				
Profit for the year	–	–	–	–
Other comprehensive income:				
Gains on re-measuring available-for-sale financial assets	–	2,028	–	2,028
Gains reclassified to the income statement on available-for-sale financial asset becoming an associate	–	(4,055)	–	(4,055)
Effective portion of cash flow hedges, net	–	–	14	14
Deferred tax on items taken directly to other comprehensive income	–	–	(6)	(6)
Total included in other comprehensive income	–	(2,027)	8	(2,019)
Total included in comprehensive income	–	(2,027)	8	(2,019)
Transactions with equity holders of the parent				
Share-based payment transactions	118	–	–	118
Total transactions with equity holders of the parent	118	–	–	118
At 31 December 2011	**1,190**	**–**	**(37)**	**1,153**
Comprehensive income				
Profit for the year	**–**	**–**	**–**	**–**
Other comprehensive income:				
Effective portion of cash flow hedges, net	**–**	**–**	**2**	**2**
Deferred tax on items taken directly to other comprehensive income	**–**	**–**	**(1)**	**(1)**
Total included in other comprehensive income	**–**	**–**	**1**	**1**
Total included in comprehensive income	**–**	**–**	**1**	**1**
Transactions with equity holders of the parent				
Share-based payment transactions	**473**	**–**	**–**	**473**
Total transactions with equity holders of the parent	**473**	**–**	**–**	**473**
At 31 December 2012	**1,663**	**–**	**(36)**	**1,627**

(i) Share option reserve

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

(ii) Available-for-sale reserve

The available-for-sale reserve includes net changes in the fair value of investments recognised in other comprehensive income until the assets are derecognised or impaired.

(iii) Cash flow hedge reserve

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

Capital management

The Board regularly reviews and monitors the Group's capital structure with a view to maintaining a strong capital base in order to sustain market confidence in the business. This involves considering dividends paid to shareholders, the amount of liquid assets on the balance sheet and return on capital (based on shareholders' equity the composition of which is set out on page 55). 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 per cent of the average price over the previous five trading days. In November 2010, the Group exercised this authority and completed a share buy-back of 22,000,000 shares at a cost of €8,580,000 plus costs of €107,000. This represented 6.25% of the shares in issue and the shares are held as treasury shares unless reissued or cancelled. This share buy-back is earnings accretive. The Group continues to consider exercising its authority should the opportunity arise and will seek to renew this authority at the forthcoming AGM in May 2013.

20. Non-Controlling Interests

	2012 €'000	2011 €'000
Balance at beginning of year	**60,041**	57,999
Share of profit after tax	**7,085**	4,275
Share of foreign exchange movement	**207**	105
Share of other items recognised in other comprehensive income	**175**	(32)
Share of comprehensive income	**7,467**	4,348
Non-controlling interests arising on acquisition (Note 28)	**481**	2,715
Buyout of non-controlling interests (Note 28)	**–**	(141)
Contribution by non-controlling interests	**59**	–
Dividends paid	**(3,886)**	(4,880)
Balance at end of year	**64,162**	60,041

21. Interest-Bearing Loans and Borrowings

	2012 €'000	2011 €'000
Non-current		
Borrowings	**150,757**	136,358
Finance lease liabilities	**4,040**	4,228
	154,797	140,586
Current		
Overdrafts	**5,372**	4,274
Borrowings	**1,239**	19,455
Finance lease liabilities	**1,110**	1,325
	7,721	25,054
Total	**162,518**	165,640

Borrowings are repayable as follows:

	2012 €'000	2011 €'000
Bank borrowings and overdrafts		
Within one year	**6,611**	23,729
After one year but within two years	**662**	21,277
After two years but within five years	**126,351**	114,997
After five years	**23,744**	84
	157,368	160,087
Finance lease liabilities		
Within one year	**1,110**	1,325
After one but within five years	**4,040**	4,228
	5,150	5,553
Total	**162,518**	165,640

Further details in relation to the Group's borrowings are set out in Note 32.

Total future minimum lease payments on finance leases amount to €6,162,000 (2011: €6,446,000). Total interest-bearing loans and borrowings include borrowings of €912,000 (2011: €413,000) secured on property, plant and equipment.

22. Analysis of Net Debt

Net debt is a non-IFRS measure which comprises bank deposits, cash and cash equivalents and current and non-current borrowings. The calculation of net debt at 31 December 2012 and 31 December 2011 is as follows:

	2012 €'000	2011 €'000
Current assets		
Bank deposits	**3,799**	–
Bank balances[(a)]	**88,656**	77,471
Call deposits (demand balances)	**17,036**	12,616
Current liabilities		
Bank overdrafts	**(5,372)**	(4,274)
Current bank borrowings	**(1,239)**	(19,455)
Current finance leases	**(1,110)**	(1,325)
Non-current liabilities		
Non-current bank borrowings	**(150,757)**	(136,358)
Non-current finance leases	**(4,040)**	(4,228)
Net debt at end of year	**(53,027)**	(75,553)

(a) Included within bank balances at 31 December 2012 is €11,360,000 held in escrow payable on completion of acquisition of the initial 35% of the share capital of the Oppenheimer Group. This acquisition completed on 7 January 2013 and the cash balance of €11,360,000 was remitted to the vendor on this date. Refer to Note 36.

In accordance with IAS 7 *Statements of Cash Flows* this falls outside the classification of cash and cash equivalents and accordingly has been omitted from cash and cash equivalents in the Group cash flow statement.

23. Trade and Other Payables

	2012 €'000	2011 €'000
Non-current		
Other payables	**1,881**	2,582
	1,881	2,582
Current		
Trade payables	**256,448**	229,330
Trade payables due to joint ventures and associates	**4,355**	1,423
Non-trade payables due to joint ventures and associates	**–**	36
Accruals	**37,020**	34,740
Other payables	**17,301**	17,867
Irish payroll tax and social welfare	**2,482**	2,332
Irish value added tax	**260**	1,744
Other tax	**8,939**	8,256
	326,805	295,728
Total	**328,686**	298,310

For information of the Group's contractual maturity analysis of all liabilities, including trade and other payables, please refer to Note 32.

24. Deferred Government Grants

	2012 €'000	2011 €'000
Balance at beginning of year	**1,569**	1,460
Amortised to income statement (Note 2)	**(292)**	(187)
Grants received	**599**	296
Balance at end of the year	**1,876**	1,569

Government grants have primarily been received for the purchase of certain items of property, plant and equipment.

25. Provisions

	Contingent consideration 2012 €'000	Other provisions 2012 €'000	Total 2012 €'000
Balance at 1 January 2012	**11,931**	**512**	**12,443**
Discounting charge (Note 4)	**655**	**2**	**657**
Utilised during year	**–**	**(523)**	**(523)**
Paid during year	**(1,855)**	**–**	**(1,855)**
Revisions to previous estimates resulting in an adjustment to goodwill (Note 12)	**327**	**–**	**327**
Revisions to previous estimates recorded in income statement (Note 2)	**(190)**	**–**	**(190)**
Arising on acquisitions of subsidiaries (Note 28)	**251**	**–**	**251**
Arising on acquisitions of joint ventures (Note 13)	**5,805**	**–**	**5,805**
Foreign exchange movements	**197**	**9**	**206**
Balance at 31 December 2012	**17,121**	**–**	**17,121**
Non-current	**15,336**	**–**	**15,336**
Current	**1,785**	**–**	**1,785**
Balance at 31 December 2012	**17,121**	**–**	**17,121**

	Contingent consideration 2011 €'000	Other provisions 2011 €'000	Total 2011 €'000
Balance at 1 January 2011	18,730	798	19,528
Discounting charge (Note 4)	390	24	414
Utilised during year	–	(294)	(294)
Paid during year	(14,086)	–	(14,086)
Revisions to previous estimates resulting in an adjustment to goodwill (Note 12)	1,093	–	1,093
Revisions to previous estimates recorded in income statement (Note 2)	(273)	–	(273)
Arising on acquisitions of subsidiaries (Note 28)	4,656	–	4,656
Arising on acquisitions of joint ventures (Note 13)	1,124	–	1,124
Foreign exchange movements	297	(16)	281
Balance at 31 December 2011	11,931	512	12,443
Non-current	10,809	–	10,809
Current	1,122	512	1,634
Balance at 31 December 2011	11,931	512	12,443

Contingent consideration
Total contingent consideration amounts to €17,121,000 (2011: €11,931,000) 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.

Total payments of contingent consideration during the year amounted to €1,855,000 (2011: €14,086,000).

Contingent consideration arising on acquisitions of subsidiaries, joint ventures and non-controlling interests during the year amounted to €6,056,000 (2011: €5,780,000).

The impact of revisions to previous estimates in respect of previous acquisitions of subsidiaries, joint ventures and associates completed prior to 1 January 2010 amounted to an increase in the estimate of €327,000 (2011: €1,093,000). Under IFRS 3 *Business Combinations* the impact of these revisions are adjusted against goodwill.

The impact of revisions to previous estimates in respect of previous acquisitions of subsidiaries, joint ventures and associates made post 1 January 2010 amounts to a reduction in the amount payable of €190,000 (2011: €273,000). Under IFRS 3 *Business Combinations* the impact of these revisions are recognised as income and disclosed as other operating income in the income statement (Note 2).

Other provisions
This other provision related to the estimated costs associated with the relocation of one of the Group's operations. This provision has been fully utilised by December 2012.

26. 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.

	2012 €'000	2011 €'000
Less than one year	**8,752**	7,014
Between one and five years	**17,086**	6,988
More than five years	**6,245**	7,353
Total	**32,083**	21,355

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. During the financial year €11,404,000 (2011: €10,161,000) was recognised as an expense in the income statement in respect of operating leases.

Leases as lessor

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

	2012 €'000	2011 €'000
Less than one year	**836**	756
Between one and five years	**812**	1,521
More than five years	**–**	–
Total	**1,648**	2,277

In 2012 €1,721,000 (2011: €1,948,000) was recognised as rental income in the income statement.

27. Deferred Tax Assets and Liabilities

Recognised deferred tax assets and liabilities are attributable as follows:

	Assets 2012 €'000	Liabilities 2012 €'000	Net 2012 €'000	Assets 2011 €'000	Liabilities 2011 €'000	Net 2011 €'000
Property, plant and equipment	**561**	**(9,245)**	**(8,684)**	613	(9,092)	(8,479)
Intangible assets	**–**	**(4,498)**	**(4,498)**	–	(6,192)	(6,192)
Investment property	**–**	**(1,313)**	**(1,313)**	–	(1,326)	(1,326)
Derivative financial instruments	**89**	**–**	**89**	74	–	74
Employee benefits	**4,578**	**–**	**4,578**	3,246	–	3,246
Trade and other payables	**1,795**	**(271)**	**1,524**	1,620	–	1,620
Other items	**205**	**(967)**	**(762)**	399	(587)	(188)
Tax value of losses carried forward	**2,439**	**–**	**2,439**	1,048	–	1,048
Deferred tax assets/(liabilities)	**9,667**	**(16,294)**	**(6,627)**	7,000	(17,197)	(10,197)
Set-off of deferred tax	**(194)**	**194**	**–**	(97)	97	–
Net deferred tax assets/(liabilities)	**9,473**	**(16,100)**	**(6,627)**	6,903	(17,100)	(10,197)

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

	2012 €'000	2011 €'000
Tax losses	**5,405**	4,985

No deferred tax asset is recognised in relation to certain income tax losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future, these assets may be recovered. The estimated unrecognised deferred tax asset is €410,000 (2011: €413,000).

No deferred tax asset is recognised in relation to certain capital losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. The estimated unrecognised deferred tax asset is €4,995,000 (2011: €4,572,000).

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.

27. Deferred Tax Assets and Liabilities (Continued)

	Balance at 1 January 2012 €'000	Recognised in income statement 2012 €'000	Recognised in other comprehensive income 2012 €'000	Foreign exchange adjustment 2012 €'000	Arising on acquisition 2012 €'000	Reclassification 2012 €'000	Balance at 31 Dec 2012 €'000
Property, plant and equipment	**(8,479)**	**(295)**	**178**	**(88)**	**–**	**–**	**(8,684)**
Intangible assets	**(6,192)**	**1,887**	**–**	**(122)**	**(71)**	**–**	**(4,498)**
Investment property	**(1,326)**	**43**	**–**	**(30)**	**–**	**–**	**(1,313)**
Derivative financial instruments	**74**	**16**	**(1)**	**–**	**–**	**–**	**89**
Employee benefits	**3,246**	**(420)**	**1,698**	**54**	**–**	**–**	**4,578**
Trade and other payables	**1,620**	**169**	**–**	**6**	**–**	**(271)**	**1,524**
Other items	**(188)**	**(834)**	**–**	**(11)**	**–**	**271**	**(762)**
Tax value of losses carried forward	**1,048**	**1,391**	**–**	**–**	**–**	**–**	**2,439**
Deferred tax assets/(liabilities)	**(10,197)**	**1,957**	**1,875**	**(191)**	**(71)**	**–**	**(6,627)**

	Balance at 1 January 2011 €'000	Recognised in income statement 2011 €'000	Recognised in other comprehensive income 2011 €'000	Foreign exchange adjustment 2011 €'000	Arising on acquisition 2011 €'000	Reclassification 2011 €'000	Balance at 31 Dec 2011 €'000
Property, plant and equipment	(8,746)	176	88	3	–	–	(8,479)
Intangible assets	(5,491)	1,653	–	(156)	(2,198)	–	(6,192)
Investment property	(2,059)	779	–	(46)	–	–	(1,326)
Derivative financial instruments	66	16	(8)	–	–	–	74
Employee benefits	2,268	(650)	1,574	54	–	–	3,246
Trade and other payables	1,911	(289)	–	(2)	–	–	1,620
Other items	(223)	29	–	6	–	–	(188)
Tax value of losses carried forward	574	475	–	(1)	–	–	1,048
Deferred tax assets/(liabilities)	(11,700)	2,189	1,654	(142)	(2,198)	–	(10,197)

28. Acquisitions and Disposals of Subsidiaries and Non-Controlling Interests

Acquisitions of subsidiaries

During the year, the Group invested €3,558,000 (2011: €12,629,000) net of cash acquired and including estimated contingent consideration which is payable dependent on the achievement of future profit targets.

In July 2012, the Group acquired a 70% interest in a fresh produce company within the Eurozone Fresh Produce Division and also during the year made a number of bolt-on acquisitions in both the Fresh Produce Division and Healthfoods and Consumer Products Division. These acquisitions will complement existing business interests in these divisions.

In July and September 2011, the Group acquired a 100% and an effective 70% interest in two UK companies within its Healthfoods and Consumer Products Division. Also, during 2011 the Group made a number of bolt-on acquisitions in its Fresh Produce Division.

The cash spend in 2012 on acquisitions amounted to €3,307,000 (2011: €7,973,000) net of cash acquired. The estimated contingent consideration payable on transactions dependent on the achievement of future profit targets was €251,000 (2011: €4,656,000). The acquisition method of accounting has been applied for acquisitions. The provisional fair value of the identifiable assets and liabilities acquired amounts to €3,530,000 (2011: €6,958,000) inclusive of €2,170,000 (2011: €8,920,000) of intangible assets. Goodwill of €28,000 (2011: €5,671,000) arose in 2012.

In respect of acquisitions during the year, information on the cost of combination, amounts recognised at acquisition date for assets, liabilities and contingent liabilities and goodwill arising are disclosed in aggregate as the combinations are considered individually immaterial.

	2012 €'000	2011 €'000
Identifiable assets and liabilities		
Property, plant and equipment (Note 10)	**176**	349
Intangible assets:		
– customer relationships (Note 12)	**1,820**	2,824
– supplier relationships (Note 12)	**300**	4,742
– brands (Note 12)	**50**	1,354
Inventories	**428**	2,198
Trade and other receivables	**12,066**	1,566
Corporation tax	**(221)**	(906)
Trade and other payables	**(10,537)**	(256)
Deferred tax liabilities (Note 27)	**(71)**	(2,198)
Non-controlling interests (Note 20)	**(481)**	(2,715)
Net identifiable assets and liabilities acquired	**3,530**	6,958
Goodwill arising (Note 12)	**28**	5,671
	3,558	12,629
Satisfied by		
Cash consideration	**2,539**	9,218
Cash, cash equivalents and bank overdrafts	**768**	(1,245)
Contingent consideration arising on current year acquisitions (Note 25)	**251**	4,656
Total consideration	**3,558**	12,629

The acquisition method of accounting has been used to consolidate businesses acquired. Other than liabilities for contingent consideration, no contingent liabilities have been recognised on the business combinations in either year. The accounting treatment for some of the 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 Group has agreed to pay selling shareholders, primarily within one year's time, additional consideration of €260,000 which is payable on achievement of certain profit criteria. The fair value of this contingent consideration at the date of acquisition, discounted to net present value, was €251,000.

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.

Cash flows relating to acquisition of subsidiaries:

	2012 €'000	2011 €'000
Cash consideration for acquisition of subsidiary undertakings	**(2,539)**	(9,218)
Cash, cash equivalents and bank overdrafts acquired	**(768)**	1,245
Cash outflow per statement of cash flows	**(3,307)**	(7,973)

The post-acquisition revenues and operating profits of all subsidiaries acquired in 2012 were €14,911,000 and €133,000 respectively. If the acquisition date for these business combinations had been 1 January 2012, Group revenue for the year ended 31 December 2012 would have been €2,455,392,000 and operating profit after exceptional items would have been €44,934,000.

Acquisitions of non-controlling interests
In 2011, the Group acquired additional shares in subsidiaries for cash consideration of €204,000. In 2011, a payment of €637,000 was also made relating to an acquisition of a non-controlling interest which had been provided for at 31 December 2010, giving a total cash outflow of €841,000 in the year. These changes in the Group's ownership interest in existing subsidiaries were accounted for as equity transactions. The difference of €63,000 between the fair value of consideration, €204,000, and the book value of the non-controlling interest acquired, €141,000, was accounted for directly in retained earnings in 2011.

In 2012, the Group acquired additional shares in subsidiaries for cash consideration of €68,000. These changes in the Group's ownership interest in existing subsidiaries were accounted for as equity transactions. The difference of €68,000 between the fair value of the consideration of €68,000 and the book value of the non-controlling interest acquired of €Nil was accounted for directly in retained earnings in 2012.

29. Employee Benefits

Remuneration

	2012 €'000	2011 €'000
Wages and salaries	**138,318**	134,905
Social security contribution	**21,111**	19,357
Pension costs – defined contribution schemes	**3,162**	3,127
Pension costs – defined benefit schemes	**2,829**	1,689
Curtailment gain – defined benefit schemes (Note 6)	**–**	(926)
Termination benefits	**2,284**	1,610
Equity settled share-based compensation expense	**473**	118
Short term incentive payment plan	**958**	549
Recognised in the income statement	**169,135**	160,429
Actuarial losses on defined benefit schemes recognised in other comprehensive income	**12,258**	10,883
Recognised in the statement of other comprehensive income	**12,258**	10,883

Employee numbers – Parent and Group

	2012 Number	2011 Number
Production	**420**	445
Sales and distribution	**2,816**	2,690
Administration	**575**	520
	3,811	3,655

A further 1,928 (2011: 1,173) personnel are employed in the Group's joint ventures and associates.

Pension disclosures

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 charge in the income statement for the financial year in respect of the Group's defined benefit schemes was €2,829,000 (2011: €763,000 net of curtailment gain) and €3,162,000 (2011: €3,127,000) in respect of the Group's defined contribution schemes.

The Group operates five 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 levels of salary. The scheme in the Netherlands provides pension benefits based on career average salary.

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 2012. Full actuarial valuations were carried out on both of the Irish schemes at 1 January 2010 and on the two UK schemes at 31 December 2009 and 5 April 2012. The last full actuarial valuation of the scheme in the Netherlands was at 31 December 2010.

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.

Curtailment gain

A curtailment gain of €926,000 was recognised as an exceptional gain in the income statement for the year ended 31 December 2011 which represented the net present value of a reduction in prospective pension entitlements foregone in respect of a number of employees. See Note 6.

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 the pension schemes at 31 December 2012 and 31 December 2011 are as follows:

	Ireland		UK		Europe	
	2012	2011	**2012**	2011	**2012**	2011
Rate of increase in salaries	**2.00%**	3.00%	**3.00%**	3.00%	**2.00%**	3.00%
Rate of increase in pensions	**1.85%**	1.90%	**3.00%**	3.00%	**0.00%**	0.00%
Inflation rate	**1.85%**	1.90%	**3.00%**	3.00%	**1.85%**	1.90%
Discount rate	**4.15%**	5.30%	**4.30%**	4.80%	**4.15%**	5.10%

During the period, the Group, with input from its actuarial consultants, refined its estimate of the discount rate used for the purposes of the computation of the defined benefit liabilities. The refinement included an extension of the bond data included in the population from which the discount rate is derived as well as a refinement of the approach used to extrapolate the available bond data out to the duration of the pension scheme obligations. Bonds within the model however are still restricted to those with an AA rating.

Scheme assets

The long term rates of return expected at 31 December 2012 and 31 December 2011, 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	
	2012	2011	**2012**	2011	**2012**	2011
Equities	**7.50%**	7.50%	**7.50%**	7.50%	**0.00%**	0.00%
Bonds	**3.50%**	4.00%	**4.00%**	4.50%	**0.00%**	0.00%
Property	**6.00%**	6.00%	**6.50%**	6.50%	**0.00%**	0.00%
Other	**1.00%**	2.50%	**1.00%**	2.50%	**4.60%**	5.50%

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 pensioner aged 65:

	Ireland	UK
Male	**23.3**	**20.9**
Female	**24.8**	**24.3**

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

	Ireland	UK
Male	**25.9**	**22.8**
Female	**26.9**	**26.3**

Changes to IAS 19 from 1 January 2013

The IASB have issued a revision to IAS 19 *Employee Benefits* which is effective for accounting periods beginning on or after 1 January 2013. The Group has not early adopted this standard. The main impact of applying IAS 19 Revised ('IAS19R') will be in the income statement, with the replacement of the expected return on assets item and unwinding of the discount on the defined benefit obligation with a single line item calculating the net interest on the deficit/(surplus). Additionally, administration expenses of the scheme will be included as an operating expense of the period and are no longer included as a deduction from return on plan assets in the measurement of the defined benefit obligation.

The Group's actuarial advisers have estimated the impact of IAS 19R for the year ending 31 December 2012 to be an additional income statement charge of €0.7m but no change in the balance sheet position.

29. Employee Benefits (Continued)

Analysis of net liability

	Ireland 2012 €'000	UK 2012 €'000	Europe 2012 €'000	Total 2012 €'000
Equities	**49,215**	**28,728**	**–**	**77,943**
Bonds	**17,642**	**25,400**	**–**	**43,042**
Property	**3,417**	**1,507**	**–**	**4,924**
Other	**1,528**	**–**	**4,985**	**6,513**
Fair value of scheme assets	**71,802**	**55,635**	**4,985**	**132,422**
Present value of scheme obligations	**(90,436)**	**(64,307)**	**(6,003)**	**(160,746)**
Net employee benefits liabilities	**(18,634)**	**(8,672)**	**(1,018)**	**(28,324)**
Analysed as follows				
Employee benefit assets	**–**	**–**	**–**	**–**
Employee benefit liability	**(18,634)**	**(8,672)**	**(1,018)**	**(28,324)**
Net employee benefits liabilities	**(18,634)**	**(8,672)**	**(1,018)**	**(28,324)**

	Ireland 2011 €'000	UK 2011 €'000	Europe 2011 €'000	Total 2011 €'000
Equities	41,995	24,219	–	66,214
Bonds	15,828	18,700	–	34,528
Property	2,772	3,481	–	6,253
Other	1,253	2,615	3,711	7,579
Fair value of scheme assets	61,848	49,015	3,711	114,574
Present value of scheme obligations	(71,998)	(56,237)	(4,397)	(132,632)
Net employee benefits liabilities	(10,150)	(7,222)	(686)	(18,058)
Analysed as follows				
Employee benefit assets	–	–	–	–
Employee benefit liability	(10,150)	(7,222)	(686)	(18,058)
Net employee benefits liabilities	(10,150)	(7,222)	(686)	(18,058)

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 2011	63,542	46,841	3,027	113,410
Expected return on scheme assets	4,285	2,871	165	7,321
Employer contributions	2,793	1,510	539	4,842
Employee contributions	292	403	42	737
Benefit payments	(2,024)	(1,249)	(57)	(3,330)
Experience adjustments on scheme assets	(7,040)	(2,610)	(5)	(9,655)
Foreign exchange movements	–	1,249	–	1,249
Fair value of assets at 31 December 2011	**61,848**	**49,015**	**3,711**	**114,574**
Expected return on scheme assets	**3,548**	**2,916**	**184**	**6,648**
Employer contributions	**2,856**	**1,661**	**517**	**5,034**
Employee contributions	**311**	**408**	**70**	**789**
Benefit payments	**(1,936)**	**(1,856)**	**(87)**	**(3,879)**
Experience adjustments on scheme assets	**5,175**	**2,038**	**590**	**7,803**
Foreign exchange movements	**–**	**1,453**	**–**	**1,453**
Fair value of assets at 31 December 2012	**71,802**	**55,635**	**4,985**	**132,422**

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

	Ireland €'000	UK €'000	Europe €'000	Total €'000
Present value of obligations at 1 January 2011	(68,654)	(52,032)	(3,757)	(124,443)
Current service cost	(1,319)	(768)	(276)	(2,363)
Interest on scheme obligations	(3,746)	(2,696)	(205)	(6,647)
Employee contributions	(292)	(403)	(42)	(737)
Benefit payments	2,024	1,249	57	3,330
Plan curtailments	926	–	–	926
Experience adjustments on scheme liabilities	592	352	(86)	858
Effect of changes in actuarial assumptions	(1,529)	(469)	(88)	(2,086)
Foreign exchange movements	–	(1,470)	–	(1,470)
Present value of obligations at 31 December 2011	**(71,998)**	**(56,237)**	**(4,397)**	**(132,632)**
Current service cost	**(1,349)**	**(934)**	**(312)**	**(2,595)**
Past service cost	**–**	**(84)**	**–**	**(84)**
Interest on scheme obligations	**(3,789)**	**(2,778)**	**(231)**	**(6,798)**
Employee contributions	**(311)**	**(408)**	**(70)**	**(789)**
Benefit payments	**1,936**	**1,856**	**87**	**3,879**
Experience adjustments on scheme liabilities	**(300)**	**2,822**	**27**	**2,549**
Effect of changes in actuarial assumptions	**(14,625)**	**(6,878)**	**(1,107)**	**(22,610)**
Foreign exchange movements	**–**	**(1,666)**	**–**	**(1,666)**
Present value of obligations at 31 December 2012	**(90,436)**	**(64,307)**	**(6,003)**	**(160,746)**

Movements in the net liability recognised in the balance sheet

	Ireland €'000	UK €'000	Europe €'000	Total €'000
Net liabilities in schemes at 1 January 2011	(5,112)	(5,191)	(730)	(11,033)
Employer contributions	2,793	1,510	539	4,842
Credit/(expense) recognised in the income statement	146	(593)	(316)	(763)
Actuarial losses recognised in equity	(7,977)	(2,727)	(179)	(10,883)
Foreign exchange movement	–	(221)	–	(221)
Net liabilities in schemes at 31 December 2011	**(10,150)**	**(7,222)**	**(686)**	**(18,058)**
Employer contributions	**2,856**	**1,661**	**517**	**5,034**
Expense recognised in the income statement	**(1,590)**	**(880)**	**(359)**	**(2,829)**
Actuarial losses recognised in equity	**(9,750)**	**(2,018)**	**(490)**	**(12,258)**
Foreign exchange movement	**–**	**(213)**	**–**	**(213)**
Net liabilities in schemes at 31 December 2012	**(18,634)**	**(8,672)**	**(1,018)**	**(28,324)**

29. Employee Benefits (Continued)

Defined benefit pension (expense)/credit recognised in the income statement

	Ireland 2012 €'000	UK 2012 €'000	Europe 2012 €'000	Total 2012 €'000
Current service cost	**(1,349)**	**(934)**	**(312)**	**(2,595)**
Past service cost	**–**	**(84)**	**–**	**(84)**
Interest on scheme obligations	**(3,789)**	**(2,778)**	**(231)**	**(6,798)**
Expected return on scheme assets	**3,548**	**2,916**	**184**	**6,648**
Defined benefit pension expense recognised in the income statement	**(1,590)**	**(880)**	**(359)**	**(2,829)**
Actual return on scheme assets	**8,723**	**4,954**	**774**	**14,451**

	Ireland 2011 €'000	UK 2011 €'000	Europe 2011 €'000	Total 2011 €'000
Current service cost	(1,319)	(768)	(276)	(2,363)
Interest on scheme obligations	(3,746)	(2,696)	(205)	(6,647)
Expected return on scheme assets	4,285	2,871	165	7,321
	(780)	(593)	(316)	(1,689)
Curtailment gain	926	–	–	926
Defined benefit pension credit/(expense) recognised in the income statement	146	(593)	(316)	(763)
Actual return on scheme assets	(2,755)	261	160	(2,334)

Defined benefit pension scheme (expense)/credit recognised in the income statement

	2012 €'000	2011 €'000
Distribution expenses	**(1,795)**	(788)
Administrative expenses	**(1,034)**	(901)
Other operating income – curtailment gain	**–**	926
	(2,829)	(763)

Defined benefit pension (expense)/credit expense recognised in other comprehensive income

	Ireland 2012 €'000	UK 2012 €'000	Europe 2012 €'000	Total 2012 €'000
Experience adjustments on scheme assets	**5,175**	**2,038**	**590**	**7,803**
Experience adjustments on scheme liabilities	**(300)**	**2,822**	**27**	**2,549**
Effect of changes in actuarial assumptions	**(14,625)**	**(6,878)**	**(1,107)**	**(22,610)**
	(9,750)	**(2,018)**	**(490)**	**(12,258)**

	Ireland 2011 €'000	UK 2011 €'000	Europe 2011 €'000	Total 2011 €'000
Experience adjustments on scheme assets	(7,040)	(2,610)	(5)	(9,655)
Experience adjustments on scheme liabilities	592	352	(86)	858
Effect of changes in actuarial assumptions	(1,529)	(469)	(88)	(2,086)
	(7,977)	(2,727)	(179)	(10,883)

The cumulative actuarial loss before deferred tax recognised in the statement of recognised income and expense is €46,546,000 (2011: €34,288,000).

The expected level of employer contributions for the year ended 31 December 2013 is €4,922,000.

History of scheme assets, liabilities and actuarial gains and losses

	2012 €'000	2011 €'000	2010 €'000	2009 €'000	2008 €'000
Fair value of scheme assets	**132,422**	114,574	113,410	97,780	80,133
Present value of scheme obligations	**(160,746)**	(132,632)	(124,443)	(105,711)	(96,811)
Net liabilities in pension schemes	**(28,324)**	(18,058)	(11,033)	(7,931)	(16,678)

	2012	2011	2010	2009	2008
Difference between expected return and actual return on assets (€'000)	**7,803**	(9,655)	4,245	7,390	(33,430)
As a percentage of scheme assets	**5.9%**	(8.4%)	3.7%	7.6%	(41.7%)

	2012	2011	2010	2009	2008
Experience gain/(loss) on scheme liabilities (€'000)	**2,549**	858	(1,269)	1,571	(2,199)
As a percentage of present value of scheme liabilities	**1.6%**	0.6%	(1.0%)	1.5%	(2.3%)

Sensitivity of Pension Liability to Judgmental Assumptions

The discount rate and the rate of inflation are the two financial assumptions that have the most significant impact on the reported net pension obligation. Analysed below is the impact of a 25 basis point increase and reduction in both the discount rate and inflation rate.

	Ireland €'000	UK €'000	Europe €'000	Total €'000
Discount rates				
0.25% increase in discount rate (reduces obligation)	**4,085**	**3,181**	**325**	**7,591**
0.25% decrease in discount rate (increases obligation)	**(4,374)**	**(3,371)**	**(350)**	**(8,095)**
Inflation rate				
0.25% increase in inflation rate (increase obligation)	**(3,602)**	**(2,274)**	**–**	**(5,876)**
0.25% decrease in inflation rate (reduces obligation)	**3,383**	**2,165**	**–**	**5,548**

Share based payment

The Group established a share option scheme in December 2006, which entitles certain employees to purchase shares in Total Produce plc. No share options were granted to employees under this scheme in 2011 or 2012. In accordance with the terms of the scheme, the options granted are exercisable at the market price prevailing at the date of the grant of the option.

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

Details of options granted under these schemes are as follows:

	Vesting period	Number of options	Weighted grant price €	Average fair value €	Income statement expense 2012 €'000	Income statement expense 2011 €'000
9 May 2007	6 years	3,975,000	0.815	0.3236	**271**	64
20 September 2007	6 years	1,110,000	0.65	0.2604	**74**	19
5 March 2008	5 years	2,400,000	0.60	0.2039	**128**	35
					473	118

As explained above, the date at which employees may exercise their options is based on a non-market-related performance condition. During the year, the assumption as to the date on which the performance condition will be met was revised to 31 December 2013 for options issued in 2007 and also to 31 December 2013 for options issued in 2008 (2011: 31 December 2014 and 31 December 2014 respectively).

29. Employee Benefits (Continued)

Share based payment (Continued)

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:

	2012 Number of options	2012 Weighted average exercise price	2011 Number of options	2011 Weighted average exercise price
Outstanding options at beginning of year	**7,260,000**	**0.7209**	7,310,000	0.7216
Forfeited during year	**(200,000)**	**(0.815)**	(50,000)	(0.8150)
Options outstanding at end of year	**7,060,000**	**0.7183**	7,260,000	0.7209

No share options are exercisable at 31 December 2012 (2011: Nil) as the performance condition has not been satisfied.

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

Date of grant	Date of expiry	2012 Exercise price	2012 Number of options	2011 Exercise price	2011 Number of options
9 May 2007	9 May 2017	**0.815**	**3,625,000**	0.815	3,825,000
20 September 2007	20 September 2017	**0.65**	**1,110,000**	0.65	1,110,000
5 March 2008	5 March 2018	**0.60**	**2,325,000**	0.60	2,325,000
			7,060,000		7,260,000

The options outstanding at 31 December 2012 have a weighted average contractual life of 4.7 years (2011: 5.7 years). The market price of the Company's shares at 31 December 2012 was €0.60 and the range during 2012 was €0.375 to €0.60.

The fair value of services received in return for share options granted is measured by reference to fair value of the share options granted. The estimate 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 and 2007 are as follows:

Grant date value	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%	2.0%
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.

Share options are subject to vesting conditions which comprise a service condition and a non-market related performance condition, which is the achievement of growth in adjusted earnings per share as set out earlier.

30. Capital Commitments and Contingencies

Capital commitments

The Directors have authorised capital expenditure of €11,059,000 (2011: €11,534,000) at the balance sheet date. Capital expenditure contracted for at 31 December 2012 amounted to €Nil (2011: €1,451,000).

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
BCM Emerald Holdings Limited
Bolanpass Limited
Everfresh Limited
Fiacla Limited
Goldcity Holdings Limited
Groomes: The Fresh Food Company Limited
Hugh McNulty (Wholesale) Limited
Iverk Produce Limited
Negev Limited
Quantum Personal Care Limited
Total Produce C Holdings Limited
Total Produce Corporate Finance Limited
Total Produce Group Procurement Limited
Total Produce Holdings (RSA) Limited
Total Produce International Limited
Total Produce International Holdings Limited
Total Produce Ireland Limited
Total Produce Management Services Limited
TPHBV (Ireland) Limited
TP Personnel Services Limited
TP Secretarial Services Limited
Uniplumo (Ireland) Limited
Waddell Limited
Wholefoods Wholesale Limited
XS Sales & Merchandising Limited
Zorita Limited

Guarantees

Company

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies or joint ventures and associates within the Group, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee 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 2012 to guarantee the indebtedness of other companies or joint ventures and associates within the Group:

(i) The Company has guaranteed the current bank borrowings of subsidiaries in the amount of €148,009,000 (2011: €150,978,000).
(ii) The Company has guaranteed its share of the interest shortfall on bank borrowings of a joint venture company subject to a maximum of €650,000 (2011: €845,000).
(iii) The Company has guaranteed bank borrowings of €1,353,000 (2011: €1,837,000) within a joint venture company.

Group

In addition to the Company guarantees above, certain Group subsidiaries have given guarantees totalling €6,444,000 (2011: €4,922,000) in respect of other trading obligations arising in the ordinary course of business. A subsidiary company has also guaranteed bank borrowings of €203,000 (2011: €331,000) within a joint venture company. A separate subsidiary company has given a guarantee of €1,046,000 (2011: €Nil) relating to a finance lease that a joint venture company has entered into.

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.

31. Related Parties

Identity of related parties

Under IAS 24 *Related Party Disclosures*, the Group has a related party relationship with its joint ventures and associates. Transactions with the Group's joint ventures and associates are set out below.

IAS 24 also requires the disclosure of compensation paid to the Group's key management personnel. This comprises its Executive Directors, Non-Executive Directors, Company Secretary and other senior management within the Group.

Remuneration of key management personnel

	2012 €'000	2011 €'000
Short term benefits (salary, bonus, incentives)	**5,231**	4,816
Post-employment benefits	**637**	736
Share based payment expense	**215**	58
	6,083	5,610

In addition, as described in the Compensation Committee Report on pages 45 to 49, under the short term incentive plan an award of €958,000 (2011: €549,000) was made to the Executive Directors. This award is to be applied in the purchase of shares in Total Produce plc which will be held by a Trustee for the benefit of the individual Directors and cannot normally be disposed of for a period of up to five years from date of purchase. See page 46.

Related party transactions with joint ventures and associates

The Group trades in the normal course of its business, in some situations under supply contracts, with its joint ventures and associates. A summary of transactions with these related parties during the year is as follows:

	2012 Revenue €'000	2012 Purchases €'000	2011 Revenue €'000	2011 Purchases €'000
Joint ventures	**37,328**	**28,015**	34,638	22,969
Associates	**3,320**	**9,274**	867	–
	40,648	**37,289**	35,505	22,969

The amounts due from and to joint ventures and associates at the year end are disclosed, in aggregate, in Notes 16 and 23 respectively. The Group's significant joint ventures and associates are set out on page 110.

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 2012, the net amount due to Coplaca by EurobananCanarias SA was €5,951,000 (2011: €4,764,000).

Related party transactions with shareholders in Group companies

Balmoral International Land Holdings plc ('Balmoral') and the Group have one Director (Mr. C P McCann) in common and therefore they are considered a related party for the purposes of IAS 24 *Related Party Disclosures.* During the year, the group recognised the following income and expenses from transactions with Balmoral.

	2012 €'000	2011 €'000
Expenses (mainly rental expenses)	**(1,593)**	(1,586)
Income	**258**	354

Income relates to expenses recharged by the Group to Balmoral and relates to costs incurred by the Group on behalf of Balmoral, including recharges in respect of administration expenses and a portion of the employment costs of the Chairman.

The amount owed from Balmoral at the year end was €128,000 (2011: €135,000) and the amount owed to Balmoral was €Nil (2011: €9,000).

The Group has an investment in a 50:50 joint venture company with Balmoral which owns 135 acres of land in Dublin. Total Produce's investment in this joint venture company to date consists of loan capital including interest and fees of €8,705,000 (2011: €8,449,000). The Group's share of the operating losses of this joint venture in 2012 was €256,000 (2011: €294,000). The carrying value of the investment in this joint venture at 31 December 2012 was €Nil (2011: €Nil).

The Group has guaranteed its share of any interest shortfall on the joint venture's bank borrowings, subject to a maximum of €650,000 (2011: €845,000).

32. Financial Instruments and Financial Risk

	Cash flow hedges 2012 €'000	Fair value through profit or loss 2012 €'000	Loans and receivables 2012 €'000	Available-for-sale 2012 €'000	Liabilities at amortised cost 2012 €'000	Total carrying amount 2012 €'000	Fair value 2012 €'000
Other financial assets (Note 14)	–	–	–	636	–	636	636
Trade and other receivables* (Note 16)	–	–	278,628	–	–	278,628	278,628
Bank deposits (Note 17)	–	–	3,799	–	–	3,799	3,799
Cash and cash equivalents (Note 17)	–	–	105,692	–	–	105,692	105,692
	–	–	388,119	636	–	388,755	388,755
Trade and other payables (Note 23)	–	–	–	–	(328,686)	(328,686)	(328,686)
Bank overdrafts (Note 21)	–	–	–	–	(5,372)	(5,372)	(5,372)
Bank borrowings (Note 21)	–	–	–	–	(151,996)	(151,996)	(152,535)
Finance lease liabilities (Note 21)	–	–	–	–	(5,150)	(5,150)	(5,627)
Derivative financial liabilities (Note 32)	(67)	(274)	–	–	–	(341)	(341)
Contingent consideration (Note 25)	–	–	–	–	(17,121)	(17,121)	(17,121)
	(67)	(274)	–	–	(508,325)	(508,666)	(509,682)

	Cash flow hedges 2011 €'000	Fair value through profit or loss 2011 €'000	Loans and receivables 2011 €'000	Available-for-sale 2011 €'000	Liabilities at amortised cost 2011 €'000	Total carrying amount 2011 €'000	Fair value 2011 €'000
Other financial assets (Note 14)	–	–	–	647	–	647	647
Trade and other receivables* (Note 16)	–	–	265,158	–	–	265,158	265,158
Derivative financial assets (Note 32)	–	57	–	–	–	57	57
Cash and cash equivalents (Note 17)	–	–	90,087	–	–	90,087	90,087
	–	57	355,245	647	–	355,949	355,949
Trade and other payables (Note 23)	–	–	–	–	(298,310)	(298,310)	(298,310)
Bank overdrafts (Note 21)	–	–	–	–	(4,274)	(4,274)	(4,274)
Bank borrowings (Note 21)	–	–	–	–	(155,813)	(155,813)	(155,257)
Finance lease liabilities (Note 21)	–	–	–	–	(5,553)	(5,553)	(5,894)
Derivative financial liabilities (Note 32)	(72)	(237)	–	–	–	(309)	(309)
Contingent consideration (Note 25)	–	–	–	–	(11,931)	(11,931)	(11,931)
Other provisions (Note 25)	–	–	–	–	(512)	(512)	(512)
	(72)	(237)	–	–	(476,393)	(476,702)	(476,487)

* For the purposes of this analysis prepayments have not been included within trade and other receivables.

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
Certain of the Group's available-for-sale financial assets are comprised of investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Such investments are measured at cost, less provision for impairment where appropriate and applicable.

Bank deposits
The original maturity of these deposits falls outside the three month timeframe for classification as cash and cash equivalents. The carrying amount is deemed to reflect fair value.

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

Trade and other receivables/trade and other 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.

32. Financial Instruments and Financial Risk (Continued)

Estimation of fair values (Continued)

Derivative instruments (forward currency contracts and interest rate swaps)

Forward currency contracts are valued using quoted forward exchange rates at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

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.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 31 December 2012 and 31 December 2011, the Group recognised and measured the following financial instruments at fair value:

	2012 Total €'000	**2012 Level 1 €'000**	**2012 Level 2 €'000**	**2012 Level 3 €'000**
Liabilities measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	**(274)**	**–**	**(274)**	**–**
Designated as hedging instruments				
Interest rate swaps	**(67)**	**–**	**(67)**	**–**

	2011 Total €'000	2011 Level 1 €'000	2011 Level 2 €'000	2011 Level 3 €'000
Assets measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	57	–	57	–
Liabilities measured at fair value				
At fair value through profit or loss				
Foreign exchange contracts	(237)	–	(237)	–
Designated as hedging instruments				
Interest rate swaps	(72)	–	(72)	–

Additional disclosures for Level 3 fair value measurements

	2012 €'000	2011 €'000
At beginning of year	**–**	9,158
Gain recognised in other comprehensive income	**–**	2,028
Investment becoming an associate (Note 13 and 14)	**–**	(11,186)
At end of year	**–**	–

The level 3 fair value instruments in 2011 related to the Group's investment in Capespan Group Limited ('Capespan South Africa') which as disclosed in Note 13 and 14 was reclassified as an associate investment of the Group in July 2011.

The fair value in July 2011 was measured using an analysis of recent shares trades in that period as the share price in an active market was deemed to approximate fair value. The foreign currency denominated fair value was then translated to Euro at the closing exchange rate at the date the investment was reclassified as an investment in associate. At this date, the investment was fair valued to €11,186,000 with a fair value gain of €2,028,000 in the period recognised through the available-for-sale reserve. The fair value of €11,186,000 was reclassified in July 2011 from an available-for-sale financial asset to an associate investment of the Group.

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

The Group has exposure to the following risks from its use of financial instruments:
- credit risk;
- liquidity risk;
- currency risk;
- interest rate risk;
- equity price risk.

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

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Executive Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The members of this committee include the Chief Executive, the Director of Financial Strategy and Development, the Group Finance Director, the Head of Internal Audit, the Company Secretary and a representative from senior management. Risk evaluation and recommendations for strategic change are reviewed by the 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.

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
Credit risk arises from credit to customers and joint ventures and associates arising on outstanding receivables and outstanding transactions as well as cash and cash equivalents, 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 accepted above such limits only in defined circumstances. The utilisation of credit limits is regularly monitored and a significant element of the credit risk is covered by credit insurance. The impairment provision is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible, at that point the amount is considered irrecoverable and is written off directly against the trade receivable.

The Group also makes advances to key suppliers, generally to secure produce in key categories. Advances made are generally interest-bearing and recovered through deduction from payments made in respect of produce delivered by the counterparty.

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 bank deposits
The Group's exposure to credit risk relating to cash and short term deposits is managed by investing funds with a number of different individual banks or institutions at any one time. At 31 December 2012 and throughout the year the majority of cash balances are invested with banks and institutions with a minimum credit rating of 'A'. Limits applied to individual counterparty banks are reviewed regularly along with their individual credit ratings.

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

Loans to joint ventures and associates
The Group has advanced loans to certain joint ventures and associates. The Group limits its exposure through active participation in the execution of joint control and significant influence, through regular reviews of the business plans and results of its joint ventures and associates and by ensuring such funds are used in a non-speculative manner by its joint ventures and associates. Funding to joint ventures and associates is generally undertaken only where it is matched by comparable contributions from the joint venture partner or other investors.

32. 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:

	Carrying amount 2012 €'000	Carrying amount 2011 €'000
Other financial assets (Note 14)	**636**	647
Bank deposits (Note 17)	**3,799**	–
Cash and cash equivalents (Note 17)	**105,692**	90,087
Trade and other receivables* (Note 16)	**278,628**	265,158
Derivative financial instruments (Note 32)	**–**	57
	388,755	355,949

* For the purposes of this analysis prepayments have not been included within trade and other receivables.

Trade receivables

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

	Carrying amount 2012 €'000	Carrying amount 2011 €'000
Eurozone Fresh Produce	**115,539**	105,935
Northern Europe Fresh Produce	**55,021**	50,638
UK Fresh Produce	**41,886**	39,736
Rest of the World Fresh Produce	**22,699**	20,829
Healthfoods and Consumer Products Distribution	**13,436**	18,584
	248,581	235,722

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

	Gross 2012 €'000	Impairment 2012 €'000	Net 2012 €'000	Gross 2011 €'000	Impairment 2011 €'000	Net 2011 €'000
Not past due	**201,468**	**(1,906)**	**199,562**	184,924	(2,128)	182,796
Past due 0 – 30 days	**37,438**	**(1,417)**	**36,021**	40,156	(683)	39,473
Past due 31 – 90 days	**9,604**	**(754)**	**8,850**	10,551	(343)	10,208
Past due 91 – 180 days	**3,673**	**(1,080)**	**2,593**	2,471	(320)	2,151
Past due more than 180 days	**4,590**	**(3,035)**	**1,555**	3,793	(2,699)	1,094
	256,773	**(8,192)**	**248,581**	241,895	(6,173)	235,722

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 2012 €'000	Impairment 2012 €'000	Net 2012 €'000	Gross 2011 €'000	Impairment 2011 €'000	Net 2011 €'000
Not past due	**25,577**	**(604)**	**24,973**	28,660	(1,913)	26,747
Past due 0 – 30 days	**65**	**–**	**65**	75	–	75
Past due 31 – 90 days	**844**	**(317)**	**527**	–	–	–
Past due 91 – 180 days	**–**	**–**	**–**	273	–	273
Past due more than 180 days	**1,530**	**(1,530)**	**–**	299	(35)	264
	28,016	**(2,451)**	**25,565**	29,307	(1,948)	27,359

Non-trade receivables due from joint ventures and associates

At year end, the Group has non-trade receivable balances due from its joint ventures and associates of €4,482,000 (2011: €2,077,000). 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

	2012 €'000	2011 €'000
Balance at beginning of year	**(6,173)**	(6,830)
Arising on acquisition	**(4)**	–
Utilised on write-off	**789**	2,081
Charge to income statement	**(2,750)**	(1,406)
Foreign exchange movement	**(54)**	(18)
	(8,192)	(6,173)

Other receivables – impairment provision

	2012 €'000	2011 €'000
Balance at beginning of year	**(1,948)**	(1,506)
Utilised on write-off	**134**	64
Charge to income statement	**(636)**	(509)
Foreign exchange movement	**(1)**	3
	(2,451)	(1,948)

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 €309 million (2011: €326 million) in addition to approved overdrafts of €110 million (2011: €109 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.

32. Financial Instruments and Financial Risk (Continued)

Liquidity Risk (Continued)

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

	Carrying amount 2012 €'000	Contractual cash flows 2012 €'000	6 months or less 2012 €'000	6-12 months 2012 €'000	1-2 years 2012 €'000	2-5 years 2012 €'000	More than 5 years 2012 €'000
Non-derivative financial liabilities							
Bank borrowings	**(151,996)**	**(171,085)**	**(3,303)**	**(3,138)**	**(6,257)**	**(132,972)**	**(25,415)**
Bank overdraft	**(5,372)**	**(5,372)**	**(5,372)**	**–**	**–**	**–**	**–**
Finance lease liabilities	**(5,150)**	**(6,162)**	**(664)**	**(664)**	**(1,209)**	**(3,625)**	**–**
Trade and other payables	**(328,686)**	**(328,701)**	**(326,631)**	**(190)**	**(236)**	**(858)**	**(786)**
Contingent consideration	**(17,121)**	**(19,225)**	**(1,566)**	**(246)**	**(4,645)**	**(10,288)**	**(2,480)**
Derivative financial instruments							
Forward exchange contracts:							
– inflows	**–**	**34,186**	**34,186**	**–**	**–**	**–**	**–**
– outflows	**(274)**	**(34,460)**	**(34,460)**	**–**	**–**	**–**	**–**
Interest rate swaps	**(67)**	**(67)**	**–**	**(67)**	**–**	**–**	**–**
	(508,666)	**(530,886)**	**(337,810)**	**(4,305)**	**(12,347)**	**(147,743)**	**(28,681)**

	Carrying amount 2011 €'000	Contractual cash flows 2011 €'000	6 months or less 2011 €'000	6-12 months 2011 €'000	1-2 years 2011 €'000	2-5 years 2011 €'000	More than 5 years 2011 €'000
Non-derivative financial liabilities							
Bank borrowings	(155,813)	(176,760)	(14,355)	(10,495)	(26,308)	(125,512)	(90)
Bank overdraft	(4,274)	(4,274)	(4,274)	–	–	–	–
Finance lease liabilities	(5,553)	(6,446)	(686)	(686)	(1,453)	(3,621)	–
Trade and other payables	(298,310)	(298,382)	(295,005)	(746)	(763)	(961)	(907)
Contingent consideration	(11,931)	(13,096)	(444)	(689)	(1,484)	(6,851)	(3,628)
Other provisions	(512)	(512)	(512)	–	–	–	–
Derivative financial instruments							
Forward exchange contracts:							
– inflows	–	18,443	18,443	–	–	–	–
– outflows	(237)	(18,680)	(18,680)	–	–	–	–
Interest rate swaps	(72)	(72)	–	(72)	–	–	–
	(476,702)	(499,779)	(315,513)	(12,688)	(30,008)	(136,945)	(4,625)

Market Risk

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

Currency Risk

Structural currency risk

While many of the Group's operations are carried out in Eurozone economies, it also has significant operations in the UK, Sweden, Denmark, the Czech Republic and South Africa. 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 naturally hedge the foreign currency investment. Interest on borrowings is therefore denominated in currencies that match the cash flows generated by the underlying operations of the Group which provides an economic hedge. Post initial acquisition, these businesses generally fund their operations locally. To the extent that the net assets of foreign operations increase, the Group is exposed on the additional net assets. Such movements are dealt with in other comprehensive income.

Transactional currency risk

Foreign exchange risk also arises from foreign currency transactions, assets and liabilities. Management requires all Group operations to manage their foreign exchange risk against their functional currency. The Group's companies in the UK, Sweden, Denmark and the Czech Republic purchase a significant volume of fruit in Euro and such currency risks are monitored on a daily basis and managed by utilising spot and forward foreign currency contracts. The vast majority of transactions entered into by the Group's entities in the Eurozone are denominated in their functional Euro currency.

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

	Euro 2012 €'000	Sterling 2012 €'000	SEK 2012 €'000	CZK 2012 €'000	DKK 2012 €'000	US Dollar 2012 €'000	CAD Dollar 2012 €'000	Other 2012 €'000
Trade and other receivables	**24,988**	**3,525**	**823**	**–**	**2,060**	**387**	**–**	**2,128**
Derivative financial assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Cash and cash equivalents	**15,649**	**1,473**	**1,038**	**–**	**2,110**	**1,943**	**11,360**	**875**
Bank overdrafts	**–**	**(1,015)**	**–**	**–**	**–**	**–**	**–**	**–**
Bank borrowings (i)	**–**	**(26,844)**	**(48,340)**	**(11,364)**	**–**	**–**	**(11,360)**	**–**
Trade and other payables	**(102,570)**	**(2,621)**	**(1,107)**	**(249)**	**(843)**	**(1,986)**	**–**	**(1,658)**
Derivative financial liabilities	**(218)**	**–**	**–**	**–**	**(3)**	**(41)**	**–**	**–**
Contingent consideration obligations	**–**	**–**	**–**	**(94)**	**–**	**–**	**–**	**–**
	(62,151)	**(25,482)**	**(47,586)**	**(11,707)**	**3,324**	**303**	**–**	**1,345**

	Euro 2011 €'000	Sterling 2011 €'000	SEK 2011 €'000	CZK 2011 €'000	DKK 2011 €'000	US Dollar 2011 €'000	CAD Dollar 2011 €'000	Other 2011 €'000
Trade and other receivables	13,610	2,988	1,197	–	423	1,098	–	790
Derivative financial assets	–	–	–	–	–	–	–	–
Cash and cash equivalents	15,345	240	2,422	–	844	1,149	–	485
Bank overdrafts	–	(73)	–	–	–	–	–	–
Bank borrowings (i)	–	(26,063)	(54,600)	(11,182)	–	–	–	–
Trade and other payables	(62,964)	(2,161)	(215)	(32)	(1,512)	(2,663)	–	(685)
Derivative financial liabilities	(222)	–	–	–	(3)	–	–	–
Contingent consideration obligations	–	–	–	–	–	–	–	–
	(34,231)	(25,069)	(51,196)	(11,214)	(248)	(416)	–	590

(i) The majority of these borrowings are designated as hedges of the Group's net investment in foreign operations with matching functional currencies. Gains and losses arising on translation are therefore taken to the foreign currency translation reserve.

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 2012 and 31 December 2011, would have increased/(decreased) other comprehensive income 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	
	Income statement €'000	Other comprehensive income €'000	Income statement €'000	Other comprehensive income €'000
31 December 2012				
Sterling	**(1,356)**	**1,278**	**1,506**	**(1,413)**
Swedish Krona	**(274)**	**2,302**	**534**	**(2,544)**
Czech Koruna	**(199)**	**541**	**226**	**(598)**
US Dollar	**44**	**50**	**(43)**	**(50)**
31 December 2011				
Sterling	(30)	1,241	42	(1,372)
Swedish Krona	57	2,600	18	(2,874)
Czech Koruna	(163)	532	190	(589)
US Dollar	8	–	(9)	–

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32. Financial Instruments and Financial Risk (Continued)

Interest Rate Risk

The Group holds both interest-bearing assets and interest-bearing liabilities. In general, the approach employed by the Group to manage its interest exposure is to maintain 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 making it possible to benefit from opportunities due to movement in longer term rates. At 31 December 2012, 37.3% (2011: 19.3%) of the Group's term bank borrowings were on long term fixed rates. In limited instances, the Group uses floating-to-fixed interest rate swaps which have the economic effect of converting borrowings from floating to fixed rates. At year end, the interest rate profile of interest-bearing financial instruments was:

	Carrying amount 2012 €'000	Carrying amount 2011 €'000
Fixed rate instruments		
Bank borrowings	**(56,510)**	(30,000)
Finance lease liabilities	**(5)**	(60)
	(56,515)	(30,060)
Variable rate instruments		
Bank deposits	**3,799**	–
Cash and cash equivalents	**105,692**	90,087
Bank overdrafts	**(5,372)**	(4,274)
Bank borrowings	**(95,486)**	(125,813)
Finance lease liabilities	**(5,145)**	(5,493)
	3,488	(45,493)
Net debt	**(53,027)**	(75,553)

Cash flow sensitivity analysis for variable rate instruments

At 31 December 2012, the average interest rate being earned on the Group's cash and cash equivalents was 1.17% (2011: 0.65%). At 31 December 2012, the average interest rate being paid on the Group's borrowings was 3.34% (2011: 2.89%). An increase or decrease of 50 basis points in interest rates at the reporting date would have had the following effect on the income statement and other comprehensive income. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	50 basis point increase		50 basis point decrease	
	Income statement €'000	Other comprehensive income €'000	Income statement €'000	Other comprehensive income €'000
31 December 2012				
Variable rate instruments	**17**	**–**	**(17)**	**–**
31 December 2011				
Variable rate instruments	(227)	–	227	–

Equity 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 cash flow hedge 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 2012 €'000	**Liabilities 2012 €'000**	Assets 2011 €'000	Liabilities 2011 €'000
Forward currency contracts	**–**	**(274)**	57	(237)
Interest rate swaps	**–**	**(67)**	–	(72)
	–	**(341)**	57	(309)

Derivatives at the end of year are classified as follows:

	2012 €'000	2011 €'000
Cash flow hedges – liabilities	**(67)**	(72)
Fair value through income statement – assets	**–**	57
Fair value through income statement – liabilities	**(274)**	(237)
	(341)	(252)

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

	2012 €'000	2011 €'000
Effective portion of changes in fair value of cash flow hedges	**(928)**	45
Fair value of cash flow hedges transferred to income statement	**930**	(20)
	2	25

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 €86,548,000 (2011: €91,845,000). The gains or losses on the effective portions of such borrowings are recognised in other comprehensive income. Ineffective portions of the gains and losses on such borrowings are recognised in the income statement although no ineffectiveness has been recognised in the current or prior period. Gains and losses accumulated in other comprehensive income are included in the income statement on the disposal of a foreign entity.

33. Cash Generated From Operations

	Notes	2012 €'000	2011 €'000
Operating activities			
Profit for the year		**28,782**	27,741
Non-cash adjustments to reconcile profit to net cash flows:			
Income tax expense	7	**8,319**	6,635
Income tax paid		**(11,814)**	(11,286)
Depreciation of property, plant and equipment	10	**13,370**	13,153
Fair value movement on investment property	11	**–**	2,550
Impairment of property, plant and equipment	10	**–**	1,331
Revision to contingent consideration	25	**(190)**	(273)
Impairment of goodwill	12	**–**	114
Amortisation of intangible assets – acquisition related	12	**6,732**	5,501
Amortisation of intangible assets – development costs capitalised	12	**395**	281
Amortisation of intangible assets – computer software	12	**25**	–
Amortisation of government grants	24	**(292)**	(187)
Movements on other provisions	25	**(523)**	(294)
Defined benefit pension scheme expense	29	**2,829**	1,689
Pension curtailment gain	29	**–**	(926)
Contributions to defined benefit pension schemes	29	**(5,034)**	(4,842)
Share based payment expense	29	**473**	118
Net gain on disposal of property, plant and equipment		**(567)**	(314)
Financial income	4	**(1,851)**	(1,691)
Financial expense	4	**8,261**	6,845
Interest received		**1,642**	1,757
Interest paid		**(7,386)**	(6,982)
Loss on non-hedging derivative financial instruments	2	**–**	168
Gain on non-hedging derivative financial instruments	2	**(304)**	(751)
Gain reclassified to the income statement on available-for-sale financial asset becoming an associate	14	**–**	(4,055)
Gain on disposal of joint ventures and associates	2	**(303)**	(1,612)
Share of profit of joint ventures	13	**(2,553)**	(2,402)
Share of profit of associates	13	**(2,019)**	(1,040)
Net cash flows from operating activities before working capital movements		**37,992**	31,228
Movements in working capital:			
Movements in inventories		**(5,620)**	4,977
Movements in receivables		**2,659**	(1,487)
Movement in payables		**15,027**	(11,237)
Total movements in working capital		**12,066**	(7,747)
Net cash flows from operating activities		**50,058**	23,481

34. Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 judgments in these financial statements are areas such as impairment testing, post-employment benefits, fair values of properties, fair value of equity investments and in relation to judgmental provisions and accruals particularly those relating to contingent consideration obligations based on earn-out 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 29.

35. Translation of Foreign Currencies

The presentation currency of the Group is Euro, which is the functional currency of the parent. 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 accounted for within a separate translation reserve within equity, net of differences on related foreign currency borrowings designated as hedges of those net investments. All other translation differences are taken to the income statement. The principal rates used in the translation of results and balance sheets into Euro were as follows:

	Average rate			Closing rate		
	2012	2011	% change	**2012**	2011	% change
Pound Sterling	**0.8086**	0.8757	7.7%	**0.8110**	0.8353	2.9%
Swedish Krona	**8.7277**	9.0086	3.1%	**8.5763**	8.8990	3.6%
Czech Koruna	**25.1879**	24.7335	(1.8%)	**25.0942**	25.5018	1.6%
Danish Kroner	**7.4438**	7.4507	0.1%	**7.4606**	7.4322	(0.4%)
South African Rand	**10.5503**	10.0826	(4.6%)	**11.1852**	10.4802	(6.7%)

36. Post Balance Sheet Events

On 7 January 2013, the Group announced the completion of an agreement to acquire a 65% majority shareholding in Grandview Brokerage Limited ('Oppenheimer group') in two stages over five years. The acquisition of an initial 35% of the Oppenheimer group's shares was completed on this date for an initial cash payment of CAD $15m (€11.4m) with additional consideration payable on these shares if certain profit targets are met. A further 30% shareholding will be purchased in 2017 for a price to be determined based on future profits. The total consideration payable for the 65% shareholding is estimated not to exceed CAD $40m (€30m) at completion. Founded in 1858, the Oppenheimer group is a leading North American fresh produce distribution and marketing company with thirteen sales offices, three in Canada, nine in the USA and one in Chile.

37. Significant Subsidiaries, Joint Ventures and Associates

The list of significant subsidiaries, joint ventures and associates forms part of the notes to financial statements. The principal areas 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	100	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth
Allegro Limited*	Consumer goods company	90	Ireland	1 Beresford Street, Dublin 7
Total Produce International Holdings Limited*	Investment holding company	100	Ireland	Charles McCann Building, Rampart Road, Dundalk, Co. Louth
Total Produce Belfast Limited	Fresh produce company	100	United Kingdom	231 City Business Park, Dunmurry, Belfast, BT17 BHY
R Group Holdings Limited	Investment holding company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Redbridge Holdings Limited	Fresh produce company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
TPH (UK) Limited	Investment holding company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Total Produce Holdings (UK) Limited	Investment holding company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Total Produce Limited	Fresh produce company	100	United Kingdom	Enterprise Way, Pinchbeck, Spalding PE11 3YR
Total Produce Holdings B.V.	Investment holding company	100	Netherlands	Marconistraat 19, 3029 AE Rotterdam
Total Produce B.V.	Fresh produce company	100	Netherlands	Marconistraat 19, 3029 AE Rotterdam
EurobananCanarias S.A.	Fresh produce company	50	Spain	Avda. de Anaga Nº11, 38001 Santa Cruz de Tenerife
Peviani SpA	Fresh produce company	50	Italy	Largo Augusto, 8-20122, Milan

37. Significant Subsidiaries, Joint Ventures and Associates (Continued)

Subsidiaries	Principal activity	Group share %	Country of incorporation	Registered office
Hortim International s.r.o.	Fresh produce company	75	Czech Republic	Breclao, ZIP 690 02, Haskova 18, ICO 47915528
Nordic Fruit Holding AB[1]	Investment holding company	100	Sweden	Långebergavägen 190, 256 69 Helsingborg
Total Produce Nordic A/S[2]	Investment holding company	100	Denmark	Gronttorvet 220, Copenhagen
Haluco B.V.	Fresh produce company	60	Netherlands	Klappolder 224, 2665 MR Bleiswijk
Nedalpac B.V.	Fresh produce company	60	Netherlands	Venrayseweg 128b, 5928 RH Venlo
Indigo Fruit S.A.S	Fresh produce company	70	France	Route de la Seds, Parc du Griffon Bat 14, Vitrolles F-13127

Joint ventures and associates	Principal activity	Group share %	Country of incorporation	Registered office
Capespan Group Limited	Fresh produce company	25	South Africa	The Vineyards Square North, Vineyards Office Estate, Jip de Jager Road, Belville 7530, South Africa
Frankort & Koning Beheer Venlo BV	Fresh produce company	50	Netherlands	Venrayseweg 126, 5928 RH Venlo, The Netherlands
Anaco & Greeve International B.V.	Fresh produce company	50	Netherlands	Postbus 31, 2685 ZG Poeldijk.
Suri Agro Fresh Pvt. Limited	Fresh produce company	50	India	C-129, New Subzi Mandi, Azadpur, Delhi – 110033
Frutas IRU S.A.	Fresh produce company	50	Spain	Puestos 326-330, Mercabilbao, 48970 Basauri – Bilbao
ASF Holland B.V.	Fresh produce company	50	Netherlands	Venrayseweg 126, 5928 RH, Venlo

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

* denotes subsidiaries owned directly by Total Produce plc

1. Nordic Fruit Holding AB is the holding company of the Group's principal Swedish trading subsidiaries Everfresh AB and Interbanan AB.
2. Total Produce Nordic A/S is the holding company of the Group's principal Danish trading subsidiaries Brdr. Lembcke and Interbanan A/S.

Company Balance Sheet
as at 31 December 2012

	Notes	2012 €'000	2011 €'000
Assets			
Non-current			
Investments in subsidiaries and joint ventures and associates	38	**248,648**	258,522
Current			
Trade and other receivables	39	**33,302**	25,437
Cash and cash equivalents	40	**23**	107
Total current assets		**33,325**	25,544
Total assets		**281,973**	284,066
Equity			
Share capital		**3,519**	3,519
Share premium		**252,574**	252,574
Other reserves		**(6,917)**	(7,390)
Retained earnings		**29,643**	26,221
Total equity		**278,819**	274,924
Liabilities			
Current			
Trade and other payables	41	**3,154**	9,142
Total current liabilities		**3,154**	9,142
Total liabilities		**3,154**	9,142
Total liabilities and equity		**281,973**	284,066

On behalf of the Board

C P McCann
Chairman

F J Davis
Finance Director

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Company Statement of Changes in Equity
for the year ended 31 December 2012

	Share capital €'000	Share premium €'000	Available-for-sale reserve €'000	Own shares reserve €'000	Share option reserve €'000	Retained earnings €'000	Total €'000
As at 1 January 2011	3,519	252,574	2,027	(8,580)	1,072	16,595	267,207
Comprehensive income							
Profit for the year	–	–	–	–	–	15,508	15,508
Other comprehensive income:							
Gains on re-measuring available-for-sale financial assets (Note 38)	–	–	2,028	–	–	–	2,028
Recycling of revaluation gains to income statement upon available-for-sale investment becoming an associate (Note 38)	–	–	(4,055)	–	–	–	(4,055)
Total other comprehensive income	–	–	(2,027)	–	–	–	(2,027)
Total comprehensive income	–	–	(2,027)	–	–	15,508	13,481
Transactions with equity holders							
Dividends	–	–	–	–	–	(5,882)	(5,882)
Share-based payment transactions	–	–	–	–	118	–	118
Total transactions with equity holders	–	–	–	–	118	(5,882)	(5,764)
As at 31 December 2011	**3,519**	**252,574**	**–**	**(8,580)**	**1,190**	**26,221**	**274,924**
Comprehensive income							
Profit for the year	**–**	**–**	**–**	**–**	**–**	**9,746**	**9,746**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**9,746**	**9,746**
Transactions with equity holders							
Dividends	**–**	**–**	**–**	**–**	**–**	**(6,324)**	**(6,324)**
Share-based payment transactions	**–**	**–**	**–**	**–**	**473**	**–**	**473**
Total transactions with equity holders	**–**	**–**	**–**	**–**	**473**	**(6,324)**	**(5,851)**
As at 31 December 2012	**3,519**	**252,574**	**–**	**(8,580)**	**1,663**	**29,643**	**278,819**

Company Statement of Cash Flows
for the year ended 31 December 2012

	Notes	2012 €'000	2011 €'000
Operating activities			
Profit for the year		**9,746**	15,508
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Share-based payment expense		**61**	15
Impairment of investment in subsidiary	38	**1,100**	–
Revaluation gains recycled to income statement upon available-for-sale investment becoming an associate	38	**–**	(4,055)
Movement in trade and other receivables		**(7,865)**	(8,226)
Movement in trade and other payables		**(5,988)**	2,981
Net cash flows from operating activities		**(2,946)**	6,223
Financing activities			
Proceeds from disposal of investment in associate	38	**11,186**	–
Investments in subsidiaries		**(2,000)**	(204)
Dividends paid to equity holders		**(6,324)**	(5,882)
Net cash flows from financing activities		**2,862**	(6,086)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(84)**	137
Cash, cash equivalents and bank overdrafts at 1 January		**107**	(30)
Cash, cash equivalents and bank overdrafts at 31 December	40	**23**	107

38. Investments

	Investments in subsidiaries €'000	Investments in joint ventures and associates €'000	Available-for-sale financial assets €'000	Total €'000
Balance at 1 January 2011	246,179	850	9,158	256,187
Investment in subsidiaries	307	–	–	307
Gains on re-measuring available-for-sale financial assets (b)	–	–	2,028	2,028
Available-for-sale financial asset reclassified as an investment in associate (b)	–	11,186	(11,186)	–
Balance at 31 December 2011	**246,486**	**12,036**	**–**	**258,522**
Investment in subsidiaries	**2,412**	**–**	**–**	**2,412**
Impairment of investment in subsidiary (a)	**(1,100)**	**–**	**–**	**(1,100)**
Disposal of investment in associate to other Group company (b)	**–**	**(11,186)**	**–**	**(11,186)**
Balance at 31 December 2012	**247,798**	**850**	**–**	**248,648**

The principal subsidiaries and joint ventures are set out on pages 109 and 110.

(a) In 2012, the Company identified that the carrying value of an investment in a subsidiary exceeded its net recoverable value and accordingly an impairment charge of €1,100,000 was recognised in the Company's income statement for the year ended 31 December 2012.

(b) At 31 December 2010, the Group held an effective interest of 15.6% in Capespan Group Limited ('Capespan South Africa') which was classified as an available-for-sale financial asset. From July 2011 onwards the Group invested €3,336,000 which increased the Group's shareholding in Capespan South Africa to an effective interest of 20.2% at 31 December 2011. Accordingly, the investment in Capespan South Africa was treated as an associate undertaking of the Group from July 2011 in accordance with IAS 28 *Investments in Associates*. On this date the Group's existing 15.6% effective interest in Capespan South Africa was fair valued to €11,186,000 and reclassified from an available-for-sale financial asset to an investment in an associate. The total fair value gain of €4,055,000 (which included the reclassification of €2,027,000 of previously recognised fair value gains in the fair value reserve within equity) was reclassified to the income statement resulting in a gain of €4,055,000 which was disclosed in the financial statements as an exceptional item in 2011. Refer to Note 6 and Note 13.

The fair value in July 2011 was measured using an analysis of recent shares trades in that period as the share price in an active market was deemed to approximate fair value. The foreign currency denominated fair value was then translated to Euro at the closing exchange rate at the date the investment was reclassified as an investment in associate.

During 2012, the Company sold its investment in Capespan South Africa to another Group Company for its carrying value of €11,186,000.

39. Trade and Other Receivables

	2012 €'000	2011 €'000
Current		
Amounts due from subsidiaries	**33,302**	25,437

The €33,302,000 (2011: €25,437,000) 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.

40. Cash and Cash Equivalents

	2012 €'000	2011 €'000
Cash	**23**	107

41. Trade and Other Payables

	2012 €'000	2011 €'000
Amounts due to group undertakings	**2,490**	8,651
Accruals and deferred income	**664**	491
	3,154	9,142

42. Related Party Transactions

The Company has a related party relationship with its subsidiaries, joint ventures and associates and with the Directors of the Company. Details of the remuneration of the Company's individual Directors, together with the number of Total Produce plc shares owned by them and their outstanding share options are set out in the Compensation Committee report on pages 45 to 49.

	2012 €'000	2011 €'000
Dividends received from group undertakings	**14,215**	13,928

43. Employee Benefits

The aggregate employee costs for the Company were as follows:

	2012 €'000	2011 €'000
Wages and salaries	**2,091**	2,039
Social security contributions	**149**	155
Pension costs – defined benefit schemes	**100**	147
Share-based payment transactions	**61**	15
	2,401	2,356

The average number of employees of the Company in 2012 was 8 (2011: 8).

44. Capital Commitments and Contingencies

The Company has no capital commitments at 31 December 2012 (2011: €Nil).

Details in relation to contingencies and guarantees, including section 17 guarantees are outlined in Note 30 of the Group Financial Statements on page 97.

45. Statutory and Other Information

Auditors' remuneration

	2012 €'000	2011 €'000
Audit services	**179**	179
Other assurance services	**–**	–
Tax advisory services	**–**	–
Other non-audit services	**18**	18

46. Financial Instruments and Financial Risk

	Loans and receivables 2012 €'000	Liabilities at amortised cost 2012 €'000	Total 2012 €'000	Fair value 2012 €'000
Trade and other receivables	**33,302**	**–**	**33,302**	**33,302**
Cash and cash equivalents	**23**	**–**	**23**	**23**
	33,325	**–**	**33,325**	**33,325**
Trade and other payables	**–**	**3,154**	**3,154**	**3,154**
	–	**3,154**	**3,154**	**3,154**

	Loans and receivables 2011 €'000	Liabilities at amortised cost 2011 €'000	Total 2011 €'000	Fair value 2011 €'000
Trade and other receivables	25,437	–	25,437	25,437
Cash and cash equivalents	107	–	107	107
	25,544	–	25,544	25,544
Trade and other payables	–	9,142	9,142	9,142
	–	9,142	9,142	9,142

The Company has the same risk exposures as those of the Group as outlined in Note 32.

Credit risk
The €33,302,000 (2011: €25,437,000) 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. The €23,000 (2011: €107,000) of cash and cash equivalents is managed in accordance with the overall Group credit risk policy.

Liquidity risk
The €3,154,000 (2011: €9,142,000) within trade and other payables are all due for repayment within six months.

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

47. Post Balance Sheet Events

There have been no significant events since year end affecting the Company which would require disclosure or adjustment in the financial statements. For details of post balance sheet events affecting the Group see Note 36.

48. Approval Of Financial Statements

The Directors approved these financial statements on 4 March 2013.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ('AGM') of Total Produce plc (the 'Company') will be held at the Radisson SAS Royal Hotel, Golden Lane, Dublin 8 on Wednesday, 22 May 2013 at 10.30 a.m. for the following purposes:

1. To receive and consider the Statements of Account for the year ended 31 December 2012 and the reports of the Directors and auditor thereon.
2. To confirm the interim dividend and declare a final dividend of 1.512 cent per share on the ordinary shares for the year ended 31 December 2012.
3. By separate resolutions to elect/re-elect as Directors the following in accordance with the Articles of Association and the UK Corporate Governance Code and, being eligible, offer themselves for election/re-election:
   (A) Frank Davis (Resolution 3(A));
   (B) Rose Hynes (Resolution 3(B)); and
   (C) Seamus Taaffe (Resolution 3(C)).
4. To authorise the directors to fix the remuneration of the auditor for the year ending 31 December 2013.

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 €1,172,956 (117,295,577 shares), representing approximately 33.3% 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 22 August 2014 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 €175,944 (17,594,336 shares) representing 5% 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 (excluding expenses) which may be paid for any share shall be an amount equal to the nominal value thereof;
(c) the maximum price (excluding expenses) which may be paid for any share (a **'relevant share'**) shall be an amount equal to the greater of
(i) 105% of the average of the five amounts resulting from determining whichever of the following (A), (B) or (C) specified below in relation to the shares of the same class as the relevant share shall be appropriate for each of the five 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:
(A) if there shall be more than one dealing reported for the day, the average of the prices at which such dealings took place; or
(B) if there shall be only one dealing reported for the day, the price at which such dealing took place; or
(C) 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; and
(ii) the higher of the price quoted for:
(A) the last independent trade of; and
(B) the highest current independent bid or offer for, any number of Relevant Shares on the trading venue where the purchase pursuant to the authority conferred by this resolution will be carried out;
(d) the authority hereby granted shall expire at the close of business on the date of the next AGM of the company or 22 August 2014, 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 re-issued 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 reissued 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 22 August 2014, whichever is the earlier, unless previously varied or renewed in accordance with the provisions of Section 209 of the Companies Act, 1990."

M. Reid
Secretary
16 April 2013
Charles McCann Building,
Rampart Road, Dundalk, Co Louth, Ireland

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy (or proxies) to attend, speak and vote in his/her place. A proxy need not be a member of the Company. More than one proxy may be appointed provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. 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 Monday, 20 May 2013. Alternatively, a proxy may be appointed electronically, by visiting the website of Computershare Services (Ireland) Limited at www.computershare.ie. Shareholders will be asked to enter their shareholder identification number and PIN number and agree to certain conditions. The shareholder identification number and PIN number can be found on the proxy form.
3. The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertified Securities) Regulations, 1996 (as amended) (the 'Crest Regulations'), specifies that only those shareholders registered in the register of members of the Company as at 6.00pm on Monday, 20 May 2013 (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 Euroclear (UK & Ireland) Limited ('EUI')'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 Monday, 20 May 2013. 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 EUI 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 16 April 2013 (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 11,110,000 new ordinary shares if such share options were to be exercised. Further the issue of all of these shares would represent approximately 3.06% of the enlarged equity or 3.39%, 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 election/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 UK Corporate Governance Code. On this basis, the Chairman and Board are pleased to recommend the election/re-election of those Directors.

Shareholder and Other Information

Total Produce plc is an Irish registered company. Its ordinary shares are quoted on the Emerging Securities Market ('ESM') on the Irish Stock Exchange and on the Alternative Investments Market ('AIM') on the London Stock Exchange.

Financial Calendar

Record date for 2012 final dividend	3 May 2013
Annual General Meeting	22 May 2013
Payment date for 2012 final dividend	23 May 2013
2013 interim results announcement	September 2013
Interim dividend payment	October 2013
Financial year end	31 December 2013
2013 preliminary results announcement	March 2014

Share price (Euro cent)

Year	High	Low	31 December
2012	60.0	37.5	60.0

Market Capitalisation

The market capitalisation of Total Produce plc at 31 December 2012 was €198 million.

Investor relations

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

Frank Davis
Group Finance Director
Total Produce plc
29 North Anne Street
Dublin 7, Ireland
Telephone: +353 1 887 2600
Fax: +353 1 887 2731
Email: fdavis@totalproduce.com

Registrar

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

Computershare Services (Ireland) Limited
Heron House, Corrig Road
Sandyford Industrial Estate
Dublin 18, Ireland
Telephone: +353 1 216 3100
Fax: +353 1 216 3151
Email: web.queries@computershare.ie

Website

Further information on the Total Produce Group is available at www.totalproduce.com.

Annual General Meeting

The Annual General Meeting of the Company will take place at the Radisson SAS Royal Hotel, Golden Lane, Dublin 8 on Wednesday 22 May 2013 at 10.30 a.m. Notice of the meeting is set out in pages 117 to 118 and a personalised proxy form is included in the mailing 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.

Payments of dividends

Shareholders may elect to have future dividends paid directly to a nominated bank account by completing the mandate form which accompanies each dividend payment or by writing to the Company's Registrar at the above address. Dividends are ordinarily paid in Euro; however, for the convenience of shareholders with addresses in the United Kingdom, dividends are paid in Sterling unless requested otherwise.

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